



Circular

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To: Forum Directors, Presidents, CEOs & Area Executives

From: Kerry Arnold, Technical Manager

RTFNZ/GRANT THORNTON TRANSPORT COST INDEX QUARTER ENDING MARCH 2018 (PUBLISHED 26 JUNE 2018)

Please find attached the Grant Thornton index for the period ending March 2018 plus continuation of the provisional index to June 2018.

Grant Thornton continues to provide an enhanced index (refer to pages 1 to 3) by including a year by year rolling comparison in table form, line graph and bar graph representations. Also provided is the relevant forecourt diesel prices (less GST) in table form (page 3) that support the forecast (provisional) quarterly index changes to June 2018 shown on page 2. The diesel cost table is accompanied by its own graphical presentation of fuel price changes over the last 9 months, however, we stress that the fuel data from MBIE that supports the June index is provisional.

It is possible to use the index to determine cost movements excluding the fuel price.

The changes in the index cost components over the previous quarter have been relatively mixed. Fuel costs have continued to increase significantly since the previous quarterly report which initially showed increasing prices in the December 2017 provisional data series. Wages have tended to trend upwards as have salaries and insurance.

Some of the fuel pricing volatility seen over the past 9 months can, in part, be attributed to unsettled supplier pricing.

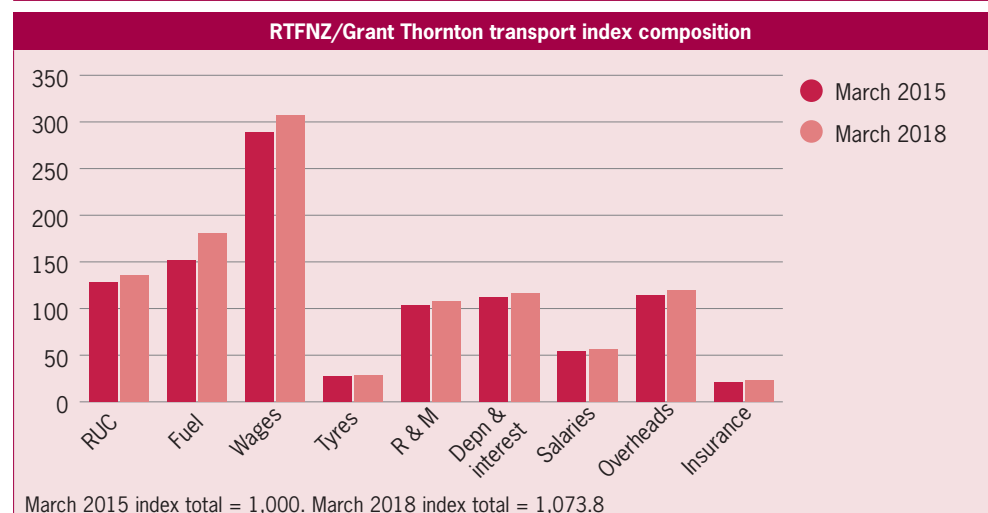
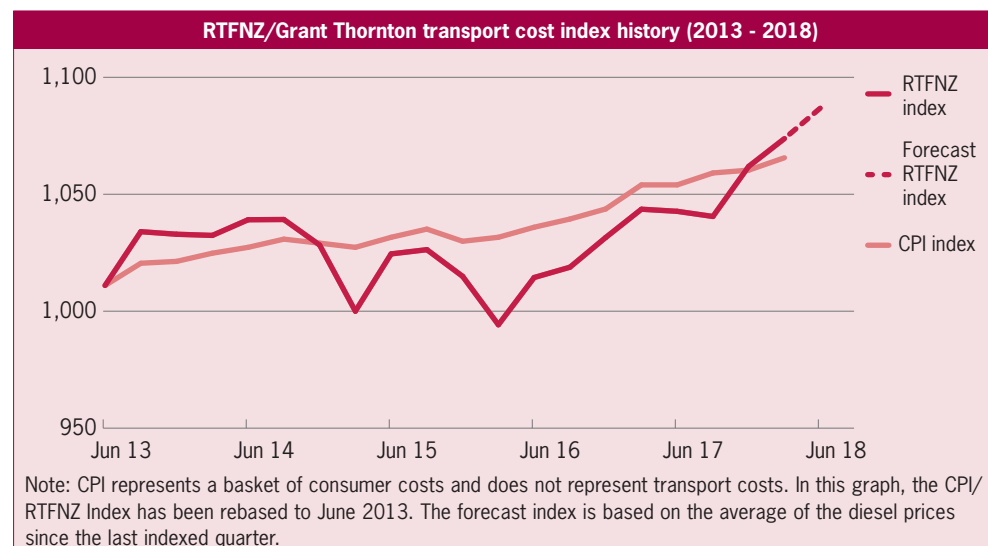
RTFNZ/Grant Thornton transport cost index • Quarter ending March 2018

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RTFNZ/Grant Thornton transport cost index					
Cost category	RTFNZ/GTNZ survey weighting Mar 2015	Updated RTFNZ/GTNZ Index as at Mar 2018	Quarterly change to Mar 2018 (%)	Yearly change to Mar 2018 (%)	Total change since Mar 2015 (%)
Road user charges	128.5	135.3	0.00%	0.00%	5.30%
Fuel	151.4	181.1	5.38%	10.43%	19.58%
Wages	288.3	306.8	0.84%	2.31%	6.40%
Tyres	27.4	28.6	0.64%	2.42%	4.36%
Repairs & maintenance	103.0	107.2	0.03%	1.01%	4.11%
Depreciation & interest (vehicles)	112.4	116.1	-0.28%	0.45%	3.34%
Salaries	53.7	56.0	0.35%	1.42%	4.39%
Overheads	114.0	119.4	-0.23%	1.52%	4.78%
Insurance (vehicles)	21.4	23.2	1.18%	6.09%	8.80%
RTFNZ index	1,000.0	1,073.8	1.12%	2.89%	7.38%
Consumer price index			0.50%	1.10%	3.72%

No account has been taken of the effects of GST, which must be accounted for separately. All information is based on quarterly average prices and is obtained from either Statistics New Zealand or MBIE.

The Auckland regional fuel tax will be in effect from 1 July 2018. As the information used for the compilation of this report is based on national data, we cannot separately ascertain the impact of the Auckland regional fuel tax on the index. While the change will not affect this quarter's publication, it will have an impact on the forecourt diesel prices from the next quarter and the index from the September quarter.



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Movement of RTFNZ/Grant Thornton transport cost index over previous four quarters and forecast quarter													
RTFNZ/GTNZ index	RTFNZ/GTNZ survey weighting Mar 17	Quarterly change to Jun 17 (%)	RTFNZ/GTNZ survey weighting Jun 17	Quarterly change to Sep 17 (%)	RTFNZ/GTNZ survey weighting Sep 17	Quarterly change to Dec 17	RTFNZ/GTNZ survey weighting Dec 17	Quarterly change to Mar 18	RTFNZ/GTNZ survey weighting Mar 18	Forecast quarterly change to Jun 18	Forecast survey weighting Jun 18	Increment Mar 15 to Mar 18	Increment Mar 15 to Jun 18
Road user charges	135.3	0.00%	135.3	0.00%	135.3	0.00%	135.3	0.00%	135.3	0.00%	135.3	1.0530	1.0530
Fuel	164.0	-2.94%	159.1	-2.77%	154.7	11.05%	171.8	5.38%	181.1	7.18%	194.1	1.1958	1.2817
Wages	299.9	0.43%	301.2	0.17%	301.7	0.85%	304.2	0.84%	306.8		306.8	1.0640	1.0640
Tyres	27.9	0.74%	28.1	0.46%	28.3	0.55%	28.4	0.64%	28.6		28.6	1.0436	1.0436
Repairs & maintenance	106.2	0.58%	106.8	0.09%	106.9	0.30%	107.2	0.03%	107.2		107.2	1.0411	1.0411
Depreciation & interest (vehicles)	115.6	0.43%	116.1	-0.37%	115.7	0.68%	116.4	-0.28%	116.1		116.1	1.0334	1.0334
Salaries	55.2	0.36%	55.4	0.44%	55.7	0.26%	55.8	0.35%	56.0		56.0	1.0439	1.0439
Overheads	117.6	0.89%	118.7	0.72%	119.5	0.14%	119.7	-0.23%	119.4		119.4	1.0478	1.0478
Insurance (vehicles)	21.9	0.34%	22.0	3.75%	22.8	0.72%	23.0	1.18%	23.2		23.2	1.0880	1.0880
RTFNZ index	1,043.6	-0.09%	1,042.7	-0.21%	1,040.5	2.06%	1,061.9	1.12%	1,073.8	1.21%	1,086.8	1.0738	1.0868
Consumer price index		0.00%		0.49%		0.11%		0.50%					

Diesel prices (fuel) are sourced from the MBIE's oil price monitoring service. Diesel prices presented above for the June 18 quarter are provisional.

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Forecourt diesel prices* (excluding GST)					
December 2017 quarter		March 2018 quarter		June 2018 quarter	
Week ended	Price c/litre	Week ended	Price c/litre	Week ended	Price c/litre
29-Sep-17	118.55	29-Dec-17	127.77	30-Mar-18	126.27
6-Oct-17	120.19	5-Jan-18	127.10	6-Apr-18	126.50
13-Oct-17	120.44	12-Jan-18	128.21	13-Apr-18	127.99
20-Oct-17	119.94	19-Jan-18	129.70	20-Apr-18	129.11
27-Oct-17	119.94	26-Jan-18	129.70	27-Apr-18	134.32
3-Nov-17	125.03	2-Feb-18	129.70	4-May-18	134.32
10-Nov-17	128.76	9-Feb-18	128.96	11-May-18	137.55
17-Nov-17	129.50	16-Feb-18	125.98	18-May-18	142.40
24-Nov-17	129.50	23-Feb-18	124.49	25-May-18	144.76
1-Dec-17	131.24	2-Mar-18	124.49	1-Jun-18	144.76
8-Dec-17	131.24	9-Mar-18	124.49	8-Jun-18	142.77
15-Dec-17	128.76	16-Mar-18	124.49	15-Jun-18	141.28
22-Dec-17	127.77	23-Mar-18	124.49	22-Jun-18	
Average	125.45		126.89		136.00
Change (%)			1.15%		7.18%

Diesel prices (fuel) are sourced from the MBIE's oil price monitoring service. Diesel prices presented above for the June 18 quarter are provisional.

