

Understanding the Costs of a Luxury Yacht Charter

Under Mediterranean Yacht Brokers Association (MYBA) charter contracts, which are arguably the most common, the charterer is charged for food and beverage (for the charter guests only), fuel, dockage and harbor fees, and miscellaneous expenses. As a round number, which depends on how much fuel the yacht uses and how fancy the meals and drinks, you can expect to add 25% to 50% of your charter cost.



Shore-side electricity when at a dock is an added extra.

“One thing to understand is that the extras, from food to fuel to wine, are charged at cost to the charterer without markup.”

Whatever the terms of your charter contract, you should understand the Advance Provisioning Allowance (APA). This is an amount of about 20-35 per cent of the charter fee for a “plus all expenses” charter and about five per cent for an “all inclusive” charter. It is sent to the yacht before the charter to provision the yacht according to your preferences. During the charter, the captain will provide a running account of the usage of the funds and, at the end of the charter, the captain will present a detailed accounting along with any unused funds in cash. If the APA balance runs low during the charter, the client is expected to provide the captain a sufficient amount in cash to cover the needs for the remainder of the charter. Since many charterers prefer not to carry quantities of cash, the charter broker can hold an amount and release it to the captain as needed.

Although the typical APA amount is 30-35% of the charter fee, the actual amount you send is up to the Charterer, because if you plan to dine out exclusively during your charter, you won't need to send cash to cover those meals. It's the same with dockage and fuel. If you anchor out on the hook, not using a marina, (providing a harbor allows it), you won't need to send cash to cover those marina fees. If your itinerary is short, not covering long distances, you won't consume massive amounts of fuel. A yacht's cruising speed and hull also determines APA. A semi-displacement hull, with cruising speeds of 20

knots, will be less economical on fuel than a full displacement yacht with a cruising speed of ten knots. (Semi-displacement yachts are not designed to go slower than their cruising speeds.) So the charterer is “Admiral.” Captains look to their guests to learn what they want - and the actual amount of APA you send should reflect the personal preferences of the charter party..

Before you book a charter, your charter broker can provide you with a good estimate of the additional costs that will be incurred. Food is one of the largest and it is directly proportional to how exuberantly you plan to dine. If you expect several bottles of Cristal champagne with every meal, then you can assume that your costs will be higher.

Fuel can be another cost and, again, it depends on how much the yacht cruises and how fast, too. Time spent at anchor will include the fuel for the generators, while shore-side electricity when at a dock is also an extra. Don't forget that fuel is also charged for the tenders and water toys, so you'll pay for the fuel used while zipping around on the jetskis.

Harbor fees and dockage are a variable that can range from exorbitant (a front-row dock at the Monaco Grand Prix) to little or nothing in some areas. Communications are another cost and, with the options for satellite communications and Internet, an important one for most charterers. A delivery fee is usually charged if a charterer requests to board (or depart) a yacht at a distance from where the yacht is normally based.

Yachts are often based where the owner lives, not necessarily in the most ideal cruising ground, especially since people's needs differ, and the Mediterranean is full of interesting cruising destinations.



Harbor fees and dockage are a variable that can range from exorbitant to little or nothing in some areas | Image courtesy of Superyacht Media

All the yacht laundry, including towels, sheets and table linens, is included in the charter fee, but some yachts charge to launder personal items of the charterer. Most, however, will do small quantities of personal laundry as a service but they usually won't be responsible for delicate items.

One cost not directly related to the operation of the charter yacht is insurance for the charterer. Cancellation and curtailment insurance is the charter version of travel insurance on airlines and cruise

ships: It covers the charterer for the costs if unforeseen circumstances force a cancellation or shortening of the charter. Your charter broker can provide this insurance, which is a wise investment.

Last, charterers may be charged VAT, or “value added tax”, on the charter fees. Many European countries and a few Caribbean islands add VAT, but it is a complex issue that depends on where you board and debark the yacht, so rely on your charter broker for advice.