

# Fuel Adjustment Factor (FAF)

## Practical guide for members

March 2026



## Understanding and using a FAF

Fuel Adjustment Factors (FAFs) are widely used across many industries to account for changes in fuel costs over time. For example, courier companies apply similar mechanisms (often called a Variable Fuel Factor) to reflect fuel price movements in a structured and transparent way.

While this approach is well established in other sectors, it is less commonly built into crane industry pricing. The FAF calculator has been developed to help members understand how this approach could apply within their own business.

A key step in using the FAF calculator is selecting an appropriate baseline (starting) fuel price. This represents the fuel price your current rates or pricing structure were originally based on.

Members may wish to use publicly available data as a reference point, such as the [Commerce Commission fuel monitoring reports](#)

When selecting a baseline, consider:

- Using a pre-conflict fuel price as a reference point
- Aligning the baseline with when current pricing was established
- Applying a consistent reference across your business

The goal is to establish a fair and reasonable starting point to measure change over time.

## How the FAF Calculator Works

The FAF calculator estimates how changes in fuel prices impact your overall operating costs.

It considers:

- The change in fuel price over time
- The proportion of your operating costs that fuel represents
- The resulting impact on your total cost base

Fuel is only one component of your total costs. This means increases in fuel prices do not translate directly into the same level of increase in overall pricing.

## Worked Example

**Baseline fuel price:** \$2.00 per litre

**Current fuel price:** \$2.80 per litre

**Fuel price increase:** 40%

**Fuel as % of total costs:** 20%

### Calculation:

40% (fuel increase) × 20% (fuel portion of costs) = 8% total cost impact

### Result:

A 40% increase in fuel prices results in approximately an 8% increase in total operating costs.

[FAF Calculator](#)



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## What this means

The FAF calculator provides an indication of how fuel cost movements are affecting your business.

## This can support:

- Understanding the scale of cost impacts
- Reviewing whether current pricing reflects your cost structure
- Informing internal business discussions

## Introducing a FAF

For businesses that do not currently have a FAF in place, introducing one may involve changes to pricing structure and customer communication.

## This may include:

- Explaining how fuel costs impact service delivery
- Introducing a transparent method for reflecting fuel price changes
- Considering alignment with existing contracts

Clear communication and consistency are important.

## A Balanced Approach

Fuel prices can move both up and down over time.

Members may wish to consider how their approach responds to changing conditions, including periods where fuel prices decrease.

[www.cranes.org.nz/fuel2026](http://www.cranes.org.nz/fuel2026)

## Important Note

This guide is provided as general support only. Each business must independently determine how it structures and communicates its pricing based on its own commercial circumstances.