

# RELATIVE PAYMENT

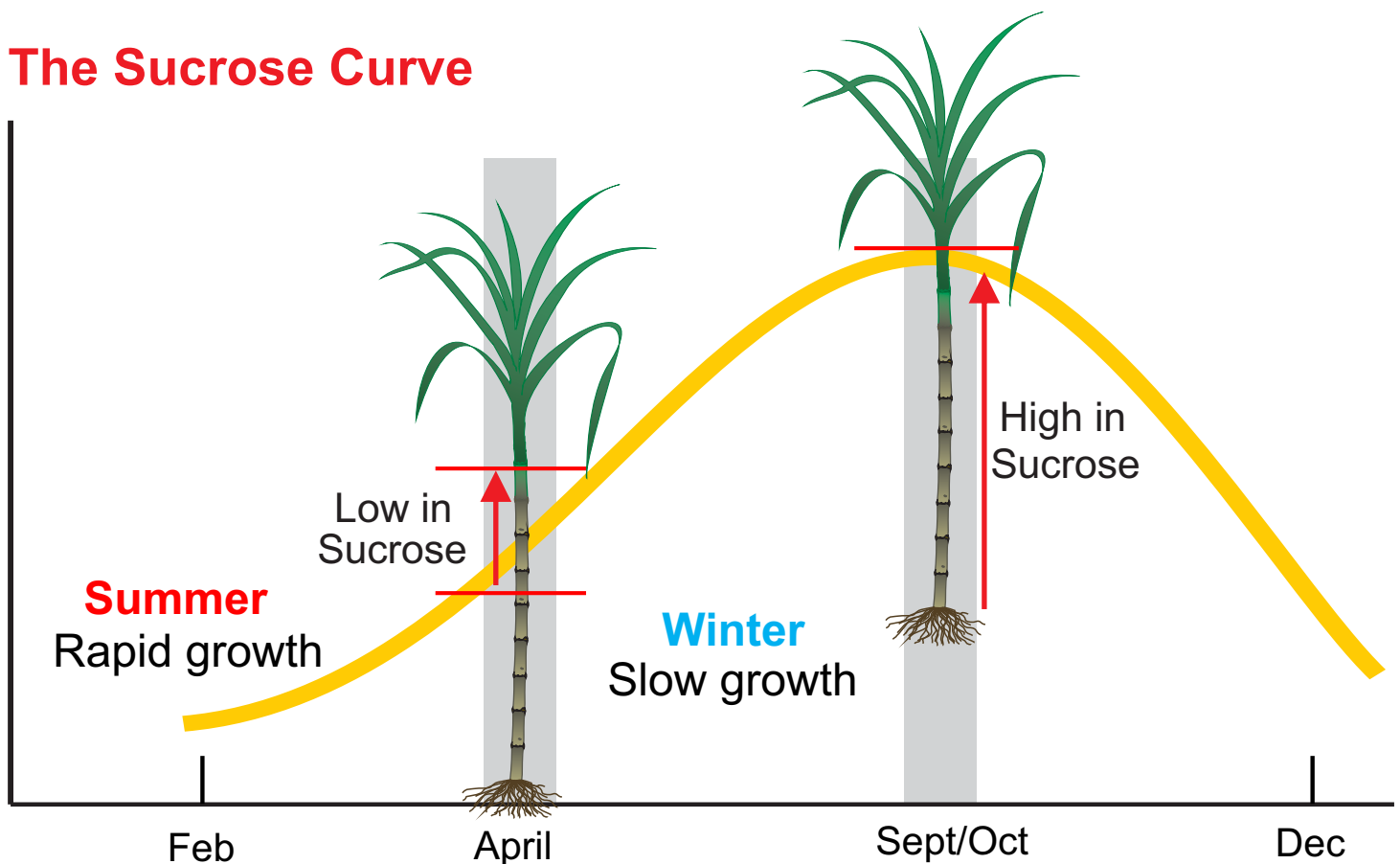
2018

- In **Summer** - Cane plant grows **rapidly**.  
There is low storage of sucrose.
- In **Winter** - Cane plant grows **slowly**  
More sucrose is stored.

**So:-**

- When the mills open (April) the overall sucrose content of cane is low.
- But in September/October the overall sucrose content of cane is much higher.
- In December, summer has again returned and the storage of sucrose drops.

## The Sucrose Curve



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## What does this mean?

- Cane sent to the mill at the beginning of the milling season or from December has a lower value.
- Cane sent to the mill in September/October has a higher value.

## The Relative Payment System

- Compensates farmers who must deliver cane in the low sucrose period
- Adjusts payment to farmers who deliver during the high sucrose period

## The Result

- No-one is disadvantaged
- No-one gains an unfair advantage

The Relative payment system is designed to share the proceeds of the entire crop **FAIRLY** amongst all the growers.

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How is this done?

## The Relative Payment Formula

$$RV\% = \text{Growers weekly average} - \text{Mills weekly average} + \text{Season average}$$



The Mill Group Board decides on this value by experience and knowing what the current crop looks like.

# RELATIVE PAYMENT

## Example 1

$$RV\% = \text{Growers weekly average} - \text{Mills weekly average} + \text{Season average}$$

Season Average = 11%  
(decided by the Mill Group Board)

### APRIL (beginning of season)

Week	Grower	Mill	Season	RV%
1	9.1	- 8.6	+ 11.0	= 11.5
2	8.3	- 8.4	+ 11.0	= 10.9
3	10.1	- 9.2	+ 11.0	= 11.9
4	8.5	- 7.8	+ 11.0	= 11.7
Av	9.0	- 8.5	+ 11.0	= 11.5