

COST OF LIVING REPORT

December 2018

**Issue
22**

Transport Costs in the Northern Territory





Northern Territory Council of Social Service

About NTCOSS

The Northern Territory Council of Social Service (NTCOSS) is a peak body for the Social and Community Sector in the NT and an advocate for social justice on behalf of people and communities in the NT, who may be affected by poverty and disadvantage.

NTCOSS is a member of the nationwide Councils of Social Service (COSS) network, made up of each of the state and territory Councils and the national body, the Australian Council of Social Service (ACOSS). The membership of NTCOSS includes community based, not for profit service providers in the social welfare area such as consumer groups, Indigenous and mainstream organisations and interested individuals.

NTCOSS' vision is for

“A fair, inclusive and sustainable Northern Territory where all individuals and communities can participate in and benefit from all aspects of social, cultural and economic life.”

NTCOSS' mission is

“To promote an awareness and understanding of social issues throughout the NT community and to strive towards the development of an equitable and just society.”

NTCOSS receives funding from the NT Government (Department of the Chief Minister).

NTCOSS Cost of Living Report - Issue No. 22, December 2018

First published in December 2018 by the Northern Territory Council of Social Service Inc.

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INTRODUCTION

This report examines changes in the cost of living over the past quarter, the past year and the past several years in the Northern Territory, with a particular focus on cost of living pressures for low-income, vulnerable and disadvantaged Territorians.

The report focuses on price changes in key expenditure areas, using Darwin, regional NT, NT wide and national figures.

The report includes an analysis of changes in the CPI for Darwin across a range of expenditure areas that are most relevant to low income households, covering the bare essentials which make up most or possibly all of, the expenditure items for these households.

Given that CPI figures only reflect trends for capital cities and Australia as a whole, the report draws on other sources to show trends in price movement for the Northern Territory, as well as for some regional locations. Regional housing and utilities costs information is highlighted, using data from the Real Estate institute of the Northern Territory and the ABS.

National data derived from the Selected Living Cost Index (SLCI), which provides information on cost of living changes for specific income groups – such as Age Pensioners, and Other Government Transfer Recipients, is also used.

The second section of the NTCOSS *Cost of Living Report* contains a more in-depth analysis of cost of living trends in one key area of cost of living concern for vulnerable and disadvantaged Northern Territorians – namely the cost of transport.

Transport cost of living data has also been drawn from a range of other sources, including the 2015-16 ABS Household Expenditure Survey (utilising state/territory, capital city and national data) as well as ABS CPI figures for capital Cities/national data, the Northern Territory Government (Economic Briefs) the NT Government My Fuel app and from the Transport Affordability Index (designed by SGS Economics and Planning (SGS) and commissioned by the Australian Automobile Association (AAA)).

TEN POINT PLAN FOR AFFORDABLE TRANSPORT IN THE NORTHERN TERRITORY

1. Establishment of yearly indexation of the Motor Vehicle Registration concession, in line with the yearly increases in Registration and Compulsory Third-Party Insurance costs; and Extension of the Motor Vehicle Registration Concessions (under the NT Concession Scheme) to all Centrelink Health Care Card Holders, e.g. Newstart and Youth Allowance recipients.
2. Development of a NT remote public transport strategy to identify gaps, quantify demand and support opportunities for expansion of services to ensure a consistency of services offered across regions.
3. Establish Pension/Health Care Card concession rates for users of remote bus services (some services offer only adult and child fare rates), and ensure consistency of fare structures across different services (e.g. for some services adult fares apply to children over 15, while for others it is children over 17).
4. Development of more options for maintenance of motor vehicles, which assist people to maintain cars longer; as well as cheaper vehicle recovery options, for people living in remote areas.
5. Develop regional transport strategy plans for all regions in the NT, similar to the current Darwin strategy, to ensure evidence based investment in and expansion of public bus services and other transport services. Consider free off-peak public transport for concession and Centrelink Health Care Card holders.
6. Establish a new fare structure for minibuses, so that fares are regulated, e.g. set rate per km, rather than the current fare by negotiation (where the fare structure is displayed for some but not all possible routes).
7. Provision of consumer education regarding the use of taxis, minibuses and ride share services, so that consumers are aware of the tariff and fare structures for different times/days and avenues for consumer protections.
8. Further development of affordable, flexible and innovative community transport¹ options as part of a suite of approaches required to tackle transport issues in towns and in regional and remote areas of the NT (linked to regional/remote transport strategies).
9. Consideration of a fuel excise cap for permanent residents of remote communities to offset the disproportionate fuel tax burden they pay.
10. Further improvements to remote roads to improve safety and longevity of motor vehicles.

¹ 'Community Transport' initiatives are usually run by community based, locally driven, not-for profit organisations which set out to meet needs that conventional public transport does not, and which provide choice and flexibility to respond to passengers' needs.

REPORT SUMMARY – SNAPSHOT OF MAJOR FINDINGS: Fuel Price jumps in NT

Cost of Living Changes

Consumer Price Index

The Consumer Price Index (CPI) has remained low in Darwin across the last year (1.3% vs national increase of 1.9%). Fuel (20.3%), hospital and medical services (3.9%), insurance (3.7%), and education (4.7%) all went up, while rents again decreased (-4.6%), as did child care (-4.8%) after CPI rises in 26 of the previous 27 quarters. (ABS 2018d).

Regional Data on Housing and Utilities Prices

Regional Rental Prices

In relation to rents, in Darwin, Palmerston and Katherine prices have generally either stayed the same or decreased over the past year across all housing sizes – apart from a couple of exceptions. In Alice Springs however, rent prices have generally increased – particularly for 3-bedroom houses (4.9%) and 2-bedroom units (up 6.8%) (REINT 2018, p.24-25). In relation to house sales, prices have largely fallen in the NT – apart from a couple of exceptions.

Utilities Prices across the NT

Electricity prices rose 1.2% over the past year, and Water & Sewerage prices also rose by 1.2% (both being under the general inflation rate for Darwin of 1.3%) (ABS 2018d).

The Selected Living Cost Index (SLCI)

The rate of increase in the cost of living (measured by the SLCI) for people on Centrelink Income Support Payments has risen at a faster rate than the rate of rise in payments, especially for Single Newstart recipients with children, with the cost of living for Newstart recipients with 2 children rising by \$6.82 per week over the past year, which equates to around \$355 per year. (ABS 2018a; Centrelink 2017, 2018)

Inadequacy of Newstart and Youth Allowance Payments

The report also highlights that over a long period of time (ten years) age pension payments and the minimum wage rates have managed to more than adequately keep up with cost of living changes. In the case of Newstart and Youth Allowance, however, the rate of increase in the base rate of payments has barely managed to keep up with cost of living increases over the last ten years.

Newstart and Youth Allowance payments, however, continue to lag behind pensions - \$176 and \$227 lower per week respectively (Centrelink 2018). More than half (55%) of people on Newstart live below the poverty line. In addition, for every eight people who are looking for paid work (or for an increase in hours), there is only one job available (ACOSS 2018a).

Transport Costs in the Northern Territory

Sky-rocketing fuel costs hitting low income households hardest in the NT

Transport costs are significant and essential, making up 13% of the weekly average household expenditure on goods and services in the NT

Having access to transport is essential for accessing work, education or training, or for accessing health services, banking and shopping and participating in society.

Expenditure by NT households on transport actually declined between the 2009/10 and 2015/16 Household Expenditure survey – but since then, a number of costs have risen.

The last 12 months has seen very steep increases in the price of automotive fuel (ABS 2018d, Data 5; NT Government 2018a. p. 1-2).

The lowest income households in the NT spend a much greater proportion of income on transport costs (16%), compared with those in higher income brackets (All households average is 10.4%) (ABS 2017, Table 13.8, 13.9A).

Some costs in the NT are the highest in the country

NT expenditure on vehicle parts and accessories highest in Australia (2x national average); and highest on vehicle charges including crash repairs, vehicle maintenance and licence fees (ABS 2017, Table 13.8,13.9A).

Some costs much higher outside of Darwin

Households outside of Darwin have higher expenditure on vehicle charges (crash repairs, vehicle maintenance, licence fees) (ABS 2017).

Fuel Prices

Regional data reveals that unleaded fuel and diesel prices have increased across the whole of the Northern Territory since November 2017 – in particular the price of unleaded fuel in the Darwin (7.1%) and Katherine regions (14.1%). Prices also rose for the Alice Springs (10.7%) and Tennant Creek regions (8.7%) – where prices are the highest in the NT. The price of diesel in Darwin and across the NT both increased by 15.7% - but below the national increase for diesel (19.7%). (NT Government 2018a, p.1,2)

Fuel Prices in remote communities

The report highlighted that car access is very important for people in remote or regional areas where public transport options are limited or non-existent

Some remote areas have astronomical prices
Highest Prices:

Low Aromatic Fuel: 330.0 cents p/l
(East Arnhem Region)

Unleaded 91: 241.0 cents p/l (Tiwi Islands)

Diesel: 294.0 cent p/l (East Arnhem Region)
(NT Government 2018c).

The CPI for Other services in relation to motor vehicles (e.g. Motor vehicle registration, roadworthiness tests, driver licence fees, parking fees, driving lessons) has risen rapidly in recent years, rising by 25.7 over the last 5 years, vs CPI All Groups rise of 5.2% over the same time (ABS 2018d).

Transport Affordability Index:
This index measures costs (not expenditure) across a range of transport expenditure areas

Cost differences between Darwin and Alice Springs

Transport costs in Darwin and Alice Springs have continued to rise at rate much higher than general inflation

Darwin had the largest cost increase of all capital cities in the past year, of \$282.

Alice Springs had the greatest increase in costs for a regional centre, of \$257

Households in Alice Springs are paying more per week for servicing and tyres than those in Darwin (\$32.71 vs \$29.59), and more for fuel (\$85.43 vs \$78.57).

Darwin households are paying more for comprehensive car insurance (\$29.57 vs \$25.48) , though Alice Springs has the highest costs out of all the regional centres included in the index

Overall costs for Darwin households are higher (largely due to public transport costs being included for Darwin (\$20) but not for Alice Springs \$0.00) (AAA & SGS 2018, p. 27).

The report recommends the Motor Vehicle Registration Concession be indexed in-line with yearly cost increases – and be extended to all Centrelink Health Care Card Holders. This is one way the NT Government can provide cost of living relief to more low-income households

Many prominent organisations and individuals have come out in support of raising the rate of Newstart, including NT Chief Minister Michael Gunner

www.facebook.com/95364836407/posts/10155757530641408/

If Newstart and Youth Allowance had been increased on by \$75 p/w on 1 July this year it would have boosted the NT's overall income by \$58 Million in the 2018/19 financial year, representing the increase in disposable income that would have become available. All regions in the NT would benefit. (ACOSS 2018b).

The Motor Vehicle Registration Concession has remained at the level of \$154 per 12 months (or \$77 per six months) since 2010 (NT Government 2018e; NTCOSS 2016, p.21).

The size of the increase in the 6 monthly registration fees of \$87.00 for a small vehicle means that the value of the concession has been completely wiped out when compared with eight years ago (NT Government 2010).

Governments may be limited in influencing petrol prices, but they can decide the rate of concessions as well as who can access them. In addition, an increase in the base rate of Centrelink Allowance would assist many low income households with transport costs.

Raising the rate of Newstart and Youth Allowance

The base rates of these payments are clearly inadequate and there is an **urgent need for the Federal Government to increase the rate of Newstart and other Allowance payments by \$75 per week.**

PRICE CHANGES, LIVING COST INDEXES & INCOMES

Price Movement in Goods and Services in Darwin

Table 1a: Changes in CPI (All groups) over past year (ending September 2018)

Darwin	↑	0.6%	vs Australia	↑	0.4% (in last quarter - to Sept 2018)
Darwin	↑	1.3%	vs Australia	↑	1.9% (over past year – to Sept 2018)

Source: ABS 2018d, Table 10, 11

Table 1b: Changes in CPI Darwin vs National over the past year (to September 2018)

Increases in Darwin over past 12 months	Decreases in Darwin over past 12 months
<i>Automotive fuel*</i> ↑ 20.3% vs Australia ↑ 20.8%	<i>Audio, visual and computing equipment</i> ↓ 8% vs Australia ↓ 9.0%
Education ↑ 4.5% vs Australia ↑ 2.8%	<i>Telecommunication & equipment/services</i> ↓ 4.9% vs Australia ↓ 4.7%
<i>Insurance</i> ↑ 3.7% vs Australia ↑ 4.2%	<i>Child Care</i> ↓ 4.8% vs Australia ↓ 8.5%
<i>Hospital and medical Services</i> ↑ 3.3% vs Australia ↑ 4.1%	<i>Rents</i> ↓ 4.6% vs Australia ↑ 0.6%

Note Tobacco increased by 13.9% vs Australia 14.0%

Source: ABS 2018d, Table 10

Table 1c: Changes in CPI Darwin vs National over the past year (to September 2018)

Increases in Darwin over past 3 months	Decreases in Darwin over past 3 months
<i>Audio, visual and computing media & services</i> ↑ 4.1% vs Australia ↑ 3.5%	<i>Child Care</i> ↓ 7.4% vs Australia ↓ 11.8%
<i>Gas and other household fuel</i> ↑ 2.4% vs Australia ↑ 1.1%	<i>Telecommunication, equipment and services</i> 1.6% vs Australia ↓ 1.5%

Source: ABS 2018d, Table 11

Note for Figures 1b and 1c, major CPI categories are displayed in bold; with the sub-categories not in italics. See Appendix A for list of all CPI Categories, showing price movement in the NT and Australia for the past year.

Low overall CPI growth in Darwin but some price rises in key expenditure areas

Rises in Fuel, Insurance, Hospital & medical services and Education CPI over the past year

Low growth in the overall CPI for Darwin (CPI All groups), compared with nationally, occurred over the past year (1.3% vs 1.9%), though over the past quarter, Darwin CPI (0.6%) rose at a greater rate than the national rate of growth (0.4%) (ABS 2018d).

While there has been overall low growth in the CPI in the past year, some significant rises have occurred within CPI categories/sub-categories. In particular, there has been a very steep increase in the price of automotive fuel (20.3%), consistent with the national trend (20.8%) (ABS 2011c)

The rise in fuel costs puts further cost of living pressure on motorists from low-income households both in Darwin (and across regional areas of the NT, where fuel prices are generally even higher – see Tables 2a and 2b below). It must be noted however, that in the past two quarters (to September 2018), fuel prices rose at a much lower rate (2.6%, and 2.1%) than the previous two quarters (6.2% and 8.1%), (ABS 2018d, Table 11). Other notable increases in CPI occurred for insurance (3.7% vs 4.2% nationally), Hospital and medical services (3.9% vs 7.1%), education (4.5% vs 2.7%) all went up (ABS 2018d).

Price rises in key expenditure areas like fuel, insurance and hospital and medical services **have a greater impact on cost of living for low-income and disadvantaged households**, as expenditure on these items takes up a greater proportion of their weekly income.

Child Care CPI down against trend of previous years

There has been a decrease in audio, visual and computing equipment (8% vs 9.0% decrease nationally), as well as Telecommunication & equipment/services (4.9% vs 4.7%), Child care (4.8% vs 8.5%), which was due to a significant decrease over the last quarter (7.4% decrease vs 11.8% decrease nationally) and against the trend of the last 7 years which had seen CPI rises child care in 26 of the last 27 quarters in Darwin (ABS 2018d). The commencement on 2 July 2018 of the Child Care Subsidy in place of the former Child Care Rebate and Child Care Benefit, has led to a decrease in child care costs for families (ABS 2018c). This represents good news, especially for low income families facing child care costs.

Rents have again decreased (down 4.6% over the past year), against the national trend (0.6%).

The CPI for rent in Darwin has dropped for 15 consecutive quarters (ABS 2018d). For some Darwin households' rental prices are still out of reach, however, as evidenced by a recent Rental Affordability Snapshot (Anglicare 2018), which highlighted that rent prices continue to place strain on many lower income households in the NT, especially those reliant on Centrelink payments.

In addition, the decrease in the CPI for rent in Darwin is not reflective of what is occurring across all of the Territory, as REINT data reveals that rent prices in Alice Springs have risen for all nearly all housing types over the past year, with 3 bed-room houses increasing by 4.9%, and 2-bedroom unit/townhouses by 6.8% (see also Table 3a below) (ABS 2018d).

Snapshot of Cost of Living Changes Housing & Utilities across regional areas of the NT

Housing & Utilities Price Movement

This regional data show that in Darwin and Palmerston and Katherine, prices have generally either stayed the same or decreased over the past year across all housing sizes – apart from a few exceptions. In Alice Springs however, rent prices have generally increased – especially for 3-bedroom houses (4.9%) and 2-bedroom units/townhouses (up 6.8%). (REINT 2018, p.24,25).

In relation to house sales, the prices for housing have generally decreased in Inner Darwin, Palmerston, Katherine, Tennant Creek and Alice Springs (though unit/townhouse prices stayed the same). In the Darwin North Coastal area, house prices decreased while unit prices increased; while in Darwin North East and Darwin North, house prices increased while unit prices decreased (REINT 2018, p.5,7).

Housing Price changes over the past 12 months – Regional Areas

Table 2a: Housing Price changes over the past 12 months – Regional Areas

Year Ending Sept 2018	Palmerston	Katherine	Alice Springs	Tennant Creek
Residential Housing - Median Sales Prices				
Residential House	-2.2%	-3.2%	-0.4%	-41.2%
Residential Unit/Townhouse	-19.2%	N/A	0.0%	N/A
Rental Housing - Median Weekly Prices				
3 BR House Rental Prices	-2.3%	-2.3%	4.9%	N/A
4BR House Rental Prices	-5.5%	-11.8%	0.0%	N/A
1BR Unit/Townhouse Rental Prices	24.4%	0.0%	1.7%	N/A
2BR Unit/Townhouse Rental Prices	-1.5%	-8.6%	6.8%	N/A
3BR Unit/Townhouse Rental Prices	-2.4%	-2.6%	2.0%	N/A
Utilities ^ (Darwin CPI figures)				
Electricity	1.2%	1.2%	1.2%	1.2%
Water & Sewerage	1.2%	1.2%	1.2%	1.2%

REINT 2018, p 5,7,24,25; ABS 2018d Table 10.

Table 2b: Housing Price changes over the past 12 months – Darwin & Suburbs

Prices Year Ending Sept 2018	Inner Darwin	Darwin North Coastal	Darwin North East	Darwin Nth
Residential Housing - Median Sales Prices				
Residential House	-6.9%	-10.6%	9.7%	1.8%
Residential Unit/Townhouse	-18.4%	17.7%	-48.6%	-12.7%
Rental Housing - Median Weekly Prices				
3 BR House Rental Prices	-2.5%	-6.3%	0.0*	-7.2%
4BR House Rental Prices	-3.4%	-7.7%	-3.5%	-1.8%
1BR Unit/Townhouse Rental Prices	-9.1%	-3.8%	34.8%	15.5%
2BR Unit/Townhouse Rental Prices	-8.1%	0.0%	-6.5%	-2.9%
3BR Unit/Townhouse Rental Prices	-13.8%	6.7%	-5.7%	21.6%

REINT 2018, p. 5,7, 24,25

*3BR Unit figure for Darwin North East not supplied from Sept 2018 – so June 2018 figure used instead as most recent figure

Selected Living Cost Index (SLCI) for Income Support Recipients

An examination of price movement for goods and services purchased by low-income households is important for determining how well Australia's income support system is doing in terms of helping people to keep up with rising living costs.

The ABS Selected Living Cost Index (SLCI) measures the cost of various baskets of goods which are specific to a number of different household types – including 'Age Pension', 'Other Government Transfer Recipient' households, 'Employee' households and 'Self-funded retirees' (ABS 2018a). Other government transfer recipient households includes "households whose principal source of income is a government pension or benefit other than the Age Pension or Veteran's Affairs pension", e.g. Newstart or Youth Allowance (ABS 2018b).






The report examines the SLCI figures in the context of income support payment to determine if they are keeping pace with rising living costs. The Living Cost Indexes (LCIs) have been designed to answer the question: "By how much would after tax money incomes need to change to allow households to purchase the same quantity of consumer goods and services that they purchased in the base period?" (ABS 2018a).

NTCOSS is specifically focused on the cost of baskets which apply to 'Age Pension' and 'Other Government Transfer Recipient' households, given that it is these households which are more likely to be representative of low-income and disadvantaged households. Comparisons are also made with expenditure for both Employee households and Self-Funded Retiree households. This is to get a sense of the change in the rate of changes in costs of living for low-income households vs. higher income households.

Movement in the Selected Living Cost Index (SLCI)

Darwin vs National figures Sept 2017 – Sept 2018

Table 3a: Changes in SLCI figures over the past year (to Sept 2018)

National CPI all groups		1.9%	
SLCI for Age Pensioners		2.3%	which is <u>above</u> CPI increase
SLCI for Other Government Transfer Recipients		2.2%	which is <u>above</u> CPI increase
SLCI for Employee Households		2.0%	which is <u>above</u> CPI increase
SLCI for Self-funded Retirees		2.3%	which is <u>above</u> CPI increase

Source: SLCI Figures taken from ABS 2018a and CPI figures taken from ABS 2018d, Table 11

Table 3b: Changes in SLCI figures over the past quarter (to Sept 2018)

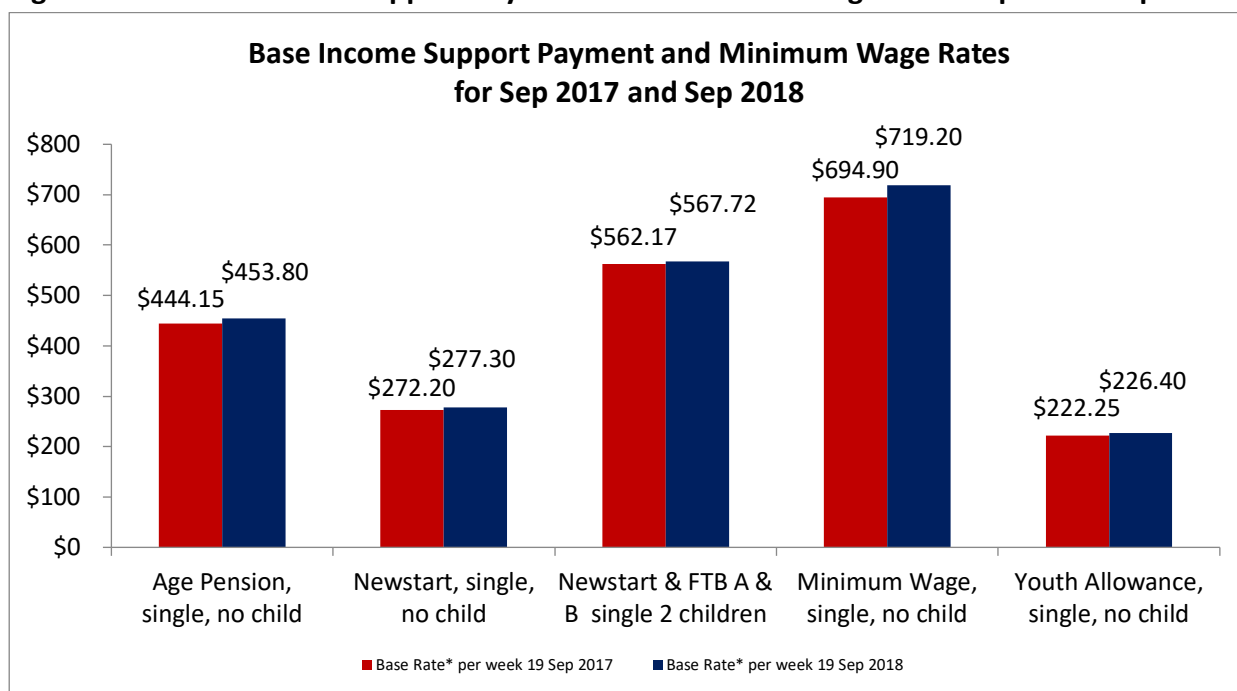
National CPI all groups	↑	0.4%	
SLCI for Age Pensioners	↑	0.6%	which is <u>above</u> CPI increase
SLCI for Other Government Transfer Recipients	↑	0.3%	which is <u>below</u> CPI increase
SLCI for Employee Households	↑	0.4%	same as CPI increase
SLCI for Self-funded Retirees	↑	0.9%	which is <u>above</u> CPI increase

Source: SLCI Figures taken from ABS 2018a and CPI figures taken from ABS 2018d, Table 10

How well are Income Support payments keeping up with rising living costs?

Where an income support payment is someone's sole source of income, being able to regularly save a substantial amount of the weekly payment is not an easy task. In Figure 1 below, the dollar value of changes in cost of living over the past year has been calculated for someone who is on the base level of payments, and assuming that they spend all of their income.

Figure 1: Selected Income Support Payments and Minimum Wage Rates Sept 2017-Sept 2018



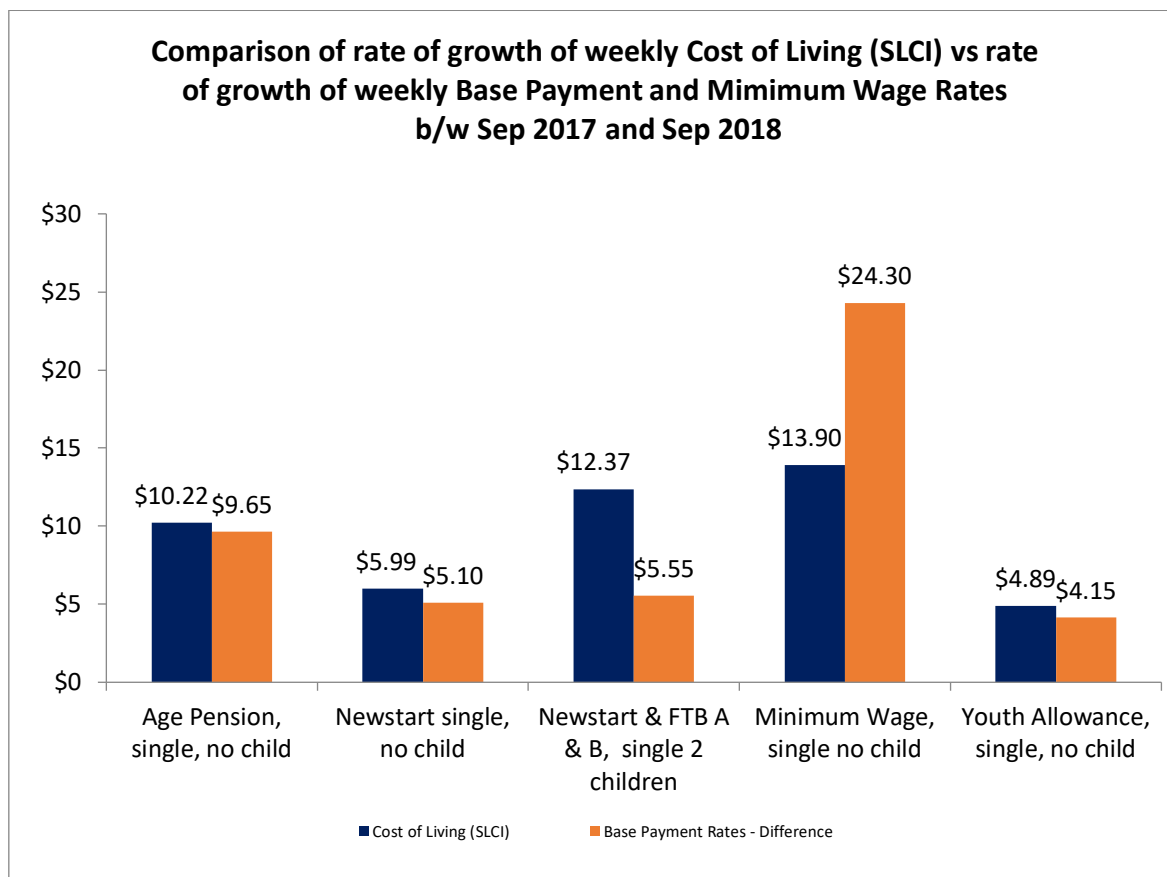
Sources: Centrelink 2017, p.2, 5, 13, 25, 27, 32-33, 38-39;

Centrelink 2018, p. 2, 5, 13, 25, 28, 33-34, 40-41. Fair Work Commission, 2018.

*NB: For simplicity, some supplements & Rent Assistance are not included in Figure 2, as they can vary from person to person.

Figure 2 below compares cost of living changes for households with different income sources, and the changes in income for each of these groups.

Figure 2: Growth in Selected Incomes vs Cost of Living (SLCI) over the past year



Sources: Centrelink 2017, p.2, 5, 13, 25, 27, 32-33, 38-39; Centrelink 2018, p. 2, 5, 13, 25, 28, 33-34, 40-41; Fair Work Commission, 2018; ABS 2018a.

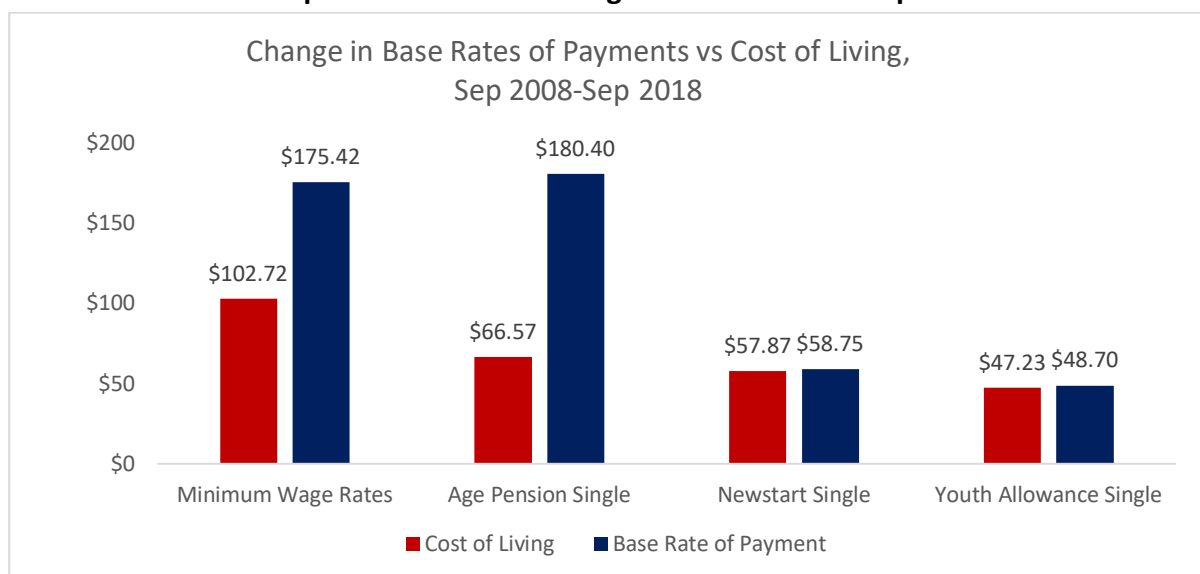
As Figure 2 shows, the rise in cost of living for a single pensioner has risen at a rate (\$0.57) a little bit above the rise in the pension over the past year. For single Newstart recipients without children, the **rise in the cost of living has been \$0.89 per week more than the rise in payments.** For single Newstart recipients with two children, the **rise in the cost of living has outstripped payments by \$6.82 per week (around \$355 per year).** For single Youth Allowance recipients, the **rise in the cost of living been \$0.74 per week more than the rise in payments** over the past year.

In comparison, for a single person (no children) on the minimum wage, the rise in cost of living was **\$10.40 per week below** the rise in the minimum wage, over the past year, meaning the minimum wage was more than keeping up with cost of living rises for these employees. (Note: The rate of growth of the SLCI is calculated by multiplying the Sept 2017 base payment rate by the percentage increase in the SLCI over the past year for the relevant payment type).

For recipients of Newstart and Youth Allowance the lag is of particular concern, given the existing **inadequate base rate of payment** (if it is the sole payment received). **Figure 3 shows a comparison of the changes in payment rates and cost of living** over a longer period of time, and highlights that increases in age pension payments and minimum wage rates have easily

outstripped the increases in cost of living for these income groups over the past ten years. In the case of Newstart and Youth Allowance however, the rate of increase in the base rate of payments has barely managed to keep up with cost of living increases over this ten-year period.

Figure 3: Increase in Rate of change of Minimum Wage vs Income Support Payments (Single) compared with cost of living increases - over the past decade



Sources: Centrelink 2008, p.2, 4, 8, 15-16, 23; Centrelink 2018, p. 2, 5, 13, 25, 28, 33-34, 40-41; Fair Work Commission, 2018; ABS 2018a.

Ironically the base rate of Newstart in 2018, of \$277.80 per week has only recently caught up with the 2008 base rate of the Age Pension of \$273.40

Struggling on Newstart and Youth Allowance

Living on \$226.40 per week on Youth Allowance or \$277.30 on Newstart (single rate), means housing, food, transport, health and utilities bills all have to be squeezed into a very small payment. At Sept 2018 these payments were around \$442-\$493 under the Minimum Wage² of \$719.20 per week (Fair Work Commission, 2017). Where unexpected bills occur (e.g. large electricity bills), other essential items might have to be forgone (e.g. less money for food).

Research from the University of NSW (2017, cited in ACOSS 2018a), showed that it costs a single person a minimum of \$433 per week to cover basic household expenses such as “housing, food, transport etc.” – but this amount is more than \$150 over the base rate of Newstart.

People on Newstart and Youth Allowance include sole parents, people with disability or mental illness, long term unemployed, and people (Newstart only) aged between 50-64, many who face significant employment barriers. In addition, for every eight people who are looking for paid work (or for an increase in hours), there is only one job available (ACOSS 2018a, p.1).

² NOTE: The Minimum Wage figure referred to of \$694.90 is for a 38-hour week (before tax) for the period 1 July 2017 – 30 June 2018.

It is also very difficult for people to have the energy to successfully look for work, if they are homeless or worried about putting food on their table, and merely trying to survive because they are living below the poverty line.

The rising price of fuel in the Northern Territory and the resultant impact on weekly budgets for Territorians, particularly low-income Territorians is highlighted in this report. The price of fuel is something that may be more complex to deal with at a Government level, but given that fuel prices disproportionately impact on those on very low incomes, such as Newstart and Youth Allowance, this presents a further reason to increase the base level for these payments.

Pension Indexation System and the Inadequacy of Allowance Payments

Figure 2 and 3 reinforce the importance of the current method of indexation for adjusting pension rates every six months, where payment increases are linked to Male Total Average Weekly Earnings and prices (CPI). This generally ensures that pensions do not drop behind society averages (See Explanatory Note 4), though over the past year the pension did marginally lag behind the rise in the SLCI (by \$0.12 per week, as calculated by NTCOSS, based on CPI and Centrelink data). *NB: The Disability Support Pension rate is identical to the Age Pension rate, but for simplicity reference is made to the Age Pension.*

Newstart, Youth Allowance and other base-level benefit allowances are indexed to the CPI only, which does not ensure that increases in allowances will always keep up with the cost of living, as described above, and evident in Figure 2. At the moment, the **Newstart Allowance is \$176 per week lower than the age pension. \$39 a day is simply not enough for an individual to live on.** More than half (55%) of people on Newstart live below the poverty line (ACOSS 2018a, p.1). The rate of Youth Allowance is \$227 below the rate of Age Pension.

Raising the Rate of Newstart and Youth Allowance

In its recent pre-budget submission to the Federal Government ACOSS (2017b, p.19) has called for “Allowance payments for single people... [to] be increased by \$75 per week from January 2019”, and that this should apply “to people on Newstart Allowance, Widow Allowance, Sickness Allowance, Special Benefit and Crisis Payment”. This would help “alleviate the dire levels of poverty being seen as a result of the failure to increase the basic rate of working-age social security payments in more than 20 years” (ACOSS 2017a, p.1).

The recent report by Deloitte Access Economics and ACOSS (2018a), documents the broader societal benefits of increasing allowance payments by \$75 per week – including a boost in the national economy by around \$4 billion, and the creation of “some 12,000 extra jobs” due to increased spending, and cites research that “higher incomes for the unemployed and other groups who are disadvantaged may lead to better national outcomes on indicators such as health” (Deloitte Access Economics/ACOSS 2018a, p. iii).

In addition, the regional communities (where unemployment rates are generally the highest) who are most in need of help, would benefit from increasing allowance payments (Deloitte Access Economics/ACOSS 2018, p. v). Total disposable incomes will increase across all local governments in the country, including the NT

There are a number of prominent organisations and individuals around the country calling for an increase in Newstart payments as has been called for by ACOSS and other COSSes.

“More than two thirds of people support an increase to Newstart, as do all the leading charities, community organisations, the Committee for Economic Development, Deloitte Access Economics, KPMG, Australian Industry Group, and the Business Council of Australia. Benjamin Law, Jane Caro, John Howard, Ken Henry all back an increase, as do the Greens, Senators Tim Storer and Derryn Hinch and the ACT Chief Minister Andrew Barr” (ACOSS 2018b), as well **Michael Gunner Chief Minister of the Northern Territory** (Gunner 2018).

NT Chief Minister Gunner has recently stated: “Could you live on \$39 per day?”

I support giving young people a fair go and helping them get jobs. That's why the Federal Government should raise the rate of Newstart and Youth Allowance - you can't look for work if you're homeless and hungry” (Gunner 2018).

In addition, 14 Local Councils now support an increase to Newstart, and the National Assembly of Local Government has also passed a motion of support (ACOSS 2018b).

TRANSPORT EXPENDITURE AND COSTS IN THE NORTHERN TERRITORY

Transport Expenditure: Why it is important

Access to transport is a critical component of the lives of Territorians, with expenditure on transport being a significant component of the average weekly budget, making up 12.7% of the average weekly expenditure of households, and using 10.4% of household disposable income on average, with average household expenditure in the NT at around \$11,000 per year (ABS 2017). Only housing, food and recreation have greater expenditure levels.

Having access to transport has an impact on the ability of people to fulfil a range of essential tasks (e.g. employment, education or training) or services they need to access (e.g. health, banking, shopping, visits to justice centres and other essential services). Transport also has a significant impact on the ability of people to access recreational and social activities which are important to the general wellbeing of individuals and communities and the capacity of individuals to fully participate in society. “Much of a household’s transport costs are non-discretionary and can’t be cut back on” (SGS Economics & Planning 2016, p.4-5).

Transport is particularly important for lower income households, who “are less likely to live close to work, shops and social activities so must travel further, and are less likely to live close to public transport routes [and] are also likely to spend a greater share of their incomes on petrol” (SGS Economics and Planning, 2016 p.4-5).

While **Affordability** is a really important consideration for ensuring an appropriate transport system, as SACOSS (2012) have highlighted, several other components also need to be in place, namely:

- **“Availability** – is transport available to go where you want to go?”
- **“Accessibility** – can you physically use the transport system [i.e. disability access] and can you navigate it?”
- **“Acceptability** – is it safe, clean, reliable and not too difficult to use?” (SACOSS, 2012, p.6)

As SACOSS have identified (SACOSS, p.6) if all of these aspects are not in place, it means people will be less likely of unable to access transport services and so the actual cost of transport will not be particularly relevant for them. Where these are all present and people are able to access a transport system, affordability is a key issue.

Transport costs also “interact with housing costs”, with lower income households (especially those with children) often unable to rent or buy a home close to where they work (SGS 2016, p. 4). While it may be that cheaper housing may be found in an outer suburb, rather than living closer to a city, or town, the greater transport expenditure needed on more petrol, more car servicing or the need for an additional vehicle, may negate any savings from cheaper housing (SGS 2016, p.4).

Another aspect of transport costs is their price volatility – and the NT has not been immune from this in recent years – and the fact that transport price hikes occur irrespective of whether a household’s income has increased. Any price rises will be felt more by lower income households.

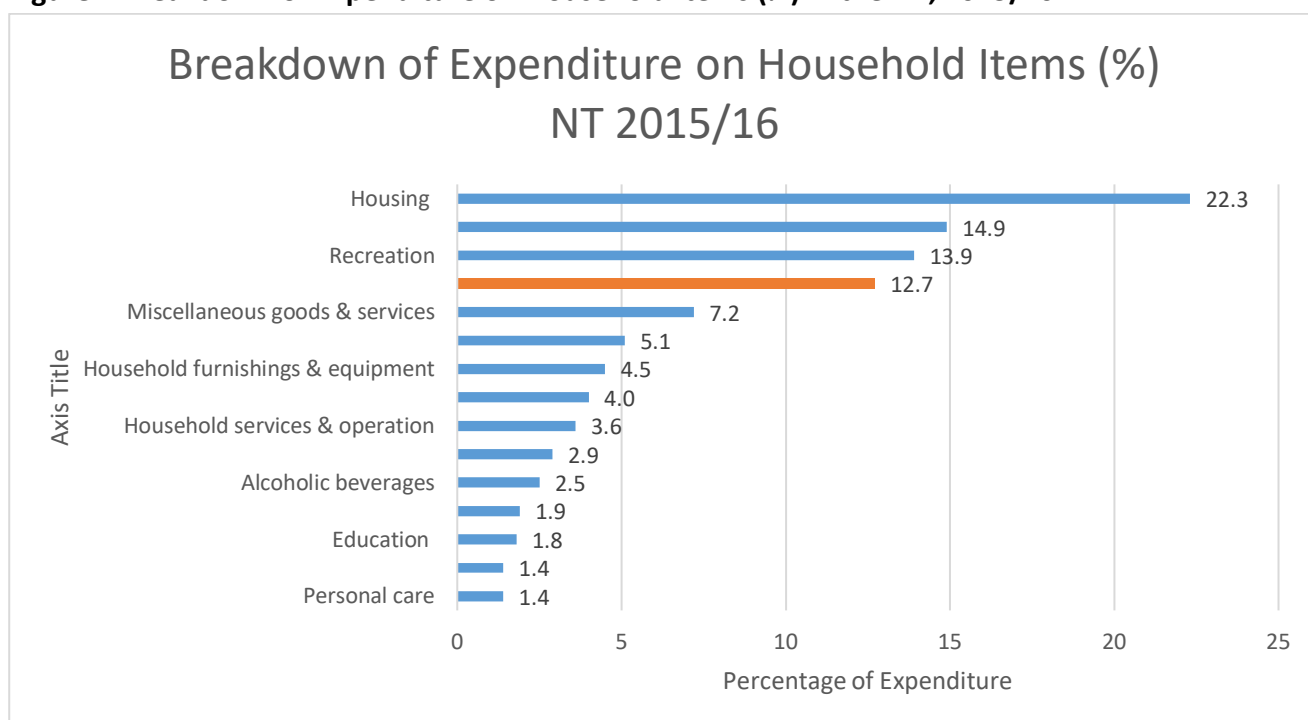
The limited availability of public and community transport in the NT means that many low-income people rely on other more expensive forms of transport (such as taxis or minibuses) to meet their everyday needs. Money spent on transport reduces money available for other essential items, further exacerbating poverty and social exclusion for people already facing significant poverty and disadvantage.

NTCOSS acknowledges that the NT Government has in place a Darwin Regional Transport Plan which is working towards an “integrated regional transport system which is safe, reliable and sustainable, connects people and places...” (NT Government 2018b, p.40), and that this plan is beginning to address some of the issues (for the Darwin region) that are referred to in this NTCOSS report (see also section on Public Transport on p.30).

ABS Household Expenditure Survey (HES) 2015/16: Transport Expenditure

Figure 4 shows the breakdown of Expenditure on each household expenditure area for the NT, derived from the 2015-16 Household Expenditure Survey (HES).

Figure 4 Breakdown of Expenditure on Household Items (%) in the NT, 2015/16



Source: ABS 2017, Table 13.9A

Given that the above figures are averages, they are not typical for all household situations. As an example, a household who had not bought a motor vehicle in the year of the last HES survey, or a low-income family who do not own a motor vehicle and may be more reliant on public transport or taxis, and have expenditure patterns that are different to the average figure.

Table 4 shows a breakdown in the proportion of average household expenditure for a number of key transport expenditure sub categories.

Table 4: Breakdown of Transport Expenditure by sub-categories

2015-16 HES Figures	
All Transport	% of Transport Expenditure
Motor vehicle purchase	25.7%
MV fuel, lubricants and additives	23.5%
Vehicle charges*	24.8%
Vehicle registration & insurance	13.3%
Vehicle parts & accessories	10.7%
Public transport fares	1.2%
Taxi fares & ride share services^	1.0%

ABS 2017 Adapted from Tables 13.9A

* Vehicle charges refers to crash repairs, vehicle maintenance, licence fees

^See note below on p.19 re Taxi fares and ride share services

Out of the above categories, fuel prices are the most volatile, and are one of the biggest factors driving overall transport prices up or down (see Figure 5 below).

National and Northern Territory Transport Expenditure: A comparison

In the 2015/16 HES data, NT households ranked 4th overall out of all states and territories in terms of actual weekly expenditure on transport (ABS 2017, Table 13.9A), down from 1st in 2009/10 (ABS 2011a, Table 27A), but weekly expenditure (\$215) is higher than the national average (\$206).

When transport expenditure is examined as a proportion of weekly disposable income, however, Territory households rank second lowest out of all states and territories, behind only WA – due to the higher average household incomes in the NT.

Table 5 Transport Expenditure - States and Territories % of Weekly Expenditure & Disposable Income

Weekly Figures	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	Aust
2015-16 Figures Exp \$	\$217.92	\$218.30	\$204.95	\$161.83	\$182.62	\$175.80	\$215.55	\$225.24	\$206.69
Ave. Mean Disposable Income	\$1,820	\$1,670	\$1,629	\$1,472	\$1,789	\$1,309	\$2,073	\$1,942	\$1,706
% Mean Disposable Income	12.0%	13.1%	12.6%	11.0%	10.2%	13.4%	10.4%	11.6%	12.1%

Source: ABS 2017, 13.8A, 13.9A

Actual expenditure in several categories for households in the NT was above the national average:

- Motor vehicle purchase (2nd highest out of all states/territories; behind NSW \$57.25)
- Motor vehicle fuel (3rd highest – ACT highest at \$54.23)
- Vehicle parts and accessories (highest; and more than double the national average)
- Vehicle charges – i.e. crash repairs, vehicle maintenance, licence fees (highest)

In the following categories, however, the average expenditure is under the national average

- Vehicle reg and insurance (\$28.74, lowest of all states/territories; NSW highest at \$37.39)
- Public transport fares (second lowest; NSW highest at \$8.25)
- Taxi fares & ride share services (combined categories[^]) (second lowest; NSW highest at \$3.53) (ABS 2017, Table 13.9A)

[^]Note: Ride sharing expenditure for the NT in the 2015/16 HES was very small, but in other jurisdictions it was much higher – so expenditure on ride sharing has been combined with expenditure on taxis for this table to provide a more meaningful comparison of overall expenditure on the combined categories. In addition, as ride share services were not a HES category in 2009/10, combining the 2 categories also allows for a comparison between the years.

As a proportion of disposable weekly income, the NT ranked 7th or 8th out of all the states/territories for most HES expenditure areas. In relation to expenditure on vehicle parts and accessories, however, the NT ranked highest in the country in terms of the proportion of disposable weekly income spent (and nearly double the national average). This was also the case for Darwin households.

Table 6: Comparison of National and NT Household Expenditure on Transport 2015-16

	Australia 2015-16		Northern Territory 2015-16		Darwin 2015-16	
	Ave Weekly Expend \$	% of Mean H/hold Disposable Income	Ave Weekly Expend \$	% of H/hold Mean Disposable Income	Ave Weekly Expend \$	% of Mean H/hold Disposable Income
All Transport	\$206.69	12.1%	\$215.55	10.4%	\$193.81	9.5%
Motor Vehicle (MV) Purchase	\$51.52	3.0%	\$55.37	2.7%*	\$56.23*	2.8%
MV fuel, lubricants and additives	\$49.64	2.9%	\$50.62	2.4%	\$50.37	2.5%
Vehicle Regist'n & Insurance	\$35.54	2.1%	\$28.74	1.4%	\$26.63	1.3%
Vehicle Parts & Accessories	\$10.25	0.6%	\$23.10	1.1%	\$21.40*	1.1%
Vehicle Charges [^]	\$45.37	2.7%	\$53.55	2.6%*	\$34.08	1.7%
Public Transport Fares	\$5.83	0.3%	\$2.50*	0.1%	\$1.37*	0.1%
Taxi Fares & Ride Share services	\$2.81	0.2%	\$2.13***	0.1%	\$2.20***	0.1%
<i>Mean Weekly Disposable Income</i>	<i>\$1706</i>		<i>\$2073</i>		<i>\$2032</i>	

Source: ABS, 2017, Tables 13.2, 13.3A, 13.8, 13.9A

Vehicle charges include crash repairs, vehicle maintenance, licence fees (highest)

Comparison of NT and Darwin households: 2015/16 HES Figures

- Transport costs for NT households living outside of Darwin are higher than for those living in Darwin – due mainly to much lower expenditure on vehicle charges
- Darwin households spend relatively less of their weekly income on transport (despite weekly disposable incomes being lower in Darwin than the NT as a whole)
- While 'rest of the state' figures are available for the 6 states, similar figures for the 'rest of the NT', outside the capital city of Darwin are not available. Given that the NT Transport expenditure figure is higher than the Darwin figure – the 'rest of NT' average figures would be even higher than the overall NT figures above.

Changes in expenditure in real terms (\$) between 2009-10 and 2015/16 HES

To allow for a like-for like comparison, between the two HES surveys, the 2009/10 figures in the following table have been converted to 2015/16 dollars (using the ABS CPI Inflation calculator) which allows for the effects of inflation.

Table 7: Changes in Transport Expenditure between 2009-10 and 2015/16 HES, Northern Territory

(2009/10 base figure \$)	Northern Territory			Darwin		
	Average Weekly Expend \$ (Dec 2009) in 2015/16 dollars	Average Weekly Expend \$ Dec 2015	Change in Expenditure per week NT in 2015/16 dollars	Average Weekly Expend \$ (Dec 2009) in 2015/16 dollars	Average Weekly Expend \$ Dec 2015	Change in Expenditure per week 2015/16 dollars
All Transport	(\$234.18) \$269.19	\$215.55	\$53.64 Decrease	(\$233.78) \$268.73	\$193.81	\$74.92 Decrease
Motor vehicle (MV) Purchase	(\$58.63) \$67.39	\$55.37	\$12.12 Decrease	(\$58.41) \$67.14	\$56.23	\$10.91 Decrease
Other vehicle purchase	(\$6.82) \$7.83	\$2.96**	\$5.87 Decrease	(\$6.56) \$7.54	\$3.51**	\$4.03 Decrease
MV fuel, lubricants & additives	(\$56.89) \$65.39	\$50.62	\$14.77 Decrease	(\$55.28) \$63.54	\$50.37	\$14.17 Decrease
Vehicle registrat'n & insurance	(\$24.29) \$27.92	\$28.74	\$0.82 Increase	(\$27.95) \$32.12	\$26.63	\$5.49 Decrease
M/Vehicle parts & accessories	(\$18.24) \$20.96	\$23.10	\$2.14 Increase	(\$20.15*) \$23.16	\$21.40	\$1.76 Decrease
Vehicle charges	(\$58.45) \$67.18	\$53.55	\$13.63 Decrease	(\$53.94) \$62.00	\$34.08	\$27.92 Decrease
Public transport fares	(\$0.81*) \$0.93	\$2.50*	\$1.57 Increase	(\$1.14) \$1.31	\$1.37*	\$0.06 Increase
Taxi fares^	(\$2.80) \$3.21	\$2.13*	\$1.08 Decrease	(\$2.72) \$3.12	\$2.20*	\$0.92 Decrease

Source: Derived from ABS 2011a Table 23A, 27A; ABS 2017 Table 13.3A, 13.9A³

(December 2009 used as mid-point of HES data collection period). Note: ^Ride share services (\$0.04** NT and \$0.08 Darwin**) for 2015/16 included with taxi fares as there was no corresponding figure for ride share in the 2009-10 HES

- Expenditure on transport decreased between 2009/10 and 2015/16 in real terms by \$53 per week on average for the NT; while it decreased by \$74.92 per week in Darwin.
- In most expenditure categories, Darwin figures followed a similar trend to the NT figures, except for expenditure on vehicle charges, which decreased by \$27.92 in real terms in Darwin (vs only \$13.63 decrease in the NT), and accounts for a large part of the difference between the Darwin and NT figures.
- Decreases also occurred for expenditure on motor vehicle purchases (\$12.12); fuel (\$14.77) and taxi fares (\$1.08).
- Expenditure on vehicle registration and insurance increased slightly (\$0.82) and vehicle parts and accessories (\$2.14), and public transport fares (\$1.57) all increased in the NT
- Strangely expenditure on registration and insurance in Darwin decreased by \$5.49 per week, yet examination of car ownership figures shows ownership per 1000 population increasing, not decreasing across the NT, since 2009 (ABS 2009, ABS 2018e).
- The lower vehicle registration and insurance expenditure figures for the NT overall may reflect the lower proportion of registered and insured vehicles in remote areas of the NT where access to services are limited and incomes are lower (see Car Ownership below).

³ *estimate has a relative standard error of between 25-50% and should be used with caution

**estimate has a relative standard error of greater than 50% and is considered too unreliable for general use

Decision made not to include Freight, airfare and removalist charges as not part of most households' day to day transport expenditure

CPI Movement for Darwin since the 2009/10 Household Expenditure Survey (HES)

The HES transport sub categories do not all directly correlate with a CPI transport sub-category, though some such as the CPI for automotive fuel and purchase of motor vehicles, and spare parts and accessories do roughly correlate with HES categories.

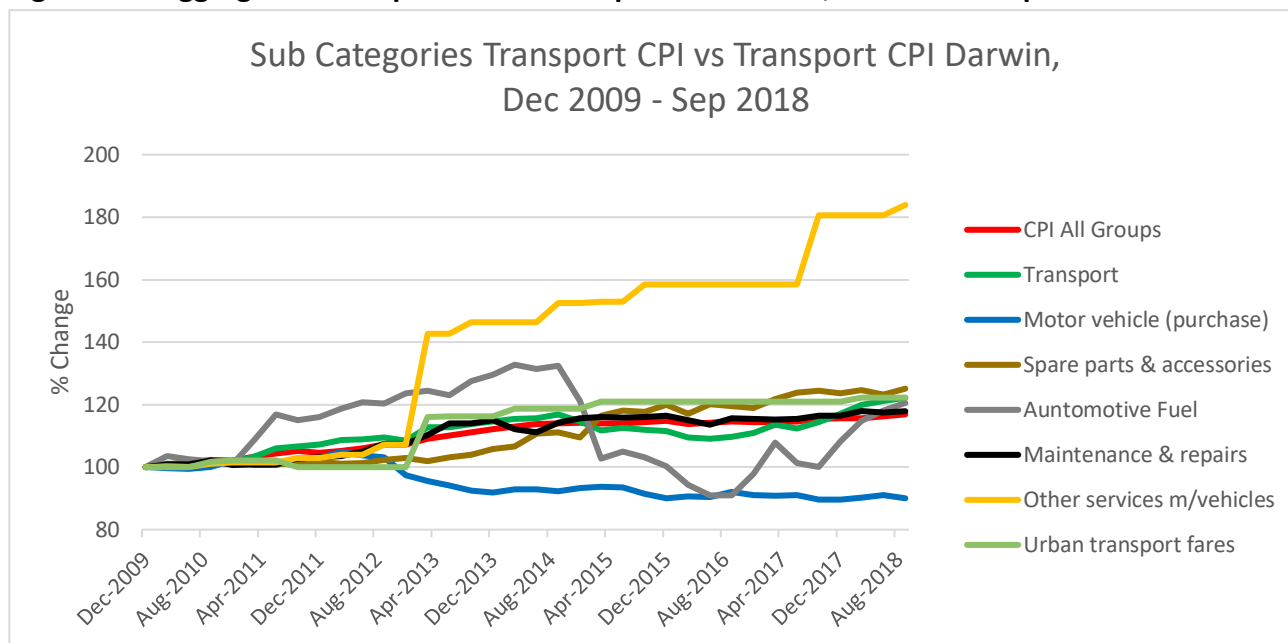
Figure 5 shows the significant change for fuel prices which decreased by 31.5% between the June 2014 and June 2016 quarters which correlates somewhat with the changes in the corresponding HES between 2009/10 and 2015/16, where fuel expenditure decreased. The fuel CPI then increase by 32.4% between the September 2016 and September 2018 quarters.

A very significant CPI increase has occurred for 'Other services in relation to motor vehicles' (Other services) which covers motor vehicle registration, roadworthiness tests, driver licence fees, parking fees, driving lessons (ABS 2011b), which has increased 58.5% between the 2009/10 and 2015/16 HES surveys. While it does not correlate directly with the HES category of registration and insurance, there is some overlap, and it is somewhat surprising that weekly expenditure on registration and insurance in Darwin actually decreased by \$5.49 per week on average in this period. It must be born in mind, however, that the HES figures are averaged out overall for all households, so while average expenditure may have decreased, registration fees and charges themselves have not gone down – as these fees are increased in July of each year, and these increases are reflected in the CPI figures (for 'Other services in relation to motor vehicles').

Looking at the period from December 2009 to September 2018, the CPI for 'Other services in relation to motor vehicles' increased by 83.9% overall between December 2009 and September 2018 – and while there have been significant increases in all other capital cities - bar Sydney – Darwin has seen by far the biggest increase (see Table 8 below), nearly double the average national increase of 46.7% (ABS 2018d). The issue of the costs/expenditure in relation to motor vehicle registration and insurance will be covered in more detail in a later section in this report.

Most other CPI sub categories roughly followed the trajectory of the Transport CPI and overall increased above the generic all groups CPI; apart from the CPI for motor vehicles (purchase) which has decreased since 2012. This means that one-off costs (vehicle purchase) are getting cheaper while the costs related to usage (i.e. fuel and fares) are getting more expensive, which could put particular pressure on low income households.

Figure 5 Disaggregated Transport CPI vs Transport CPI Darwin, Dec 2009 – Sep 2018



Source: ABS 2018d, Data 5

Darwin Transport CPI vs National figures

Overall over the past nearly 9 years since the 2009/10 HES, the Transport CPI for Darwin has risen above the generic CPI-All groups for Darwin (16.9%), largely driven by the huge increase in the CPI for other services in respect to motor vehicles (83.9%), and the overall rise in fuel prices (20.5%) – though fuel prices fluctuated significantly over this period (ABS 2018d).

Price rises in these two areas are also very significant as they make up such a significant component of weekly household expenditure (i.e. fuel constitutes nearly a quarter of household expenditure on transport – see Table above), and vehicle registration and charges about one-eighth (13.3%) so any price rises would normally be felt, particularly for low income households – though it is not clear why Darwin expenditure did not increase for registration and insurance between 2009/10 and 2015/16.

Table 8 CPI Transport, CPI Fuel vs CPI All Groups, Darwin vs Australia, Dec 2009 - Sep 2018

CPI Change	Darwin	Australia
Transport CPI	22.2%	13.2%
Automotive fuel	20.5%	26.1%
Vehicle spare parts	25.1%	9.3%
Other services MV	83.9%	46.7%
All Groups CPI	16.9%	20.5%

Source: ABS 2018d

Darwin (and the NT as a whole) have not been alone in recent fuel price rises, with CPI rising by 26.1% nationally since 2009/10. The CPI for spare parts and accessories has also risen significantly, by 25.1% over the same period vs a national increase of 9.3% (ABS 2018d, Data 5).

Table 9: National Figures Past year

CPI Change	Sydney	Melb	Brisb	Adel	Perth	Hobart	Darwin	Canb	Aust
Transport CPI	5.5%	6.1%	6.9%	5.8%	6.4%	6.1%	6.8%	6.0%	6.0%
Fuel CPI	22.5%	20.8%	20.3%	19.2%	19.3%	16.4%	20.3%	21.6%	20.8%

Table 10 shows changes in transport CPI as well as the fuel sub category over the past year, with rises in the fuel CPI of around 20% in nearly every state and territory. At the same time the all groups CPI rose by 1.9 % nationally, and 1.3% in Darwin (ABS 2018d, Data 5,6).

Table 10: CPI increases for Transport over the last year and last 5 years, Darwin

Darwin CPI	% Increase	
	Past year	Past 5 years
Transport - All	6.7%	7.4%
Motor Vehicles	0.2%	-2.8%
Spare Parts & Accessories	0.5 %	20.4%
Fuel	20.3 %	-5.5%
Maintenance & Repairs	1.2%	3.5%
Other Services – Motor Vehicles	1.8%	25.7%
Urban Transport Fares	1.0%	5.2%
CPI – All Groups	1.3%	5.2%

Source: ABS 2018d

Transport Expenditure in 2018: Transport Affordability Index

Given that the latest HES figures are from 2015/16 and there not all HES and CPI transport categories directly align – it is difficult to make accurate calculations to estimate expenditure in 2018 dollars. The recently developed Transport Affordability Index⁴ (TAI) data, however, provides up to date data for both Darwin and Alice Springs, and allows for a meaningful comparison of price changes over the last couple of years.

The Index was first released by SGS Economics and Planning in 2016 and has been developed “to provide a snapshot of the costs of transport for a typical household in Australia’s capital cities, including public transport costs and costs associated with car use” (SGS 2016, p.1). TAI data was first published in 2016, covering all capital cities, but from 2017 analysed costs in 7 regional centres nationally, including Alice Springs. It is currently updated every three months to show how transport costs move over time relative to incomes.

The “Index does not seek to analyse all motoring taxes and charges”, however it does cover a fairly broad spread of transport expenditure, namely: Car Loan Payments; Registration and Licencing; Insurance; Servicing and tyres; Fuel; Public Transport; Tolls and Roadside Assistance (2018, p.7, 9). The Index can perform a number of functions¹, but in particular, its ability to “Compare the impact of transport costs in different capital cities [and regional centres] and how this affects household budgets” (SGS 2016, p.5).

⁴

TAI data shows that transport costs across capital cities and regional areas across the country have continued to rise at rate much higher than general inflation (AAA & SGS 2018, p.4), and “even an increase in average weekly earnings for the typical city and regional families has not eased the burden of transport costs” (AAA & SGS 2018, p. 4).

For Capital Cities, from September 2017 to September 2018

- Transport costs rose by 4.2% over the past year (slightly under the Darwin Transport CPI figure of 6.7%, but slightly different methodology is used)
- Average yearly transport costs for a ‘typical’ Australian family in a capital city is \$18,221
- The average cost for fuel excise, registration, CTP and licensing is \$2,707 for city households (AAA & SGS 2018, p. 1,7).

For Darwin, the yearly costs for a typical household is \$16,282, based on the TAI (requiring 14.4% of household income)

- Darwin had the largest cost increase in the past year (\$282), but is the third most affordable city for transport in terms of dollar expenditure, and 2nd most affordable in terms of proportion of average income required, “despite a significant decline in average weekly earnings” which are lower than Alice Springs incomes
- Some of the drivers of the relatively lower costs in Darwin are;
- Cheaper roadside assistance – cheapest amongst the capitals
- Cheaper public transport - cheapest amongst the capitals (\$20 p/w vs average of \$41.77),
- However, Darwin households spend much more on insurance (\$29.57 p/w vs \$23.68 p/w) than the capital city average
- Darwin costs do benefit from not having toll fees (AAA & SGS 2018, p. 14,27).

For the benchmark regional centres, from September 2017 to September 2018

- Transport costs rose by 5.4% on average over the past year
- A ‘typical’ Australian family in a regional centre spends on average \$14,633 per year
- Regional families, on average, face higher fuel costs, given they pay higher fuel prices and travel further than city drivers
- Households pay more in fuel excise because they drive further, but some states’ regional motorists pay less for registration and CTP (Victoria and SA are cheaper), paying less in taxes and charges, on average, than those in the cities (but country NSW more expensive)
- Fuel costs increase the most for households in the past year (around \$121)
- Higher premiums drove up comprehensive insurance costs by \$56 per year
- The average cost for fuel excise, registration, CTP and licensing is \$2,650 (AAA & SGS 2017 p.8; AAA & SGS 2018, p. 1,6,7,8,14)

In Alice Springs the yearly costs for a typical household is \$15,547, based on the TAI and is the 3rd most expensive out of the 7 regional centres included in the TAI in terms of both dollar expenditure and expenditure as a proportion of average income required (13.2%)

- Alice Springs had the greatest increase in costs for a regional centres at \$257 per year, and the drivers of the high costs in Alice Springs overall are
 - High petrol prices (162.3 cents per litre and expenditure (\$85.43 p/w) well above the regional average (\$81.87 p/w)
 - High comprehensive insurance costs - the highest out of the seven regions (with insurance costs being \$25.48 p/w vs regional average of \$18.52 p/w)
 - High costs for servicing and tyres – also the highest out of the regions (\$32.71 p/w vs regional average of \$27.03 p/w)
 - High more motoring taxes -given that they pay the same rate of state taxes as city drivers, but drive greater distances.
 - High costs of maintaining new and used cars – highest out of the regions (AAA & SGS 2018, p. 14,15,16,27).

The two most significant contributors were to rises in transport costs over the past quarter were;

- Fuel prices (which continued to rise (average of \$88 per year) across all capital cities and regions) and
- Comprehensive insurance premiums which rose due to higher premiums (AAA & SGS 2018, p. 27).

In addition

- From 1 July registration, Compulsory Third Party and licensing fees generally increased
- Car loan payments increased when new car prices rose after end-of-financial-year sales
- The cost of the average roadside assistance increased marginally
- Servicing and tyres had a slight cost increase due to CPI increases (AAA & SGS 2018, p. 14,15,19).

Table 11 Change in Weekly Expenditure (TAI) over the past year, Capital Cities

Weekly Exp	Syd	Melb	Brisb	Adel	Perth	Hobart	Darwin	Canb	Cap. Ave
Q3 2017	\$429.80	\$371.29	\$366.67	\$296.25	\$327.36	\$288.49	\$294.01	\$316.15	\$336.25
Q3 2018	\$431.64	\$388.64	\$383.31	\$311.71	\$343.50	\$300.50	\$312.28	\$331.63	\$350.40
Change past yr	0.4%	4.7%	4.5%	5.2%	4.9%	4.2%	6.2%	4.9%	4.2%
% of Income	15.1%	15.3%	16.4%	13.7%	13.8%	16.5%	13.0%	12.3%	14.4%

Source: Figures adapted from AAA & SGS 2017, p.8, AAA & SGS 2018, p.6, 18⁵

Table 12 Change in Weekly Expenditure (TAI) over the past year, Benchmark Regional Centres

Weekly Exp	Wagga Wagga	Geelong	Townsville	Mt Gambier	Bunbury	Launceston	A/Springs	Reg'nl Ave
Q3 2017	\$250.29	\$285.37	\$247.40	\$258.07	\$284.56	\$263.00	\$280.17	\$266.98
Q3 2018	\$255.33	\$299.94	\$261.12	\$276.62	\$302.21	\$276.48	\$298.17	\$281.41
Change past yr	2.0%	5.1%	5.5%	7.2%	6.2%	5.1%	6.4%	5.4%
% of Income	9.9%	12.3%	11.6%	13.6%	13.1%	16.7%	13.2%	12.7%

Note, "Vehicle registration, CTP and driver's licensing fees decreased in Sydney due to the NSW Toll Relief Scheme, which came into effect on 1 July 2018.1 CTP also continued to decline for the typical Sydney household because of the Green Slips reform.

Source: Figures adapted from AAA & SGS 2017, p.8; AAA & SGS 2018, p.6, 13

⁵ Toll fees included for Sydney \$82.20; Melbourne \$49.20; Brisbane \$51.10 – (\$60.03 capital city Toll Fee average)

Table 13 Household Weekly Transport Costs Comparison of Disaggregated Expenditure Areas – Alice Springs vs Darwin Dec 2017, Sep 2017-Sep 2018 (and March 2016 for Darwin)

	Darwin			Alice Springs	
	Q1 2016	Q3 2017	Q3 2018	Q3 2017	Q3 2018
Car Loan Payments	125.25	\$123.22	\$122.84	\$123.22	\$122.84
Registration and Licencing	\$27.58	\$29.00	\$29.80	\$29.00	\$29.80
Insurance	\$26.12	\$25.78	\$29.57	\$19.96	\$25.48
Servicing & tyres	\$34.51	\$29.00	\$29.59	\$32.07	\$32.71
Fuel	\$60.06	\$65.11	\$78.57	\$74.00	\$85.43
Public Transport⁶	\$20.00	\$20.00	\$20.00	\$0.00	\$20.00
Tolls	N/A	N/A	N/A	N/A	N/A
Roadside Assistance	\$1.90	\$1.90	\$1.90	\$1.90	\$1.90
Totals	\$295.43	\$294.01	\$312.28	\$280.17	\$298.17

Source: Table adapted from AAA & SGS 2016, p.16; AAA & SGS 2017, p. 29 etc; AAA & SGS 2018, p.27

The above table shows that expenditure on fuel for Darwin households has increased greatly since the March 2016 quarter, rising by over \$18 per week (a rise of 30.8%), which is broadly consistent with the CPI fuel increase for Darwin over the last couple of years (see Figure 5).

Comparison of Alice Springs and Darwin costs

- Alice Springs households are paying slightly more for servicing and tyres (\$32.71 p/w vs \$29.57 p/w), than Darwin and more for fuel (\$85.43 p/w vs \$78.57 p/w), due to the greater distances travelled, and higher fuel costs.
- Darwin households are paying more for insurance (\$29.57 p/w vs \$25.48 p/w).
- Overall the costs for Darwin households are higher (largely due to the costs attributed to Public transport costs in Darwin (\$20 p/w), whereas for Alice Springs the figure for public transport is \$0.00) (AAA & SGS 2018, p.27).

⁶ It is assumed by the TAI that the regional household does not incur public transport costs. This is due to a lack of reliable services and low usage rates in the regional locations analysed.

Fuel Prices for the Northern Territory and Major Regions

Table 14 Fuel Prices across the NT – Nov 2017-Nov 2018 – Unleaded Fuel and Diesel

Unleaded Petrol	Average Retail Price Nov 2017	Average Retail Price Nov 2018	Price change since Nov 2017	% Change since Nov 2017
<i>Cents Per Litre</i>				
Darwin	144.4	154.7	+10.3	7.1%
Alice Springs#	174.5	193.2	+18.7	10.7%
Katherine#	159.8	182.4	+22.6	14.1%
Tennant Creek#	183.6	199.6	+16.0	8.7%
NT Ave^	151.8	164.5	+12.7	8.4%
Australian Ave^	137.4	141.2	+3.8	2.8%

Diesel*	Average Retail Price Nov 2017	Average Retail Price Nov 2018	Price change since Nov 2017	% Change since Nov 2017
<i>Cents Per Litre</i>				
Darwin	140.3	162.3	+22.0	15.7%
Regional Ave*^	169.9	194.2	+24.3	14.3%
NT Ave^	151.9	174.8	+23.9	15.7%
Australian Ave^	134.2	160.3	+26.1	19.4%

Source: NT Government 2017, p. 1,2; Source: NT Government 2018a, p. 1,2

#Includes surrounding areas/regions; ^Weighted average

*The AIP does not report on diesel prices for individual regional areas of the NT

Unleaded fuel and diesel prices have increased across the whole of the Northern Territory in the past year, and remain much higher than the national average – with the Tennant Creek and Alice Springs regions having the highest unleaded prices in the Territory. The Katherine region (14.1%) and the Alice Springs region (10.7%), faced particularly steep rises in the price of unleaded fuel over the past year, while the price of diesel rose around 15% on average across the NT (NT Government 2018a, p.1,2). Further information on prices reflective of individual communities in these regions is detailed below.

Reasons for increasing Fuel Prices

According to the Australian Competition and Consumer Commission (ACCC 2018a) fuel prices fluctuate up and down as a result of the combination of a number of factors, namely:

- “changes in international benchmark prices
- the value of the Australian dollar relative to the US dollar⁷
- levels of competition in different areas
- pricing decisions by wholesalers and retailers.” (See also Appendices)

⁷ The AUD–USD exchange rate is a significant determinant of Australia’s retail petrol prices, because international refined petrol is bought and sold in United States dollars in global markets (ACCC 2018b, p. 34)

Higher Fuel Prices in smaller cities and regional locations

The ACCC (2018b, p. 22-23) also highlights that there are factors that lead to higher fuel prices in both smaller cities (Darwin, Hobart and Canberra) compared to the largest cities, which are similar to the factors that lead to higher prices in regional locations. “These price movements are largely driven by changes in international refined petrol prices and the AUD–USD exchange rate, as they are in the five largest cities” (ACCC 2018, p.26). In regional locations (and smaller cities) however, there are additional factors that may contribute to higher prices, including:

- “a lower level of local competition”
- “lower volumes of fuel sold”
- “distance/location factors”
- “lower convenience store sales” (ACCC 2018, p.26).

Significant price disparities between regional locations may occur, as the above factors will be different in different locations. A 2015 ACCC report on the Darwin petrol market “noted that higher prices and profits in Darwin were the result of weak retail competition (2018b, p.46).

Fuel Price Comparison Apps

Along with the MyFuel NT app, introduced in November 2017, there are a number of free apps across the country in other jurisdictions. Motorists in Queensland have made significant savings through using a fuel app and there has been a surge in the number of motorists in NSW accessing the FuelCheck app (ACCC, 2018b, p. 10).

An examination of price data shows that **prices have risen in all regional areas of the NT**, for both unleaded fuel and diesel between November 2017 and November 2018 (Table 2), since the MyFuel NT app began. According to the ACCC Chair Mr Sims “the best way to keep petrol retailers honest” is for “motorists to use free petrol comparison appsto put downward pressure on prices” as the apps show that there are service stations with lower petrol prices and motorists “can save...money with just a small amount of effort” (ABC 2018b). Fuel Apps can play an important role in terms of transparency of fuel prices, and NTCOSS will continue to report on NT fuel prices, given their significant impact on cost of living pressures.

Regional Fuel Price Data across Remote Northern Territory

The My Fuel App is a very useful tool for getting a picture of fuel prices across all regions and many smaller communities across the territory. While the average figures provided by My Fuel NT do not provide a weighted average (so do not reflect volume of sales at particular price), they do highlight the extraordinarily high prices paid in some areas of the NT, for example

- **Unleaded fuel can cost as much as 241.0 cents per litre on the Tiwi Islands, or 225.0 cents per litre in a remote area in the Central Australian region**
- **Low Aromatic fuel can cost as much as 330.0 cents per litre in East Arnhem Land, or 259.0 cents per litre in a top end rural location**
- **Diesel can cost as much as 294.0 cents per litre in East Arnhem Land, or 272.0 cents per litre in a top end rural location (NT Government, 2018c).**

In addition, the average listed prices for low aromatic fuel and diesel are all much higher in December 2018 than they were at the start of the year (January 2018), and this is the case for most regions in terms of unleaded 91 fuel as well – apart from the Darwin, Palmerston and Litchfield regions (see further details in Appendix D, Tables 23a, b, c).

Fuel prices are generally highest in small remote communities, where there are small populations of people and limited services and therefore limited choice for consumers. Coupled with the lower average incomes across remote Northern Territory, it means that exorbitant fuel prices are being paid by households who can least afford it. The ABS HES data confirms that people on the lowest incomes are paying more of their incomes on fuel – and when prices increase, as they have done in most regions in the NT in the past year, it consumes an even greater proportion of the limited incomes of lower income households.

Additional research by Spandonide (2016, p.9) highlighted that the high cost of fuel in remote communities hasn't changed over the last 30 years, and that around 8 per cent of average income of people living in remote communities is spent on fuel. In addition, Spandonide (2016, p.9) cited that fuel taxes constitute around 3% of average income, compared to less than 1% nationally. Spandonide described the flow on affect of these costs on business costs at “several levels of the supply chain, resulting in largely amplified living costs in remote communities – about double the national average for a typical basket of goods” (Spandonide 2016, p.9). Fuel tax therefore represents unfair burden both directly and indirectly on remote households, many of whom are low income households. Consideration could be given for a cap on fuel excise for permanent residents of remote communities.

Environmental Considerations

There are a number of considerations when examining price and expenditure, particularly in the context of broader environmental considerations – and the need throughout Australia to reduce reliance of fossil fuels and invest in alternative energy sources – such as electric and solar cars. Price can be an important determinant in encouraging behaviour change, but it needs to be complemented by relevant infrastructure in place – e.g. affordable, available, accessible and acceptable public transport or car-pooling initiatives, or adequate bike lanes and bike paths to ensure safety and accessibility for cyclists – so that people have real choices about alternatives to taxis, mini-buses, or driving private vehicles.

It is a concern, however, that it is households in the lowest income category in the country who are spending a greater proportion of their disposable income on transport, as it represents a disproportionate burden for them, and they are often not in a position to make choices about purchasing more energy efficient environmentally friendly items (such as fuel-efficient cars), because of limited incomes.

Fuel prices do not discriminate based on income, neither do most other aspects of transport expenditure – such as motor vehicle parts and accessories, or repairs and maintenance charges. While there are some people who receive a concession to offset some transport expenditure (i.e. the NT concession provided to certain eligible households to assist with the cost of registering a motor vehicle - e.g. for age and disability pensioners), though many low-income Territory households are not eligible for these concessions (households on Newstart or Youth Allowance).

In addition, given the various taxes/fees and charges obtained by state/Territory government in the case of motor vehicle registration and compulsory third-party insurance (where in many instances the Government is the provider), these fees and charges effectively represent a regressive tax on lower income households.

Conversely, while a Government may have a limited influence when it comes to the price of fuel or the cost of motor vehicles, given there are often global market factors outside of their control, Governments do play a role in regulating price in relation to the setting of fees, levies and taxes as for motor vehicle registration and insurance. Government also has an active role to play in the provision of targeted cost of living relief for low income households. It is noteworthy that in Victoria the state Government provides cost of living relief in the form of a concession on motor vehicle registration for all Health Care Card holders, where they get a 50% concession on the registration component (whereas pensioners in Victoria get both a 50% reduction on the registration component as well as the compulsory third party insurance component (Vic Government, 2018b). NTCOSS believes that this should be a consideration in the NT as well.

Government also has a critical role in the development and provision of safe affordable accessible public transport systems – and the development of more public transport options in the Territory is a direct way that the Government can assist with the provision of more affordable transport options.

Other factors impacting on Transport Availability and Affordability in the NT

Public Transport

Public and community transport options in the NT are limited. Public buses currently offer only a limited weekend service, running only on a Saturday in Alice Springs. In Darwin and Palmerston services are irregular on weekends, with some areas only having hourly services and buses generally stopping at 7 pm.

In Tennant Creek a town bus service (Tennant Creek Transport, a community transport provider) was established in 2012, as there were no public bus services in the town. Due to resource limitations the regular town service can only be provided on weekdays.

In Darwin currently, public transport for people commuting to work is relatively low, being at 5%, which is the lowest in comparison with the other capital cities. 75% of workers in Darwin drive to work (NT Government 2018b, p.7,16).

NTCOSS welcomes the NT Government's Darwin Regional Transport Plan which is working towards an "integrated regional transport system which is safe, reliable and sustainable, connects people and places...". NTCOSS broadly supports the goals and proposed actions in the Darwin Regional Transport Plan – particularly the goal of fast, frequent, reliable, accessible and comfortable public transport", as well as the integration of land use and transport planning (NT Government 2018b, p. 4,12,16). NTCOSS would like to see similar approaches to planning rolled across other regions in the NT, particularly around establishing or extending more public transport options.

NTCOSS has previously called for more investment in public buses with increased bus routes and longer hours of operation, to encourage public transport usage and reduce reliance on taxis and minibuses (NTCOSS, 2016, p.54) and which could also reduce the reliance on cars. In this light, NTCOSS very much welcomes the identification of potential future improvements in the Darwin Regional Transport Plan, which could include “the introduction of 30-minute bus services throughout the day, seven days a week, improvements to timetabling and 15-minute services in higher density residential areas on the approaches to the Darwin CBD” (NT Government 2018b, p. 17).

In addition, NTCOSS supports the goal in the Darwin Regional Transport Plan for ‘safe, convenient cycling and walking to support healthy connected communities’, which will also provide alternatives to reduce the rate of driving and help reduce reliance on fossil fuels. (NT Government, 2018b, p20). NTCOSS also welcomes the potential for discussion around “innovative local transport solutions, such as car share schemes” as a further alternative transport option (NT Government 2018b, p.11).

NTCOSS also supports the calls from rural communities to address local demand for public transport services to connect rural centres such as Batchelor and Adelaide River with larger, urban sectors, including Palmerston, Casuarina and Darwin (NT Government 2018b, p. 17). While addressing these needs will be challenging, improving transport connections for remote communities is critical.

One area that could be explored is opening up access to travel concessions, which are made available to people who live in areas where public bus services run (e.g. Darwin, Palmerston and Alice Springs), where reduced fares are available for pensioners (who travel free) and Centrelink Health Care card holders (who pay \$1 per trip). At the moment, such a concession is not currently possible with the Tennant Creek Transport Service, for example, but to ensure equity across the NT, this issue warrants consideration.

Regional Transport Plans required across the Northern Territory

NTCOSS calls for a similar regional plan to the Darwin one, to be implemented in other regional centres. In Alice Springs for example, it would be particularly important to address the relatively limited Government run public bus service in the town, i.e. large time gaps in services and limited weekend services.

NTCOSS has also previously called for consideration of free off-peak public transport for concession and Centrelink Health Care Card holders (NTCOSS 2016, p. 54), which would further encourage the use of public transport and reduce reliance on taxis, minibuses and cars.

NTCOSS also notes the reference to light rail or other forms of rapid transit as longer-term options for regional public transport” (p.17), with the light rail option something that NTCOSS has raised previously with Government (NTCOSS 2014, p.16).

By facilitating the provision of safe affordable accessible public transport systems, the Government can assist with the provision of more affordable transport options and help ease cost of living pressures for low income Territorian households.

Car Ownership in the NT

ABS data on car ownership shows that NT households have the lowest ownership rates out of all of the state and territories - being 407 per 1000 (national average 580) (ABS 2018e).

We cannot conclude from this data however, that Territory households are not heavily reliant on cars. While many people do not own their own car, they may rely on extended family networks for access to a vehicle. It is not unusual to have multiple family members, or multiple families, sharing access to the one motor vehicle. Car ownership, however, is still a reality for many households in the NT, and for low income households, vehicle related costs can be a significant financial burden.

The community transport sector in the NT is rather limited. There are some transport services funded by government and run by community not-for-profit providers with a mix of minibuses and other vehicles. Tennant Creek Transport has emerged over the past 6 years as a response to the lack of alternative transport options in the town. More development in this area is required.

Another dimension of the low car ownership in the NT, is that the narrow targeting (appropriately) of NGO services who provide transport (e.g. Health Services) and limited public and community transport options. What this means is that in many regional centres in the NT, significant numbers of people are heavily reliant on taxis and minibuses – which constitute very expensive forms of transport.

Remote Travel and Costs

While there have been significant developments to the transport system in recent years, which have gone some way towards making transport more accessible (and in some cases more affordable) for more people - many gaps and needs remain.

Transport for remote community residents, both between communities and into major centres, remains a prime concern, as well as transport within towns and around such as Tennant Creek, Katherine and Nhulunbuy and other Top End Communities.

In addition, while outside of NTCOSS’ area of experience, non-Government organisations have raised issues related to infrastructure, in particular the need for improvement in roads out to remote communities across the NT. Current poor road conditions in many areas causes significant wear and tear on vehicles which travel in and out on a regular basis and poor road conditions contribute to safety issues as well.

NTCOSS is also aware of the National Remote and Regional Transport Strategy, which has been in place since 2014 and has a focus on improving sustainability of passenger transport services. This Strategy has been funding the Remote Bus Program which delivers operational funding assistance (subsidies) to remote bus transport operators (Transport and Infrastructure Council 2015, p.20⁸). As at 2015, funding from this Program had enabled eight new bus services to be established across the NT, including long distance services from regional centres to remote communities as well as between remote communities; with buses operating in the Alice Springs, Katherine and Gove regions (Transport and Infrastructure Council 2015, p.20). While this support comes at considerable cost to Government, NTCOSS believes the investment in transport services in these areas is significant and appropriate as these bus services have added greatly to the mix of transport options – providing a safe and reliable service, which is preferred by many people. NTCOSS believes it could be timely for a piece of work to be done (as part of the development of a NT remote public transport strategy) to identify gaps, quantify demand and support opportunities for expansion of services to ensure a consistency of services offered across regions.

While the addition of a number of remote bus services across the Territory in recent years is welcome, the cost of the bus fares is significant for households – particularly for certain routes. As an example, if a family of 4 (2 adults, 2 children) took a return trip from Kalka/Pipilyatjarra to Alice Springs, the total cost would be \$1320⁹. On top of this, while there is a children's fare, there is not a concession rate for pensioners or seniors. Paying this amount of money on transport could almost require all of a family's fortnightly income, which would put huge pressure on the family's ability to meet other essential costs for food, housing, or electricity.

Consistency of fare structures is another issue that impacts on affordability. In Some services in remote areas adult fares apply to children over 15, while for others it is children over 17. The difference between an adult and a child's fare can be significant, adding further cost of living pressures for families on low incomes.

There are clearly significant and unavoidable costs involved in running a remote bus service, in terms of cost of purchasing and maintaining an extensive fleet of buses which have to cope with a range of road conditions, such as unsealed roads, and staff costs for long range trips. Given that transport is an essential service, NTCOSS believes that concessions to holders of pension or health care cards is warranted, and there seems to be a case for Government to put in place a subsidy structure for relevant services, to enable them to provide concession rates to passengers who meet certain eligibility criteria.

One avenue now open to seniors over 65, who may need to travel in an out of remote communities is the \$500 per year concession which can be used for travel, which now sits under the new NT Seniors Recognition Scheme, and now includes intra-state travel (as well as interstate

⁸ *The Transport and Infrastructure Council operates under the Council of Australian Governments (COAG) Council System and Best Practice Secretariat Operations.*

⁹ One way fares \$195, \$135 (child, under 18 – and children under 2 are free) <https://centrebushbus.com.au/bus-timetables/>

and overseas), (NT Government 2018e). Intrastate travel was not included in the scheme in the past. Depending on which route someone is travelling, this concession could provide someone with several free trips per year, as long as the service they use is an approved travel provider.

Repairs and Maintenance of Private Vehicles in Remote Communities

Another significant issue is the lack of options for the maintenance of motor vehicles for people living in remote areas, as well as access to reasonably priced spare parts to repair vehicles.

Currently some remote communities have access to repairs and maintenance of private vehicles – through stores that might stock a small range of spare parts such as tyre repair kits. Some tyre repair services and equipment are made available in other remote communities by Central Desert Regional Council (CDRC) and MacDonnell Regional Council (MRC), however, these services are reported to be reducing, rather than growing to avoid potential injury risks (MacDonnell Regional Council 2018). In Yuendumu community there is the WYDAC Mechanical Training Workshop that provides early and consistent servicing of vehicles, as well as driver inductions and vehicle rescues and also develop training and employment pathways for young Warlpiri people (WYDAC 2018). There is also a vehicle recovery service provided for a reduced fee through Yuendumu's Yapa Kurlangu Ngurrara Aboriginal Corporation (YKNAC). Both the vehicle recovery and workshop services are available to surrounding communities of Nyirripi, Willowra and Yuelemu but staffing is small and capacity can be limited (NTCOSS 2018).

For those communities without access to these services, it means some people have to rely on the more expensive option of accessing spare parts by ordering over the internet or by phone, with high freight costs that all eat into the weekly household budget (NTCOSS 2018). Without consistent access to computers and limited computer literacy many orders are placed for parts that are unreasonably priced. With greater digital access and more consumer education around online purchasing the cost of spare parts could be reduced (NTCOSS 2018). People living remotely also have to bring their vehicles into a major centre, like Alice Springs, in order to have their vehicle serviced. This situation will inevitable grow given the more technical skills and computerised equipment required to repair modern cars.

In reality many people from remote communities are simply not be able to get their vehicle serviced where they live (if there is no police presence in their community for example), which means cars have to be replaced more regularly. Vehicle recovery is also very expensive and while some people can subsidise this through their royalty money, most can't as the costs are too prohibitive, so vehicles often remain on the side of roads (NTCOSS 2018).

The cost of registration for vehicles is the same across the Territory and those living in remote communities with a police presence can have their vehicles checked and registered on site. However, if repairs are required remote residents then pay \$47.35 for a temporary registration to drive into town and have the added burden of fuel costs to factor in (NT Government 2018i).

All of these factors can create further cost burden for remote households, many of whom are on very low incomes. Increased availability of mechanical services and more local access to spare parts would help people maintain cars longer rather than discarding and purchasing another car, which seems the more economical option where no mechanical services exist.

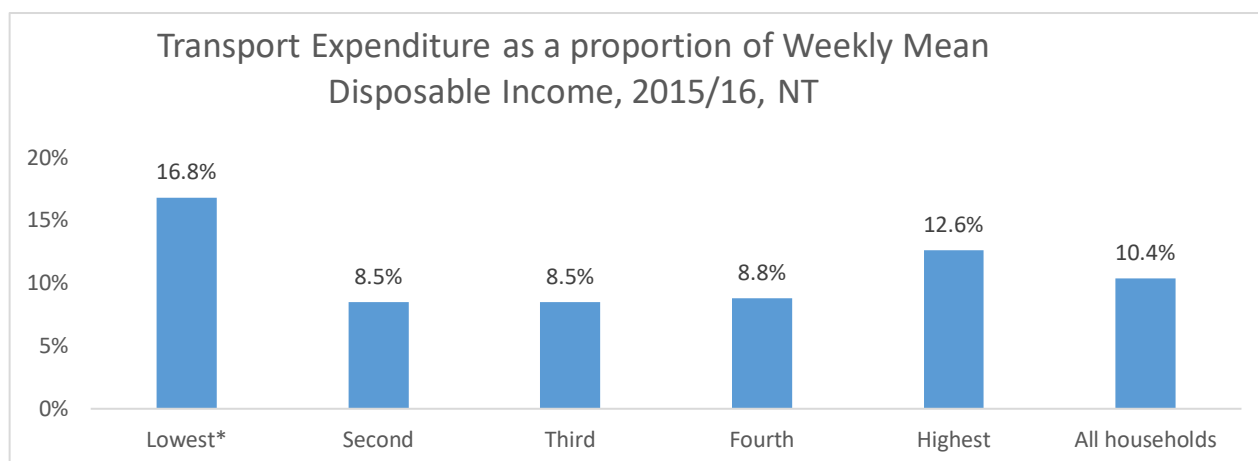
NTCOSS believes that there needs to be development of more options for maintenance of motor vehicles, purchase of spare parts and vehicle recovery in remote areas. While this may be the domain of the private economy, there could be a role for Government to play in terms of supporting creative and innovative business models to allow for repairs and maintenance to be accessed in one’s home community.

Low income households and Transport Costs

The figures examined from the HES data, CPI, Transport Affordability Index (TAI) and NT Government Economic Brief data reflects average data from all households across a population group – but these figures don’t reflect the reality for individuals in specific circumstances. Given the wide disparity between income levels across NT households, it is also critical to examine other figures which highlight how lower income households in particular are faring in terms of transport expenditure and costs

As already discussed, the Northern Territory has the highest mean household income figure (\$108,086 per annum), as used by the ABS in the HES data. The higher incomes in the NT are due to a concentration of people in high income earning professions such as full-time professionals and managers as well as well paid workers in the mining sector. There are however, are also a large number of people in the Territory on lower incomes or in a caring role, or not currently employed, and the high average income obscures the range of incomes that make up the average. A sole parent with 2 children on Newstart (and Family Tax Benefit A & B), for example, would receive \$29,600 per annum (base payment rate – see Table 2), which is around a quarter of the mean yearly income figure (calculations based on Centrelink 2018, p.2,5,28,40).

Figure 6: Weekly Transport Expenditure by Income Quintile, NT

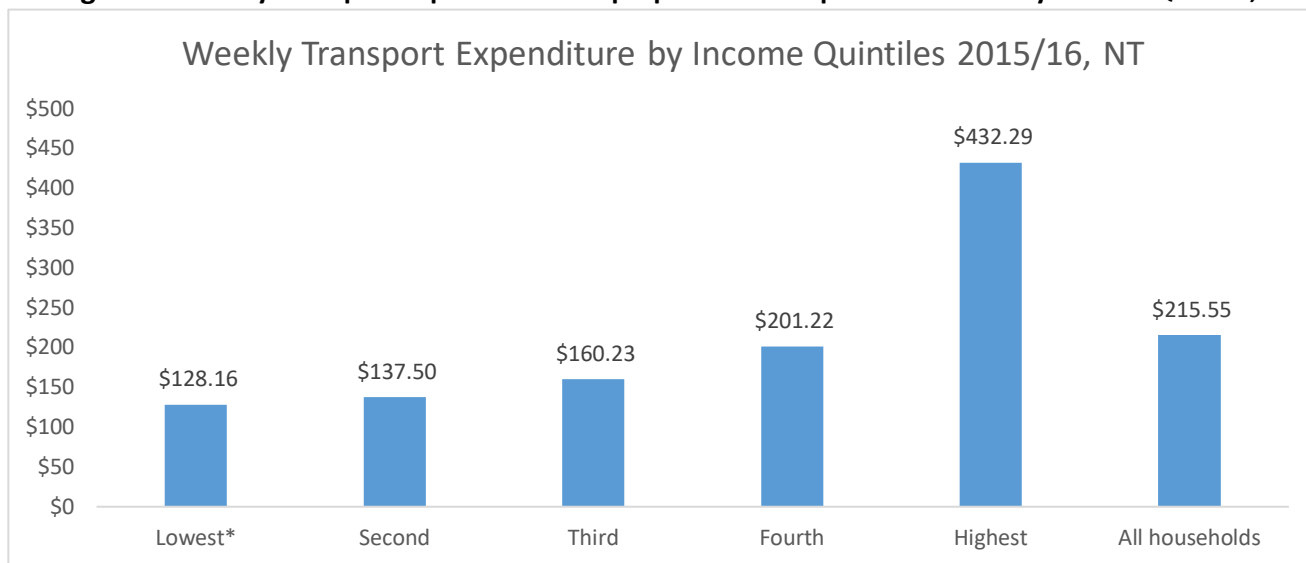


ABS 2017, Table 20.1

On top of this, the NT mean income figures do not take account of regional differences, where for example some more remote parts of the NT have lower average income levels. The cost of living in many categories (food, housing, clothes) remain the same regardless of income levels, meaning rises in costs of living can disproportionately impact people on low incomes.

An examination of income quintile data for the NT shows that while the lowest income households spend the least on transport in dollar terms, what they do spend actually constitutes a much greatest proportion of their disposable income than those in higher income brackets.

Figure 7: Weekly Transport Expenditure as a proportion of Disposable Income by Income Quintile, NT



ABS 2017, Table 20.1, 20.2

Proportion of income spent on various Transport Categories – National Figures

While figures for the NT are not available, national figures reveal that when individual categories of transport are examined, the lowest income households spend proportionately more on:

- Motor vehicle fuel, lubricants and additives
- Vehicle registration and insurance
- Motor vehicle parts and accessories purchased separately (ABS 2017, Table 5.1, 5.2).

For expenditure on the purchase of motor vehicles, however, the lowest (and second lowest) income groups in the country spent the least as a proportion of disposable income (ABS 2017, Table 5.1, 5.2), which highlights that these households are more likely to purchase older, possibly less reliable and less fuel-efficient vehicles – which may actually add to their day to day vehicle running costs.

This same pattern is evident in the national data on income source, with those on government pensions and allowances paying the least proportion of income on motor vehicle purchase, and the highest proportion of income on ‘Motor vehicle fuel, lubricants and additives’ and ‘Vehicle registration and insurance’. In addition, these households pay a higher proportion of their income than the employee group as well as the national average figure for ‘Motor vehicle parts and accessories purchased separately’ (ABS 2017, Table 5.1,5.2).

Table 15 National figures for expenditure by income quintile and as proportion of weekly disposable income (disaggregated state territory figures not available)

	Lowest*	Second	Third	Fourth	Highest	All households
Transport	16.0%	12.5%	12.9%	12.3%	10.9%	12.2%
Motor vehicle purchase	2.9%	2.5%	3.1%	3.2%	3.1%	3.0%
Motor vehicle fuel, lubricants and additives	5.2%	3.7%	3.4%	2.9%	1.9%	2.9%
Vehicle registration and insurance	3.7%	2.6%	2.4%	2.1%	1.4%	2.1%
Motor vehicle parts and accessories purchased separately	0.9%	0.9%	0.7%	0.6%	0.4%	0.6%
Vehicle charges (including hire of accessories)	2.1%	1.9%	2.6%	2.6%	3.0%	2.7%
Public transport fares	0.5%	0.4%	0.4%	0.4%	0.3%	0.3%
Taxi fares	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%

ABS 2017 HES Tables 5.2, 5.3A (See also expenditure amounts in Appendix)

Note: Ride sharing expenditure so minimal it was not included here

Table 16 National figures for expenditure by income source income and as proportion of weekly disposable income (disaggregated state territory figures not available)

	PRIVATE INCOME				Government pensions/ & allowances(a)	All households(b)
	Employee income	Own unincorporated business income	Other income	Total		
Employee income						
Transport	12.2%	12.1%	11.6%	12.2%	11.3%	12.1%
Motor vehicle purchase	3.0%	3.8%	3.6%	3.1%	1.9%	3.0%
Other vehicle purchase	0.1%	0.2%	0.4%	0.1%	0.1%	0.1%
Motor vehicle fuel, lubricants and additives	2.9%	2.9%	2.2%	2.8%	3.6%	2.9%
Vehicle registration and insurance	2.0%	1.9%	2.1%	2.0%	2.7%	2.1%
Motor vehicle parts and accessories purchased separately	0.6%	1.0%	0.5%	0.6%	0.7%	0.6%
Vehicle charges (including hire of accessories)	2.9%	1.2%	2.3%	2.8%	1.6%	2.7%
Public transport fares	0.4%	0.2%	0.2%	0.3%	0.3%	0.3%
Taxi fares	0.1%	0.1%	0.1%	0.1%	0.2%	0.1%

Source ABS 2017, Table 8.2, 8.3A

Note: Ride sharing expenditure so minimal it was not included here

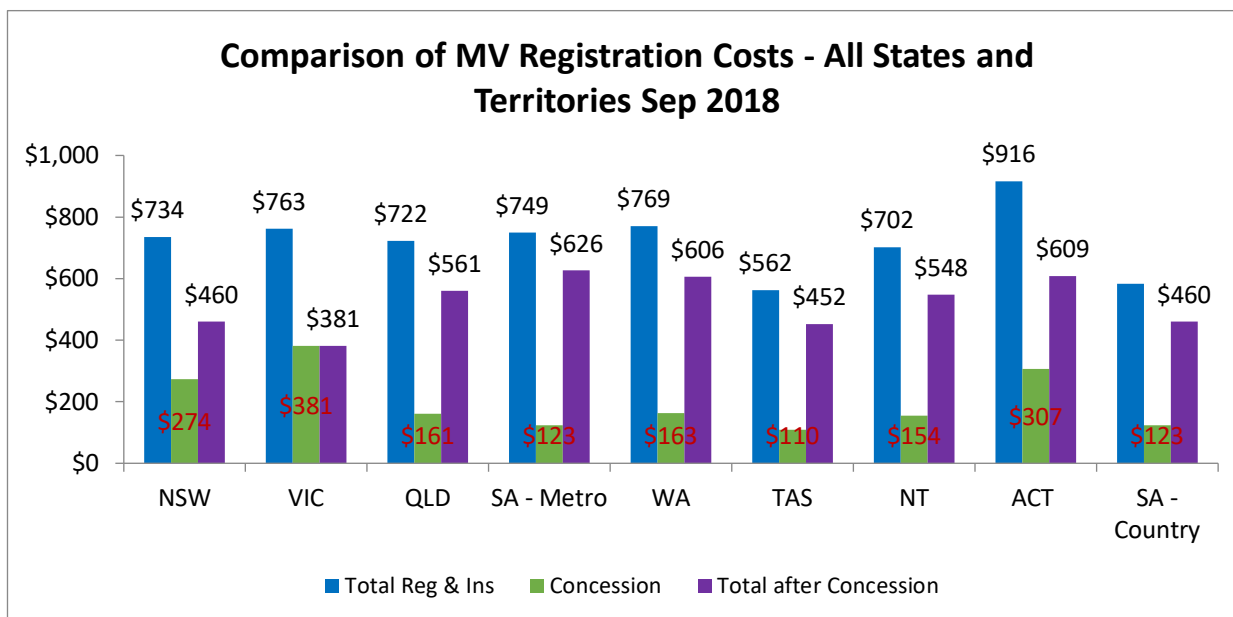
Generally, people in state/territory housing authority housing use a lower proportion of their weekly disposable income on in the main transport expenditure areas – i.e. spending under the national average for Motor vehicle fuel, lubricants and additives, Vehicle registration and insurance and for Motor vehicle parts and accessories purchased separately (ABS 2017, Table 9.1, 9.2). One exception however, is in public transport fares, where they spend the highest proportion of income (0.5%) out of any household type vs the national average of 0.3% (ABS 2017, Table 8.2, 8.3), (See also Table 15). This can be seen as a positive, as it suggests higher use of public transport amongst this population and public transport generally provides a lower cost transport option than private vehicles or taxi or ride sharing services.

Motor Vehicle Registration and Concessions: The National Picture

NTCOSS have done calculations of the cost of registering and insuring (compulsory third party insurance (CTPI) only) a motor vehicle. Some states have a set rate for CTPI and others had price variations. Where a jurisdiction had variations in price for CTPI, the lowest possible option was chosen.

Figure 10 shows total registration and insurance costs for each state and territory, as well as the level of concessions on motor vehicle registration available, and the total after concessions have been deducted (for those who are eligible).

Figure 8: National Comparison of Motor Vehicle Registrations Costs- as at December 2018



Sources: Derived from: ACT Government 2018a, ACT Government 2018b; NSW Government 2018a, NSW Government 2018b; NT Government 2018d, NT Government 2018e; QLD Government 2018a, QLD Government 2018b; SA Government 2018a, SA Government 2018b; TAS Government 2018; VIC Government 2018a, VIC Government 2018a, VIC Government 2018c; WA Government 2018a, WA Government 2018b.

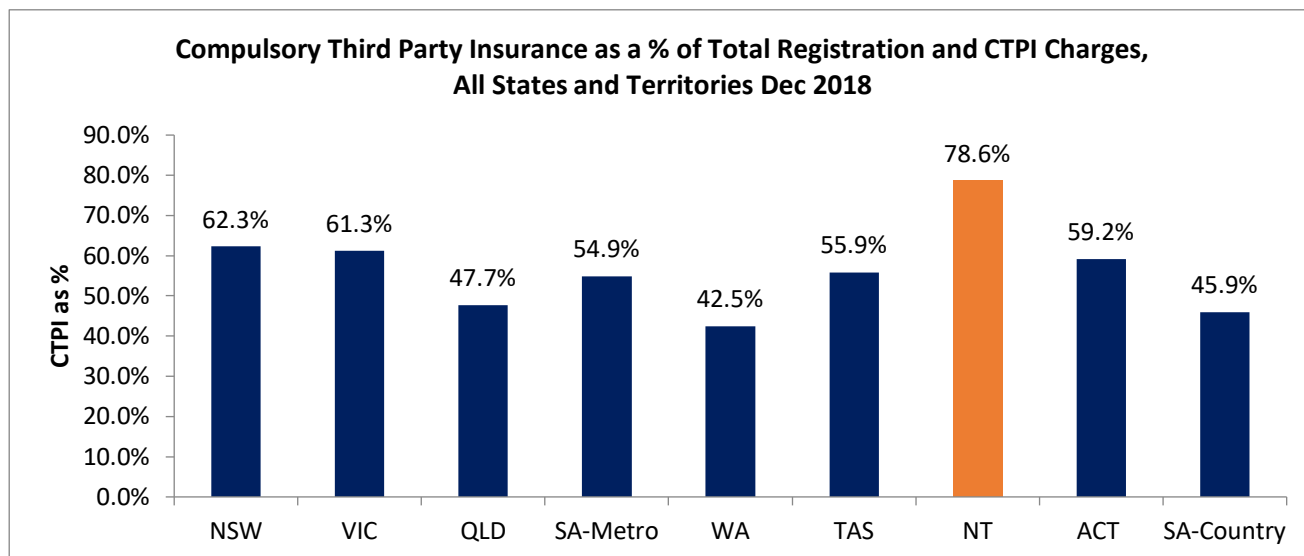
Note re Methodology: Care has been taken to calculate registration and CTPI costs for each state and territory (for Figures 29-33), based on a consistent set of factors, i.e. a motor vehicle with engine size between 1001-1500ml, and under 975 kg, and with the vehicle registered to a mature age driver, with no demerit points, to ensure consistency in price calculations. These figures are indicative only, as there are variations in registration and insurance costs dependent upon the age and size of a motor vehicle, as well as the age and driving history of the driver(s).

Figure 9 shows that the NT has the 7th highest costs (\$702) of Motor Vehicle Registration (including compulsory third-party insurance (CTPI)) in the country. Coupled with low vehicle ownership in the NT, the relatively moderate price overall is reflected in the 2015/16 HES figures for the NT where vehicle registration and expenditure was the lowest in the country \$28.75 – well below the national average (\$35.54) (ABS (2011a, Table 27A, as per Table 7 above).

The NT, however, does have the highest rate of CTPI of \$552, just above the ACT (\$542), but between \$80-\$200 more than the CTPI applied in all of the other states and territories – and CTPI constitutes nearly 80% of the total registration fees and charges for the NT (Figure 12).

Figure 8 also shows that **the NT has the 3rd least generous concession amounts** provided to eligible recipients (above only SA and Tasmania), with Victoria (\$381), the ACT (\$307) and NSW (\$274) by far the most generous states.

Figure 9: Compulsory Third Party Insurance as a Percentage of Total Registration and CTPI charges (Nov 2018)



Sources: Derived from: ACT Government 2018a, ACT Government 2018b; NSW Government 2018a, NSW Government 2018b; NT Government 2018d, NT Government 2018e; QLD Government 2018a, QLD Government 2018b; SA Government 2018a, SA Government 2018b; TAS Government 2018; VIC Government 2018a, VIC Government 2018a, VIC Government 2018c; WA Government 2018a, WA Government 2018b.

Lack of Indexation of Motor Vehicle Registration Concessions in the NT

NTCOSS has highlighted for many years the need for appropriate indexation of certain concessions to ensure that they maintain pace with cost of living rises – in particular the motor vehicle registration concession – which has remained at the level of \$154 per 12 months (or \$77 per six months) since 2010 (NT Government 2018e, p.1, NTCOSS 2016, p.21).

In 2017 the NT Government completed a comprehensive review and restructure of the NT concession system, however, no changes were made to the Motor Vehicle Registration Concession. This appears to have been a missed opportunity to address the issue of indexation.

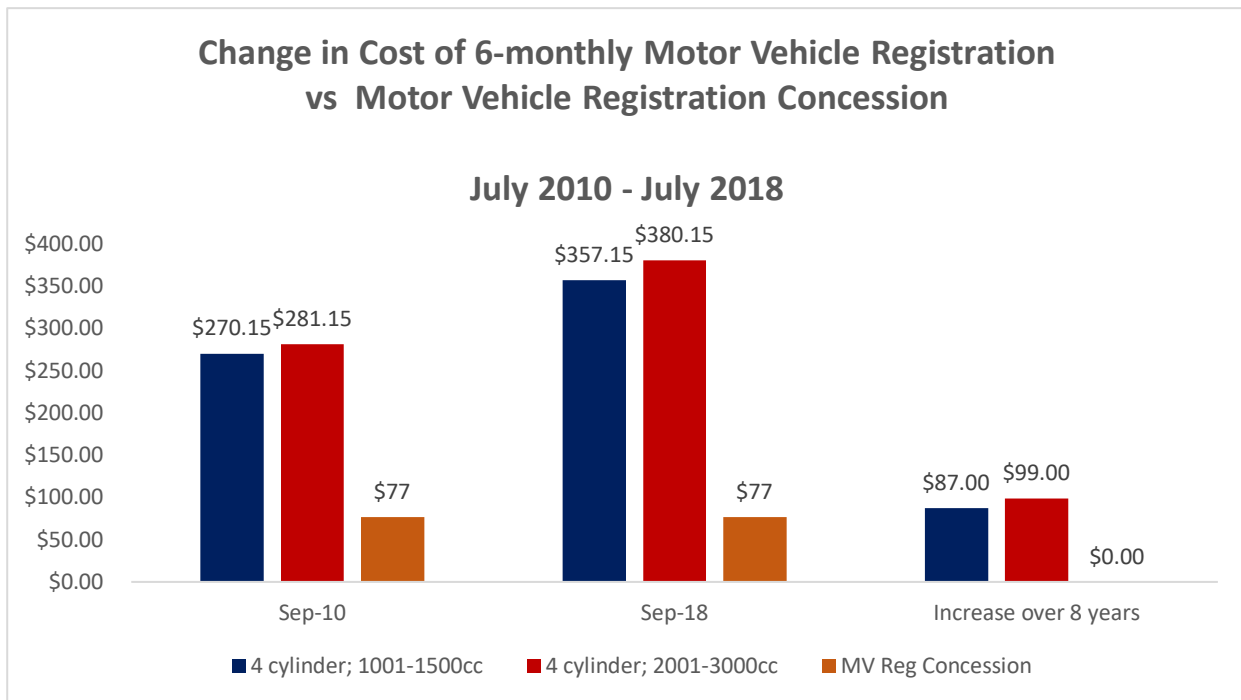
An examination of motor vehicle registrations fees (6 monthly) since July 2010 until July 2018 shows an increase in fees of 32.2% for a smaller vehicle¹⁰ (NT Government (2010, p.1 and NT Government 2017b, p.1), which is more likely to be the size of car of a person on a low-income (with lower income households more likely to pay 6 months at a time, rather than the 12-month up-front fees – see Table 17 below).

Over the same time period, the concession on motor vehicle registration has not increased at all. **In fact, there has been no increase in this concession since July 2009.** It is also telling that the size of the **increase in the 6 monthly registration fees of \$87.00 for a small vehicle (NT Government**

¹⁰ Up to (engine size) 1500ml

2010; NT Government 2017b), has completely eroded the value of the concession when compared with eight years ago. The erosion of the value of the concession is also demonstrated by an examination of the concession as a proportion of the full bill payable (had the concession not applied) which has gone down from 28.5% to 21.9% between July 2010 and July 2018, as shown in Figure 9 below. (Calculations based on figures from NT Government 2010, p.1; NT Government 2018d, p.1).

Figure 10: Change in 6-monthly Motor Vehicle Registration Costs vs Concession, 2010-2018



Source: Figures derived from NT Government 2010, p.1; NT Government 2018d, p.1, NT Government 2018e, NTCOSS 2016, p.21

Table 17 shows costs for 12 months for a small vehicle

Table 17: Twelve Month Registration and Concession Figures (1001-1500cc Vehicle)

	July 2010	July 2018	Increase \$	Percentage Change
Registration Component	\$48	\$138	\$90	\$187.5%
Motor Accident Commission Fee (formerly Compulsory 3rd Party Insurance)	\$474.40	\$552.30	\$77.90	16.4%
Administration Fee	\$9.00	\$12.00	\$3.00	33.3%
Total Costs	\$531.40	\$702.30		32.2%
M/V Registration Concession	\$154	\$154	\$0	0.0%
Total Costs (with Concession deducted)	\$377.40	\$548.30	\$170.90	45.3%

Source: Figures derived from NT Government 2010, p.1; NT Government 2018d, p.1, NT Government 2018e, NTCOSS 2016, p.21

The overall percentage price rise (when the concession has been deducted, as well as when the concession has not been applied) are well above the general inflation rate of the same period for Darwin (15.4%) and the transport CPI of 21.0% (ABS 2018d, Data 5). In fact, the prices have risen at a much greater rate for those eligible for concessions (45.3%) than the percentage price rise for those who do not receive the concession (32.2%), further highlighting the lack of indexation built in for the concession.

The rising costs are a cause of concern, as registration and insurance costs are not discretionary items, and generally are required to be paid in a lump sum, either 6 monthly or yearly, and can be a significant cost of living pressure for low income households – especially if households are not eligible for the concession. NTCOSS believes consideration could be given to extending eligibility to the Motor Vehicle Registration Concessions to all Centrelink Health Care Card Holders.

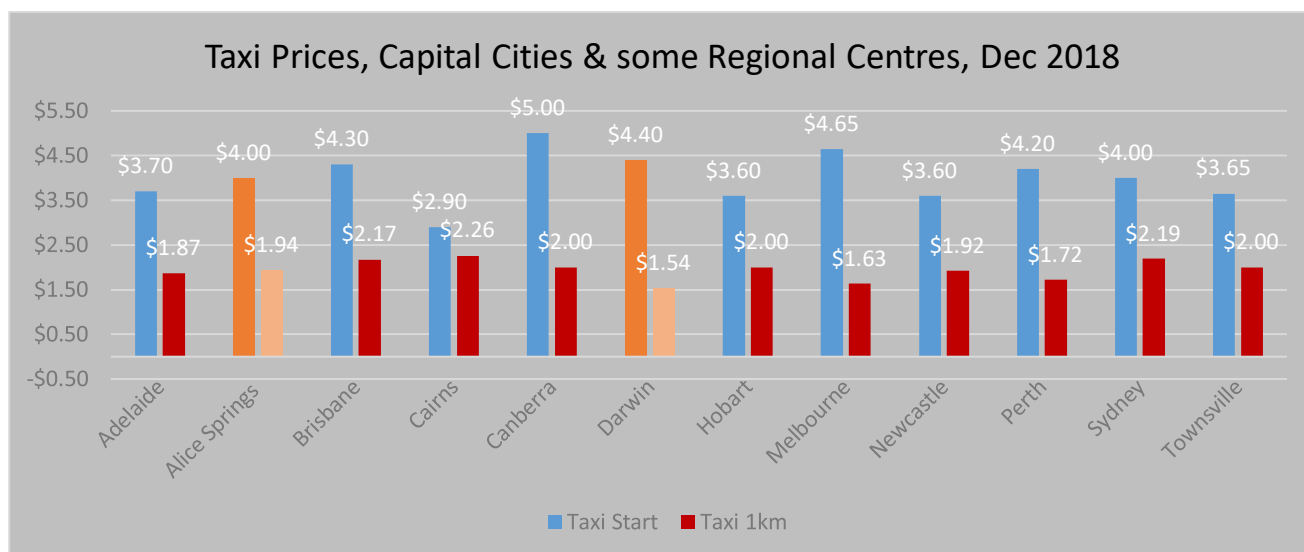
Note: A monthly payment option for registration is available, but this incurs a \$12 monthly administration fee each month, so over the course of a year, it would add an additional \$132 to the registration fees. It is far more likely that a low-income household would make the choice to pay monthly, rather than a high-income household – which again puts a disproportionate burden on low income households already doing it tough.

These figures suggest further reinforce the need for indexation of the motor vehicle registration concession to ensure it keeps up with cost of living increases for low income Territorians.

Cost of Taxis

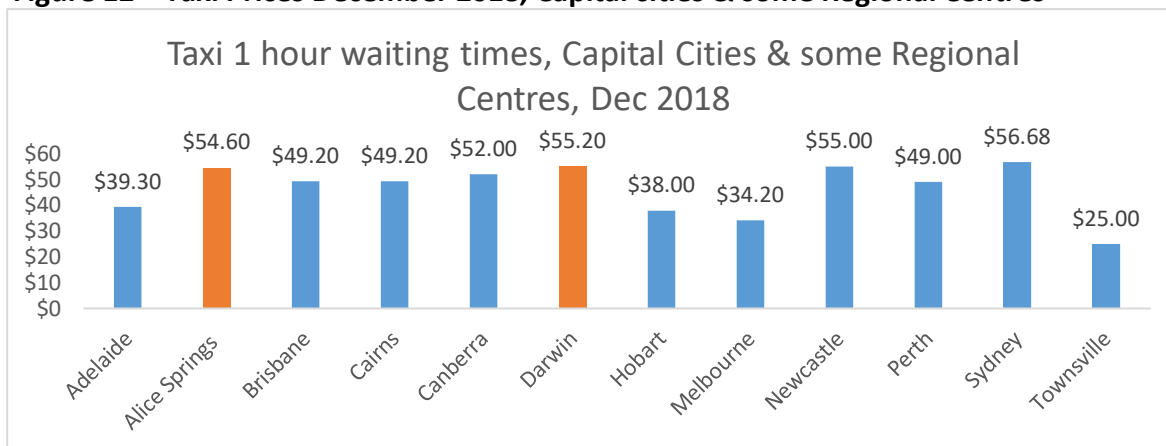
Taxi fare rates in the NT compare reasonably favourably in relation to the other states and the ACT, with the peak rates sitting in the middle of the range for both the start price (flag fall) and the per kilometre rates, as seen in Figure 11. The waiting time per hour rates are in the high range with Darwin (\$55.20 per hour), having the second highest rate out of the capital cities, and Alice Springs’ rate of \$54.60 marginally below Darwin’s (Figure 15).

Figure 11 – Taxi Prices December 2018, Capital cities & some Regional Centres



Source: Numbeo 2018, Website, Accessed November 26 2018; Taxi Fare Calculator 2018

Figure 12 – Taxi Prices December 2018, Capital cities & some Regional Centres



Source: Numbeo 2018, Website, Accessed November 26 2018; Taxi Fare Calculator 2018

Taxi prices have continued to increase in recent years as shown in the following tables. For Darwin most of the component costs have increased below the Darwin CPI-All groups figure of 5.2% over the past 5 years. For Alice Springs, however, all fee components have increased above the rate of increase of the fees in Darwin, particular the per hour waiting times.

Table 18 Darwin Taxi Fare Rates, Sep 2013 vs Sep 2018

Peak Rates T1 0600-1759	Sep 2013	Sep 2018	Increase in price (%)
Flagfall	\$4.20	\$4.40	4.8%
Distance Rate km	\$1.488	\$1.54	3.5%
Booking Fee	Free	Free	Free
Waiting Time p/h	\$53.73 p/h	\$55.20 p/min	2.7%
Off Peak Rates T2 1800-0559	Sep 2013	Sep 2018	Increase in price (%)
Flagfall	\$5.00	\$5.50	10.0%
Distance Rate km	\$1.83	\$1.89	3.3%
Booking Fee	Free	Free	Free
Waiting Time p/h	\$53.73	\$55.20 p/min	2.7%

Source: Taxi Fare Calculator (2014) Website, <http://www.taxifare.com.au/rates/australia>

Table 19 Alice Springs Taxi Fare Rates, Sep 2013 – Sep 2018

Peak Rates T1 0600-1759	Sep 2013	Sep 2018	Increase in price (%)
Flagfall	\$3.80	\$4.00	5.3%
Distance Rate km	\$1.83	\$1.94	6.0%
Booking Fee	Free	Free	Free
Waiting Time p/h	\$40.70 p/h	\$54.60 p/min	34.2%
Off Peak Rates T2 1800-0559	Sep 2013	Sep 2018	Increase in price (%)
Flagfall	\$4.90	\$5.20	6.1%
Distance Rate km	\$2.17	\$2.30	6.0%
Booking Fee	Free	Free	Free
Waiting Time p/h	\$40.70	\$54.60 p/min	34.2%

Source: Taxi Fare Calculator (2018) Website, <http://www.taxifare.com.au/rates/australia>

While expenditure on ride share services in the NT was minimal in the 2015/16 HES figures (Table 7), with the introduction of Uber in Darwin, and now My Oscar in Alice Springs, additional choice around transport services may assist in meeting transport demand in the NT.

Expenditure by low income households on Taxis and Minibus Fares

The 2015/16 HES data indicates that Territorians, on average, spend a very small proportion of their weekly income on taxi fares (0.1%). As Table 15 above reveals, the lowest income quintile households spend double on taxi fares (as a proportion of income) compared with the other income quintile groups. NTCOSS, however, believes that these average figure hides the fact that many low-income households would spend a much greater proportion of their weekly income on taxi (and minibus) fares, due to the limited availability of public buses and community transport options. Many people who rely on these services live in outlying areas of towns, where travel distances into towns are greater. The taxi fare rates above are for the rates set by the NT Government for taxis and do not reflect minibus fares which are structured differently and not regulated in the same way as taxi fares.

It is important to recognise that any taxi fare increases will have a disproportionate impact on low income households, as well people with a disability and carers, who may be reliant on taxis for their transport.

With minibuses there is a system of fare by negotiation, but this does not have the same consumer protections in place as that for taxi users. In addition, service users may not all have the English language and negotiation skills to ensure a fair price for themselves. While minibuses are required to display their fare structure on the bus window, there are only so many specific fares that can be displayed, e.g. from town to a particular suburb (e.g. for \$20). The situation is different in Darwin compared with Alice Springs. In Darwin, individual fares are charged and drivers may have multiple pick up points, but in Alice Springs one fare is charged for a group of passengers.

In Alice Springs, for example, if the starting point for a trip is an address not displayed as part of the fare structure, the reality is there will be situations where there is no clear guideline for regulating what a fare should be. **A system with minibus fares determined by a set rate per kilometre, would seem a more appropriate system.**

There also needs to be clear information available for passengers about options for appeal, if they ever wish to dispute a fare. As the system currently stands, consumers can choose not to accept a fare offered by a minibus service, but if their transport options are limited this may not always be possible; or if a passenger believed that they had been overcharged they could make a complaint to the network or minibus operator. In the situation of someone who required a wheelchair accessible vehicle, for example, who thought that additional fees had been unfairly applied, then they could take the matter to the antidiscrimination commission (NT Government 2018i). So while there are some avenues for appeal, there may be barriers for some service users in terms of having English as a second, third or fourth language, or not being aware of the avenues for appeal, or it may be hard to prove that they had been overcharged (given the 'fare by negotiation' system). For service users currently subject to a system of 'fare by negotiation', it would seem that instituting a per kilometre rate would make the system clearer, fairer and more transparent for all involved.

Money spent by low income households on expensive transport options reduces money available for other essential items, further exacerbating

Transport for People with Disability

The transport needs of people living with disability are a very important consideration as well. People living with disability across the NT who do not, or cannot drive, or whose mobility issues mean they are unable to travel in a private vehicle, currently face limited choices when it comes to accessible transport options in the NT. While the Darwin and Alice Springs public bus fleets meet accessibility standards, if people are not able to use these services - or if public bus services do not operate where they live, or at times convenient to their needs - options may be quite limited.

One recent positive development in the Territory has been the establishment of the 'Accessible Point to Point Transport Working Group', which examines and makes "recommendations on ways to improve, point to point transport services delivered to persons travelling in wheelchairs¹¹" (NT Government 2018f). One of its objectives is to ensure the highest level of customer service is provided to users of accessible 'Point to Point' transport services. In addition, the Working Group has a focus on improving services "to a point where it provides an equivalent service to both abled-bodied persons and those living with a disability" (NT Government, 2018f.).

The issue of long waiting periods for accessible taxis and minibuses is one that has been raised by advocacy groups and community organisations regularly over the years, with concerns that the transport needs of people living with disability far exceed existing service capacity and there being long waiting periods for accessible taxis and minibuses.

Recent Northern Territory Government data regarding waiting times for people in a wheelchair for Darwin and Alice Springs reveals the following (comparing the periods between Jan to March in 2017 and Jan-March 2018):

- ASAP bookings (bookings made for immediate pickups): Waiting periods are longer in Alice Springs than in Darwin
- Wait times for Multi-Purpose Taxis (MPT's) are higher than standard taxis.
- Pre-booked bookings: Waiting periods are shorter in Darwin compared with Alice Springs
- Wait times are longer in 2018, compared with 2017 (NT Government 2018g, p. 2)
- Average wait times per MPTs are 2 minutes shorter in Darwin compared with Alice Springs, though in Alice Springs MPTs are completing more jobs than Darwin MPTs (NT Government 2018h, p. 2).

NTCOSS welcomes the fact that the Department of Infrastructure Planning and Logistics (DIPL) have undertaken to review the numbers of MPTs in Alice Springs to ensure they are sufficient to meet demand. In addition, due to concerns whether there is a sufficient number of lift incentives currently, DIPL have undertaken to review the current amounts of lift incentives vs. the current usage and budget (Government 2018g, p. 7).

¹¹ Accessible Point to Point transport services include any taxi, minibus, private hire car and rideshare vehicle which is capable of conveying a minimum of one passenger seated in a mobility device (NT Government 2018, Website)

It is critical that there be affordable, accessible, high-quality and safe taxi system to ensure that people with disability can access the services that are essential to their day to day living needs (employment, training, shopping, banking, recreation etc). Appropriate and affordable transport options are a key cost of living factor for people with disability and other people unable to drive.

Cost of Living Relief through the NT Transport Subsidy Scheme (NTTSS)

For people who qualify for the NT Transport Subsidy Scheme (NTTSS), some cost of living relief is provided. The Transport Subsidy Scheme (TSS) provides assistance to permanent residents of the Northern Territory who have been assessed as having a disability or significant mobility restriction that prevents them from being able to use public transport to access the community. The disability may be physical, sensory, psychiatric or intellectual. TSS is intended to assist with transport needs, *not* meet all transport costs, by subsidising half of a taxi fare (NT Government 2018i).

Table 22 lists the allocations for the different categories in the NTTSS allocations for 2013 and 2018 and it shows that the increase in the allocation amounts for the NTTSS has kept pace with the increase in the generic CPI-All groups for Darwin (5.2%) and the increase in taxi prices in Darwin, over the past 5 years. However, taxi fare rises in Alice Springs have risen at a rate higher than the increase in the NTTSS.

Table 19: Changes in NTTSS allocations over the past 5 years

	Sep 2013	Sep 2018	Percentage Change
NTTSS Category	Per Annum	Per Annum	In last 5 years
Category A	\$1900+	\$2009+	5.7%
Category B	\$1894	\$2008	6.0%
Category B – MPV (Multi Purpose Vehicle)	\$1894 (Also receive 180x\$20 lift incentives)	\$2008 (Also receive 180x\$20 lift incentives)	6.0%
Category C	\$557	\$590	5.5%
Category D	\$224	\$237	5.8%

Source: NT Government 2015i

There has not been an increase in the allocation amounts since July 2015, partly given the low rate of CPI All Groups in Darwin, as well as the fact the Northern Territory Government recently commissioned KPMG to undertake a review of the NT Transport Subsidy Scheme – and will make further decisions about changes to the NTTSS subsidy levels once the review is complete (NT Government 2018i).

The percentage-based method for allocating the NTTSS is a good one, as the subsidy automatically adjusts to changes in prices (being 50% of a fare), meaning the NTTSS can help recipients keep up with cost of living increases. Given that any increase in taxi fares does also involve the passenger contributing more towards the cost of the trip, this issue is an important consideration for future reviews of the various allocation levels for the NTTSS scheme – given that the increased passenger contribution required could conceivably rise at a rate higher than the general inflation rate.

If taxi fares suddenly increased, e.g. by 10%, a \$40 return taxi fare would see prices rise to \$44 adding \$2 per trip to the contribution a passenger must make. For a passenger currently under the Category B allocation, who can make 100 such round trips per year, this would add \$200 to their yearly taxi expenses, which may be a significant additional expenditure for an individual on a limited income.

In addition, in setting the most appropriate method for indexing transport subsidy allocations in the future, NTCOSS believes that consideration must be given to the possibility that some NTTSS recipients may be frugal with their transport subsidy usage in order to ensure that have enough in their allocation to stretch out across the whole financial year, and the 'real need' may not always be reflected in figures on numbers of people who use up their allocation prior to the end of the financial year. This issue has been raised by community sector representatives in the aged and disability sector – in particular the fact that some service users have stated that because of episodic as well as scheduled medical appointments, they tend to be very prudent with their use of the NTTSS for that reason (keeping part of their allocation in store, just in case).

Further promotion of the NTTSS is important to ensure that all people, who might be eligible actually register with the scheme to benefit from the available subsidies. It has been noted through the Accessible Point to Point Transport Working Group', that customers in Tennant Creek are not members of the TSS and (NT Government 2018g, p.3-4).

DIPL have committed to promoting both the NTTSS and the Lift Incentives Scheme across the NT to ensure all wheelchair users know about the schemes. Such promotion, along with improvements to systems and services, can help to provide more affordable transport options to more people in the NT bringing down cost of living pressures for these households.

CONCLUSION

A detailed look at transport prices shows that there are significant areas of concern in the Northern Territory with rising transport prices contributing to cost of living pressures in particular low-income households.

The lack of an adequate transport system for the majority of the Northern Territory simply perpetuates poverty, social exclusion and disadvantage for thousands of Territorians.

A range of solutions are required to address the high expenditure on transport costs borne by some Territorians facing transport disadvantage. NTCOSS proposes the following recommendations for consideration, to help ease the burden on Territory households and work towards all Territorians being able to enjoy a standard of living that enables them to have their essential needs met and be able to participate fully in society and further develop and contribute their skills and experiences.

Affordable transport services must be established which meet the needs of all Territorians, so all can participate fully in social and community life.

NTCOSS's ten-point plan for affordable transport provides a pathway towards improving transport access, while reducing cost of living pressures for some of the most vulnerable Territorians.

APPENDICES

Appendix A: Table 20: CPI Changes, Expenditure Type Darwin vs National – past quarter and past year

This table shows the trends in the CPI for all of the 11 CPI categories measured by the ABS in the past year.

Cost of Living area	CPI	
	Past Year Sept 2017 – Sept 2018 (% change)	
	Darwin	Australia
Food & Non-Alcoholic Beverages	1.0 %	1.6%
Meat and seafood	0.9%	1.4%
Dairy & related products	0.4%	0.8%
Fruit	3.4%	6.1%
Vegetables	0.3%	4.1%
Alcohol & Tobacco	6.2%	6.8%
Alcohol	1.8%	2.7%
Tobacco	13.9%	14.0%
Clothing & Footwear	-0.6%	-0.8%
Housing (includes utilities)	-1.2%	1.6%
Rents	-4.6%	0.6%
New dwelling purchase by owner-occupiers	0.6%	2.0%
Maintenance and repair	1.0%	2.4%
Property rates and charges	1.9%	2.3%
Utilities	1.3%	1.9%
Water & sewerage	1.2%	1.3%
Electricity	1.2%	1.8%
Gas and other household fuels	2.1%	3.0%
Furnishings, household equipment/services	-1.8%	-2.0%
Child care	-4.8%	-8.5%
Health	2.3%	3.2%
Medical and hospital services	3.3%	4.1%
Dental services	-0.3%	0.8%
Transport	6.7%	6.0%
Private Motoring	6.9%	6.3%
Automotive fuel	20.3%	20.8%
Urban transport fares (Public transport)	1.0%	2.5%
Communication	-4.5%	-4.3%
Telecommunication equipment/ services	-4.9%	-4.7%
Recreation & Culture	0.5%	1.2%
Audio, visual and computing equipment and services	-5.0%	-5.0%
Audio, visual and computing equipment	-8.0%	-9.0%
Audio, visual and computing media and services	0.8%	2.0%
Education	4.5%	2.8%
Insurance and financial services	3.4%	1.4%
Insurance	3.7%	4.2%
CPI All Groups	1.3%	1.9%

Source: ABS 2018c Data 4, 5, 6

Appendix B: Calculations used for Weekly payment rates - used in Figures 1, 2

Table 21a Weekly Payment Rates at 19 September 2017

	BASE RATE	Pension Support	Energy Supp	FTB A Child u13	FTB B Child 13-15	FTB B	Pharma Benefit	TOTAL PAYMENT
Age Pension (single)	\$404.15	\$32.95	\$7.05					\$444.15
Newstart (single, no children)	\$267.80		\$4.40					\$272.20
Newstart (single, 2 children)	\$289.65		\$4.75*	\$91.42	\$118.93	\$54.32	\$3.10	\$562.17
Youth Allowance (single, no children)	\$218.75		\$3.50					\$222.25

Table 21b Weekly Payment Rates at 19 September 2018

	BASE RATE	Pension Support	Energy Supp	FTB A Child u13	FTB B Child 13-15	FTB B	Pharma Benefit	TOTAL PAYMENT
Age Pension (single)	\$413.10	\$33.65	\$7.05					\$453.80
Newstart (single, no children)	\$272.90		\$4.40					\$277.30
Newstart (single, 2 children)	\$295.20		\$4.75*	\$91.42	\$118.93	\$54.32	\$3.10	\$567.72
Youth Allowance (single, no children)	\$222.90		\$3.50					\$226.40

Sources: Centrelink 2017, p.2, 5, 13, 25, 27, 32, 33, 38, 39; Centrelink 2018, p. 2, 5, 13, 25, 28, 33-34, 40-41. NB: All figures based on max payment rates where relevant. 2 children for Newstart calculation based on one child between 5 and 13 y.o.; and one b/w 13-15 y.o.; *Note: For Newstart (single) with children the Energy Supplement for FTB A and FTB is only payable to recipients who have been receiving the FTB Energy supplement(s) continuously from 19 September 2016. The above calculation is based on a new recipient, who would not be eligible for the additional FTB Energy Supplements.

Appendix C Table 22: – Comparison of Darwin and Alice Springs with corresponding ave. costs

	September 2018 (Q3)			
	Cap City Ave.	Darwin	Regional Ave.	Alice Springs
Car Loan Payments	\$122.92	\$122.84	\$122.86	\$122.84
Registration and Licencing	\$31.21	\$29.80	\$29.11	\$29.80
Insurance	\$23.68	\$29.57	\$18.52	\$25.48
Servicing & tyres	\$28.95	\$29.59	\$27.03	\$32.71
Fuel	\$77.00	\$78.57	\$81.87	\$85.43
Public Transport	\$41.77	\$20.00	\$0.00	\$20.00
Tolls	\$60.83	N/A	N/A	N/A
Roadside Assistance	\$2.04	\$1.90	\$2.02	\$1.90
Totals	\$388.40	\$312.28	\$281.41	\$298.17

Source: Table adapted from AAA & SGS 2018, p.9

Appendix D Table 23a Unleaded 91 Fuel – Regional Data from My Fuel NT

Unleaded 91 Fuel	Dec-18		Jan-18	% Change since Jan 2018
	Average Price cpl	Highest Price*	Average Price cpl	
Barkly	190.2	195.0	167.3	13.7%
Central Aust Region	202.8	222.9	190.9	6.2%
Darwin*	143.3	151.1	147.9	-3.1%
Katherine	175.4	205.0	162.4	8.0%
Litchfield	145.4	153.0	147.9	-1.7%
Palmerston*	144.3	151.2	149.1	-3.2%
Tiwi island	241	241.0	241.0	0.0%
Top End Rural	162	167.0	154.4	4.9%

NT Government 2018

Table 23b Low Aromatic Fuel – Regional Data from My Fuel NT

Low Aromatic Fuel	Dec-18		Jan-18	% Change since Jan 2018
	Average Price cpl	Highest Price	Highest Price cpl	
Barkly	190.7	225.0	178.9	6.6%
Central Aust Region	192.4	260.0	181.5	6.0%
East Arnhem	245.7	330.0	237.4	3.5%
Katherine	179.7	245.0	166.2	8.1%
Tiwi island	252.5	255.0	227.0	11.2%
Top End Rural	198.9	259.0	182.7	8.9%

NT Government 2018

Table 23c Diesel – Regional Data from My Fuel NT

Diesel	Dec-18		Jan-18	% Change since Jan 2018
	Average Price cpl	Highest Price	Highest Price cpl	
Barkly	194.5	225.0	176.7	10.1%
Central Aust Region	198.3	260.0	181.4	9.3%
Darwin	155.1	159.9	145.8	6.4%
East Arnhem	229.7	294.0	218.0	5.4%
Katherine	181.7	245.0	162.4	11.9%
Litchfield	154.7	160.0	145.2	6.5%
Palmerston	153.2	159.9	147.0	4.2%
Tiwi	248.3	264.0	224.7	10.5%
Top End Rural	188.5	272.0	168.6	11.8%

NT Government 2018

1. CPI and Living Cost Indexes

The ABS Selected Living Cost Indexes (SLCI) uses a different methodology to the CPI. CPI is based on acquisition (i.e. the price at the time of acquisition of a product) while the living cost index is based on actual expenditure. This is particularly relevant in relation to housing costs where CPI traces changes in house prices, while the SLCI traces changes in the amount expended each week on housing (e.g. mortgage repayments). Further information is available in the Explanatory Notes to the Selected Living Cost Indexes (ABS 2018b).

In that sense, the Selected Living Cost Indexes are not a simple disaggregation of CPI and the two are not strictly comparable. However, both indexes are used to measure changes in the cost of living over time (although that is not what CPI was designed for) and given the general usage of the CPI measure and its powerful political and economic status, it is useful to compare the two and highlight the differences for different household types (Adapted from SACOSS 2014, p.9).

The SLCIs are preferred, as a summary measure, over the more well-known CPI, because the CPI is technically not a cost of living measure, as it tracks changes in the price of a specific basket of goods. However, this basket includes goods and services that are not necessarily part of the expenditure of all households - in particular for many low-income households (SACOSS 2014, p.4).

“The Selected Living Cost Indexes (SLCIs), Australia incorporates the Pensioner and Beneficiary Living Cost Index (PBLCI) and the Analytical Living Cost Indexes (ALCIs). The ALCIs have been compiled and published by the ABS since June 2000 and were developed in recognition of the widespread interest in the extent to which the impact of price change varies across different groups of households in the Australian population” (ABS 2018b).

“ALCIs are prepared for four types of Australian households:

- employee households (i.e. those households whose principal source of income is from wages and salaries);
- age pensioner households (i.e. those households whose principal source of income is the age pension or Veteran’s Affairs pension);
- other government transfer recipient households (i.e. those households whose principal source of income is a government pension or benefit other than the age pension or Veteran’s Affairs pension); and,
- self-funded retiree households (i.e. those households whose principal source of income is superannuation or property income and where the Household Expenditure Survey (HES) defined reference person is 'retired' (not in the labour force and over 55 years of age)” (ABS 2018b).

2. Limitations of the Selected Living Cost Indexes

The Selected Living Cost Indexes are more nuanced than the generic CPI in that they measure changes for different household types, but there are still a number of problems with using those indexes to show cost of living changes faced by the most vulnerable and disadvantaged in the Northern Territory. While it is safe to assume that welfare recipients are among the most vulnerable and disadvantaged, any household-based data for multi-person households indicates nothing about distribution of power, money and expenditure within a household. This may therefore hide particular (and often gendered) structures of vulnerability and disadvantage. Further, the living cost indexes are not state-based, so particular Northern Territory trends or circumstances may not show up (Adapted from SACOSS 2014, p.9).

At the more technical level, the Selected Living Cost Indexes are for households whose predominant income is from the described source (e.g. Aged Pension or government transfers), though many households in these categories have other sources of income, or more than one welfare recipient in the same household. Like the CPI, the Living Cost Index figures reflect broad averages (even if more nuanced), but do not reflect the experience of the poorest in those categories (Adapted from SACOSS 2014, p.9).

Another example of this “averaging problem” is that expenditures on some items, like housing, are too low to reflect the real expenditures and changes for the most vulnerable in the housing market – again, because the worst-case scenarios are “averaged out” by those in the category with other resources. For instance, if one pensioner owned their own home outright they would generally be in a better financial position than a pensioner who has to pay market rents. As an example, if the market rent was \$300 per week, the average expenditure on rent between the two would be \$150 per week, much less than what the renting pensioner was actually paying (Adapted from SACOSS 2014, p. 9).

The weightings in the Selected Living Cost Indexes are also based on a set point in time (from the 2009-10 ABS *Household Expenditure Survey*) and can’t be changed until the next survey. In the meantime, the price of some necessities may increase rapidly, forcing people to change expenditure patterns to cover the increased cost. Alternatively, or additionally, expenditure patterns may change for a variety of other reasons. However, the weighting in the indexes does not change and therefore does not track the expenditure substitutions and the impact that has on cost of living and lifestyle (Adapted from SACOSS 2014, p.9).

The Selected Living Cost Indexes’ household income figures are based on households that are the average size for that household type: which for Aged Pensioners is 1.52 and Other Government Transfer recipients 2.57 (ABS, 2018b). This makes comparison with allowances difficult. This Report primarily focuses on single person households or a single person with two children (to align to the other welfare recipient household average of 2.57 persons). However, this is a proxy rather than statistical correlation (Adapted from SACOSS 2014, p. 9-10). While the Selected Living Cost Indexes do have some limitations in terms of tracking cost of living changes overall however, they

provide a “robust statistical base, quarterly tracking of changes and a long time series, which all provide valuable data for analysis” (SACOSS 2014, p.10).

3. Pension and Newstart and Youth allowance Calculations for Figures 1 & 2

These figures reflect payment levels for a single Aged Pensioner; a single Newstart recipient with no children as well as with two children, and a single Youth Allowance recipient. There are clearly going to be variations in payment rates for different recipients, which will be affected by family structure, the number and age of children and receipt of supplements like rent assistance (but for simplicity these are not all factored in here). Payment rates for single people are used – as partner’s income for partnered recipients adds further complexity (Adapted from SACOSS 2014, p.10).

4. How Pension Rates are Adjusted

“Currently, pensions (including the Age Pension, Service Pension, Disability Support Pension and Carer Payment) are indexed twice each year by the greater of the movement in the Consumer Price Index (CPI) or the Pensioner and Beneficiary Living Cost Index (PBLCI). They are then ‘benchmarked’ against a percentage of Male Total Average Weekly Earnings (MTAWE). The combined couple rate is benchmarked to 41.76% of MTAWE; the single rate of pension is set at 66.33% of the combined couple rate (which is equal to around 27.7% of MTAWE). ‘Benchmarked’ means that after it has been indexed, the combined couple rate is checked to see whether it is equal to or higher than 41.76% of MTAWE. If the rate is lower than this percentage, the rates are increased to the appropriate benchmark level” (Parliamentary Library 2014).

“The CPI is a measure of changes in the prices paid by households for a fixed basket of goods and services. Indexing pension rates to CPI maintains the real value of pensions over time. The PBLCI measures the effect of changes in prices of the out-of-pocket living expenses experienced by age pensioner and other households whose main source of income is a government payment. The PBLCI is designed to check whether their disposable incomes have kept pace with price changes. The MTAWE benchmark is not intended to maintain the value of the pension relative to costs; it is seen as ensuring pensioners maintain a certain standard of living, relative to the rest of the population” (Parliamentary Library 2014). *NB: Allowance payments, such as Newstart and Youth Allowance are indexed to the CPI only, and are adjusted 6 monthly - every March and September.*

5. Transport Affordability Index – Hypothetical Household (Definition)

The Transport Affordability Index developed by SGS Economics and Planning is “based on the incomes and transport costs of a hypothetical household in each capital city”, which is a “typical but car dependent household”, and household characteristics are identical across each of the cities in order to ensure a like for like comparison.

The hypothetical household is as follows:

- Heterosexual couple with children (these are the most common household type in Australia)
- Woman, 38 y.o.; man 36 y.o., based on the average ages for a man and a woman.
- Live in a detached house.
- Two car family

- Both members of the couple are employed.
- According to the The Australian Motor Vehicle Census, “a typical passenger vehicle is driven 13,800 kilometres per year”, with the average age 9.8 years old.
- TAI makes the assumption that the two cars will travel
 - 15,000 (near-new vehicle (less than three years old) purchased new and paid for with a car loan);
 - 10,000 km (ten years old/owned outright) per year respectively
- It is assumed each household takes public transport into the CBD and home again, five days p/w
- Household lives “in middle to outer ring suburbs, with “relatively high population density at the SA2 level, have access to public transport, and in Sydney, Melbourne and Brisbane, would require driving through toll roads to access the CBD.”

(SGS 2016, from Executive Summary, p. 1)

6. ACCC information on Petroleum Market

In its most recent Report on the Australian petroleum market June quarter 2018, the ACCC (2018b, p.33) reported that price increases nationally [in the June quarter of 2018 “were influenced by a number of factors, including the agreements in late-2016 by the Organisation of Petroleum Exporting Countries (OPEC) and some other crude oil producing countries to cut production. This deal was an attempt to curb a global oil oversupply and lift prices, which had sunk to record lows (ABC 2017).

ACCC Chair Rod Sims has commented (ABC 2018) that “The OPEC [Organisation of Petroleum Exporting Countries] cartel in particular continues to have a damaging effect on Australian petrol prices”, as it restricted supply into the market, which has clearly started to bite through steadily increasing petrol prices in the past financial year”. In addition, Mr Sims stated that “A weaker Aussie dollar has also increased costs for wholesalers buying petrol for the Australian market [in US dollars], which flows through to consumers who pay for this at the pump.” The ACCC also highlighted that “petrol retailers are charging high gross margins for petrol, more than 50 per cent higher than their 16-year average” (ABC 2018).

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