



Department for Planning  
and Infrastructure

# **Running a Trucking Business in Western Australia:**

## **A guide for owner-drivers**

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# Introduction

*This guide is to assist owner-drivers to run a trucking business in Western Australia. It is by no means complete and exhaustive, and we urge you to also seek additional professional advice. The Small Business Development Corporation is one organisation that can provide advice on how to run a business.*

*A more detailed version of this guide is available online at [www.dpi.wa.gov.au/ownerdrivers](http://www.dpi.wa.gov.au/ownerdrivers).*

Before you go into business as an owner-driver, you'll need to be clear on a number of things.

You'll need to know who your customers are going to be, because without a guarantee of work, you'll find it almost impossible to get finance.

Who your customers are will also determine the sort of truck and combination you'll need, although you'll have to decide whether you want to buy second hand or new.

And you'll need to be clear about the risks involved, why you're going it alone and how much work you're prepared to put in, because that will have a bearing on how much money you'll need to set yourself up.

This guide will help you with considering options you'll have and with the calculations you might need to do. It will also help with information about how to set up and manage your business.

Don't forget that, by going it alone, you'll be foregoing employment benefits worth thousands of dollars – benefits like annual and sick leave, long service leave, superannuation and workers' compensation.

## The road transport industry

Here's some information about the trucking industry as a whole. This will give you an idea of what to look for when you are finding out about the part of the industry you want to operate in.

You probably already know how to run a truck successfully, and this guide won't be giving you any advice about that. But running a business, even if you are the only worker, is different from being an employee. You'll need to set goals, draw up plans and make decisions that will mean the difference between success and failure. To do these things, you'll need detailed information.

While governments are pushing for more freight to be carried by rail, there will always be a place for trucks. Trains may be better for carrying large volumes of bulk goods over long distances, but trucks are better for moving goods door to door, over shorter distances or where time is a factor.

About 400,000 trucks are employed to carry freight in all parts of Australia. There are approximately 45,000 rigid trucks and 7,000 articulated trucks registered in Western Australia. The majority of them are used commercially and most are run by owner-drivers.

Will this situation continue? The Commonwealth Department of Infrastructure, Transport, Regional Development and Local Government (DITRDLG) predicts that the amount of freight to be moved will double by 2015, especially in perishable and specialised goods. Road transport is expected to maintain its share and to continue to grow as well. And there are opportunities for road transport operators to work with railways and ports, providing the links between ships and trains, exporters and importers, distributors and end users.

The freight industry is changing, however, and this is likely to place more demands on road transport operators.

If you are working for a prime contractor(s), you will need to develop your business plan taking into account the amount of work available now and into the future. One of the factors you may take into consideration is whether any of the loans or leases you have entered into will be affected by your being in a contractual relationship with others. The price of fuel also needs to be considered in any contract to ensure you are not caught out by any large price increase.

Prime contractors often prefer to deal with fewer operators and look for companies that can provide a range of services that include logistics and warehousing as well as transport. Many companies are introducing electronic systems for stock control, despatch and distribution planning. Transport operators may have to buy equipment that allows them to access the work or pay for somebody else to do it for them.

Regulators require:

- accreditation for operators of permit vehicles;
- maintenance and fatigue management systems for the business; and
- occupational safety and health training for drivers.

The emphasis on self-regulation means that road transport operators need to spend more time and money on planning, recording and reporting their activities. It also means that you must keep up with legislative changes and new techniques that improve efficiency and productivity.

The bottom line is that to make a living as a truck owner these days, you need to be a professional operator. And this means thinking like a business person.

## Making a success of your business

There are a number of things you can do to increase your likelihood of success. Here are some of them:<sup>1</sup>

- Increase your efficiency where you can.
- Ensure you're running only cost-efficient vehicles and keep a record of both vehicle-related costs and services.
- Monitor vehicle use and downtimes. This is essential if you are to make the most profit you can.
- Understand activity-based costing. If you know how much it costs to run your truck and how much it costs to be off the road for the day, you'll make better decisions about what jobs to take, what you need to be paid to do the job, and what extras you can afford to buy. And be prepared to change things quickly if your costs rise or your revenue falls.
- Use technology to ensure you are operating efficiently. If it helps your business, investigate truck management software, internet booking systems, allocations of load drops, approved increased axle loading schemes and global positioning systems (GPS).
- Develop relationships. Developing good relationships with the people you do business with is worth the effort, particularly those who provide you with advice, services and supplies. You are more likely to get good service day to day and a little bit extra in an emergency.

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<sup>1</sup> From Prentice Parbery Barilla (SA), *Industry Risk Bulletin on the Road Transport Industry*

- Add value. Consider providing a holistic service, perhaps through a strategic alliance with another business. While warehousing requires significant capital expenditure and involves totally different skills, you could work with a company whose people have those skills.
- Find a niche and specialise. Provide a service not many other people provide. An example of a specialist niche is the provision of container transport between railhead and distribution depots.
- Compare your business with others in the industry to see if you are better and smarter.
- Develop strategic alliances. Network and make contact with operators in other geographical regions.
- Carry out other transport tasks, inter-modal operations, warehousing and logistics. This will enhance your reputation and make your business more attractive to your customers by expanding the range of services you can offer.

# Being an Owner-driver

*If you decide to be an owner-driver, you will need to make a lot of decisions on how to run your business. Following are some of the questions you may wish to ask yourself. It is important to note that these are general questions and you need to assess if they apply to your own situation.*

## What sort of work do you want to do?

Here are some basic questions you might ask yourself:

- Do you want to do low loader work – with oversize loads?
- Do you want to drive a prime mover?
- Do you want a B-double or road train combination?
- Do you want to drive long distances or stay in the metropolitan area?
- Do you want to take on interstate work?

## What do you want to get out of running your own business?

There are some costs that you won't be able to control – eg your truck payments, the cost of licences and permits, the cost of insurance and the cost of fuel. All of these will affect the profit you'll make from the work you do. But there are a number of ways that you will be able to reduce your costs – if you want to.

### *How many hours are you prepared to work?*

You may increase your income if you work more hours, by taking on more work. You'll also maintain a better cost-per-kilometre rate the more kilometres you do.

However, extra hours should not be at the expense of safety. You should ensure that all operations stay within the fatigue management regulations and you achieve the necessary rest requirements.

Note that with extra kilometres, your truck will need servicing more often and will reach the end of its life sooner.

### ***Are you going to do your own servicing?***

Do you have the experience to carry out your own servicing? Having your vehicle regularly serviced reduces the likelihood of breakdowns and unscheduled downtime, and increases safety on the road. If you don't have the necessary experience or qualifications to service the vehicle yourself, it may be best left to a qualified mechanic. Servicing the vehicle yourself may also take up a lot of your leisure time.

### ***What do you need to consider when deciding what to pay yourself?***

After you have decided what your business expenses are likely to be, you will need to determine the amount you will pay yourself as wages or drawings depending on whether you work as a sole trader or for your own proprietary (pty) company.

It is also important to set aside money for major repairs and vehicle replacement.

## **Have you got what it takes?**

The difference between being an employee and being an owner-driver is not just a matter of who pays the bills. To succeed, you must:

- be a self starter;
- be prepared to work hard;
- be prepared to set goals;
- be comfortable with business negotiations;
- be good at dealing with customers and providing them with good service;
- be good at promoting yourself and your business;
- be a good organiser;
- be able to deal with the ups and downs of owning a business;
- be willing to learn;
- understand the business you are in;
- be willing to keep up with what's happening in the industry and with your customers and to change the way you do things when necessary; and
- be able to work within the law, staying within fatigue management standards and other regulatory provisions.

Here are some ways of learning about the business you are taking on:

- Draw on previous experience in a similar business.
- Visit the Small Business Development Corporation.
- Speak to a professional accountant or bank manager.
- Your trade association is a good source of information.
- You'll get the inside story by talking to other successful owner-drivers.
- Talk to potential customers and suppliers and ask for their opinions and ideas.
- Subscribe to industry publications.

**Plan ahead**

Don't make the decision to become an owner-driver in a hurry. Work towards your plan and build up your cash reserves so that when you go out on your own, you won't have to borrow so much and you'll be better prepared to deal with the unexpected.

# Contractors and Contracts

Here are some tips that you may like to consider when entering into a contract. You may need to ask more questions and it is best to seek legal advice and advice from an accountant.

Even if you're operating in a part of the industry where it's hard to get a contract, you might want to ask the same questions about your potential customers.

## Contractors<sup>2</sup>

### *Factors to consider when assessing a contract*

These are general tips only and it is advisable to obtain advice from your legal and financial advisors on your specific situation.

It would be useful to find out how long the contractor has been in business. To do this, you can conduct a business or company search. Because you might be working solely for the contractor, you might wish to ask if your superannuation and workers' compensation insurance will be catered for. It is essential that your contract be in writing and all conditions be clearly written down after negotiations, so that you incur no losses. It is best to get legal advice before signing any contracts.

When you talk to a contractor, ask these questions:

- **Do I have to pay for goodwill and/or a franchise or contract fee?**
- **Am I guaranteed a minimum number of hours per week?**
- **Am I paid a waiting time allowance?**
- **Does the company offer me a flat hourly fee, free of deductions, or does it take out a percentage of the vehicle's gross earnings to cover the company's costs?**

Many companies take out a percentage of the total earning of the vehicle and this can be up to 45%, a figure that appears to be very excessive.

Remember that it is the company which is quoting in the market place, and if it quotes low just to win the business, then your potential to earn revenue is reduced. It won't affect the company quoting – it will still earn its percentage, no matter what.

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<sup>2</sup> From *Do I Want to be an Owner-driver?* with the permission of the Owner-drivers Association of South Australia Ltd.

- **Are there periods where earnings can be affected?**

For example, after Christmas can be a period when the demand for transport services is quiet.

- **Are there provisions (in writing) for a price increase?**

Remember there are costs that can affect your financial return. What if the price of fuel continues to escalate – are there provisions by the company to allow rate adjustments for you to cover this increased operating cost?

- **Why is a company advertising for owner-drivers on a regular basis?**

One possible reason for a high turnover of operators in a company is poor financial returns.

#### **Talk to other owner-drivers**

Probably the best sources of information about a company are other owner-drivers. They will give you more candid answers than recruiters. When you talk to other owner-drivers, find out how long they have been working with the company. If the owner-driver has been with the company for more than two years, pay attention to what he or she says. Better owner-drivers don't jump ship at the first sign of trouble. You could ask these questions:

- Are you happy with the company? If not, why not?
- Do you get paid on time?
- Are the charge backs on your settlement fair?
- Do your settlements clearly itemise deductions?
- Does the company penalise you if you refuse a load?
- Do you get home at reasonable intervals?
- How are complaints handled?

#### **Running your own business**

If you become an owner-driver, no matter what sector of the transport industry you enter, you will be running your own business.

You must be aware of your costs, including fuel, repairs and services, tyres, insurance etc, and unless you know these costs you can't determine what rate you need to charge to be profitable.

### **Do your research**

When you research a company, don't act like someone going for a job. You are a businessperson striking a deal with another businessperson. You have to look out for your best interests. Don't shy away from asking tough questions. You might not get the answers you want, but it's better to find out how the company responds to certain issues before you sign a contract.

You can use the checklist on the next page to record information about the contractors or companies that you are investigating. Some of the items apply to courier companies, but you can modify the form to include the questions you want to ask about each company. The list is general in nature and you should check with your accountant and lawyer on other issues to check.

You can copy or print out the checklist separately from the 'Useful Forms' chapter of this guide, or download it from the 'Owner-drivers guide' website, [www.dpi.wa.gov.au/ownerdrivers](http://www.dpi.wa.gov.au/ownerdrivers).

<b>Contractor checklist</b>		
Name of company		
Name of representative		
Phone number		
Date		
Do I have to pay a goodwill and/or franchise or contract fee?	Yes / No	If yes, how much?
What is the hourly rate being paid?	\$	
Am I guaranteed a minimum number of hours per week?	Yes / No	If yes, how many?
Are they prepared to put this in writing?	Yes / No	
Am I paid a waiting time allowance?	Yes / No	If yes, how much?
Does the company take fees out of the gross remuneration?	Yes / No	
If yes, which ones?	Radio Uniform Comprehensive insurance Public liability insurance Load transit insurance Sickness and accident insurance Management	Yes / No Yes / No Yes / No Yes / No Yes / No Yes / No Yes / No
To cover the company's costs, does the company take a percentage out of the vehicle's gross earnings?	Yes / No	If yes, how much?
Is the company advertising for owner-drivers on a regular basis?	Yes / No	If yes, why?
Are there periods where earnings can be affected?	Yes / No	If yes, when?
How soon are accounts settled?		
Does the company provide maintenance facilities?	Yes / No	If yes, is there a charge?
What are the provisions if either party wishes to terminate the contract before the term runs out?		

## The contract

As an owner-driver you will want to ensure a regular supply of work. Companies you deal with will also want to secure drivers to meet their requirements.

When seeking work as an owner-driver, you may be presented with a contractor's agreement and asked to sign it before commencing work.

This agreement will often appear like a standard form with details such as your trading name and address inserted (often into schedules at the end). You will be asked to sign. This is the time to exercise caution.

### **DO NOT SIGN UNTIL:**

- you have read the document;
- you have received independent legal advice;
- you have received financial advice;
- you have understood the document and its implications; and
- all of your questions have been satisfactorily answered.

There are many issues that need to be addressed, including the following.

- **The term of the agreement**

You must know how long the contract will run. Do not rely on what you are told, but see what is specified in the contract. If you are purchasing a vehicle or paying for the contract, this is most important.

You will also want to see that there is a clause that permits you to renew the contract for a further term if you wish to do so.

- **How may the agreement be terminated?**

Having satisfied yourself that the contract term is appropriate (eg a five-year term), watch out for any clause that states, "Either party may terminate this contract upon providing 14 days notice to the other party."

Usually the contract may be terminated early only upon the happening of an extraordinary event such as bankruptcy, criminal conduct, extended ill health, breach of a fundamental term of the contract etc. However, it may be in your interest to have flexibility regarding termination of the contract and it is best to see your lawyer for advice on this.

- **Does the agreement guarantee a minimum quantity of work?**

The contract is of no value to you if it does not assure you of work.

- **Are you obliged to perform all work allocated to you?**

Too much can be almost as bad as too little. If you are obliged to perform all work, your failure to do so may be a breach of contract that results in the termination of the contract.

You should see if the contract gives you the ability to engage a sub-contractor to perform extra work or do your work if you are unavailable.

- **How is the rate of pay calculated and paid?**

This is often stated vaguely and in such a way as may not be capable of enforcement – eg “Payment shall be made in accordance with the company manual as varied from time to time” would be unacceptable.

Rate of payment must be clear and the manner of payment is also important – eg payment three months in arrears is going to cause cash flow problems at the outset.

- **What provision is there for future rate changes?**

A five-year contract that fixes the pay rate is unacceptable, as all costs and especially fuel costs will rise. You will need to examine the provision for pay increases carefully, as it can often cause future conflict.

- **Can you perform any work for anyone else?**

Are you intending to contract your services exclusively to one company or do you intend to perform additional work either on your own behalf or for another company.

Make sure your contract matches your intention. If the assurance of a specific quantity of work is not stated in the contract, it is even more important to preserve the right to carry out outside work.

- **Are you restricted from operating your vehicle after the contract ends and if so, in what way?**

Upon termination of a contract, some provisions continue in force! Often a contract will contain a ‘restraint of trade’ clause preventing the driver from working within a particular radius for a specified period of time. If the restraint is too broad, the courts will strike it out of the contract, but you will not want to go to court to find out. If you do, you will find out that there are many shades of grey and the exercise will be stressful and expensive. If in any doubt about the restraint of trade clause, see your lawyer.

A better way is to negotiate acceptable terms before signing the contract. Don’t rely on verbal representations made at the time, eg if the contractor says, “Don’t worry about the restraint clause: we won’t enforce that.”

If they say a particular clause will not be enforced, it should be deleted. If they say they will change an unacceptable clause, make sure they put the change into the contract.
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- **What if one of the contractor's customers asks you to work for them?**

There are likely to be confidentiality clauses and the restraint clause will also need to be considered.

- **What happens if you want to sell your truck?**

Can the benefit of the contract you are entering into be transferred into the name of the purchaser of your truck? Do you need the consent of the company and if so in what circumstances can that consent be refused? Do reasons have to be given?

- **Is there a buy in price and if so, can it be recovered at the end of the agreement?**

If you are paying a large price to gain the benefit of the contract, it will be important to know that the buy in price can be recouped later. An ability to make a profit will be even better.

To avoid pitfalls and traps contained in the 'fine print', you should always obtain independent legal advice before signing any such documents so that you know what you are doing before it is too late, and so that negotiations can be entered into to seek the removal or amendment of any oppressive term to the mutual satisfaction of both parties.

If you have read the contract carefully and obtained legal advice, you should know the answers to the above questions. If you don't like the answers that you get, you can attempt to negotiate alternatives and can get assistance from a solicitor or from your industry association.

Having gone to the trouble of understanding your contract, make sure you keep a completed copy for your own future reference.

## ***Tendering***

Tenders are invitations to apply for a contract on the conditions stated in the tender. A selection process then determines the successful tenderer.

It is important that you read a tender document carefully and understand exactly what the conditions are that you are committing yourself to.

Again it is important to contact a solicitor or your accountant who is experienced in understanding documents and who can give you sound advice.

Like contracts, tender conditions must be fair and equitable to both parties.

When quoting for work through tendering, it is important that you don't just quote a low rate to win in the process – you should also put in a price that shows value for money and takes into account your financial viability. If it is a government tender, it is best to refer to State Supply Commission guidelines and The State Supply Commission Act. These documents will help you to better understand your obligations if responding to a government tender.

# Choosing a Truck

*Investing in the right truck will add value to your business.*

## What features are important?

### *Reduce the life-cycle cost*

The life-cycle cost of your truck is the total cost incurred during the life of the truck. When you choose your truck, look for features that reduce the life-cycle cost and increase vehicle uptime.

When you are looking at the features of different vehicles, think about how your choice will affect these costs:

- fuel usage
- services
- insurance
- financing costs
- the cost of acquiring and reselling the truck
- driver re-training
- accommodation away from home (sleeper cab)

### *Improve driving satisfaction*

Obviously different features will suit different drivers, but there are some things that will improve the driving experience for nearly everybody:

- You'll need engine horsepower that meets the task.
- An automated transmission that still gives the driver control in specific situations may be more comfortable and certainly reduces the number of gear shifts that have to be made every day.
- The driver's seat and driving position are vital for comfort and reducing driver fatigue.

- The layout of the instrument panel and controls is important so that everything is visible and within easy reach. You should be able to check everything at a glance and reach controls as much as possible without taking your hands off the wheel.
- Noise is another important factor to consider, especially as too much noise for long periods of time contributes to fatigue. The position of things like air brakes and the sound system and the amount of insulation provided are important.

### ***Improve fuel economy***

There are a number of ways to improve fuel economy:

- Choose an aerodynamic model and, where appropriate, a sleeper package appropriate for the trailers being hauled, roof fairing, chassis fairings, cab extenders and aerodynamic mirrors. Remove accessory components from the air stream where possible and narrow the gap between the vehicle and the trailer as much as you can.
- The impact of aerodynamics depends on speed as well as design – eg the amount of energy needed to move the air around a truck at 100 kph is 40% greater than at 80 kph.
- Choose the same tyres for all of the wheels on each vehicle.
- Choose the right engine and gearing for what you want your truck to do. Fuel economy may fall by 10-15% if a gear set is selected that has the truck cruise at the wrong rpm. Choose a transmission and rear axle to match the engine and load requirements for your specific application. Take into account the terrain over which the vehicle will operate.
- Choose effective tare weight components that will still do the job. Lighter weight reduces the amount of horsepower needed to overcome the mechanical resistance of the drivetrain and tyres. You may also be able to increase your payload capacity.

#### **Overcoming drag**

At 90 kph, about two-thirds of the energy consumed by a truck is to overcome the aerodynamic drag. Roof fairing and cab extenders reduce aerodynamic drag and can decrease operating expenses significantly.

### ***Don't buy more than you need***

When you're looking at options, think about what you'll actually need to do the job. Will a \$200,000 truck do the job as well as a \$300,000 truck? If you spend more than you need to, you might find it hard to compete with someone who has spent less.

## New or used?

You'll find that some contractors offering long-term and specialised contracts require you to have a new truck. If you choose to go with such a contractor, you won't have a choice between buying new or second hand. But if you do have a choice, there are a number of things to consider.

### *Capital outlay vs operating cost*

While the price of a second-hand truck will be lower than the price of a new one, that doesn't mean it will actually cost you less. Here are some things to consider:

- Stamp duty in Western Australia is higher for second hand.
- Interest rates are also higher for second hand.
- Insurance costs may also be higher, depending on the driver's history.
- You're likely to have to pay a larger deposit on a used truck and buying second hand will limit the residual value at the end of your repayment period.
- Your service and repair costs will accelerate sooner. You won't get as much use out of a second-hand truck before you are faced with the same decision again.

### *Resale value*

While the number of kilometres on the clock and the condition of the truck and tyres will have a big impact on the resale value of your vehicle, there are a number of things you should think about when buying new:

- Truck make is one decision you can make to increase resale value. Premium brands can bring premium resale dollars, although different brands sell better in different areas.
- Power is another one. The rule of thumb is the higher the horsepower, the higher the resale value.
- There are other components that may cost you more in the first place but will hold their value better as well – higher speed transmission and automatic over manual, aluminium wheels, high quality exhaust and air cleaners, a larger sleeper and options like engine brakes.

Another thing to remember when considering the resale value of your new truck is how you will dispose of it. If you are in a position to resell it yourself, you can command more than on a trade-in or through reselling to an agent, because the reseller has additional costs. However, it can take longer to sell a truck yourself.

Also, extended transferable warranties and complete service records will help you sell.

Speak to your accountant about the taxation implications and issues on resale value before you sell, as timing can have an impact.

## What about finance?

Here's some basic information about the different types of finance to help you get started.

You will need more information and advice before you make any decisions. The best person to advise you about finance is your accountant. Your accountant will not only tell you what effect the type of finance you choose will have on your set up and operating costs, but will also be able to help with a financial plan that will convince a finance company to go with you.

### *Loans*

(also called asset loans or chattel mortgages)

Individuals, sole traders or partners can take out loans.

Regular payments are structured to meet your requirements. They'll vary according to how much deposit you can afford and the amount of the final lump sum payment that's due at the end of the finance term.

Although there are transfer fees to pay, the ownership of the vehicle is transferred to you as soon as the first payment is made. This is in exchange for the security over the vehicle, which is discharged as soon as you pay the final instalment.

Taking out a loan may give you a tax advantage, depending on the GST structure of your business. You should consult your accountant about this. Loans don't usually incur ongoing fees, but you are likely to have to pay a set up fee when the loan is approved, as well as government charges such as stamp duty.

Loans are available for both used and new vehicles.

### *Finance leases*

A finance lease basically works by the finance company purchasing the equipment or vehicle you require and then leasing it to you. You then use the vehicle or equipment for an agreed time in return for a series of rental payments.

A finance lease requires little or no down payment. You have the immediate use of the vehicle without having to pay a large deposit. If you do make a higher first lease payment, it can act like a deposit and reduce your rental payments. Rental payments are then fixed for the entire term of the agreement. You may also have to pay compulsory government charges such as stamp duty or GST as part of the monthly repayment.

As long as the leased vehicle is used to produce assessable income, the lease payments will be tax deductible. It is advisable to consult with your accountant about this.

At the end of a lease you have a number of choices. You may continue to lease the vehicle at an adjusted monthly rental. You could offer to buy the vehicle at the residual value agreed at the beginning of the lease contract. Or you could return the vehicle, subject to contractual requirements. This would allow you to upgrade, if that's best for you.

### ***Operating lease***

An operating lease is similar to a finance lease except that you have no trade-in or reselling hassles. The risk of reselling is taken by the finance company. When the term of the lease expires, you have the choice of extending the lease or returning the vehicle, subject to the requirements of the contract.

Some operating leases allow you to include maintenance in the lease payment. These are called fully maintained leases.

### ***Hire purchase***

Hire purchase is an option for light vehicles as well as plant and equipment. It's designed for businesses that want to own the asset at the end of the agreement term.

Hire purchase works by the finance company owning the vehicle or equipment and giving you the use of it in return for regular payments. When the final payment is made, you own the asset.

The term of the agreement is decided at the beginning and has an impact on the monthly payment you'll have to make. Monthly payments are set for the term of the agreement, giving you a constant figure to include in your business planning and budgeting. To reduce the monthly commitment, you can either extend the term of the agreement or incorporate a payout at the end of the contract. You may also have to pay compulsory government charges such as stamp duty or GST as part of the monthly repayment.

### ***Doing your sums***

Most finance companies have websites where you can work out how much finance will cost you. How much you have to pay will depend on:

- whether the vehicle is new or used;
- which state or territory you're in;
- the purchase price;
- the type of finance;
- what the term of the agreement will be;
- what the residual value is (between 18.75% and 40%); and
- what fees and charges apply.

# Financing your Business

*When you start up in business, you'll need enough working capital to set yourself up, operate for perhaps several months until your first accounts are settled, and have some funds set aside for emergencies.*

## What financial resources will you need?

Calculating your financial needs will be part of your business plan. When you start up in business, you'll need to find enough cash to set yourself up and operate for perhaps several months until your first accounts are settled. An allowance for bad debts is always prudent, as is something set aside for emergencies.

You'll need to pay for some professional advice, put down the deposit on your truck, buy equipment and tools, pay for insurance and registration and meet other compliance costs. You will also need enough cash to buy supplies to operate your truck for several months. And you'll need to cover your living expenses.

The worksheet below will tell you when you'll need more cash for bills and when you'll be able to keep some aside. You'll also be able to work out how much you'll need from your business on average every fortnight or every month for your personal living expenses. This figure will be used in other calculations.

You can copy or print out the worksheet separately from the 'Useful Forms' chapter of this guide, or download it from the 'Owner-drivers guide' website, [www.dpi.wa.gov.au/ownerdrivers](http://www.dpi.wa.gov.au/ownerdrivers).

### Personal budget worksheet

Item	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Total
<b>House</b>													
Rent/mortgage payment													
Rates – council													
Rates – water													
Maintenance													
Insurance													
<b>Domestic</b>													
Food													
Clothing													
Entertainment													
Telephone													
Home mobile													
Electricity, gas													
Other													
<b>Personal</b>													
Health care													
Education													
Books, sport etc													
Other													
<b>Motor vehicle</b>													
Insurance, licence													
Repairs, services													
Fuel, running													
Loan repayments													
<b>General</b>													
Life assurance													
Superannuation													
Medical/hospital insurance													
Personal loan repayments													

**Personal budget worksheet**

Item	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	June	Total
Credit card payments													
Other (1)													
Other (2)													
Other (3)													
<b>Total monthly outgoing \$</b>													

## *Calculate your start-up costs*

The start-up costs worksheet on the next page will help you calculate how much you'll need to get your business going.

You can copy or print out the worksheet separately from the 'Useful Forms' chapter of this guide, or download it from the 'Owner-drivers guide' website, [www.dpi.wa.gov.au/ownerdrivers](http://www.dpi.wa.gov.au/ownerdrivers).

You probably had to do a bit of research to fill in all your personal expenses and when those bills fall due. You'll need to do a bit more research before you can complete the start-up costs worksheet.

You may have some of the figures you need from your previous experience driving a truck. You may also need to talk to people in the industry or to some dealers and suppliers. And you could look through some trade magazines and industry publications for more information.

While you may not need to pay all your suppliers immediately, it's likely that you'll have to pay some of them before you have any money coming in.

You'll need to estimate how many months it will be before you start getting income from your work. This will depend on what companies you will be dealing with and what type of contracts you can put in place.

Generally, you should allow a minimum of 30 days for settlement of accounts.

Once you've decided on a figure, add a month or two for safety and use that figure when you're calculating how much cash you'll need to operate for that period.

Next you need to know if you can afford to go into business in your own right now. The following section, 'What's your personal worth?', will help you work this out.

<b>Start-up costs worksheet</b>	
<b>Essential costs</b>	
Deposit and/or initial lease or loan payments on your truck	\$
Equipment and tools	\$
CB radio and/or mobile phone	\$
Registration fees, permits and licences	\$
Initial insurance premiums	\$
Professional advice and services	\$
Supplies for several months' operation	\$
Fuel for several months	\$
Contingencies (say 10% of your expenses so far)	\$
Living expenses for several months	\$
Emergency fund (say operating and living expenses for two months)	\$
<i>Total essential costs</i>	\$
<b>Non-essential costs</b>	
Truck upgrade or modifications	\$
Laptop computer	\$
CD player	\$
Other (1)	\$
Other (2)	\$
Other (3)	\$
Other (4)	\$
<i>Total non-essential costs</i>	\$
<b>Total start-up costs (= total essential costs plus total non-essential costs)</b>	<b>\$</b>

## What's your personal worth?

You need to have sufficient personal worth to start up any business. It has been shown that businesses with a lower gearing ratio (ie significantly more assets than borrowings) survive better than businesses with a higher gearing ratio.

### Equity and gearing

Funds provided by the business owner are termed equity, as opposed to borrowed funds.

The ratio between equity and loans or borrowed funds is referred to as gearing.

High gearing means that the majority of funds come from borrowing and a smaller proportion comes from equity (eg \$10,000 equity - \$60,000 borrowed). Low gearing means that the majority of funds come from equity (eg \$60,000 equity - \$10,000 borrowed).

You need to calculate your personal worth so that you can make a judgement about whether or not you can afford to go into business on your own. You'll need to provide the same information to the financial institution you apply to when you want to borrow money or take out a lease.

Your chances of success will be better if you have enough capital to set up your business and have a reserve fund for when things get difficult, without borrowing heavily.

As a general rule of thumb, for every dollar you borrow, you should already have a dollar, preferably two – eg if you want to borrow \$50,000 you should have \$50,000 to \$100,000 in assets.

The worksheet below will help you calculate your personal worth.

You can copy or print out the worksheet separately from the 'Useful Forms' chapter of this guide, or download it from the 'Owner-drivers guide' website, [www.dpi.wa.gov.au/ownerdrivers](http://www.dpi.wa.gov.au/ownerdrivers).

Again, you may need to do some research to find out how much your assets are worth today. Ask a real estate agent or a valuer for a figure on your house and land. The 'For Sale' section of the newspaper will give you an idea of how much your motor vehicle is worth after making allowance for the dealer's margin. If you have investments, the daily newspaper has information about shares in the stock exchange quotes, as well as current property listings.

Your personal worth is the difference between the sum of all you own (your accumulated assets) and the amount you owe to others (your liabilities).

<b>Personal worth statement</b>	
<b>Assets</b>	
Cash in the bank	\$
Real estate – house and land	\$
Household furniture and electrical items	\$
Motor vehicles	\$
Boat	\$
Insurance policies (surrender value)	\$
Superannuation	\$
Shares/stocks	\$
Other assets	\$
<i>Total assets</i>	\$
<b>Liabilities</b>	
Mortgage – house	\$
Car loan	\$
Personal loan	\$
Credit cards	\$
Other liabilities	\$
<i>Total liabilities</i>	\$
<b>Personal worth (= assets minus liabilities)</b>	<b>\$</b>

## What are your financing options?

The information here will give you a basic outline of your options. You will need to get more information and advice before you make any decisions.

### *Sources of external finance*

The major sources of external finance for small businesses are:

- trading banks
- finance companies
- venture capital enterprises
- merchant banks
- building societies
- credit unions
- creditors
- vendors

### *Some tips*

Here are some guidelines to help you work out whom you should approach for funding.

Don't use short-term funds for long-term needs and don't use long-term loans for short-term needs. For example, a bank overdraft (short-term) shouldn't be used to buy plant and equipment (long-term investment) because the bank may withdraw the overdraft facility. On the other hand, arranging a three-year loan (long-term) to even out cash flow fluctuations may result in you paying more for finance than you need to, because of the higher interest rate.

Consult your accountant before acquiring or disposing of any significant assets. The timing, financing and method of disposal all have income tax, GST and capital gains tax implications.

Don't borrow less than you need but be sure you will be able to meet your repayments. If you are unable to borrow more later on, you could risk losing your business.

Your accountant will also advise you on whether to finance the purchase of your truck by loan, hire purchase or leasing. (See 'What about finance?' in the previous chapter.)

### ***Short-term funding***

Short-term funding is used to finance working capital and seasonal deficits, and smooth out cash flow fluctuations.

Some sources of short-term funding include overdrafts, bank bills, commercial bills and factoring (where, for a fee, someone else pays you the money that your customers owe you and then collects it from them).

### ***Long-term funding***

Long-term finance is a loan repayable over a number of years. It is mainly used for capital purchases like plant and equipment, land and buildings, and major expansion projects.

Term loans, leasing and hire purchase finance may be appropriate funding for capital purchases.

### ***Applying for a loan***

1. Look objectively at the future of your business. What do you need funding for? Do you need short-term or long-term funding? How are you going to generate the money needed to repay the loan?
2. Be confident when you seek a loan. You are selling a business proposition and the lender should make a profit from lending you money. You have to convince the lender that they are not taking a huge risk. Have plans ready to show how you would cope if a risk arises.
3. Approach your bank to see if they would be prepared to consider lending you money against the securities you can offer. You'll need to prepare a proper application, including a business plan.
4. Get together the following information for your application:
  - How much money do you need?
  - What type of loan do you want?
  - When will you need the money?
  - What you will use the money for?
  - How will you repay the loan? Have copies of any contracts you have negotiated. Detail your projected income and *all* your costs.
  - How long do you want the period of the loan to be?
  - What security can you offer in return for the loan? You may need to get independent and realistic valuations of assets offered.

- Personal information should include your age, education, experience and personal worth, together with a statement of your personal financial needs. What funds do you need to cover your living costs while you are setting up your business?
  - Information about your business should be included in your business plan. Include a short history of your business, your plans for the future, current and past years' accounts if it is an existing business, and a cash flow projection for both existing and new business ventures. Also include information about funds you already have and amounts owing to you. List your assets and liabilities, bank balances and other deposits or investments. (See the following chapter, 'Getting Started', for more tips on putting together your business plan.)
  - What is your previous borrowing history? What other commitments do you already have? List loans, hire purchase and leasing agreements.
5. Present the information in a bound document if you can – ideally make three copies: two for the bank and one for your files. Include copies of all relevant documents and contracts. If your accountant prepares the documents for you, make sure you get an explanation of everything that's included so that you can answer any questions put to you by the bank.

Be absolutely honest with your claims. Do not exaggerate your earnings, downplay your expenses or conceal any shortcomings. You must get your loan solely on the basis of merit because your venture is viable. Above all, do not delude yourself by being overly optimistic.

# Getting Started

*“A business plan is a summary and evaluation of your business idea. It is a written result of the planning process.” (Small Business Development Corporation)*

*In the same way, keeping abreast of changes in the industry and your market will put you in a better position to take advantage of new opportunities. Knowing what warning signs to look for will ensure that you're not caught unprepared. And focusing on the future can be like a self-fulfilling prophecy – you'll meet your targets because you'll have something to work towards.*

## Your business plan

### *Why a business plan?*

It's a good idea to start with a business plan.

Developing a business plan will help you think through all aspects of the business and work out the effect of different choices you might make.

It will help you see what the strengths and weaknesses of your business are. Plan to take advantage of your strengths and overcome your weaknesses.

Plus you'll need a business plan when you are applying for finance or asking people to invest in your business.

Your business plan will be a basis for planning in the future. As key elements change, you will be able to work out how this will affect your business and where you need to change your plan

### *What to include*

Here's an outline developed by the Small Business Development Corporation (SBDC) of what you'll need to include in your business plan. You'll need to do some research before you can fill in the details. And you may need help from your accountant to develop your financial plans.

<b>Your business plan</b>	
<b>Introduction</b>	
<ul style="list-style-type: none"> <li>• Purpose of business plan</li> </ul>	<p><i>Write down why you are preparing the business plan and how you intend to use it. The above section on 'Why a business plan?' will give you some ideas.</i></p>
<ul style="list-style-type: none"> <li>• Business goals</li> </ul>	<p>Why are you in business?  Where do you hope to be in the market?  What sort of business will you be running?  What timeframe are you working under? Where do you want to be in 5 years?</p>
<b>The industry</b>	
<ul style="list-style-type: none"> <li>• Overview</li> </ul>	<p><i>You can get the information you need from your trade association, your union, trade magazines and government departments.</i></p> <p>Give a general description of the road transport industry. Identify where your business will fit in.</p>
<ul style="list-style-type: none"> <li>• Industry characteristics</li> </ul>	<p>Some of these have been given in the first chapter of this guide. You may know of other important issues that should be included.</p>
<ul style="list-style-type: none"> <li>• Important trends</li> </ul>	<p>The road transport industry has close links with other industries and will be affected by the same things. Understanding these links will help you work out where you want to place your business.</p> <p>There are changes in the economy that affect nearly all small businesses, eg oil prices and interest rates. Other changes may affect only some businesses. You'll need to work out which changes are important to you.</p> <p>Your business will depend on the health of the businesses you serve, so you need to look at anything important that will affect them – eg if you are moving building supplies, demand for your services will be affected by trends in housing.</p>
<ul style="list-style-type: none"> <li>• Social and political issues</li> </ul>	<p>Are there any social or political trends that will affect your business? An example might be fewer people wanting to live in the country, which would result in a lower demand for the transport of consumer goods.</p>
<ul style="list-style-type: none"> <li>• Technological change</li> </ul>	<p>Are there any technological changes coming that will affect your business? The growth in e-business is an example. While it improves productivity to use electronic links to send work orders or make bookings, it does increase costs.</p>

<b>Your business plan</b>	
<ul style="list-style-type: none"> <li>• Price sensitivity</li> </ul>	Price sensitivity refers to the extent to which customers are influenced by the price of what they buy – eg beer is a less price-sensitive commodity than cinema tickets because people are less likely to give up drinking beer when the price goes up. Your customers are likely to be influenced by price, and you'll need to acknowledge this and decide how you can work around it.
<b>The business</b>	
	<i>Summarise all the information about how your business will be set up. Include information about yourself as well.</i>
<ul style="list-style-type: none"> <li>• Your profile</li> </ul>	Include details about your expertise, your work history and any training you've had.
<ul style="list-style-type: none"> <li>• Past performance</li> </ul>	If you have a successful history as an independent operator or in a previous business, put the details in here.
<ul style="list-style-type: none"> <li>• Business structure</li> </ul>	Are you going into business as a sole trader, or will your business be a partnership or a company? Include your registered business name if you have one.
<ul style="list-style-type: none"> <li>• Main activities</li> </ul>	What type of business are you setting up? What will be its main activities?
<ul style="list-style-type: none"> <li>• Location</li> </ul>	Where will your business be based? Which areas of Western Australia and other states and territories will you be covering?
<ul style="list-style-type: none"> <li>• Starting capital</li> </ul>	What funds will you be using to start up the business?
<ul style="list-style-type: none"> <li>• Unique features</li> </ul>	What are the strengths and weaknesses of the business? What makes it unique?
<ul style="list-style-type: none"> <li>• Business advisers</li> </ul>	Identify your accountant, solicitor and bank.
<ul style="list-style-type: none"> <li>• People</li> </ul>	Identify who your main customers will be, who will help you in the business and if you have any major suppliers.
<ul style="list-style-type: none"> <li>• Management and staff</li> </ul>	A short statement will be all that's required here unless you are thinking of employing a number of staff. Write down who will be responsible for the different parts of your business and give details of their skills and experience.

<b>Your business plan</b>	
<b>Products and services</b>	<i>This section summarises exactly what you will be offering to your customers.</i>
<ul style="list-style-type: none"> <li>• Description</li> </ul>	Give a brief description of the services you will be offering.
<ul style="list-style-type: none"> <li>• Opportunities and threats</li> </ul>	Identify any opportunities in the market that you intend to take advantage of. Make a note of anything that might threaten your business and state how you intend to deal with it.
<ul style="list-style-type: none"> <li>• Strengths and weaknesses</li> </ul>	List anything that makes the services you offer better than those offered by your competitors. If your competitors offer better services, work out how you intend to compete with them.
<ul style="list-style-type: none"> <li>• Future development</li> </ul>	Do you see your business changing? What services will you offer in the future?
<b>Marketing</b>	<i>This is where your knowledge of the industry and the business come in. You may also need to do some market research to find out more. Some of this will come from industry and government publications, but you should also talk to as many people as you can, including your potential customers.</i>
<ul style="list-style-type: none"> <li>• Target market</li> </ul>	What is the market you are aiming at? How big is it? What share of the market will you be aiming for? What are the most important things about the market? How do customers behave?
<ul style="list-style-type: none"> <li>• Customers</li> </ul>	What sorts of things will affect your customers' business? If your customers are affected by seasonal changes or major events, your business will be affected too. The smaller the number of customers you have, the more vulnerable your business will be to changes in their circumstances. Do you have a plan for dealing with this?
<ul style="list-style-type: none"> <li>• Market potential</li> </ul>	Is the market changing? What are the key factors you need to keep an eye on to make sure you keep up with the market? How will your business take advantage of any opportunities?
<ul style="list-style-type: none"> <li>• Competition</li> </ul>	Who are your competitors? What services do they offer? What are their prices? How do they sell their services?
<ul style="list-style-type: none"> <li>• Advertising and promotion</li> </ul>	How do you intend to advertise and promote your business? How will you keep your major customers and attract new business?

<b>Your business plan</b>	
<b>Financial information</b>	<i>This section will include a range of financial information. You may need the help of an accountant to put it together.</i>
<ul style="list-style-type: none"> <li>• Current position</li> </ul>	Include a statement of your total personal expenses and income from other sources, together with details of the funds you have available to set up your business.
<ul style="list-style-type: none"> <li>• Income and expenditure projections</li> </ul>	These figures should be detailed for at least the first year and then in summary or consolidated form for another 3 or 4 years.
<ul style="list-style-type: none"> <li>• Profit budget</li> </ul>	
<ul style="list-style-type: none"> <li>• Balance sheet</li> </ul>	
<ul style="list-style-type: none"> <li>• Cash flow forecast</li> </ul>	
<ul style="list-style-type: none"> <li>• Break even analysis</li> </ul>	
<ul style="list-style-type: none"> <li>• Capital requirements</li> </ul>	
<ul style="list-style-type: none"> <li>• Sources of finance</li> </ul>	
<ul style="list-style-type: none"> <li>• Timing and stages of finance</li> </ul>	
<ul style="list-style-type: none"> <li>• Fixed asset requirements</li> </ul>	
<b>Supporting documents</b>	<i>It is usual to attach copies of key documents at the back of your plan.</i>
<ul style="list-style-type: none"> <li>• Legal documents, leases or contracts, letters of intent, research documents, patents or trademarks</li> </ul>	

Your business plan will be a basis for planning in the future. As key elements change, you will be able to work out how this will affect your business and where you need to change your plan.

## Business structures

The way you set up your business will have an effect on how it's managed as well as on the way you pay tax. Most owner-drivers operate as sole traders, but your accountant or other professional adviser will be able to tell you if there is a better way for you.

The way you structure your business should:

- comply with legal requirements
- protect your assets as much as possible
- minimise the amount of tax you will have to pay, including capital gains tax
- allow for new partners or investors to join you
- be flexible

These are your options:

- **Sole trader**
- **Partnership**
- **Proprietary company (incorporation)**
- **Discretionary or unit trust**

For further details on these, check with your accountant or the SBDC.

## Obligations

*You're probably aware of the laws that apply to operating trucks on the road. There are also laws and regulations that apply to all small businesses.*

### Registration

For more information go to the Business Information and Licence Centre:  
553 Hay Street (near the corner of Pier Street), Perth, WA  
Telephone: (08) 9220 0222. Website: [www.sbdc.com.au](http://www.sbdc.com.au)

Many business activities in Western Australia require registration. Here is an outline of some that might apply to you.

- **Registering a business or company name**

If you are going to trade under a business name or set up a company, you will need to register your business or company name at the Department of Commerce.

Department of Commerce address is:  
219 St George's Terrace, Perth WA 6000  
Telephone: (08) 9282 0777, or free call advice line: 1300 30 40 54  
Website: [www.commerce.wa.gov.au](http://www.commerce.wa.gov.au)

- **Registering a proprietary company**

If you want to set up a company, it's usual practice to go to a solicitor or accountant who has already set up a number of 'shelf companies' so that you can use one straight away.

Companies are registered with the Australian Securities and Investments Commission. The Commission's WA office is at:  
Level 3, 66 St George's Terrace, Perth WA 6000  
Telephone: (08) 9261 4200. Website: [www.asic.gov.au](http://www.asic.gov.au)

- **Australian Taxation Office**

The Australian Taxation Office (ATO) collects income tax and goods and services tax (GST). Generally, each individual, partnership, company and trust in business will need a tax file number and an Australian business number (ABN).

Businesses that employ staff must register with the ATO as a PAYG withholding payer.

Businesses with a turnover of more than \$50,000 must register for GST. Registration for GST is optional if turnover is less than \$50,000.

Further information is available from ATO website at [www.ato.gov.au](http://www.ato.gov.au) and from [www.abr.business.gov.au](http://www.abr.business.gov.au)

- **State taxation**

You must register with the Office of State Revenue if you will be liable for pay-roll tax, land tax or stamp duty.

Employers in Western Australia are liable for pay-roll tax on the total wages they pay. In general, if you are not a member of a group, you will not be liable for pay-roll tax if your total wages bill is less than \$750,000 per annum.

You may have to pay land tax if you own land or property other than your family home. Land tax is paid every year on land owned at midnight on 30 June.

Stamp duty is paid when certain types of legal document are executed. These include but are not limited to transfers and agreements for the sale of real estate, documented gifts, policies of insurance, mortgages, and the transfer and issue of motor vehicle licences.

The Office of State Revenue is at the Department of Treasury and Finance:  
Mt Newman House, 200 St George's Terrace, Perth WA 6000  
Telephone: (08) 9262 1400. Website: [www.dtf.wa.gov.au](http://www.dtf.wa.gov.au)

## Permits and licences

The Small Business Development Corporation's Business Information and Licence Centre has information on more than 5,000 federal, state and local authority licences, registrations and permits.

Their database gives you the following information:

- the licensing authority
- governing legislation
- licensing fees
- the duration of the licence

It is always worth checking whether you need a permit or not, and whether you must send in a formal application and pay a fee or just notify someone.

### Vehicle regulations

Australian Design Rules detail the design criteria that apply to your vehicle.

Vehicle Standards Regulations cover vehicle dimensions, axle loads and maximum operating speeds.

Heavy Vehicle Permit Conditions are administered by Main Roads WA in issuing permits for vehicles outside the Regulations.

- **Heavy vehicle permits**

Special permits are needed for vehicles and loads exceeding regulation limits.

The maximum dimensions for transport vehicles, together with load and equipment are:

	<b>Maximum dimension for rigid truck or trailer</b>	<b>Maximum dimension for articulated vehicle</b>
Width	2.5 metres	2.5 metres
Height	4.3 metres	4.3 metres
Length	12.5 metres	19.0 metres

Permits for indivisible loads are available for vehicles and loads that exceed the above dimensions. Single-trip permits may also be issued on application for exceptional loads that exceed the regulation dimensions.

For details about permits and the operation of vehicle combinations that exceed the regulation mass and/or dimension limits, contact:  
Main Roads WA, Heavy Vehicle Operations  
70 Pilbara Street, Welshpool WA 6106  
Telephone: (08) 9311 8450. Fax: (08) 9311 8455

- **Drivers licence**

Make sure you have the correct drivers licence for the category of vehicle you will be driving. If you employ another driver, don't forget to check that they have the correct licence as well, and that it's current.

For more information about heavy vehicle licences, contact the Department for Planning and Infrastructure's Licensing Services:  
Telephone: 1300 720 111. Website: [www.dpi.wa.gov.au/licensing](http://www.dpi.wa.gov.au/licensing)

## *Compliance*

- **Occupational health and safety**

Everybody at work has responsibilities under the *Occupational Safety and Health Act 1984*. As a self-employed owner-driver, whether you work for yourself or contract to deliver freight on behalf of another company, you are responsible for your own and other people's health and safety in the workplace.

In the road transport industry, the workplace includes trucks, depots, warehousing facilities or any place where drivers go while at work, such as the premises of a customer who may be in another state.

When you enter other workplaces to collect and deliver freight, you must follow the health and safety directions at that workplace. You must also make sure that you do not put people at that workplace at risk by your actions.

If you employ another driver, you must provide:

- a safe working environment
- safe systems of work
- safe equipment and protective clothing
- training, supervision and information
- welfare facilities for your employees

and you must:

- monitor your employees' working conditions and health
- keep work injury records

For further information, contact the Chamber of Commerce and Industry of Western Australia:

Telephone: (08) 9365 7555. Fax: (08) 9365 7550.

Website: [www.cciwa.com](http://www.cciwa.com)

UnionsWA is another source of information:

Telephone: (08) 9328 7877. Fax: (08) 9328 8132.

Website: [www.tlcwa.org.au](http://www.tlcwa.org.au)

You could also go direct to WorkSafe at:

5<sup>th</sup> Floor, 1260 Hay Street, West Perth WA 6005

Telephone: (08) 9327 8777 or 1300 307 877. Fax: (08) 9321 8973.

Website: [www.commerce.wa.gov.au](http://www.commerce.wa.gov.au)

- **Vehicle loading**

According to the WA Vehicle Regulations, loads must be restrained to prevent unacceptable movement during all expected conditions of operation.

Detailed information is available from the Department for Planning and Infrastructure's Vehicle Safety Branch in a book entitled *Guidelines and performance standards for the Safe Carriage of Loads on Road Vehicles – Load Restraint Guide*.

- **WA Heavy Vehicle Accreditation Scheme**

Accreditation doesn't replace permits. Any operator who needs a Main Roads WA permit needs to be accredited except for government bodies, charities, agricultural implements, non-business uses, operators using no more than four single-trip permits in a calendar year and non-freight vehicles such as buses, cranes and other plant vehicles.

Accreditation is required for operations involving:

- a B-double or road train;
- a truck and trailer over 42.5 tonnes gross mass;
- a concessional loading scheme;
- an annual oversize vehicle permit or notice;
- more than four single-trip permits in a calendar year; or
- a trailer that is used in permit combinations.

To be accredited, you must meet standards in both maintenance management and fatigue management.

For information about accreditation, contact Main Roads Western Australia:  
70 Pilbara Street, Welshpool WA 6106  
Telephone: (08) 9311 8450. Website: [www.mainroads.wa.gov.au](http://www.mainroads.wa.gov.au)

- **Fatigue management**

Fatigue management operating standards are in place for commercial vehicle drivers whose work time:

- is more than 60 hours per week; or
- more than once per week, is more than 10 hours in any 24 hour period;  
or
- more than once per week, is between the hours of midnight and 5 am.

The standards apply to drivers of the following commercial vehicles:

- an omnibus;
- a school bus;
- mobile plant with a Gross Vehicle Mass (GVM) of more than 4.5 tonnes;
- a motor vehicle with a GVM of more than 4.5 tonnes that is designed to carry or is carrying a large integrated piece of equipment; or
- any other motor vehicle with a GVM of more than 4.5 tonnes that is used, or intended to be used, to carry goods for hire or reward.

The operating standards set out when drivers must take breaks and how long those breaks should be. They also set limits on the number of hours that can be worked during particular periods. The regulations also specify what companies that employ commercial vehicle drivers must do.

For further information, contact the Department of Commerce,  
WorkSafe Division:  
1260 Hay Street, West Perth 6005  
Telephone: (08) 9327 8777. Email: [safety@commerce.wa.gov.au](mailto:safety@commerce.wa.gov.au)  
Website: [www.commerce.wa.gov.au/WorkSafe](http://www.commerce.wa.gov.au/WorkSafe)

Drivers working interstate must work within the fatigue management standards that apply in each state and territory.

For information on regulated driving hours and log books in other states, contact the Department for Planning and Infrastructure's Transport Industry Policy Division on (08) 9216 8000 or the relevant interstate agency direct.

- **Dangerous goods**

Dangerous goods are substances or articles with hazardous properties, which may, if handled incorrectly, explode, asphyxiate, burn, poison, corrode, pollute the environment or become unstable if mixed with other products.

The legislation that covers the safe transport of dangerous goods is prescribed in:

- Dangerous Goods (Transport Act) 1998;
- Dangerous Goods (Transport) (General) Regulations 1999;
- Dangerous Goods (Transport) Explosives by (Road and Rail) Regulations 1999; and
- Dangerous Goods (Transport) (Road and Rail) Regulations 1999.

The rules apply to the consignor, the prime contractor, the driver, the owner of the transporting vehicle, loaders and packers, and the manufacturers of tanks in which dangerous goods are carried.

All vehicles that convey dangerous goods above a certain quantity must be licensed and operators must follow rules relating to loading, documentation, placarding, safety equipment, transporting, parking and standing the vehicle, unloading, training and action in the event of an accident or emergency.

For further information, contact the Department of Mines and Petroleum  
– Resources Safety Branch:  
Telephone: (08) 9358 8001. Fax: (08) 9358 8000.  
Website: [www.dmp.wa.gov.au](http://www.dmp.wa.gov.au)

## Insurance

*If you're running a business, it's important to protect all the assets of the business. Appropriate and adequate insurance coverage is an important part of this.*

Insurance cover may be arranged through an insurance company directly, through an agent of an insurance company or through an insurance broker. Insurance agents act for the insurance company and insurance brokers act for you.

Brokers have access to policies from a range of insurance companies. They are entitled to charge a fee, which may be offset by the lower premiums they obtain.

All insurance brokers in Australia must be licensed with the Australian Securities and Investments Commission (ASIC). You can check to see if a broker is licensed by searching the ASIC registers on its website [www.asic.gov.au](http://www.asic.gov.au).

Insurance is a complex area. Do not sign anything until you understand all the terms and conditions of the contract. Ask your insurance company, broker, accountant or solicitor if you are unsure of the meaning of a particular phrase or condition.

### **Disclosure**

In insurance proposal forms, it is important to disclose all facts that could influence the insurance company in accepting the risk or in calculating the premium. Failure to do so, even accidentally, could mean losing your entitlement to a payment when a claim is made.

### **Cover notes**

Always obtain a cover note if there is a risk of trading without a policy being issued in time. The insurance company is entitled to payment for cover note protection. If you change your mind, advise the insurance company straight away to cancel the cover note. This will keep the amount you have to pay down.

### **Risk management**

Your business should have a risk management strategy. This involves developing policies, procedures and practices to identify, analyse, assess, treat and monitor the risks inherent in the operation of the business. This should not only reduce costly and stressful problems but also reduce insurance claims and premiums. Insurance should be a backup, not a substitute for risk management and preventing loss.

## ***Insurance reviews***

Insurances should be reviewed at least annually, before renewal and when important changes occur in the business. Cover should be increased or decreased as appropriate to reflect the value of the assets insured.

## ***Types of insurance***

### **Workers' compensation**

It is compulsory to have workers' compensation insurance cover for your workers. The term 'workers' is very broad and includes full-time, part-time, casual and seasonal workers, apprentices and trainees. All workers should be covered, no matter how they are paid. Subcontractors engaged to do work that is for the purpose of your trade or business and paid mainly for their personal manual labour or services can also be defined as 'workers'.

It is compulsory to cover family-member workers living away from the employer's home, but cover is optional for family-member workers living in the employer's home. Family members must be mentioned by name on the policy, or a claim made by them will not be accepted.

Sole traders and self-employed persons are not able to cover themselves or their business partners for workers' compensation. Instead, they can take out various other forms of sickness, accident, income protection and life insurance.

Further information, including a schedule of insurance companies approved to underwrite workers' compensation insurance in Western Australia, is available from WorkCover Western Australia:

2 Bedbrook Place, Shenton Park WA 6008

Telephone: (08) 9388 5555. Website: [www.workcover.wa.gov.au](http://www.workcover.wa.gov.au)

### **Public liability**

Public liability insurance covers you for liability for any claims of compensation if a member of the public should suffer personal injury or loss of or damage to property while on your premises. Cover is not compulsory, but is recommended to protect your business and assets if someone sues you. Premiums are related to the risk.

Many insurance companies include public liability as a portion of their 'packs' of insurance. You may find it is more expensive and more difficult to buy a policy for public risk alone.

### Personal accident and sickness

Personal accident and sickness (or 'income protection') insurance pays you a percentage of your salary or business income while you cannot work because of illness or disability. Policies available offer a variety of cover, and it is up to you to choose the protection you need. For instance, if a large portion of your medical expenses is already covered by a health fund, you may not need extra cover for hospital and doctor's bills.

### Other insurances

Some other insurances you may need include:

- asset protection
- burglary
- comprehensive motor vehicle
- consequential loss
- fire
- fusion (sometimes an extension of a fire policy)
- glass
- keyman
- marine
- money
- partnership protection
- storm and tempest damage (sometimes an extension of a fire policy)
- vehicle loan protection
- workers' compensation

For more information, consult your insurance broker.

## Computer use

These days your computer can be an important part of how you communicate with your customers, your suppliers, your bank and government agencies like the Taxation Office. Most people are now familiar with electronic banking. Now, companies in all sorts of industries are setting up systems so that they can do more business electronically. Examples are the booking systems used at the wharf and the despatch systems used by warehouses and freight forwarders.

Computers give you a fast way of finding out information on all sorts of things you need to know about running your business. This guide has a list of organisations that you can contact if you want more help with setting up or running your business. All of them have web pages that you can access through the internet. The internet is also a way of keeping up with what's happening in your industry.

For help with running your business, computers are best for the tedious and repetitive tasks. For a small business, these are things like invoicing, keeping track of sales, controlling debtors and creditors, preparing Business Activity Statements (BAS), budget forecasting and keeping records.

There are software packages you can buy 'off the shelf' to do nearly everything you need to do. These packages are available at most computer retail outlets and large office supply shops. Two basic bookkeeping packages are *Microsoft Money* and *Quicken*. The Australian Taxation Office may also be able to help.

There are also software packages specifically designed for road transport operators. They can help you track your expenses, work out your operating costs and manage your vehicle maintenance.

The software you choose will tell you what sort of computer you need, and what other equipment like a printer and a modem you'll need to attach.

## Professional assistance

These experts may be useful to you:

- |                     |   |
|---------------------|---|
| Bankers/financiers  | <ul style="list-style-type: none"><li>• Finance packages</li></ul>  |
| Government agencies | <ul style="list-style-type: none"><li>• Industry and small business information</li></ul>   |
| Insurance brokers   | <ul style="list-style-type: none"><li>• Insurance packages and advice</li></ul>   |
| Solicitors          | <ul style="list-style-type: none"><li>• Lease problems</li><li>• Contracts and agreements</li><li>• Corporate structures and partnerships</li></ul>   |
| Accountants         | <ul style="list-style-type: none"><li>• Income tax and other tax matters including tax planning</li><li>• Accounting systems</li><li>• Funds management</li><li>• Financial advice</li><li>• Analysis and advice for leasing vs buying decisions</li><li>• Advice when you're experiencing financial problems</li><li>• Business structuring</li><li>• Superannuation and retirement advice</li><li>• Computer support and advice</li><li>• Compliance (audits, tax, statutory returns, balance sheets etc – for companies)</li></ul> |
| Trainers/mentors    | <ul style="list-style-type: none"><li>• General training</li><li>• Industry specific training</li><li>• Business planning and mentor assistance</li><li>• Quality assurance programs</li></ul>  |

# Keep your Papers (and your figures) in Order

## Why keep good business records

There are a number of reasons for keeping good records of your business transactions.<sup>3</sup>

### *Legal requirement*

The most important reason for keeping good records is that it's a legal requirement for you to do so. By law, the Australian Taxation Office requires you to keep business records:

- for five years after they are prepared or obtained, or the transactions are completed (whichever occurs later); and
- in English, or in a form that tax officers can access and understand in order to determine your tax liability.

You can issue and store records in either paper or electronic form (see below for more details).

There are penalties for not maintaining the required records and for not keeping them for five years. Keeping good records will help you avoid these penalties.

### *Other reasons*

Other reasons for keeping good business records are to:

- make it easier to complete your activity statements and prepare your annual income tax and fringe benefits tax returns;
- monitor the health of your business and be able to make sound business decisions – eg whether you have adequate cash flow;
- demonstrate your financial position to banks and other lenders, and also to prospective buyers of your business; and
- make the best use of your accountant – rather than paying your accountant to sort through a shoebox of paperwork, give them well-prepared records and pay them instead to help you with your business and financial planning.

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<sup>3</sup> Source – [www.ato.gov.au](http://www.ato.gov.au)

## What records to keep

Find a place to store:

- your daily job and trip records for invoicing
- cheque butts (it's a good idea to have a separate bank account for your business and keep your personal banking separate)
- bank statements
- your bank deposit book
- records of deposits, savings accounts and other liquid assets or securities
- a list of your debtors and creditors
- copies of invoices you've drawn up and presented
- details of bad or doubtful debts and customers who turn out to be credit risks
- copies of invoices you've received and paid
- receipts, including petty cash receipts (if you can't get a receipt, write all the details on a piece of paper and store that)
- details of the equipment you've bought, so your accountant can calculate depreciation
- equipment warranties
- copies of contracts, lease agreements and periodic payment commitments
- insurance papers
- business letters, particularly any about your accounts

Some records are required by law to be kept for a number of years. Check with your accountant.

## What's the best filing system?

It's important to have a filing system that is easy to use and will keep your papers sorted and readily accessible.

A lot of records can be kept in your truck, at least until the end of a trip or the end of the week or the month. You could use an expanding file, a series of large envelopes or some coloured document wallets. Or you could use file boxes if you're accumulating lots of records. They'll stand a bit more wear and tear. It doesn't really matter, as long as they're easy to identify, use and store.

There are a number of ways you could sort your papers, too. It may work best for you to keep all the papers relating to one trip together. Or you could keep the papers for each month separately. Or you may want to sort them into the sorts of categories that you will use in your bookkeeping – eg repairs, fuel, personal expenses and so on.

Regardless of how you choose to file your papers, it's important to make sure none get lost.

## Basic bookkeeping

Below is a list of the things you'll need to do and when you should do them.

There are some more things you could do with your financial records, but these are the basics.

They'll be used by your accountant to draw up your tax return.

And they'll also give you information that you can use to keep track of how your business is going and make decisions to improve its performance. You'll find more information about this in the chapter 'Mind your Financial Business'.

<b>Basic bookkeeping tasks</b>	
<b>Timing</b>	<b>Task</b>
Before you start	Draw up a cash flow budget.
Daily, as necessary	<p>Write cheques to meet due dates.</p> <p>On the cheque butt, write the date, amount, classification of expense (eg fuel), the person or company you've made out the cheque to, and what is being paid.</p> <p>On the invoice, write 'paid', the date and the cheque number.</p> <p>Once they've been paid, file the invoices in either alphabetical order or cheque number order.</p>
Daily	Make a note of all payments either in a small notebook or straight into your cash payments book.
<p>Depending on the number of cheques you receive, this might be daily, weekly or even fortnightly</p> <p>(Early banking is important for cash flow.)</p>	<p>Deposit cheques.</p> <p>Make a note of the date, the source of the cheque and what it's for, as well as the bank details and amount.</p> <p>File payment advice slips or returned invoices either in alphabetical order or in the same order as in your bank deposit book.</p>
Weekly or fortnightly	Write up all deposits in your cash receipts book.
<p>At the end of a job, weekly or fortnightly</p> <p>(The sooner you send out your invoices, the sooner you'll have money coming in, especially for smaller customers and one-off jobs.)</p>	Send invoices to your customers.
Monthly	Total all the columns in your cash book and make sure that everything balances.
Monthly	Balance your cheque book.
Monthly	Do a bank reconciliation.
Monthly	<p>Compare actual payments and receipts with your cash flow forecast.</p> <p>Update your forecast with new information, if necessary, and take action to correct any problems.</p>
Every year	Adjust your cash flow budget.

## Cash books

At the very least, you should spend time each day writing down all your receipts and payments.

In bookkeeping jargon, this is called keeping a cash book, which is really two books – a cash payments book and a cash receipts book. That's the proper name, even though hardly any of your receipts and payments are actually in cash. Sometimes, you'll hear a cash book called a cash journal, in which case you'd have a cash payments journal and a cash receipts journal.

You should record all receipts and payments whether they're by cheque, credit card, direct debit, direct credit, EFTPOS or barter.

It's common to actually use one book to record both cash receipts and cash payments – in separate sections, of course. It's up to you whether you want to use one book or two.

### Where to find books and computer software

You can buy cash books ruled into columns from newsagents and stationery shops. Some cash books also contain instructions and examples for you to follow. (The Small Business Development Corporation stocks a number of books like this.)

You can download instructions and sample forms from the Australian Taxation Office website. Go to [www.ato.gov.au](http://www.ato.gov.au) and look for *Record keeping for new small business*. (This is also available from the Small Business Development Corporation.)

Standard computer software packages can also be used to keep your cash journal. For a list of packages that comply with Australian Taxation Office requirements, go to [www.ato.gov.au](http://www.ato.gov.au) and check the Registered Software Facility (RSF).

Or you can download an electronic record-keeping package from the Australian Taxation Office. It's called E-Record and has been developed to help small businesses keep good business records. Go to [www.ato.gov.au/erecord](http://www.ato.gov.au/erecord).

Your accountant will tell you what columns you'll need for recording different types of receipts and payments, or you'll pick it up with experience. At the end of each period (usually each month), the column totals will be used to reconcile your bank statement and will be transferred to your accounting system. So it makes sense to use the same categories in both systems.

## *Cash payments*

For cash payments, you'll need the following columns:

- date
- details (here you'll record the type of expense, such as materials, capital equipment, fuel, insurance, petty cash reimbursement, personal payment, bank charges etc)
- payment type (whether by cash, cheque, EFTPOS etc)
- total payment (record the total amount in this column)

The remaining columns will allow you to split the total so that at the end of the month you can easily see where your money has gone. One column should be used to record the amount of GST you've paid. Also record fuel separately – fuel will be a large component of your costs and it's important to monitor it, keeping an eye on fuel consumption and theft. You'll need a record of both the kilometres you've travelled and the fuel you've used, so that you can apply for the diesel rebate.

Some other examples of useful columns are:

- GST amount
- vehicle expenses
- fuel
- capital expenditure
- other expenses
- private use

If one payment covers more than one type of purchase, record the separate amounts in the appropriate columns – eg if you buy something for your truck using EFTPOS and get some cash out for yourself, you'd record the total amount in the 'total payment' column. Then you'd record the GST amount in that column, the cost of the part in the 'vehicle expenses' column and the amount you drew for yourself in the 'private use' column.

At the end of the month, add up the amounts in each of the various columns and check that the sum of all the GST and other expense columns is the same as the sum of your 'total payments'. If it's not, go back and check your figures. You may have missed a part payment, or added up incorrectly.

## *Cash receipts*

Deciding what columns you'll need for recording your cash receipts will be simpler.

To start with, you'll need:

- date
- details (where the payment came from – eg the name of the company paying you for a job)
- invoice or receipt number (if you've sent someone an invoice, record the number here; if there hasn't been an invoice, you should give the person a receipt and record that number)
- total receipts

Again, you'll need a column for any GST and can divide up the payments – eg to keep track of different customers. The other columns might be:

- GST amount
- amount banked (this should be the same as total receipts but if it's not – eg you may have used some cash for another purpose (although it's best not to do this) – you'll need to note this in the 'comments' column)
- income from customer X
- income from customer Y
- fuel rebate
- comments (record information here that your accountant might need – eg if you've sold a piece of capital equipment or have received a refund from a supplier, these will be treated differently in your tax return; if it's not actual income, it may be subject to capital gains tax)

The receipts that you will need to comment on include loans, capital brought into the business, the purchase or sale of assets and refunds.

At the end of the month, add up the amounts in each of the columns and check that the sum of all the GST and other income columns is the same as the sum of your 'total receipts'. If it's not, go back and check your figures. You may have missed something, or added up incorrectly.

## *Petty cash*

If you buy a lot of small things for cash, you might want to record them in a petty cash book, available from newsagents and stationery shops. Then, you'll only have to make one entry in your cash payments book when you top up your petty cash fund, maybe at the end of the week, or the end of a trip. You'll want to record anything you buy that you can claim as an expense for your business.

## ***Bank reconciliation***

A bank reconciliation for your business is just the same as one you would do for your private bank account. Use the total of the 'banking' column from your cash receipts book and the total of the 'total payments' column from your cash payments book.

## **Cash flow planning and cash flow management**

Cash flow planning is usually considered the job of the 'financial manager' rather than the 'bookkeeper'. But you don't need to have any particular accounting knowledge to do it. Even if you ask your accountant to prepare a cash flow budget for you, you'll be providing the information because you're the one who knows the business. And you're the one who will make the decisions and take action.

It's important to be as accurate as you can. But because you're looking to the future, you won't get everything right, especially first time round. As you get used to how things happen, you'll do a better job. And a good guess is better than no figures at all.

In the same way that you put all receipts and payments into your cash books, whether they were cash or cheque, credit card, direct debit, direct credit or EFTPOS, you'll need to include all receipts and payments in your cash flow forecast.

### ***Why you need a cash flow budget***

Your level of activity will vary from month to month. Your truck will be off the road for servicing for some of the time. Your customers may have busy and quiet times and unless you can find other work to do in the quiet times, your 'sales' will vary. And you'll need to take holidays.

Your sales forecast won't always be accurate. You won't be able to predict when your truck might be off the road for major repairs or when you might not be able to drive because you are sick.

Even when you do know what to expect, the amount of money you receive in any month won't be the same as your sales. You'll have to judge when your customers are going to pay you. Some customers may be slower than others and you'll have to take that into account.

On the other hand, when you buy goods and services on credit, there will be a gap between when you make the purchase and when the money disappears out of your account. Sometimes, you'll be able to choose how to pay what you owe – eg you may spread your insurance premiums over the year, paying monthly or quarterly rather than once a year.

Your cash flow budget will help you save for large ticket items like your tax bill, a new set of tyres or an engine overhaul. If you know when these payments will be made, you can set aside a regular amount each month so that you will have the money when you need it.

### ***What a cash flow budget can tell you***

A cash flow budget can't tell you if your business is profitable or not. But it can tell you which are the months when you'll need more money to pay your bills than you have coming into the business. If this is only for a month or two, you might want to come to a temporary arrangement with your bank for overdraft funds. If it's for more than a month or two, it would be less expensive for you to take out a long-term loan or to look for an injection of capital from somewhere else.

The cash flow budget will also tell you when you have money to spare. You'll be able to see whether that money's going to be needed in the next month or two. If it's not, you may want to consider investing it, either in the business or outside it.

You can also plan when to take time off or when it's a good time to have extra work done on your truck, if you know when your need for incoming cash is expected to be low.

Comparing your actual receipts and payments with your cash flow budget will also help. It's unlikely that your forecast will be 100% accurate – there are just too many things to predict. You won't always be able to take action, but it's important to identify where the differences are. Then you'll know if there is something you can do.

At the very least, you'll know more about your business and be able to improve your forecast next time round. It may be that one of your customers is slower at paying than you would like and there's something you can do to improve the situation in the future. Or the cost of a particular item may be higher than forecast. Again, there may be corrective action you can take, like negotiating a good deal with a particular supplier or always putting things on an account rather than 'impulse' buying.

#### **Improving your cash flow<sup>4</sup>**

Some of the things you can do to help increase your cash flow are:

- Make sure your customers meet your trading terms.
- Follow up customers who don't pay.
- Send your invoices out as soon as you can.
- As well as putting your trading terms (eg 'net 30 days') on each invoice, put the actual date that the payment is due.
- Set things up so that your customers can make payments directly into your business bank account.

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<sup>4</sup> Based on a checklist in the Small Business Development Corporation's *A Guide for Operating a Small Business*, 2<sup>nd</sup> edition, page 170.

## ***What to include in your cash flow budget***

### **Receipts**

You'll need to separate cash sales and credit sales for each month, because the timing of these receipts will be different.

For each month, enter the sum of any cash payments you expect to receive for jobs you do in that month. Then enter the sum of the credit payments you expect. This is easy if all your customers pay promptly within 30 days, for example. If you send out all your invoices after the end of the month and allow 30 days, move all your expected receipts to two months after the date of the work you expect to do.

Unfortunately, it's not usually as easy as this. You'll find that different customers take different amounts of time to pay you. After you've been in business for six months or a year, you'll have a good idea of how many pay after 30 days, after 60 days and after 90 days. If you don't yet know what the pattern will be, you could make an estimate. This will depend on the terms you allow and how strictly you follow up. For example, you might estimate that 55% of your customers pay at 30 days, 35% at 60 days and the remaining 10% after 90 days.

You can use these figures to calculate how much to enter each month. Using the above percentages as an example, for every \$1,000 of work to be invoiced in February, you'd enter \$550 (55% of \$1,000) in March, \$350 (35% of \$1,000) in April and \$100 (10% of \$1,000) in May.

Next, enter any other cash receipts you expect. If you intend to sell one of your assets, put the expected sale price in the appropriate month. If you receive regular interest from an investment deposit, you would put the expected amount in 'other receipts' for each month.

Finally, calculate total estimated receipts for each month by adding up total cash, credit and other receipts. These will be your cash 'in-flow' figures.

Clearly, if you are just starting your business and you have no cash customers, the totals for the first month or two of trading will be zero. This was reflected in the start-up cost calculations in the chapter 'Getting Started'. It was assumed there that you would need sufficient capital to operate your business for several months without payment.

### **Payments**

Entering fixed payments like insurance premiums, lease fees, loan repayments and rent will be relatively straightforward. You know in advance how much you will have to pay and when you'll have to pay it.

Some payments, like printing and postage, electricity and gas, telephone charges and vehicle repairs, won't be known in advance and you'll have to make an estimate for each month. And some, particularly your vehicle running costs, will vary with the amount of work you do.

The first step in calculating your total cash 'out-flow' for each month is to list all your expense payments. To make things easier, list the most predictable expenses first. Then, list those that you'll have to pay regularly whether your truck is on the road or not. Finally, list those that will change most depending on how much work you do each month.

List capital expenditure items separately because, to some extent, they can be adjusted depending on the results of your calculations.

Below are some categories you might start with. Ignore any that don't apply to your business and add any new ones that you can think of.

Known expenses include:

- loan repayments
- lease payments
- your various insurance premiums
- registration and licence fees
- membership fees and subscriptions
- rent
- the property rates and taxes applicable to your business

Regular or easily estimated expenses include:

- your telephone, mobile phone and radio
- taxes
- bank charges and bank interest
- printing and postage
- accounting and legal fees
- debt collection
- electricity, gas and other property expenses applicable to the business
- wages
- superannuation payments
- donations

It's also a good idea to include an amount for 'contingencies' each month. You should also include provision for future services, because service and repair costs will increase the more kilometres you do in your truck.

Expenses that change according to the amount of work you do include:

- fuel and oil
- services and repairs
- spare parts
- tyres
- supplies such as coveralls and gloves

Capital expenses include:

- planned purchases of equipment
- 'proprietor's drawings', ie the money you take out regularly as the owner of the business

The second step in calculating your total cash 'out-flow' for each month is to enter the appropriate payment against each expense. Then work out the total for each month.

### **Bank balances**

Start with your actual opening bank balance. Once you've done all the calculations, you'll end up with a series of estimated 'closing' bank balances. If you've got an overdraft, your starting balance will be negative. Hopefully, your closing balances will be positive.

### **Calculating how much cash you'll have**

Once you've entered all the amounts you've identified or estimated, and calculated your monthly totals, you're ready to work out how much cash you'll have at the end of each month.

You'll need a worksheet that has 14 columns across. An outline of such a worksheet is shown on the next page.

You can copy or print out the worksheet separately from the 'Useful Forms' chapter of this guide, or download it from the 'Owner-drivers guide' website, [www.dpi.wa.gov.au/ownerdrivers](http://www.dpi.wa.gov.au/ownerdrivers). The Excel version of this worksheet on the Internet provides for extra rows and automatic calculations.

Use the column on the left-hand side to list all the different receipts and payments you've identified. Use the next 12 columns for 12 months. Then you can use the last column on the right-hand side for totals – add the amounts entered against each item and check that this represents your annual spending on that item.

### Cash flow forecast

Month name:	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Category total
Item													
Cash in-flow items													
...													
...													
Total cash in-flow													
Cash out-flow items													
...													
...													
Sub-total cash out-flow													
Capital expenditure													
...													
...													
Total cash out-flow													
Net cash flow (= total cash in-flow minus total cash out-flow)													
Bank balance beginning of month													
Bank balance end of month (= beginning bank balance plus or minus net cash flow)													

### Action to take

You've put in all that work. Now what actions should you take?

Negative bank balances at the end of any months in your cash flow forecast mean that you'll have to find money to cover your bills.

There are a number of ways you could do this. You could try to move some receipts forward or some payments back so that the months are more evenly balanced. (See 'Improving your cash flow' box on page 57.) Or you could talk to your bank about a temporary overdraft. If the situation continues, you could arrange longer term finance.

On the other hand, if you continue to have more money in the bank than you need to pay your bills, you could use it elsewhere.

The first thing to do is to create an emergency fund. This should be in a separate bank account, perhaps a savings account. Your emergency fund should have enough money to operate your business for several months and at least three months' worth of living expenses, including your truck payments.

Don't forget to adjust your budget when your situation changes or when new information comes to hand.

# Mind your 'Financial' Business

*The most important calculation you can do is to work out how much it costs you to run your business.*

## Calculating vehicle and administration expenses

It's important that you know exactly how much it costs to run your business. You should always have a good idea of how much it costs you every day. Then you'll know how much it costs you **not** to operate and how much you need to earn so that when you do operate, you still make a profit.

### Know your costs

- You need to know what your costs are before you can work out how much you'll need to charge your customers.
- However you are paid – by the load, by the hour or by the kilometre – knowing your costs and being able to convert them from a per-hour to a per-kilometre figure and vice versa will help you compare different jobs and different plans.
- It will help with making choices such as changing your rig. If you know how your costs will change, you'll be able to work out what you'll have to do to continue making a profit.
- Monitoring your costs will help you manage your finances better, particularly your cash flow, and will give you an easy way of setting goals and working out budgets and forecasts.
- Information about your costs will be vital when you come to borrow money to update your truck or expand your business.

The best way of calculating your costs is to keep records for a period of six months. You'll need to keep track of the kilometres you've travelled or the hours you've been on the road as well.

If you're just starting out in business on your own, you'll be able to estimate some of your costs from previous records like tax returns or predict them from your experience and a little research.

But as soon as you can, keep accurate records, and do the calculations again. In fact, you should do the calculations on a regular basis so that you can monitor what's happening in your business and take action if something is going off track.

When you've got enough figures, use the 'Cost of operations' worksheet in the next section to record the totals.

### **Fixed and variable costs**

There are two types of costs you need to keep track of – fixed costs and variable costs.

Fixed costs stay the same whether your truck stays in your driveway, travels one hundred kilometres or one hundred thousand. Fixed vehicle costs include your loan repayments, vehicle insurance, registration and depreciation. Many of your administration expenses fall into the same category – eg your phone, accounting and bank fees, subscriptions, health and accident insurance, public liability insurance, and superannuation have to be paid whether your truck is working or not.

On the other hand, there are some things you'll only have to pay for when your truck is running and generally, the further your truck travels, the more you'll pay. These are variable costs. Variable vehicle costs include fuel, oil, tyres, repairs and services, and even loading equipment. If you employ another driver, wages will be a variable cost. The largest of these will be fuel.

### ***Cost of operations worksheet***

In the cost of operations worksheet (see next page), fixed vehicle costs have been separated from other fixed costs such as overheads, finance expenses and depreciation. Finance expenses include interest on loans and lease payments for your vehicle. Depreciation is the difference between what is paid for an item and what it is sold for, and is calculated on an annual basis.

The worksheet includes most of the expenses that you will have in your business. However your business won't be exactly the same, so you should adapt it before trying to use it.

The first column of figures contains annual costs for each category. These are then divided by 12 to give you average monthly costs. The third column of figures is the result of dividing the annual costs either by the number of kilometres you travelled during the year to give costs per kilometre, or by the number of hours on the job with your truck to give costs per hour. For example, if your annual interest payment on your truck was \$16,000 and you travelled 160,000 kilometres, the interest payments would be costing you \$0.10 per kilometre (16,000 divided by 160,000).

You can copy or print out the worksheet separately from the 'Useful Forms' chapter of this guide, or download it from the 'Owner-drivers guide' website, [www.dpi.wa.gov.au/ownerdrivers](http://www.dpi.wa.gov.au/ownerdrivers). The Internet version of this worksheet is set up to do the calculations automatically.

Cost of operations worksheet		
TOTAL KILOMETRES (OR HOURS) RUN: .....	km or hrs per year: .....	km or hrs per month: .....

	Annual \$	Monthly \$	\$ per km (or per hr)
<b>FIXED COSTS</b>			
<b>Overheads</b>			
Accounting fees			
Audit fees			
Bank fees & charges			
Bad debts & debt collection costs			
Rent			
Building repairs/maintenance			
Cleaning			
Electricity			
Printing & stationery			
Postage			
Telephone/fax/modem			
Data processing			
Insurance – general			
Insurance – public liability			
Insurance – sickness and accident			
Employee benefits and amenities			
Uniforms			
Wages			
Superannuation			
Donations			
Other expenses			
Total overhead costs			
<b>Finance costs</b>			
Loan repayments			
Total finance costs			
<b>Depreciation</b>			
Cost of item	\$		
Minus sale price (estimated)	– \$		
Equals total depreciation	= \$		
Divide by number of years	÷ yrs		
Equals annual depreciation			

	Annual \$	Monthly \$	\$ per km (or per hr)
<b>FIXED COSTS</b> (cont.)			
<b>Other vehicle costs</b>			
Insurance			
Vehicle registration			
Licences and permits			
Security			
Total fixed vehicle costs			
<b>TOTAL FIXED COSTS</b> (overheads + finance costs + depreciation + fixed vehicle costs)			
<b>VARIABLE COSTS</b>			
Fuel (less rebate)			
Oil			
Tyres			
Repairs			
Services			
Loading equipment			
Hire/equipment			
Truck wash			
Loading/unloading charges			
Administration fees			
Accommodation and meals			
Other variable costs			
<b>TOTAL VARIABLE COSTS</b>			
<b>TOTAL COSTS</b> (total fixed costs + total variable costs)			

### Using the cost of operations calculations

The cost of operations worksheet is useful for both reporting and planning. It will report your business expenses, but it also allows you to try out 'if/then' scenarios.

#### Personal income

There are a number of ways you can use figures from the spreadsheet to look at your income.

If you know how much you are paid per kilometre, you can figure out how much you'll earn in a year.

Rate per kilometre	\$
Less total costs per kilometre	– \$
Equals how much you'll clear per kilometre	= \$
Multiplied by total kilometres run per year	x km
Gives annual personal income	\$

The same calculation works if you are paid for the hours your truck is on the job.

Rate per hour	\$
Less total costs per hour	– \$
Equals how much you'll clear per hour	= \$
Multiplied by total hours run per year	x km
Gives annual personal income	\$

Another useful calculation is to add the income you would like to the total cost from the spreadsheet and this will give you the total cost of operations, which will also be your gross income for the year.

	Annual \$	Monthly \$	\$ per km or per hr
Personal income			
+ Total cost (from spreadsheet)			
= Total cost of operations (or gross income required)			

You may like to calculate the personal income you can expect if you take a percentage of your gross business income. A typical business might expect total costs to be about 70% of total gross revenue, giving 30% as personal income. The taxes you pay will have an effect on what your net income will be. You'll need to talk to your accountant about this, because every business is different and there's no simple formula that applies to everyone.

Doing these calculations and comparing them with what is actually happening with your business will help you stay afloat.

If your actual gross income was more than the amount you calculated, you made more than you planned for. If it was less, you might need to take steps to control your expenses or raise your gross income, or both.

### ***Per kilometre costs***

As the number of kilometres you drive increases, the cost per kilometre figure will decrease. (The same will happen if you use hours rather than kilometres in your calculations.) Your personal income should also increase the more kilometres you drive.

## Understanding financial statements<sup>5</sup>

There are two important statements that your accountant will prepare for you – a profit and loss statement and a balance sheet.

### *Profit and loss statement*

The profit and loss statement will let you know the underlying profitability of your business. This is not as simple as how much profit you have made. To understand profitability, it is important to understand that interest on borrowings is not an operating expense of the business. It merely reflects the business's debt structure. The following example illustrates the point.

Take two typical truck owners with the same 'sales'. In this example, owner B has borrowed \$200,000 to buy his truck and has paid \$20,000 interest during the year.

	<b>Owner A</b>	<b>Owner B</b>
Sales	\$100,000	\$100,000
Running costs & overheads	\$50,000	\$40,000
<b>Net operating profit (earnings before interest and tax)</b>	<b>\$50,000</b>	<b>\$60,000</b>
Interest	-	\$20,000
<b>Net profit</b>	<b>\$50,000</b>	<b>\$40,000</b>

From the net profit figures, it looks as if owner A is running a better business, earning \$50,000 net profit compared with owner B who has earned \$40,000. But owner B has the more profitable business, earning \$60,000 before interest and taxes compared with owner A, who has earned \$50,000. This is because owner B has lower running costs and overheads, which, together with sales figures, affect profitability. The amount of interest paid reflects the debt structure of the business, not its profitability.

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<sup>5</sup> Based on "Financial Statements" section in *Do I Want to be an Owner-driver?* with permission from the Owner-drivers Association of South Australia Ltd.

### Some definitions

**Current assets** are assets that, under normal business operations, will be converted into cash within a reasonably short time period, usually a year – eg deposits in bank accounts, stock, prepaid expenses and money owed by clients to the business.

**Non-current assets**, also called fixed assets, are assets that will not be converted into cash in the short term – eg vehicles, plant and equipment.

**Current liabilities** are financial commitments that must be met within 12 months – eg money owing to creditors, short-term loans or bank overdrafts, GST and PAYG commitments and unpaid entitlements such as accumulated annual leave.

**Non-current liabilities**, also called long-term liabilities, are financial commitments that are not due within 12 months. A good example might be the loan for your prime mover.

**Working capital** is defined as *current assets minus current liabilities*. It changes from time to time, but not with every transaction. For example, if a creditor were paid \$5,000 with cash from the bank, both current assets and current liabilities would fall by \$5,000 and the working capital would stay the same. But if the \$5,000 from the bank were used to buy plant and equipment (a long-term not a current asset), working capital would fall by \$5,000. Working capital is funded by capital investment by the business owners, by long-term loans to the business and by accumulated profits, or retained earnings.

**Equity** is defined as *total assets minus total liabilities*. Also called owner's equity, it can be seen as the owner's residual claim on the assets of the business after all the other liabilities have been settled. It is normally left in the business as long as it is required. Equity is often shown under two headings – equity or capital that is put into the business and equity or retained earnings (or profits) that are left in the business.

## Balance sheet

The balance sheet is like a snapshot – it shows your financial position *at any given point of time*. It's called a balance sheet because the assets on one side equal the sum of your liabilities and your equity in the business on the other side. On one side are the assets, which are used to generate earnings for your business. On the other side you can see who has provided the money to finance the assets – both your funds (owner's equity) and those provided by banks and finance companies (liabilities).

The balance sheet you'll see from your accountant will probably have a bottom line called 'equity' which is represented by 'net assets', ie total assets less total liabilities. This doesn't really tell you much about your business. But the balance sheet does contain important information that will.

Here's a balance sheet presented for 'tax' purposes:

### 'Tax' Balance Sheet

	\$
Current assets	140,000
Non-current assets	<u>120,000</u>
Total assets	<u>260,000</u>
Current liabilities	120,000
Non-current liabilities	<u>80,000</u>
Total liabilities	<u>200,000</u>
<b>Net assets</b>	<b><u><u>60,000</u></u></b>
<b>Equity</b>	<b><u><u>60,000</u></u></b>

Here's the same information presented in a slightly different way:

### **'Management' Balance Sheet**

	\$
Current assets	140,000
Current operating liabilities	<u>120,000</u>
Working capital	20,000
Non-current assets	<u>120,000</u>
<b>Net operating assets</b>	<b><u>140,000</u></b>
Interest bearing debt	80,000
Equity	<u>60,000</u>
<b>Total capital</b>	<b><u>140,000</u></b>

This presentation clearly separates the investment and the financing side of the business.

The top half of the balance sheets shows the net operating assets, which are used by the business to generate earnings. They include your vehicle and other plant and equipment (in non-current assets) and your working capital (the difference between how much you currently have and how much you currently owe).

The bottom half of the balance sheet simply shows who has put the money up to finance the net assets used by the business. There are only two sources of capital that a business can use. First, it can obtain interest-bearing debt from banks and finance companies. Second, it uses owners' funds (by way of either capital or retained earnings). In this style of presentation, non-interest bearing loans – eg those provided by family members – are included in the equity section of the balance sheet.

### ***Interpreting your performance***

The key point in looking at financial statements for your business is to clearly separate the investment and financing aspects of the business.

Comparing profit and loss statements and balance sheets from one period to the next will make it easier to assess your business's performance and financial standing.

One very common issue, which can now be clearly seen, is where a business increases its debt from one year to the next. The 'management' format makes it clear whether the increased debt is funding an increase in the net assets of the business (ie an increase in the scale of operations) or an operating loss.

It is also very easy to see whether or not a business is expanding in size or shrinking. This information can be of critical strategic importance in the future management of your business.

# Staying in Business

*Here are some hints to help you stay in business once you've got going.*

## Customer service

Make sure you keep an eye on the level of service you give to your customers. As an owner-driver and business person, you are the one who is responsible for keeping your customers happy and making sure they keep doing business with you.

If you don't know what to do, there's plenty of advice available through the internet, or in books. Here are eight tips from just one website:

### **Tips for good customer service**

1. Answer your phone.
2. Don't make promises unless you will keep them.
3. Listen to your customers.
4. Deal with complaints.
5. Be helpful – even if there's no immediate profit in it.
6. Train your staff (if you have any) to be ALWAYS helpful, courteous and knowledgeable.
7. Take the extra step.
8. Throw in something extra.

## Reducing running costs

### *Reduce downtime and service costs*

One way to prevent costly breakdowns is to make sure that proper routine services are carried out on your truck. By sticking to a strict preventative maintenance program, you can minimise breakdowns.

An extended warranty can reduce the risk of costly repairs outside the base warranty coverage. It's something to consider if you want more certainty in calculating the likely cost of repairs.

Tyres represent anywhere between 15% and 20% of the overall cost of maintaining a truck, so tyre maintenance is crucial to keeping costs down. Ensuring that tyres are properly inflated will reduce tread wear and increase overall tyre life, and this will help lower your operating costs. Under-inflation causes excessive tyre flexing and deflection that increases rolling resistance and increases fuel consumption.

Don't forget that tyre rotation, as part of your regular preventative maintenance, will extend tyre life.

### *Outsourcing your maintenance program*

Preventative maintenance can be costly but you'll save in the long run by having fewer breakdowns, which cost you not only in repairs but also in lost work and possibly towing.

You'll need to decide the best way to run your truck maintenance program – how much you'll do yourself, and how much you'll put in someone else's hands. If you decide to get someone else to do it, there are a number of options.

- Your daily inspection should be part of your preventative maintenance schedule. Look for problems before they become serious. Common problems include brake adjustments and re-linings, wheel bearing replacements, seal leaks, loose bolts, chafed wires and hoses, improper adjustments and worn, broken or missing parts. Even if you're not a mechanic, become familiar with your truck's mechanical operations and how different systems interact. The manufacturer of your truck can provide you with helpful information, as can oil companies and component manufacturers and industry associations.

- Keep good records. Whatever maintenance program you have, it pays to keep good records of what work is carried out and how much it costs. With accurate figures, you'll be able to keep tabs on the average kilometres per litre you're getting, what it's costing to maintain your truck on a per kilometre basis, how many kilometres you get for a litre of oil and so on. Make a note of when future work is due – things like oil changes, major inspections, coolant-system services and so on. And when you're recording your costs, don't forget to record out-of-pocket expenses when you lose time because of repairs. Record taxi fares, meals, motel stays and so on.
- Buy a maintenance contract with your new truck and pay a fixed rate per kilometre. This has the advantage of evening out service costs over, say, a five-year period rather than having them continually increase until replacement time.

### *More fuel economies*

This guide's chapter on choosing a truck contains some information on the effects of aerodynamics and speed on fuel economy. Here are some more tips:

- Look at how you buy – can you consolidate your purchases somehow, form a cooperative to get a discount, and use a fuel card that provides other benefits? Long-range tanks will help you control where you buy fuel.
- Use the internet to find the least expensive fuel prices along your route.
- Plan your routes to reduce dead kilometres. An electronic navigation system might help.
- Decrease stress and strain on your engine by using good driving techniques and habits. Look at excess idling, how you accelerate, how you maintain speed and whether you can eliminate non-essential stops.

### **Replacing your truck**

To help keep your cash flow and operating costs predictable, it's a good strategy to trade in your truck for a new one on a regular basis – somewhere between every five and seven years depending on the business you are in. And you can reduce your operating costs as well.

## Employing another driver

If you want to buy a second vehicle, you'll need to do the same sort of sums as you have for the first one – at least for revenue, equipment and operating costs. But there will be extra costs involved. Even if you want to hire a team driver to help you utilise your current vehicle more fully, you'll be paying out more than just wages.

Here are some costs you'll need to consider:

- **Recruitment costs**

Unless you already have someone in mind, you may have to pay for advertising. And then you'll have to interview the applicants and, for short-listed candidates, conduct background checks, driving tests and medical tests. If you don't do this yourself, you'll have to pay an employment agency to do it for you.

- **Orientation**

Once you've hired the driver, he or she will need some orientation time – to become familiar with your policies and procedures, including vehicle services and daily routines, and perhaps team driving.

- **Training**

A new driver may need training – defensive driving, in-cab training on the street, on-road courses and WA Heavy Vehicle Accreditation training. If you do the training yourself, your time off the road will need to be costed. Or you could pay someone else for training.

- **Administration**

There's a cost involved in the time it will take you to file all the appropriate paperwork for a new driver – insurance, tax forms, workers' compensation etc.

- **Lost time**

You'll need to calculate revenue lost while your vehicle is idle.

- **Ongoing costs**

Your ongoing expenses will also increase. As well as wages, superannuation contributions, workers' compensation insurance and provision for long service leave, you'll have extra administration costs in keeping up with your legal obligations as an employer. Again, if you don't want to keep all the records required and file all the paperwork with the Australian Taxation Office and others, you'll have to pay someone else to do it.

- **Legal obligations**

Make sure you know what your legal obligations are as an employer, especially the minimum conditions you need to provide for your employees. Information is available from industry organisations like the Transport Workers Union as well as from government agencies.

Obligations you need to assess include workers' compensation, superannuation and various types of insurance.

You need to be aware that if you use a sub-contractor to drive for you, you may find yourself in the position of an employer if that person is not set up as a proprietary limited company. And that means the person who employs them will have to pay workers' compensation insurance and superannuation. You should get advice on this and be aware of the legal ramifications.

## Some other strategies

### *Backup resources*

You might want to think about access to a backup truck for when your vehicle is off the road for a major service or repairs. Knowing someone who's willing to work as a backup driver will also mean that you don't forego revenue when you're unable to work.

### *Emergency plan*

It's a good idea to have emergency plans ready so that you're ready to act quickly if something goes wrong.

1. Make a list of the major things that could happen – eg a major breakdown or accident; you get too sick to drive your truck yourself; or your major customer goes into bankruptcy.
2. For each of the emergencies in list 1, list the things that you'll need to do straight away if that emergency happens – eg in the case of a major breakdown, you'll need to contact your customers, a tow truck and maybe your contractor. Keep these contact numbers in your truck.
3. List the things that you need to do next, once the immediate situation is under control – eg in the case of a major breakdown, you'll need to negotiate with repairers, contact your insurance company, make sure any loads you are carrying get to their destination, make alternative arrangements for your other bookings etc. Get together all the information you'll need, so that it's ready when you need it.
4. Include actions you'll need to take to keep your business going while you sort things out. Even if you have insurance for most of the emergencies you can think of, you should also build up an emergency fund that you can use to keep you, your family and your business going. As well as money, you may need to have an arrangement with someone who can drive your truck for you, for example, or an agreement with someone who will be able to look after your customers on a temporary basis.

Don't be caught short. Being able to react quickly in an emergency might keep you and your business from going under.

## More Help

The organisations listed below will be able to provide you with more information and assistance. They are set out in alphabetical order.

### ***Australian Road Transport Suppliers Association (ARTSA)***

The Australian Road Transport Suppliers Association Inc. was formed almost a decade ago with the vision of becoming the technical resource for the road transport industry in Australia.

ARTSA's activities address heavy vehicles used in all aspects of the road freight transport and road passenger transport industries. ARTSA provides advice and support to members, regulatory agencies and other transport industry bodies on matters such as:

- productivity and safety of heavy vehicle operations
- compliance with regulatory requirements
- environmental effects of vehicle operation
- size and weight limits
- new technology

ARTSA's mission is to:

- provide a facility for members of ARTSA to meet as a single group;
- facilitate a coordinated approach by the road transport industry suppliers to governments and the road transport industry as a single entity; and
- promote and further the road transport industry.

For more information, contact:

Executive Officer  
Australian Road Transport Suppliers Association Inc.  
PO Box 2230  
Hawthorn LPO Vic 3122  
Telephone: (03) 9818 7899  
Fax: (03) 9818 6534  
Mobile: 0411 402 832  
Email: [exec@artsa.com.au](mailto:exec@artsa.com.au)  
Website: [www.artsa.com.au](http://www.artsa.com.au)

### ***Australian Trucking Association (ATA)***

The Australian Trucking Association is the national body representing the Australian trucking industry. First established in 1989 as the Road Transport Forum (RTF), the ATA provides public policy advocacy for trucking operations within Australia through research, lobbying and communication. The ATA's policy coverage embraces safety, taxes and charges, infrastructure, environmental and technical issues.

Membership of the ATA comprises a wide range of organisations, including state- and sector-based trucking associations, small and medium-sized operations, and many of the largest transportation enterprises in Australia.

ATA members come from all sectors of the trucking industry. Both hire and reward carriers and private carriers, as well as the Transport Workers Union (TWU), belong to the ATA. The Association's membership also includes a number of allied trades – ie companies providing goods and services to the trucking industry.

The most important part of the ATA is the network created by its membership. With major national companies and state and sector associations including the TWU, the ATA brings together the whole industry to focus on issues of national significance.

For more information, contact:

ATA Secretariat (ABN 25 055 583 714)  
Minter Ellison Building  
25 National Circuit  
Forrest ACT 2603  
Telephone: (02) 6253 6900  
Fax: (02) 6253 6999  
Website: [www.atatruck.net.au](http://www.atatruck.net.au)

### ***Commercial Vehicle Industry Association of Australia (CVIAA)***

The CVIAA membership comprises individual state bodies and organisations – namely the CVIAQ, and the CVIA divisions of the Victorian Automotive Chamber of Commerce and Motor Trades Associations of NSW, SA and WA.

The CVIAA maintains representation with a number of agencies and is represented on a number of groups including the Technical Liaison Group that advises the Australian Motor Vehicle Certification Board, Single Issue Working Groups established to review the Australian Design Rules, the Industry Advisory Group and Bus Industry Advisory Group and numerous Standards Australia committees.

These groups are the primary source of consultation that the Government relies on for information and feedback on any current issues and changes to be implemented, and also provide a forum for industry to voice any concerns and introduce reforms.

For more information, contact:

Motor Trade Association of Western Australia  
Level 1, 35 Great Eastern Highway  
Rivervale WA 6103  
(Locked Bag 13, Belmont WA 6984)  
Telephone: (08) 9453 7900  
Fax: (08) 9453 7999  
Website: [www.mtawa.com.au](http://www.mtawa.com.au)

### ***Department of Mines and Petroleum (Resources Safety Branch)***

The Resources Safety branch of the Department of Mines and Petroleum is responsible for administering the Dangerous Goods (Transport) Act 1998 (WA).

For more information, contact:

Department of Mines and Petroleum  
Resources Safety Branch  
1st Floor, 303 Sevenoaks Street (cnr Grose Avenue)  
Cannington WA 6107

Telephone: (08) 9358 8002  
Fax: (08) 9358 8000  
Website: [www.dmp.wa.gov.au](http://www.dmp.wa.gov.au)

***Department of Infrastructure, Transport, Regional Development and Local Government (DITRD LG)***

DITRD LG promotes transport systems that are safe, efficient, internationally competitive, sustainable and accessible.

Transport information provided by DITRD LG includes:

- the impacts of transport on economic, environmental and/or social modes of transport and their uses
- regulation, vehicle standards, rules and licensing
- transport research and statistics
- transport accident investigations, security and education programs
- the services provided by DITRD LG to the transport sector – from planning to permits and allocation to aviation slots
- innovations and intelligence for Australia's transport future
- transport in Australia – its objectives, general trends, facts, policy, international obligations and government responsibility
- transport infrastructure

For more information, contact:

Department of Infrastructure, Transport, Regional Development  
and Local Government  
GPO Box 594  
Canberra ACT 2601  
111 Alinga Street  
Canberra City ACT 2600  
Telephone: (02) 6274 7111  
Website: [www.infrastructure.gov.au](http://www.infrastructure.gov.au)

### ***Livestock Transporters and Country Bulk Carriers Association***

The Livestock Transporters and Country Bulk Carriers Association of WA is an organisation formed to look after the interests of truck operators who contract to deliver livestock to clients throughout Western Australia and interstate. The Association is open to owner-drivers, companies and drivers to join and enjoy the benefits of membership.

The Association lobbies Government on issues concerning road transport and animal transport, provides a newsletter, looks at road transport issues such as driver licensing, heavy vehicle licensing fees, heavy vehicle access, road conditions, rest areas, fatigue management, accreditation and any issues with the permit system.

The Association is also part of an Australia-wide Association of Livestock Transporters, which looks after members' interests in their home state and at the national level with regard to issues such as quarantine and animal welfare in livestock export.

For more information, contact:

Livestock Transporters and Country Bulk Carriers Association  
Pastoral House  
277 Great Eastern Highway  
Belmont WA 6104  
Telephone: (08) 9478 3655  
Fax: (08) 9277 7311

## **Main Roads Western Australia**

Don Aitken Centre  
Waterloo Crescent  
East Perth WA 6004  
(PO Box 6202, East Perth WA 6892)

- **General enquiries**

Telephone: (08) 9323 4111  
Fax: (08) 9323 4430  
TTY: +61 (08) 9311 8430  
Email: [enquiries@mainroads.wa.gov.au](mailto:enquiries@mainroads.wa.gov.au)

- **Oversize and Extra Mass Permits**

For information and enquiries on obtaining oversize extra mass permits, contact:

Heavy Vehicle Operations Office  
Telephone: (08) 9311 8450  
Fax: (08) 9311 8455  
Email: [hvo@mainroads.wa.gov.au](mailto:hvo@mainroads.wa.gov.au)

- **Road condition report**

Telephone: 1800 013 314  
Website: [www.mainroads.wa.gov.au](http://www.mainroads.wa.gov.au)

- **Emergencies/traffic faults**

Report any faults such as signal failure, street light problems, missing or damaged signs, potholes or traffic accidents on:

Telephone: 1800 800 009  
Website: [www.mainroads.wa.gov.au](http://www.mainroads.wa.gov.au)

- **Traffic issues**

Email: [roadtraff@mainroads.wa.gov.au](mailto:roadtraff@mainroads.wa.gov.au)  
Telephone: See 'General enquiries' above

- **Traffic Operations Centre**

General telephone: (08) 9323 4848  
Fax: (08) 9323 4862

**Main Roads Western Australia (cont.)**

- **National Highway or State Road works etc**

For enquiries regarding works being carried out or specific issues on a National Highway or State Road, contact the major metropolitan or regional offices:

**Gascoyne Region**

470 Robinson Street

Carnarvon WA 6701

Telephone: (08) 9941 0777

Email: [gasreg@mainroads.wa.gov.au](mailto:gasreg@mainroads.wa.gov.au)

**Goldfields-Esperance Region**

83 Piesse Street

Boulder WA 6432

Telephone: (08) 9080 1400

Email: [gereg@mainroads.wa.gov.au](mailto:gereg@mainroads.wa.gov.au)

**Great Southern Region**

15 Chester Pass Road

Albany WA 6330

Telephone: (08) 9892 0555

Email: [gsreg@mainroads.wa.gov.au](mailto:gsreg@mainroads.wa.gov.au)

**Kimberley Region**

Wodehouse Street

Derby WA 6728

Telephone: (08) 9158 4333

Email: [kimreg@mainroads.wa.gov.au](mailto:kimreg@mainroads.wa.gov.au)

**Metropolitan Region**

Don Aitken Centre

Waterloo Crescent

East Perth WA 6892

Telephone: (08) 9323 4111

Email: [dac@mainroads.wa.gov.au](mailto:dac@mainroads.wa.gov.au)

## ***Main Roads Western Australia (cont.)***

- **Heavy Vehicle Operations**

70 Pilbara Street  
Welshpool WA 6106  
Telephone: (08) 9311 8450  
Email: [hvo@mainroads.wa.gov.au](mailto:hvo@mainroads.wa.gov.au)

**Mid West Region**

Eastward Road  
Geraldton WA 6531  
Telephone: (08) 9956 1200  
Email: [mwreg@mainroads.wa.gov.au](mailto:mwreg@mainroads.wa.gov.au)

**Pilbara Region**

Maxine McGilvray Centre, Brand Street  
South Hedland WA 6722  
Telephone: (08) 9172 8877  
Email: [pilreg@mainroads.wa.gov.au](mailto:pilreg@mainroads.wa.gov.au)

**South West Region**

Robertson Drive  
Bunbury WA 6231  
Telephone: (08) 9725 5677  
Email: [swreg@mainroads.wa.gov.au](mailto:swreg@mainroads.wa.gov.au)

**Wheatbelt North Region**

Peel Terrace  
Northam WA 6401  
Telephone: (08) 9622 4777  
Email: [wbnthreg@mainroads.wa.gov.au](mailto:wbnthreg@mainroads.wa.gov.au)

**Wheatbelt South Region**

Mokine Road  
Narrogin WA 6312  
Telephone: (08) 9881 0566  
Email: [wbsthreg@mainroads.wa.gov.au](mailto:wbsthreg@mainroads.wa.gov.au)

### ***Motor Trade Association of Western Australia (MTAWA)***

The Motor Trade Association of Western Australia (Inc.) provides a large range of services to help members build their business.

The MTA's in-house Industrial Relations Department is available to assist and protect members' interests, by providing:

- award information and interpretation
- advice on rates of pay
- advice on conditions of service
- employment guidance – hiring and dismissal procedures and advice
- advice on Workers' Compensation
- assistance in the WA Industrial Commission on employment-related matters, eg unfair dismissal etc, up to pre-court hearings at no charge
- referrals on court appearances referred to MTA solicitors and barristers at discounted rates

The MTA has several staff members who are qualified to advise members on safety audits using the WorkSafe Plan as a standard and to provide interpretation and advice on the Occupational Safety and Health Act.

For more information, contact:

Motor Trade Association of Western Australia  
Level 1, 35 Great Eastern Highway  
Rivervale WA 6103  
(Locked Bag 13, Belmont WA 6984)  
Telephone: (08) 9453 7900  
Country callers telephone: 1800 652 300  
Fax: (08) 9453 7999  
Country callers fax: 1800 623 759  
Email: [mtawa@mtawa.com.au](mailto:mtawa@mtawa.com.au)  
Website: [www.mtawa.com.au](http://www.mtawa.com.au)

### ***Small Business Development Corporation (SBDC)***

SBDC is a Western Australian state government agency focused on the development of the small business sector. It provides advisory and information services to the public and has a range of useful publications.

For more information, contact:

Small Business Development Corporation  
553 Hay Street (cnr Pier Street)  
Perth WA 6000  
Telephone: (08) 9220 0222  
Fax: (08) 9325 3981  
Country callers free call: 1800 199 125  
Email: [info@sbdc.com.au](mailto:info@sbdc.com.au)  
Website: [www.sbdc.com.au](http://www.sbdc.com.au)

### ***Transport and Storage Industry Training Council (TSITC)***

The Transport and Storage Industry Training Council provides independent information to industry, training providers and Government on training and skills recognition arrangements. The TSITC actively promotes training initiatives under the National Training Framework and Australian Recognition Framework.

The TSITC also assists in the implementation of the National Transport & Distribution Training Package and the New Apprenticeships system. Information is disseminated to industry, government departments and agencies and training providers through the TSITC's newsletter and website, workshops and information sessions. The council also responds to individual requests for information and offers a consultancy service.

For more information, contact:

Transport and Storage Industry Training Council  
17 Lemnos Street  
Shenton Park WA 6008  
(PO Box 7033, Shenton Park WA 6008)  
Telephone: (08) 9388 8781  
Fax: (08) 9388 8784  
Email: [tsitc@tsitc.asn.au](mailto:tsitc@tsitc.asn.au)  
Website: [www.tsitc.asn.au](http://www.tsitc.asn.au)

### ***Transport Forum WA (TFWA)***

Transport Forum WA is the recognised peak industry body for road transport in Western Australia, representing freight forwarders, furniture removers, long distance, heavy and bulk haulage operators, accredited pilots, recovery operators, school bus contractors and waste managers.

TFWA provides a high level of professional services to its members, lobbying Government, the Opposition and the various government bodies on a broad range of issues affecting the transport industry to achieve beneficial outcomes.

Member organisations can take advantage of a wide range of transport industry specific information and support.

TFWA also provides transport and logistics training, with members receiving discounts on various training courses, both short courses and traineeships.

TFWA is affiliated with the Australian Trucking Association and is the WA Branch of the Australian Road Transport Industrial Organisation. It regularly consults with community members, industry organisations and government agencies. The organisation is nationally endorsed and provides training, information and resources to the road transport industry through its Training, Freight, School Bus and Recovery divisions.

For more information, contact:

Transport Forum WA  
37 Cohn Street  
Carlisle WA 6101  
Telephone: (08) 9355 3022  
Training Division: (08) 9470 1245  
Fax: (08) 9361 0106  
Email: [reception@transportforumwa.com.au](mailto:reception@transportforumwa.com.au)  
Website: [www.transportforumwa.com.au](http://www.transportforumwa.com.au)

## ***Transport Women Australia***

Transport Women Australia Limited was formed by an enthusiastic group of women involved in various capacities in the road transport industry. These women shared a common view that women in all modes of the transport industry could benefit from a national independent organisation that focused on support of women and the concept of dealing with industry issues from the perspective of women.

The key objectives of the organisation are:

- to support women's contribution to the transport industry and present views from their perspective;
- to promote professional development, leadership and training opportunities for women in the transport industry;
- to promote effective networking within the transport industry;
- to provide recognition and a forum for women working or who have an interest in the transport industry;
- to pursue women's right to input on policy issues;
- to promote professional, sustainable and respectful practices as essential elements within the transport industry; and
- to promote clear career paths and encourage graduates and young people to work in the transport industry.

The main customer base is individuals working directly or in a supply or service capacity in the transport industry.

For more information, contact:

Transport Women Australia  
PO Box 627  
Wodonga Vic 3689  
Fax: (02) 6041 2155  
Email: [admin@transportwomen.com.au](mailto:admin@transportwomen.com.au)  
or [chair@transportwomen.com.au](mailto:chair@transportwomen.com.au)  
Telephone: 0407 503 605  
Website: [www.transportwomen.com.au](http://www.transportwomen.com.au)

### ***Transport Workers Union (TWU)***

The Transport Workers Union's first priority is to protect and improve the livelihood of transport workers and their families. To achieve these objectives, the TWU puts resources into the following main areas:

- organising transport workers
- representing members at their workplace
- providing services to members and their families
- maintaining industrial awards
- pursuing industry-wide improvements for wages and conditions of employment
- achieving fair rates for owner-drivers
- representing transport workers on industry bodies
- delivering union training
- participating in industry training
- occupational health and safety
- TWU Superannuation Fund
- providing legal advice on WorkCover
- lobbying federal, state and local governments

The TWU's leadership team is unified in their commitment to organising the transport industry and providing quality services and benefits to financial members of the union and their families.

For more information, contact:

Transport Workers Union  
Western Australia Branch  
Suite 302, 3rd Floor  
82 Beaufort Street  
Perth WA 6000  
(PO Box 8497, Perth Business Centre, Perth WA 6849)  
Telephone: (08) 9328 7477  
Fax: (08) 9227 8320  
Free call: 1800 657 477  
Email: [contact@twuwa.org.au](mailto:contact@twuwa.org.au)

### ***Trucksafe Accreditation***

Once you have decided to become an owner-driver or if you are an existing operator, there are a number of programs that are available to help you excel in your business.

One such program is Trucksafe, an industry-sponsored scheme that is available and is recognised nationwide.

Trucksafe is a business and risk management system that is aimed at improving the safety and professionalism of trucking operators. It is an industry initiative aiming to deliver a competitive advantage to accredited operators.

Trucksafe can assist an operator or an owner-driver in establishing procedures for business management, vehicle maintenance, driver health and training.

For more information in Western Australia, contact:

Transport Forum WA  
Telephone: (08) 9355 3022

## **WorkSafe Western Australia - Department of Commerce**

The Department was formed on 1 January 2009 and comprises seven divisions: Consumer Protection; Energy Safety; Labour Relations; Science and Innovation; WorkSafe; Corporate Services and the Office of the Director General.

For more information, contact:

Consumer Protection  
219 St George's Terrace  
Perth WA 6000  
(Locked Bag 14, Cloisters Square WA 6850)  
General Advice Line: 1300 30 40 54 (cost of a local call)

For new enquiries and general advice:

Telephone: (08) 9282 0777  
Fax: (08) 9282 0850  
TTY: +61 8 9282 0800  
Email: [consumer@commerce.wa.gov.au](mailto:consumer@commerce.wa.gov.au)  
Website: [www.commerce.wa.gov.au](http://www.commerce.wa.gov.au)

- **WorkSafe**

WorkSafe is a division of the Department of Commerce, the state government agency in Western Australia responsible for the administration of work safety and health laws. WorkSafe undertakes a wide range of regulatory activities as well as industry and community awareness programs.

For more information, contact:

WorkSafe  
5th Floor, 1260 Hay Street  
West Perth WA 6005  
(PO Box 294, West Perth WA 6872)  
Telephone: (08) 9327 8777  
Fax: (08) 9321 8973  
TTY: +61 8 9327 8838  
Email: [safety@commerce.wa.gov.au](mailto:safety@commerce.wa.gov.au)

- **Labour Relations**

2 Havelock Street  
West Perth WA 6005  
Wageline: 1300 655 266

For information on employment conditions and wages in the private sector in Western Australia:

Telephone: (08) 9222 7700  
Fax: (08) 9222 7777  
Email: [labourrelations@commerce.wa.gov.au](mailto:labourrelations@commerce.wa.gov.au)

- **Regional offices:**

**North West Regional Office**

Unit 9, Karratha Village Shopping Centre  
Karratha WA 6714  
Telephone: (08) 9185 0900

**Mid West Regional Office**

50-52 Durlacher Street  
Geraldton WA 6530  
Telephone: (08) 9964 5644

**Goldfields-Esperance Regional Office**

377 Hannan Street  
Kalgoorlie WA 6430  
Telephone: (08) 9021 5966

**South West Regional Office**

8th Floor, 61 Victoria Street  
Bunbury WA 6230  
Telephone: (08) 9722 2888

**Great Southern Regional Office**

Unit 2/129 Aberdeen Street  
Albany WA 6330  
Telephone: (08) 9842 8366

## Useful Forms

The forms that are described in this guide are placed together in this chapter, for handy reference and easy copying.

You will also find them on the 'Owner-drivers guide' website, which is at [www.dpi.wa.gov.au/ownerdrivers](http://www.dpi.wa.gov.au/ownerdrivers)

They are:

- Contractor checklist  
(from Contractors and Contracts – Contractors)
- Personal budget worksheet  
(from Financing your Business – What financial resources will you need?)
- Start-up costs worksheet  
(from Financing your Business – Calculate your start-up costs)
- Personal worth statement  
(from Financing your Business – What's your personal worth?)
- Cash flow forecast  
(from Keep your Papers (and your figures) in Order – Cash flow planning and cash flow management)  
Note: The website has an Excel file set up to do your calculations automatically.
- Cost of operations worksheet  
(from Mind your 'Financial' Business – Calculating vehicle and administration expenses)  
Note: The website has a version that is set up to do your calculations automatically.

## Contractor checklist

<b>Contractor checklist</b>		
Name of company		
Name of representative		
Phone number		
Date		
Do I have to pay a goodwill and/or franchise or contract fee?	Yes / No	If yes, how much?
What is the hourly rate being paid?	\$	
Am I guaranteed a minimum number of hours per week?	Yes / No	If yes, how many?
Are they prepared to put this in writing?	Yes / No	
Am I paid a waiting time allowance?	Yes / No	If yes, how much?
Does the company take fees out of the gross remuneration?	Yes / No	
<ul style="list-style-type: none"> <li>If yes, which ones?</li> </ul>	Radio Uniform Comprehensive insurance Public liability insurance Load transit insurance Sickness and accident insurance Management	Yes / No Yes / No Yes / No Yes / No Yes / No Yes / No Yes / No
To cover the company's costs, does the company take a percentage out of the vehicle's gross earnings?	Yes / No	If yes, how much?
Is the company advertising for owner-drivers on a regular basis?	Yes / No	If yes, why?
Are there periods where earnings can be affected?	Yes / No	If yes, when?
How soon are accounts settled?		
Does the company provide maintenance facilities?	Yes / No	If yes, is there a charge?
What are the provisions if either party wishes to terminate the contract before the term runs out?		

## Personal budget worksheet

Item	July	Aug	Sept	Oct	Nov	Dec
<b>House</b>						
Rent/mortgage payment						
Rates – council						
Rates – water						
Maintenance						
Insurance						
<b>Domestic</b>						
Food						
Clothing						
Entertainment						
Telephone						
Home mobile						
Electricity, gas						
Other						
<b>Personal</b>						
Health care						
Education						
Books, sport etc						
Other						
<b>Motor vehicle</b>						
Insurance, licence						
Repairs, services						
Fuel, running						
Loan repayments						
<b>General</b>						
Life assurance						
Superannuation						
Medical/hospital insurance						
Personal loan repayments						
Credit card payments						
Other (1)						
Other (2)						
Other (3)						
<b>Total monthly outgoing \$</b>						

**Personal budget worksheet (cont.)**

<b>Item</b>	<b>Jan</b>	<b>Feb</b>	<b>Mar</b>	<b>Apr</b>	<b>May</b>	<b>Jun</b>	<b>Total</b>
<b>House</b>							
Rent/mortgage payment							
Rates – council							
Rates – water							
Maintenance							
Insurance							
<b>Domestic</b>							
Food							
Clothing							
Entertainment							
Telephone							
Home mobile							
Electricity, gas							
Other							
<b>Personal</b>							
Health care							
Education							
Books, sport etc							
Other							
<b>Motor vehicle</b>							
Insurance, licence							
Repairs, services							
Fuel, running							
Loan repayments							
<b>General</b>							
Life assurance							
Superannuation							
Medical/hospital insurance							
Personal loan repayments							
Credit card payments							
Other (1)							
Other (2)							
Other (3)							
<b>Total monthly outgoing \$</b>							

## Start-up costs worksheet

### Essential costs

Deposit and/or initial lease or loan payments on your truck	\$
Equipment and tools	\$
CB radio and/or mobile phone	\$
Registration fees, permits and licences	\$
Initial insurance premiums	\$
Professional advice and services	\$
Supplies for several months' operation	\$
Fuel for several months	\$
Contingencies (say 10% of your expenses so far)	\$
Living expenses for several months	\$
Emergency fund (say operating and living expenses for two months)	\$
<i>Total essential costs</i>	\$

### Non-essential costs

Truck upgrade or modifications	\$
Laptop computer	\$
CD player	\$
Other (1)	\$
Other (2)	\$
Other (3)	\$
Other (4)	\$
<i>Total non-essential costs</i>	\$
<b>Total start-up costs (= total essential costs plus total non-essential costs)</b>	<b>\$</b>

## Personal worth statement

### Assets

Cash in the bank	\$
Real estate – house and land	\$
Household furniture and electrical items	\$
Motor vehicles	\$
Boat	\$
Insurance policies (surrender value)	\$
Superannuation	\$
Shares/stocks	\$
Other assets	\$
<i>Total assets</i>	\$

### Liabilities

Mortgage – house	\$
Car loan	\$
Personal loan	\$
Credit cards	\$
Other liabilities	\$
<i>Total liabilities</i>	\$
<b>Personal worth (= assets minus liabilities)</b>	<b>\$</b>

## Cash flow forecast

Note: The Excel version of this worksheet on the Internet provides for extra rows and automatic calculations.  
See the 'Owner-drivers guide' website at [www.dpi.wa.gov.au/ownerdrivers](http://www.dpi.wa.gov.au/ownerdrivers).

Month name:	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6
Item						
<b>Cash in-flow items</b>						
<b>Total cash in-flow</b>						
<b>Cash out-flow items</b>						
Subtotal cash out-flow						
<b>Capital expenditure</b>						
<b>Total cash out-flow</b>						
Net cash flow (= total cash in-flow minus total cash out-flow)						
Bank balance beginning of month						
Bank balance end of month (= beginning bank balance plus or minus net cash flow)						

### Cash flow forecast (cont.)

Month name:	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Total
Item							
<b>Cash in-flow items</b>							
<b>Total cash in-flow</b>							
<b>Cash out-flow items</b>							
Subtotal cash out-flow							
<b>Capital expenditure</b>							
<b>Total cash out-flow</b>							
Net cash flow (= total cash in-flow minus total cash out-flow)							
Bank balance beginning of month							
Bank balance end of month (= beginning bank balance plus or minus net cash flow)							

### Cost of operations worksheet

Note: The website version of this worksheet is set up to do the calculations automatically.  
See the Owner-drivers guide website at [www.dpi.wa.gov.au/ownerdrivers](http://www.dpi.wa.gov.au/ownerdrivers).

	km or hrs per year: .....	km or hrs per month: .....
<b>TOTAL KILOMETRES (OR HOURS) RUN:</b> .....		

	Annual \$	Monthly \$	\$ per km (or per hr)
<b>FIXED COSTS</b>			
<b>Overheads</b>			
Accounting fees			
Audit fees			
Bank fees & charges			
Bad debts & debt collection costs			
Rent			
Building repairs/maintenance			
Cleaning			
Electricity			
Printing & stationery			
Postage			
Telephone/fax/modem			
Data processing			
Insurance – general			
Insurance – public liability			
Insurance – sickness and accident			
Employee benefits and amenities			
Uniforms			
Wages			
Superannuation			
Donations			
Other expenses			
Total overhead costs			
<b>Finance costs</b>			
Loan repayments			
Total finance costs			
<b>Depreciation</b>			
Cost of item	\$		
Minus sale price (estimated)	– \$		
Equals total depreciation	= \$		
Divide by number of years	÷ yrs		
Equals annual depreciation			

**Cost of operations worksheet (cont.)**

	<b>Annual \$</b>	<b>Monthly \$</b>	<b>\$ per km (or per hr)</b>
<b>FIXED COSTS (cont.)</b>			
<b>Other vehicle costs</b>			
Insurance			
Vehicle registration			
Licences and permits			
Security			
Total fixed vehicle costs			
<b>TOTAL FIXED COSTS</b> (overheads + finance costs + depreciation + fixed vehicle costs)			
<b>VARIABLE COSTS</b>			
Fuel (less rebate)			
Oil			
Tyres			
Repairs			
Services			
Loading equipment			
Hire/equipment			
Truck wash			
Loading/unloading charges			
Administration fees			
Accommodation and meals			
Other variable costs			
<b>TOTAL VARIABLE COSTS</b>			
<b>TOTAL COSTS</b> (total fixed costs + total variable costs)			