

# NEWSLETTER

Exchange for Change (ACT) Pty Ltd



## October 2018 Pricing Assumptions

Issued: 28 September 2018

## ACT Container Deposit Scheme Newsletter

Welcome to the September newsletter from Exchange for Change ACT. In this newsletter we will provide you with an update on the scheme and talk about the assumptions behind the pricing for the October advance contribution contained in the first part of your invoice which will be issued on 2<sup>nd</sup> October.

The invoice issued on the 2<sup>nd</sup> of October will also contain the true-up for August 2018. We will provide you with additional data that will help you with the reconciliation of your invoices once the true up has been processed. This should occur by the 9<sup>th</sup> October.

### **FORECAST CALCULATIONS FOR SUPPLIERS:**

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

The invoice issued on 2<sup>nd</sup> October will consist of an advance contribution for October 2018 which is based on the forecasted volumes calculated for November.

To calculate the forecasted volumes for October 2018, we have used actual volumes reported in the portal for months June, July and Aug 2018 and applied a seasonality factor of 1.25 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 included in the 2<sup>nd</sup> October invoice are:

- Network Operator collections in October of 1.48 million to reflect the upturn in supply volumes and an anticipated increase in the consumption of beverages in eligible containers as the weather becomes warmer.
- 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.

Schedule Costs - As at September 2018 (all figures exclude GST)	2nd Invoice	3rd Invoice	4th Invoice
<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<sup>nd</sup> October invoice will include a true up to cover the Network Operator collections from August.

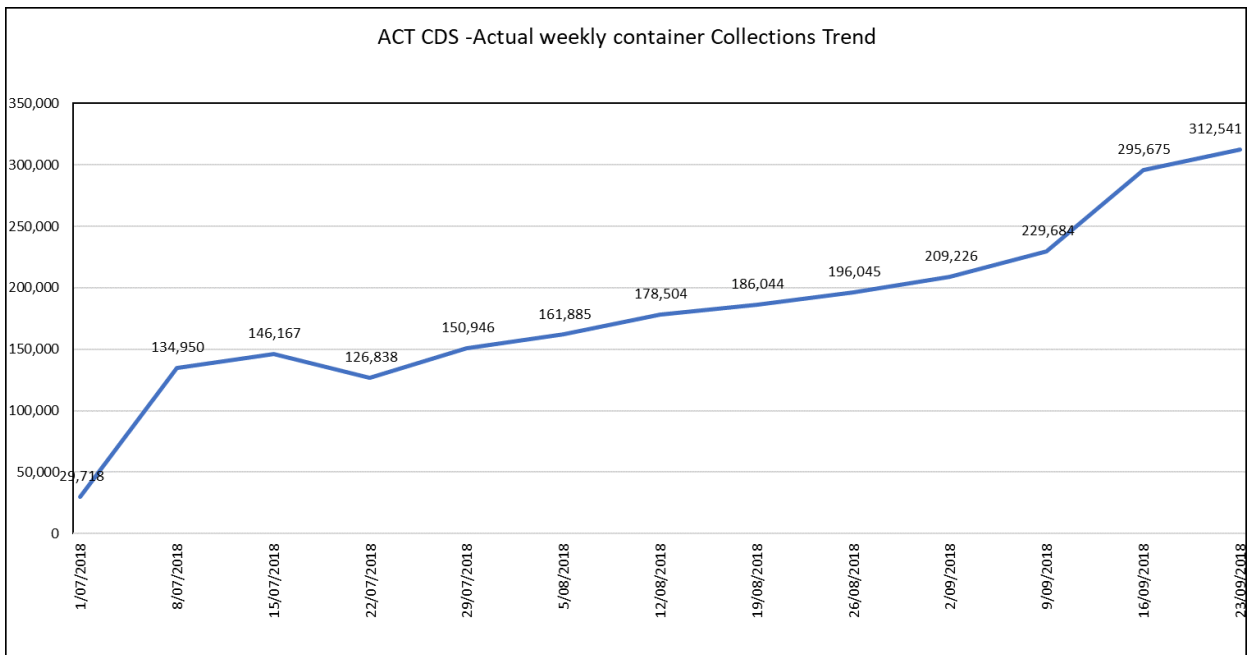
For August, Exchange for Change forecast the collection volumes for the Network Operator would be 3.9 million containers when the pricing was set, prior to scheme commencement. The actual collection volumes by the Network Operator were 0.8 million. The value of the true up across the whole beverage industry for August is forecast to be approximately \$0.5 million.

Please note that minor changes in volumes between the timing of price setting and running the invoice can result in small variances in the forecast volume of containers associated with the advanced contribution and as such the value of the true up provided here 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 as noted at the beginning of this newsletter.

## UPDATE ON:

### - Network Collection Volumes

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



We anticipate the upward trend in return volumes to continue as ACT residents adopt the scheme in conjunction with an increased consumption of beverages in eligible containers as we move into summer.

**- MRF Collection Volumes**

Currently the Hume MRF is reporting the 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.

**DISCLAIMER**

As noted above, minor changes in volumes between the timing of price setting and running the invoice can result in small variances in the forecast volume of containers associated with the advanced contribution and as such the value of the true up provided here 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 as noted at the beginning of this newsletter.

Please note that Exchange for Change is not in a position to accurately predict what the cost per container will be in the medium to long-term, and each scheme participant should make their own assumptions to this end.

Please also note the information that Exchange for Change has provided in this newsletter is our best assessment of the market conditions, however, these estimates can change based on a range of external factors that are beyond the control of Exchange for Change.