

# RETURN AND EARN PUBLISHES ESTIMATED COSTS FOR BEVERAGE SUPPLIERS IN NSW

**TIMELINE FOR COMPLIANCE NOW ESTABLISHED IN THE LEAD UP TO 1 DECEMBER START DATE**



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**18 August 2017**

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The estimated fees levied to beverage suppliers to fund the new NSW Container Deposit Scheme have been published.

This guidance includes a cost per material type, along with the pricing methodology and approach to establishing cashflow for the scheme in its first few months so beverage suppliers can plan for the Scheme's first invoice to be issued on 1 November in preparation for the scheme beginning on 1 December.

The information is published via the Return and Earn website: [returnandearn.org.au](http://returnandearn.org.au).

In summary, the total estimated range of fees for the first three months will start at 13.54c and go down to 10.94c for aluminium, 14.07c and go down to 11.36c for glass, and 13.78c and go down to 11.13c for PET.\*

The costs per container are calculated based on a number of variables to ensure they reflect actual redemption rates over time. The Government appointed Scheme Coordinator, Exchange for Change, is committed to a low-cost and effective scheme that strikes the balance between making sure there are enough funds to pay consumers' 10c deposit per container and keeping the costs to businesses funding the scheme as low as reasonably possible.

The first three months of fees are estimated, with subsequent invoicing periods to reflect actual redemption rates. As this is a new system and the database for returns needs to be established, the initial three months' fees will be based on the past twelve months of containers produced, by market share, and an estimate of the initial return rate.

The higher estimated cost in the initial months reflects a loading to account for uncertainties around the extent to which consumers may stockpile eligible containers in advance of the Scheme's commencement.

Any discrepancy between the estimates and actual data will be rectified with suppliers in early 2018. Ongoing, fees will be based on validated running costs and redemption rates for the 10 cent deposit paid and costs of returning containers via the scheme for recycling.

Costs of running Return and Earn will change over time, as the scheme is established and consumers take up the opportunity to get cashback on eligible containers.

The key factors affecting the fees are the numbers of containers returned (redemption rates), the type of material returned and the method by which they are collected – either via consumer collection points or traditional kerbside rubbish collection.

The first invoice will be issued a month before the commencement of the Scheme, on 1 November, to ensure the system is liquid and ready to operate for the community on day one.

## BEVERAGE SUPPLIER OBLIGATIONS

To comply with the new legislation, beverage suppliers must do three things:

- 1) Suppliers must have a supplier agreement in place with Return and Earn by 1 October.  
To encourage on-time registration, suppliers who do not have their agreement in place by 1 October, will face a short term, refundable fee of 2 cents per container.
- 2) Suppliers must register each of their eligible containers with the EPA via a container registration portal by 1 November.  
Approval is needed for each class of container supplied and granted for five years. An EPA administration fee will apply.
- 3) Suppliers must pay an initial invoice in advance of the commencement date of the scheme, which will be issued on 1 November, to ensure the liquidity of the scheme.



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## COST FORMULA

Scheme Costs	1st Invoice	2nd Invoice	3rd Invoice
Dates			
Scheme Month	Dec-17	Jan-18	Feb-18
Invoice Date	1-Nov-17	1-Dec-17	1-Jan-18
Assumptions			
Assumed Seasonality Index (100 = Average)	133	119	100
Assumed Recovery Rate per material type	100%	90%	80%
Assumed % of containers recovered via MRFs/ kerbside	50%	50%	50%
Assumed containers recovered in month (m)	389	312	232
Calculations			
Estimated total scheme costs for month (\$m)	\$53m	\$43m	\$32m
Estimated scheme Costs per Supplied Container			
Aluminium	13.54c	12.24c	10.94c
Glass	14.07c	12.72c	11.36c
HDPE	13.78c	12.45c	11.13c
PET	13.78c	12.45c	11.13c
Liquid Paper Board	14.42c	13.03c	11.64c
Steel	14.07c	12.72c	11.36c
Other Plastics	13.78c	12.45c	11.13c
Other Materials	13.78c	12.45c	11.13c

\*The estimated scheme costs per Supplied Container exclude GST.

## KEY FACTS

- Eligible containers will attract a 10 cent deposit and a fee to cover the costs of operating and administering the Scheme.
- The exact costs per container will depend on redemption rates via the chosen redemption channel and container type.
- Consumers need to return eligible containers to a collection point in order to receive the 10 cent refund for each eligible container.
- The Government has nominated the number of collection points in the State, within towns and cities, so these are accessible to people returning containers. There will be more collection points in urban areas to handle expected higher container volumes.



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## ABOUT THE CONTAINER DEPOSIT SCHEME

The NSW Government, through its Waste Avoidance and Resource Recovery Act 2001, legislated to introduce a 10 cent refund on eligible beverage containers returned in the state. The purpose of the Scheme is to reduce environmental littering by encouraging people to collect and return containers for recycling, and is part of a goal to reduce litter volume by 40% by 2020. An administrative network has been established by the Government to manage collection and recycling of containers, the costs of which are also covered under Government's scheme. Companies that supply eligible beverage containers in NSW will be charged for the costs of running the scheme (a handling fee per container) and the 10c container refunds.

## ABOUT EXCHANGE FOR CHANGE

Exchange for Change was announced by the NSW Government as the role of Scheme Coordinator for Return and Earn on 29 July 2017. It is committed to realising the NSW Government's vision for the Scheme including: achieving the environmental outcomes and providing good public access to the recycling program; robust, accountable and transparent governance; operating the CDS efficiently and effectively to minimise the cost impact to consumers; and, promote community awareness of the refund that will be available and how to get it.

Through operating similar schemes in South Australia and the Northern Territory, Exchange for Change's member companies have more than 40 years' experience managing container refund programs.

More information about Exchange for Change is available at [www.exchangeforchange.com.au](http://www.exchangeforchange.com.au)

