



for Clerk of the Parliaments

18/03/2025

## PRODUCT LIFECYCLE RESPONSIBILITY BILL 2025

### STATEMENT OF PUBLIC INTEREST

#### **Need: Why is the policy needed based on factual evidence and stakeholder input?**

The policy is needed to strengthen and expand NSW's legislative framework for mandatory product stewardship, allowing for comprehensive action to reduce the risk of battery fires.

Product stewardship is an environmental management approach to ensure that the person who supplies a product is responsible for minimising the potential harm of what they supply. Product stewardship targets the entire lifecycle of a product, from how it is designed and manufactured, to how it is used, disposed of, and recycled. This Bill allows regulations to be made to reduce the environmental impact every stage of a regulated product's lifecycle.

While this Bill can be used for any product in the first instance it is intended to first be used to mandate product stewardship for certain types of batteries. Battery fires are an escalating risk in NSW, driven by the growing number of lithium-ion batteries throughout the community. While these batteries have significant benefits, the risk of fires from badly designed, poorly handled or incorrectly disposed of lithium-ion batteries is growing. According to Fire and Rescue NSW, these batteries are the fastest growing fire risk in NSW with 324 incidents since 2024, including 33 injuries and 1,125 evacuations.

There are existing, voluntary product stewardship schemes under Commonwealth laws that apply to some types of batteries, like the B-cycle program for small, loose batteries. However, the collection rates are low due to the voluntary nature of the schemes, and they don't take many different classes of batteries, including the batteries embedded within products which are causing the most fires. To address battery fires and the ever-growing number of batteries, mandatory and more comprehensive product stewardship interventions are needed.

The Bill enhances existing product stewardship provisions in the *Plastic Reduction and Circular Economy Act 2021* (PRCE Act).

#### **Objectives: What is the policy's objective couched in terms of the public interest?**

By strengthening and expanding NSW's legislative framework for mandatory product stewardship, the Bill enhances our ability to reduce the potential harm from products throughout their lifecycle. The Bill establishes Product Stewardship Organisations (PSO) and has a requirement for brand owners to notify before they supply a regulated product into NSW. This ensures there is oversight for the regulator and PSOs of potentially dangerous products that are coming into NSW. The Bill

would enable regulations to be made to better manage batteries, supporting and building on existing product stewardship schemes. While it is initially intended to use the Bill to mandate battery product stewardship it could also be used for interventions for other products with potential for harm.

The objectives of the Bill in relation to batteries include:

- Supporting increased safe and convenient disposal options for batteries, helping to divert batteries from kerbside bins and reducing the risk of fires
- Creating a level playing field for businesses, ensuring there are no 'free riders' who benefit from, but don't participate in, product stewardship schemes
- Improving the design of batteries to make them safer, complementing recent work by NSW Fair Trading to establish lithium-ion battery design standards for e-mobility devices
- Supporting increased communications and behaviour change to drive increased safe battery disposal
- Increasing the amount of batteries available for recycling, incentivising investment in battery recycling capacity and supporting a circular economy.

#### **Options: What alternative policies and mechanisms were considered in advance of the Bill?**

As an alternative to introducing legislation, the EPA considered:

- Utilising existing product stewardship under the PRCE Act – there are existing powers under the PRCE Act.
- Government funded collection points - the EPA commenced a trial in September 2024 at 21 Community Recycling Centres to accept embedded battery devices.

While this trial provided more options for the community to safely dispose of problem waste, it is not feasible for government to fund a sufficiently large, scalable, safe, convenient and accessible collection network needed to account for the rapid growth in the number of batteries on the market.

#### **Analysis: What were the pros/cons and benefits/costs of each option considered?**

Utilising existing product stewardship provisions under the PRCE Act was not considered an appropriate response. The PRCE Act does not allow for the use of Product Stewardship Organisations, does not have the important safety powers of the Bill or the notification and reporting requirements in the Bill. The Bill is significantly more comprehensive in its requirements to protect the public.

The Bill would provide an expanded legislative framework for mandatory product stewardship in NSW. In the case of batteries, the benefits when a scheme is created include:

- Increased money in the system from producer contributions to prevent batteries being disposed of improperly

- Reduced battery fires from incorrectly disposed of batteries
- Increased safe options to dispose of batteries, helping to reduce the risk of battery fires from improper handling and disposal
- Increased capacity for public-facing communication campaigns about safe battery behaviours and disposal options
- Increased fairness by ensuring common requirements across brand owners, in contrast to the 'free riding' by some brand owners under voluntary schemes
- Increased volumes of batteries made available for recycling
- Appropriate regulatory oversight of product stewardship organisations and transparency for scheme participants.

The costs of this option may include the costs paid by brand owners to meet their product stewardship requirements, the costs of transporting and processing the extra batteries collected, and administrative costs related to complying with and reporting on requirements.

On the other hand, the benefits/costs of a government-funded option may include:

*Benefits:*

- Simpler administration of the product stewardship arrangements by maintaining Commonwealth voluntary schemes operated by established entities.
- Avoided administrative costs on brand owners.
- Use of established community recycling centre network.

*Costs:*

- Continued inequality amongst brand owners, with some doing the right thing and others remaining free riders.
- No incentives or encouragement for brand owners to improve the design, supply or end-of-life management of what they produce and supply.
- Significant financial impact on government to provide the comprehensive collection network – when brand owners should be responsible for the impact of their products – drawing funding away from other important matters.

**Pathway: What is the timetable and steps for the policy's rollout and who will administer it?**

The Bill will commence on a date to be proclaimed. Regulations may be made under the new Act, with timing of those Regulations to be considered after consultation. The Bill sets out that regulations must provide 12 months' notice before commencement. However, the Minister may dispense with this timeframe if the making of the regulation is in the public interest, or the matter is urgent.

**Consultation: Were the views of affected stakeholders sought and considered in making the policy?**

The EPA has engaged extensively with stakeholders on the contributing factors to battery fires, the current product stewardship arrangements for batteries, and opportunities for reform. This included during the preparation of a draft Regulatory Impact Statement in 2024, which was done in collaboration with the Victorian Government Department of Energy, Environment and Climate Action.

This engagement included:

- Operators and participants in existing product stewardship schemes
- The waste, resource recovery and recycling industry, including businesses that process batteries and electronic waste
- Brands that import and supply batteries (including battery-powered devices) into Australia
- Environmental advocacy groups
- Experts in product stewardship
- Other NSW Government Agencies including (but not limited to): NSW Fire and Rescue, NSW Fair Trading, NSW Police and Transport for NSW
- Representatives of Commonwealth, State and Territory Governments.