

To: Forum Directors, Presidents, CEOs & Area Executives

From: Kerry Arnold, Manager Technical & Roading

RTFNZ/GRANT THORNTON TRANSPORT COST INDEX QUARTER ENDING SEPTEMBER 2020 (PUBLISHED 17 DECEMBER 2020)

Please find attached the Grant Thornton (GT) index for the quarter ending September 2020, plus continuation of the forecast index to December 2020. 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 are the relevant forecourt diesel prices (less GST) in table form (page 3) that support the forecast (provisional) quarterly index changes to December 2020, shown on page 2 but with the caveat on MBIE data availability.

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 index is provisional. It worth noting that while the forecourt diesel price is continuing to decline in NZ, the US market has seen six successive increases.

Reduced financial costs are impacting the index as well.

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

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

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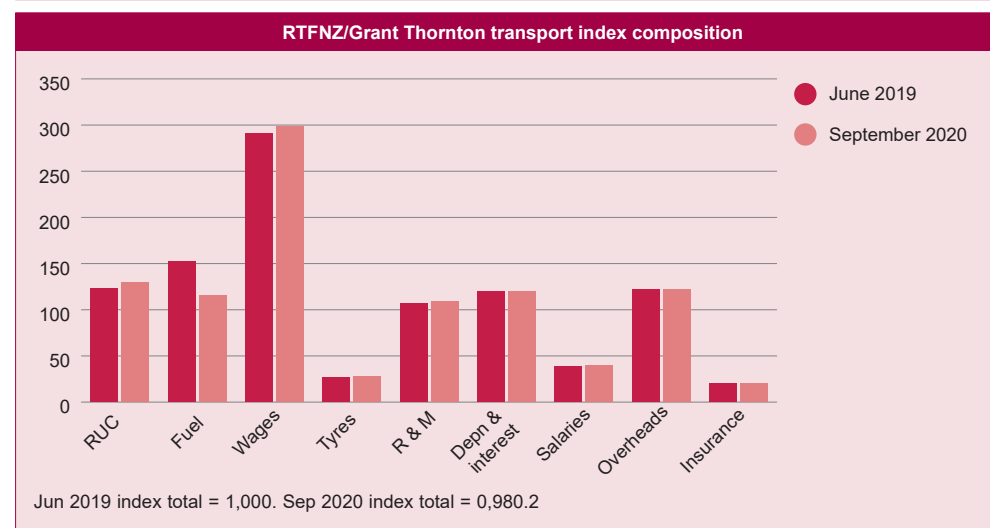
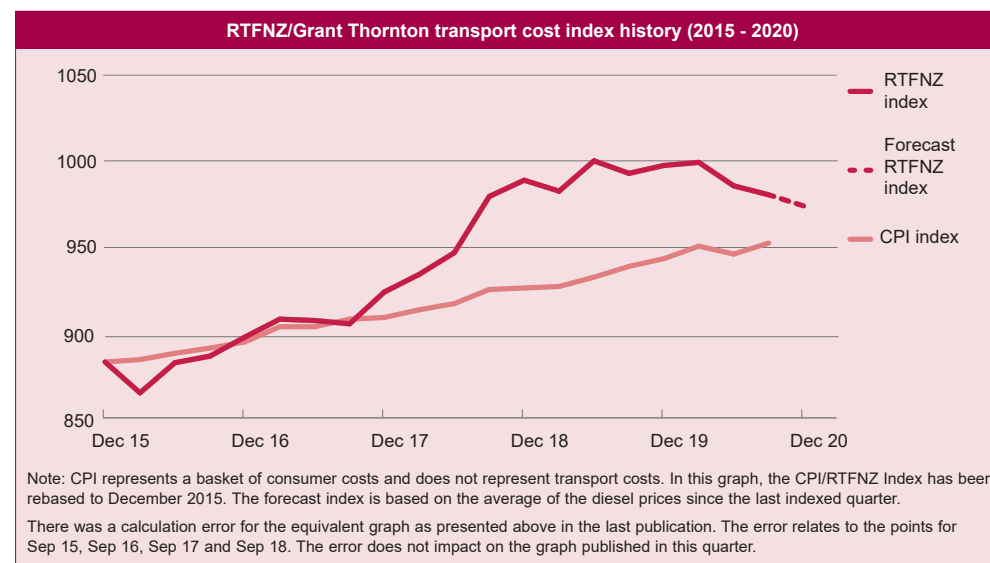
RTFNZ/Grant Thornton transport cost index • Quarter ending September 2020

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RTFNZ/Grant Thornton transport cost index					
Cost category	RTFNZ/GTNZ survey weighting Jun 2019	Updated RTFNZ/GTNZ Index as at Sep 2020	Quarterly change to Sep 2020 (%)	Yearly change to Sep 2020 (%)	Total change since Jun 2019 (%)
Road user charges	122.83	129.34	0.00%	5.30%	5.30%
Fuel	152.36	115.26	-1.64%	-19.62%	-24.35%
Wages	290.85	298.35	0.08%	2.17%	2.58%
Tyres	26.90	27.35	0.09%	1.41%	1.67%
Repairs & maintenance	106.53	109.17	0.00%	1.66%	2.48%
Depreciation & interest (vehicles)	119.44	119.87	-1.89%	-0.04%	0.36%
Salaries	38.74	39.40	0.25%	1.20%	1.72%
Overheads	122.34	121.65	-1.03%	-0.01%	-0.57%
Insurance (vehicles)	20.01	19.82	-0.08%	1.24%	-0.98%
RTFNZ index	1,000.00	980.20	-0.52%	-1.26%	-1.98%
Consumer price index			0.67%	1.44%	8.13%

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. 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 the changes that were made.

An increase in the RUC rate came into effect from 1 July 2020. Based on advice from the Ministry of Transport, the average RUC rate increase is approximately 5.3%. We have early adopted the change to start from the June 2020 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 Sep 19	Quarterly change to Dec 19 (%)	RTFNZ/GTNZ survey weighting Dec 19	Quarterly change to Mar 20 (%)	RTFNZ/GTNZ survey weighting Mar 20	Quarterly change to Jun 20 (%)	RTFNZ/GTNZ survey weighting Jun 20	Quarterly change to Sep 20 (%)	RTFNZ/GTNZ survey weighting Sep 20	Forecast quarterly change to Dec 20 (%)	Forecast survey weighting Dec 20	Increment Jun 19 to Sep 20	Increment Jun 19 to Dec 20
Road user charges	122.83	0.00%	122.83	0.00%	122.83	5.30%	129.34	0.00%	129.34	0.00%	129.34	1.0530	1.0530
Fuel	143.39	-0.14%	143.19	-2.68%	139.36	-15.92%	117.17	-1.64%	115.26	-5.67%	108.72	0.7565	0.7135
Wages	292.02	0.80%	294.37	0.64%	296.24	0.63%	298.12	0.08%	298.35		298.35	1.0258	1.0258
Tyres	26.97	0.44%	27.09	0.26%	27.16	0.61%	27.33	0.09%	27.35		27.35	1.0167	1.0167
Repairs & maintenance	107.39	0.82%	108.27	0.65%	108.98	0.17%	109.17	0.00%	109.17		109.17	1.0248	1.0248
Depreciation & interest (vehicles)	119.92	0.61%	120.65	1.74%	122.75	-0.47%	122.18	-1.89%	119.87		119.87	1.0036	1.0036
Salaries	38.94	0.68%	39.20	0.17%	39.27	0.08%	39.30	0.25%	39.40		39.40	1.0172	1.0172
Overheads	121.66	0.35%	122.08	0.52%	122.72	0.16%	122.92	-1.03%	121.65		121.65	0.9943	0.9943
Insurance (vehicles)	19.57	0.49%	19.67	0.40%	19.75	0.43%	19.83	-0.08%	19.82		19.82	0.9902	0.9902
RTFNZ index	992.69	0.47%	997.35	0.17%	999.06	-1.37%	985.36	-0.52%	980.20	-0.67%	973.67	0.9802	0.9737
Consumer price index		0.48%		0.77%		-0.48%		0.67%					

Diesel prices (fuel) are sourced from the MBIE's oil price monitoring service. Diesel prices presented above for the Dec 2020 quarter are provisional. The forecast index movement for fuel for the Dec 2020 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)					
Jun 20 Quarter		Sep 20 Quarter		Dec 20 Quarter	
Week ended	Price c/litre	Week ended	Price c/litre	Week ended	Price c/litre
27-Mar-20	110.04	26-Jun-20	115.55	25-Sep-20	108.66
3-Apr-20	109.80	3-Jul-20	112.86	2-Oct-20	108.98
10-Apr-20	109.71	10-Jul-20	110.15	9-Oct-20	105.43
17-Apr-20	109.71	17-Jul-20	112.01	16-Oct-20	106.17
24-Apr-20	109.71	24-Jul-20	112.76	23-Oct-20	106.42
1-May-20	110.70	31-Jul-20	114.74	30-Oct-20	105.43
8-May-20	111.45	7-Aug-20	111.51	6-Nov-20	103.94
15-May-20	112.94	14-Aug-20	109.65	13-Nov-20	102.94
22-May-20	112.44	21-Aug-20	110.64	20-Nov-20	102.20
29-May-20	111.45	28-Aug-20	113.13	27-Nov-20	103.56
5-Jun-20	113.19	4-Sep-20	112.13	4-Dec-20	105.55
12-Jun-20	113.93	11-Sep-20	109.90	11-Dec-20	
19-Jun-20	116.04	18-Sep-20	107.41	18-Dec-20	
Average	111.62		111.73		105.39
Change (%)			0.09%		-5.67%

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