



## Summary of Key Scheme Metrics to Assist with June 2018 True Up Calculations

### 1. Introduction

The invoice generated on 1 August 2018 contains a monthly true up associated with adjustments for the difference between the forecast and actual container collections by the Network Operator in June 2018 and historical changes in market share for previous months.

This paper is designed to provide suppliers with an overview of the key inputs used to calculate the true up adjustments that may be present on your August invoice.

### 2. Monthly True Up Adjustments

#### 2.1 True ups for multiple months

As noted in previous newsletters and true up summaries, the NSW CDS permits suppliers to alter their historic volumes at any point in time, currently without a sunset date.

As a consequence, the total supply volume in a given month may have changed resulting in an adjustment to the market share of all suppliers as each supplier's relative contribution to the total supply volume has changed. The August invoice contained a true up for each scheme month for which changes to actual volumes have been reported by suppliers.

To protect the scheme from false reporting, all suppliers must submit an annual statutory declaration 40 business days from the end of the financial year. The FY17/18 statutory declaration is due on 27 August 2018. We have prepared an editable pdf document to assist you with the completion of this task. These declarations will be tested during supplier audits.

In addition to changes made by existing suppliers, when new suppliers join the scheme and provide their volumes, this may also lead to a change in the total volumes reported in a given month.

#### 2.2 Restated volumes for previously reported periods

As noted in previous true up papers, changes in the volumes reported by suppliers will affect the relative market share of all participants that supply that container material type.

The table overleaf has been provided to show the restated volumes for Q2 2018 that were used to calculate the true up adjustments in the August invoice.





## August 2018 Invoice Volumes

Container Material Type	Volume Apr 2018	Volume May 2018
Aluminium	86,953,255	87,773,098
Glass	72,850,708	68,946,504
HDPE	5,513,927	5,316,368
PET	76,615,002	63,423,004
Liquid Paper Board	17,058,014	13,752,757
Steel	112,114	171,782
Other Plastics	41,070	31,780
Other materials	26,083	2,980
<b>Total</b>	<b>259,170,173</b>	<b>239,418,273</b>

These volumes are the volumes that were stored in the reporting portal when the August invoice was generated and remain subject to change at any time in accordance with the current scheme rules.

### 2.3 The total costs of the scheme for the purposes of the June Network Operator True Up were:

Container Material Type	Cost (\$) Jun 2018
Aluminium	10,716,623
Glass	7,885,278
HDPE	552,332
PET	7,580,070
Liquid Paper Board	988,271
Steel	8,091
Other Plastics	3,637
Other materials	3,595
<b>Total</b>	<b>27,737,896</b>

### 2.4 June Non-Volume Provisions

In previous true up papers, we have explained the need to create provisions for the export process to ensure that sufficient funds will be available to make the payments once the export mechanism goes live. These provisions reduced the size of the true up adjustment as the original advanced contributions did not include an allowance for export rebates.

Unlike previous months, the forecast contribution for exports has been fully collected in the May advanced contribution. The provision overleaf will ensure that this contribution is maintained until the export claims have been processed.





The true up process is designed to return any unutilised funding collected through advanced contributions once the actual costs for the period are known. As the export process has not yet been activated, a provision is required to ensure that the funds contributed by suppliers are not returned prematurely making them unavailable to pay to exporters when the claims are processed.

The value of this provision is summarised in the following table:

Non Volume Costs		Cost (\$) Jun 2018
Provision for Exports		2,292,713

These provisions are included within the costs shown in the table in section 2.3

#### 2.5 The total containers supplied by all suppliers in June were:

Container Material Type	Volume Jun 2018
Aluminium	92,815,025
Glass	63,545,799
HDPE	6,729,115
PET	76,155,572
Liquid Paper Board	13,526,957
Steel	69,954
Other Plastics	37,241
Other materials	13,264
<b>Total</b>	<b>252,892,927</b>

The volumes shown in this table reflect the volumes reported by all suppliers at the time the invoice was generated. As noted elsewhere in this section, these figures are subject to change whenever suppliers adjust their June volumes via the reporting portal.

#### 2.6 Actual prices per container type for June

As stated earlier, the actual prices per container are not used to calculate the cost of the scheme to each first supplier. They are a by-product of the calculations and are wholly dependent on the total volume of containers of each type supplied into the NSW market during the month.

The table overleaf shows the actual container pricing based on the scheme costs calculated for June which are further based on the actual container volumes reported for June at the time the true up calculation was generated.





Container Material Type	Price per Container Jun 2018
Aluminium	\$ 0.1154621537
Glass	\$ 0.1240881014
HDPE	\$ 0.0820809188
PET	\$ 0.0995340180
Liquid Paper Board	\$ 0.0730593851
Steel	\$ 0.1156658373
Other Plastics	\$ 0.0976484512
Other materials	\$ 0.2710391847

If the volumes reported for June are subsequently adjusted by suppliers, the rates will change, however, the total cost of the scheme will not. You may still see an adjustment to your individual contributions if your relative market share changes due to volume adjustments in future invoices.

2.7 The total number of containers collected during the month of June by collection stream and in total were as follows:

Container Material Type	Network Operator Actual Volume Jun 2018	MRF Operator Forecast Volume Jun 2018	True Up Container Volumes Jun 2018
Aluminium	34,282,703	<i>31,975,596</i>	66,258,299
Glass	23,772,947	<i>25,171,467</i>	48,944,414
HDPE	1,214,653	<i>2,230,876</i>	3,445,529
PET	20,969,091	<i>26,474,182</i>	47,443,273
Liquid Paper Board	1,204,130	<i>5,169,032</i>	6,373,162
Steel	30,223	<i>49,294</i>	79,517
Other Plastics	1,015	<i>26,640</i>	27,655
Other materials	10,049	<i>9,358</i>	19,407
<b>Total</b>	<b>81,484,811</b>	<b><i>91,106,445</i></b>	<b>172,591,256</b>

Italicised figures contain estimates as the eligible container factors (conversion factors) for Q2 have not been published by the Ministerial Advisory Committee. The estimates above are based on the Q1 factors.

