

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

## RTFNZ/GRANT THORNTON TRANSPORT COST INDEX QUARTER ENDING JUNE 2020, REBASED TO JUNE 2019 - (PUBLISHED 29 SEPTEMBER 2020)

Please find attached the Grant Thornton (GT) index for the quarter ending June 2020, plus continuation of the forecast index to September 2020.

This latest version has been rebased to June 2019, using information provided by the 2019 operator comparison report compiled by Waikato Management School. The new base index is attached as **Appendix 1**.

Also provided is a cross-base conversion factor table to enable a continuous history of cost movements between the last four survey periods (2002, 2006, 2010 and 2015) to be calculated. This conversion table is attached as **Appendix 2**.

Two example conversion tables are included to assist readers.

The rebasing of the index was confirmed in the last index cover note but was postponed due to the introduction of the new RUC rates potentially confusing the rebasing process.

**Appendix 4** includes Grant Thornton's commentary on the rebasing of the levels versus survey period.

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 2020, 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 the Ministry of Business, Innovation and Employment (MBIE) that supports the June index is provisional.

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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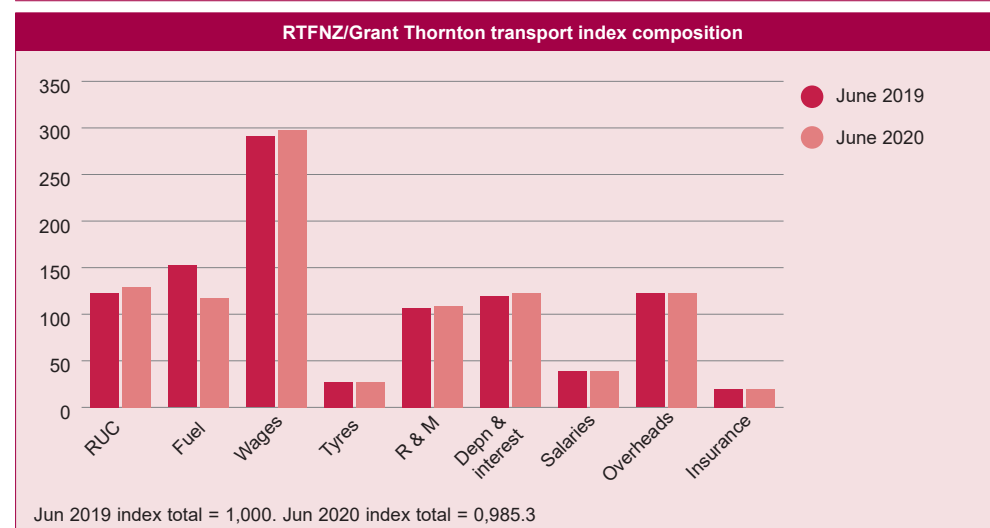
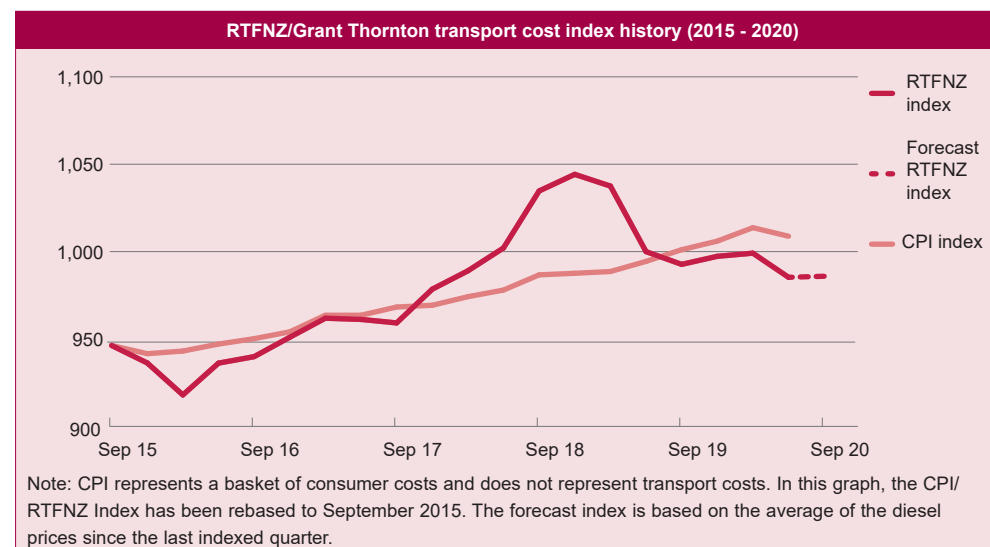
## RTFNZ/Grant Thornton transport cost index • Quarter ending June 2020

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RTFNZ/Grant Thornton transport cost index					
Cost category	RTFNZ/GTNZ survey weighting Jun 2019	Updated RTFNZ/GTNZ Index as at Jun 2020	Quarterly change to Jun 2020 (%)	Yearly change to Jun 2020 (%)	Total change since Jun 2019 (%)
Road user charges	122.8	129.34	5.30%	5.30%	5.30%
Fuel	152.4	117.17	-15.92%	-23.10%	-23.10%
Wages	290.8	298.12	0.63%	2.50%	2.50%
Tyres	26.9	27.33	0.61%	1.59%	1.59%
Repairs & maintenance	106.5	109.17	0.17%	2.48%	2.48%
Depreciation & interest (vehicles)	119.4	122.18	-0.47%	2.29%	2.29%
Salaries	38.7	39.30	0.08%	1.46%	1.46%
Overheads	122.3	122.85	0.11%	0.42%	0.42%
Insurance (vehicles)	20.0	19.83	0.43%	-0.90%	-0.90%
<b>RTFNZ index</b>	<b>1,000.0</b>	<b>985.3</b>	<b>-1.38%</b>	<b>-1.47%</b>	<b>-1.47%</b>
<b>Consumer price index</b>			<b>-0.48%</b>	<b>1.45%</b>	<b>7.42%</b>

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 on 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.



## RTFNZ/Grant Thornton transport cost index • Quarter ending June 2020

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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 19	Quarterly change to Sep 19 (%)	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	Forecast quarterly change to Sep 20 (%)	Forecast survey weighting Sep 20	Increment Jun 19 to Jun 20	Increment Jun 19 to Sep 20
Road user charges	122.8	0.00%	122.8	0.00%	122.8	0.00%	122.8	5.30%	129.3	0.00%	129.3	1.0530	1.0530
Fuel	152.4	-5.89%	143.4	-0.14%	143.2	-2.68%	139.4	-15.92%	117.2	0.56%	117.8	0.7690	0.7733
Wages	290.8	0.40%	292.0	0.80%	294.4	0.64%	296.2	0.63%	298.1		298.1	1.0250	1.0250
Tyres	26.9	0.26%	27.0	0.44%	27.1	0.26%	27.2	0.61%	27.3		27.3	1.0159	1.0159
Repairs & maintenance	106.5	0.81%	107.4	0.82%	108.3	0.65%	109.0	0.17%	109.2		109.2	1.0248	1.0248
Depreciation & interest (vehicles)	119.4	0.40%	119.9	0.61%	120.6	1.74%	122.8	-0.47%	122.2		122.2	1.0229	1.0229
Salaries	38.7	0.52%	38.9	0.68%	39.2	0.17%	39.3	0.08%	39.3		39.3	1.0146	1.0146
Overheads	122.3	-0.56%	121.7	0.35%	122.1	0.52%	122.7	0.11%	122.9		122.9	1.0042	1.0042
Insurance (vehicles)	20.0	-2.20%	19.6	0.49%	19.7	0.40%	19.7	0.43%	19.8		19.8	0.9910	0.9910
<b>RTFNZ index</b>	<b>1,000.0</b>	<b>-0.73%</b>	<b>992.7</b>	<b>0.47%</b>	<b>997.3</b>	<b>0.17%</b>	<b>999.1</b>	<b>-1.38%</b>	<b>985.3</b>	<b>0.07%</b>	<b>985.9</b>	<b>0.9853</b>	<b>0.9859</b>
<b>Consumer price index</b>		<b>0.68%</b>		<b>0.48%</b>		<b>0.77%</b>		<b>-0.48%</b>					

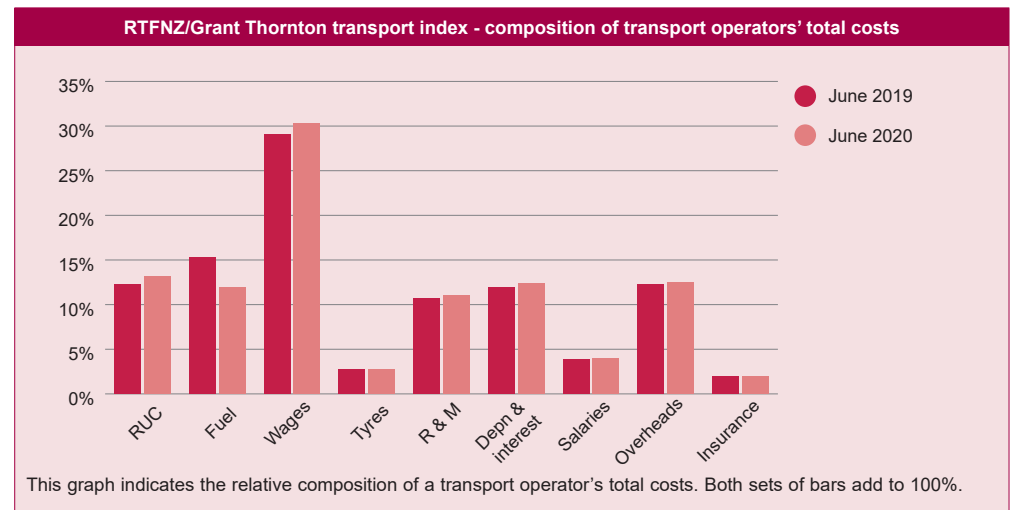
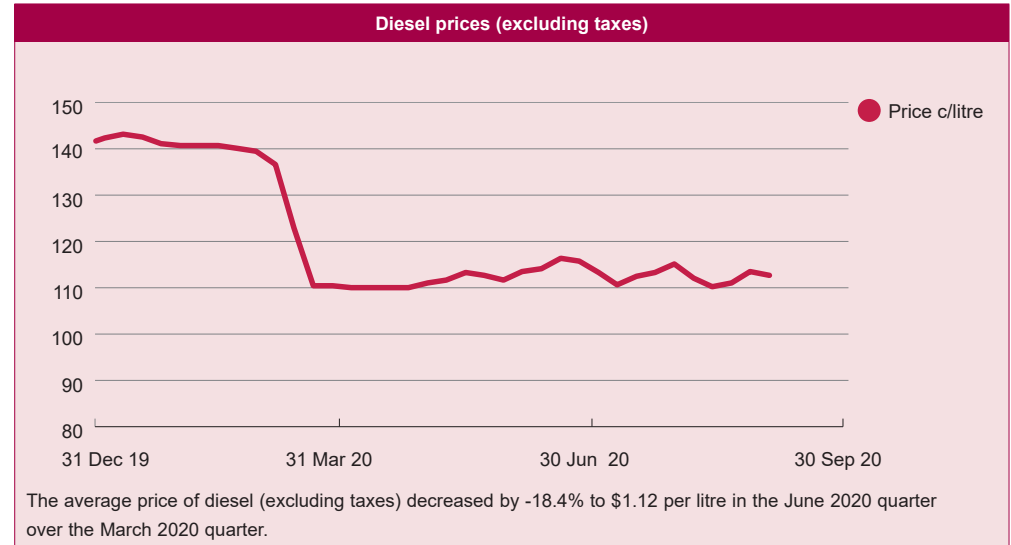
Diesel prices (fuel) are sourced from the MBIE's oil price monitoring service. Diesel prices presented above for the Sep 2020 quarter are provisional. The forecast index movement for fuel for the Sep 2020 quarter is estimated based on regression analysis as fuel prices for that quarter have not yet been released by MBIE at the date of this publication.

## RTFNZ/Grant Thornton transport cost index • Quarter ending June 2020

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Forecourt diesel prices* (excluding GST)					
Mar 20 Quarter		Jun 20 Quarter		Sep 20 Quarter	
Week ended	Price c/litre	Week ended	Price c/litre	Week ended	Price c/litre
27-Dec-19	140.68	27-Mar-20	110.04	26-Jun-20	115.55
3-Jan-20	142.18	3-Apr-20	109.80	3-Jul-20	112.98
10-Jan-20	143.08	10-Apr-20	109.71	10-Jul-20	110.32
17-Jan-20	142.34	17-Apr-20	109.71	17-Jul-20	112.19
24-Jan-20	140.97	24-Apr-20	109.71	24-Jul-20	112.93
31-Jan-20	140.47	1-May-20	110.70	31-Jul-20	114.92
7-Feb-20	140.47	8-May-20	111.45	7-Aug-20	111.69
14-Feb-20	140.47	15-May-20	112.94	14-Aug-20	109.83
21-Feb-20	139.98	22-May-20	112.44	21-Aug-20	110.82
28-Feb-20	139.23	29-May-20	111.45	28-Aug-20	113.30
6-Mar-20	136.50	5-Jun-20	113.19	4-Sep-20	112.31
13-Mar-20	122.71	12-Jun-20	113.93	11-Sep-20	110.07
20-Mar-20	110.04	19-Jun-20	116.04	18-Sep-20	
<b>Average</b>	<b>136.86</b>		<b>111.62</b>		<b>112.24</b>
<b>Change (%)</b>			<b>-18.44%</b>		<b>0.56%</b>

Diesel prices (fuel) are sourced from the MBIE's oil price monitoring service. Diesel prices presented above for the Sep 20 quarter are provisional. The forecast index movement for fuel for the Sep 20 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.





## Appendix 1: RTFNZ/Grant Thornton Transport Index June 2019

### RTFNZ/Grant Thornton Index June 2019

<b>Cost category</b>	<b>Weighting June 2019</b>
Road user charges	122.8
Fuel	152.4
Wages	290.8
Tyres	26.9
Repairs and maintenance	106.5
Depreciation and interest	119.4
Salaries	38.7
Overheads	122.3
Insurance	20.0
<b>Total</b>	<b>1,000.0</b>

## Appendix 2: Conversion of the RTFNZ/Grant Thornton Transport Index

The following table outline the conversion factors to convert information between the 2019 and the 2015, 2010 and 2006 surveys.

The following tables represent the index levels at each of the different bases.

### RTFNZ/Grant Thornton Transport Index - index levels at each different base

Convert from\Convert to	Jun-06	Mar-10	Mar-15	Jun-19
Base June 2019	726.6	819.5	869.6	<b>1,000.0</b>
Base March 2015	835.6	942.3	<b>1,000.0</b>	1,149.9
Base March 2010	886.7	<b>1,000.0</b>	1,061.2	1,220.3
Base June 2006	<b>1,000.0</b>	1,127.8	1,196.8	1,376.2

To convert between bases, multiply by the conversion factor in the following table.

### RTFNZ/Grant Thornton Transport Index - conversion factors

Convert from\Convert to	Jun-06	Mar-10	Mar-15	Jun-19
Base June 2019	1.3762	1.2203	1.1499	1.0000
Base March 2015	1.1968	1.0612	1.0000	0.8696
Base March 2010	1.1278	1.0000	0.9423	0.8195
Base June 2006	1.0000	0.8867	0.8356	0.7266

## Conversion calculations using full details

The table below represents the RTFNZ/Grant Thornton Transport Index at its base levels at each of the rebasement periods.

### RTFNZ/Grant Thornton Transport Index - Historical index at each rebasement period

Cost category	Jun-06	Mar-10	Mar-15	Jun-19
Road User Charges	98.3	109.4	128.5	122.8
Fuel	154.3	160.7	151.4	152.4
Wages	238.1	255.8	288.3	290.8
Tyres	23.5	25.4	27.4	26.9
Repairs & Maintenance	85.1	86.9	103.0	106.5
Depreciation & Interest (vehicles)	123.4	156.4	112.4	119.4
Salaries	111.8	65.0	53.7	38.7
Overheads	137.5	116.7	114.0	122.3
Insurance (vehicles)	28.0	23.7	21.4	20.0
<b>Total</b>	<b>1,000.0</b>	<b>1,000.0</b>	<b>1,000.0</b>	<b>1,000.0</b>



To convert between base periods, use the conversion factors in the conversion factor table. We illustrate two examples below.

**RTFNZ/Grant Thornton Transport Index - Conversion to a June 2019 base year**

	Jun-06	Mar-10	Mar-15	Jun-19
Conversion factor	0.7266	0.8195	0.8696	1.0000
Road User Charges	89.3	100.7	106.8	122.8
Fuel	110.7	124.9	132.5	152.4
Wages	211.3	238.3	252.9	290.8
Tyres	19.5	22.0	23.4	26.9
Repairs & Maintenance	77.4	87.3	92.6	106.5
Depreciation & Interest (vehicles)	86.8	97.9	103.9	119.4
Salaries	28.1	31.7	33.7	38.7
Overheads	88.9	100.3	106.4	122.3
Insurance (vehicles)	14.5	16.4	17.4	20.0
<b>Total</b>	<b>726.6</b>	<b>819.5</b>	<b>869.6</b>	<b>1,000.0</b>

**RTFNZ/Grant Thornton Transport Index - Conversion to a June 2006 base year**

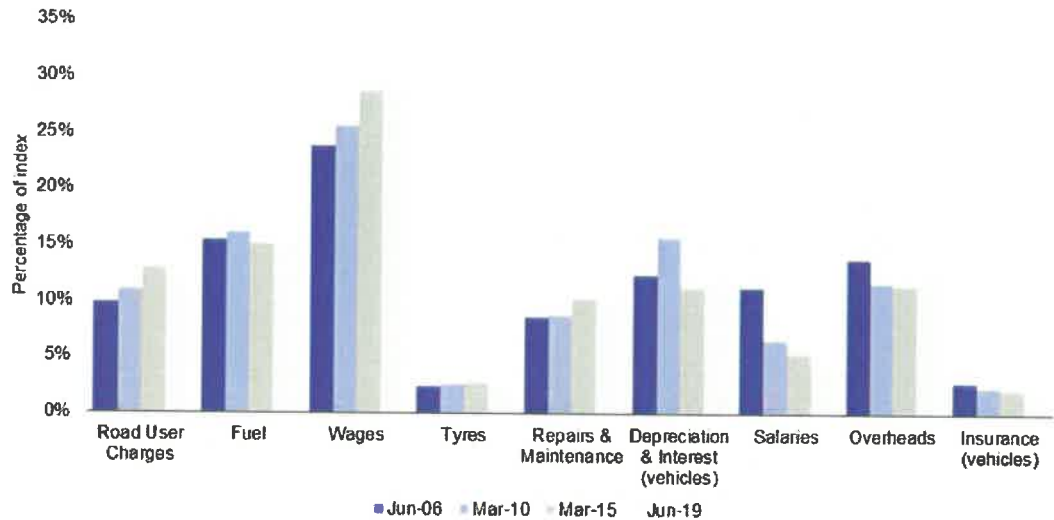
	Jun-06	Mar-10	Mar-15	Jun-19
Conversion factor	1.0000	1.1278	1.1968	1.3762
Road User Charges	98.3	110.9	117.6	135.3
Fuel	154.3	174.0	184.7	212.4
Wages	238.1	268.5	285.0	327.7
Tyres	23.5	26.5	28.1	32.3
Repairs & Maintenance	85.1	96.0	101.8	117.1
Depreciation & Interest (vehicles)	123.4	139.2	147.7	169.8
Salaries	111.8	126.1	133.8	153.9
Overheads	137.5	155.1	164.6	189.2
Insurance (vehicles)	28.0	31.6	33.5	38.5
<b>Total</b>	<b>1,000.0</b>	<b>1,127.8</b>	<b>1,196.8</b>	<b>1,376.2</b>





### Appendix 4: Comparison of previous indices

The graph below presents the RTFNZ index at its base levels at each of its four reset periods (June 2006, March 2010, March 2015 and June 2019).



### Commentary regarding changes to the base levels of the RTFNZ/Grant Thornton Transport Index

- Road user charges have reduced slightly from 12.8% of the index in March 2015 to 12.3% at June 2019.
- The weighting of fuel in the index has been relatively consistent between June 2019 and March 2015 at circa 15%. This has reduced from the levels for the June 2006 and March 2010 index.
- There has been a small increase in wages from 28.8% at March 2015 to 29.1% for the June 2019 index. The weighting of wages in the index has been increasing year on year between June 2006 to June 2016.
- Depreciation and interest are slightly higher than the prior year but is below the levels observed in March 2010.
- The allocation of owners salary have been reducing year on year which may be indicative of the larger operators in the survey.