QSL STANDARD ADVANCES

QSL Standard Advances is the traditional payment system familiar to most Queensland cane growers, with incremental payments made both in and out of the harvesting season based on an estimate of final sugar returns.

This system of payments is commonly referred to as ‘Advances’, reflecting the fact that QSL funds the payments to growers and millers in advance of receiving revenue from customers for the associated raw sugar sales.

QSL pays the first Advances instalment once harvesting starts and a grower’s GEI Sugar is delivered to a bulk sugar terminal. The sugar payment made is based on:

- QSL’s weighted average forecast final price for that grower’s GEI Sugar*;
- The applicable QSL Advances rate; and
- The amount of sugar delivered to date.

For example:

- After their first cut for the season, a grower delivers 100 tonnes IPS of GEI Sugar to QSL.
- The weighted average of their pricing choices (including the QSL Shared Pool allocation) is currently $400/tonne IPS sugar
- The QSL Standard Advance rate is at 65%.
- So their initial QSL Advances payment will be based on a sugar payment of:

\[
100 \text{t IPS sugar} \times 400/\text{t IPS sugar} \times 65\% \text{ Standard Advances rate} = 26,000
\]
It’s important to note that in addition to the sugar payment from QSL outlined above, applicable allowances, deductions and GST passed on by the miller could also subsequently be incorporated into the grower’s Advances payment, as per local Cane Supply Agreement arrangements. Growers using QSL Direct should refer to the QSL Direct Payment Process section of their Grower Handbook for details, while all other growers should contact their miller for further information regarding local payment arrangements.

Following this initial sugar payment from QSL, additional Advance payments are made after each GEI Sugar delivery or increase in the QSL Advances rate. In each instance, the QSL sugar payment owing to the grower is recalculated to reflect:

- the amount of GEI Sugar delivered by the grower to QSL to date;
- the applicable QSL Advances rate;
- the current estimated value of the grower’s GEI Sugar*; and
- the Advances already paid to the grower for sugar received.

For example:

- After their second cut for the season the following month, the grower in our previous example delivers an additional 100 tonnes IPS of GEI Sugar to QSL – bringing their total QSL GEI Sugar deliveries to date for the season to **200 tonnes IPS**.
- The current weighted average of their pricing choices has increased to **$410/tonne IPS sugar**.
- The QSL Standard Advance rate has increased to **70%**.
- So their second QSL Advances payment will be based on:

  \[
  200\text{t IPS sugar} \times 410/\text{t IPS sugar} \times 70\% \text{ Standard Advance rate} = 57,400
  \]

  less the Advances already paid = -26,000

  **Second Advances Payment** = **31,400**

**ADVANCES RATES**

QSL’s Standard Advances rate generally starts at around 65%, with incremental increases as the season progresses.

The initial payment is usually paid to millers on a Wednesday, who in turn pass these payments on to the relevant QSL growers. Growers using QSL Direct are usually paid by QSL on a Thursday or Friday, with this payment covering all cane deliveries up to midnight of the preceding Saturday.

The QSL Standard Advances rate progressively rises throughout the season to eventually reach 100% once the season is over and the final value of the sugar priced can be established.
The level and timing of each Advances increase is determined by the QSL Board, taking into consideration:

- expected cash flow from shipments of raw sugar to customers;
- expected rates of deliveries from suppliers;
- the margin calls QSL may need to pay on forward pricing; and
- QSL’s available borrowing facilities.

QSL releases an indicative Advances Program on its website (www.qsl.com.au) prior to the start of each season, with scheduled increases approved or amended by the Board as each Season progresses.

The final Advances payment is normally made in July of the year after harvesting commenced (e.g. the final payment for the 2018 Season was made in July 2019).

For further information about Standard Advances, please read section 6 of the QSL Common Pool Terms (available at www.qsl.com.au) or contact your local QSL representative.

* Note: Growers in Bundaberg Sugar and Isis Central Sugar Mill milling districts are paid QSL Advances based on their milling-district average throughout the harvest, with an adjustment to their actual pricing position in December or January each year. Please see your miller for details of this.