



## **Canola Bonifications**

### **What are they and how are they calculated ?**

Canola seed is tested for oil content and impurities at XLD grain sites. Most canola seed will be crushed into oil and processors pay a premium for oil content above a particular level. The 'oil bonus' payment is referred to as the 'Canola Bonification,' which is a standard applied across the Australian oilseed industry.

It should be noted that all payment scale calculations act upon the price per tonne, after grade spread adjustments and are subject to change.

#### **AOF Pay Scale Basis 42% Oil and 0% Admix**

Bonifications are calculated on the standard basis of 42% oil and 0% impurities (admix).

For every 1% (above 0) of admix, 1% is *deducted* from the base price (post location adjustments and grade spreads) per tonne.

Following this, the percentage of oil is measured. **For every 1% above/below the 42% oil standard, 1.5% will be added or deducted** (respectively) from the post admix adjusted price.

#### **Example-**

Assuming a base price of \$500 per metric tonne- with 1% admix and 47% oil

Price will be adjusted as follows:

$0.01 \times 500 = \$5/\text{mt}$  Discount to contract price

$\$495 \times 0.015 \times (47 - 42) = \$37.13/\text{mt}$  premium to contract price

Final contract price = \$500 minus \$5 (admix) plus \$37.13 (oil bonus)= \$532.13/mt

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