

SERVICE CONTINUITY – CUSTOMER FAQ's

What is the Temporary Service Continuity Surcharge?

Highway closures as a result of the Kaikoura earthquakes have brought on major unexpected costs to our business in the form of significantly greater transport costs. To help cover a portion of these unanticipated operating expenses we are introducing a temporary 0.9% surcharge to our courier service charges.

We felt that adding a surcharge was a transparent method of sharing these increased costs, and gives us the flexibility to adjust the figure accordingly based on conditions improving or worsening.

It is a flat rate, which makes it easier for you to understand the cost impact on your business, as opposed to complex route based permutations.

When will it be implemented?

The 0.9% surcharge will be applied to our courier service charges from Monday 5 December 2016.

Why are you introducing the surcharge?

The transport industry as a whole are having to introduce some mechanism for cost recovery, some companies as high as 15% - 25%.

We are doing our best to keep costs down while maintaining the high standard of service delivery customers rely on us for. So far we have absorbed the additional costs, but are introducing the 0.9% surcharge to help us cover a portion of the increased expense going forward.

My freight travels primarily through the air network, so why do road closures and disruption affect me?

Inter-Island overnight charges are not just a charge for freight to travel by plane, they also include the cost for the freight to connect with the air freight network at both the sending and receiving points. Freight must still travel to and from the airports by vehicle, and the ability of our vehicles to connect with the airfreight network is impacted by the changes we have had to make to our South Island network.

Are there any other factors I should be aware of?

As well as significant damage to the Upper South Island road network, the rail network has been severely damaged. This has created additional congestion on road, as freight that was previously "rail" has been shifted to an already stretched "road network".

Why are you adding the surcharge to all deliveries, not just in those areas affected?

We have had to make significant changes to the structure of our South Island delivery network to maintain our overnight delivery service standard. Such significant change has a flow-on effect to other parts of our network.

The NZC network operates through 4 main hubs - Auckland, Hamilton, Palmerston North, and Christchurch. Connecting our 4 hubs is an integrated network of both Air and Road services. To deliver an item to any centre in New Zealand overnight, ALL the network components must operate to schedule. If one component of the network is out then vehicles in or out of any hub can be affected also. For example, if an aircraft from Christchurch to Palmerston North is delayed because a truck into the Christchurch hub is delayed, then all Linehaul out of Palmerston North to Napier, New Plymouth and Wellington would be delayed, the same would apply to flights into Auckland for Hamilton, Bay of Plenty and the far North.

As South Island freight now moves differently, this affects other components of our delivery network as they must adapt.

What extra resources have New Zealand Couriers implemented to maintain service levels?

The new route we must take to connect with the South Island is considerably longer, so to maintain service standards we have had to create new connections within some routes to shorten the length individual vehicles have to travel. Doing this requires adding a number of additional vans and trucks to our Linehaul network, and the drivers to operate them.

The flow-on effect of more vehicles in our Linehaul network is that there must be more people at either end to handle the freight they carry, requiring additional staff and new hours.

The result is that we are able to deliver with minimal disruption to our usual delivery times to most areas, just with some higher cost attached.

How has this affected your Inter-Island delivery times (service standard)?

We have worked hard to adapt our network to minimise the effect to our inter-island delivery standards. We are still committed to overnight delivery, however delivery to some areas may be later than our standard 9.30am.

Deliveries to areas severely affected by the Earthquake are still being done as best as we can, but cannot make promises at this point in time as the situation is still developing

we've got it sorted 



How long will the surcharge be in place?

Once SH1 has reopened, our operations have returned to normal and our additional re-routing costs to cover have subsided, we will be able to discontinue the surcharge. We do not have an indication of when this is likely to be however, as the damage to SH1 is extensive and there is currently no definite timeline for when we can expect it to be fully operational once again.

The temporary surcharge is designed to be removed or changed swiftly, for when the situation resolves or alters (for the better or the worse).

Does the surcharge apply to New Zealand Couriers international deliveries?

The 0.9% surcharge applies to domestic courier services only.

How is the surcharge applied?

The 0.9% applies to the base rate of our courier service charges. This means that it is NOT applied on top of the standard Flexible Fuel Factor (FFF) and Road User Charges (RUC) we currently have in place.