

THE RICE MARKETING BOARD FOR THE STATE OF NEW SOUTH WALES



STATEMENT OF PRINCIPLES

Variable Fee

May 2021

THE RICE MARKETING BOARD FOR THE STATE OF NEW SOUTH WALES

Statement of Principles – Variable Fee

Purpose

This Statement provides guiding principles which inform the Board on the calculation of the annual variable fee.

Background

The Rice Marketing Board for the State of New South Wales (the Board) is a not-for-profit statutory board. Its primary function is to obtain the best possible monetary return to rice growers consistent with the maintenance of orderly marketing. It operates under the authority of and in accordance with the *Rice Marketing Act 1983 [NSW]*.

The Board's revenue is primarily sourced from the following licence fees:

- The Sole and Exclusive Export Licence (SEEL), paid in advance every five years; and
- The variable fee charged to licensed Authorised Buyers annually.

It is the policy of the Board to keep expenditure to a minimum, in accordance with good governance.

It is the policy of the Board to recover annual operating expenditure, net of the annual SEEL fee, by charging a variable fee to Authorised Buyer Licence holders, on a per tonne basis. The variable fee is calculated at the end of the financial year and relates to that financial year's rice harvest.

The variable fee is charged to Authorised Buyers on a per tonne basis. It is assumed that Authorised Buyers transfer the cost of the variable fee back to growers through reduced crop revenue. In years of low NSW rice crop, this may result in a few growers bearing the burden of a high variable fee.

Statement of Principles

The annual variable fee is calculated based on:

1. Annual operating expenses minus the SEEL fee income and any miscellaneous income;
2. When the NSW rice harvest falls below a normal season, the variable fee per tonne will be higher, resulting in an unfair burden on those growers who grew rice. In consideration of this, the Board will cap the variable fee at an indicative \$2.50/tonne and record a loss that financial year, after due consideration of the cash flow requirements of the Board over future years up to the next SEEL fee due date.
3. In accordance with its Reserves Policy, the Board will retain a balance equal to two years' operating costs during normal NSW rice seasons. In

- the next one to two years of normal crop size, the variable fee is increased to recoup the loss from the low crop season.
4. When the rice harvest is above a normal season and two years' operating costs are held in reserve, the variable fee is likely to be very low. The minimum variable fee that the Board will charge is an indicative \$0.30/tonne. This minimum variable fee provides greater certainty to growers in budgeting their costs and greater certainty of income to the Board.

Definitions

Low crop	Less than 500,000 tonnes of NSW rice is delivered to Authorised Buyers
Normal crop	Minimum of 500,000 tonnes of NSW rice is delivered to Authorised Buyers

Further information

For further information about the Board's Statement of Principles on the variable fee, please contact:

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Document Approval and Control

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c. Document Approval

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