



2017/18 AWB Spring Starter - Capped Costs

The benefits of Capped Costs.

WHY ARE CAPPED COSTS A BENEFIT TO YOU?

Capped costs ensure that from the time the program is opened, you know the maximum site costs that AWB may deduct from your pool payments. Capped Costs are published at the time of contracting and are published on an aggregate basis – available from 18th September.

The Capped Cost feature (when combined with the GMR) have been created to ensure your Spring Starter returns cannot fall below a certain amount. In effect by combining both features and should they both be triggered, you have a minimum pool return in place to protect the return that you will be paid from the Spring Starter Program.

This Capped Cost feature automatically applies to all participants and you may choose to opt out of the GMR (and Capped Costs) at the time of contracting.

WHAT ARE CAPPED COSTS?

Capped Costs are site costs that have not already been taken into account in the published Spring Starter estimated or final return. Capped Costs reflect our expectation of scheduled costs that apply to a specific delivery site including, costs incurred in moving grain to port, location differentials applied in selling grain and other specific site costs imposed by a BHC but that are not already included in operating costs.

Capped Costs are published on an aggregate basis and represent the maximum amount that we may deduct when determining your pool payment. Capped Costs only include those costs incurred by the Spring Starter pool once title of the grain has transferred to us and exclude Supplier Liabilities which may be applied by third parties against your grain deliveries (for example on farm pick up or grower organised storage and handling fees), statutory or voluntary levies and seed variety royalties.

HOW DO CAPPED COST WORK?

AWB will only deduct from you the actual site costs it has incurred or that have been applied in selling grain. When AWB assesses costs, it will compare the actual site costs to the capped cost value published at time of contracting. AWB may only deduct from your pool payments the lower of the two amounts. If actual site costs are lower than the published capped cost, AWB will only deduct the actual site costs (being the lower amount).

A detailed example of how to calculate a Spring Starter return is included in 'A closer Look at Spring Starter'. In this document AWB demonstrates how the Guaranteed Minimum Return (GMR) and capped cost features could operate when determining your pool payment.

FOR FURTHER INFORMATION, SEE THE FOLLOWING?

- The Capped Cost for a specific delivery site can be viewed in the AWB ESR calculator, this can be found at www.awb.com.au or [click here](#) to view.