



ACT CONTAINER DEPOSIT SCHEME

ANNUAL STATUTORY REPORT
2018–19



ACT
Government

ACT
CDS
Container Deposit Scheme





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INTRODUCTION

Since the launch of the ACT Container Deposit Scheme (ACT CDS) on 30 June 2018, more than 72 million drink containers have been collected in the first year of operation.

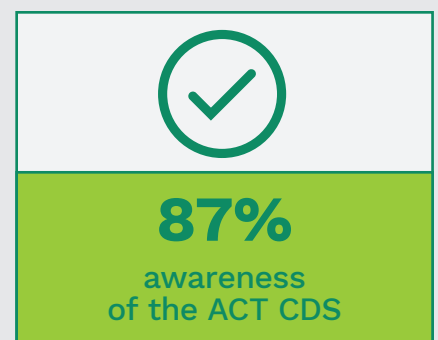
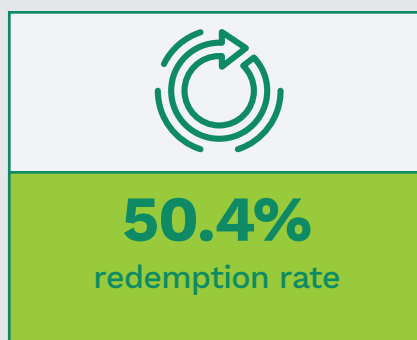
The ACT CDS has successfully worked to ensure that Canberrans have access to a convenient and cost-effective system for recycling beverage containers. In collaboration with our stakeholders, the ACT CDS is focused on environmental protection, system transparency and accountability, and quality service to the public. Collectively, we have agreed to pursue these goals and work together to enhance the ACT's waste management.

The ACT CDS strives to:

- reduce litter;
- recover eligible drink containers;
- increase the recycling rates of used drink containers; and
- engage the community in active and positive recycling behaviours.

Since the scheme commenced, there has been a decrease by 40 per cent in the volume of eligible drinks container items in the litter stream.¹

2018-19 achievements



¹ Keep Australia Beautiful ACT CDS Containers in the Litter Stream Report - July 2019 - Analysis conducted to report on the impact of the ACT CDS on container beverage items and volumes in the ACT litter stream over the 2018/19 Financial Year. All data was drawn from the 2015/16, 2016/17, 2017/18 and 2018/19 KAB National Litter Index recorded figures.



CHAIR'S FOREWORD



If 2018-19 is any indication, the future of the ACT Container Deposit Scheme holds many exciting opportunities to build on our already successful and highly regarded industry.

In the last year, ACT residents returned over 72 million drink containers, 27 million of which came through return points and 45 million through kerbside collections.

It's encouraging to see so many people recycling their drink containers and realising the importance of keeping them out of landfill but there is more work to do. Exchange for Change is committed to working with our partners to ensure as many of those drink containers are returned via ACT CDS for recycling and a refund.

Progress is both exciting and challenging. As environmental responsibility becomes increasingly important to the community, so too does our ability to provide quality materials for reuse and recycling that are highly valued in the local and international marketplace.

Our commitment to supporting the recovery of drink containers from landfill and increasing recycling rates is part of our continued investment in the responsible use of resources. We are continually monitoring best practice in drink container recycling around the world to understand how and where we can improve customer experience.

With the support of the network operator Return-It and the ACT Government, our commitment to reducing litter and helping engage the community in active and positive recycling behaviour is fundamental to our day to day operations. We are focused on industry collaboration and awareness programs to enhance the public's knowledge of the importance of recycling and to provide ACT residents with convenient access to depots to return their beverage containers for a refund.

I would like to pay special tribute to Peter Bruce, our former Chief Executive Officer, for his vision, passion and leadership of Exchange for Change since its inception. I would also like to acknowledge the commitment of the management team and Janelle Neath for her leadership as Acting CEO during this transition.

Finally, I would like to thank all our staff who provide an outstanding level of service and professionalism. The team's passion, drive and enthusiasm for our business, our customers and the community, is our greatest asset.

Tracy McLeod Howe
Chair
Exchange for Change

“Our commitment to reducing litter and helping engage the community in active and positive recycling behaviour is fundamental to our day to day operations.”



CEO'S MESSAGE



I am pleased to present the 2018-19 ACT Container Deposit Scheme annual report for Exchange for Change. The launch of the ACT Container Deposit Scheme has seen growth in participation across the Territory, with people of all ages, as well as schools, sporting clubs and community groups embracing the scheme.

Thanks to this keen participation and through kerbside recycling, 72 million containers have been collected since the ACT CDS was introduced on 30 June 2018.

This represents an average redemption rate of 50.4 per cent of the total containers supplied into ACT since the scheme commenced, a significant result for a scheme that delivers immense benefits for our environment and communities. In fact, 85 per cent of scheme users indicated it was the best way to reduce the amount of litter and get more containers recycled.

By participating in the scheme, many schools, sporting clubs and charities have raised much needed funds for their initiatives and programs. For example, OzHarvest Canberra and The Green Shed combined forces to create Give A Can, a new recycling initiative that's nourishing the ACT community by delivering meals to those in need and helping OzHarvest Canberra work towards its sustainable goal of 2 million meals a year.

Fundamental to the success of any new initiative is having strong awareness and support. Through community engagement activities and the scheme's marketing campaign, 87 per cent of ACT residents aged over the age of 18 were aware of the ACT CDS and 82 per cent support it.

The early success of the ACT CDS would not have been possible without the cooperation of suppliers of beverages in the ACT. A total of 261 beverage suppliers made over \$10 million in net contributions, enabling the successful roll-out of the scheme.

Exchange for Change will continue to work with the beverage industry to fine-tune the scheme and make it easier for all stakeholders to participate.

I would like to thank the Board, the management team and the staff at Exchange for Change for their support, their inspiration and their work to secure this year's positive results.

I look forward to working with them, our shareholders and our partners to continue the success of the Container Deposit Scheme in the ACT.

Janelle Neath
A/- Chief Executive Officer
Exchange for Change

"The ACT CDS launched successfully, thanks to the support of our partners and the participation of our communities and consumers."



AIMS AND OBJECTIVES

Our goal

Our goal is to encourage recycling in the community while reducing litter and the number of containers going to landfill.

The ACT CDS provides an incentive for the return of containers rather than disposal via littering or general waste. The net outcome is a reduction of redeemable containers in recycling, general waste and public bins, as well as a reduction of these containers in litter.

Priorities

The scheme identified four priority areas for the first 12 months of operation.



1.

ESTABLISH
AND MANAGE A
COST-EFFECTIVE
CONTAINER
DEPOSIT SCHEME



2.

ESTABLISH AND
OPTIMISE A
NETWORK OF
RETURN POINTS



3.

APPLYING
EFFECTIVE
GOVERNANCE TO
MITIGATE AND
MANAGE RISKS



4.

RAISE AWARENESS
AND CHAMPION
COMMUNITY
PARTICIPATION AND
ADVOCACY



SCHEME HIGHLIGHTS



72 million
drink containers
returned



50% redemption
rate



87% awareness
among residents
aged 18+



86% knowledge
among ACT residents of
the scheme



82% support
among ACT residents
support the scheme



21 return
points



Litter reduction

- Since the ACT CDS started in June 2018, over 72 million drink containers have been redeemed, not only saving the environment but also saving taxpayers millions each year to clean up. Since the launch of the scheme, there has been a decrease by 40 per cent in the volume of eligible drinks containers in the ACT litter stream.²

- 82 per cent indicated their support for the scheme
- The network operator has worked hard to provide express return points at independent retail sites and pods in key residential areas as a result of feedback from the community.

Resource recovery

- Of the 144.1 million³ containers supplied into ACT between June 2018 and June 2019, 27.3 million have been returned through the network operator's 21 return points across the Territory, and 45.3 million have been returned through kerbside collections by material recovery facility operators, totalling 72.6 million returned through the scheme.
- This represents an average redemption rate of 50.4 per cent.⁴

Communication and engagement

- Promoting the return, reuse and recycling of containers, along with community engagement activities, resulted in strong awareness. Across the ACT, 87 per cent of residents aged 18 or over were aware of the scheme and 32 per cent have participated.⁵

Recycling outcomes

- In addition to the primary aim of reducing litter in the ACT, the scheme's design has also enabled clean streams of high-quality recycled materials to be collected that are in high demand in global commodity markets.
- By providing a financial incentive for the people of ACT to hold on to or pick up litter, the scheme helps divert drink containers from ending up in landfill.
- In the current global environment, there is a growing demand for clean streams of recyclable materials (in domestic and offshore markets), for re-use or recycling into quality products. The ACT CDS has played a vital role in being able to turn waste into a valuable tradeable commodity.
- ACT CDS containers are a valuable commodity benefiting a number of industries. These clean material streams help produce products that avoid or offset the need to use virgin resources.

² KAB CDS Container in the ACT Litter Stream Report July 2019

³ 168.3 million containers were supplied into ACT of which 24.2 million were exported resulting in a net of 144.1 million containers remaining in the ACT for consumption and disposal.

⁴ Redemption rate is based on the aggregate audited number of containers refunded at return points by the network operator, and claims made by material recovery facility operators against the total number of containers supplied.

⁵ Based on the February 2019 survey of ACT residents conducted by Instinct and Reason.



HOW THE SCHEME WORKS

The ACT Container Deposit Scheme recognises that the beverage industry shares with the community a responsibility to reduce and deal with waste generated by beverage product packaging.

Funding the scheme

First suppliers⁶ of beverages in ACT are required to pay contributions, funding the management, administration and operation of the scheme. As part of the scheme's operational costs, consumers receive a 10c refund as an incentive to return eligible drink containers at return points across the Territory.

Consumer participation

Consumers can participate in the scheme by collecting eligible containers, taking them to a return point, then getting a 10c refund or making a donation.

If consumers choose to put eligible containers in their kerbside recycling, the material recovery facility can make a claim for the 10c refund through the scheme.

Participation in the scheme involves three easy steps:



1.

Collect eligible bottles and cans.



2.

Take your containers to a return point.



3.

Earn a refund or make a donation.

⁶ A first supplier is a business that makes the first supply of eligible beverage containers into ACT.



Roles of the organisations behind the scheme



Exchange for Change

Exchange for Change is the scheme coordinator of the ACT CDS. It is responsible for managing the scheme's finances, collecting contributions from beverage suppliers, and distributing the money to the network operator and other scheme participants.

It is also in charge of managing the risk of fraud in the scheme and educating the community.

Exchange for Change is a joint venture of five of Australia's beverage companies: Asahi Beverages, Carlton & United Breweries, Coca-Cola Amatil, Coopers Brewery and Lion. Together, these companies have more than 40 years of experience managing container refund programs in Australia.



ACT
Government

ACT Government

As the scheme regulator, the ACT Government is responsible for regulating the scheme. This includes designing and developing the scheme and managing the obligations and performance of contracts with the scheme coordinator and network operator, as well as various associated deeds.



Return-It

The network operator Return-It manages the network of return points, logistics and delivery of returned containers for re-use or recycling.

Other participants

First suppliers

A supplier is any business selling beverages in containers or giving them away as part of a promotion. It can be a manufacturer, distributor, wholesaler or retailer. If a business is a 'first supplier', it must enter into a supply agreement with Exchange for Change and ensure eligible containers that it supplies in ACT have a valid container approval in place.

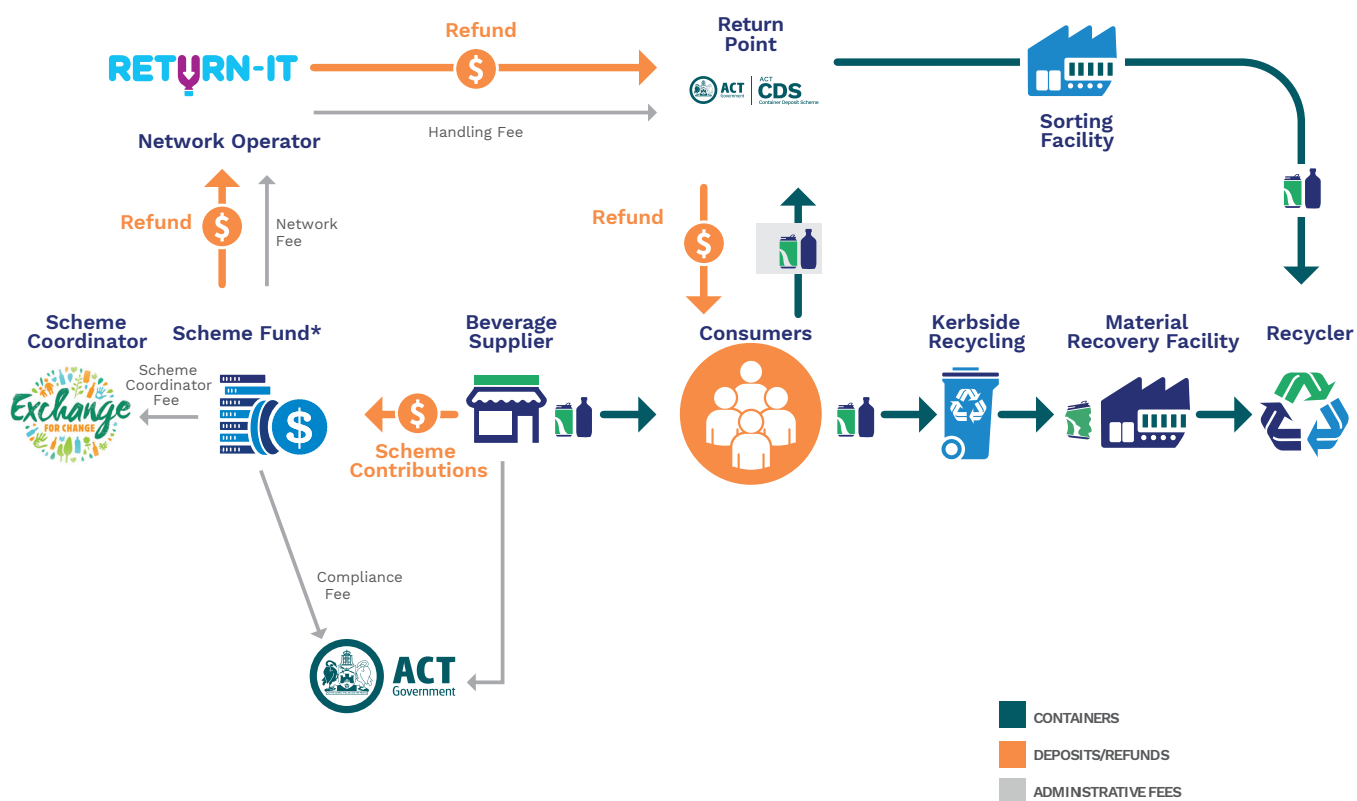
First suppliers fund ACT CDS by financially contributing to the scheme in proportion to their share of the number of containers supplied into ACT.

Material recovery facility operator

The material recovery facility operator registered with the ACT can claim processing refunds for eligible containers collected through kerbside recycling bins.



The scheme architecture



*Managed by the Scheme Coordinator



PRIORITY 1: Establish and manage a cost-effective container deposit scheme





The ACT CDS is based on recognising that the beverage industry shares a responsibility with the community to reduce and deal with waste generated by beverage product packaging.

First suppliers of beverages into the ACT are responsible for paying contributions to cover the actual cost of the scheme, which includes the cost of managing, administering and operating the ACT CDS.

They do so by making monthly payments to Exchange for Change as the scheme coordinator. Any excess funds collected are used to offset costs, to keep the costs of the scheme low. Contributions are based on a supplier's share of the number of containers supplied into the ACT.

Exchange for Change had facilitated 184 supply arrangements with first suppliers by 30 June 2018. As of 30 June 2019, 261 suppliers had contributed net \$10 million to the scheme.

The scheme was designed to be self-sufficient. It applies an advanced contribution model to ensure liquidity, so return points, administration services and 10c refunds were available when the scheme launched.

Under this model, suppliers are invoiced based on a forecast price⁷ and supply volume.

In the first quarter of 2018 lower than anticipated redemption through return points meant the scheme raised more revenue than was required to meet its operating costs.

After monthly reconciliation to actual costs of the scheme, unused funds were offset against each supplier's next invoice in proportion to their actual supply volumes.

A number of factors determine supplier pricing for each container type, including:

- the network operator's charges per container and material type;

- the volume of returned containers by material type;
- the volume of supplied containers by material type;
- the proportion of returns made through the network operator and returns made through the material recovery facility operator via kerbside council collections.

Scheme costs

The annual scheme cost include:

- Material recovery facility refunds – the processing amount (10c, including GST) payable to material recovery operators for each container collected through kerbside recycling.
- Scheme refunds – the refund (10c, including GST) paid to the network operator, to be passed on to consumers for each returned container.
- Network operator fees – the amount paid to the network operator per container collected, based on the material type.
- Scheme coordinator fees – the fixed administration fee payable to the scheme coordinator.

Other costs

- Scheme factor audit – The amount payable for the material recovery facility and Kerbside Sampling Audits.
- Scheme compliance fees – the amount payable to the ACT Government to cover compliance costs.
- Regulatory costs – Fees payable to the Independent Competition & Regulatory Commission for beverage price monitoring.

⁷ Forecast price is determined by the scheme coordinator and is based on the estimated cost of the scheme for the relevant month, divided by the forecast number of containers expected to be supplied by each supplier and by container type.



ACT Container Deposit Scheme accounts

The following table breaks down the scheme contributions and costs for 2018-19.

ACT Container Deposit Scheme Statement of profit or loss For the period from 1 July 2018 to 30 June 2019	
Revenue	1 July 2018 to 30 June 2019
In AUD	
Scheme Contribution	9,536,038
Finance Income	
— Bank Interests	31,661
Total finance income	31,661
Other income	461,138
Total revenue	10,028,837
Expenses	
— Material Recycling Facilities refund	2,557,915
— Scheme refund (Container deposits)	2,482,080
— Network operator fees	2,211,533
— Scheme co-ordinator fee	1,610,000
— Other scheme costs	1,167,309
Total other expenses	10,028,837
Profit for the period	—

- The financial statements are general purpose – reduced disclosure financial statements that have been prepared are in accordance with the Australian Accounting Standards and other mandatory professional requirements in Australia.
- Exchange for Change achieved a collection rate of 99.99%. As at 30 June 2019, there was a total of \$24k outstanding.
- All payments to the MRF operator have been made in full compliance with the scheme documentation, legislation and ACT Container Deposit Scheme Processing Refund Protocol.
- There was one performance failure notified by the Scheme Coordinator that related to a late payment of the weekly claim to the Network Operator due to a lack of definition between business days and calendar days.



PRIORITY 2: Establish and optimise a network of return points





Return Points

There were a total of 23 return points subject to a collection point arrangement with a total of 21 in operation as at 30 June 2019⁸.

6 x Express Pods

The Network Operator introduced an Express Pod at as a trial from April 2019 at the Gungahlin Recycling Drop-Off Centre, seeking to improve access for consumers. Express pods are self-serve return points in shipping containers, which are suitable for small volume drop-offs in bags.

Based on the success of the trial, the Network Operator has committed to installing more Pods across the Territory in the future.

12 x Express Points

Placed at charity and convenient in-store locations, Express Points are a fast and convenient option for returning less than 500 containers at a time.

As part of the Network operator's ongoing efforts to optimise the return point network, new Express Points were rolled out in the second half of the year including Anglicare Jamison and Phillip - March, ACT Basketball - April, and IGA Evatt and Farrer in June.

Early indications show that the proximity to Bulk depots has impacted redemption volumes at some Express Points.

3 Bulk Depots

Catering for all volumes of containers, depots are designed for easy and efficient container sorting. Containers can be sorted by material type for an instant cash refund.

Cash-back depots accept larger quantities of containers and offer refunds as cash, electronic refund, or you can donate to one of several charities associated with the return point.



Express Pods

Self-service and open 7am to 7pm, seven days a week.

Ideal for: A smaller number of bags of drink containers.

Refund types:

✓ Electronic refund

Donations:

✓ Yes



Express Points

Self-service and staffed. Open during business hours and weekends.

Ideal for: Four to five bags of drink containers at a time.

Refund types:

✓ Electronic refund

Donations:

✓ Yes



Bulk Depots

Staffed and offers additional services. Open during business hours and weekends.

Ideal for: Larger quantities of drink containers.

Refund types:

✓ Cash
✓ Electronic refund

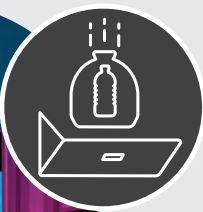
Donations:

✓ Yes

⁸ collection point arrangements were approved for a further two sites. One had not yet opened (RSPCA) and the other, Anglicare Fyshwick was only operational for a short period of time.



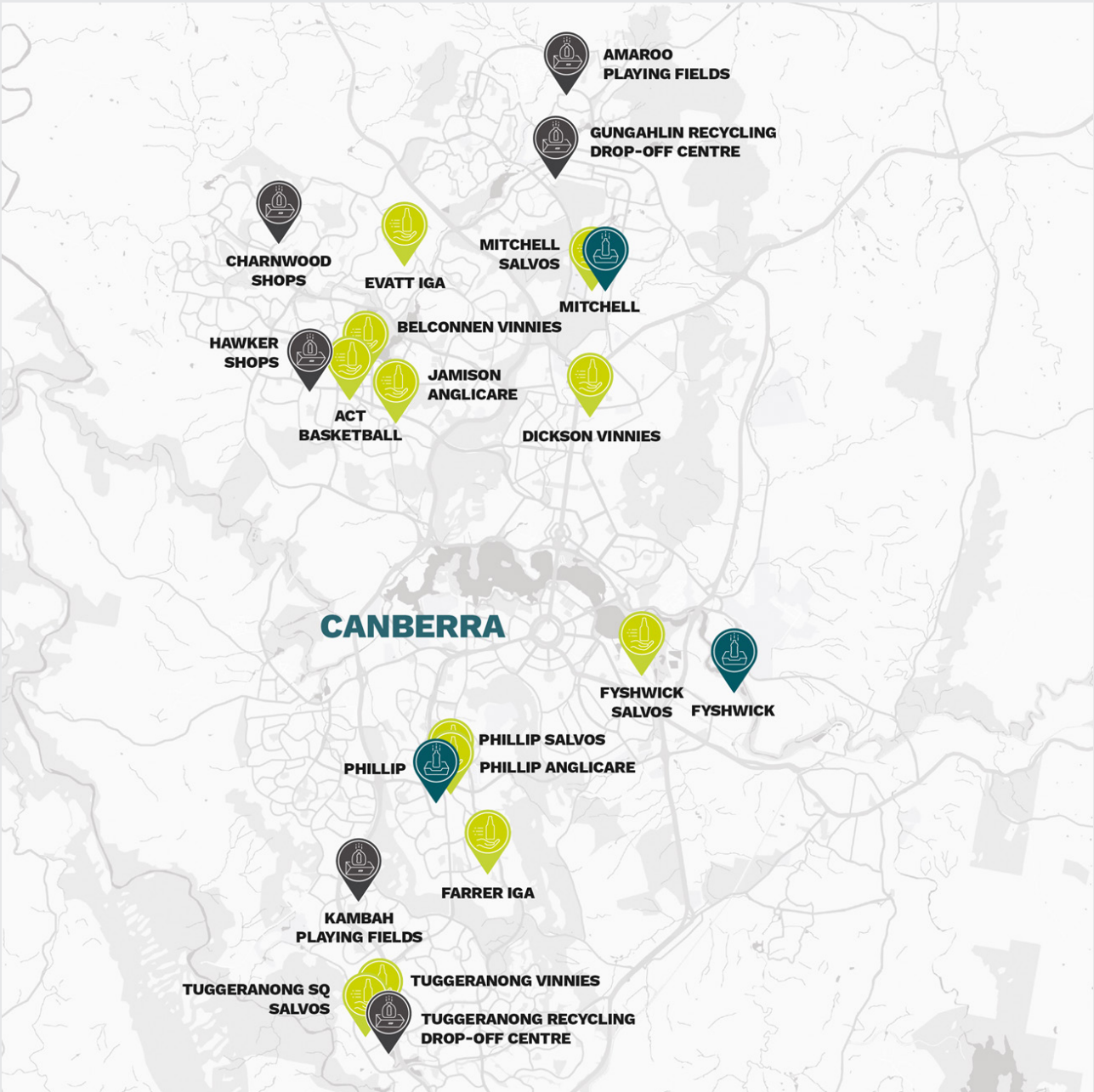
6 x Express Pods



12 x Express Points



3 x Bulk Depots





Container return trends and analysis⁹

There were 144.1 million eligible containers supplied into the ACT from 30 June 2018 to 30 June 2019. As the following table highlights, the most common containers supplied were aluminium, PET and glass. Together, they made up 89.5 per cent of the containers supplied.

Supplier volumes (actuals)

Container Material Type	Supplier Volumes (Actuals)		Total Scheme Containers Collected	
	Total	% volume share	Total	% rate of redemption
Aluminium	45,947,266	31.88%	28,598,281	19.84%
Glass	37,748,554	26.19%	21,505,097	14.92%
HDPE	6,348,435	4.40%	1,489,945	1.03%
PET	45,302,094	31.43%	20,420,546	14.17%
Liquid paperboard	8,600,608	5.97%	548,600	0.38%
Steel	94,460	0.07%	15,197	0.01%
Other plastics	48,278	0.03%	-	0.00%
Other materials	34,972	0.02%	1,946	0.00%
Total	144,124,667		72,579,612	50.36%

The scheme collected a total of 72.6 million eligible containers between 30 June 2018 and 30 June 2019. This number comprises the aggregate audited number of containers returned in exchange for refund amounts paid, including 27.3 million at return points by the network operator, and 45.3 million by the MRF operator through kerbside collection. It represents an average redemption rate of 50.4 per cent.

⁹ Reported information relating to supplier volumes and container redemption is based on 1 August 2019 invoice data to include the June monthly adjustment and export volumes claimed under the ACT CDS Export Protocol.



Network operator trends

Network operator containers collected

Container Material Type	Total	% rate of redemption
Aluminium	14,307,921	9.93%
Glass	6,517,499	4.52%
HDPE	298,958	0.21%
PET	5,612,752	3.89%
Liquid paperboard	548,600	0.38%
Steel	15,197	0.01%
Other plastics	-	0.00%
Other materials	1,946	0.00%
Total	27,302,873	18.94%

Of the 27.3 million containers returned via the network operator, the most common material types were aluminium (14.3 million), glass (6.5 million) and PET (5.6 million).

The method of sorting and processing through the network has enabled clean streams of high-quality and low contaminated materials to be collected for reuse or recycling, meeting demand in global commodity markets.

Network operator collection trends

- There has been consistent growth in the monthly redemption rate in line with the expansion of the return point network in the Territory. A spike in redemptions was experienced in February that was found to be within the bounds of scheme rules.
- The Network Operator had signed agreements for 21 return points which were all operational as at end of June 2019.



Material recovery facility trends

Containers collected

Container Material Type	Total	% rate of redemption
Aluminium	14,290,360	9.92%
Glass	14,987,598	10.40%
HDPE	1,190,986	0.83%
PET	14,807,795	10.27%
Liquid paperboard	-	0.00%
Steel	-	0.00%
Other plastics	-	0.00%
Other materials	-	0.00%
Total	45,276,739	31.41%

The ability for the material recovery facility to claim material types is determined by the approval of the Waste Manager through the operation of the Processing Refund Protocol. During 2018-19, five streams were eligible to be claimed: aluminium, PET, glass, HDPE and mixed plastic.

Mixed plastics is a material recovery facility product that contains a mixture of plastic types including PET and HDPE. To enable a direct comparison between supplied material types and returned material types, the mixed plastics volumes claimed by the ACT material recovery facility have been converted into the individual material types and included in the relevant totals for PET and HDPE.

Of the 45.3 million containers returned through the material recovery facility, the most common material type was glass (15.0 million), followed by PET (14.8 million) and aluminium (14.3 million).

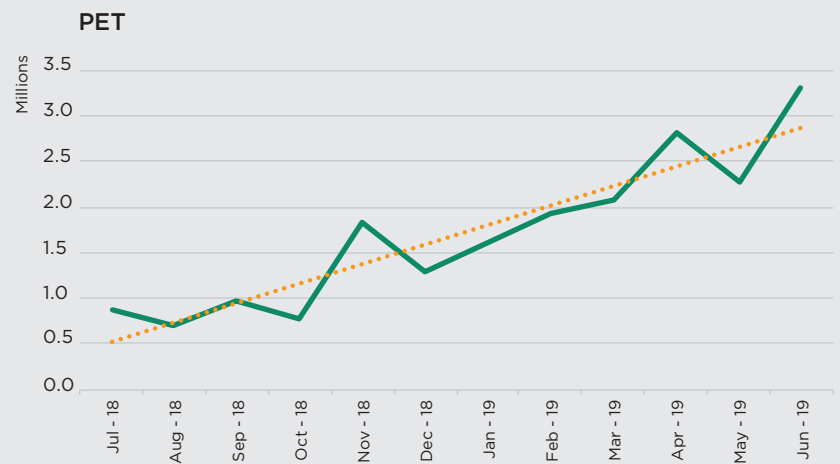
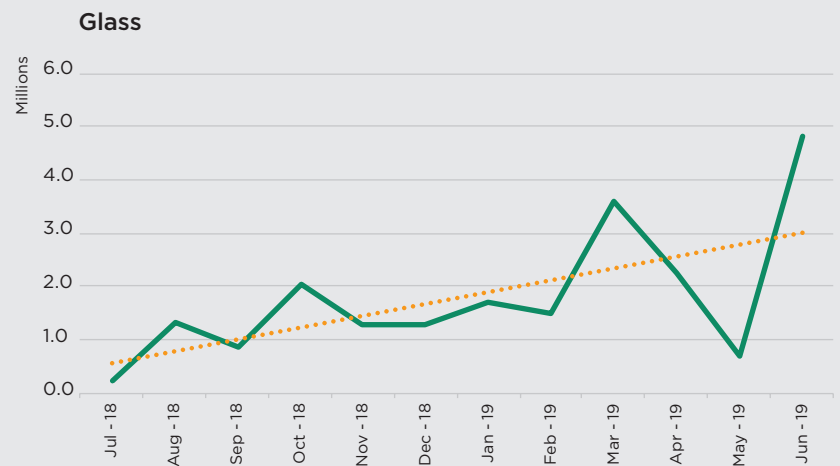
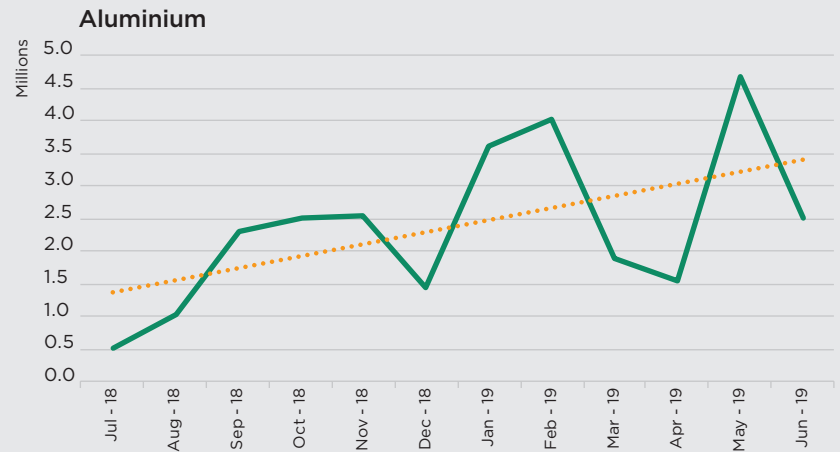
Most containers returned through kerbside collections are bulked up with other items of the same material type for reuse or recycling. These products are typically sold by weight. To determine how many containers are embodied in each tonne of material recycled by the material recovery facility, conversion factors are published each quarter based on an extensive, independent sampling regime undertaken in the ACT material recovery facility and from kerbside samples to determine the eligible glass factor.

The total number of containers for which refund amounts have been paid to the MRF was 28,137,074. This is due to the timing of the quarterly claims made which are up until March 2019. June quarter claims are not settled until verified.



Redemption trends by top three material types

- These charts show the combined redemption volumes recovered through return points and from kerbside recycling processed by the material recovery facility.
- To be eligible for payment, the material recovery facility must deliver the containers it recovers for reuse or recycling. Materials recovered are tradeable commodities. Volumes of materials may be held at the facility to optimise trading outcomes, which is reflected in the volatility of claims for aluminium and glass. Behaviour for PET claims are much more consistent and in line with market demand for this material type.





PRIORITY 3: Ensure effective governance to mitigate and manage risks





Governance framework

Establishing a strong and robust governance framework is integral to the success of, and confidence in, the ACT CDS. Effective governance activities minimise fraud and other scheme risks. Identifying potential fraud risks and implementing processes to minimise fraud are core functions of the scheme coordinator.

In delivering its contractual services, the scheme coordinator must consider and make provisions for:

- a risk-based audit program for minimising fraud
- the health and safety of scheme participants and customers
- environmental management
- data confidentiality.

A risk-based audit program for fraud minimisation

The scheme has an audit program that contributes significantly to its governance and risk management. The program ensures that each participant in the scheme is monitored for compliance with relevant legislation and scheme rules. This is done by tracking the life cycle of an eligible container from supply to delivery to a recycler.

As beverages are supplied into the ACT, eligible containers travel through a life cycle starting with the consumption of the beverage. The container is then returned through a return point or kerbside collection, so that the network operator or material recovery facility can process and deliver to a recycler.



32
supplier
audits



30
return point
audits



approximately
61 million
containers were subject
to review



Audit objectives

SUPPLIERS

- Validate reported container supply against actual transactional records
- Risk based sampling of suppliers

RETURN POINTS

EXPRESS POD

- Customer experience is based on correct location, opening hours, pod is operational and safe, general amenity and branding.
- Audits conducted against a compliance checklist for consistency.

EXPRESS POINT

- Customer experience audit reviews access as advertised (location and opening hours) and general amenity.
- Containers securely stored until picked up by the network operator.
- Container eligibility testing to ensure refunds not paid on ineligible containers.
- Refund testing reviews registered redemptions.
- Audits conducted against a compliance checklist for consistency.

CASH-BACK DEPOT

- Validates the source of containers.
- Customer experience audit reviews access as advertised (location and opening hours) and general amenity.
- Accuracy of redemptions checked through high-volume counting machines.
- Containers securely stored until picked up by the network operator
- Declaration testing conducted for claims greater than 1,500.
- Container eligibility testing ensures refunds are not paid on ineligible containers.
- Refund testing reviews registered redemptions.
- Audits conducted against a compliance checklist for consistency.

NETWORK OPERATOR

- Review systems and procedures that govern how the network operator performs its role.
- Determine data accuracy of reported collection volumes.
- Appropriate management of containers to ensure they are recycled.
- Customer complaints and return point non compliance is addressed.

KERBSIDE COLLECTIONS AND MATERIAL RECOVERY FACILITY SAMPLING

- Determine number of containers per tonne of recycled material to calculate payment to material recovery facility operators.
- Conduct statistical sampling.

MATERIAL RECOVERY FACILITY

- Audit accuracy of declared data.
- Review processes and procedures to ensure compliance with appropriate protocol.



First suppliers

Exchange for Change outsources supplier auditing to independent specialist financial PKF auditors. This ensures beverage container supplier audits are conducted impartially and completely independently of Exchange for Change and its shareholders.

Exchange for Change met its contractual audit requirements having completed 32 supplier audits, including four audits of Exchange for Change shareholder companies, were conducted during the financial year.

A total of 60,569,949 containers were subject to audit, amongst the thirty two sampled 1st Suppliers into ACT.¹⁰

The audit results to 30 June 2019 revealed several issues due to errors in beverage suppliers self-reporting data including:

- A total of 482,364 containers were found to be understated amongst the sampled 32 suppliers. Suppliers made adjustments following audits to ensure fees were correctly calculated.
- The average understated volume was 37,105 containers. The largest understated volume was 281,183 containers.
- The largest understated variance was 16.7 per cent (although this only equated to 220 actual containers, by a small supplier).

The main reasons for deviations included:

- incorrect application of single unit (one case of 24, reported as one, rather than 24 containers);
- misinterpretation of the first supplier definition applied to some sales by one supplier;
- data entry errors in transactions and portal data entry.

Numerous suppliers overstated their volumes in the first quarter. This was due to the ACT CDS supplier portal data being initially pre-populated based on an assumed percentage of supply compared to NSW. Numerous suppliers failed to review and amend this commencement figure, resulting in overstatements being identified during the initial audits. This was corrected and adjustments were made over time in collaboration with the suppliers of the scheme.

Return points

Return points provide a key customer interface for the scheme. They must operate effectively to meet customer expectations in a safe environment. To achieve this, audits are conducted to ensure the availability, suitability and safety of return points.

Thirty audits of return points have been completed as of 30. Exchange for Change exceeded its contractual audit requirements having completed 4 audits per quarter.

Return point audits are sampled across all return point types. The audits take a “mystery shopper” approach which includes dropping off a bag of containers to verify the count accuracy and time to receive a credit into the account.

The audits have been valuable in revealing potential weaknesses for improvement, including:

- security of dropped bags;
- reliability of point of return systems and support manual back up processes;
- timeliness of payments;
- depot operator understanding of “eligible” versus “registered” containers, for accurate redemption and counting.

¹⁰ Pre-scheme volumes were included in the audit to validate figures used for supplier forecast volumes.



Network operator

Network operator audits are an opportunity to review operational activities objectively while the network operator works closely with the scheme coordinator to ensure the success of the ACT CDS. This includes a review of return point audit results to discuss risks and possible mitigation. The scheme coordinator identified no incidents of proven false claims.

The monthly audit helps improve the accuracy and scope of reported data on processed volumes and return points, including the verification and validation of financial transactions covering scanned containers. The network operator regularly demonstrates methodologies for calculating claims through the scheme and management of donation payments by reproducing reports to validate outputs.

Exchange for Change met its contractual audit requirements having completed 3 audits per quarter.

Material recovery facility

Due to the high volumes of containers processed through the material recovery facility, the risk and consequence of error are significant. As of 30 June 2019, the material recovery facility operator had been audited seven times although Exchange for Change has maintained an ongoing dialogue with the facility representatives throughout the first year of the CDS in order to ensure correct interpretation and compliance with the ACT Material Recovery Facility Processing Refund Protocol and providing an auditable system of material throughput.

The material recovery facility was challenged with several operational reliability and safety issues during which time the management of co-mingled and network material was at an elevated risk. Excess materials (including network operator containers) were transported to the nearby Mugga Lane Waste Management Facility for temporary

storage. The movement in and out of the facility needed to be validated to ensure total tonnages were accounted for.

The Processing Refund Protocol (approved and issued via the ACT Territory Waste Manager) sets out minimum expectations to enable the operator to claim through the ACT CDS. Requirements include the physical management of comingled (yellow bin) material from ACT and surrounding NSW councils, and network operator material that has previously been processed and claimed through either the ACT or another state CDS such as NSW. Records must be maintained by the operator to reflect each tonne of material being received, processed and delivered for reuse or recycling. Every stage of the process (physical material and records) is audited and validated.

The operator responded well to initial concerns with managing network operator materials received so that it is prevented from being counted/claimed twice. Other issues regarding record keeping have been addressed as they were identified.

A total of ten documented Non-Compliance Notices were issued between July 2018 and June 2019.

All but one non-compliance notice were closed out during the reporting period. One remains open and Exchange for Change is working closely with the material recovery facility to resolve.

Scheme coordinator

The scheme coordinator reported no performance failures

An independent scheme audit firm, PKF was appointed at scheme commencement, responsible for monitoring the compliance and effectiveness of the Exchange for Change audit program.

PKF reports directly to the ACT Government on the effectiveness of the Exchange for Change audit program, as an added level of governance and assurance to the Territory.



Health and safety

Exchange for Change places safety of their employees, contractors, scheme participants and customers before any other objective. Exchange for Change is independently certified to ISO45001 and maintains a documented safety management system accordingly. Customer safety at return points is reviewed during each site's audit. The auditor reports any actual or potential risks or concerns to the network operator and the ACT Government.

Each audit activity is assessed for safety risks. Controls have been applied to minimise or eliminate safety risks during scheme audits. Exchange for Change auditors and any contracted services are required to apply appropriate health and safety precautions such as a pre-start check and use of appropriate PPE.

Each employee or contractor is required to complete the Exchange for Change safety induction before doing any work on behalf of the scheme coordinator.

There were no safety incidents including personal injury or damage to property during the first twelve months of the scheme.

Environmental management

Audit and verification activities monitor the path of containers through a series of physical audits, reports and records, from the network operator and the material recovery facility operator. This ensures governance over end-of-life practices. Non-compliance at any scale (for example, containers going into landfill instead of being recycled), is cause for investigation and potential prosecution.

There were no reportable environmental management issues to report.

Confidentiality of data

Exchange for Change manages confidential data regarding the volume supply of more than 300 first suppliers of beverages into the ACT. It recognises the importance of the confidentiality of such data and other information that it handles in its day-to-day management of the scheme.

Controls and measures introduced include:

- Only reporting aggregated scheme data to the Exchange for Change board, to protect the confidential nature of individual supplier commercial data;
- Implementing rigorous IT and security procedures, including the planning and development for ongoing independent security and compliance auditing; and
- Completion of two independent IT security audits during the year, with no high or critical issues, with two low and three medium issues resolved pending closure by end of June 2019.



PRIORITY 4: Raise awareness and champion community participation and advocacy





Promoting the scheme

During the first year of the scheme’s operation, the primary focus for marketing activities was to raise awareness and educate the people in ACT about the scheme and how to participate.

Advertising activities ran across print, digital, radio and social media channels throughout 2018-19. The campaign was supported by a public relations campaign to inspire people to participate.

In line with the roll out of the network, improved access translated to strong awareness of the scheme among people aged 18 years and over at 87%.

Customer experience research undertaken in February 2019, highlighted a decline in customer experience largely driven by lack of convenience and knowledge and

understanding of return point staff. The Network Operator pro-actively responded to this feedback and implemented convenient in-store locations and the trial of an express pod.

Key communication channels were developed by Exchange for Change including the ACT CDS website to help create a better understanding of how and where consumers can take part in the scheme and to promote opportunities for community involvement.

The ACT CDS Facebook page was also developed to connect, engage and promote community champions.

EFC met or exceeded all of its key performance indicators in accordance with the Public Education, Marketing and Communication plan and as outlined below.

Our success depends on our ability to engage and better understand our customer needs and expectations. We are focused on creating a positive customer experience first time, every time.

Key drivers for participation

Pro-social motivators played a key role in the scheme’s success with 82 per cent of scheme users indicating ‘it was the best way to reduce the amount of litter and get more containers recycled’.



87%

**Awareness
of the ACT CDS**



86%

**Net knowledge
of the scheme**



71%

**Net support
for the ACT CDS**



Community engagement

Exchange for Change has proactively engaged with the ACT community to source and promote good news stories of residents successfully participating in the ACT Container Deposit Scheme. The stories have featured young students and entrepreneurs as well as community groups and business initiatives.

The stories that have generated the most positive online community response and helped increase scheme participation include James Jayatilaka, recipient of the 2019 Young Canberra Citizen of the Year Award - Environment and Sustainability, and the new Give A Can recycling initiative by The Green Shed and OzHarvest Canberra.



January and April 2019 - Young recycling trailblazer wins 2019 Young Canberra Citizen of the Year Award

On Friday 12 April 2019, James Jayatilaka won the 2019 Young Canberra Citizen of the Year Award – Environment and Sustainability for his recycling business, Cans in Crates. This was a tremendous achievement for the 13-year-old school leader, young entrepreneur and ACT Container Deposit Scheme participant. We first met James at the start of 2019 and heard about Cans in Crates. Riding his bike fitted with a home-made trailer, James collects recyclable beverage containers from across his neighbourhood, including the local nursing home.



March 2019 - Sharing Places started small, but is driving a grand recycling effort

Sharing Places is a not-for-profit NGO providing day programs for adults with a disability. Its mission is to provide opportunities and support to people with a disability. This will enable them to achieve their own goals and aspirations, improve their wellbeing and reach their full potential. The Belconnen support teams at Sharing Places jumped on board the ACT CDS in July 2018 and started collecting cans and bottles from staff, participants, parents and friends.



December 2018 - Harrison School making a big impact

Students at Harrison School have been incorporating what they have been learning in business studies and economics into real-life problem-solving and the ACT Container Deposit Scheme has been key to their plans. The students initially conducted a three-day pilot where they collected and returned drink containers and then extended it across term 4. The students then returned the containers to the Fyshwick bulk depot and collected almost \$300. Over the period of the program, the students had collected over 2000 containers.

Empowering people with a disability

Matthew, Tina and Dave are employed by LEAD, an NDIS registered organisation that works with local businesses and government to provide employment opportunities to people with a disability. The ACT Container Deposit Scheme is one of those opportunities.

Matthew loves his new role at the Fyshwick depot. 'I like working with disability people from the LEAD office. It's a very good job – helping people.'

Dave likes the social interaction and the sense of purpose his role provides, and that the recycling scheme promotes work opportunities.

The staff provide daily support by counting and sorting the containers, then tipping them into the

correct bulker bags. When it's busy they also help out the front, meeting and interacting with members of the ACT community who are dropping off their recyclables.

Garett, the Return-It Manager at Fyshwick, says it's a rewarding process for everybody: the LEAD employees, the Return-It staff and the community. 'Oh, we love having them here. They brighten up our days – it's lovely being able to work with people, and make them so happy as well, because you can see how much they're getting [out of it]. And also people that come in off the street [customers/recyclers] they love having that interaction as well. They just help us so much – it's great to have them here.'

When asked what she enjoys most about working in the Bulk Depot, Tina responded 'Everything!'





Looking ahead

Looking ahead to 2019-2020, Exchange for Change will continue to work with its partners to make enhancements where needed and look for new ways to achieve our goals.

Work is well underway on improving supplier engagement with Exchange for Change through a number of initiatives including a major review of the payments model, with the intention to address the key issues experienced by Suppliers. The objective will be to reduce price volatility to provide greater certainty and importantly reduce the administrative burden.

We have also placed a lot of emphasis in 2019 on research. Information gathered from audits and customer surveys gives us a tremendous amount of valuable information. This data will allow Exchange for Change to make informed decisions on programs and policies for the industry.

In the coming year, the network operator will also continue to explore ways to optimise the return point network by improving access with the roll out of new express pods to deliver a better customer experience.

These efforts will help to increase the return of drink containers enabling the collection of quality materials for reuse or recycling.

Exchange of Change will also continue to promote and raise awareness of the scheme and work with the network operator to increase participation levels across the Territory. Some of the key initiatives are:

- the execution of an advertising campaign that will focus on encouraging participation in the scheme
- implementing promotional activities that raise awareness and knowledge of new and existing return point locations
- seeking feedback from customers, and working with the network operator, to improve the return point experience for the customer
- engaging with key stakeholders such as suppliers, businesses, community groups and schools across the Territory about the scheme
- making improvements to the ACT CDS website and social media channels to educate people on the purpose of the scheme and to share success stories.

The Exchange for Change team look forward to delivering on these commitments and working with its partners, as well as its key stakeholders to ensure the continued success and growth of the scheme in the ACT.

Exchange for Change will continue to work with its partners to make enhancements where needed and look for new ways to achieve our goals.



ACT
Government

ACT
CDS
Container Deposit Scheme



Exchange for Change - ACT CDS Scheme Coordinator

1800 813 887

info@exchangeforchange.com.au

PO Box 3414 Rhodes, NSW 2138

ABN 12 620 512 469