

To: Forum Directors, Presidents, CEOs & Area Executives

From: Kerry Arnold, Technical Manager

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## **RTFNZ/GRANT THORNTON TRANSPORT COST INDEX QUARTER ENDING DECEMBER 2018 (PUBLISHED 1 APRIL 2019)**

Please find attached the Grant Thornton index for the period ending December 2018 plus continuation of the forecast index to March 2019.

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 March 2019 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 March index is provisional.

MBIE has recently changed its fuel reporting therefore included below is a link to MBIE's website detailing the changes to methodology used for monitoring weekly fuel prices.

<https://www.mbie.govt.nz/building-and-energy/energy-and-natural-resources/energy-statistics-and-modelling/energy-statistics/weekly-fuel-price-monitoring/>

The cost index table on page 1 includes a number of important notes for users of the index.

Fuel pricing is still volatile and this shows up in the December quarter versus the March 19 provisional quarter. All other costs have risen incrementally.

We also apologise for the delay in releasing the index this quarter but a series of events conspired against RTF releasing it on the planned date.

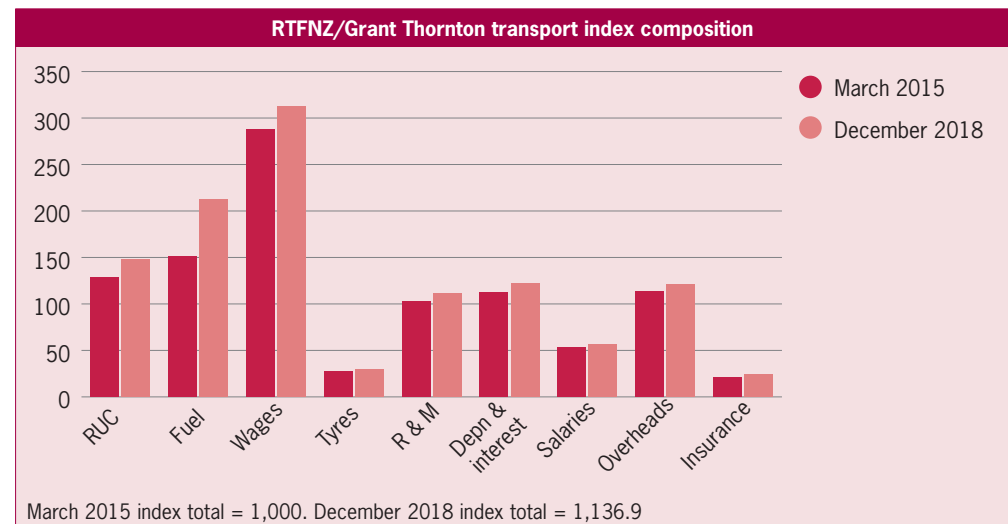
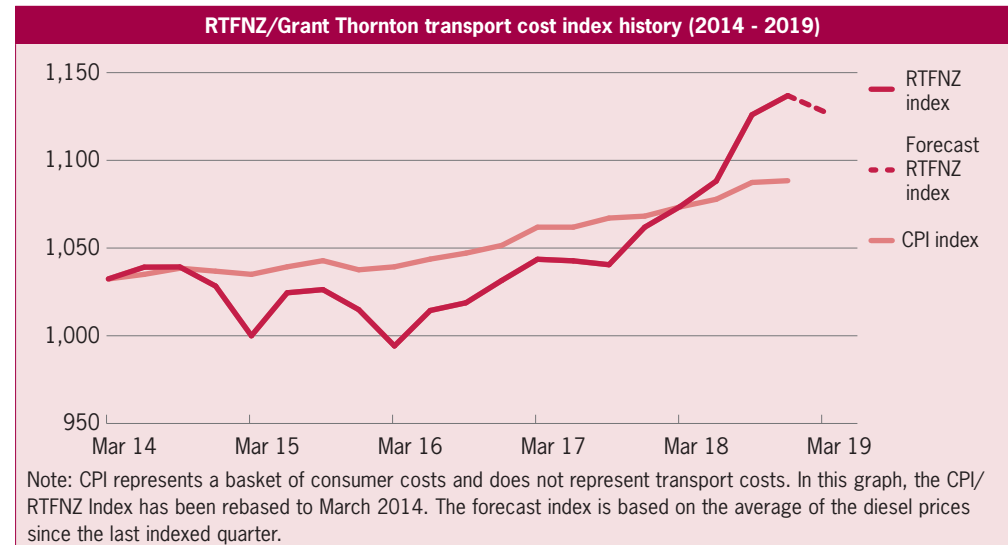
It is worth noting that the index is not a pricing index, it is a cost index and using this exclusively to support remuneration payments to contractors without any recognition of margins has the potential to lead to financial stress for those contractors.

## RTFNZ/Grant Thornton transport cost index • Quarter ending December 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 Dec 2018	Quarterly change to Dec 2018 (%)	Yearly change to Dec 2018 (%)	Total change since Mar 2015 (%)
Road user charges	128.5	147.5	0.00%	9.00%	14.78%
Fuel	151.4	212.2	2.40%	23.52%	40.16%
Wages	288.3	312.9	0.66%	2.86%	8.53%
Tyres	27.4	29.1	0.18%	2.29%	6.07%
Repairs & maintenance	103.0	111.2	0.57%	3.72%	7.95%
Depreciation & interest (vehicles)	112.4	122.3	1.44%	5.04%	8.85%
Salaries	53.7	56.7	0.52%	1.49%	5.58%
Overheads	114.0	121.3	0.77%	1.32%	6.41%
Insurance (vehicles)	21.4	23.7	1.01%	3.25%	11.03%
<b>RTFNZ index</b>	<b>1,000.0</b>	<b>1,136.9</b>	<b>0.97%</b>	<b>7.06%</b>	<b>13.69%</b>
<b>Consumer price index</b>			0.10%	1.89%	5.16%

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. Since our last publication, MBIE has amended their methodology to account for price differences between Auckland and the rest of the country as a result of the Auckland Regional Fuel Tax. The adjustment was applied from 1 July 2018 and accordingly, historical publications do not reflect on the changes that were made. The increase in the RUC rate came 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.



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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 Dec 17	Quarterly change to Mar 18 (%)	RTFNZ/GTNZ survey weighting Mar 18	Quarterly change to Jun 18 (%)	RTFNZ/GTNZ survey weighting Jun 18	Quarterly change to Sep 18	RTFNZ/GTNZ survey weighting Sep 18	Quarterly change to Dec 18	RTFNZ/GTNZ survey weighting Dec 18	Forecast quarterly change to Mar 19	Forecast survey weighting Mar 19	Increment Mar 15 to Dec 18	Increment Mar 15 to Mar 19
<b>Road user charges</b>	135.3	0.00%	135.3	0.00%	135.3	9.00%	147.5	0.00%	147.5	0.00%	147.5	1.1478	1.1478
<b>Fuel</b>	171.8	5.38%	181.1	4.80%	189.8	9.23%	207.3	2.40%	212.2	-4.21%	203.3	1.4016	1.3426
<b>Wages</b>	304.2	0.84%	306.8	0.67%	308.8	0.66%	310.9	0.66%	312.9		312.9	1.0853	1.0853
<b>Tyres</b>	28.4	0.64%	28.6	1.00%	28.9	0.45%	29.0	0.18%	29.1		29.1	1.0607	1.0607
<b>Repairs &amp; maintenance</b>	107.2	0.03%	107.2	0.85%	108.2	2.23%	110.6	0.57%	111.2		111.2	1.0795	1.0795
<b>Depreciation &amp; interest (vehicles)</b>	116.4	-0.28%	116.1	0.90%	117.2	2.90%	120.6	1.44%	122.3		122.3	1.0885	1.0885
<b>Salaries</b>	55.8	0.35%	56.0	0.44%	56.3	0.17%	56.4	0.52%	56.7		56.7	1.0558	1.0558
<b>Overheads</b>	119.7	-0.23%	119.4	0.80%	120.4	-0.02%	120.3	0.77%	121.3		121.3	1.0641	1.0641
<b>Insurance (vehicles)</b>	23.0	1.18%	23.2	1.16%	23.5	-0.13%	23.5	1.01%	23.7		23.7	1.1103	1.1103
<b>RTFNZ index</b>	<b>1,061.9</b>	<b>1.12%</b>	<b>1,073.8</b>	<b>1.35%</b>	<b>1,088.2</b>	<b>3.47%</b>	<b>1,126.0</b>	<b>0.97%</b>	<b>1,136.9</b>	<b>-0.79%</b>	<b>1,127.9</b>	<b>1.1369</b>	<b>1.1279</b>
<b>Consumer price index</b>		0.50%		0.40%		0.89%		0.10%					

Diesel prices (fuel) are sourced from the MBIE's oil price monitoring service. Diesel prices presented above for the Mar 19 quarter are provisional.

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Forecourt diesel prices* (excluding GST)					
September 18 Quarter		December 18 Quarter		March 19 Quarter	
Week ended	Price c/litre	Week ended	Price c/litre	Week ended	Price c/litre
29-Jun-18	139.97	28-Sep-18	149.05	28-Dec-18	127.96
6-Jul-18	129.92	5-Oct-18	150.58	4-Jan-19	127.34
13-Jul-18	129.92	12-Oct-18	152.57	11-Jan-19	127.41
20-Jul-18	129.92	19-Oct-18	149.22	18-Jan-19	129.15
27-Jul-18	132.41	26-Oct-18	147.48	25-Jan-19	130.88
3-Aug-18	134.27	2-Nov-18	146.48	1-Feb-19	130.88
10-Aug-18	135.76	9-Nov-18	139.77	8-Feb-19	130.88
17-Aug-18	138.62	16-Nov-18	134.06	15-Feb-19	132.75
24-Aug-18	138.62	23-Nov-18	131.82	22-Feb-19	137.34
31-Aug-18	142.34	30-Nov-18	127.85	1-Mar-19	139.33
7-Sep-18	144.33	7-Dec-18	124.49	8-Mar-19	139.58
14-Sep-18	146.57	14-Dec-18	128.70	15-Mar-19	141.44
21-Sep-18	147.31	21-Dec-18	128.70	22-Mar-19	139.58
<b>Average</b>	<b>137.69</b>	<b>139.29</b>	<b>133.43</b>		
<b>Change (%)</b>		<b>1.16%</b>	<b>-4.21%</b>		

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