

# Implementation guidance

## Bus indexation & Auckland regional fuel tax changes

November 2024

### Purpose

To outline changes to NZTA Waka Kotahi's diesel bus index resulting from the Auckland Regional Fuel Tax ending on 30 June 2024.

Regardless of location in New Zealand, all PTAs and PTOs using the diesel bus index will need to make minor adjustments to how indexation is calculated from the September 2024 quarter onwards.

### Background

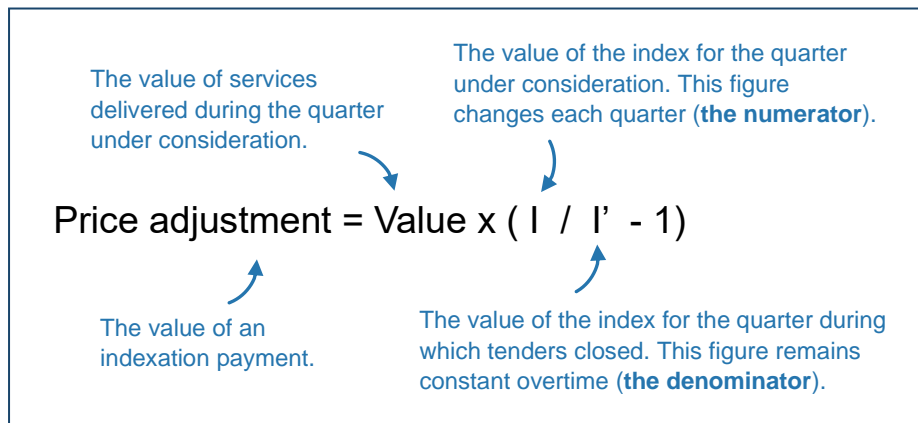
When the Auckland Regional Fuel Tax was introduced in 2018, NZTA replaced the "National diesel bus index" with an "Auckland diesel bus index" and a "Rest of NZ diesel bus index". This was done to account for different cost inputs in Auckland compared to the rest of the country.

Now that Auckland Regional Fuel Tax has ended, NZTA will revert to only publishing the National diesel bus index. The following sections outline adjustments that will need to be made when calculating indexation.

### Calculating indexation

The contract price adjustment for cost fluctuation (the adjustment) is calculated quarterly using the formula outlined in Figure 1 below. For further information refer [Contract price adjustment for cost fluctuation for public transport contracts](#).

Figure 1: Indexation formula



The above formula will not change. However, PTAs and PTOs will need to use different index values for the numerator and / or denominator functions.

The adjustments required depend on when a contract was tendered, where the services are being delivered (e.g. Auckland or elsewhere in NZ) and how the table of index values has been used to date.

### Scenarios

The table below shows how index values will be presented from the Sep'24 quarter onwards. Four scenarios are also identified along with the change that will need to be made under each scenario.

Waka Kotahi NZ Transport Agency diesel bus public transport indexes									
Quarter ending	Input indexes for the Waka Kotahi diesel bus public transport indexes				Waka Kotahi diesel bus public transport indexes			Escalation Rates	
	Labour	Fuel	RUC	Other	National diesel bus Index	Auckland diesel bus index	Rest of NZ diesel bus index	National bus quarterly	National bus year on year
<b>Weights</b>	0.465	0.079	0.085	0.371					
Mar'17	922	1015	861	927	1151			0.78%	3.10%
Jun'17	927	1014	861	928	1151			-0.02%	2.45%
Sep'17	928	993	861	931	1154			0.23%	2.50%
Dec'17	934	1127	861	939	1179			2.15%	3.16%
Mar'18	942	1165	861	940	1190			1.00%	3.38%
Jun'18	947	1279	861	937	1197			0.55%	3.97%
Sep'18	954	1369	861	960	1214	1217	1212	1.41%	5.19%
Dec'18	959	1365	902	975	1231	1235	1231	1.42%	4.44%
Mar'19	965	1272	902	990	1236	1238	1236	0.42%	3.85%
Jun'19	975	1326	902	970	1235	1238	1234	-0.13%	3.15%
Sep'19	978	1277	949	975	1242	1245	1241	0.59%	2.33%
Dec'19	986	1302	949	991	1252	1255	1251	0.82%	1.72%
Mar'20	992	1222	949	1008	1256	1259	1255	0.30%	1.59%
Jun'20	999	916	949	1013	1221	1224	1220	-2.76%	-1.08%
Sep'20	1000	1000	1000	1000	1234	1237	1233	-1.02%	-0.66%
Dec'20	1004	989	1000	1002	1236	1239	1235	0.19%	-1.28%
Mar'21	1009	1131	1000	1003	1253	1256	1252	1.38%	-0.22%
Jun'21	1023	1218	1000	1007	1271	1274	1270	1.44%	4.08%
Sep'21	1034	1325	1000	1022	1295	1298	1294	1.89%	4.97%
Dec'21	1044	1509	1000	1032	1323	1326	1322	2.16%	7.04%
Mar'22	1058	1862	1000	1044	1372	1375	1371	3.70%	9.50%
Jun'22	1072	2400	719	1063	1412	1415	1411	2.92%	11.09%
Sep'22	1094	2383	640	1086	1425	1428	1424	0.92%	10.04%
Dec'22	1108	2306	640	1108	1435	1438	1434	0.70%	8.47%
Mar'23	1125	2013	752	1115	1431	1434	1430	-0.28%	4.30%
Jun'23	1140	1803	640	1122	1410	1413	1409	-1.47%	-0.14%
Sep'23	1156	2007	1000	1139	1486	1489	1485	5.39%	4.28%
Dec'23	1172	2089	1000	1145	1505	1508	1504	1.28%	4.88%
Mar'24	1177	2015	1000	1157	1506	1509	1505	0.07%	5.24%
Jun'24	1181	1978	1000	1155	1504	1507	1503	-0.13%	6.67%
Sep'24	TBC	TBC	TBC	TBC	TBC			TBC	TBC
Dec'24	TBC	TBC	TBC	TBC	TBC			TBC	TBC
Mar'25	TBC	TBC	TBC	TBC	TBC	n/a		TBC	TBC
Jun'25	TBC	TBC	TBC	TBC	TBC			TBC	TBC
Sep'25	TBC	TBC	TBC	TBC	TBC			TBC	TBC
Dec'25	TBC	TBC	TBC	TBC	TBC			TBC	TBC

Refer to Scenario 1

Refer to Scenario 2

Refer to Scenario 3

Refer to Scenario 4

**Note:** The 'Auckland' and 'Rest of NZ' indexes will cease to be published from the Sep'24 quarter onwards.

## Implementation

The following outlines what will need to change and what will need to remain constant when calculating indexation under each of the four scenarios identified.

**Scenario 1** – The following applies to bus contracts where tenders closed before 1 July 2018:

- From the Sep'24 quarter onwards, the numerator value will need to be selected from the 'National diesel bus index' column for the quarter under consideration (instead of 'Auckland index' or "Rest of NZ' diesel bus indexes).
- The existing denominator value selected from the 'National diesel bus index' column will remain the same.

**Scenario 2** – The following applies to Auckland bus contracts where tenders closed between 1 July 2018 and 30 June 2024; and you have been using the relevant numerator and denominator values from the 'Auckland' index value column:

- From the Sep'24 quarter onwards, the numerator value will need to be selected from the 'National diesel bus index' column for the quarter under consideration (instead of 'Auckland diesel bus index' column).
- The existing denominator value selected from the 'Auckland diesel bus index' column will remain the same.

**Scenario 3** – The following applies to bus contracts outside of Auckland (Rest of NZ) where tenders closed between 1 July 2018 and 30 June 2024 and you have been selecting numerator and denominator values from the 'Rest of NZ' index value column:

- From the Sep'24 quarter onwards, the numerator value will need to be selected from the 'National diesel bus index' column for the quarter under consideration (instead of the 'Rest of NZ diesel bus index' column).
- The existing denominator value selected from the 'Rest of NZ diesel bus index' column will remain the same.

**Scenario 4** – The following applies to bus contracts where tenders closed between 1 July 2018 and 30 June 2024 and you have been using numerator and denominator values from the 'National' index value column.

- Continue selecting the numerator value from the 'National diesel bus index' column for the quarter under consideration.
- From the Sep'24 quarter onwards, you will need to select the denominator value from the 'Auckland' or the 'Rest of NZ' index columns as appropriate. This is an important change.

## Questions

If you have any questions or wish to discuss any aspects of this guidance note further, please email [public.transport@nzta.govt.nz](mailto:public.transport@nzta.govt.nz) or touch base with the relevant regional point of contact from NZTA's public transport team.