

## VARIABLE FUEL RATE (VFR)

### What is Variable Fuel Rate (VFR) and how does it affect my business?

Fuel is a demand priced commodity forcing the VFR surcharge to change constantly. The cost of fuel is a major variable cost in transport but you don't want to be renegotiating your rates every time fuel prices change.

The total price you pay for freight service is made up of two components: A Base Rate; and a Variable Price.

In order to calculate the total price, you pay, we add these two components together and then add GST.

Our base rate component is the price for our service set out in our Rates Schedule with you.

Our Variable Price component is calculated as a percentage of the applicable Base Rate. The percentage which we apply to the applicable Base Rate is called the Variable Fuel Rate (VFR). The VFR changes from month to month because it is linked to the changing cost of diesel. We use the VFR that applies on the date you order your service.

You can calculate the total price you pay according to the following formula:

$$\text{Base Rate} + (\text{Base Rate} \times \text{VFR}\%) = \text{Total Price (excl GST)}$$

For example, if the base price of your product or service was \$100.00 and the VFR was 5%, then the total price you pay would be \$105.00 calculated as follows:

$$\text{Total price (excl GST)} = \$100.00 + (\$100.00 \times 5\%) = \$105.00$$

### What is variable fuel rate (VFR)?

The Variable Fuel Rate or VFR is a surcharge added to your freight rate to cover the cost of fuel fluctuations. You will find that most Transport Companies and Freight Forwarders will invoice the VFR or FAF (Fuel Adjustment Factor) surcharge as an additional cost to your current freight rates.

### Working out the VFR surcharge

There is a one month lag between the data and its application. For example, to calculate Feb 2018 VFR we sample the fuel data as of the first Monday of January 2018. The Data set is available at: [www.globalpetrolprices.com/new-zealand/dieselpriees](http://www.globalpetrolprices.com/new-zealand/dieselpriees)

### What is the time lag between current Diesel prices and the VFR?

We calculate the VFR for the month using the average diesel price from one month prior. This gives you one month's notice of the new rates.

### How is the VFR shown on your invoice?

The monthly VFR percentage is shown as a separate surcharge on your invoice.

### How and when will we be notified of the monthly %?

An email will be sent out at the beginning of each month advising of the monthly VFR. This will also be updated on our website.

If you have any questions please contact us on: (03) 357 3040 or [customerservice@expresscargo.co.nz](mailto:customerservice@expresscargo.co.nz)

## VARIABLE FUEL RATE CALCULATION TABLE A

DIESEL PUMP PRICE	PERCENTAGE VFR
1.099 and under	1.40%
1.10 to 1.149	2.20%
1.15 to 1.199	3.00%
1.20 to 1.249	3.80%
1.25 to 1.299	4.40%
1.30 to 1.349	5.20%
1.35 to 1.399	6.00%
1.40 to 1.449	6.80%
1.45 to 1.499	7.60%
1.50 to 1.549	8.40%
1.55 to 1.599	9.20%
1.60 to 1.649	10.00%
1.65 to 1.699	10.80%
1.70 to 1.749	11.60%
1.75 to 1.799	12.40%
1.80 to 1.849	13.20%
1.85 to 1.899	14.00%
1.90 to 1.949	14.80%
1.95 to 1.999	15.60%
2.00 to 2.049	16.40%

