

Dear First Suppliers,

We have had several enquiries regarding how the true up calculation is determined and what is the effective cost per container. I thought it was appropriate to write to everyone and give you a brief explanation regarding the true up process.

The payment methodology of the CDS was designed in conjunction with the EPA and representatives of the beverage industry. The following is a couple of key elements about how the pricing operates:

1. All beverage suppliers are treated equally
2. The forecast cost is an estimated cost that is converted into a cost per container.
3. The true up cost is determined by allocating the actual total cost of the scheme, for each container type, multiplied the 1st Suppliers market share for that container type.

It is this 3rd dot point I want to focus on. We have been receiving many enquiries about the true up and what is the cost per container after the true up. As stated in point 3, the scheme does not operate on a cost per container in the true up process. So the process in detail:

- In your invoice there is a table titled “Monthly Supplier Contribution Adjustment”. This is the true up calculation section.
- There is a column headed “Revised Quantity” which is the actual number of containers you supplied via the Suppliers Portal in the month per container type.
- This number is divided by the total number of containers 1st supplied to give the “Revised Share” of the total market.
- Revised share is multiplied by the actual total costs, for that container type, which then provides your new cost.
- The new cost is adjusted by the amount paid in the forecast invoice and the “Net monthly Adjustment” is then determined. The net monthly adjustment is the amount you need to pay once GST is taken into account.

We agree with many of you that it is difficult to work through this process. We are looking at providing more information in the invoice to help you understand. To help you we have provided the following two tables of data that in conjunction with your invoice will allow you to determine the accuracy of your invoice.

The total costs of the scheme for the purposes of the Network Operator True Up for December and January were:

Container Material Type	December 2017 Cost (\$)	January 2017 Cost (\$)
Aluminium	7,517,773.25	9,463,326.53
Glass	5,635,778.14	8,007,395.39
HDPE	331,906.36	410,586.10
PET	5,497,502.15	7,566,006.80
LPB	827,011.53	1,217,349.94
Steel	6,770.30	12,693.31
Other Plastics	2,418.43	6,690.15
Other Materials	577.06	159.16
Total	19,819,737.22	26,684,207.39

The total containers supplied in December and January by all suppliers were as follows:

Container Material Type	Dec Containers Supplied	Jan Containers Supplied
Aluminium	133,019,822	77,378,109
Glass	126,134,245	84,248,617
HDPE	6,437,345	4,656,588
PET	113,253,244	74,828,099
LPB	13,801,004	19,255,819
Steel	173,701	204,275
Other Plastics	12,540	51,498
Other Materials	9,656	3,965
Total	392,841,557	260,626,970

The contract between Exchange for Change and 1st Suppliers requires the payments to be made within 7 days. Needing a greater understanding of how the invoice is calculated does not remove the requirement to pay the invoice on time. Failure to pay invoices can eventually result in you being prevented from supplying product into NSW. So while we work on improving the information in the invoice we would appreciate if you can please pay your invoice. If there is an error in your invoice we are very happy to look at this and take this into account.

Further information about frequently asked questions can be found at <http://returnandearn.org.au/Assets/pdf/Feb18-Invoicing-FAQs-v3.pdf>

Warm regards

Peter Bruce
Chief Executive Officer



NSW Container Deposit Scheme Co-ordinator
exchangeforchange.com.au