

NEWSLETTER

November 2017



Welcome to Exchange for Change's first newsletter. We will issue these newsletters as relevant information and pertinent updates arise.

We'd like to begin by thanking all suppliers who have signed up to the scheme. Over 530 suppliers have either fully signed up, or are in the final stages of doing so. Collectively you have supplied 3.5 billion containers into NSW over the last twelve months.

Exchange for Change has invoiced first suppliers a total of \$52 million (for the month of November) and as such the scheme now has adequate liquidity to provide funds for the collection network.

Again, thank you for your efforts in completing the necessary paperwork and making the financial commitment to get the scheme to this point.

We look forward to the establishment of a world class scheme as a result.

TOMRA Cleanaway is rapidly rolling out collection points across NSW. The Environment Minister has advised that there will be 200 collection points available on the launch date of 1 December with more sites being rolled out in the weeks following the launch. The initial network of sites has been published at returnandearn.org.au and will be added to regularly throughout the rollout.

Peter Bruce, CEO



Process for claiming exports

There have been many questions around how your sales volumes as a First Supplier can be adjusted if one of your customers subsequently moves product out of NSW that you have reported as supplied in NSW. Up until now, we have indicated that subsequent exports will be allowed to be subtracted from your sales volume, but that you would need to have sufficient evidence to justify this adjustment. We have also made clear that any claims would need to be backed up with auditable records so that Exchange for Change can verify that the information provided is correct.

Based on these questions Exchange for Change facilitated a workshop with EPA to develop a solution. The intent was to provide a solution that will make it easy for exports to be claimed by a broad variety of distributors and retailers, from large corporations with national distribution chains through to small independent retailers that may want to move a few cartons to a sister store across the border.

At the same time, the solution must also ensure that the risks of fraud from over-claiming are properly controlled. Over-claimed exports would mean other first suppliers would have to pay more to cover the containers that would not actually be exported. A critical element for managing this risk is to ensure that Exchange for Change can audit the claim put forward by the distributor or retailer.





The outcome of the workshop was an in-principle agreement as to the how the export process would operate. The details of this in-principle agreement are as follows:

The NSW CDS is aimed at providing consumers of “eligible” beverage containers with a way of getting a refund when they return those containers to a collection point. As the scheme is only aimed at containers that are consumed within NSW there needs to be a way of addressing containers that are supplied by a First Supplier to a distributor where the distributor subsequently exports those supplied containers out of NSW, either to another state or overseas (a “Distributor”).

Depending on a number of conditions, a First Supplier may elect to claim for containers when the containers are exported out of NSW. Note that each First Supplier must provide gross figures for both volume first supplied, and volume exported, via the portal as per the standard process and Exchange for Change will apply the credit in its own systems. Under no circumstances should First Suppliers adjust their own first supplied volumes for exported amounts.

Before Exchange for Change ("EFC") will accept a First Supplier's claim for an Export Supply Adjustment, the Distributor which carried out that export must have signed a Deed Poll in favour of EFC. EFC will issue the Distributor with a unique ESN (*Export Supply Number*) and the Distributor must provide a valid ESN before EFC will give the First Supplier an Export Supply Adjustment for any exported containers. A First Supplier can only claim credit from Exchange for Change for exports carried out by Distributors with valid ESNs and who provide a declaration for export supplies for that supplier via EFC's online portal.

The value of the credit provided by EFC to the First Supplier will be based on the scheme costs for the month when containers are exported (not the month when the containers were first supplied to the Distributor).

The First Supplier can only claim credit for exports which occurred in the previous month and must declare these via EFC's online portal by the 20th of the month after the month in which the exports occurred.

All First Suppliers and Distributors must keep auditable electronic records by month by material type by Distributor or First Supplier, where relevant.

Deed Poll Conditions

The Deed Poll requires the Distributor to sign an annual Statutory Declaration to declare the accuracy of the volumes they have claimed from First Suppliers as having been exported out of NSW. The annual Statutory Declaration along with the annual summary of all claims must be sent to Exchange for Change by 15th July of each year. The Deed Poll also allows Exchange for Change to audit the Distributor's records to validate the claimed quantities.

Providing false or misleading information, or failing to provide necessary statutory declarations, will result in Exchange for Change revoking the Distributor's ESN disallowing First Suppliers of that Distributor from making future export claims in respect of that Distributor.



IPART review of the CDS

The NSW Government has asked the Independent Pricing and Regulatory Tribunal, IPART, to monitor and report on the impact of the implementation of the NSW Container Deposit Scheme on beverage prices. The over-arching objective is to monitor the impact of the CDS on the end consumer.

Of particular focus for IPART will be whether any First Suppliers, Distributors or Retailers are increasing prices beyond what is reasonable and attributing those increases to the CDS.

IPART will undertake this review under Section 12A of the *Independent Pricing and Regulatory Tribunal Act 1992* (NSW) (IPART Act). Under the Act, IPART is required to consult and consider stakeholder comments on the terms of reference. The draft terms of reference require IPART to release a progress report in April 2018 and a final report in December 2018.

IPART are now seeking feedback on the draft terms of reference, which are available on the IPART website (www.ipart.nsw.gov.au).

The closing date for submissions is 13 December 2017 and once finalised will be made available on our website. IPART's contact officer for this review is Matthew Mansell.

Identifying free riders

In fairness to all of the suppliers who are already contributing to the scheme, it's important to ensure that all suppliers who should be, are contributing. This will help to ensure costs are minimised to suppliers across the board.

With that in mind, we ask that should you suspect an organisation is not undertaking its First Supplier responsibilities, you alert the Exchange for Change team at info@exchangeforchange.com.au

All information will be treated in strict confidence.

Container Refund Markings

The refund markings for eligible containers has now been published in the Waste Avoidance and Resource Recovery (Container Deposit Scheme) Amendment (Supply and Collection) Regulation 2017. You can find it here: <https://www.legislation.nsw.gov.au/regulations/2017-650.pdf> For any questions on this contact the NSW EPA at: container.deposit@epa.nsw.gov.au



Examples of eligible containers

Retailer communications toolkits

A toolkit of in-store material is now available to retailers. This toolkit will be made accessible via returnandearn.org.au in the coming days but in the meantime, for access to this material please email info@exchangeforchange.com.au and we will provide you with a link.

Key contacts for Return and Earn

EPA

container registration

TOMRA Cleanaway

collection points and eligible containers

Exchange for Change

supplier information

Details at returnandearn.org.au/contactus

