



# Economic activity and the environment



## New approaches to economic management consider the health of our natural environment.

Our economy depends on natural resources to convert into products, to dispose of waste and to supply the essentials for life: food, water and air.

Highly nature-dependent industries, such as construction, agriculture and food, could be significantly disrupted if ecosystem services are reduced or lost.

Economic activity can lead to substantial negative impacts on the environment and human health due to the ways we produce goods and services and dispose of waste.

## At a glance

### How NSW is tracking

- Since 1990, the NSW economy has grown on average by 2.4% a year (measured by gross state product). It has shifted over time from a resource-intensive industry base to being 80% services-based in 2022–23.
- Economic growth is decoupling (separating) from some key environmental trends. Gross state product is growing, while energy consumption and greenhouse gas emissions are declining.
- Current economic approaches in NSW, such as cost-benefit analysis, taxes and offsets, try and balance economic and environmental considerations.
- New economic approaches such as natural capital accounting and circular economy initiatives provide opportunities to reduce environmental impacts of economic development.

### The big picture

New sustainability reporting requirements (such as climate-related and nature-related financial disclosures) may provide opportunities for more comprehensive reporting on climate and biodiversity risks, opportunities and impacts.

### Key economic activity

More than **80%** of the NSW economy is services-based.



### Annual growth

Gross state product average annual growth has been **2.4%** since 1990.

