

WHAT ARE THE HIDDEN COSTS OF YOUR FREIGHT QUOTES AND INVOICES?



A FAMILIAR SITUATION?

Freight quotes and invoices can give you a headache with their complex and unclear pricing. Most of the time, they include a lot of “additional” charges or do not detail the pricing model behind. Being aware of the freight industry practises and hidden costs can help you minimise additional charges and challenge your suppliers.

THE “EXTRA” CHARGES OR HIDDEN COSTS

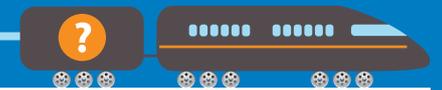


Fuel levy

Freight companies can use an inappropriate ratio of their total costs (long vs short haul, fuel efficiency) or an incorrect reference index

Implicit capital costs

Freight companies are making assumptions around the depreciation rate, residual value and lifespan of the vehicles. Is the vehicle choice appropriate?



Driver hourly rates

Are there different rates between casual and full-time drivers, what constitutes overtime and waiting time?

Administrative and communication costs

Proof of delivery, manual consignment, insurance, uniforms and mobile phones can represent “additional” charges

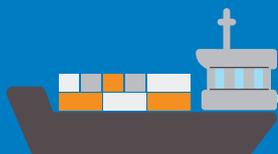


Shipment weight

Are you paying for the right volumetric weight? Is there dead weight charge? What represents “oversized”?

Delivery costs

Look for remote areas surcharges or Carbon Price Recovery costs



Impacts linked to “cheap” freight

Delayed, lost, damaged or untraceable shipments can generate an extra cost

TOP TIPS THAT WILL PAY OFF



Review the most efficient distribution cost model

The standard freight cost model is a basic rate plus a charge per km or kilo, but there are other alternatives which may be more suited.

Consistently audit invoices

Review “additional charges”, fuel surcharge, error in invoices and “subjective” rules from contracts

Manage your supplier

Schedule regular meetings, review cost and monthly expenses, request invoice breakdown, avoid unannounced rates updates or new rules

Review routes and assumptions

Long vs short hauls, one way versus two way, single driver vs two up