

Ministry of Transport
Understanding Transport
Costs and Charges

2011 FREIGHT CHARGE
COMPARISON
REPORT

 pacific logistics ltd

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Disclaimer

The views expressed in the report are strictly those of the author and are not necessarily the views of the Ministry of Transport.

Table of contents

1. Introduction.....	1
1.1 Purpose	1
1.2 Context	1
2. Scope.....	2
2.1 Commodities and regions	2
2.2 Measurement and qualification.....	3
3. Import case studies	5
3.1 Commentary and observations.....	5
3.2 Import: Singapore – Auckland – Christchurch	7
3.3 Import: Australia – Auckland – Christchurch.....	9
3.4 Import: United States – Auckland – Christchurch	11
3.5 Import: Shanghai – Wellington.....	13
3.6 Import: United Kingdom – Wellington (via Sydney)	15
4. Export case studies.....	17
4.1 Commentary and observations.....	17
4.2 Export: Christchurch – Auckland – Singapore	19
4.3 Export: Christchurch – Auckland – Australia.....	21
4.4 Export: Christchurch – Auckland – United States	22
4.5 Export: Whakatane – Tauranga – Shanghai.....	23
4.6 Export: Whakatane – Tauranga –Tilbury	24
Glossary of terms and abbreviations.....	25

1. Introduction

1.1 Purpose

As part of the Understanding Transport Costs and Charges phase one, a freight charge comparison table was prepared in 2008 to gain an understanding of the relative freight charges by mode. This comparison was undertaken by taking a fictitious general cargo item (plastic garden gnomes) and outlining all the relevant freight and ancillary charges. This example was based on the 20' container movement from Singapore Container Yard (CY) on a 'free on board' (FOB) basis to Auckland and then being relayed / transhipped to a depot in Christchurch city.

The purpose of this report is to update the original comparison and to extend the comparison to export cargo and to other overseas markets.

1.2 Context

Since this informal analysis was undertaken there have been some dramatic changes to New Zealand's performance of its supply chain efficiency and its global competitiveness. Already we are seeing our sea lanes becoming secondary in nature, the rises in the cost of fuels have prompted many road-haulage companies to reduce longer distance freight carriage, trains are running partially full and shipping services currently servicing New Zealand are trying to reduce their costs by reducing shipping slots and steaming slower. New Zealand Inc. needs to work collaboratively with all the freight service providers to maximise efficiencies in the freight supply chain.

It is essential to understand what the freight transport related logistics costs are for our small to mid-sized importers and exporters. This is because this group of freight owners does not have the buying power of the larger volumes shippers and consequently they have historically always been dependant on the total logistics costs to determine competitiveness of their products.

Since 2008, there have been a number of changes that affected the overall freight charges. Firstly, the number of shipping lines and carriers have dropped from a peak of around one dozen individual companies to just a mere handful today. In fact a total of 5 carriers¹ now control over 80% of our total container cargo throughput. Container slot availability has reduced for New Zealand trade by 15% and more cargo is being transhipped via Australia. These changes have had drastic effects on the ocean freight rates being charged and also with the introduction of recent added surcharges, ocean freight rates have increased overall. Furthermore there have been significant changes to the New Zealand based costs. Changes and revisions have occurred in ports charges, bio-security, MAF and customs levies, fuel surcharges, KiwiRail ownership tariffs and freight forwarder fees over this time

There is an industry held view and perception that if there are cost savings in the New Zealand's supply chain, there will be clear outcomes in relation to efficiencies and productivity and therefore on costs and charges for our import and export goods. This is of huge importance for New Zealand and its FOB cargo pricing. This will in turn affect our global competitiveness. It is hoped that the freight charge comparison tables included in this report may assist those involved, to better understand the freight transport costs and associated charges in New Zealand's supply chain.

¹ The top 5 carriers are: Maresk, China Ocean Shipping Co (COSCO), a French National carrier called CMA GGM & ANL, Mediterranean Shipping Co (MSC) and Malaysia International Shipping (MISC).

2. Scope

2.1 Commodities and regions

This report was based on cargo owners importing or exporting between 12-30 containers per annum. These numbers are fairly typical within New Zealand and do represent a large percentage of cargo owners and cargo throughput. The total freight transport related costs include all international and domestic shipping, port and freight forwarder fees, local government border agency fees and charges, local cartage as well as any other incidental charge that may apply. Goods and Services Tax (GST), duties and other taxes have been excluded. All rates and charges were obtained during July 2011 and were valid for up to 30 days only. These rates and charges do not apply to dangerous goods, valuable cargo, out of gauge or cargoes that require special stowage.

This study identifies and compares international import and export 20' container rates for selected commodities to / from selected overseas markets to / from selected depots, as the following tables indicate.

Table 2.1 Import case studies - commodity, regions and destination

Case Study	Import Commodity	Overseas Load Port	NZ Discharge Port	Final Domestic Destination
1	Electronic goods & componentry	Singapore	Auckland	Christchurch warehouse
2	Electronic goods & componentry	Melbourne (Aust)	Auckland	Christchurch warehouse
3	Electronic goods & componentry	Long Beach (USA)	Auckland	Christchurch warehouse
4	Metal CKD Furniture	Shanghai (China)	Wellington	Wellington warehouse
5	Metal CKD Furniture	Southampton (UK)	Wellington	Wellington warehouse

Notes:-

- All shipments are in 20' containers
- All shipments are shrink wrapped and pallet loaded
- The total gross weight for each of the commodities

-Electronic goods and componentry	12 tonnes / TEU
-Metal CKD Furniture	15 tonnes / TEU

Table 2.2 Export case studies - commodity, regions and destination

Case Study	Export Commodity	Domestic Origin	NZ Load Port	Overseas Discharge Port
1	Aluminium extrusions	Christchurch warehouse	Auckland	Singapore
2	Aluminium extrusions	Christchurch warehouse	Auckland	Melb + Syd (Aust)
3	Aluminium extrusions	Christchurch warehouse	Auckland	Long Beach (USA)
4	Fresh vegetables & produce (Reefer)	Whakatane packhouse	Tauranga	Shanghai (China)
5	Fresh vegetables & produce (Reefer)	Whakatane packhouse	Tauranga	Tilbury (U.K.)

Notes:-

- All shipments are in 20' containers.
- The fresh produce & vegetables is packed into a 20' integral reefer container
- The carriage temperature for this commodity is 0c - + 1c (controlled atmosphere carriage)
- The total gross weight for each of the commodities

-Aluminium extrusions	12 tonnes / TEU
-Fresh produce & vegetables	18 tonnes / TEU

2.2 Measurement and qualification

The nature of this report was based on 20' container shipments being undertaken by small to medium sized import and export companies. The big volume freight movers have traditionally and continue to, negotiate directly with the shipping carriers and the third party freight providers. Due to their volumes, these companies are able to be more aggressive in their negotiations with their shipping suppliers and are able to attain the maximum benefit.

The rates and terms negotiated by the big volume shippers are in the majority of circumstances kept confidential for commercial reasons. However shipping rates are based on sets of commodity tariffs. These tariffs have traditionally been set not only on what the competition carriers both locally and off-shore levy, but they also implement any ocean freight rate on the dollar value of the cargo. For example a container load of gold bars costs more to ship than say a container load of scrap metal, even though the weight is the same and they are being shipped to the same port.

The confidentiality of the contract shipping rates negotiated between the large cargo movers and the shipping carrier to that of a smaller importer or exporter (that is quoted direct from the tariff) can vary due to a number of circumstances and scenarios, but in the main the difference in ocean freight rate tariffs could be anywhere within the vicinity of between 10 and 50%.

Conversely, rail and road haulage rates are based on distances travelled. As a general rule of thumb the minimum breakeven cost for any road haulage operator that carts freight is between \$3.00 and \$4.00 per km travelled. Rail on the other hand competes heavily with road transport and has similar charging to that of the trucking companies for the main corridors and sectors that they compete. However when road does not compete, the rail rates increase dramatically. Some examples are, coal, steel, the movement of empty containers from port to port etc.

Furthermore border protection and regulatory charges do not differentiate on volumes or commodities, i.e. one price for all. Ports on the other hand have a standard set of tariffs such as wharfage, power and other ancillary costs for the cargo owner and this applies to all. It is interesting to note ports do not differentiate their tariffs when a geographical monopoly is involved i.e. bulk cargoes sourced to or from the ports hinterland. However, for their major container line customers, large discounts and incentives are applied. There are a number of examples of this being applied over the last few years. However, this report shows the published rates without applying any discounts.

This report aims to provide a meaningful and insightful look at current freight and transport related logistics costs for the cargo items and international ports selected. It is the intention of Pacific Logistics Ltd to ensure freight rates and charges are up-to-date and credible at the time of writing the report. For this to occur it was important to gather all the relevant information from a large number of sources. This was done over a very short period of time. Furthermore all charges listed are those quoted by the selected providers.

During the course of undertaking this paper, a large number of freight and logistics companies were contacted. Discussions, telephone conversations and interviews were undertaken from the outset. Confirmation of the total number of companies contacted is as follows:-

<u>Sector</u>	<u>Organisations contacted</u>
International shipping lines	7
Coastal shipping lines	2
Freight Forwarders	10
Rail companies	1
Customs agents	5
Road Haulage companies	8
Government departments	3
Port companies	5

What became increasingly evident over the course of the interviews and discussions was that the range of pricing and description of services offered varied quite dramatically from company to company. For example, a simple thing such as, a customs import entry in one company would have another completely different name and description in another. Therefore for ease of convenience and readability the author has compressed the descriptions to one single format across all the tables.

Furthermore there were a number of price and cost differentials from the individual organisations for the same type of service offered. The author has taken an average of all the pricing and charges accumulated from all the companies for the same type of service. These figures have now been averaged and used as the benchmark in the tables. For example, the Fuel Adjustment Factor (FAF) in the road transport industry varies from company to company from anywhere between + 0.5% to + 9.8%. The average of +5.0% was used in the import tables.

3. Import case studies

3.1 Commentary and observations

3.1.1 Shipping Carriers

- The Singapore trade leg was the most contested by all shipping lines spoken to and all the carriers were willing to offer competitive pricing to attain the business.
- However there still remains a large disparity in ocean rate levels between the New Zealand import ocean rates and those quoted for Singapore shipments to Australia. This is due to the fact that there is greater competition amongst the shipping carriers and the greater need to return container stocks for Australian export.
- It was also noted that there is a great uncertainty in any of the rates quoted by the carriers. In most cases rate validity of ocean freight rate was for no more than 30 days from rate acceptance. Most carriers were not interested in quoting rates for longer periods unless a service contract or a contract of afreightment was entered into by the shipper. This may cause great uncertainty for the cargo owner in the longer term.
- All import rates are also subject to further general rate increases (GRI's) as well as any sudden movement in tariff changes and any further additional charges that are requested at time of shipment by the shipping carrier.
- All ocean rates from United States are filed with the Federal Maritime Commission (FMC) and ocean rates and shipments are available for access.
- Shipments ex United Kingdom and China to Wellington are transhipped via Sydney. Of note here is that there seems to be more evidence of international shipping operators only offering services to New Zealand importers and exporters via transhipment over Australian ports. This is a recent development and a close watching brief should be kept on the situation.
- As the international freight rate from an overseas port to any New Zealand port would be similar, if freight owners are able to get their goods delivered to the nearest port the total freight related costs would be significantly lower than those indicated in the report. However, such arrangements are limited by the time slot availability and the frequency of services. For comparison purposes, we have assumed all imports to Christchurch arrived at Auckland port and transhipped via road, sea or sea/rail.

3.1.2 Freight Forwarders

- 40% of all the freight forwarders contacted had little or no interest in quoting for this business due to the small margins involved.
- Those that were interested advised that all disbursements and other ancillary charges that are required to be paid out in advance of cargo arrival i.e. ocean freight, customs and ports charges, NZ Customs import GST, inland transport etc would incur a disbursement fees from anything from 4% to 10%.
- On average, the ocean freight charge would be at cost + US\$100 per 20' container. This charge is normally given to the freight forwarders origin agent as a handling fee for coordinating the shipment.

- Overall there appears to be a healthy state of competition amongst New Zealand's growing freight forwarding sector (eg there are over 300 companies within the Auckland airport environs alone). This level of competition is good for the cargo owners.

3.1.3 Road Haulage Companies

- Every road transport company contacted stated that the option of road/ Cook Straight /road is not viable and is too cost prohibitive as compared to coastal shipping or via rail on a direct basis.
- All eight trucking companies contacted with the exception of one refused to quote for any direct shipment to a Christchurch warehouse from Auckland wharf, all citing little or no back load cargo from Christchurch to Auckland. As noted earlier, it is more economical for freight owners to book the voyage through to the nearest port (ie Lyttelton Port in this case) to avoid transshipment costs. However, this report assumes otherwise mainly to show the variations in domestic costs by mode.
- All advised were using KiwiRail or coastal shipping for their South island shipments.
- What is very evident is that the current fuel pricing is very volatile and that all road haulage companies are transferring this risk to the cargo owner. This study questioned a total of eight large and mid sized cartage contractors. The fuel pricing adjustment is labelled Fuel Adjustment Factor (FAF). The FAF's ranged from +0.5% - 9.8%. The author is still undecided as to whether these are legitimate charges being charged by the road industry or whether this is a ploy to over charge the cargo owner during this period of intense competition amongst all transport operators.

3.1.4 KiwiRail

- All movement of goods is subject to wagon availability at time of shipment.
- The Fuel Adjustment Factor (FAF) is valid for 30 days and this is reviewed monthly.
- Rate validity is for 30 days only.

3.1.5 Coastal Shipping

- Regarding the domestic leg in coastal shipping. It appears that a large portion of the international lines are no longer undertaking any coastal shipments. Instead they have come into an arrangement with Pacifica Shipping Ltd to do this for them. In other words Pacifica Shipping are able to use their own vessels as well as take option of the international vessels routings coastwise. Therefore it seems that there is not much competition within this sector these days. It was found that the rates on either Pacifica's own vessels or the international vessels are the same.

However there is one other international carrier that was discovered that could offer Auckland to Lyttelton services. The carriage is subject to space and slot availability. No guarantees could be given or confirmed shipment dates and that the cargo would be shipped on an if and when required basis. The rate for this service is NZ\$750 / TEU + GST. Such type of ad hoc services would be deemed inappropriate for most New Zealand importers as they need to rely on prompt or guaranteed shipment arrival dates.

3.2 Import: Singapore – Auckland – Christchurch

3.2.1 Freight Information

Shipment	: 1 x 20' container ex Singapore (CY) to Christchurch depot (Hornby) via Auckland
Commodity	: Electronic Goods & Componentry (12 tonnes per TEU)
FOB cargo value	: US\$15,000 or NZ\$18,457 (based on vessel exchange rate of US\$0.8127)
Customs Duty Rate	: NIL (Duty fee – assumed)
Freight forwarder	: ACME International Ltd (for facilitating total movements to Christchurch depot)
Term of Service	: Free on Board (FOB) Singapore (all origin charges a/c of supplier)

3.2.2 Sea freight charges to Auckland container yard (CY)

Items	Cost US\$	Cost NZ\$
Ocean Freight – Singapore to Auckland	\$450/TEU	\$554
Bunker Adjustment Factor (BAF)	\$700/TEU	\$862
Carrier Security Fee	\$10/TEU	\$12.30
NZ Port Service Charges (NZPSC)		\$320
Shipping Line Document Fee (LDF)		\$60
NZ Terminal Security Fee		\$12
Total Ocean Freight Charge		NZ\$1,820.30

Notes:

- All prices are exclusive of GST, duty and other taxes.
- All overseas ocean freight charges payable by consignee.
- Transit time ex Singapore/ Auckland- 13-14 days.

3.2.3 NZ Landed charges

Items	Cost NZ\$	Imposed by
<u>Freight Forwarder Charges</u>		
NZ Customs Import Entry fee (Additional lines charged at \$NZ10.00 per line)	\$75.00	Freight forwarder
NZ Customs Electronic Data Interchange Fee (EDI)	\$10.00	
ACME Delivery Order Fee (D/O)	\$45.00	
ACME Agency Fee	\$60.00	
ACME Currency Up-lift Fee @ 6.0% on disbursements	\$112.00	
POAL container demurrage (assuming the container was transferred within the 3 days free period after vessel completes discharge – otherwise cost NZ\$75/day)	NIL	Ports
Port Security Fee Entry	\$30.00	
<u>Border Protection Compliance Charges</u>		
Import International Ship and Port Security (ISPS) Fee	\$5.00	Ports
NZ Customs Import Entry Transaction Fee (IETF)	\$25.30	NZ Customs
MAF EDI Fee	\$10.00	Freight forwarder
MAF Biosecurity Risk Screening Levy	\$12.77	NZ MAF
MAF Permit Fee	\$25.51	
MAF Accredited Check or Attendance (only if required)	\$95.00	
Forestry- Inspection and travel time additional (only if required)	N/A	
Total Landed Charges	NZ\$505.58	

Note: All prices are exclusive of GST, duty and other taxes.

This container is now ready for movement to Christchurch by either sea/rail or road

3.2.4 Auckland to Christchurch (ex Auckland Port, cleared and released to Christchurch depot)

Via Sea Freight (Pacifica vessel:-m.v. Spirit of Endurance)		Via KiwiRail		Via Road (1,054 km)	
Items	NZ\$	Items	NZ\$	Items	NZ\$
POAL Carbon Tax Levy	T.B.A.	Auckland CY to Christchurch rail head + FAF @ +13.14% (as at July 2011)	\$1,857.00 \$244.00	Auckland wharf to door Christchurch (Hornby) warehouse (including MT return* to depot)	\$4,950.00
POAL Coastal Transhipment Fee	\$61.08				
POAL Border Security Fee	\$1.99				
MAF Inspection (if required)	\$132.34				
Pacifica Ocean Freight – Auckland wharf to Lyttelton wharf	\$1,100.00				
Bunker Adjustment Factor (BAF) @ +10.67%	\$117.37				
Pacifica ETS Levy	\$6.00				
Lyttelton wharfage	\$75.00				
Lyttelton demurrage	N/A				
Container cartage ex Lyttelton wharf to Christchurch (Hornby) warehouse (including MT return* to depot)	\$200.00				
Fuel Adjustment Factor (FAF)@ +5.0 %	\$10.00	Fuel Adjustment Factor (FAF)@ +5.0 %	\$10.00		
Total cost	\$1,703.78	Total cost	\$2,311.00	Total cost	\$5,197.50
Delivery time					
Auckland CY to Christchurch depot	4 days	Auckland CY to Christchurch depot	2-3 days	Auckland CY to Christchurch depot	1-2 days

Notes:

- All charges are exclusive of GST, duty and other taxes.
- When a container has been unloaded or emptied (and under the Terms of the Carriage and the Shipping Company's bill of lading), it is the cargo owners' responsibility to return the empty unit back to a pre-arranged container depot as specified by the concerned shipping line.

3.2.5 Summary

Ocean Freight Charges ex Singapore to Auckland container yard (CY)	\$1,820
Total landed charges (cleared & ready for inter-island delivery)	\$ 505
Freight forwarding charges	
o Coastal shipping	\$1,703
o Rail	\$2,311
o Road	<u>\$5,197</u>
TOTAL	<u>\$1,703 - \$5,197</u>
TOTAL (excluding sea freight charges to Auckland)	<u>\$4,028 - \$7,522</u>
	<u>\$2,208 - \$5,702</u>

3.3 Import: Australia – Auckland – Christchurch

3.3.1 Freight Information

Shipment	:	1 x 20' container ex Melbourne (CY) to Christchurch depot (Hornby) via Auckland
Commodity	:	Electronic Goods & Componentry (12 tonnes per TEU)
FOB cargo value	:	US\$15,000 or NZ\$18,457 (based on vessel exchanges rate of AU\$0.7643 & US\$0.8215)
Customs Duty Rate	:	NIL (Duty fee - assumed)
Freight forwarder	:	ACME International Ltd (for facilitating total movements to Christchurch depot)
Term of Service	:	Free on Board (FOB) Melbourne (all origin charges are for account of the shipper / supplier)

3.3.2 Sea freight charges to Auckland container yard (CY)

Items	Cost AUS or US\$	Cost NZ\$
Origin Handling Fee	AU\$425	\$556
Origin Export Doc Fee	AU\$40	\$52
Origin Export Security Fee	AU\$5	\$7
Ocean Freight – Melbourne to Auckland	US\$425	\$517
Bunker Adjustment Factor (BAF)	US\$205	\$249
Carrier Security Fee	US\$9	\$11
NZ Port Service Charges (NZPSC)		\$485
Shipping Line Document Fee (LDF)		\$27
NZ Terminal Security Fee		\$12
Total Ocean Freight Charge		NZ\$1,916.00

Notes:

- All prices are exclusive of GST, duty and other taxes.
- All overseas ocean freight charges payable by consignee
- Ocean rate validity for 30 days only from date of acceptance
- Transit time ex Melbourne / Auckland- 6 days
- Frequency- minimum 4 sailings per week

3.3.3 NZ Landed charges

Items	Cost NZ\$	Imposed by
<u>Freight Forwarder Charges</u>		
NZ Customs Import Entry fee (Additional lines charged at \$NZ10.00 per line)	\$75.00	Freight forwarder
NZ Customs Electronic Data Interchange Fee (EDI)	\$10.00	
ACME Delivery Order Fee (D/O)	\$45.00	
ACME Agency Fee	\$60.00	
ACME Currency Up-lift Fee @ 6.0% on disbursements	\$83.52	
POAL container demurrage (assuming the container was transferred within the 3 days free period after vessel completes discharge – otherwise cost NZ\$75/day)	NIL	Ports
Port Security Fee	\$30.00	
<u>Border Protection Compliance Charges</u>		
Import International Ship and Port Security (ISPS) fee	\$5.00	Ports
NZ Customs Import Entry Transaction Fee (IETF)	\$25.30	NZ Customs
MAF EDI Fee	\$10.00	Freight forwarder
MAF Bio Security Risk Screening Levy	\$12.77	NZ MAF
MAF Permit Fee	\$25.51	
MAF Accredited Check or Attendance (only if required)	\$95.00	
Forestry- Inspection and travel time additional (only if required)	N/A	
Total Landed Charges	NZ\$477.10	

Note: All prices are exclusive of GST, duty and other taxes.

This container is now ready for movement to Christchurch by either sea/rail or road

3.3.4 Auckland to Christchurch (ex Auckland Port, cleared and released to Christchurch depot)

Please refer to Section 3.2.4 (page 8).

3.3.5 Summary

Ocean Freight Charges ex Melbourne to Auckland container yard (CY)		\$1,916
Total landed charges (cleared & ready for inter-island delivery)		\$ 477
Freight forwarding charges		
o Coastal shipping	\$1,703	
o Rail	\$2,311	
o Road	<u>\$5,197</u>	<u>\$1,703 - \$5,197</u>
TOTAL		<u>\$4,096 - \$7,590</u>
TOTAL (excluding sea freight charges to Auckland)		<u>\$2,180 - \$5,674</u>

3.4 Import: United States – Auckland – Christchurch

3.5.1 Freight Information

Shipment	: 1 x 20' container ex Long Beach or Oakland (CY) to Christchurch depot (Hornby) via Auckland
Commodity	: Electronic Goods & Componentry (12 tonne per TEU)
FOB cargo value	: US\$15,000 or NZ\$18,457 (based on vessel exchange rate of US\$0.8100)
Customs Duty Rate	: NIL (Duty fee - assumed)
Freight forwarder	: ACME International Ltd (for facilitating total movements to Christchurch depot)
Term of Service	: Free on Board (FOB) Oakland or Long Beach (all origin charges are for account of the shipper / supplier)

3.5.2 Sea freight charges to Auckland container yard (CY)

Items	Cost US\$	Cost NZ\$
Origin THC inclusive in ocean freight rate		N/A
Origin Export Doc Fee	\$25	\$31
Ocean Freight – Long Beach or Oakland to Auckland	\$2,350	\$2901
Emergency Fuel Adjustment Factor (EFAF)	\$898	\$1109
Carrier Security Fee		N/A
NZ Port Service Charges (NZPSC)		\$318
Shipping Line Document Fee (LDF)		\$55
NZ Terminal Security Fee		\$20
Total Ocean Freight Charge		NZ\$4,434.00

Notes: -

- All prices are exclusive of GST, duty and other taxes.
- All overseas ocean freight charges payable by consignee
- Ocean rate validity for 30 days only from date of acceptance
- Transit time ex Long Beach / Auckland -15 days
- Transit time ex Oakland / Auckland -18 days
- Frequency- weekly

3.5.3 NZ Landed charges

Items	Cost NZ\$	Imposed by
Freight Forwarder Charges		
NZ Customs Import Entry fee (Additional lines charged at \$NZ10.00 per line)	\$75.00	Freight forwarder
NZ Customs Electronic Data Interchange Fee (EDI)	\$10.00	
ACME Delivery Order Fee (D/O)	\$45.00	
ACME Agency Fee	\$60.00	
ACME Currency Up-lift Fee @ 6.0% on disbursements	\$243.06	
POAL container demurrage (assuming the container was transferred within the 3 days free period after vessel completes discharge – otherwise cost NZ\$75/day)	NIL	Ports
Port Security Entry Fee	\$30.00	
Border Protection Compliance Charges		
Import International Ship and Port Security (ISPS) fee	\$10.00	Ports
NZ Customs Import Entry Transaction Fee (IETF)	\$25.30	NZ Customs
MAF EDI Fee	\$10.00	Freight forwarder
MAF Biosecurity Screening Levy	\$12.77	NZ MAF
MAF Permit Fee	\$25.51	
MAF Accredited Check or Attendance (only if required)	\$95.00	
Forestry- Inspection and travel time additional (only if required)	N/A	
Total charges	NZ\$641.64	

Note: All prices are exclusive of GST, duty and other taxes.

This container is now ready for movement to Christchurch by either sea/rail or road.

3.5.4 *Auckland to Christchurch (ex Auckland Port, cleared and released to Christchurch depot)*

Please refer to Section 3.2.4 (page 8).

3.5.5 Summary

Ocean Freight WCNA to Auckland container yard (CY)		\$4,434
Total landed charges (cleared & ready for inter-island delivery)		\$ 641
Freight forwarding charges		
o Coastal shipping	\$1,703	
o Rail	\$2,311	
o Road	<u>\$5,197</u>	<u>\$1,703 - \$5,197</u>
TOTAL		<u>\$6,778 - \$10,272</u>
TOTAL (excluding sea freight charges to Auckland)		<u>\$2,344 - \$5,838</u>

3.5 Import: Shanghai – Wellington

3.6.1 Freight Information

Shipment	: 1 x 20' container ex Shanghai (CY) to Wellington warehouse (Seaview)
Commodity	: Metal CKD Furniture (15 tonnes per TEU)
FOB cargo value	: US\$7,500 or NZ\$9,208 (based on vessel exchange rate of US\$0.8145)
Customs Duty Rate	: NIL (Duty fee - assumed)
Freight forwarder	: ACME International Ltd (for facilitating total movements to warehouse Seaview, Wellington)
Term of Service	: Free on Board (FOB) Shanghai (all origin charges are for account of the shipper / supplier)

3.6.2 Sea freight charges to Wellington container yard (CY) via Sydney

Items	Cost US\$	Cost NZ\$
Ocean Freight direct to Wellington (via Sydney)	\$950	\$1,166
Bunker Adjustment Factor (BAF)	\$300	\$368
Currency Adjustment Factor (CAF)		N/A
Carrier Security Fee	\$10	\$12
Shipping Line Document Fee (LDF)		\$50
CentrePort Import Wharfage		\$66.90
NZ Port Service Charge (NZPSC)		\$320
Total Ocean Freight Charge		NZ\$1,982.90

Notes:-

- All prices are exclusive of GST, duty and other taxes.
- All overseas ocean freight charges payable by consignee
- Ocean rate validity until 31 August 2011
- All shipments transhipped via Sydney
- Transit time ex Shanghai / Wellington -32 days
- Vessel frequency – weekly
- All prices are exclusive of GST, duty and other taxes.

3.6.3 NZ Landed charges

Items	Cost NZ\$	Imposed by
<u>Freight Forwarder Charges</u>		
NZ Customs Import Entry fee (Additional lines charged at \$NZ10.00 per line)	\$70.00	Freight forwarder
NZ Customs Electronic Data Interchange Fee (EDI)	\$10.00	
ACME Bio Security /ATF Release	\$27.50	
ACME Agency Fee	\$45.00	
ACME Import Transaction / GST Advance Fee (if importer does not have a NZ Customs GST account)	\$58.11	
ACME Currency Up-lift Fee @ 6.0% on disbursements	\$92.76	Ports
CentrePort container demurrage (assuming the container was transferred within the 3 days free period after vessel completes discharge – otherwise cost NZ\$42/day)	NIL	
<u>Border Protection Compliance Charges</u>		
Import International Ship and Port Security (ISPS) fee	\$5.00	Ports
NZ Customs Import Entry Transaction Fee (IETF)	\$25.30	NZ Customs
MAF EDI Fee	\$10.00	Freight forwarder
MAF Bio Security Risk Screening Levy	\$12.77	NZ MAF
MAF Permit Fee	\$25.51	
MAF Accredited Check or Attendance (only if required)	\$95.00	
Forestry- Inspection and travel time additional (only if required)	N/A	
Total charges	NZ\$476.95	

Note: All prices are exclusive of GST, duty and other taxes.

This container is now ready for delivery to Seaview warehouse, Wellington

3.6.4 Summary

Ocean Freight Charges ex Shanghai to Wellington wharf		\$1,982
Total landed charges (cleared & ready for local delivery)		\$ 476
Transport cartage ex wharf to warehouse Seaview		
o 20' Container Cartage	\$185.00	
o Fuel Adjustment Factor @ +5.0%	<u>\$ 9.25</u>	
(NB: Above cartage rate incl. MT delivery back to depot)		<u>\$ 194</u>
TOTAL		<u>\$2,652</u>
TOTAL (excluding sea freight charges to Wellington)		<u>\$ 670</u>

3.6 Import: United Kingdom – Wellington (via Sydney)

3.6.1 Freight Information

Shipment	: 1 x 20' container ex Thames Port or Southampton (CY) to Wellington depot (Seaview)
Commodity	: Metal CKD Furniture (15 tonnes per TEU)
FOB cargo value	: US\$7,500 or NZ\$9,208 (based on vessel exchange rate of US\$0.8145)
Customs Duty Rate	: NIL (Duty fee - assumed)
Freight forwarder	: ACME International Ltd (for facilitating total movements to warehouse Seaview, Wellington)
Term of Service	: Free on Board (FOB) UK main port (all origin charges are for account of the shipper supplier)

3.6.2 Sea freight charges to Wellington container yard (CY) via Sydney

Items	Cost US\$	Cost NZ\$
Ocean Freight direct to Wellington (via Sydney)	\$1,300	\$1,596
Bunker Adjustment Factor (BAF)	\$825	\$1,013
Piracy Risk Surcharge	\$40	\$49
Carrier Security Fee	\$10	\$12
Shipping Line Document Fee (LDF)		\$50
CentrePort Import Wharfage		\$66.90
NZ Port Service Charge (NZPSC)		\$340
Total Ocean Freight Charge		NZ\$3,126.90

Notes:-

- All prices are exclusive of GST, duty and other taxes.
- All overseas ocean freight charges payable by consignee
- Ocean rate validity until 30 August 2011
- All shipments transhipped via Sydney
- Transit time ex Thames Port or Southampton / Wellington -38 days; Vessel frequency – weekly

3.6.3 NZ Landed charges

Items	Cost NZ\$	Imposed by
<u>Freight Forwarder Charges</u>		
NZ Customs Import Entry fee (Additional lines charged at \$NZ10.00 per line)	\$70.00	Freight forwarder
NZ Customs Electronic Data Interchange Fee (EDI)	\$10.00	
ACME Bio Security /ATF Release	\$27.50	
ACME Agency Fee	\$45.00	
ACME Import Transaction / GST Advance Fee (if importer does not have a NZ Customs GST account)	\$58.11	
ACME Currency Uplift fee @ 6.0% on disbursements	\$160.20	
CentrePort container demurrage (assuming the container was transferred within the 5 days free period after vessel completes discharge – otherwise cost NZ\$42/day)	NIL	Ports
<u>Border Protection Compliance Charges</u>		
Import International Ship and Port Security (ISPS) fee	\$12.00	Ports
NZ Customs Import Entry Transaction Fee (IETF)	\$25.30	NZ Customs
MAF EDI Fee	\$10.00	Freight forwarder
MAF Bio Security Risk Screening Levy	\$12.77	NZ MAF
MAF Permit Fee	\$25.51	
MAF Accredited Check or Attendance (only if required)	\$95.00	
Forestry- Inspection and travel time additional (only if required)	N/A	
Total charges	NZ\$551.39	

Note: All prices are exclusive of GST, duty and other taxes.

This container is now ready for delivery to Seaview warehouse, Wellington

3.6.4 Summary

Ocean Freight Charges ex UK main ports to Wellington wharf	\$3,126
Total landed charges (cleared & ready for local delivery)	\$ 551
Transport cartage ex wharf to warehouse Seaview	
o 20' Container Cartage	\$185.00
o Fuel Adjustment Factor @ +5.0%	\$ 9.25
<i>(Above cartage rate incl. MT delivery back to depot)</i>	
	<u>\$194.25</u>
TOTAL	<u>\$3,871.25</u>
TOTAL (excluding sea freight charges to Wellington)	<u>\$ 745.25</u>

4. Export case studies

4.1 Commentary and observations

4.1.1 Shipping Carriers

- This report focuses on freight related logistics costs for small to medium sized cargo owners. Freight rates for large exporters are dependent on the shippers, the volumes shipped per vessel or month, the commodity of the cargo, shipment times, load ports, origin of cargo and FOB values etc. For example the rates as charged to Fonterra are completely different to that of say of Open Country Dairy Co. However, the range of volume discount for larger shippers can vary between 10 and 50% off quoted tariff rates
- All ocean rates to United States are filed with the Federal Maritime Commission (FMC) and ocean rates and shipments are available for access.
- Overall the export ocean rates that were quoted by the all the carriers were very similar and within the same pricing range with one another. The major difference being the BAF surcharges vary from carrier to carrier.
- Again for comparison purposes, we have assumed all exports from Christchurch will ship via road, sea or sea/rail, to Auckland port prior to exporting to an overseas port. If freight owners are able to get their goods exported directly from the nearest port (ie Lyttelton Port), the total freight transport cost would be significantly lower.

4.1.2 Freight Forwarders

- All forwarders quoted for the business. These varied from large multi-nationals to smaller New Zealand based companies. Documentation charges and ancillary fees were similar. All rates and charges are deemed to be fair and reasonable for the level of involvement and work that is needed to be undertaken.
- The normal payment terms for export cargoes applied by the forwarding industry is usually 20th of the month or payment prior to vessel arrival at destination (whichever comes first)

4.1.3 Road Haulage

- All quotes include empty (MT) pick up from the nominated shipping line depot, deliver to export load point via swing lift, drop off and leave container to be loaded and return at a later date for delivery to load port or rail head.
- It was noted that there was greater interest from the industry in returning the loaded containers direct from the Christchurch warehouse to Auckland wharf. A number of

operators mentioned that return full container loads from Christchurch to Auckland are seldom undertaken.

- Road haulage rates for these movements averaged \$4.00 per km (total distance 1,050 kms). This charge seems to be reasonable as the Cook Strait crossing is included within the cartage rate.
- For the fresh produce and vegetable shipments ex Tauranga, an additional surcharge applies if live loads (direct loading into the container while the truck is waiting) were undertaken.

4.1.4 KiwiRail

- Comments from this organisation included the need to get back rolling stock into the North Island. Consequently, the rate is more in line with that of its competitor- coastal shipping on this leg.
- An interesting observation was that KiwiRail may also offer rates via coastal shipping services. The author inquired as to these, however as at the time of writing, a response from KiwiRail had not yet been forthcoming.

4.1.5 Coastal Shipping

- Apart from the conference services offered from Lyttelton to Napier or Tauranga, (as last New Zealand export port) it would appear that Pacifica Shipping has managed to enter into some sort of collaborative agreement or vessel sharing arrangement with the assorted international liner shipping operators. It appears that Pacifica Shipping is the only company able to offer frequent and direct coastal shipping services from Lyttelton to Auckland. This is obviously a recent development and the author is unsure to the background and nature of this arrangement.
- Once again the ocean rates quoted for the movement of cargoes northbound (from south to north) highlight the imbalance of this trade lane.
- Yet again one does question the level of ocean freight charged for this sector- nearly twice the ocean freight rate charged for shipments to Australia or Singapore.

4.2 Export: Christchurch – Auckland – Singapore

4.2.1 Freight Information

Shipment	: 1 x 20' container ex Christchurch warehouse (Hornby) to Singapore CY.
Commodity	: Aluminium Extrusions (12 tonnes per TEU)
FOB cargo value	: US\$18,000 or NZ\$22,222 (based on vessel exchange rate of US\$0.8100)
Freight forwarder	: ACME International Ltd (for facilitating total movements ex Christchurch warehouse (Hornby) to Singapore wharf.
Terms of Service	: Cost and Freight (C&F) to Singapore wharf (all destination charges are for account of the buyer / importer). Marine insurance additional.

4.2.2 New Zealand Domestic Freight Charges - Christchurch Warehouse (Hornby) to Auckland Port for International Export

Via Sea freight (Pacifica vessel- m.v.Spirit of Endurance or similar)		Via Rail		Via Road (1,054 km)	
Items	NZ\$	Items	NZ\$	Items	NZ\$
-Port of Lyttelton export wharfage	\$42.00	-Christchurch rail head to Auckland wharf	\$1,642.79	-Direct cartage ex Christchurch (Hornby) warehouse to Auckland wharf (including MT pick* up from depot)	\$4216.00
-Six sided inspection (if required) (normal charge- \$106.00/ TEU)	N/A				
-MAF Inspection (if required)	\$132.34	-Fuel Adjustment Factor (FAF) @ 13.14% (as at July 2011)	\$215.86	- Fuel Adjustment Factor (FAF) @ +8.00%	\$337.28
-Pacifica ETS Levy	\$6.00			-POAL Vehicle Booking System (VBS)- Container slot reservation	\$2.50
-Pacifica- Ocean Freight – Lyttelton wharf to Auckland (Fergusson Terminal)	\$960.00	-POAL Border Security Charge	\$1.99	-POAL Carbon Tax	TBA
-Bunker Adjustment Factor (BAF)@ 10.67%	\$102.43			-POAL Border Security Charge	\$1.99
-POAL Border Security Charge	\$1.99	-Container cartage from CHCH warehouse (Hornby) to Christchurch rail head (including MT pick* up from depot) (Note 2)	\$200.00	-Weighbridge Fee	\$11.60
-POAL import wharfage (transhipment to International vessel)	\$61.08	-Fuel Adjustment Factor (FAF)@ + 5.0%	\$10.00		
-Container cartage ex Christchurch (Hornby) warehouse to Lyttelton port (including MT pick up* from depot)	\$200.00				
-Fuel Adjustment Factor (FAF) @ + 5.0%	\$10.00				
Total cost	\$1,515.84	Total cost	\$2,070.64	Total cost	\$4,569.37
Delivery time					
Christchurch warehouse to Auckland wharf	6 days	Christchurch warehouse to Auckland wharf	4 days	Christchurch warehouse to Auckland wharf	2 days

Notes:

1. All charges are GST exclusive.
2. When a container has been unloaded or emptied (and under the Terms of the Carriage and the Shipping Company's bill of lading), it is the cargo owners' responsibility to return or pick up the empty unit back to or from a pre-arranged container depot as specified by the concerned shipping line.

4.2.3 Sea freight and export documentation charges ex Auckland wharf to Singapore wharf (CY)

Items	Cost US\$ (NZ\$1=US\$0.81)	Cost NZ\$
Ocean freight charges		
Ocean Freight to Singapore	\$455	\$562
Bunker Adjustment Factor (BAF)	\$700	\$864
Shipping Line Document Fee (LDF)		\$50
NZ land charges		
FCL Security Fee		\$12
ACME Export Documentation Fee		\$40
ACME Export Declaration Number Fee		\$40
ACME EDI Fee		\$8.50
Overseas Terminal Handling Charge (OTHC)		\$250
Total Export Freight Charges		NZ\$1,826.50

Notes:-

- All ocean freight and NZ based charges payable by the shipper
- Ocean rate validity for 30 days from date of quotation.
- All shipments are shipped on a direct basis.
- Transit time ex Auckland -Singapore 13 days
- Vessel frequency – weekly
- All prices quoted are exclusive of GST, duty and other taxes. (GST is applicable to services provided within New Zealand only.)

4.2.4 Summary

New Zealand pre-carriage costs

o Coastal shipping	\$1,515	
o Rail	\$2,071	
o Road	\$4,569	\$1,515 - \$4,569

Total New Zealand logistics charges (cleared & ready for international shipment) \$ 350

Ocean Freight Charges from Auckland wharf to Singapore (CY) \$1,476

TOTAL **\$3,341 - \$6,395**

TOTAL (excluding sea freight charges from Auckland) **\$1,865 - \$4,919**

4.3 Export: Christchurch – Auckland – Australia

4.3.1 Freight Information

Shipment	: 1 x 20' container ex Christchurch warehouse (Hornby) to Melbourne or Sydney CY.
Commodity	: Aluminium Extrusions (12 tonne per TEU)
FOB cargo value	: US\$18,000 or NZ\$22,222 (based on vessel exchange rate of US\$0.8100)
Freight forwarder	: ACME International Ltd (for facilitating total movements ex Christchurch warehouse (Hornby) to Melbourne or Sydney CY.
Terms of Service	: Cost and Freight (C&F) to Melbourne / Sydney wharf (all destination charges are for account of the buyer / importer). Marine insurance additional.

4.3.2 New Zealand Domestic Freight Charges - Christchurch Warehouse (Hornby) to Auckland Port for International Export

Please refer to Section 4.2.2 (page 19).

4.3.3 Sea freight and export documentation charges ex Auckland wharf to Melbourne or Sydney wharf (CY)

Items	Cost US\$ (NZ\$1=US\$0.81)	Cost NZ\$
Ocean freight charges		
Ocean Freight to Melbourne or Sydney	\$300	\$370.0
Bunker Adjustment Factor (BAF)	\$206	\$255.0
Carrier Security Fee	\$12	\$14.8
Shipping Line Document Fee (LDF)		\$45.0
Carrier Equipment Transfer Charge		10.0
NZ land charges		
FCL Security Fee		\$19.0
ACME Export Documentation Fee		\$40.0
ACME Export Declaration Number Fee		\$40.0
ACME EDI Fee		\$8.5
Overseas Terminal Handling Charge (OTHC)		\$242.0
Total Export Freight Charges		NZ\$1,044.3

Notes:-

- All ocean freight and NZ based charges payable by the shipper
- Ocean rate validity for 30 days from date of quotation.
- All shipments are shipped on a direct basis.
- Transit time ex Auckland -Sydney 11 days
-Melbourne 13 days
- Vessel frequency – weekly
- All prices quoted are exclusive of GST, duty and other taxes.

4.3.4 Summary

New Zealand pre-carriage costs		
o Coastal shipping	\$1,515	
o Rail	\$2,071	
o Road	<u>\$4,569</u>	<u>\$1,515 - \$4,569</u>
Total New Zealand logistics charges (cleared & ready for international shipment)		\$349
Ocean Freight Charges from Auckland wharf to Sydney or Melbourne (CY)		<u>\$694</u>
TOTAL		<u>\$2,558 - \$5,612</u>
TOTAL (excluding sea freight charges from Auckland)		<u>\$1,864 - \$4,918</u>

4.4 Export: Christchurch – Auckland – United States

4.4.1 Freight Information

Shipment	: 1 x 20' container ex Christchurch warehouse (Hornby) to Long Beach (USA) CY.
Commodity	: Aluminium Extrusions (12 tonnes per TEU)
Cargo value	: US\$18,000 or NZ\$22,222 (based on vessel exchange rate of US\$0.8100)
Freight forwarder	: ACME International Ltd (for facilitating total movements ex Christchurch warehouse (Hornby) to Long Beach CY.
Terms of Service	: Cost and Freight (C&F) to Long Beach wharf (all destination charges are for account of the buyer / importer). Marine insurance additional.

4.4.2 New Zealand Domestic Freight Charges - Christchurch Warehouse (Hornby) to Auckland Port for International Export

Please refer to Section 4.2.2 (page 19).

4.4.3 Sea freight and export documentation charges ex Auckland wharf to Long Beach (CY)

Items	Cost US\$ (NZ\$1=US\$0.81)	Cost NZ\$
Ocean freight charges		
Ocean Freight to Long Beach	\$1255	\$1,550
Bunker Adjustment Factor (BAF)	\$853	\$1,053
Automated Manifest System Fee	\$25	\$31
Carrier Security Fee	\$10	\$12
Shipping Line Document Fee (LDF)		\$80
NZ land charges		
FCL Security Fee		\$12
ACME Export Documentation Fee		\$40
ACME Export Declaration Number Fee		\$40
ACME EDI Fee		\$8.5
Overseas Terminal Handling Charge (OTHC)		\$270
Total Export Freight Charges		NZ\$3,096.50

Notes:-

- All ocean freight and NZ based charges payable by the shipper
- Ocean rate validity for 30 days from date of quotation.
- All shipments are shipped on a direct basis.
- Transit time ex Auckland to Long Beach- 16 days
- Vessel frequency – weekly
- All prices quoted are exclusive of GST, duty and other taxes.

4.4.4 Summary

New Zealand pre-carriage costs		
o Coastal shipping	\$1,515	
o Rail	\$2,071	
o Road	<u>\$4,569</u>	<u>\$1,515 - \$4,569</u>
Total New Zealand logistics charges (cleared & ready for international shipment)	\$ 370	
Ocean Freight Charges from Auckland wharf to Long Beach (CY)	\$2,726	
TOTAL		<u>\$4,611 - \$7,665</u>
TOTAL (excluding sea freight charges from Auckland)		<u>\$1,885 - \$4,939</u>

4.5 Export: Whakatane – Tauranga – Shanghai

4.5.1 Freight Information

Shipment	: 1 x 20' reefer container ex Whakatane packhouse to Shanghai (China) CY via Tauranga.
Commodity	: Fresh produce & vegetables (18 tonnes per 20' reefer)
Carriage temp	: 0c to +1c (controlled atmosphere carriage)
Cargo value	: US\$12,000 or NZ\$14,814 (based on vessel exchange rate of US\$0.8100)
Freight forwarder	: ACME International Ltd (for facilitating total movements ex Whakatane packhouse to Shanghai CY.
Terms of Service	: Cost and Freight (C&F) to Shanghai wharf (all destination charges are for account of the buyer / importer). Marine insurance additional.

4.5.2 Sea freight and export documentation charges ex Tauranga wharf to Shanghai (CY)

Items	Cost US\$ (NZ\$1=US\$0.81)	Cost NZ\$
Ocean freight charges		
Ocean Freight to Shanghai	\$1850	\$2284
Bunker Adjustment Factor (BAF)	\$700	\$864
Carrier Security Fee	\$6	\$7.50
Destination port FCL Security Fee		\$46
Shipping Line Document Fee (LDF)		N/A
NZ land charges		
ACME Export Documentation Fee		\$40
ACME Export Declaration Number Fee		\$40
ACME EDI Fee		\$8.50
POTL Export wharfage*		\$73.72
POTL Container Security Fee		\$2.50
POTL Weighbridge Fee		\$5
POTL Power Supply @ \$25.00 per day*		\$25
POTL Power connection and disconnection @ \$32.50 per time*		\$65
Overseas Terminal Handling Charge (OTHC)		NIL
Total Export Freight Charges		NZ\$3,461.22

Notes:-

- All ocean freight and NZ based charges payable by the shipper
- an * denotes ancillary charges normally covered by the shipping company and usually incorporated within the freight rate charged to the shipper
- Ocean rate validity for 30 days from date of quotation.
- All shipments are shipped on a direct basis.
- Transit time ex Tauranga to Shanghai - 19 days
- Vessel frequency – weekly
- All prices quoted are exclusive of GST, duty and other taxes.

4.5.3 Summary

Transport cartage to/from Whakatane packhouse to Tauranga port		
o 20' reefer container cartage	\$566.39	
o Fuel Adjustment Factor @ + 0.73%	<u>\$ 4.13</u>	
(NB: Cartage rate incl. MT pick up from TGA depot)		\$ 570
Total New Zealand export & documentation charges		\$ 306
Total ocean freight charges to Shanghai CY		\$3,156
TOTAL		<u>\$4,032</u>
TOTAL (excluding sea freight charges)		<u>\$ 877</u>

4.6 Export: Whakatane – Tauranga –Tilbury

4.6.1 Freight Information

Shipment	: 1 x 20' reefer container ex Whakatane packhouse to Tilbury (United Kingdom) CY via Tauranga.
Commodity	: Fresh produce & vegetables (18 tonnes per 20' reefer)
Carriage temp	: 0c to +1c (controlled atmosphere carriage)
Cargo value	: US\$12,000 or NZ\$14,814 (based on vessel exchange rate of US\$0.8100)
Freight forwarder	: ACME International Ltd (for facilitating total movements ex Whakatane packhouse to Tilbury CY.
Terms of Service	: Cost and Freight (C&F) to Tilbury wharf (all destination charges are for account of the buyer / importer). Marine insurance additional.

4.6.2 Sea freight and export documentation charges ex Tauranga wharf to Tilbury (CY)

Items	Cost US\$ (NZ\$1=US\$0.81)	Cost NZ\$
Ocean freight charges		
Ocean Freight to Tilbury	\$2,350	\$2,901
Bunker Adjustment Factor (BAF)	\$786	\$970
Carrier Security Fee	\$10	\$12.50
Reefer Surcharge	\$118	\$145
Panama Canal Surcharge	\$145	\$179
Automated Manifest System Fee	\$25	\$31
Shipping Line Document Fee (LDF)		\$80
NZ land charges		
FCL Security Fee		\$10
ACME Export Documentation Fee		\$40
ACME Export Declaration Number Fee		\$40
ACME EDI Fee		\$8.50
POTL Export wharfage*		\$73.72
POTL Container Security Fee		\$2.50
POTL Weighbridge Fee		\$5
POTL Power Supply @ \$25.00 per day*		\$25
POTL Power connection and disconnection @ \$32.50 per time*		\$65
Overseas Terminal Handling Charge (OTHC)		\$395
Total Export Freight Charges		NZ\$4,983.22

Notes:-

- All ocean freight and NZ based charges payable by the shipper
- an * denotes Ancillary charges normally covered by the shipping company and usually incorporated within the freight rate charged to the shipper
- Ocean rate validity for 30 days from date of quotation.
- All shipments are shipped on a direct basis.
- Transit time ex Tauranga to Tilbury - 31 days
- Vessel frequency – fortnightly
- All prices quoted are exclusive of GST, duty and other taxes.

4.6.3 Summary

Transport cartage to/from Whakatane packhouse to Tauranga port		
o 20' reefer container cartage	\$566.39	
o Fuel Adjustment Factor @ + 0.73%	\$ 4.13	
(NB: cartage rate incl. MT pick up ex TGA depot)		\$ 570
Total New Zealand export & documentation charges		\$ 664
Total ocean freight rate charges ex Tauranga to Tilbury CY		\$4,318
TOTAL		\$5,552
TOTAL (excluding sea freight charges)		\$1,234

Glossary of terms and abbreviations

Agency Tariff:	A tariff published by a transport operator for the movement of cargo.
Automated Manifest System Fee:	Applicable to all cargoes travelling to or through the United States It is a commercial trade processing system developed by the Dept. of Homeland Security to facilitate legitimate trade and to strengthen border security. All carriers and forwarders must be able to file electronically each and every shipment.
B.A.F.:	Bunker Adjustment Factor. An adjustment in shipping charges to offset price fluctuations in the cost of bunker fuel. BAF's are charged usually as a percentage of the freight rate.
Bill of Lading:	A legal document that establishes the term of contract between the shipper and the transportation company.
Base Rate:	A tariff term referring to the ocean rate less any accessorial charges.
Carrier Security Fee:	The fee associated with the shipping carrier having to comply to the ISPS code on vessel and container security measures.
Coastal Shipping:	Shipping services between ports within New Zealand (also known as feeder vessels)
Container:	A metal box structure of standard design, used to carry cargo. Containers can be 20', 40' or 45' in length. The standard measurement of a container is called TEU (20 foot equivalent unit)
Container Yard (C.Y.):	A facility designed to handle containers using purpose built equipment. i.e. container cranes, straddle carriers, container storage.
C.A.F.:	Currency Adjustment Factor. A freight surcharge or adjustment to offset the international carrier's obligations to foreign currency fluctuations. These are charged as a percentage of the freight rate. In emergency situations an ECAF may also be applied.
Contract of Afreightment:	An agreement by an ocean carrier to provide cargo space on a vessel at a specified time for a specified price.
C&F:	Cost and Freight. C&F is to a named overseas port. Under this term the seller quotes a price for the goods to the buyer that includes the cost of the international transportation to a named port of destination. The cost of the insurance is usually left to the buyers account.
C.I.F.	Cost, Insurance and Freight. Under this term the seller quotes for the price of the goods + transport + insurance charges as well as any other misc. charges that may be incurred prior to discharge at the destination.
Customs Invoice:	A document required by border agencies to verify the value of the cargo as well as the quantity and nature of the shipment.
Customs Clearance:	The procedure involved in getting the cargo released by HM Customs through designated formalities such as import licenses / permits, payment of GST and duties and other required approvals.
Customs Entry:	All countries require that the importer make a declaration on incoming foreign goods. The importer normally pays a duty or GST on the imported cargo. The importers invoice or statement is compared against the vessels manifest to ensure that the goods are properly declared.

Commodity Rate:	A rate published that applies to a specific commodity or article.
CY / CY:	Full container load from origin port to destination port.
Conference:	An association of ship owners operating in the same trade route who operate under collective conditions and agree on tariff rates.
Duty:	A tax imposed on imports. These can either be duty free or based on a percentage of the value of the goods.
Delivery Order:	The entitlement given by the carrier to enable the cargo to be released.
Demurrage:	A penalty charge against the shippers or consignees for delaying the carriers equipment beyond that of the free time allowed.
E.D.I.	Electronic Data Interchange. This is an international syntax used in the interchange of electronic data that are common to Customs, ports and other government department use.
Ex Works:	A term of sale in which for the quoted price, the seller makes the goods available to the buyer at the sellers' place of business. e.g. Whakatane packhouse.
ECN:	This is the Export Clearance Number as required by NZ Customs.
F.O.B.:	Free on Board. A common price term in international trade and means the seller is responsible to get the goods to the point or port of loading at either a ship or an aircraft loading dock.
F.A.F.:	Fuel Adjustment Factor. An adjustment in local transport charges to offset price fluctuations in the cost of fuel.
FEU:	FEU measures 40 foot containers. i.e. forty foot equivalent unit.
F.M.C:	Federal Maritime Commission. This is a USA independent Government agency which regulates ocean borne transportation in both the foreign and domestic trade for the United States.
Freight Forwarder:	An independent business which handles import and export cargo for compensation. This is done at the request of the cargo owner. The forwarder makes the actual arrangements and provides the services for expediting the shipments either to or from an overseas destination, They take care of all the documentation, submissions to banks, chambers of commerce, customs departments, pay all the cargo charges, arrange insurances, stores and distributes the products and makes all the necessary overseas communications as well as advising the cargo owners on other such matters as overseas handling, labelling marking etc.
FCL Security Fee:	This is a charge levied by the shipping carriers as a recovery of wharf security fees levied against them by the ports.
GST:	GST in relation to importing is payable on the landed cost of the goods (known as CIF). GST on imports is calculated @ purchase price of goods + duty + insurance + freight.
Hub Port:	A practice where shipping lines call at one port in a region or a country rather than several ports. Alternate transport services such as road, rail or coastal shipping carry the goods to other centres.
Intermodal:	The movement of goods from one mode to another i.e. truck to rail.
Import Entry	This is the EDI fee charged by NZ Customs to all users for processing

Transaction Fee:	the import clearance.
I.S.P.S:	This is the International Ship and Port Security Code (2004). This outlines the minimum security standards that ports are now responsible for.
MAF Biosecurity Fee:	Is the fee for lodging an import shipment with MAF to obtain clearance.
O.T.H.C:	Overseas Terminal Handling Charge. This is a charge that covers the on-shore costs at the port of destination. It is payable in advance at the port of loading to either the freight forwarder or the shipping line.
R & D:	Receival and delivery of cargo into a port.
Reefer Container:	A controlled temperature container, suitable for chilled and frozen cargoes.
Service Contract:	As provided for in the US Shipping Act (1984) is a contract between the shipper and the ocean carrier (or conference) in which the shipper makes a commitment to provide a minimum quantity of cargo over a fixed period and the carrier will provide a guarantee of rate, scheduling, port rotation, transit time etc.
Terminal Security Fee:	A fee associated with port security costs.
Transshipment:	Refers to the act of sending product through an intermediate country before routing it to the country of destination.
T.E.U.:	An abbreviation for the measurement of a 20 foot equivalent unit. This is the international standard measure of containers.
Wharfage:	A charge levied by a port for handling import or export cargo.

