

Revenue Monitoring Snapshot – as at 30 September 2016



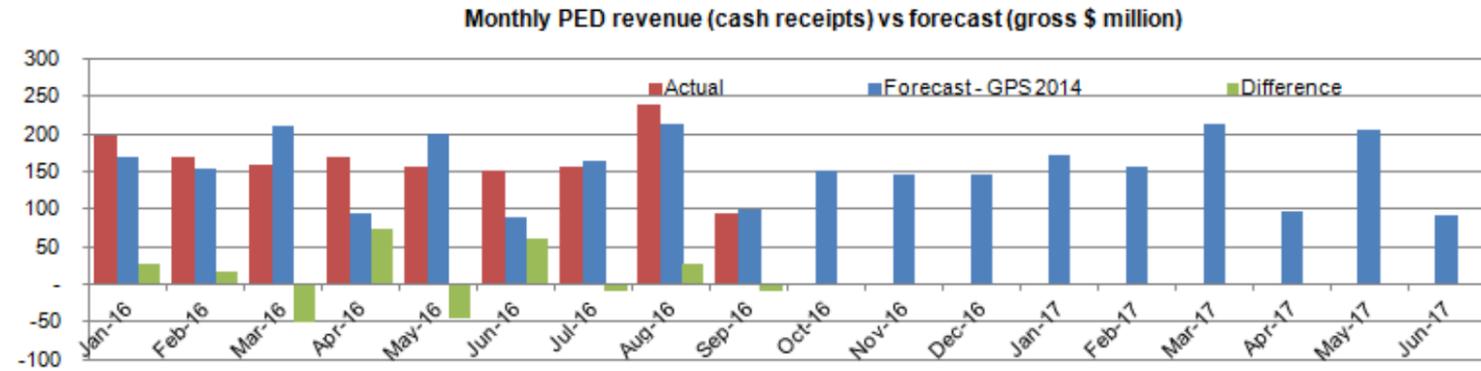
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Disclaimer: This paper is presented not as policy, but with a view to inform and stimulate wider debate.

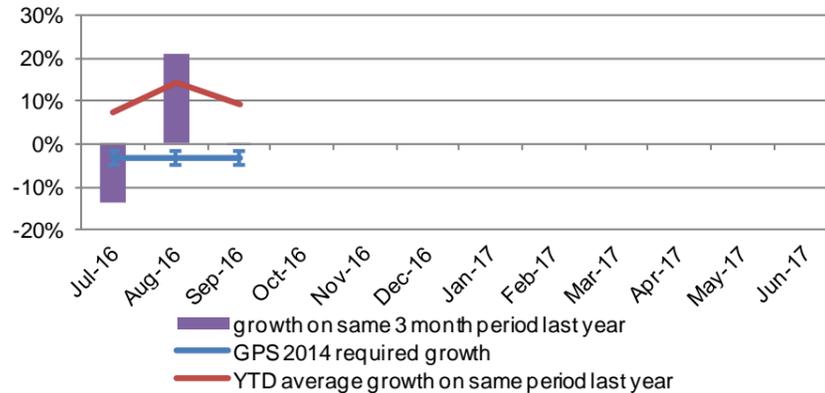
Petrol Excise Duty (PED) (around \$1,900m p.a. – 55 % of total National Land Transport Fund revenue)

Petrol excise revenue shows some growth

- Actual revenue in the first quarter of the year has tracked above the revenue predicted in the GPS 2014 forecast (up by \$13 million, or 2.7%). The reason for this increase in PED revenue is high August revenue (due to a large shipment).
- Despite the volatility in the timing of shipments, there are indications that growth will again be stronger than predicted in the GPS 2014 forecast.



Petrol Excise Duty growth on last year and forecast

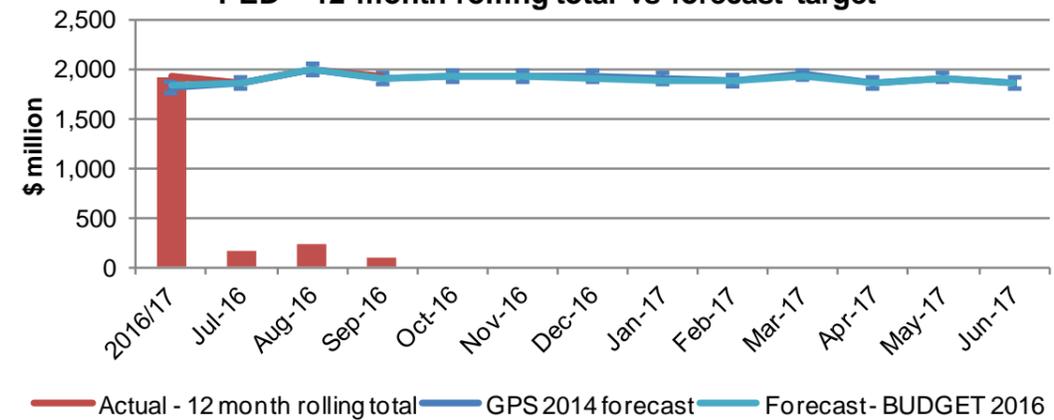


	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	YTD
\$ million Actual	196	169	158	168	156	151	157	239	95	-	-	-	-	-	-	-	-	-	491
Forecast - GPS 2014	169	153	209	94	200	90	164	214	101	151	146	146	173	156	214	96	205	92	478
Difference \$	27.4	16.0	-51.0	74.3	-44.4	60.9	-7.5	25.8	-5.3										13.0
Difference %	16.2%	10.4%	-24.4%	79.0%	-22.1%	67.6%	-4.6%	12.1%	-5.3%										2.7%
GPS 2014 Low	164	149	203	92	195	88	160	208	98	147	142	142	168	152	208	94	199	90	465
GPS 2014 High	174	157	215	97	206	93	169	220	104	156	150	150	178	161	220	99	211	95	492
Forecast - OBU 2014	169	153	209	94	200	90	164	213	101	151	145	146	173	156	214	96	205	92	478
Forecast - BUDGET 2015	167	151	207	93	199	89	163	212	100	150	144	145	171	155	212	95	203	91	474
Forecast - BUDGET 2016							164	213	100	151	145	145	172	156	213	96	204	92	477

Forecast growth for the year

- The GPS 2014 forecasts represent forecast growth of -3.2% on 2015/16 actuals:
 - This is due to 2015/16 actuals being \$102.3 million above forecast (5.6%). Due to the high growth last year there actually needs to be a decrease in revenue this year to meet the GPS 2014 forecast PED revenue for 2016/17.
 - The Ministry is predicting this will not occur and another year of strong growth will occur driven by strong population growth and positive economic conditions.
- Year to date growth on the same period as last year is higher due to the large shipment received in August 2016.

PED - 12 month rolling total vs forecast target

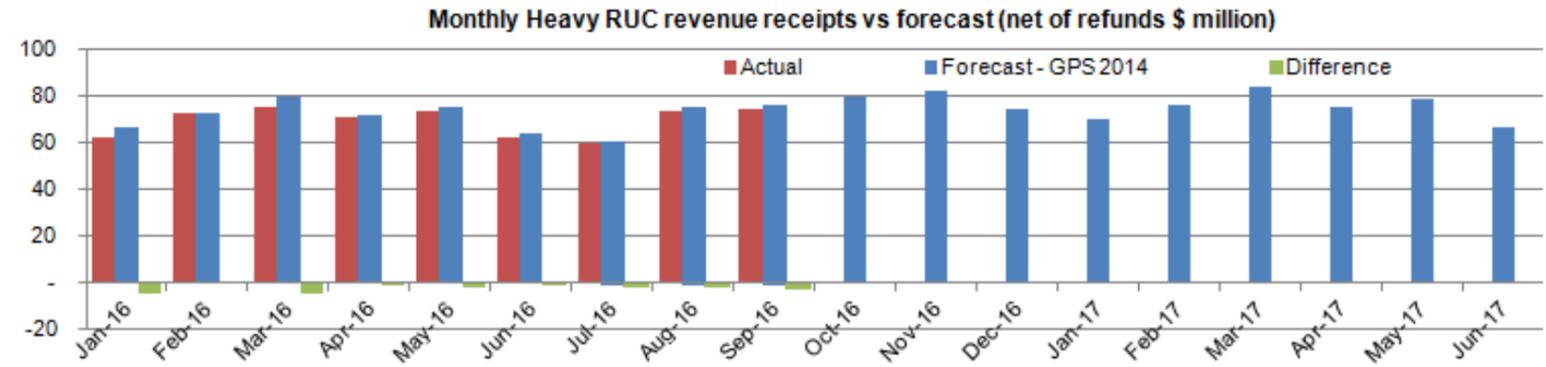


Note about petrol excise duty revenue and travel demand: Revenue receipts for petrol excise duty are based on wholesale supply (when petrol is refined at the Marsden point, and when refined petrol is imported) and are very volatile depending on the timing of shipments. This volatility can even affect annual totals, depending on which 12 months are included. Changes in the quantity of stock held by petrol suppliers and the 1-2 month lag between shipment and payment of duties can also distort the relationship between supply and demand as well as estimates of average fuel efficiency.

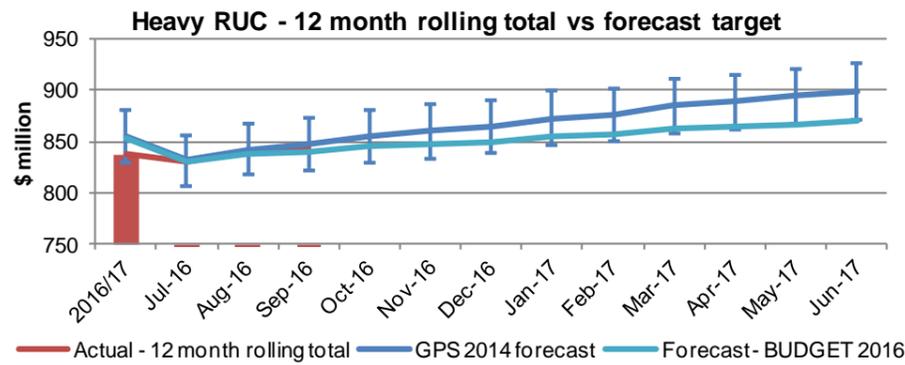
Heavy Road User Charges (RUC) (around \$830m p.a. – 24% of total National Land Transport Fund revenue)

Heavy RUC revenue remains sluggish

- Actual revenue is tracking slightly below forecast for the first quarter of 2016/17, down by \$3.7 million (1.7%) for the year to date.
- This continues the sluggish trend from 2015/16 when Heavy RUC revenue growth was \$17.5 million (2.0%) under forecast.
- The Ministry is monitoring Heavy RUC closely to see if this lower than expected revenue is being driven by a low freight task or efficiency increases.

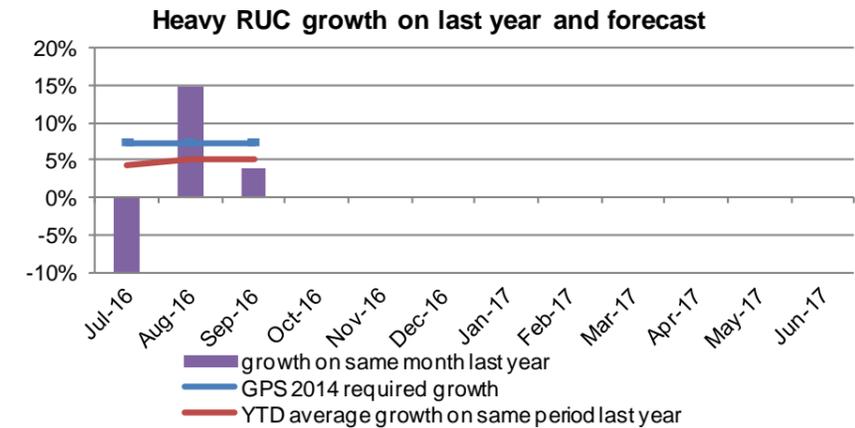


	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	YTD
\$ million Actual	62	72	76	71	73	63	60	74	74	-	-	-	-	-	-	-	-	-	208
Forecast - GPS 2014	66	72	80	72	75	64	61	75	76	80	82	74	70	76	84	75	79	67	212
Difference \$	-4.4	0.2	-4.3	-0.8	-1.6	-1.1	-0.8	-1.3	-1.5										-3.7
Difference %	-6.6%	0.3%	-5.4%	-1.1%	-2.2%	-1.7%	-1.3%	-1.8%	-2.0%										-1.7%
GPS 2014 Low	64	70	77	69	72	61	59	72	73	77	79	72	67	73	81	73	76	65	204
GPS 2014 High	68	74	81	73	76	65	62	77	77	82	84	76	71	78	86	77	80	68	216
Forecast - OBU 2014	66	72	79	71	75	63	60	75	76	80	82	74	69	76	84	75	79	67	211
Forecast - BUDGET 2015	66	72	80	72	75	64	61	75	76	80	82	75	70	76	84	76	79	67	212
Forecast - BUDGET 2016							59	73	73	77	79	72	67	73	81	73	76	65	205



Forecast growth for the year

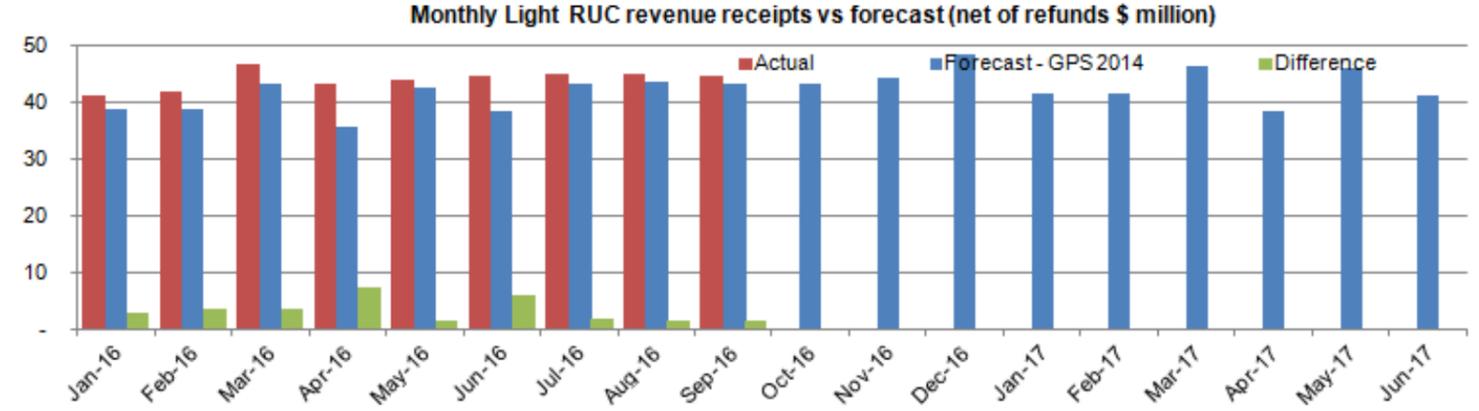
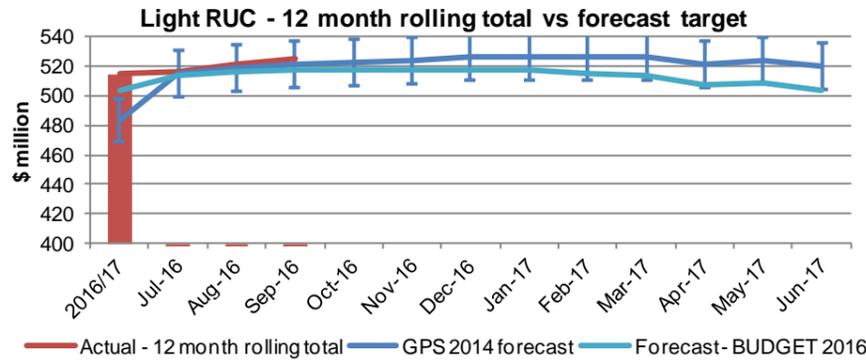
- The GPS forecasts for 2016/17 require high Heavy RUC volume growth following from 2015/16 actuals being below forecast.
- GPS forecasts require growth of 7.3% on 2015/16 actuals. With no increase in Heavy RUC rates in 2016/17, growth will need to come from volume growth (Heavy RUC kms purchased).
- Sluggish growth in 2015/16, and the first quarter of 2016/17, suggests revenue growth closer to 4.5 to 5.0%.
- The year to date growth is 5.0%.



Light Road User Charges (RUC) (around \$515m p.a. – 15% of total National Land Transport Fund revenue)

Light RUC revenue continues to track above forecast

- Revenue is above forecast by \$4.5 million (3.4%) for the first quarter of the year. This follows on from strong revenue growth (6.5%) in 2015/16, and the expectation is for revenue to continue to grow.
- The GPS forecasts for 2015/16 require revenue growth of just 1.1% following very strong growth the previous year.
- With no increase in Light RUC rates in 2016/17, this growth will need to come from volume grow (Light RUC kms purchased). The Ministry believes revenue growth will close to 4.0 % for the year.

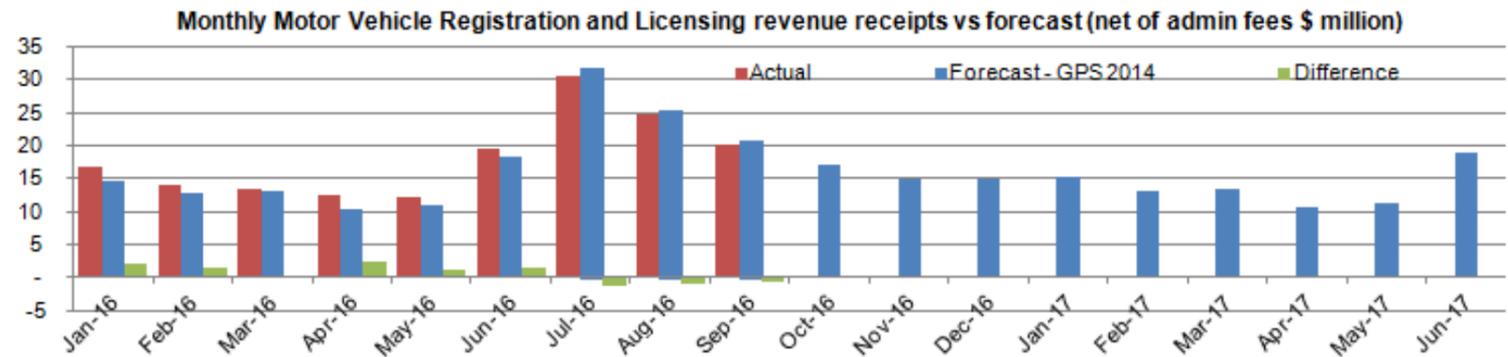
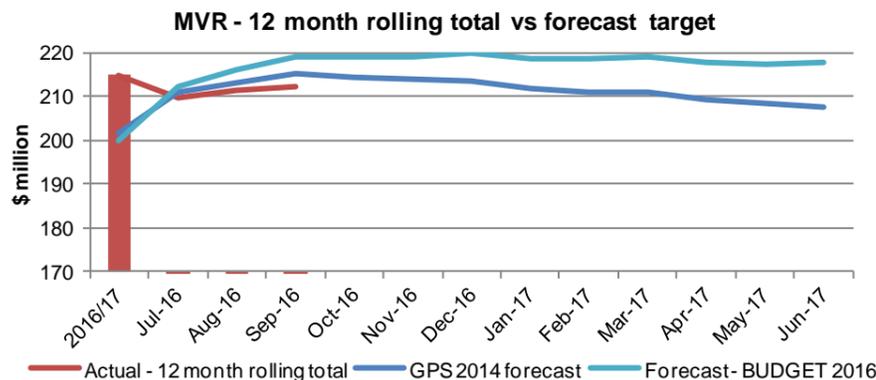


	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	YTD
\$ million Actual	41	42	47	43	44	44	45	45	45	-	-	-	-	-	-	-	-	-	134
Forecast - GPS 2014	39	39	43	36	43	38	43	44	43	43	44	48	41	41	46	38	46	41	130
Difference \$	2.6	3.4	3.5	7.4	1.4	6.0	1.6	1.4	1.4										4.5
Difference %	6.8%	8.8%	8.1%	20.6%	3.2%	15.8%	3.8%	3.3%	3.2%										3.4%
GPS 2014 Low	37	37	42	35	41	37	42	42	42	42	43	47	40	40	45	37	45	40	126
GPS 2014 High	40	40	44	37	44	39	44	45	44	44	45	50	43	43	48	40	47	42	134
Forecast - OBU 2014	39	39	43	36	43	38	42	42	42	41	43	46	40	40	45	37	44	40	125
Forecast - BUDGET 2015	39	39	44	36	43	39	42	42	42	42	43	47	40	40	45	37	45	40	127
Forecast - BUDGET 2016							42	42	42	42	43	47	40	40	45	37	44	40	126

Motor Vehicle Registrations (around \$215m p.a. – 6% of total National Land Transport Fund revenue)

MVR Revenue on track

- Actual revenue is slightly below the GPS 2014 forecast by \$2.7 million (3.4%).
- This was expected due to behaviour that occurred with the reduction of ACC levies on 1 July 2015. Due to this, individuals delayed their re-licensing until the reduced ACC levies took effect. With no such change to ACC levies this year, the purchasing of “regos” was not as intense in July 2016 resulting in the lower revenue for this quarter when compared to the same time last year. The Ministry believes MVR revenue will be close to the same figure as last year.



	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	YTD
\$ million Actual	17	14	13	13	12	20	31	25	20	-	-	-	-	-	-	-	-	-	75
Forecast - GPS 2014	15	13	13	10	11	18	32	25	21	17	15	15	15	13	13	11	11	19	78
Difference \$	2.1	1.3	0.3	2.2	1.1	1.4	-1.1	-0.9	-0.7										-2.7
Difference %	14.4%	10.3%	2.5%	21.6%	10.2%	7.6%	-3.4%	-3.4%	-3.4%										-3.4%
Forecast - OBU 2014	14	12	12	10	11	17	30	24	20	16	14	14	14	12	13	10	11	18	74
Forecast - BUDGET 2015	14	12	12	10	11	17	30	24	20	16	14	14	14	12	13	10	11	18	74
Forecast - BUDGET 2016							33	27	22	18	16	16	16	14	14	11	12	20	82