

# Truck operating costs outlook – major cause for concern

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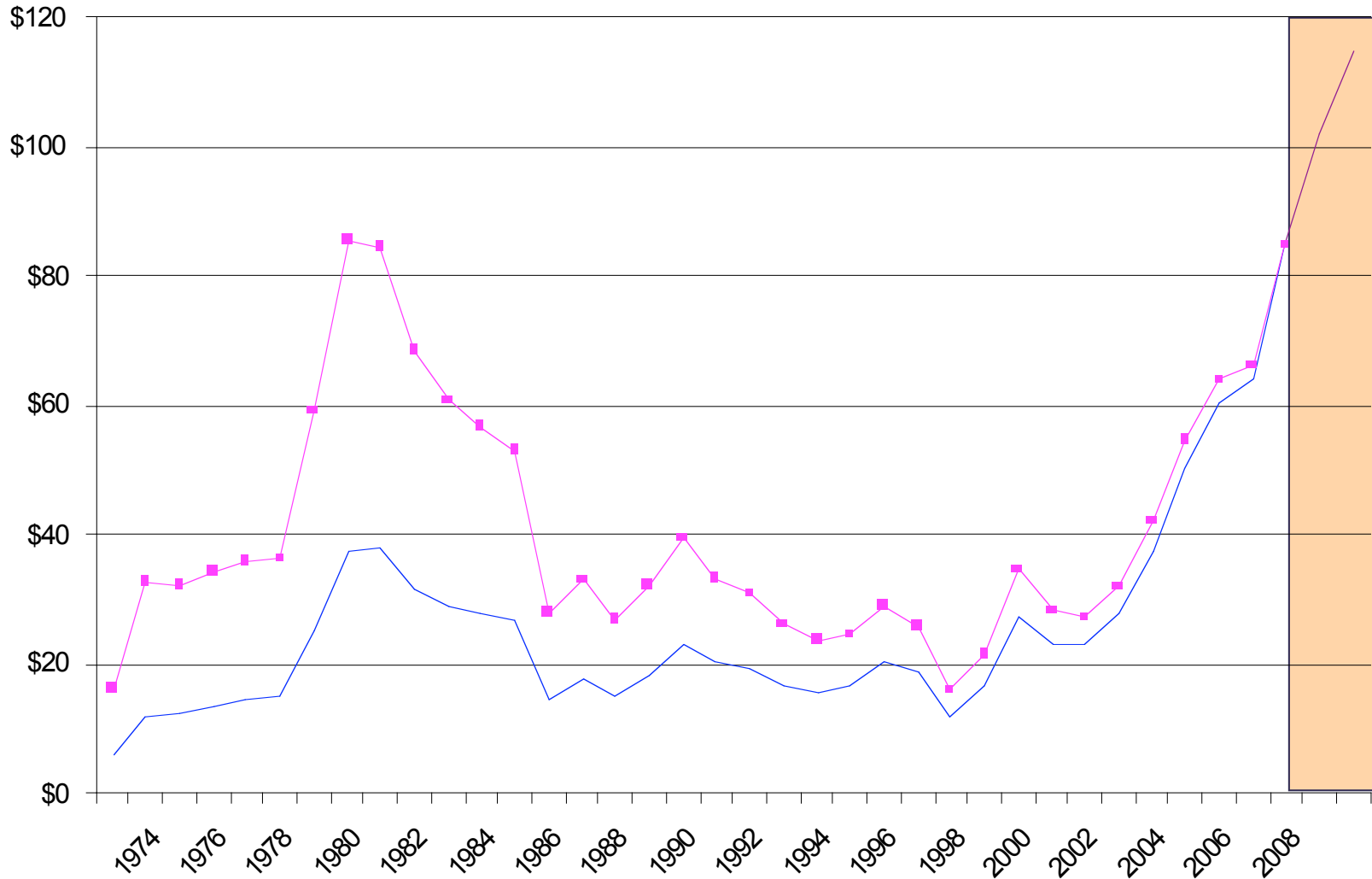
Present cost index  
(2007-08)  
subcontract  
b-double tautliner

<b>Fixed costs</b>	
Depreciation	8.7
Interest	5.6
Registration	1.3
Insurance	2.5
Admin, sundries	1.1
<b>Subtotal</b>	<b>19.2</b>
<b>Running</b>	
Fuel	29.8
Lubricants	1.5
Maintenance	3.0
Tyres	2.9
<b>Subtotal</b>	<b>37.2</b>
<b>Wages</b>	
Drivers	29.3
Relief driver	1.5
Oncosts	5.3
Uniforms	0.1
<b>Subtotal</b>	<b>36.2</b>
<b>Total</b>	<b>92.6</b>
<b>Profit margin</b>	<b>7.4</b>
<b>Grand total</b>	<b>100.0</b>

## Anticipated changes over next two years

- > **Driver costs** – overaward payments for long distance drivers increase from typically 25% now to 50%
- > **Fuel** – increase from \$1.40 to \$1.80 / litre (retail price before excise rebate of \$0.38143 c / litre)
- > **Interest rates** increase from 9% to 12%
- > **Registration** – NTC proposals increasing annual rego from \$7,769 to \$14,814
- > **Compliance with regulation** – compliance costs increase by 50% (est at \$5,000 pa)
- > **Congestion** in capital cities reduces productivity by 7%

## Average Fuel Price USD \$ per barrel



— Average fuel price USD \$ of the day    
 —■— Average fuel price USD constant \$ 2008    
 — Forecast

Source: Illinois Oil & Gas Association, <http://www.ioga.com/>

## Resulting cost index (2009-10)

	<b>2008</b>	<b>2010</b>
<b>Fixed costs</b>		
Depreciation	8.7	9.4
Interest	5.6	8.0
Registration	1.3	2.5
Insurance	2.5	2.7
Admin, sundries	1.1	1.3
<b>Subtotal</b>	<b>19.2</b>	<b>23.9</b>
<b>Running</b>		
Fuel	29.8	44.2
Lubricants	1.5	2.2
Maintenance	3.0	3.3
Tyres	2.9	3.2
<b>Subtotal</b>	<b>37.2</b>	<b>52.9</b>
<b>Wages</b>		
Drivers	29.3	37.9
Relief driver	1.5	1.8
Oncosts, compliance	5.3	7.9
Uniforms	0.1	0.1
<b>Subtotal</b>	<b>36.2</b>	<b>47.7</b>
<b>Total</b>	<b>92.6</b>	<b>124.5</b>
<b>Profit margin</b>	<b>7.4</b>	<b>6.8</b>
<b>Grand total</b>	<b>100.0</b>	<b>131.3</b>

# Cost increases in proportion

