

NSW Circular Economy Policy Statement

Too Good To Waste

February 2019



NSW Circular Economy Policy Statement

Why NSW needs a Circular Economy Policy

The NSW Government has developed a Circular Economy Policy to deliver positive economic, social and environmental outcomes.

The circular economy is about changing the way we produce, assemble, sell and use products to minimise waste and to reduce our environmental impact. The circular economy can also be great for business; by maximising the use of our valuable resources, and by contributing to innovation, growth and job creation.

Moving to a circular economy will provide long-term economic, social, and environmental benefits for NSW. This transition will generate jobs, increase the robustness of the economy, increase the accessibility of goods, maximise the value of resources, and reduce waste.

The NSW Circular Economy Policy Statement

The NSW Circular Economy Policy Statement will help guide NSW Government decision making as we transition to a circular economy. It sets the ambition and approach for a circular economy in NSW, and provides principles to guide resource use and management.

The NSW Circular Economy Policy Statement:

- provides a common language and direction for a circular economy, through a definition and seven circular economy principles
- defines the NSW Government's role in implementing circular economy principles across the state
- provides clear principles that assist the NSW Government to embed circular economy principles in Government decision making, policies, strategies and programs
- outlines immediate next steps and sets focus areas to guide planning and implementation.

The NSW Circular Economy Policy Statement will provide a framework for implementing initiatives throughout the product life cycle, from design, manufacturing, and retail to end-of-life-disposal. These initiatives will promote long-lasting design, maintenance, repair, re-use, sharing, transforming products into services, remanufacturing, and recycling. The NSW Government will be an early adopter, implementing those opportunities where the benefits are clear.

What will happen next

- Embedding circular economy consideration in NSW Government decision making
- Incorporating circular economy principles in NSW Government policies and strategies
- Planning the transition to a circular economy

The planning phase will include setting specific actions, timing and directions to transition towards a circular economy. Embedding circular economy principles in NSW's 20-year Waste Strategy will also be a critical next step.

1. Circular Economy Definition and Principles

A key objective of the NSW Circular Economy Policy Statement is to provide a common language to frame the circular economy discussion in NSW.

NSW defines a circular economy as follows:

A circular economy values resources by keeping products and materials in use for as long as possible. Maximising the use and value of resources brings major economic, social and environmental benefits. It contributes to innovation, growth and job creation, while reducing our impact on the environment.

NSW will transition towards a circular economy by focusing on seven key principles:

- 1 Sustainable management of all resources
- 2 Valuing resource productivity
- 3 Design out waste and pollution
- 4 Maintain the value of products and materials
- 5 Innovate new solutions for resource efficiency
- 6 Create new circular economy jobs
- 7 Foster behaviour change through education and engagement

These principles will underpin NSW Government decision making and planning.

Principles	Description
1 Sustainable management of all resources	<ul style="list-style-type: none"> Using resources sustainably will provide for future generations. Replacing raw materials with recycled products will reduce demand for finite natural resources and minimise the environmental impacts from the extraction and processing of these raw materials.
2 Valuing resource productivity	<ul style="list-style-type: none"> Minimising the inefficient use of virgin materials. Recognising that resources have value throughout multiple cycles of use and re-use.
3 Design out waste and pollution	<ul style="list-style-type: none"> Innovating product design for longevity, re-use, remanufacture and resource recovery to make it easier for customers to share, repair or upgrade goods. Extending the lifespan of existing landfills and reducing demand for new landfills, which will reduce the emission of greenhouse gases and other pollutants. Increasing service offerings as well as increased remanufacture and repair activities to minimise the amount of resources used and avoid the generation of waste.
4 Maintain the value of products and materials	<ul style="list-style-type: none"> Increasing the reparability of products and the recyclability of materials will allow the preservation of value. Increasing access to goods through a focus on sharing, re-use and repair, with benefits for low-income households. Developing local markets for high quality post-consumer recycled materials, which keeps materials in use for longer, reduces dependency on international markets, including the impacts of commodity price fluctuations. Improving quality of collected materials and improving sorting of these materials so they are available for re-use.
5 Innovate new solutions for resource efficiency	<ul style="list-style-type: none"> Capturing value from recycling resources in new ways, including innovative business models and services across different sectors. Innovating technologies that increase resource efficiency and preference higher value re-use opportunities, leading to a range of benefits compared to the “take, make and dispose” status quo.
6 Create new circular economy jobs	<ul style="list-style-type: none"> Creating jobs in new manufacturing, service and resource recovery sectors associated with recycling, re-use, remanufacturing and increased service offerings. Encouraging repair and refurbishment, re-use and recycling and creating new skills and employment opportunities in these industries.
7 Foster behaviour change through education and engagement	<ul style="list-style-type: none"> Engaging with communities and businesses to communicate the benefits of a circular economy and how circular activities can be implemented at the local level.

2. The International, National and State Context

International Context

The world is in transition, and circular economy is gaining momentum amongst governments, businesses, and non-government organisations.

This growing international profile of the circular economy is due to its ability to deliver environmental benefits, increased resource efficiency, increased productivity and job creation. Similarities amongst countries with ambitious circular economy goals include strong recycling and waste management frameworks, often augmented by specific laws that deal with packaging and other materials.

Until recently, China was a large importer of recyclable materials from Australia, accepting more than 1.25 million tonnes of recycled material in 2016-17. In early 2018, China began enforcing its National Sword policy, which imposed strict contamination limits on the types of recycled materials that China will accept. Recyclable materials, including paper and cardboard, plastics and metals, are all impacted by this change. Because the Australian recycling industry is not currently set up to meet these contamination limits alternative markets have had to be found.

Sustainable Development Goals

In 2015, world leaders adopted the **2030 Agenda for Sustainable Development** and its **17 Sustainable Development Goals** at an historic UN summit.

A circular economy supports the delivery of several of these international Sustainable Development Goals by committing to sustainable consumption and production patterns. Sustainable development goals that link to the objectives of the NSW Circular Economy Policy Statement include:

- Goal 9 – Industry, Innovation and Infrastructure
 - Thinking of innovative new ways to repurpose old materials
- Goal 12 – Responsible production and consumption
 - Promoting resource and energy efficiency, reducing resource use and pollution along the whole life cycle.

National Context

Australia is not immune to the market challenges due to international changes.

A harmonized, national circular economy approach is needed to ensure a consistent and level playing field for industry and business.

National Waste Policy

The Commonwealth Government has updated the National Waste Policy: *Less Waste, More Resources 2018*, including the incorporation of circular economy principles.

The National Waste Policy provides five circular economy principles:

1. Avoid waste
2. Improve resource recovery
3. Increase use of recycled material and build demand and markets for recycled products
4. Better manage material flows to benefit human health, the environment and the economy
5. Improve information to support innovation, guide investment and enable informed customer decisions.

These five principles underpin waste management, recycling and resource recovery.

NSW's circular economy principles capture the intent of the National Waste Policy principles and go beyond waste management.

Product Stewardship

The Australian Government administers legislation for product stewardship and supports the Australian Packaging Covenant.

Product stewardship is a key enabler of a circular economy approach by providing an incentive to design products with reduced environmental and social impacts, and to facilitate re-use and recycling options.

State Context

The NSW Government is committed to protecting the state's strong history of recycling and is working with local councils and industry to respond to these challenges.

In March 2018, the NSW Government endorsed the development of a circular economy policy for NSW. This policy will build on NSW's strong track record in waste avoidance and resource recovery.

The NSW Circular Economy Policy will also form the basis for a 20-year Waste Strategy for NSW, to be led by the NSW Environment Protection Authority (EPA) in partnership with Infrastructure NSW. The Strategy will set a 20-year vision for reducing waste, driving sustainable recycling markets and identifying and improving the state and regional waste infrastructure network. We want to build a modern, smart recycling industry, that is resilient to external shocks and delivers consistent, high quality customer service.

Premier's Priorities

The objectives of the NSW Circular Economy Policy Statement would also support progress for the following Premier's Priorities:

- Creating jobs – which includes supporting businesses, ensuring a skilled workforce, and supporting regional development
- Keeping our environment clean – reduce the volume of litter by 40% by 2020.

Government Resource Efficiency Policy

The aim of the NSW Government Resource Efficiency Policy (GREP) is to drive resource efficiency by NSW Government agencies, and to reduce the NSW Government's operating costs.

This policy looks to ensure NSW Government agencies:

- meet the challenge of rising costs for energy, water, clean air and waste management
- use purchasing power to drive down the cost of resource-efficient technologies and services
- show leadership by incorporating resource efficiency in decision making.

These objectives reflect the requirements of the NSW Circular Economy Policy Statement.

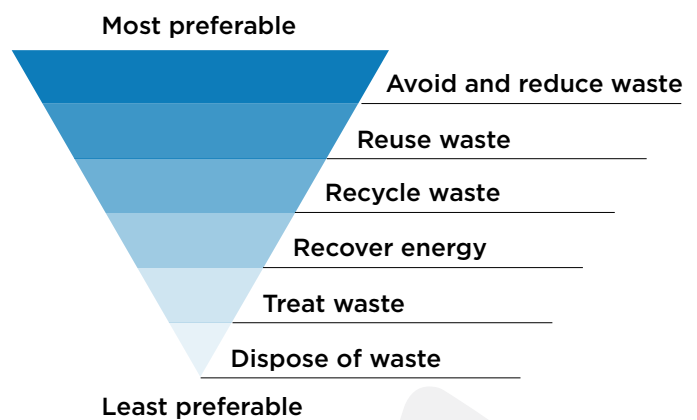
The GREP involves seven energy measures, three water measures, two clean air measures and one waste measure. The waste measure requires annual reporting on the top three waste streams for each government agency. The aim is to encourage

strategies to reduce waste volumes and costs and encourage improved recycling practices across all waste streams.

Waste Avoidance and Resource Recovery Act 2001

The WARR Act promotes waste avoidance and resource recovery to achieve a continual reduction in waste generation.

The waste hierarchy underpins the objectives of the Waste Avoidance and Resource Recovery Act 2001. The waste hierarchy is a set of priorities for the efficient use of resources and provides a base to foster the transition to a circular economy.



Waste Avoidance and Resource Recovery Strategy 2014-21

The WARR Strategy sets clear directions for a range of priority areas over seven years. It provides a clear framework for waste management to 2021-22 and provides an opportunity for NSW to continue to increase recycling across all waste streams.

The Strategy sets the following targets for 2021-22

- avoiding and reducing the amount of waste generated per person in NSW
- increasing recycling rates to:
 - 70% for municipal solid waste
 - 70% for commercial and industrial waste
 - 80% for construction and demolition waste.

3. The NSW Government's Role in the Circular Economy

The NSW Government will implement actions that enable NSW to transition to a best practice circular economy.

The NSW Government will implement this through:

- **Government policy:** The NSW Government will investigate opportunities to incorporate circular economy principles into the 20-Year Waste Strategy for NSW.
- **Government operations:** In addition to delivering government services and managing government assets, the NSW Government is itself a major purchaser of goods and services. The Government will lead by example and drive market changes through its own procurement practices.
- **Local advocacy:** The NSW Government will help NSW transition to a best practice circular economy by supporting innovative local actions and reducing market, regulatory and governance barriers to the private sector and local government adoption of circular economy principles.
- **National and international advocacy:** The NSW Government will advocate for the adoption of circular economy principles at the national and international levels, including through contributions and collaboration with the Commonwealth and other jurisdictions.

Everyone has a role to play

Transition to the circular economy requires cooperation across different sectors.

Manufacturers will be encouraged to rethink how they design products and use resources, by focusing on the entire life cycle of the product they are producing.

Designers and engineers will be encouraged to focus on innovative, resource efficient design that allows products to be easily disassembled and repaired.

Businesses are encouraged to look at new business models that prioritise circular activities, like moving from product sales to the leasing and servicing of products. Retailers, distributors and manufacturers will also be encouraged to take greater responsibility for the return, refurbishment and recycling of end-of-life products.

Consumers will be assisted with making informed purchasing decisions that create demand for circular and sustainable products and commodities, including reusable and durable products and products made from recycled content. Increased use of sharing platforms and repair hubs that extend the use and life of a product are also important.

The waste and recycling industry is critical in collecting waste materials and end-of-life products and processing them for use in new products.

4. Delivering the Policy Framework

The next steps to implement this framework are:

Embedding circular economy consideration in Government decision making

The NSW Government is in the process of embedding circular economy principles across government operations including service delivery, infrastructure, purchasing decisions and regulatory frameworks.

Incorporating circular economy principles in NSW Government policies and strategies

Opportunities to incorporate circular economy principles into legislation and regulation will be investigated.

In NSW, there are two key pieces of environmental legislation that deal with waste. Firstly, the Protection of the Environment Operations Act 1997 (POEO Act) is the legal framework protecting human health and the environment, including from unlawful waste activities. Secondly, the Waste Avoidance and Resource Recovery Act 2001 (WaRR Act) aims to ensure that consideration of resource management occurs in the following order:

- avoidance of unnecessary resource consumption
- resource recovery (including re-use, reprocessing, recycling and energy recovery)
- disposal.

As policies and strategies are updated, opportunities to include circular economy principles will be leveraged. This includes the development of the 20-Year Waste Strategy for NSW.

Planning the transition to a circular economy

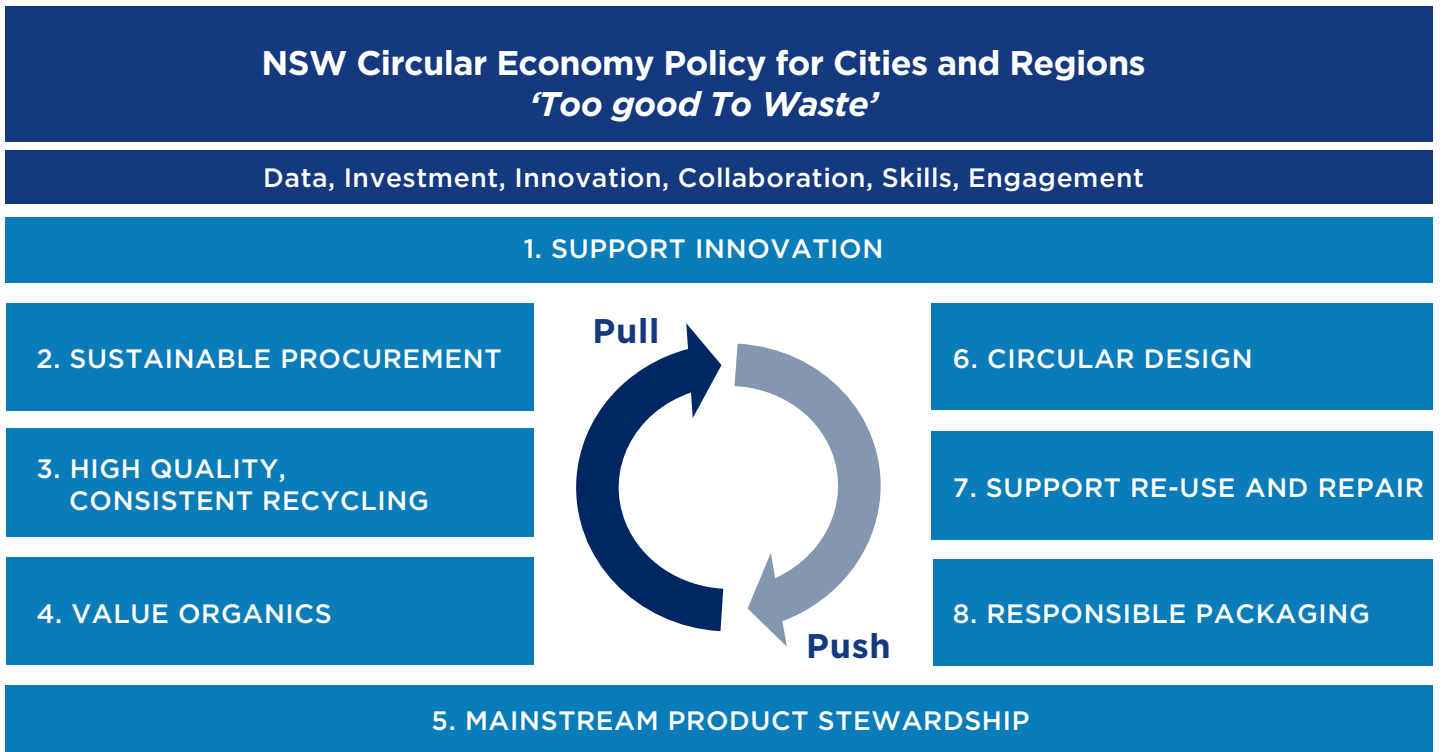
The NSW Circular Economy Policy Statement provides a framework for how we will approach implementation.

The EPA is leading the development of a 20-year Waste Strategy for NSW. The Strategy will provide a vision for reducing waste, driving sustainable recycling markets and identifying and improving the state and regional waste infrastructure network. This Strategy will be underpinned by circular economy principles and will set goals and incentives so the right policy interventions and infrastructure investments are made to meet community and industry needs.

5. Focus Areas

Government action will be guided by eight focus areas. The focus areas show the importance of 'push' and 'pull' initiatives to stimulate both the supply and demand sides of resources

in the economy. The transition to a circular economy is enabled by data, investment, innovation, collaboration, skills and engagement.



These focus areas are priorities that will guide future Government action.

Focus Area	Description
Support innovation	Targeting grant programs and service hubs to assist businesses of all sizes with developing 'outside-the-box' solutions to accelerate the transition to a circular economy.
Sustainable Procurement	Sustainable procurement practices by business and government will drive demand for recovered materials and reusable products.
High quality, consistent recycling	Improving recycling systems will generate higher quality recovered materials that can be used more easily for a greater range of purposes and for a longer time.
Value organics	Making the most of organic resources means avoiding waste as well as encouraging recovery and re-use . For example, donating unused food is preferable to composting, energy recovery, and disposal.
Mainstream product stewardship	Encouraging producers to take responsibility for the management of the end of product life to improve environmental, economic and social outcomes.
Responsible packaging	Reducing packaging as well as increasing its recycled content and recyclability drives local demand for recycled material and expands end markets.
Support re-use and repair	Supporting re-use and repair activities to prioritise re-use and repair over recycling and disposal. Re-use and repair keeps goods in use for longer, which creates jobs and provides lower cost goods.
Circular design	Incentivising product designers to increase product lifetimes, improve durability and repairability, and reduce the impacts of products over the product lifecycle.

Published by:

NSW Environment Protection Authority

Address: 59 Goulburn Street, Sydney NSW 2000

Mail: PO Box A290,
Sydney South NSW 1232

Phone: +61 2 9995 5000 (switchboard)

Phone: 131 555
(NSW only - environment information
and publications requests)

Fax: +61 2 9995 5999

Email: info@epa.nsw.gov.au

Website: www.epa.nsw.gov.au

TTY users: phone 133 677, then ask for 131 555

Speak and listen users: phone 1300 555 727,
then ask for 131 555

Report pollution and environmental incidents:

Environment Line: 131 555 (NSW only) or
info@epa.nsw.gov.au

ISBN 978 1 922260 20 8 EPA 2019P1379

© 2019 State of NSW and NSW Environment Protection Authority.

State of NSW and NSW Environment Protection Authority (EPA) are pleased to allow this material to be reproduced in whole or in part for educational and non-commercial use, provided the meaning is unchanged and its source, publisher and authorship are acknowledged.

The EPA has compiled this policy statement in good faith, exercising all due care and attention. No representation is made about the accuracy, completeness or suitability of the information in this publication for any particular purpose. The EPA shall not be liable for any damage which may occur to any person or organisation taking action or not on the basis of this publication. Readers should seek appropriate advice when applying the information to their specific needs. This document may be subject to revision without notice and readers should ensure they are using the latest version.