

17 March 2020

Customer Advisory

FUEL ADJUSTMENT FACTOR (FAF) – UPDATE

Ports of Auckland has in place a formula for calculating the Fuel Adjustment Factor (FAF) to compensate our business as and when the price of fuel fluctuates. This process has been in place since August 2006 and we have continued to keep customers informed of the trend to the changing purchase price of fuel.

The calculation used to determine the Fuel Adjustment Factor is based on current pricing, working in bands of +/- 20%. If the six week average triggers a move up or down, the following formula applies with two weeks' notice of change.

The 6 weekly average for FAF as at 13/03/2020 has fallen below -20%. Based on this information, FAF will be reduced as per the schedule below, effective 27 March 2020.

The application of the FAF model will remain in place and in the event fuel prices increase and the 6 week average triggers re-introduction of the surcharge we will advise customers accordingly with two weeks' notice of change.

Based on POAL purchase price in NZ\$ as of 1 September 2006	Container Terminal Handling Charge per Full container (Imports, Exports and Tranships)		Marine Service Rates	
	Full containers	Tranship per leg	Under 1000 GRT	Over 1000 GRT
Below - 20%	No charge	No charge	\$ -	\$ -
-20% to +20%	\$5.00	\$2.50 / \$2.50	\$75.00	\$150.00
+21% to +40%	\$7.50	\$3.75 / \$3.75	\$115.00	\$225.00
+41% to +60%	\$10.00	\$5.00 / \$5.00	\$170.00	\$300.00
+61% to +80%	\$12.50	\$6.25 / \$6.25	\$230.00	\$380.00

For your information our buy prices of fuel are based on the MOPS (Mid of Platts Singapore) Gas/Oil Index adjusted for exchange rate movements and shipping. We continue to have the application of FAF audited by an external third party and examples of the audit letter can be found on our website. Please don't hesitate to contact the below for a copy if required.