

VicRecycle Claims (*italics*) and Boomerang Alliance Response

VicRecycle (the lobby group created and funded by Coca Cola and Lion Drinks) have made numerous false and misleading claims to Victorian charities and the public about their favoured model (based on Qld) for the container deposit scheme. They compare their proposed design to the Vic government's preferred "split responsibility" model (based on NSW). The following seeks to correct the record in an honest and transparent way, of the issues and opportunities for Victorian charities.

VR CLAIM: *QLD v NSW per capita returns show Qld better*

VR also compare just the first 18mths of both schemes while NSW is now over 3yrs old

BOOMERANG RESPONSE: MISLEADING

- VicRecycle have chosen to outline per capita returns as a demonstration of better scheme performance. However, per capita consumption of drinks in QLD is approximately 40% higher than in NSW. It is therefore obvious that per capita returns would be higher in QLD.
- The recycling rate in NSW - Q1 + Q2 2020 was 75%, reflecting the continued growth in the Scheme; Qld is 60%.
- Inappropriate to compare the first 18 months because NSW had only 4 months to rollout refund points before scheme start retarding returns, while Qld had 12 months. NSW has now caught up and exceeding Qld.

VR CLAIM: *NSW Scheme is a "for profit model", suggesting QLD is 'not for profit'*

BOOMERANG RESPONSE: FALSE AND MISLEADING

- Just like in NSW, the VicRecycle model is profit based – i.e. the collection network in both states is operated by private companies and charities that make profits; and as in QLD the NSW Scheme Coordinator is non-profit. In fact, the Qld scheme Coordinator makes a surplus based on overcharging consumers.
- NSW Container Deposit Scheme involves more charities, community groups and small businesses than any other Scheme in Australia, with around 300 separate small businesses and charities involved in the collection network.
- The NSW Network Operator, was appointed via an open tender process. Vic will also have an open tender process - there are several well qualified potential applicants and charities will be part of it.
- There is nothing in either model that prevents charities running fundraising events, and getting donated containers from the public.

VR CLAIM: *Will create more jobs than in NSW*

BOOMERANG RESPONSE: NOT VERIFIED

- The job projections are based on a secret study by VicRecycle which has not been released to allow review of its assumptions.
- The NSW Return and Earn scheme has directly created over 700 jobs in New South Wales, including Indigenous and disability employment opportunities, as well as jobs in community organisations and small businesses across NSW.
- The use of world-leading technology in collection, counting and sorting in NSW delivers greater convenience, efficiency and accountability as well as high-quality jobs.

VR CLAIM: *Less funds in NSW for Community Organisations*

BOOMERANG RESPONSE: FALSE AND MISLEADING

- Over \$18m generated to the benefit of community organisations and charities since NSW Scheme commencement. Check out the scheme Return & Earn FB and websites for multiple examples.

- Direct donations through Reverse Vending Machines (“RVMS”) are a valued fundraising stream for many community organisations, and particularly valuable for fast responses to urgent needs – e.g. communities affected by drought or bushfires.
- Donations specifically through RVM screen to date have totalled over \$1.2m benefitting over 480 community organisations. However, this is just one way for community groups to receive donations as many visit automated depots instead for cash refunds. Also a unique barcode system allows any registered charity to receive donations (EFT) from any RVM.
- Over \$17m paid to community organisations through donations and fee income for the operation of Collection Points.
- The minimal number of sort fractions and low administrative burden, and a planned network with assured territory, are further benefits that provides all Collection Point operators with a low-risk, stable operating environment.

VR CLAIM: *NSW is a higher cost scheme*

BOOMERANG RESPONSE: FALSE AND MISLEADING

- The independent Network Operator is a recycler and incentivised to reduce costs and maximise efficiencies through the achievement of higher return rates. Beverage producers are motivated to maximise profits and the simplest way to achieve this is to keep recycling rates as low as possible avoiding paying refunds and recycling fees.
- All publicly available information indicates that the NSW Scheme is more cost effective per container returned than QLD, despite significantly more Collection Points per capita in NSW.
- Comparison of latest Annual Reports respectively shows that the costs of the scheme per container collected were 6.99 cents in NSW vs 8.2 cents in QLD.
- NSW Independent Pricing and Regulatory Tribunal’s Report stated that the NSW scheme costs (incl. deposit) in its first year of operation were 9.3 cents (incl. GST) per container sold.
- The Queensland Productivity Commission reported that the average cost to suppliers in the Queensland scheme’s first year of operation was 11.2 cents (incl. GST) per container sold.

VR CLAIM: *The Network Operator runs the most profitable sites*

BOOMERANG RESPONSE: FALSE

- The Top 10 volume Collection Points in NSW are all run by community organisations or small businesses and not by the Network Operator.
- In fact, 17 of the top 20 volume sites across the Network are run by community organisations or small businesses.

VR CLAIM: *Handling fees are less in NSW*

BOOMERANG RESPONSE: MISLEADING

- The NSW fees stated by VicRecycle are incorrect, while the QLD handling fee is quoted inclusive of GST, making it appear higher
- Handling fees in NSW differ according to the service delivered and the complexity of operations. Small operators, refunding containers over the counter at existing retailers,

simply would not be able to operate within QLD's complex requirements (splitting material into nine types), so comparison of handling fees is irrelevant. Larger volume operators are paid a very similar handling fee to equivalent operators in QLD (approx. 2% lower).

- The main benefits of the NSW model are:
 - a) the simpler operations designed specifically to facilitate community, charity and small business involvement: in NSW, containers need only to be sorted into two fractions (instead of the nine required in Queensland), and administration is streamlined and automated (vs the cumbersome manual entry into prescribed points-of- sales in QLD).
 - b) identification, counting and sorting technology (incl maintenance and insurance) is provided to large operators for a small fee (based on throughput) covering the cost of this capital, which ensures system data accuracy and transparency, while reducing costs, boosting social enterprise profits, and also enabling upskilling of workers.

Further information:

https://d3n8a8pro7vhm.cloudfront.net/boomerangalliance/pages/4002/attachments/original/1602744531/WACDS_Standards_Compare_final1.pdf?1602744531

https://d3n8a8pro7vhm.cloudfront.net/boomerangalliance/pages/3970/attachments/original/1594945276/Queensland_CRS_paper_final_170720.pdf?1594945276

https://www.tec.org.au/qld_container_refund_scheme_needs_major_reform

https://www.exchangeforchange.com.au/_cache_51b2/content/6531970000008035.pdf

<https://www.ipart.nsw.gov.au/Home/Industries/Special-Reviews/Reviews/Container-Deposit-Scheme/Container-Deposit-Scheme-Monitoring/18-Jan-2019-Final-Report/Final-Report-NSW-Container-Deposit-Scheme-Monitoring-the-impacts-on-container-beverage-prices-and-competition-December-2018>

<https://qpc.blob.core.windows.net/wordpress/2019/02/Container-Refund-Scheme-final-report.pdf>



ACNC Registered Charity. ABN 33484952023.

53 environment NGOs

www.boomerangalliance.org.au

February 2021