

To: Forum Directors, Presidents, CEOs & Area Executives  
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## **RTFNZ/GRANT THORNTON TRANSPORT COST INDEX QUARTER ENDING JUNE 2019 (PUBLISHED 20 SEPTEMBER 2019)**

Please find attached the Grant Thornton index for the period ending June 2019, plus continuation of the forecast index to September 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 September 2019, shown on page 2. The diesel cost table is accompanied by its own graphical presentation of fuel price changes over the past nine months; however, we stress that the fuel data from MBIE that supports the June index is provisional. Due to the delay in MBIE fuel price reporting a regression calculation has had to be used once again to complete the provisional pricing for the provisional or forecasted quarter.

As pointed out in the December 2018 quarters cover note, MBIE has changed its fuel reporting methodology used for monitoring weekly fuel prices.

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

Probably the most important feature of this quarter is the index now confirms the recent RUC increase, which commenced 1 July 2019.

Fuel pricing continues to be volatile and this continues to show up in the June quarter and flows through into the forecast quarter. All other costs have risen incrementally with tyres, wages, and insurance confirming an upswing.

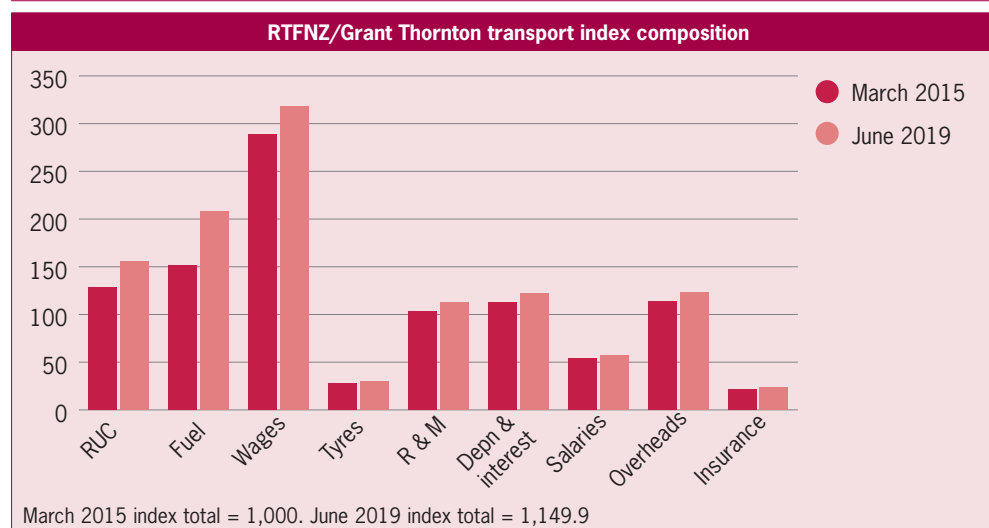
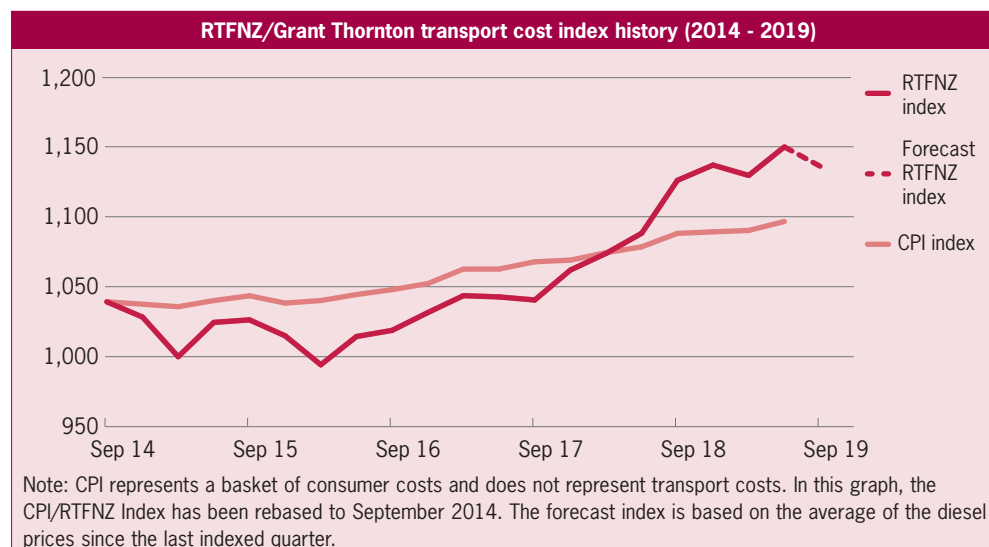
It is worth noting that the index is **not** a pricing index, it is a cost index and using this exclusively to support remuneration payments to contractors without any recognition of margins has the potential to lead to financial stress for those contractors.

## RTFNZ/Grant Thornton transport cost index • Quarter ending June 2019

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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 2019	Quarterly change to Jun 2019 (%)	Yearly change to Jun 2019 (%)	Total change since Mar 2015 (%)
Road user charges	128.5	155.6	5.50%	15.00%	21.09%
Fuel	151.4	208.4	4.06%	9.81%	37.61%
Wages	288.3	317.8	0.98%	2.90%	10.22%
Tyres	27.4	29.5	1.52%	2.16%	7.69%
Repairs & maintenance	103.0	112.4	0.62%	3.97%	9.17%
Depreciation & interest (vehicles)	112.4	122.2	-1.33%	4.29%	8.74%
Salaries	53.7	57.1	0.43%	1.39%	6.31%
Overheads	114.0	122.8	0.89%	2.03%	7.77%
Insurance (vehicles)	21.4	24.1	0.89%	2.51%	12.83%
<b>RTFNZ index</b>	<b>1,000.0</b>	<b>1,149.9</b>	<b>1.80%</b>	<b>5.66%</b>	<b>14.99%</b>
<b>Consumer price index</b>			0.58%	1.67%	5.88%

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. 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. An increase in the RUC rate came into effect from 1 July 2019. Based on advice from the Ministry of Transport, the expected average RUC rate increase is approximately 5.5%. To assist users of the publication to estimate the impact of this, we have early adopted the change to start from the June 2019 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 Jun 18	Quarterly change to Sep 18 (%)	RTFNZ/GTNZ survey weighting Sep 18	Quarterly change to Dec 18 (%)	RTFNZ/GTNZ survey weighting Dec 18	Quarterly change to Mar 19 (%)	RTFNZ/GTNZ survey weighting Mar 19	Quarterly change to Jun 19 (%)	RTFNZ/GTNZ survey weighting Jun 19	Forecast quarterly change to Sep 19 (%)	Forecast survey weighting Sep 19	Increment Mar 15 to Jun 19	Increment Mar 15 to Sep 19
<b>Road user charges</b>	135.3	9.00%	147.5	0.00%	147.5	0.00%	147.5	5.50%	155.6	0.00%	155.6	1.2109	1.2109
<b>Fuel</b>	189.8	9.23%	207.3	2.40%	212.2	-5.65%	200.2	4.06%	208.4	-6.60%	194.6	1.3761	1.2853
<b>Wages</b>	308.8	0.66%	310.9	0.66%	312.9	0.57%	314.7	0.98%	317.8		317.8	1.1022	1.1022
<b>Tyres</b>	28.9	0.45%	29.0	0.18%	29.1	0.00%	29.1	1.52%	29.5		29.5	1.0769	1.0769
<b>Repairs &amp; maintenance</b>	108.2	2.23%	110.6	0.57%	111.2	0.50%	111.8	0.62%	112.4		112.4	1.0917	1.0917
<b>Depreciation &amp; interest (vehicles)</b>	117.2	2.90%	120.6	1.44%	122.3	1.25%	123.8	-1.33%	122.2		122.2	1.0874	1.0874
<b>Salaries</b>	56.3	0.17%	56.4	0.52%	56.7	0.26%	56.8	0.43%	57.1		57.1	1.0631	1.0631
<b>Overheads</b>	120.4	-0.02%	120.3	0.77%	121.3	0.38%	121.7	0.89%	122.8		122.8	1.0777	1.0777
<b>Insurance (vehicles)</b>	23.5	-0.13%	23.5	1.01%	23.7	0.72%	23.9	0.89%	24.1		24.1	1.1283	1.1283
<b>RTFNZ index</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>-0.65%</b>	<b>1,129.5</b>	<b>1.80%</b>	<b>1,149.9</b>	<b>-1.20%</b>	<b>1,136.1</b>	<b>1.1499</b>	<b>1.1361</b>
<b>Consumer price index</b>		0.89%		0.10%		0.10%		0.58%					

Diesel prices (fuel) are sourced from the MBIE's oil price monitoring service. Diesel prices presented above for the September 2019 quarter are provisional. The forecast index movement for fuel for the September 2019 quarter is estimated based on regression analysis as fuel prices for that quarter have not yet been released by MBIE at the date of this publication.

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Forecourt diesel prices* (excluding GST)					
Mar 19 Quarter		Jun 19 Quarter		Sep 19 Quarter	
Week ended	Price c/litre	Week ended	Price c/litre	Week ended	Price c/litre
28-Dec-18	127.96	29-Mar-19	141.97	28-Jun-19	137.85
4-Jan-19	127.34	5-Apr-19	143.94	5-Jul-19	132.27
11-Jan-19	127.41	12-Apr-19	147.29	12-Jul-19	134.14
18-Jan-19	129.15	19-Apr-19	149.15	19-Jul-19	133.89
25-Jan-19	130.42	26-Apr-19	151.02	26-Jul-19	133.14
1-Feb-19	130.42	3-May-19	142.07	2-Aug-19	133.14
8-Feb-19	130.42	10-May-19	139.22	9-Aug-19	133.14
15-Feb-19	132.29	17-May-19	141.70	16-Aug-19	133.14
22-Feb-19	136.88	24-May-19	146.79	23-Aug-19	133.14
1-Mar-19	138.87	31-May-19	144.06	30-Aug-19	133.89
8-Mar-19	139.12	7-Jun-19	139.03	6-Sep-19	
15-Mar-19	140.98	14-Jun-19	137.85	13-Sep-19	
22-Mar-19	139.12	21-Jun-19	137.85	20-Sep-19	
<b>Average</b>	<b>133.11</b>	<b>143.23</b>		<b>133.78</b>	
<b>Change (%)</b>		<b>7.60%</b>		<b>-6.60%</b>	

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