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Monday, 4 July 2022

Australian Competition & Consumer Commission  
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Dear Commission

**APPLICATION FOR AUTHORISATION FOR PROPOSED CONDUCT:  
RECYCLE MY MATTRESS PRODUCT STEWARDSHIP SCHEME**

I refer to the application lodged by the Australian Bedding Stewardship Council (**ABSC**) on 23 May 2022 for authorisation to operate the Recycle My Mattress Product Stewardship Scheme (**Scheme**).

In response to that application, the following submissions have been lodged and published by the ACCC:

1. Submission by the St Vincent de Paul Society Victoria dated 9 June 2022 (**SVDP Submission**);
2. Submission by the Launceston City Mission dated 10 June 2022 (**City Mission Submission**).

The ABSC responds to the matters raised by each of those submissions below.

As a general overarching statement, the ABSC wants to work with charities and recognises that by the work done by charitable organisations such as SVDP and Launceston City Mission contributes to the aim of the Scheme to reduce the number of mattresses going to landfill. There is no intent by the ABSC, as a not-for-profit organisation itself, for the Scheme to penalise other not-for-profit and charitable organisations. The ABSC wants to support charities and their conduct which assists to divert end-of-life mattresses from landfill.

The ABSC acknowledges and thanks SVDP Victoria and City Mission for Their support of the overall scheme design and implementation of the proposed Product Stewardship Fee.

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## 1. **SVDP Submission**

1.1 SVDP has recommended that manufacturers and charities that assist the community with the supply of a mattress should be exempt from the Product Stewardship Fee if one of the following criteria are satisfied:

- (a) The mattress is constructed as a hybrid or recycled product, on the basis that the original mattress being reconstructed or refurbished has already attracted the Product Stewardship Fee; or
- (b) the mattress is given to a person or persons experiencing disadvantage, on the basis that to impose an additional cost on that person will directly impact the quantity that can be provided by a charity to people experiencing disadvantage.

1.2 In relation to an exemption for refurbished mattresses:

- (a) As a principle, the ABSC does not intend the Scheme to apply the Product Stewardship Fee twice in relation to the same mattress. In this regard, it is noted that it would be unlikely that there would be any mattresses being refurbished by organisations such as SVDP which have already had the Fee applied to it, unless such mattresses are 'comfort returns' or seconds.
- (b) The ABSC recognises the contribution refurbishing and re-using mattresses has towards the Scheme's goal of reducing the number of mattresses going to landfill. On this basis, it agrees in principle to the proposed exemption. However, due to the issues around hygiene and sanitation of re-used and refurbished mattresses, it is suggested that the Scheme develop an approval process to ensure that:
  - (i) any participant in the Scheme involved with refurbishment process be approved by the ABSC, to ensure from an industry perspective refurbishment practices are hygienic and safe; and
  - (ii) any organisation seeking an exemption on charitable grounds as proposed by the SVDP Submission would need to be on the basis that the refurbished mattresses being supplied to the disadvantaged were being refurbished by approved participants.
- (c) In relation to the proposed exemption where the mattress is being given to a person experiencing disadvantage, the ABSC agrees this would be appropriate, however, to ensure the integrity of the Scheme, the ABSC will work with charities to develop a process to ensure transparency in relation to how and on what basis mattresses are being supplied and the exemption being sought.
- (d) As any exemption for charities would be on a case-by-case basis, ABSC sees the participant application process as the mechanism for identifying those charities which would be eligible for exemption from the Product Stewardship Fee. The ABSC, through the application process, will facilitate the support of the conduct of charities and ensure such charities are not penalised by the Scheme.

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## 2. **City Mission Submission**

### 2.1 The City Mission Submission supports:

- (a) an exemption or rebate for manufacturers and charities that assist the community when the mattress is given to a person experiencing disadvantage. This is proposed on the basis that to impose a levy on these goods will directly impact the Charity and its ability to support families and individuals
- (b) a proportional levy on the wholesale or retail price, with appropriate charity exemptions. This is proposed on the basis that City Mission considers that a flat \$10 levy disproportionately impacts those who can only afford a cheaper mattress.

### 3. Consistent with its response to the SVDP Submission, the ABSC agrees that an exemption where the mattress is being given to a person experiencing disadvantage this would be appropriate. However, to ensure the integrity of the Scheme, the ABSC will work with charities to develop a process to ensure transparency in relation to how and on what basis mattresses are being supplied and the exemption being sought.

#### 3.1 In relation to the proportional levy, the ABSC's application of 23 May 2022 addresses in some detail the rationale behind the \$10 flat Product Stewardship Fee and the significant consultation undertaken to date to arrive at this proposed flat fee. In this regard, the ABSC emphasises again the following points:

- (a) The cost of recycling is not directly related to the price of a mattress nor the size of a mattress. In some cases, there is in fact an inverse relationship on purchase price versus the recycling cost. Factors impacting on this include the materials used in the mattress, production techniques and the method of recycling. As such, the Product Stewardship Fee does not cover the cost of recycling the mattress to which it is applied, but contributes to the cost of the overall solution to the problem with end of life mattress.
- (b) Retailers, including charity shops, are free to attribute the Product Stewardship Fee as they see fit across their range of products, as they would with other business costs. The Scheme does not mandate that the Product Stewardship Fee passed on the consumer is \$10 per mattress, just that the Fee paid to the manufacturer/importer is equal to \$10 a mattress.

#### 3.2 In relation to the proposed exemption where the mattress is being given to a person experiencing disadvantage, the ABSC agrees this would be appropriate, however, to ensure the integrity of the Scheme, the ABSC will work with charities to develop a process to ensure transparency in relation to how and on what basis mattresses are being supplied and the exemption being sought.

#### 3.3 As any exemption for charities would be on a case-by-case basis, ABSC sees the participant application process as the mechanism for identifying those charities which would be eligible for exemption from the Product Stewardship Fee. The ABSC, through the application process, will facilitate the support of the conduct of charities and ensure such charities are not penalised by the Scheme.

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Sincerely  
EMILY SHOEMARK



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