



Circular

26 June 2019

File Ref: 1/15/60

Released by: Kerry Arnold

To: Forum Directors, Presidents, CEOs & Area Executives
From: Kerry Arnold, Manager Technical & Roading

RTFNZ/GRANT THORNTON TRANSPORT COST INDEX QUARTER ENDING MARCH 2019 (PUBLISHED 26 JUNE 2019)

Please find attached the Grant Thornton index for the period ending March 2019, plus continuation of the forecast index to June 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 June 2019, shown on page 2. The diesel cost table is accompanied by its own graphical presentation of fuel price changes over the last 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 previous quarters cover note, MBIE has recently 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 one for this quarter is the index reflects the recent RUC increase, commencing 1 July 2019

Fuel pricing is still volatile and this continues to show up in the March quarter and flows through into the forecast quarter. All other costs have risen incrementally.

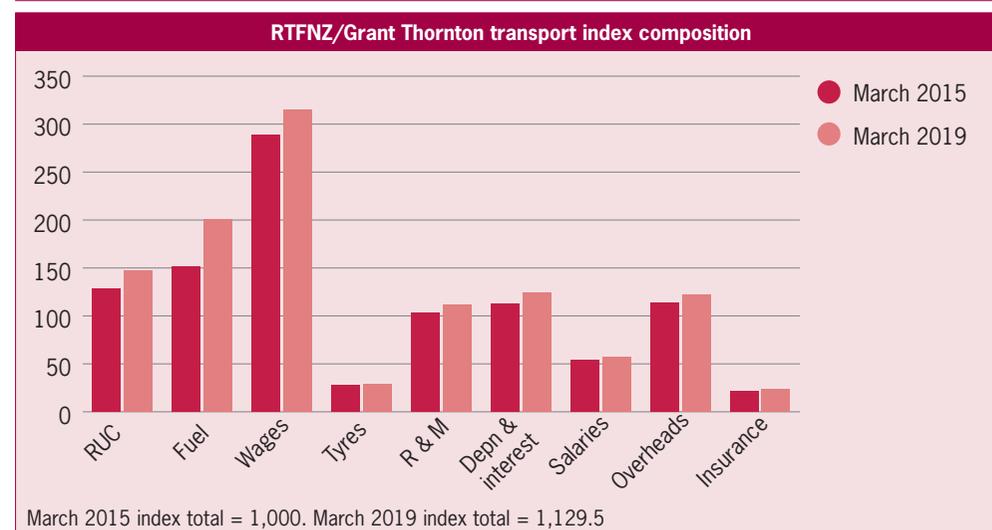
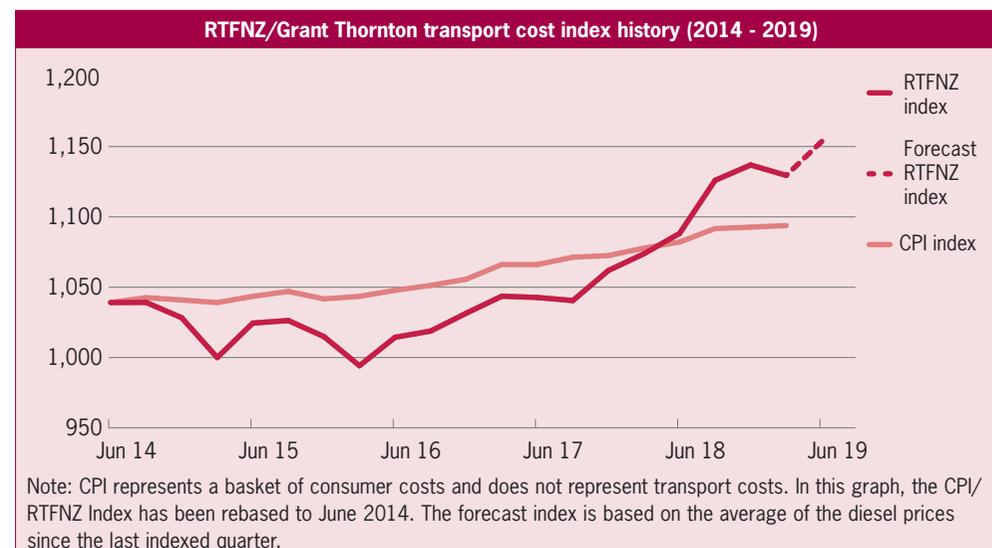
It is worth noting that the index is **not** a pricing index, it is a cost index and using this exclusively to support remuneration payments to contractors without any recognition of margins has the potential to lead to financial stress for those contractors.

RTFNZ/Grant Thornton transport cost index • Quarter ending March 2019

A Road Transport Forum New Zealand membership service • Confidential, members only

RTFNZ/Grant Thornton transport cost index					
Cost category	RTFNZ/GTNZ survey weighting Mar 2015	Updated RTFNZ/GTNZ Index as at Mar 2019	Quarterly change to Mar 2019 (%)	Yearly change to Mar 2019 (%)	Total change since Mar 2015 (%)
Road user charges	128.5	147.5	0.00%	9.00%	14.78%
Fuel	151.4	200.2	-5.65%	10.59%	32.24%
Wages	288.3	314.7	0.57%	2.59%	9.16%
Tyres	27.4	29.1	0.00%	1.64%	6.07%
Repairs & maintenance	103.0	111.8	0.50%	4.21%	8.50%
Depreciation & interest (vehicles)	112.4	123.8	1.25%	6.64%	10.20%
Salaries	53.7	56.8	0.26%	1.40%	5.85%
Overheads	114.0	121.7	0.38%	1.94%	6.81%
Insurance (vehicles)	21.4	23.9	0.72%	2.78%	11.83%
RTFNZ index	1,000.0	1,129.5	-0.65%	5.19%	12.95%
Consumer price index			0.10%	1.48%	5.26%

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 does not reflect on the changes that were made. An increase in the RUC rate will come 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 end of the June 2019 Quarter. This is represented by the June forecast column.



RTFNZ/Grant Thornton transport cost index • Quarter ending March 2019

A Road Transport Forum New Zealand membership service • Confidential, members only

Movement of RTFNZ/Grant Thornton transport cost index over previous four quarters and forecast quarter													
RTFNZ/GTNZ index	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	Quarterly change to Mar 19 (%)	RTFNZ/GTNZ survey weighting Mar 19	Forecast quarterly change to Jun 19 (%)	Forecast survey weighting Jun 19	Increment Mar 15 to Mar 19	Increment Mar 15 to Jun 19
Road user charges	135.3	0.00%	135.3	9.00%	147.5	0.00%	147.5	0.00%	147.5	5.50%	155.6	1.1478	1.2109
Fuel	181.1	4.80%	189.8	9.23%	207.3	2.40%	212.2	-5.65%	200.2	7.67%	215.6	1.3224	1.4238
Wages	306.8	0.67%	308.8	0.66%	310.9	0.66%	312.9	0.57%	314.7		314.7	1.0916	1.0916
Tyres	28.6	1.00%	28.9	0.45%	29.0	0.18%	29.1	0.00%	29.1		29.1	1.0607	1.0607
Repairs & maintenance	107.2	0.85%	108.2	2.23%	110.6	0.57%	111.2	0.50%	111.8		111.8	1.0850	1.0850
Depreciation & interest (vehicles)	116.1	0.90%	117.2	2.90%	120.6	1.44%	122.3	1.25%	123.8		123.8	1.1020	1.1020
Salaries	56.0	0.44%	56.3	0.17%	56.4	0.52%	56.7	0.26%	56.8		56.8	1.0585	1.0585
Overheads	119.4	0.80%	120.4	-0.02%	120.3	0.77%	121.3	0.38%	121.7		121.7	1.0681	1.0681
Insurance (vehicles)	23.2	1.16%	23.5	-0.13%	23.5	1.01%	23.7	0.72%	23.9		23.9	1.1183	1.1183
RTFNZ index	1,073.8	1.35%	1,088.2	3.47%	1,126.0	0.97%	1,136.9	-0.65%	1,129.5	2.08%	1,153.0	1.1295	1.1530
Consumer price index		0.40%		0.89%		0.10%		0.10%					

Diesel prices (fuel) are sourced from the MBIE's oil price monitoring service. Diesel prices presented above for the Jun 19 quarter are provisional. The forecast index movement for fuel for the Jun 19 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.

RTFNZ/Grant Thornton transport cost index • Quarter ending March 2019

A Road Transport Forum New Zealand membership service • Confidential, members only

Forecourt diesel prices* (excluding GST)					
December 18 Quarter		March 19 Quarter		June 19 Quarter	
Week ended	Price c/litre	Week ended	Price c/litre	Week ended	Price c/litre
28-Sep-18	149.05	28-Dec-18	127.96	29-Mar-19	141.97
5-Oct-18	150.58	4-Jan-19	127.34	5-Apr-19	143.54
12-Oct-18	152.57	11-Jan-19	127.41	12-Apr-19	146.89
19-Oct-18	149.22	18-Jan-19	129.15	19-Apr-19	148.76
26-Oct-18	147.48	25-Jan-19	130.42	26-Apr-19	150.62
2-Nov-18	146.48	1-Feb-19	130.42	3-May-19	141.68
9-Nov-18	139.77	8-Feb-19	130.42	10-May-19	138.82
16-Nov-18	134.06	15-Feb-19	132.29	17-May-19	141.30
23-Nov-18	131.82	22-Feb-19	136.88	24-May-19	146.40
30-Nov-18	127.85	1-Mar-19	138.87	31-May-19	143.66
7-Dec-18	124.49	8-Mar-19	139.12	7-Jun-19	138.63
14-Dec-18	128.70	15-Mar-19	140.98	14-Jun-19	137.45
21-Dec-18	128.70	22-Mar-19	139.12	21-Jun-19	
Average	139.29	133.11		143.31	
Change (%)		-4.44%		7.67%	

Diesel prices (fuel) are sourced from the MBIE's oil price monitoring service. Diesel prices presented above for the Jun 19 quarter are provisional. The forecast index movement for fuel for the Jun 19 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.

