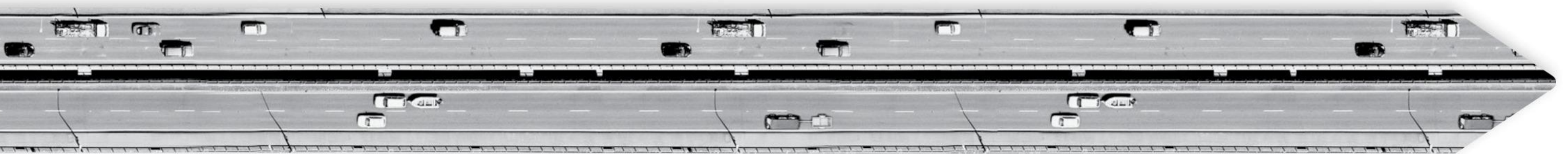


Revenue Monitoring Snapshot for 2014/15



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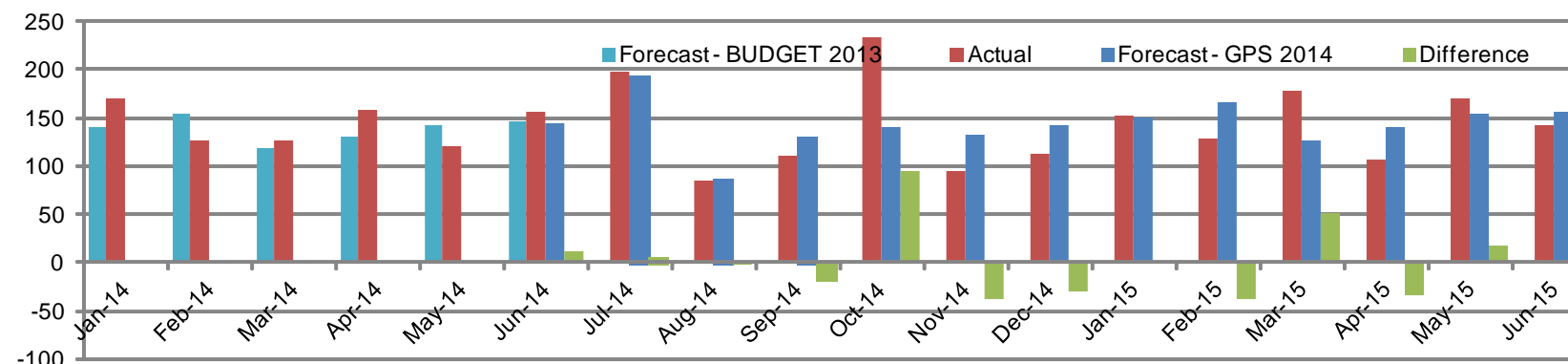
Disclaimer: This paper is presented not as policy, but with a view to inform and stimulate wider debate.

Petrol excise duty (around \$1,700m p.a. – 54 % of total NLTF revenue)

PED revenue was close to forecast

- Revenue tracked closely to the growth predicted in the GPS 2014 forecast. Revenue was \$5.6 million under forecast (-0.3%)
- The gross revenue from PED passed \$1.7 billion for the first time in the history of the National Land Transport Fund.

Monthly PED revenue (cash receipts) vs forecast (gross \$ million)

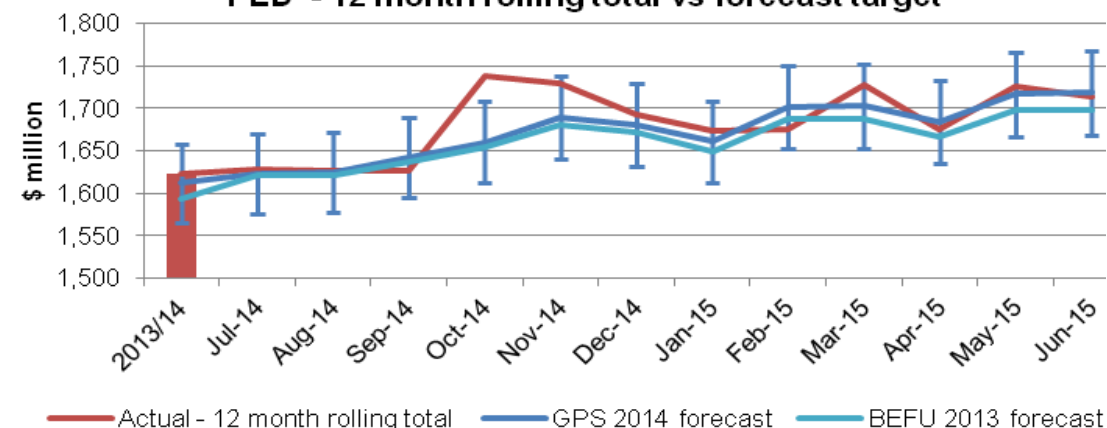


\$ million	Actual	171	126	126	159	120	155	199	85	111	234	95	112	153	128	178	106	170	143	YTD
Forecast - GPS 2014							144	194	88	130	140	132	142	150	167	127	140	153	157	1718
Difference \$							10.8	4.8	-3.0	-18.6	94.0	-37.0	-29.6	2.2	-38.3	50.8	-33.7	17.1	-14.3	-5.6
Difference %							7.5%	2.5%	-3.4%	-14.3%	67.3%	-28.1%	-20.9%	1.4%	-23.0%	40.0%	-24.1%	11.2%	-9.1%	-0.3%
GPS 2014 Low								188	85	126	136	128	138	146	162	123	136	149	153	1671
GPS 2014 High								199	90	134	144	136	146	155	171	131	144	158	162	1768
Forecast - BUDGET 2013	139	154	118	130	142	146	191	87	128	138	130	140	149	165	125	138	151	155	1698	
Forecast - OBU 2014											140	132	142	150	167	127	140	153	157	1718

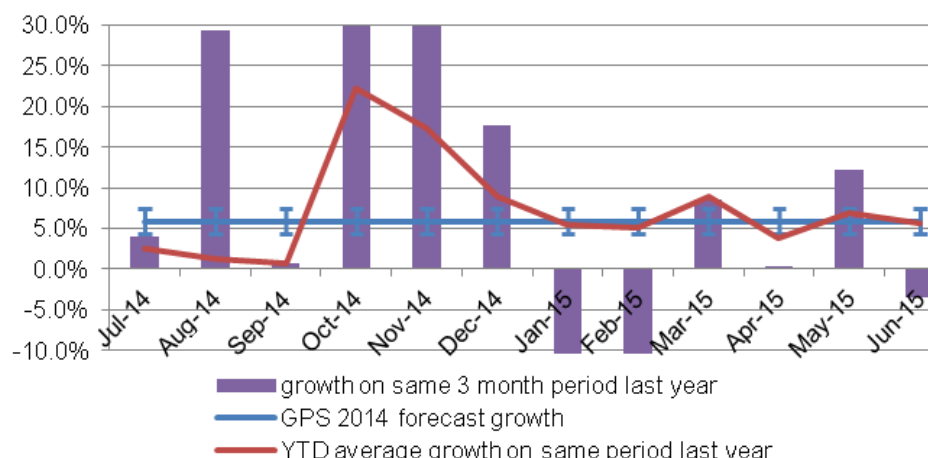
Higher than expected growth on 2013/14 did occur as forecast

- The GPS forecasts represent forecast growth of 5.9% on 2013/14 actuals:
 - 5.6% coming from PED rate increase (the 3 cents per litre increase on 1 July 2014)
 - 0.3% forecast growth in petrol volumes.
- The actual result for 2014/15 was growth of 5.6% on 2013/14 actuals. This represents the predicted 5.6% growth forecast for the increase in the PED rate. Therefore, the 0.3% growth in petrol volumes did not occur.

PED - 12 month rolling total vs forecast target



PED Growth on last year and forecast

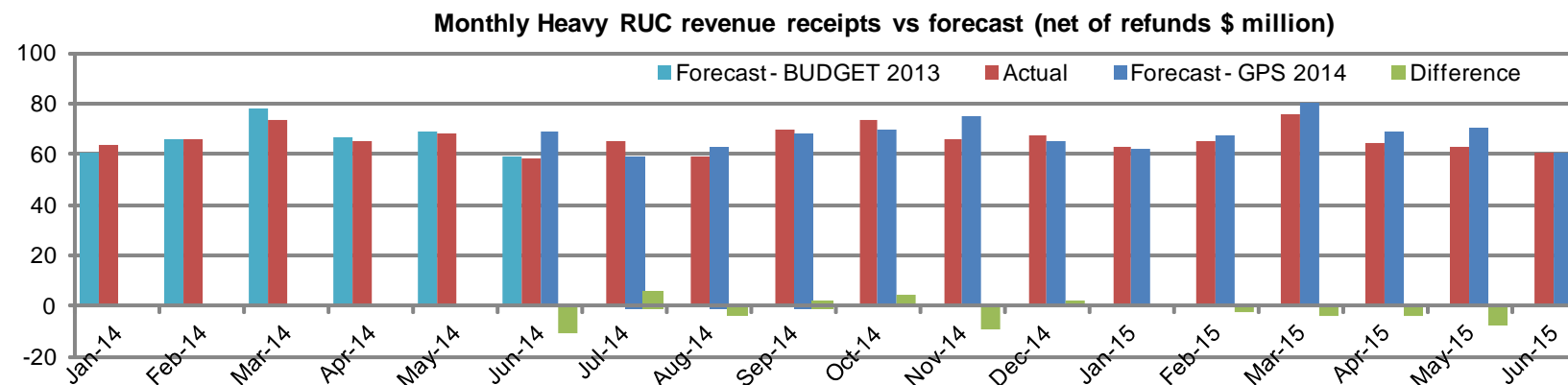


Note about petrol excise duty revenue and travel demand: Revenue receipts for petrol excise duty are based on wholesale supply (when petrol is refined at the Marsden point, and when refined petrol is imported) and are very volatile depending on the timing of shipments. This volatility can even affect 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 RUC (around \$800m p.a. – 25% of total NLTF revenue)

Heavy RUC revenue slightly down on forecast

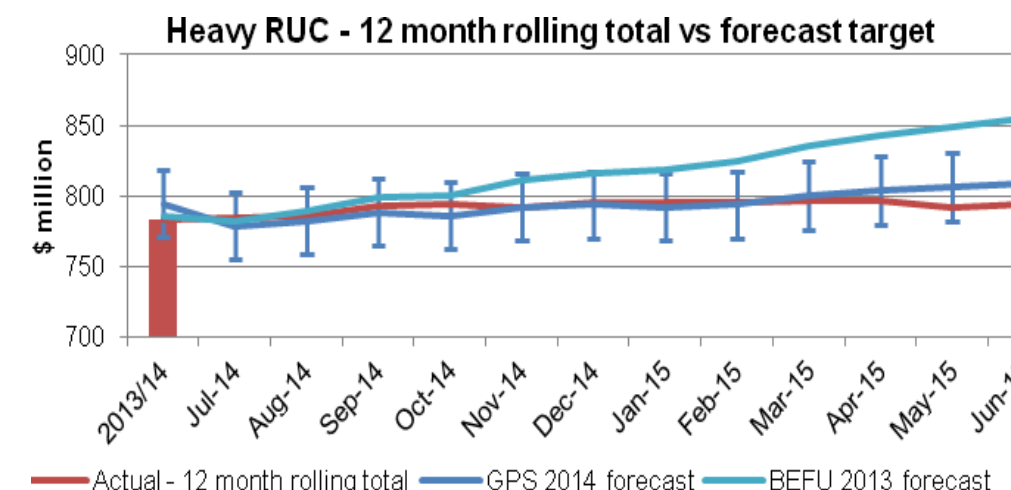
- Revenue was slightly below the growth predicted in the GPS 2014 forecast. Revenue was \$14.6 million under forecast (-1.3%)
- This is a result of a slight dip in actual revenue compared to forecast for the second, third and fourth quarters of the year, following on from an optimistic first quarter.
- There was an increase in Heavy RUC purchases in June 2015 compared to June 2014 so some road users made an effort to purchase Heavy RUC in advance of the next increase in RUC rates, which took affect from 1 July 2015.



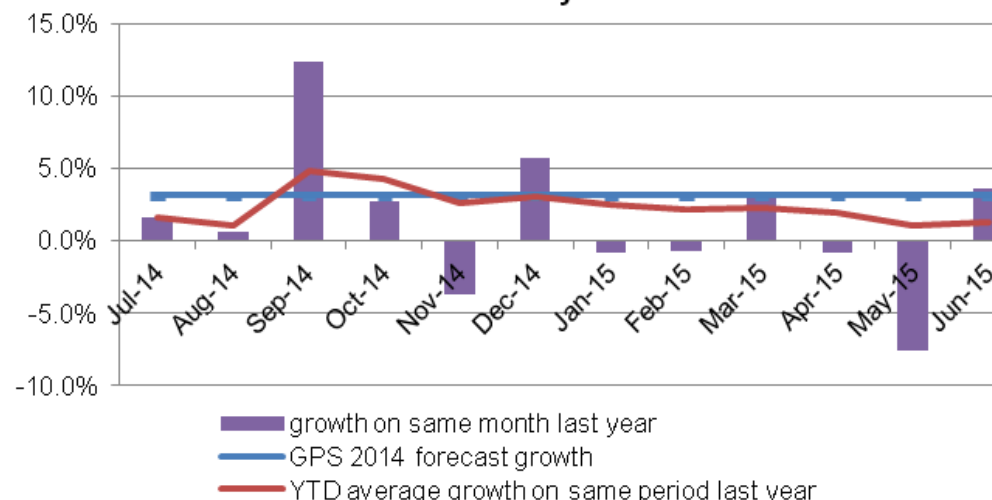
\$ million	Actual	63	66	74	65	68	59	65	59	70	74	66	68	63	65	76	65	63	61	YTD
Forecast - GPS 2014							69	59	63	68	69	75	65	62	67	80	69	71	60	808
Difference \$							-10.6	6.1	-3.5	2.1	4.2	-8.9	2.2	0.9	-2.2	-4.0	-4.1	-7.5	0.3	-14.6
Difference %							-15.3%	10.3%	-5.6%	3.1%	6.1%	-11.9%	3.3%	1.4%	-3.3%	-5.1%	-6.0%	-10.6%	0.4%	-1.8%
GPS 2014 Low								57	61	66	67	72	63	60	65	77	66	68	58	781
GPS 2014 High								60	64	69	71	76	67	63	69	82	70	72	62	824
Forecast - BUDGET 2013	60	66	78	67	69	59	62	66	72	73	79	69	66	71	85	73	75	64	854	
Forecast - OBU 2014										70	75	66	62	68	80	69	71	61	813	

Heavy RUC growth slightly lower than GPS forecast

- The GPS forecasts for 2014/15 were for modest Heavy RUC volume growth following strong growth the previous year (2.7%).
- GPS forecasts represent forecast growth of 3.1% on 2013/14 actuals:
 - 3.0% coming from Heavy RUC rate increase
 - 0.1% forecast growth in Heavy RUC kms purchased
- The actual result for 2014/15 was growth of 1.3% on 2013/14 actuals. This low growth reflects the lower than expected revenue in the second, third and fourth quarters of the year. State highway traffic figures also indicate modest growth for light vehicle traffic in the first half of 2013/14, and some stronger growth in the latter half of the year.



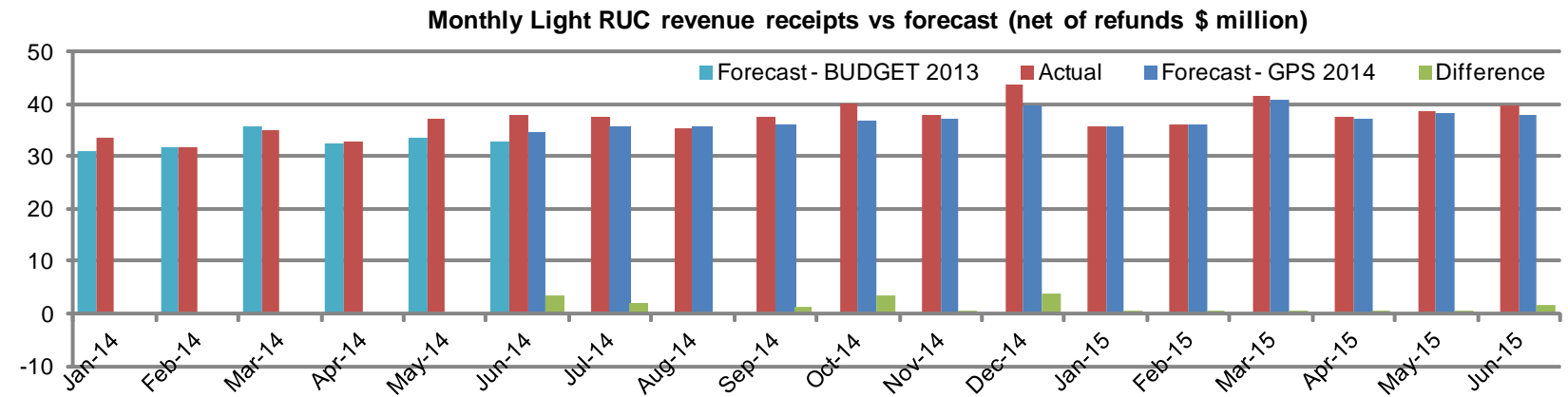
H RUC Growth on last year and forecast



Light RUC (around \$450m p.a. – 15% of total NLTF revenue)

Light RUC revenue slightly above forecast

- Revenue was slightly above the growth predicted in the GPS 2014 forecast. Revenue was \$13.7 million above forecast (3.1%)
- The GPS forecasts for 2014/15 were for modest drop in Light RUC volume following very strong growth the previous year (8.1%). This has not occurred.

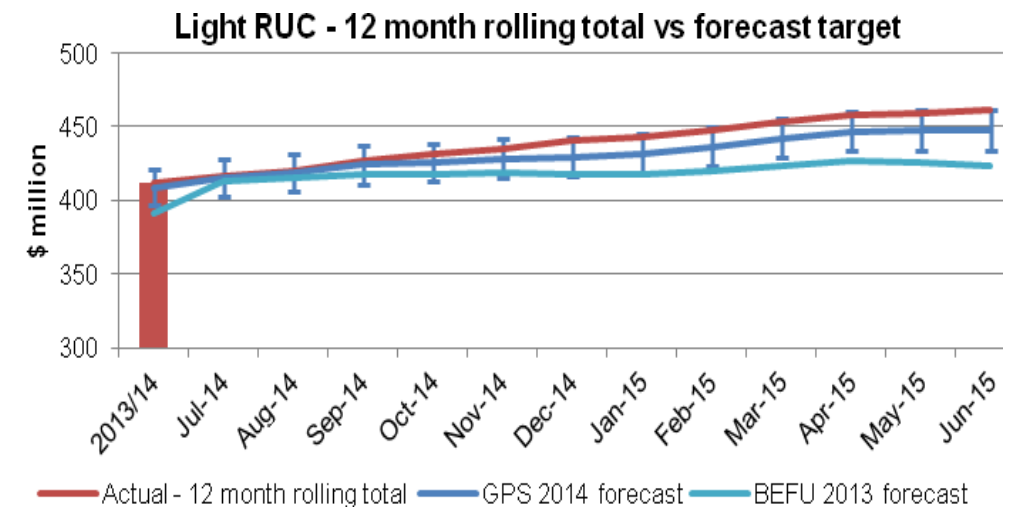


Light RUC growth higher than GPS forecast

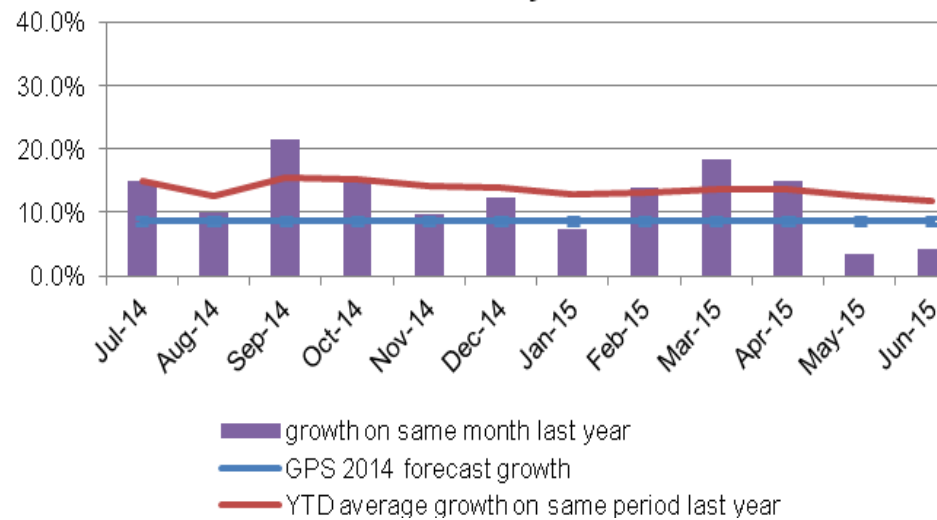
- GPS forecasts represent forecast growth of 8.6% on 2013/14 actuals:
 - 10.0% coming from Light RUC rate increase
 - With a small drop of 1.4% forecast for Light RUC kms purchased.

\$ million	Actual	33	32	35	33	37	38	38	35	38	40	38	44	36	36	41	38	39	40	YTD
Forecast - GPS 2014							34	36	36	36	37	37	40	36	36	41	37	38	38	448
Difference \$							3.5	1.9	-0.3	1.3	3.4	0.7	3.8	0.2	0.0	0.5	0.3	0.3	1.8	13.7
Difference %							10.0%	5.2%	-0.9%	3.6%	9.2%	1.8%	9.4%	0.5%	0.1%	1.1%	0.9%	0.7%	4.8%	3.1%
GPS 2014 Low								35	35	35	36	36	39	35	35	40	36	37	37	434
GPS 2014 High								37	37	37	38	38	41	37	37	42	38	39	39	461
Forecast - BUDGET 2013		31	32	36	33	33	33	34	34	34	35	35	38	34	34	39	35	36	36	423
Forecast - OBU 2014											36	37	40	35	36	41	37	38	38	445

- The actual result for 2014/15 was growth of 10.7% on 2013/14 actuals.
- The demand for light RUC remains stronger than forecast. The Ministry believes this demand is being several factors including the Christchurch rebuild and the high demand for light diesel work vehicles (vans and utes) .



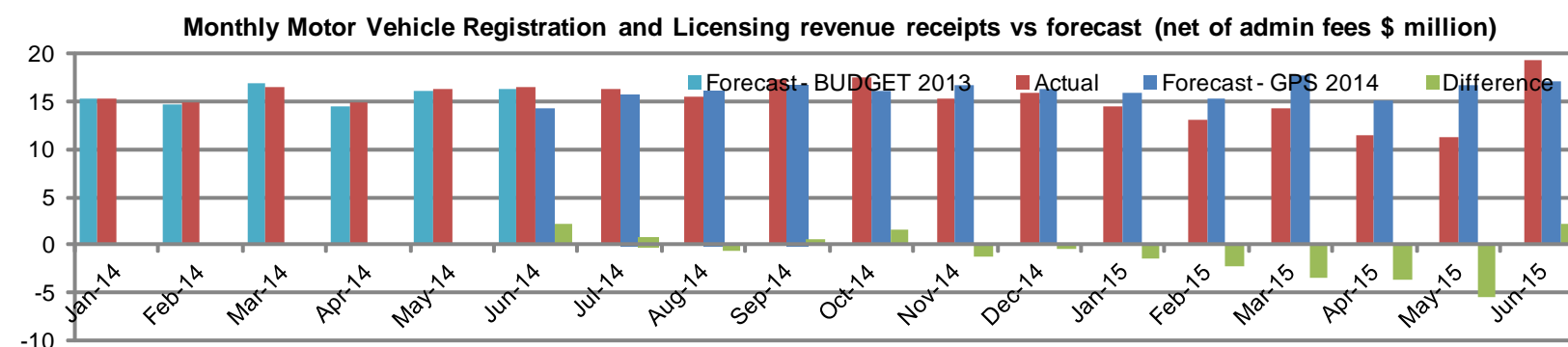
L RUC Growth on last year and forecast



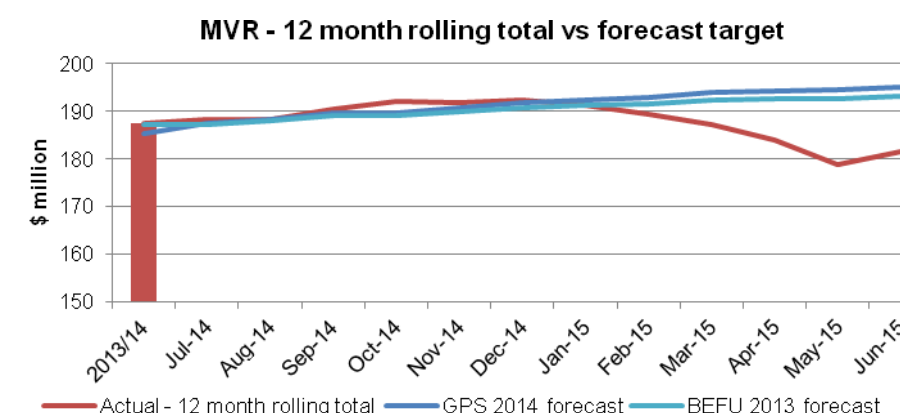
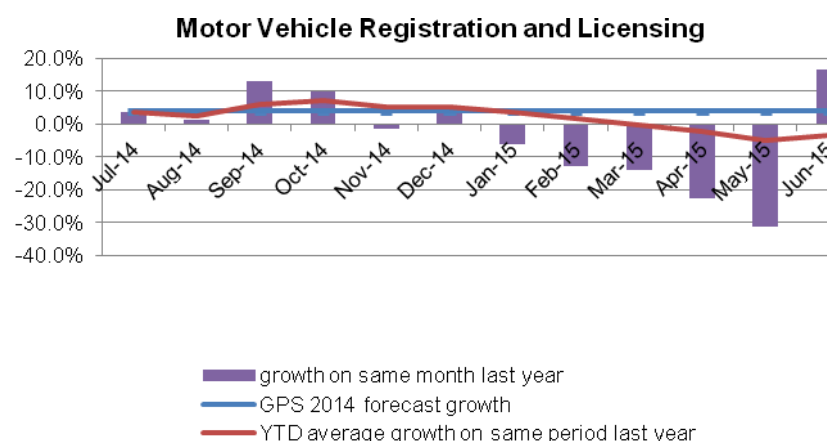
MVR (around \$190m p.a. – 6% of total NLTF revenue)

MVR revenue slightly down on forecast

- Revenue was slightly below the growth predicted in the GPS 2014 forecast. Revenue was \$13.7 million under forecast (-7.0%).
- 4.1% growth was forecast on 2013/14 actuals, with strong growth in the number of new registrations, and the re-licensing of a growing vehicle fleet. The actual result for 2014/15 was a decrease of 3.2% on 2013/14 actuals.
- The negative growth in vehicle registrations and re-licensing was the opposite to forecast predictions.
- One of the explanations for the negative growth is re-licensing of vehicles being delayed until the reduced ACC levies take effect from 1 July 2015.
- However, more data is required to come to a definitive reason or reasons.



\$ million	Actual	15	15	17	15	16	16	15	17	18	15	16	14	13	14	12	11	19	YTD
Forecast - GPS 2014						14	16	16	17	16	17	16	16	15	18	15	17	17	195
Difference \$						2.2	0.7	-0.6	0.6	1.5	-1.3	-0.4	-1.5	-2.3	-3.4	-3.6	-5.5	2.2	-13.7
Difference %						15.6%	4.8%	-3.8%	3.4%	9.4%	-7.8%	-2.5%	-9.4%	-15.1%	-19.5%	-23.9%	-32.7%	12.8%	-7.0%
Forecast - BUDGET 2013		15	15	17	15	16	16	15	16	17	16	16	16	15	18	15	17	17	193
Forecast - OBU 2014										16	16	16	16	15	17	15	16	17	192



Total Revenue from PED, Heavy and Light RUC and MVR = \$3.149 billion in 2014/15

- The overall revenue from PED, Heavy and Light RUC, and MVR in 2014/15 was \$20 million (-0.64%) under the GPS 2014 forecast (\$3.169 billion).
- This figure is within the Ministry's own margin of error target of +/-1% (roughly \$31-\$32 million)
- The forecast for PED was the most accurate, while some additional analysis is required (once more data becomes available) to understand what keep Heavy RUC and MVR revenue lower than forecast and what is driving the strong growth in light RUC.
- This is the final revenue snapshot that will compare actuals to the GPS 2014 forecast. The next snapshot will begin comparing the actuals for 2015/16 to the forecast for 2015/16 in the Budget Economic and Fiscal Update (BEFU) forecast produced by the Ministry in April 2015.