

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

RTFNZ/GRANT THORNTON TRANSPORT COST INDEX QUARTER ENDING DECEMBER 2020 (PUBLISHED 24 MARCH 2021)

Please find attached the Grant Thornton (GT) index for the quarter ending December 2020, plus continuation of the forecast index to March 2021.

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 March 2021, 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 is worth noting that while the forecourt diesel price appears to have declined through some previous quarters, the trend is now showing measurable increases following the US market trend which has seen multiple successive increases. To give some perspective on what the future might hold in terms of fuel prices Transport Topics magazine reported today *"Since Nov. 2, a gallon of diesel has increased 82.2 cents."*

The RTF/GT index also shows wages, repairs, salaries and financial costs are now trending upwards.

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.

Please note: The content of this Advisory has been issued to inform members of RTANZ, NRC and NZ Trucking. It is for road freight transport industry circulation, not for media publication. It can be forwarded in its entirety to members of those associations. It cannot be reproduced, or printed in parts, under any logo other than the Road Transport Forum's (RTF) logo, without written permission from the RTF.

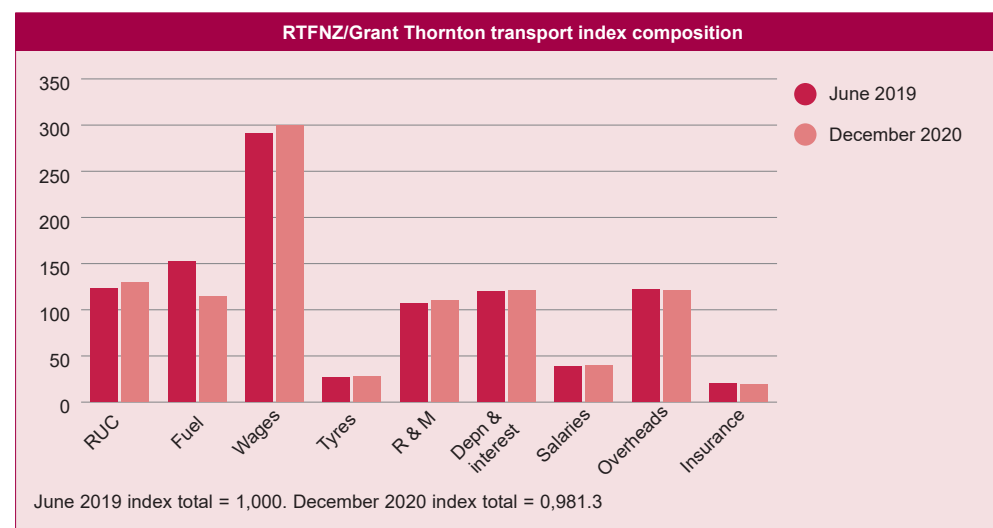
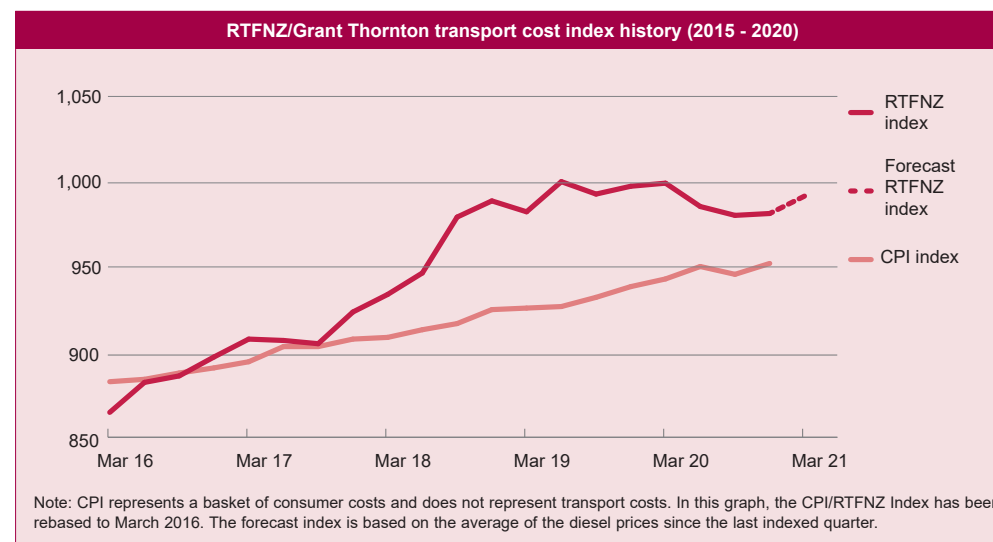
RTFNZ/Grant Thornton transport cost index • Quarter ending December 2020

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

RTFNZ/Grant Thornton transport cost index					
Cost category	RTFNZ/GTNZ survey weighting Jun 2019	Updated RTFNZ/GTNZ Index as at Dec 2020	Quarterly change to Dec 2020 (%)	Yearly change to Dec 2020 (%)	Total change since Jun 2019 (%)
Road user charges	122.83	129.34	0.00%	5.30%	5.30%
Fuel	152.36	114.65	-0.52%	-19.93%	-24.75%
Wages	290.85	299.53	0.39%	1.75%	2.98%
Tyres	26.90	27.40	0.17%	1.14%	1.85%
Repairs & maintenance	106.53	109.73	0.51%	1.35%	3.01%
Depreciation & interest (vehicles)	119.44	120.58	0.60%	-0.05%	0.96%
Salaries	38.74	39.57	0.42%	0.93%	2.15%
Overheads	122.34	121.22	-0.35%	-0.70%	-0.92%
Insurance (vehicles)	20.01	19.27	-2.75%	-2.03%	-3.71%
RTFNZ index	1,000.00	981.29	0.11%	-1.61%	-1.87%
Consumer price index			0.47%	1.44%	8.65%

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.



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

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 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	Quarterly change to Dec 20 (%)	RTFNZ/GTNZ survey weighting Dec 20	Forecast quarterly change to Mar 21 (%)	Forecast survey weighting Mar 21	Increment Jun 19 to Dec 20	Increment Jun 19 to Mar 21
Road user charges	122.83	0.00%	122.83	5.30%	129.34	0.00%	129.34	0.00%	129.34	0.00%	129.34	1.0530	1.0530
Fuel	143.19	-2.68%	139.36	-15.92%	117.17	-1.64%	115.26	-0.52%	114.65	8.86%	124.81	0.7525	0.8192
Wages	294.37	0.64%	296.24	0.63%	298.12	0.08%	298.35	0.39%	299.53		299.53	1.0298	1.0298
Tyres	27.09	0.26%	27.16	0.61%	27.33	0.09%	27.35	0.17%	27.40		27.40	1.0185	1.0185
Repairs & maintenance	108.27	0.65%	108.98	0.17%	109.17	0.00%	109.17	0.51%	109.73		109.73	1.0301	1.0301
Depreciation & interest (vehicles)	120.65	1.74%	122.75	-0.47%	122.18	-1.89%	119.87	0.60%	120.58		120.58	1.0096	1.0096
Salaries	39.20	0.17%	39.27	0.08%	39.30	0.25%	39.40	0.42%	39.57		39.57	1.0215	1.0215
Overheads	122.08	0.52%	122.72	0.16%	122.92	-1.03%	121.65	-0.35%	121.22		121.22	0.9908	0.9908
Insurance (vehicles)	19.67	0.40%	19.75	0.43%	19.83	-0.08%	19.82	-2.75%	19.27		19.27	0.9629	0.9629
RTFNZ index	997.35	0.17%	999.06	-1.37%	985.36	-0.52%	980.20	0.11%	981.29	1.04%	991.45	0.9813	0.9915
Consumer price index		0.77%		-0.48%		0.67%		0.47%					

Diesel prices (fuel) are sourced from the MBIE's oil price monitoring service. Diesel prices presented above for the Mar 2021 quarter are provisional. The forecast index movement for fuel for the Mar 2021 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 December 2020

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

Forecourt diesel prices* (excluding GST)					
Sep 20 Quarter		Dec 20 Quarter		Mar 21 Quarter	
Week ended	Price c/litre	Week ended	Price c/litre	Week ended	Price c/litre
26-Jun-20	115.55	25-Sep-20	108.66	25-Dec-20	104.68
3-Jul-20	112.86	2-Oct-20	108.52	1-Jan-21	106.42
10-Jul-20	110.15	9-Oct-20	104.56	8-Jan-21	111.60
17-Jul-20	112.01	16-Oct-20	105.31	15-Jan-21	115.74
24-Jul-20	112.76	23-Oct-20	105.55	22-Jan-21	117.73
31-Jul-20	114.74	30-Oct-20	104.56	29-Jan-21	113.63
7-Aug-20	111.51	6-Nov-20	103.07	5-Feb-21	112.39
14-Aug-20	109.65	13-Nov-20	102.08	12-Feb-21	116.49
21-Aug-20	110.64	20-Nov-20	101.33	19-Feb-21	117.73
28-Aug-20	113.13	27-Nov-20	102.70	26-Feb-21	117.73
4-Sep-20	112.13	4-Dec-20	104.68	5-Mar-21	118.97
11-Sep-20	109.90	11-Dec-20	104.68	12-Mar-21	
18-Sep-20	107.41	18-Dec-20	104.68	19-Mar-21	
Average	111.73		104.65		113.92
Change (%)			-6.34%		8.86%

Diesel prices (fuel) are sourced from the MBIE's oil price monitoring service. Diesel prices presented above for the Mar 21 quarter are provisional. The forecast index movement for fuel for the Mar 21 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.

