

Tasmanian Alkaloids (TasAlk) re: Alternative Payment Scheme

TasAlk has over recent weeks held 17 meetings throughout their growing area to provide growers with details of a new **voluntary** alternative crop payment scheme.

The proposed payment schedule provides for some earlier than normal pre-harvest payments, and also some later post-harvest payments.

Open and free discussion was encouraged at all meetings, with growers offering suggestions which the company duly noted.

The original proposal, based on one statewide payment plan, offered payments paid on the second Thursday of each month, from January to June.

We believe it would be fair to say that, following discussions with growers and TasAlk, opinions in respect of the alternative payment scheme are divided. Opinions can be classed into three camps, i.e.

positive / neutral / negative

Growers who are unhappy with the proposal consider if they were to adopt it there would be a negative impact on income. The reasoning is that early instalments are not large enough or paid early enough to offset the interest charged on overdraft facilities. The balance payments will arrive months later than has been the case historically. The crop is usually paid out in February and March each year. Instalment Payments will go for another 3 months after March. The size of these payments will vary from crop to crop as yield determines actual payout after harvest. Total cash receipts will overall be received later than in the past.

The model is based on predicted averages. Averages may not be achieved, might be about right or may be exceeded in the case of stronger crops.

The instalment system will see the early payments designed around predicted average crop yields.

Some growers see benefit from receiving a part of their expected poppy income in early instalments. This will assist cash flow when the

summer months are otherwise a low or no income period. Some have already signed up to the new payment scheme.

On balance, it would appear a large proportion of growers sit in the neutral area, not having yet formed a view about the proposal.

As this is a voluntary scheme we urge growers considering the proposal to read and fully understand the alternative payment contract. Do your sums. Be aware of when the payment instalments will commence and when they will be finalised and how each instalment will be calculated. Consider your long-term positions and your own individual cash flow needs and patterns.

Arising from these meetings with growers and discussions with PGT, Tas Alk have made some minor amendments to their original proposal. The amendments are:

- Tas Alk are now offering pre-payments commencing in December (instead of January) for crops sown prior to 1st September.
- For all crops, payments will be finalised by the second Thursday of May, not June.

Not only will this provide growers of early sown crops with earlier payments prior to the original January proposal, it also brings the final payment for all crops forward by one month.

The pre-harvest payments are based on the state budgeted average return for each crop type, and will be paid on a per ha basis, similar to the method of paying the crop herbicide and fungicide advances.

Once the crop is harvested, and the total value known, a reconciliation statement will be created detailing payments already received by the grower, and the remaining owed. Residual payments will be divided by the number of months until May, with total crop payment finalised by the second Thursday of that month.

If you have any questions regarding the contract, ask your field officer in the first instance or do not hesitate to contact Poppy Growers Tasmania.

Philip Loane, President



Contact your Regional Manager to find out how.

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This offer only applies to crops that are contracted to Tasmania Alkaloid or Sun Pharma.

The details of the offer are:

- A failed crop is defined as any planted area that is deemed by the contracting company to be uneconomic to be harvested and is ploughed in, desiccated or otherwise destroyed.
- Failure can be due to weather, disease, insect attack or other factors other than a deliberate act.
- The offer only applies to specific crop areas that are treated with Sumagic during the 2019-20 season. The crop must have been assessed as viable at the time of application.
- In the event of a claim the following information will need to be verified by the contracting company:
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- The replacement stock will be supplied direct from Sumitomo Chemical Australia in time for the 2019-20 growing season.

NB: This offer only relates to supplying replacement Sumagic in the event of crop failure. Sumitomo are not offering any form of crop insurance or compensation.

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