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**APPROXIMATE COSTS AND REVENUES
FOR A PRIVATE TRUCK BASE IN UZBEKISTAN**

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Approximate Costs and Revenues for a Private Truck-Base

This example assumes the voluntary formation of a privately-owned and run truck autobase by 100 private truck owners, who purchased their trucks individually through open auctions. Truckers' individual incomes are determined by revenues generated by their hauls, minus costs associated with maintaining and operating their truck, and their contribution to cover operating costs of the autobase. We assume that the autobase's fleet of 100 trucks includes a variety of models of different ages, ranging from small to medium-sized drop-sided and dump trucks

This profile is based on the market prices associated with operating small and medium-sized drop-sided and dump trucks. Data was collected by Deloitte & Touche staff in a survey conducted in Tashkent, Uzbekistan in November 1994, and through comprehensive Origin & Destination surveys conducted throughout Uzbekistan during the second half of 1994.

The average annual cost of owning and running a single truck shall be determined first, followed by a calculation of the average annual revenue.

INDIVIDUAL TRUCK COSTS

These costs are based on annual kilometrage, which depends on the age and model of each truck. However, after collecting data from a variety of trucks of different ages and models, we can assume an average vehicle kilometrage of 45,000/year for the base as a whole.

Tires

The average life for a set of tires on Uzbek roads is 30,000 km. So, to run 45,000km annually, each truck will require 1.5 sets of tires. One set equals six individual tires, at a market price of \$80 each. ANNUAL COST: \$720

Batteries

Battery life is generally 1.5 years, and batteries cost \$50. ANNUAL COST: \$35.

Maintenance

The average annual cost of maintenance, including both minor repairs and major overhauls, is \$1,250. This figure includes mechanics' salaries. ANNUAL COST: \$1,250.

Fuel and Lube

Average fuel usage is 37 litres/100km. Fuel costs \$0.20/litre. Given our 45,000km annually, this makes fuel costs \$3,330 for one truck.

Lube costs can be estimated at 7% of fuel costs. In this case that would be \$233/year.

ANNUAL COST: \$3,563

AUTOBASE COSTS

These are costs associated with running the autobase. Responsibility for covering these costs is spread evenly across the 100 drivers.

Administrative/managerial costs

Salaries:

1 Head Manager	\$250
1 Deputy Manager of Operations	\$150
1 Deputy Manager of Engineering	\$150
1 Deputy Manager of Finance	\$150
<u>6 support staff</u>	<u>\$50 each</u>
TOTAL:	\$1,000 / month

Annual cost of administrative and managerial salaries is \$12,000, or \$120 / truck. Note that mechanics and others on the maintenance side of the autobase are not shown here, but included in "Maintenance" above.

Operating expenses:

Annual autobase operating expenses, including telephone, utilities and other overhead costs, are roughly 15,000 Uzbek sum, or \$500 (or. \$5 per truck).

ANNUAL COST: \$125

Finance costs

Since each truck was purchased by the individual drivers through open auction before the autobase was formed, it can be assumed that the autobase bears no finance costs on the purchase of the trucks.

REVENUES

Haulage rates depend upon both the destination and the type of cargo being hauled. However, after collecting a variety of samples during our O&D surveys, we can estimate the average tariff per km for our 100 truck autobase at \$0.32.

Even though we have estimated 45,000 km/year for each truck, we must keep in mind that not all of those miles will be chargeable at \$0.32/km. That is, only a certain percentage of hauls will be followed with a paid return haul, others will return home empty-handed, and thus, without a fee. After surveying truckers in Tashkent, we have determined that roughly 10% of assigned hauls are followed by a paid return haul.

Using this factor, we can determine that each truck will average 24.750 payable kilometers annually. At \$0.32/km, this translates into \$7,920 of revenue for each individual truck.

TAXES

Private truckers are required to pay a 15% tax on profit made on each trip (that is, revenues minus the fuel and maintenance costs). Using the figures we have calculated, we can estimate the annual tax burden of an individual driver. Annual revenue of \$7,920 minus annual fuel and maintenance costs of \$5,568 leaves taxable revenue of \$2,352. Tax of 15% equals \$353. ANNUAL COST: \$353.

INDIVIDUAL PROFIT

Total annual costs per truck come to \$6,046. Total annual revenues generated through hauls come to \$7,920. This leaves an annual profit of \$1,874¹ for each trucker. This calculation is summarized by the table below.

REVENUES	US\$ Value
Haulage revenue	7920
COSTS	
Tires	720
Batteries	35
Maintenance	1250
Fuel & Lube	3563
Operational	125
TAXES	
15% profit tax	353
PROFIT	1874

¹ While this figure may seem low by western standards, in Uzbekistan it is clearly high enough to motivate. Currently, the highest monthly wage paid to a state-employee is 1,500 surm, or roughly \$50.