

## Revenue Monitoring Snapshot – as at 31 December 2016



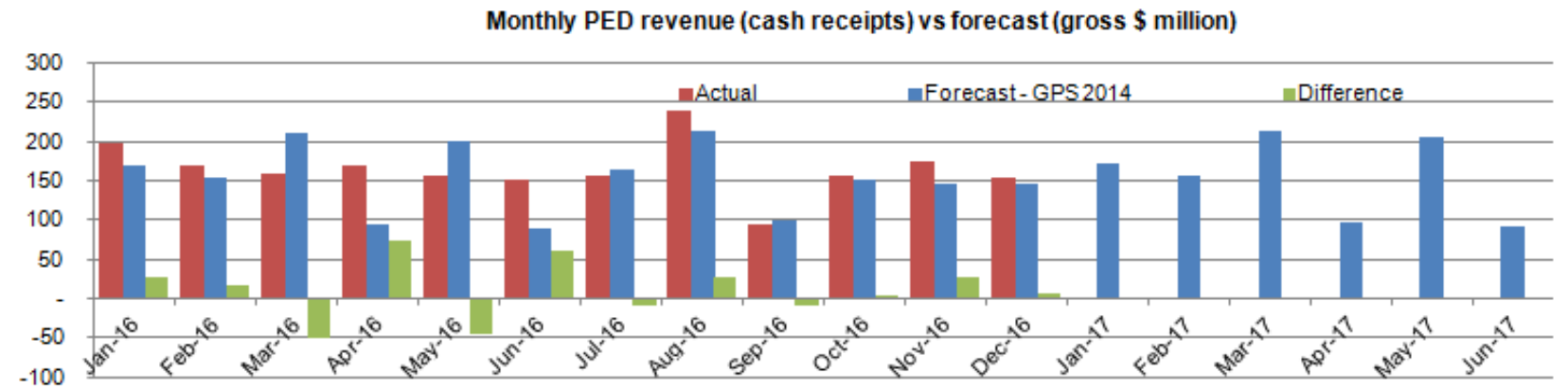
<b>Contents</b>	<b>Page</b>
Petrol excise duty	2
Heavy RUC	3
Light RUC	4
MVR	4

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

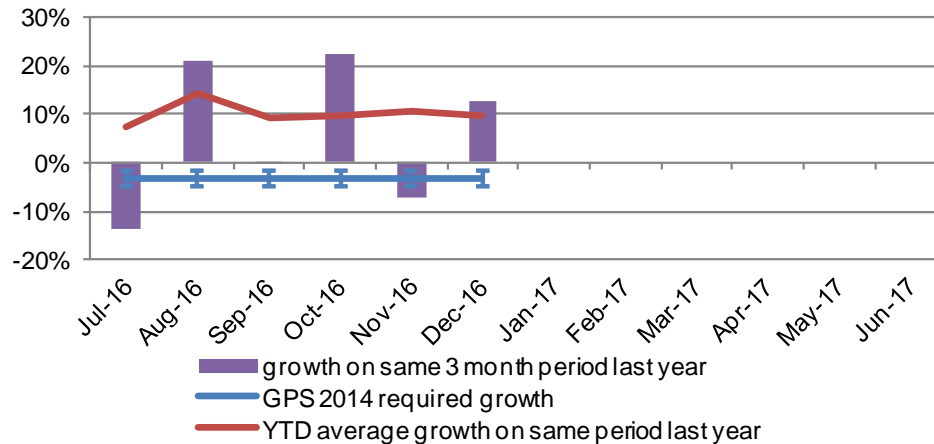
## Petrol Excise Duty (PED) (around \$1,900m p.a. – 55 % of total National Land Transport Fund revenue)

### Petrol excise revenue shows some growth

- Actual revenue in the first half of the year has tracked above the revenue predicted in the GPS 2014 forecast (up by \$52.5 million, or 5.7%). The reason for this increase in PED revenue in the last quarter is to higher volumes being shipped than predicted.
- Despite the volatility in the timing of shipments, there are indications that growth will again be stronger than predicted in the GPS 2014 forecast.



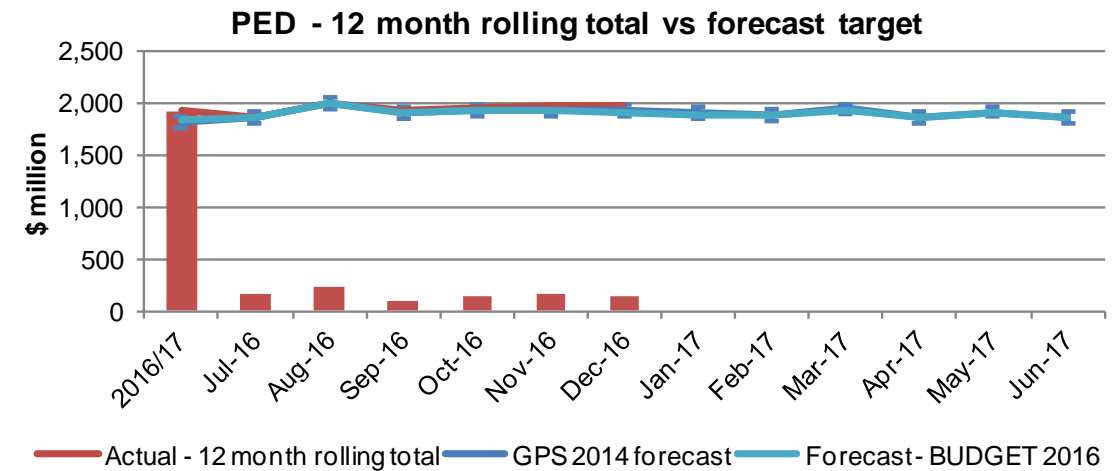
### Petrol Excise Duty growth on last year and forecast



	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
<b>\$ million Actual</b>	196	169	158	168	156	151	157	239	95	155	174	153	-	-	-	-	-	-	974
<b>Forecast - GPS 2014</b>	169	153	209	94	200	90	164	214	101	151	146	146	173	156	214	96	205	92	921
<b>Difference \$</b>	27.4	16.0	-51.0	74.3	-44.4	60.9	-7.5	25.8	-5.3	3.8	28.1	7.6							52.5
<b>Difference %</b>	16.2%	10.4%	-24.4%	79.0%	-22.1%	67.6%	-4.6%	12.1%	-5.3%	2.5%	19.3%	5.2%							5.7%
<b>GPS 2014 Low</b>	164	149	203	92	195	88	160	208	98	147	142	142	168	152	208	94	199	90	896
<b>GPS 2014 High</b>	174	157	215	97	206	93	169	220	104	156	150	150	178	161	220	99	211	95	948
<b>Forecast - OBU 2014</b>	169	153	209	94	200	90	164	213	101	151	145	146	173	156	214	96	205	92	920
<b>Forecast - BUDGET 2015</b>	167	151	207	93	199	89	163	212	100	150	144	145	171	155	212	95	203	91	913
<b>Forecast - BUDGET 2016</b>							164	213	100	151	145	145	172	156	213	96	204	92	918

### 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 reduction 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 higher volumes being sold than forecast.

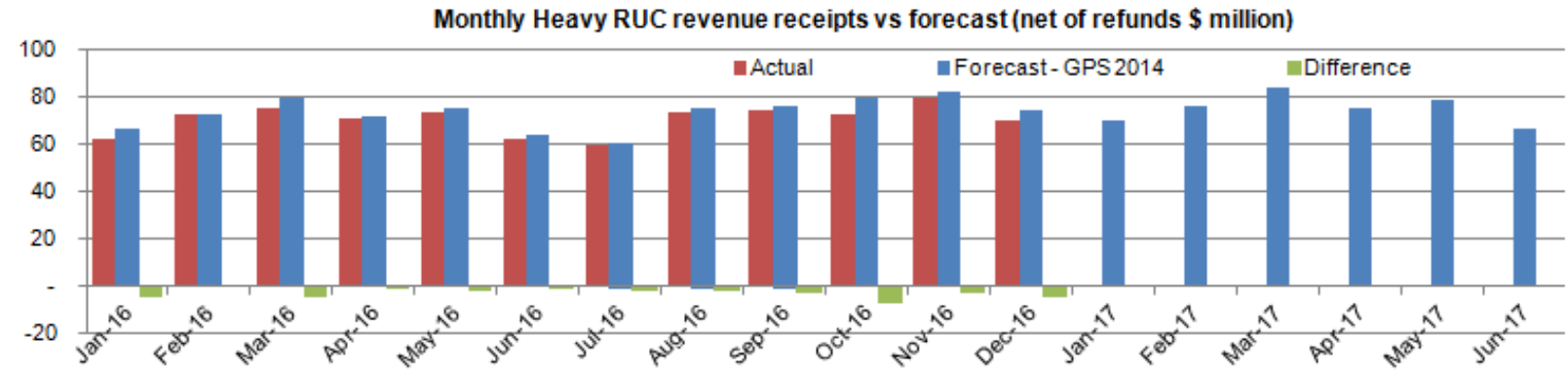


**Note about petrol excise duty revenue and travel demand:** Revenue receipts for petrol excise duty are based on wholesale supply (when petrol is refined at the Marsden point, and when refined petrol is imported) and are very volatile depending on the timing of shipments. This volatility can even affect 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.

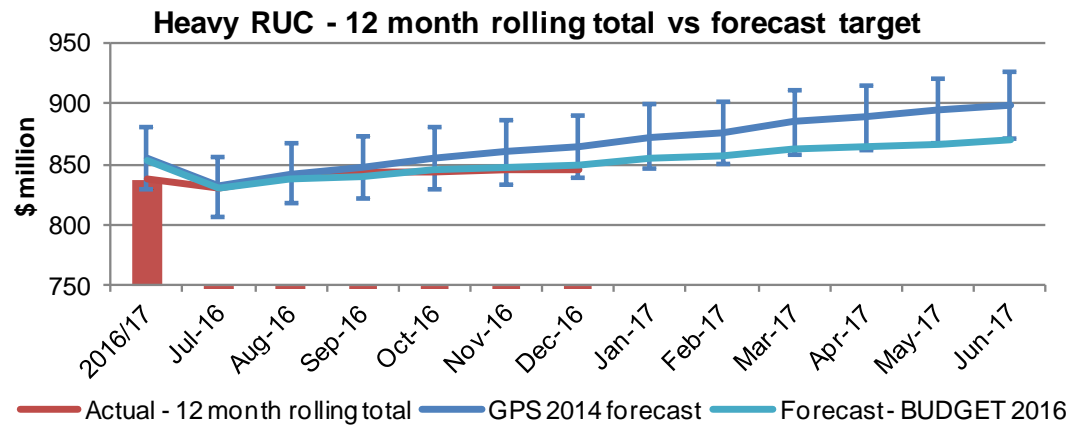
## Heavy Road User Charges (RUC) (around \$830m p.a. – 24% of total National Land Transport Fund revenue)

### Heavy RUC revenue remains sluggish

- Actual revenue is tracking slightly below forecast for the first half of 2016/17, down by \$18.6 million (4.1%) 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 if efficiency increases are keep Heavy RUC sales below forecast.

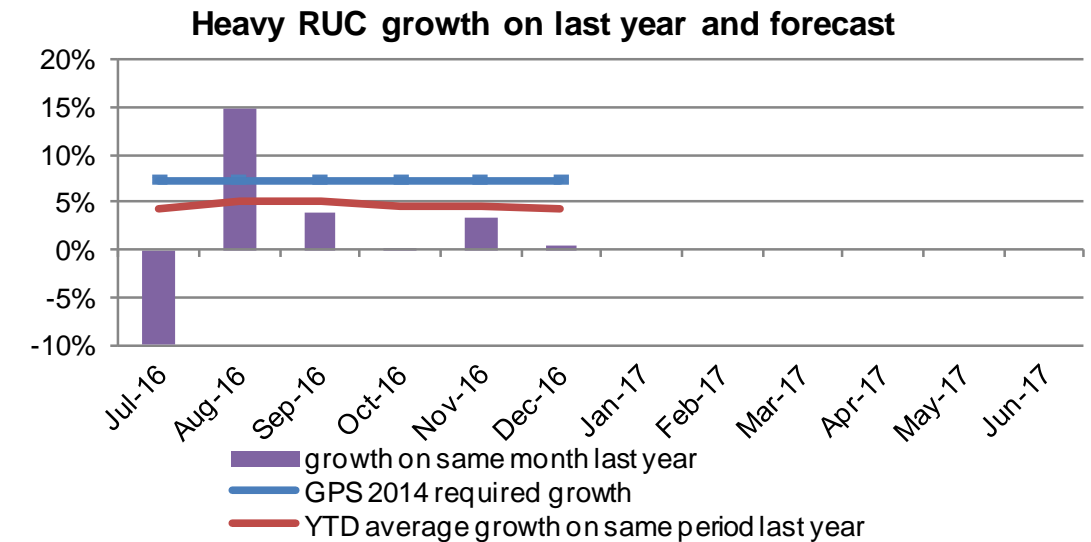


	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	YTD
<b>\$ million Actual</b>	62	72	76	71	73	63	60	74	74	73	79	70	-	-	-	-	-	-	<b>429</b>
<b>Forecast - GPS 2014</b>	66	72	80	72	75	64	61	75	76	80	82	74	70	76	84	75	79	67	<b>448</b>
<b>Difference \$</b>	<b>-4.4</b>	<b>0.2</b>	<b>-4.3</b>	<b>-0.8</b>	<b>-1.6</b>	<b>-1.1</b>	<b>-0.8</b>	<b>-1.3</b>	<b>-1.5</b>	<b>-7.3</b>	<b>-2.9</b>	<b>-4.7</b>							<b>-18.6</b>
<b>Difference %</b>	<b>-6.6%</b>	<b>0.3%</b>	<b>-5.4%</b>	<b>-1.1%</b>	<b>-2.2%</b>	<b>-1.7%</b>	<b>-1.3%</b>	<b>-1.8%</b>	<b>-2.0%</b>	<b>-9.2%</b>	<b>-3.5%</b>	<b>-6.3%</b>							<b>-4.1%</b>
<b>GPS 2014 Low</b>	64	70	77	69	72	61	59	72	73	77	79	72	67	73	81	73	76	65	<b>432</b>
<b>GPS 2014 High</b>	68	74	81	73	76	65	62	77	77	82	84	76	71	78	86	77	80	68	<b>457</b>
<b>Forecast - OBU 2014</b>	66	72	79	71	75	63	60	75	76	80	82	74	69	76	84	75	79	67	<b>446</b>
<b>Forecast - BUDGET 2015</b>	66	72	80	72	75	64	61	75	76	80	82	75	70	76	84	76	79	67	<b>449</b>
<b>Forecast - BUDGET 2016</b>							59	73	73	77	79	72	67	73	81	73	76	65	<b>433</b>



### 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, all this growth will need to come from volume grow (Heavy RUC kms purchased).
- Sluggish growth in 2015/16, and the first half of 2016/17, suggests revenue growth closer to 4.5 to 5.0%.
- The year to date growth is 4.4%.

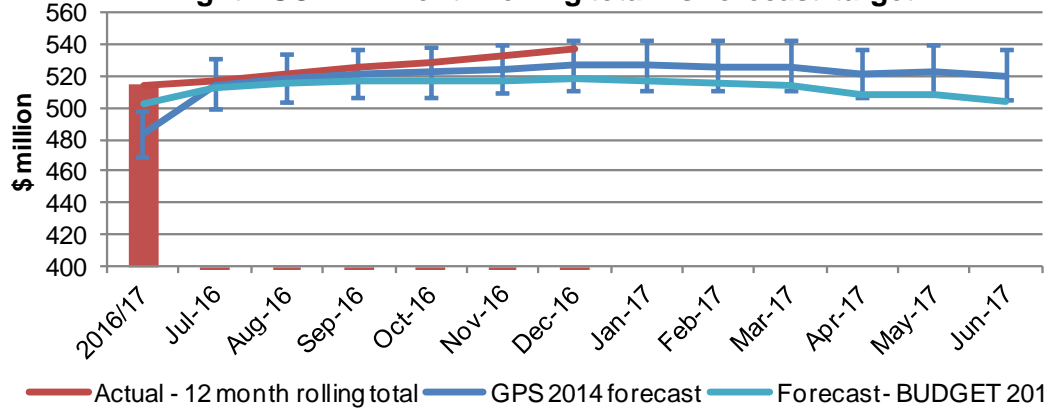


## Light Road User Charges (RUC) (around \$515m p.a. – 15% of total National Land Transport Fund revenue)

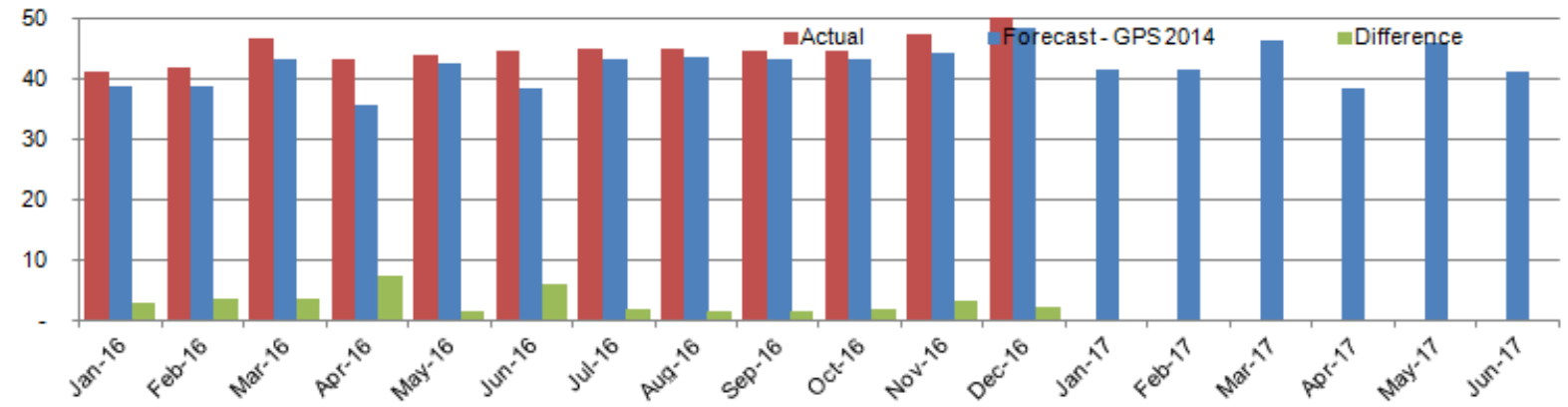
### Light RUC revenue continues to track above forecast

- Revenue is above forecast by \$11.2 million (4.2%) for the first half of the year. This follows on from strong revenue growth (6.5%) in 2015/16, and the expectation is for revenue to continue to rise.
- 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 be close to 4.0 % for the year.

**Light RUC - 12 month rolling total vs forecast target**



**Monthly Light RUC revenue receipts vs forecast (net of refunds \$ million)**



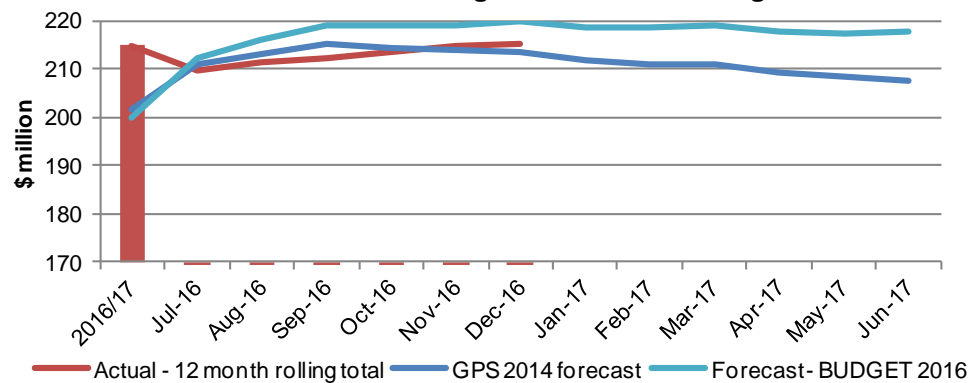
	Jan-16	Feb-16	Mar-16	Apr-16	May-16	Jun-16	Jul-16	Aug-16	Sep-16	Oct-16	Nov-16	Dec-16	Jan-17	Feb-17	Mar-17	Apr-17	May-17	Jun-17	YTD
<b>\$ million Actual</b>	41	42	47	43	44	44	45	45	45	45	47	50	-	-	-	-	-	-	276
<b>Forecast - GPS 2014</b>	39	39	43	36	43	38	43	44	43	43	44	48	41	41	46	38	46	41	265
<b>Difference \$</b>	2.6	3.4	3.5	7.4	1.4	6.0	1.6	1.4	1.4	1.6	3.0	2.2							11.2
<b>Difference %</b>	6.8%	8.8%	8.1%	20.6%	3.2%	15.8%	3.8%	3.3%	3.2%	3.7%	6.7%	4.5%							4.2%
<b>GPS 2014 Low</b>	37	37	42	35	41	37	42	42	42	42	43	47	40	40	45	37	45	40	258
<b>GPS 2014 High</b>	40	40	44	37	44	39	44	45	44	44	45	50	43	43	48	40	47	42	273
<b>Forecast - OBU 2014</b>	39	39	43	36	43	38	42	42	42	41	43	46	40	40	45	37	44	40	256
<b>Forecast - BUDGET 2015</b>	39	39	44	36	43	39	42	42	42	42	43	47	40	40	45	37	45	40	258
<b>Forecast - BUDGET 2016</b>							42	42	42	42	43	47	40	40	45	37	44	40	257

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

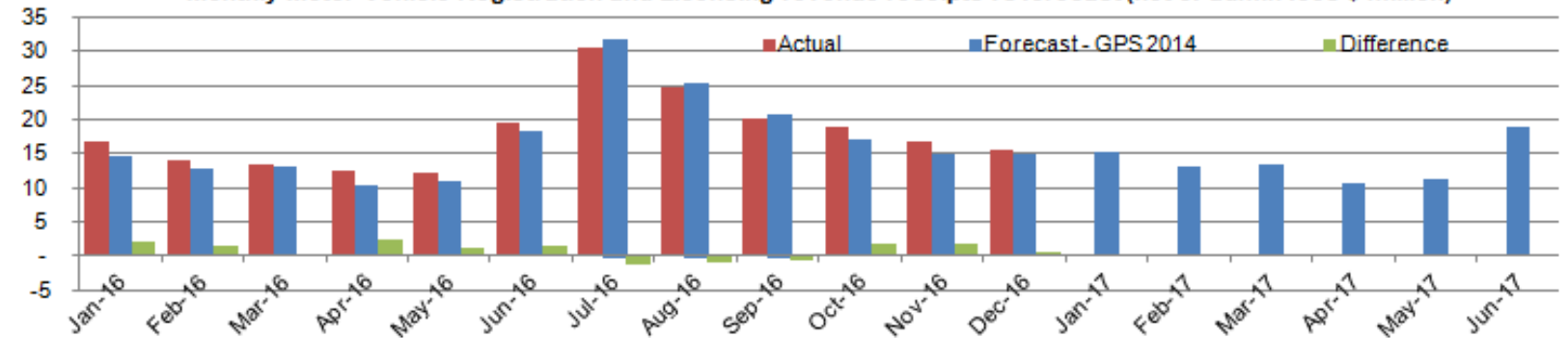
### MVR Revenue on track

- Actual revenue is slightly above the GPS 2014 forecast by \$1.6 million (1.3%).
- The Ministry believes MVR revenue will be close to the same figure as last year or slightly higher. This is due to the vehicle fleet size increasing in line with population growth.

**MVR - 12 month rolling total vs forecast target**



**Monthly Motor Vehicle Registration and Licensing revenue receipts vs forecast (net of admin fees \$ million)**



	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
<b>\$ million Actual</b>	17	14	13	13	12	20	31	25	20	19	17	16	-	-	-	-	-	-	127
<b>Forecast - GPS 2014</b>	15	13	13	10	11	18	32	25	21	17	15	15	15	13	13	11	11	19	125
<b>Difference \$</b>	2.1	1.3	0.3	2.2	1.1	1.4	-1.1	-0.9	-0.7	1.8	1.9	0.6							1.6
<b>Difference %</b>	14.4%	10.3%	2.5%	21.6%	10.2%	7.6%	-3.4%	-3.4%	-3.4%	10.7%	12.5%	4.0%							1.3%
<b>Forecast - OBU 2014</b>	14	12	12	10	11	17	30	24	20	16	14	14	14	12	13	10	11	18	118
<b>Forecast - BUDGET 2015</b>	14	12	12	10	11	17	30	24	20	16	14	14	14	12	13	10	11	18	118
<b>Forecast - BUDGET 2016</b>							33	27	22	18	16	16	16	14	14	11	12	20	131