



# Circular

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To: Forum Directors, Presidents, CEOs & Area Executives

From: Kerry Arnold, Technical Manager

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## **RTFNZ/GRANT THORNTON TRANSPORT COST INDEX QUARTER ENDING JUNE 2018 (PUBLISHED 21 SEPTEMBER 2018)**

Please find attached the Grant Thornton index for the period ending June 2018 plus continuation of the forecast index to September 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 September 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 September 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 similar to each other. Fuel costs have continued to increase significantly since the previous quarterly report which initially showed increasing prices from the December 2017 provisional data series. All other costs have tended to trend upwards, particularly insurance.

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

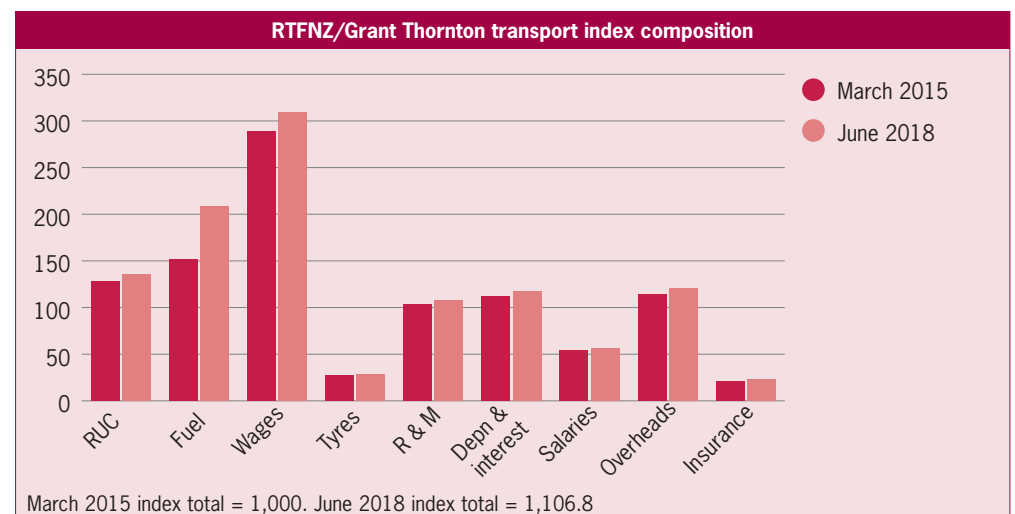
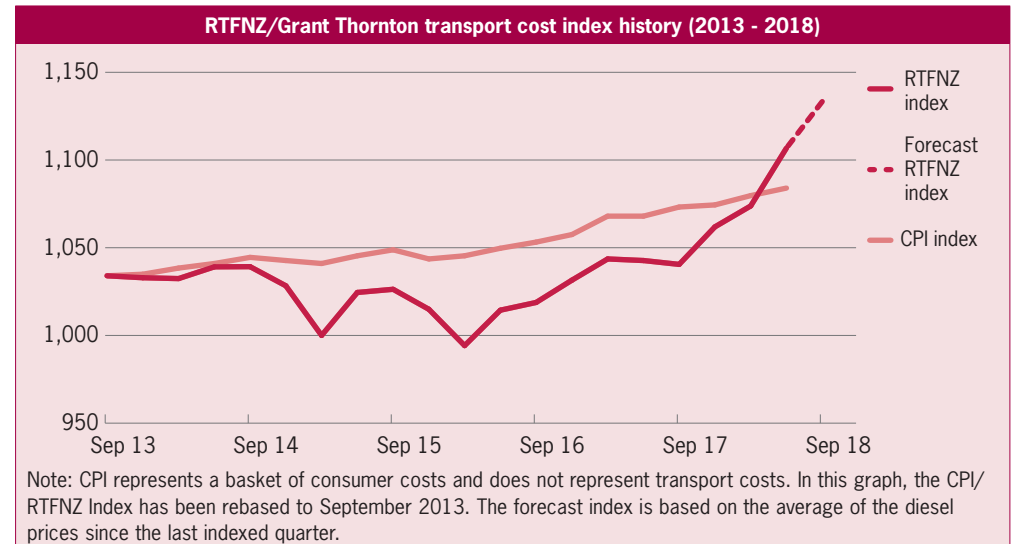
Please note the commentary on the 1 October 2018 RUC Increase. This appears under the tables in pages 1 and 2. Based on advice from MoT a 9% value for the increase has been selected. This shows up in the September Quarterly Forecast column.

## RTFNZ/Grant Thornton transport cost index • Quarter ending June 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 Jun 2018	Quarterly change to Jun 2018 (%)	Yearly change to Jun 2018 (%)	Total change since Mar 2015 (%)
<b>Road user charges</b>	128.5	135.3	0.00%	0.00%	5.30%
<b>Fuel</b>	151.4	208.3	15.04%	30.89%	37.57%
<b>Wages</b>	288.3	308.8	0.67%	2.55%	7.11%
<b>Tyres</b>	27.4	28.9	1.00%	2.68%	5.41%
<b>Repairs &amp; maintenance</b>	103.0	108.2	0.85%	1.28%	5.00%
<b>Depreciation &amp; interest (vehicles)</b>	112.4	117.2	0.90%	0.93%	4.27%
<b>Salaries</b>	53.7	56.3	0.44%	1.50%	4.84%
<b>Overheads</b>	114.0	120.4	0.80%	1.43%	5.62%
<b>Insurance (vehicles)</b>	21.4	23.5	1.16%	6.95%	10.06%
<b>RTFNZ index</b>	<b>1,000.0</b>	<b>1,106.8</b>	<b>3.07%</b>	<b>6.15%</b>	<b>10.68%</b>
<b>Consumer price index</b>			0.40%	1.50%	4.13%

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 June 2018 quarter index is provisional as the quarterly fuel prices have not yet been released by MBIE as at the date of this publication. The Auckland regional fuel tax came into 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.



## RTFNZ/Grant Thornton transport cost index • Quarter ending June 2018

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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 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	Quarterly change to Jun 18	RTFNZ/GTNZ survey weighting Jun 18	Forecast quarterly change to Sep 18	Forecast survey weighting Sep 18	Increment Mar 15 to Jun 18	Increment Mar 15 to Sep 18
<b>Road user charges</b>	135.3	0.00%	135.3	0.00%	135.3	0.00%	135.3	0.00%	135.3	9.00%	147.5	1.0530	1.1478
<b>Fuel</b>	159.1	-2.77%	154.7	11.05%	171.8	5.38%	181.1	15.04%	208.3	6.89%	222.7	1.3757	1.4704
<b>Wages</b>	301.2	0.17%	301.7	0.85%	304.2	0.84%	306.8	0.67%	308.8		308.8	1.0711	1.0711
<b>Tyres</b>	28.1	0.46%	28.3	0.55%	28.4	0.64%	28.6	1.00%	28.9		28.9	1.0541	1.0541
<b>Repairs &amp; maintenance</b>	106.8	0.09%	106.9	0.30%	107.2	0.03%	107.2	0.85%	108.2		108.2	1.0500	1.0500
<b>Depreciation &amp; interest (vehicles)</b>	116.1	-0.37%	115.7	0.68%	116.4	-0.28%	116.1	0.90%	117.2		117.2	1.0427	1.0427
<b>Salaries</b>	55.4	0.44%	55.7	0.26%	55.8	0.35%	56.0	0.44%	56.3		56.3	1.0484	1.0484
<b>Overheads</b>	118.7	0.72%	119.5	0.14%	119.7	-0.23%	119.4	0.80%	120.4		120.4	1.0562	1.0562
<b>Insurance (vehicles)</b>	22.0	3.75%	22.8	0.72%	23.0	1.18%	23.2	1.16%	23.5		23.5	1.1006	1.1006
<b>RTFNZ index</b>	<b>1,042.7</b>	<b>-0.21%</b>	<b>1,040.5</b>	<b>2.06%</b>	<b>1,061.9</b>	<b>1.12%</b>	<b>1,073.8</b>	<b>3.07%</b>	<b>1,106.8</b>	<b>2.40%</b>	<b>1,133.3</b>	<b>1.1068</b>	<b>1.1333</b>
<b>Consumer price index</b>		0.49%		0.11%		0.50%		0.40%					

Diesel prices (fuel) are sourced from the MBIE's oil price monitoring service. Diesel prices presented above for the Sep 18 quarter are provisional. The increase in the RUC rate will come into effect from 1 October 2018. While the initial policy stated an increase in the RUC of 5.9%, the change is not applied to all vehicle types equally. Based on advice from the Ministry of Transport, the expected average RUC rate increase is approximately 9%. To assist users of the publication to estimate the impact of this, we have early adopted the change to start from 1 July 2018 which is reflected in the provisional September 2018 quarter.

**RTFNZ/Grant Thornton transport cost index • Quarter ending June 2018**  
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Forecourt diesel prices* (excluding GST)					
March 2018 quarter		June 2018 quarter		September 2018 quarter	
Week ended	Price c/litre	Week ended	Price c/litre	Week ended	Price c/litre
29-Dec-17	127.77	30-Mar-18	126.27	29-Jun-18	139.55
5-Jan-18	127.10	6-Apr-18	126.50	6-Jul-18	139.60
12-Jan-18	128.21	13-Apr-18	127.99	13-Jul-18	139.60
19-Jan-18	129.70	20-Apr-18	129.11	20-Jul-18	139.60
26-Jan-18	129.70	27-Apr-18	134.32	27-Jul-18	142.08
2-Feb-18	129.70	4-May-18	134.32	3-Aug-18	143.94
9-Feb-18	128.96	11-May-18	137.55	10-Aug-18	145.44
16-Feb-18	125.98	18-May-18	142.40	17-Aug-18	148.29
23-Feb-18	124.49	25-May-18	144.76	24-Aug-18	148.29
2-Mar-18	124.49	1-Jun-18	144.76	31-Aug-18	152.02
9-Mar-18	124.49	8-Jun-18	142.77	7-Sep-18	154.01
16-Mar-18	124.49	15-Jun-18	141.28	14-Sep-18	156.24
23-Mar-18	124.49	22-Jun-18	140.31	21-Sep-18	
<b>Average</b>	<b>126.89</b>		<b>136.33</b>		<b>145.72</b>
<b>Change (%)</b>			<b>7.44%</b>		<b>6.89%</b>

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

