



7 August 2015

Mr Darrell Channing
Director – Adjudication Branch
Australian Competition and Consumer Commission
23 Marcus Clarke Street
CANBERRA ACT 2601

By email: adjudication@accc.gov.au

Dear Mr Channing,

A91504 – APMF & Ors - submission

Thank you for the opportunity to provide a submission in response to an application by the Australian Paint Manufacturers Federation (APMF), Paint Stewardship Limited and certain paint manufacturers and suppliers to apply a levy of up to \$0.15 per litre to architectural and design paints and woodcare products to fund a National Paint Product Stewardship Scheme.

The Plastics and Chemicals Industries Association (PACIA) is the peak industry association representing large and small companies across the chemicals supply chain. Our industry is the **second largest manufacturing sector** in Australia and **employs more than 60,000 people**, with every job also creating at least five more in related supply chains. The industry **contributes \$11.6 billion** to gross domestic product, and **supplies inputs to 112 of Australia's 114 industries**. PACIA members include several manufacturers of architectural and design paints.

PACIA's members are committed to safely and sustainably managing the impact of chemicals the industry's products. Many of our members are signatories to the Responsible Care® charter and transparently communicate their progress against its objectives.

PACIA supports the application for authorization to impose a levy on architectural and design paints and woodcare products. PACIA notes that these resources would be used to support a paint stewardship scheme to responsibly dispose of waste paint. PACIA expects that the public benefit from responsibly managed paint stewardship scheme will significantly outweigh the anti-competitive impact of the \$0.15/litre levy.

Expected benefits of the scheme will include:

- A nationally coordinated and coherent scheme for responsibly managing waste paint. Inconsistent approaches between councils areas and State and Territory governments mean that volumes for waste paint presented for responsible disposal are likely less than possible due to a lack of understanding and awareness of responsible disposal options.
- A well designed stewardship scheme and properly targeted levy should mean that users of architectural and decorative paints are charged the full costs of responsible disposal of paint products. This is preferable to arrangements where costs of responsible disposal are borne by the community as a whole.
- Effective stewardship schemes may reduce the chances of irresponsible and illegal dumping of paint products with potential additional risks to human health and natural environments.

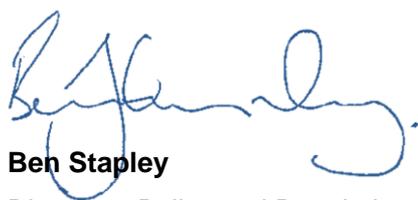
PACIA does recognise that imposing a \$0.15/litre levy will have a small, negative impact on consumers. However, PACIA considers that the magnitude of any impact will be very small, as:

- Even at its maximum proposed level, the levy will form only a small proportion of the overall wholesale and retail prices for architectural and decorative paint products. As a result any market impact is likely to be very small.
- Prices and costs of competitive paint products will continue to be set independently.
- PACIA has observed that stewardship schemes for other products often result in manufacturers or wholesalers absorbing either some or all of the levy cost to ensure that their product remains competitive in the marketplace. As a result, the actual impact upon consumers is likely to be significantly less than that assessed at the \$0.15/litre level.

PACIA's firm view is that the likely benefits of a nationally coordinated and comprehensive stewardship scheme funded by a small levy will significantly outweigh the small costs of that levy to consumers. As a result, PACIA supports the National Paint Product Stewardship Scheme and would welcome the ACCC granting an authorization to the applicants.

Should you have any questions in relation to the views expressed in this letter, please feel free to contact me on 03 9611 5411 or at bstapley@pacia.org.au.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Ben Stapley', with a stylized flourish at the end.

Ben Stapley

Director – Policy and Regulation