

# NEWSLETTER

Exchange for Change (ACT) Pty Ltd

September 2018



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## ACT Container Deposit Scheme Newsletter

Welcome to the September newsletter from Exchange for Change ACT.

In this newsletter, we shall provide you with an update on the scheme and discuss the assumptions behind the pricing for the October advance contribution contained in the first part of your invoice, which will be issued on 2 October.

The 2 October invoice will also contain the true up for August 2018. Once the true up has been processed, we will give you additional data to help you reconcile your invoices. This should occur by 9 October.

### **FORECAST CALCULATIONS FOR SUPPLIERS**

#### **Supply Volume Forecast Calculation**

The invoice issued on 2 October will consist of an advance contribution for October 2018 that is based on the forecast volumes calculated for November.

To calculate the forecast volumes for October, we have used actual volumes reported in the portal for June, July and August 2018. We have also applied a seasonality factor of 1.25x to account for the transition into spring and the seasonal increase in beverage containers as we move into warmer weather patterns.

#### **Summary of Key Assumptions for Pricing**

The key assumptions behind the October 2018 advanced contribution rates in the 2 October invoice are as follows:

- Network Operator collections in October of 1.48 million, to reflect more supply and an anticipated increase in the consumption of beverages in eligible containers as the weather becomes warmer.
- Material Recovery Facility (MRF) collection volumes totalling 4.5 million containers recovered from kerbside collections (yellow-lidded bins)
- Estimated gross supply volume of 11.3 million containers.

These assumptions and the resulting cost per container (excluding GST) are shown in the table overleaf.

<b>Schedule Costs - As at September 2018 (all figures exclude GST)</b>	<b>2nd Invoice</b>	<b>3rd Invoice</b>	<b>4th Invoice</b>
<b>Dates</b>			
Scheme Month	Aug-18	Sep-18	Oct-18
Invoice Date	Aug-18	Sep-18	Oct-18
	Forecast	Forecast	Forecast
<b>Assumptions</b>			
Recovery Rate per material type	71%	72%	53%
% of containers recovered via MRFs/kerbside	54%	51%	75%
Containers recovered in month (m)	8.48	7.88	5.98
<b>Calculations</b>			
Total forecast scheme costs for month advertised (\$m)	1.22	1.14	0.82
Forecast Monthly True Up (\$m)		-0.50	-0.53
Quarterly True Up (\$m)			
Forecast Net Amount to be Invoiced (\$m)	1.22	0.65	0.28
<b>Scheme Costs per Supplied Container (cents)</b>			
Aluminium	10.19	10.45	7.23
Glass	10.19	10.45	7.23
HDPE	10.19	10.45	7.23
PET	10.19	10.45	7.23
Liquid Paper Board	10.19	10.45	7.23
Steel	10.19	10.45	7.23
Other Plastics	10.19	10.45	7.23
Other materials	10.19	10.45	7.23

## **MONTHLY TRUE UP FOR AUGUST 2018**

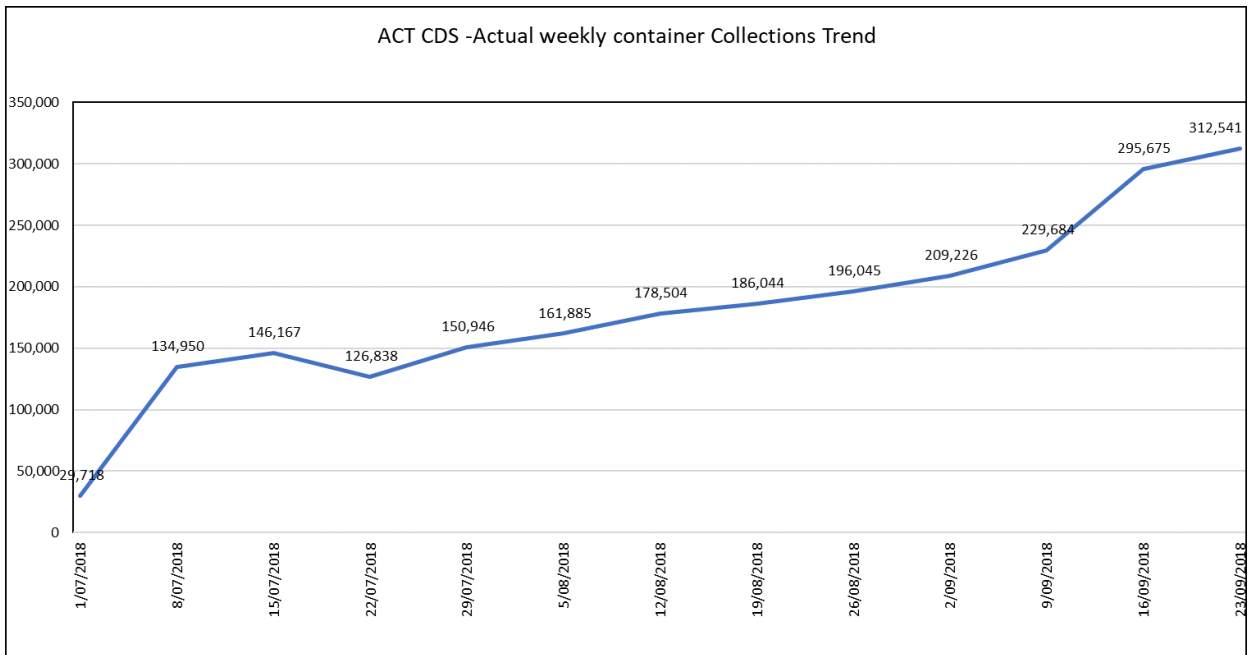
The 2 October invoice will include a true up to cover the Network Operator collections from August.

When the pricing was set prior to the start of the scheme, Exchange for Change forecast the Network Operator's collection volumes in August would be 3.9 million containers. The actual Network Operator collection volumes were 0.8 million. In turn, the true up across the whole beverage industry for August is forecast to be approximately \$0.5 million. Please also see the disclaimers overleaf.

## **UPDATES**

### **Network Collection Volumes**

For the first quarter of the scheme, the Network Operator has established nine collection points across ACT to provide convenient access points for the public to participate in the ACT CDS. Since the commencement of the scheme, more than 2.3 million containers have been collected via the Return points, with volumes increasing week on week.



We anticipate that the upward trend in return volumes will continue as ACT residents adopt the scheme and consume more beverages in eligible containers as we move into summer.

### **MRF Collection Volumes**

The Hume MRF is currently reporting tonnages of recyclable products being delivered for reuse or recycling each month. Once the first quarter has been completed, the tonnages claimed will be validated and converted into a count of containers. This process will be completed at the end of October.

### **DISCLAIMERS**

Minor changes in volumes between those at the time of setting prices and running invoices can result in small variances in the forecast volume of containers associated with the advanced contribution. As such, the true-up value provided in this newsletter is a guide only. The actual assumptions that support the true-up value on your invoice will be provided separately after the invoice has been run.

Exchange for Change is not in a position to accurately predict what the cost per container will be in the medium to long term. Each scheme participant should make their own assumptions to this end.

The information provided in this newsletter reflects our assessment of market conditions. These estimates can change based on a range of external factors beyond the control of Exchange for Change.