

# Net Zero Government Operations Policy



2024-25 to 2029-30

December 2024



# Acknowledgment of Country



Department of Climate Change, Energy, the Environment and Water acknowledges the traditional custodians of the land and pays respect to Elders past, present and future.

We recognise Australian Aboriginal and Torres Strait Islander peoples' unique cultural and spiritual relationships to place and their rich contribution to society.

Artist and designer Nikita Ridgeway from Aboriginal design agency – Boss Lady Creative Designs, created the People and Community symbol.

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**Net Zero Government Operations Policy**

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## Glossary of terms

Term	Definition
<b>DCCEEW</b>	Department of Climate Change, Energy, the Environment and Water.
<b>Demand management</b>	Measures to reduce or shift electricity use away from peak periods.
<b>Electric vehicle (EV)</b>	Electric vehicles include battery electric vehicles (BEVs) and fuel cell electric vehicles (FCEVs).
<b>Emergency services vehicles</b>	An emergency vehicle is any vehicle used to support an ambulance service, firefighting service, police service, state emergency service, or any other emergency service in the context of government operations.
<b>EPA</b>	Environment Protection Authority.
<b>General government sector agency</b>	Agencies represented by the NSW Budget, which carry out policy, regulatory and service delivery functions. Refer to appendix to NSW Budget Paper 1 titled 'Classification of Agencies'.
<b>GreenPower</b>	100% renewable electricity from government accredited sources.
<b>Green Star</b>	Green Star is a sustainability rating and certification system managed by the Green Building Council of Australia.
<b>kL</b>	Kilolitres.
<b>kWh</b>	Kilowatt hours.
<b>Light commercial vehicles</b>	Includes utility vehicles, panel vans and cab chassis.
<b>MWh</b>	Megawatt hours.
<b>NABERS</b>	National Australian Built Environment Rating System, which measures the environmental performance of a building from one to six stars.
<b>Net zero</b>	Net zero emissions are achieved when human caused emissions of greenhouse gases to the atmosphere are balanced by their removals over a specified period.

Term	Definition
<b>Office building</b>	Generally means a Class 5 building under the National Construction Code. NABERS has its own criteria to define whether an office building is eligible for a rating.
<b>Passenger vehicles</b>	Includes cars and SUVs.
<b>Solar PV</b>	Solar photovoltaic systems.
<b>Scope 1 emissions</b>	Direct greenhouse gas emissions from sources that are owned or controlled by agencies.
<b>Scope 2 emissions</b>	Indirect greenhouse gas emissions from the generation of purchased electricity.
<b>Scope 3 emissions</b>	Indirect greenhouse gas emissions that occur in the value chain of an agency, including both upstream and downstream emissions.
<b>tCO<sub>2</sub>e</b>	Tonnes of carbon dioxide equivalent.
<b>Wholesale Demand Response Mechanism</b>	Allows demand side (or consumer) participation in the wholesale electricity market.



# Introduction

The NSW Net Zero Government Operations Policy aims to encourage general government sector agencies to lead by example in reducing their greenhouse gas emissions and contribute to the state's legislated emissions reduction targets.

This policy sets requirements across common aspects of government operations that have a significant impact on emissions. It also includes broader sustainability measures that complement emissions reductions, such as saving water and minimising waste.

The 24 actions and targets in the policy will help agencies operate more efficiently, reduce their energy and maintenance costs, and contribute to improved environmental and health outcomes.

This policy applies to all general government sector agencies with 100 or more staff. Agencies will monitor and report on their performance against this policy. Where agencies have fewer than 100 employees, the implementation of and reporting on this policy is voluntary.

The NSW Department of Climate Change, Energy, the Environment and Water (DCCEEW) will coordinate delivery and publish guidance on implementation of the policy. Unless otherwise stated, actions must be implemented from the date this policy takes effect.

The NSW Government's whole-of-government procurement policies will be updated accordingly to support implementation of this policy.

This document is to be read in conjunction with the following policies:

- TPG24-33 Reporting Framework for First Year Climate-related Financial Disclosures
- NSW Government Procurement Policy Framework
- TPP19-07 Asset Management Policy for the NSW Public Sector
- State Environmental Planning Policy (Sustainable Buildings) 2022
- Decarbonising Infrastructure Delivery Policy
- NSW Electric Vehicle Strategy
- NSW Waste and Sustainable Materials Strategy 2041
- other relevant policies as they come into effect.

# Scope 1 and 2 emissions

The NSW Government has legislated emissions reduction targets for NSW through the Climate Change (Net Zero Future) Act 2023 (the Act). The NSW Government is responsible for about 3% of NSW emissions, with around half of that coming from the general government sector. The measures in this section will ensure the NSW Government leads by example in reducing emissions from its own operations.

## Whole-of-government target to reduce operational emissions

1: Agencies should aim to achieve a reduction in scope 1 and 2 emissions to contribute to a whole-of-government target to reduce emissions by 50% by 2030 and 70% by 2035 (on 2018-19 levels), and net zero by 2050.

To meet and set emissions reduction targets, agencies will need a clear understanding of the source of their emissions. Agencies will have the flexibility to set their own targets to reduce scope 1 and 2 emissions based on their unique emissions profiles and operational considerations, such as the types of services they deliver and the assets they own and lease. This measure provides direction on the minimum level of ambition expected.

A 2005 baseline will not be possible for most agencies due to machinery of government changes impacting the availability and completeness of data, so a 2018-19 baseline is preferred. The later baseline makes the 50% and 70% emissions reduction targets somewhat more ambitious as emissions need to be reduced at a faster rate.

New emissions measurement and reporting guidelines will describe how agencies define their organisational boundaries, set baselines and calculate emissions.



Como Train Station, in Sydney's Sutherland Shire, is now powered with solar energy via an innovative Solar Photovoltaic Glass canopy, a first on any NSW rail network. Credit: TfNSW



## Net zero plans

2: Agencies must have long-term net zero transition plans for their operations in place by 1 January 2026.

Agencies will develop and implement tailored net zero transition plans, which will identify how they plan to reduce their emissions in line with their emissions reduction targets.

Agency net zero transition plans must include as a minimum:

- emissions reduction targets for scope 1 and 2 emissions
- cost-effective energy efficiency opportunities, including targets for reducing energy use (if appropriate)
- cost-effective solar photovoltaic (PV) opportunities, including targets for solar generation and energy storage (if appropriate)
- the targets and actions outlined in this policy, such as the electrification of buildings and fleet
- a greenhouse gas emissions monitoring plan.

Agencies will use these plans to inform their climate-related financial disclosures and make them publicly available. Agencies will also need to establish processes to regularly review and update their net zero transition plans to incorporate changes to operating conditions and new opportunities.

## Use of offsets

3: By December 2025, the Department of Climate Change, Energy, the Environment and Water will develop a carbon offsets policy for government agencies.

The carbon offsets policy will consider whether, and how, agencies should purchase carbon offsets; the types of carbon offsets that are eligible; and the regulatory, reputational and financial risks associated with offsets.

# Demand management

The NSW Government is the second highest electricity user in the state. This section aims to ensure that agencies better manage their energy use at peak times to contribute to grid reliability and reduce energy costs.

## Demand management

4: Agencies with large electricity loads must investigate the feasibility of demand response in their operations.

In response to the Electricity Supply and Reliability Check Up, the NSW Government committed to investigating how agencies can help alleviate pressure on the electricity grid during high demand periods.

Agencies with large electricity loads – sites that use more than 100 megawatt hours a year – can benefit from financial incentives to reduce electricity use through participating in the Wholesale Demand Response Mechanism or other demand response programs.

Appendix A provides guidance on the process. Agencies are not expected to pursue opportunities that would compromise service delivery.



Agencies can help alleviate pressure on the electricity grid during high demand periods. Photo: rooftop solar panels, John Hunter Hospital, Newcastle. Credit: ©NSW Health

# Renewable energy

Delivery of the NSW Electricity Infrastructure Roadmap is a strategic priority of the NSW Government, led by the Premier's Department. Measures in this section will ensure that agencies contribute to the state's energy transition.

## Procurement of renewable electricity

5: The Department of Climate Change, Energy, the Environment and Water will work with NSW Procurement to investigate options to support the bulk purchase of renewable electricity for the NSW Government at least cost.

Agencies (excluding NSW Local Health Districts) will continue to purchase at least 6% GreenPower through the whole-of-government retail electricity contract, which expires in 2032.

GreenPower is changing. From 1 July 2025, GreenPower product percentages will recognise the mandatory investments in the national Large-scale Renewable Energy Target made by electricity consumers. This means that the long-standing NSW Government commitment to purchase 6% GreenPower will be recognised as approximately 24.8% GreenPower (at no extra cost).

The NSW Government's GreenPower needs are largely supported by the Dubbo Solar Hub.

## Utilise government land for renewable energy

6: Agencies must consider opportunities to host grid-scale renewables on suitable government land.

To support NSW's transition to a cheap, clean and reliable electricity system, agencies must explore whether surplus land is suitable for the development of renewable energy generation, storage and transmission infrastructure.

Land can be characterised as surplus if it is not required to meet current or future operational needs or is costly to operate and maintain without any financial benefit.

Agencies are required to list surplus and underutilised land assets on the Government Property Exchange for the NSW Government to make whole-of-government decisions on the future use of these assets to support the state's objectives.

# Buildings

Decarbonising government-owned and leased buildings is critical for the transition to net zero operations. Measures in this section focus on improving the sustainability performance of government buildings and preparing for electrification.

## All-electric buildings

7: From 1 July 2026, all new office buildings commissioned for, or by, the NSW Government must be all-electric. The NSW Government will also preference all-electric office buildings for new leases in Greater Sydney (where available).

For new office buildings, this requirement must be met when submitting the development application. It excludes backup electricity generation.

8: From 1 January 2035, all office buildings owned or leased by the NSW Government at that time must be all-electric.

This requirement excludes backup electricity generation.

9: All other new non-residential buildings commissioned for, or by, the NSW Government must be able to operate without fossil fuels after 1 January 2035.

This measure is consistent with the *State Environmental Planning Policy (Sustainable Buildings) 2022* and came into effect on 1 October 2023. The policy includes net zero provisions for specific large commercial developments and health, education and cultural institutions where they are State Significant Development. It means that new government buildings will not use on-site fossil fuels once in operation, or that the infrastructure needed to replace fossil fuel use has been incorporated into the design. This requirement excludes backup electricity generation.

## Minimum NABERS ratings

10: All new and existing government-owned and leased office buildings are required to achieve and maintain the minimum NABERS ratings set out in Table 1.

This requirement must be achieved by the implementation dates stated or within 24 months of the occupation certificate. NABERS ratings are valid for 12 months, so buildings must be rated each year.

**Table 1. Minimum NABERS ratings for government-owned and leased office buildings greater than 1000 m<sup>2</sup> net lettable area**

NABERS rating	Type of rating	Star rating by 30 June 2026	Star rating by 30 June 2030
<b>Energy</b>	Base building and tenancy (or whole building)	5.5	6
<b>Water</b>	Whole building	5	5
<b>Waste</b>	Base building (whole building where possible)	4	6
<b>Indoor Environment</b>	Base building	4.5	5

11: Government-owned data centres, where suitable to be rated, will continue to achieve and maintain the minimum NABERS ratings set out in Table 2.

This requirement applies to data centres under the GovDC program.

**Table 2. Minimum NABERS ratings for government-owned data centres**

NABERS rating	Type of rating	Star rating
<b>Energy</b>	Infrastructure and IT equipment	4.5



12: NSW public schools and preschools, where suitable to be rated, will obtain a NABERS Energy and Water rating by 30 June 2026.

The NSW Department of Education has committed to rating all eligible public schools and preschools over a three-year period. Once the initial NABERS ratings are complete, the NSW Department of Education will consider adopting targets to improve its portfolio rating over future years.

13: By 30 June 2025, NSW Health will assess the feasibility of using the NABERS Energy and Water for Hospitals tool across their portfolio of sites.

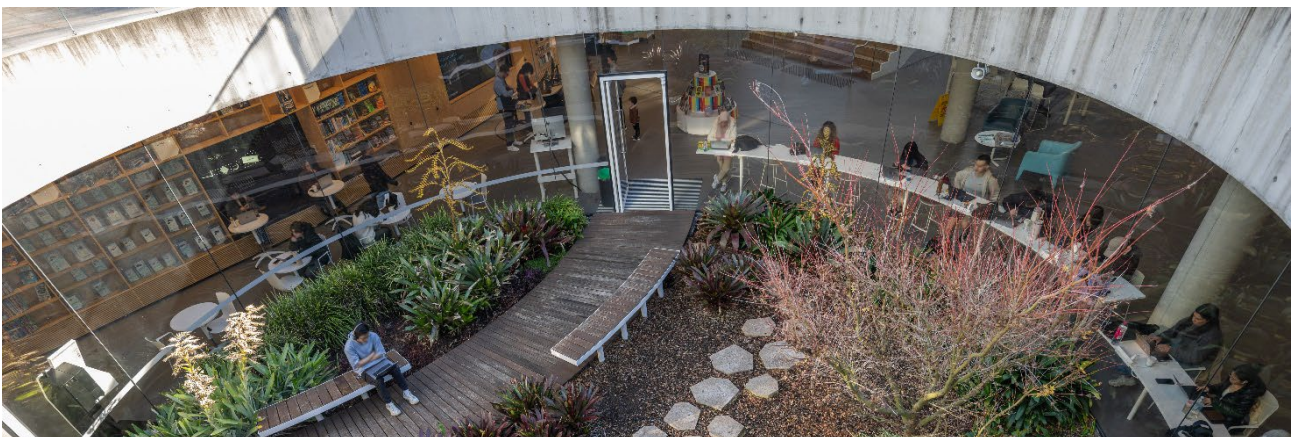
NSW Health is participating in a NABERS rating pilot. Following completion of the pilot, NSW Health will consider whether use of the tool can be expanded across its network of public hospitals.

## Minimum Green Star ratings

14: All new buildings and fit-outs above \$10 million must achieve the minimum Green Star ratings set out in Table 3.

All new facilities, including office buildings, fit-outs and other building types with estimated development costs above \$10 million, are to be designed and built to these standards.

This requirement applies to projects that have their strategic business case initiated after 1 April 2025.



The City of Sydney Library at Green Square achieved 6 Star Green Star – Public Building as Built rating by the Green Building Council of Australia, the first library to do so. Credit: Jessie Lindsay / DCCEEW

**Table 3. Minimum Green Star ratings for new facilities greater than 1000 m<sup>2</sup> net lettable area and estimated development costs above \$10 million**

Green Star rating	Location	Star rating
<b>Buildings</b>	Sydney, Wollongong, Newcastle	5
	Rest of NSW	4
<b>Interiors / Fit-outs</b>	Sydney, Wollongong, Newcastle	5
	Rest of NSW	4

## Green leases

**15: Green lease targets must be included in all new and renewed lease transactions where the NSW Government will occupy a total of at least 4000 m<sup>2</sup> of office space in a single building for a minimum three-year lease term.**

Green leases are an agreement between the landlord and the tenant agency designed to improve building performance. Green lease schedules should include provisions to help meet NABERS rating targets, improve energy management, minimise waste and achieve other sustainability outcomes.

## Electrification of gas equipment

**16: Agencies must replace gas-fired plant and equipment with electric or other fossil fuel free alternatives at end of life, or earlier if cost effective.**

In the short-term, agencies should prioritise developing a better understanding of their gas assets and assessing the feasibility of electrifying some, or all, of their gas use. Electrification of gas-fired plant and equipment should be built into long-term asset management plans.

This requirement excludes emergency training equipment.

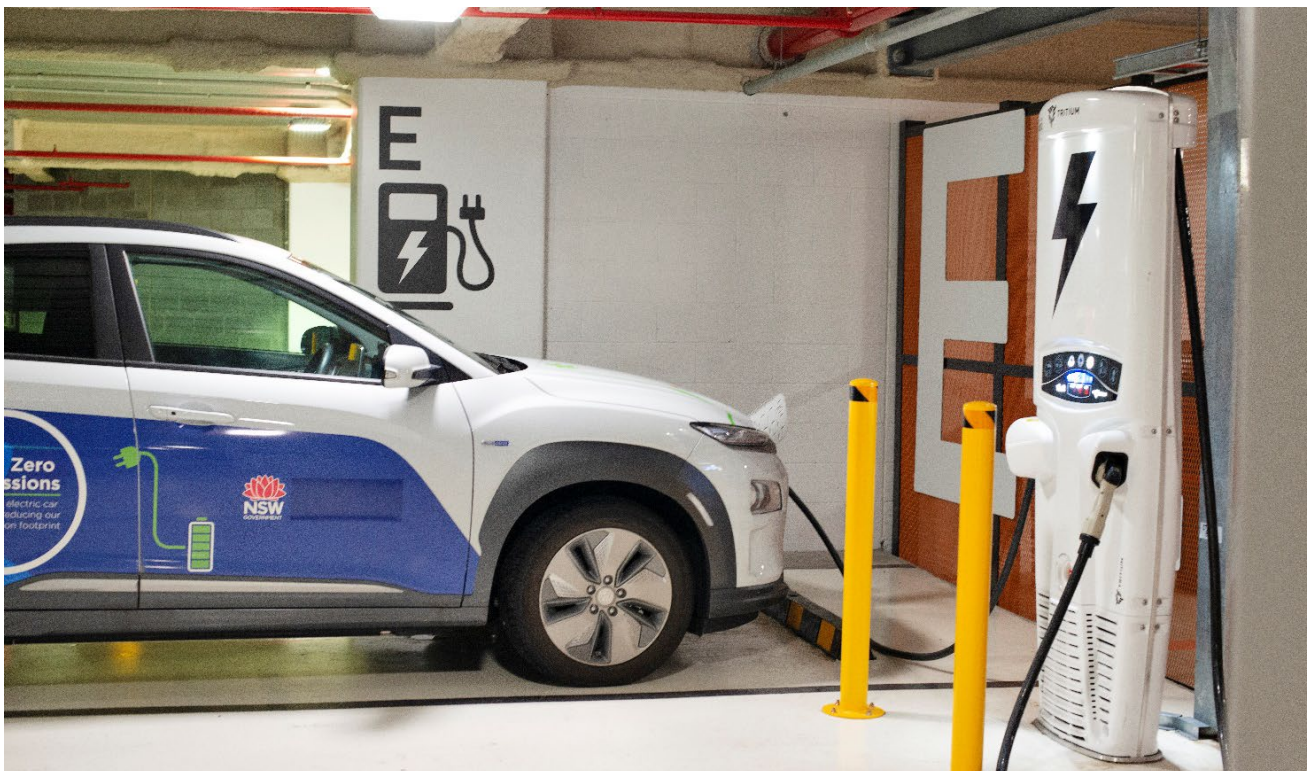
# Fleet

The NSW Electric Vehicle Strategy commits the NSW Government to using its bulk purchasing power to support the market for electric vehicles in NSW. The NSW Government fleet consists of around 12,000 passenger vehicles and 7,000 light commercial vehicles. The measures in this section support the decarbonisation of the NSW Government’s light vehicle fleet.

## Target for electrification of passenger vehicles

17: All new government passenger vehicles procured will be EVs by 30 June 2030, with an interim target of 50% EVs by 30 June 2026.

The NSW Electric Vehicle Strategy commits the NSW Government to full electric fleet vehicle procurement by 2030. This applies to owned and leased passenger vehicles and SUVs. In addition to procuring EVs, agencies will need to consider the charging needs at existing buildings and make provisions for new buildings to be EV ready.



The NSW Government has committed to procure all its light passenger vehicles as EVs by 2030. Credit: DCCEEW

Agencies must:

- ensure that load management and cost optimisation principles are embedded in their charging strategy
- install AC chargers, unless their duty cycles demonstrate the need for DC chargers
- use the whole-of-government contract for EV charging software (Contract 211237 – Electric Vehicle Charging Management Platform).

Emergency services vehicles are exempt from the target.

18: By 30 June 2025, NSW Procurement and the Department of Climate Change, Energy, the Environment and Water will develop a plan to mandate the adoption of EVs in each passenger vehicle category.

The plan will consider a timetable to mandate the adoption of EVs by each passenger vehicle category (small, medium and large passenger vehicles and SUVs) by 2030, taking into account agencies' operational needs and the expected availability of fit-for-purpose EV models in the market. Once developed, the plan will be incorporated into all relevant whole-of-government policies.

## Target for electrification of light commercial vehicles

19: 30% of new government light commercial vehicles procured will be EVs by 30 June 2030.

This target applies to owned and leased light commercial vehicles (LCVs) up to a gross capacity of 4.5 tonnes. Charging requirements and guidelines stipulated under Action 17 will also apply to LCVs. The aspirational character of this whole-of-government target acknowledges existing challenges around electric LCVs including model availability and range limitations.

Trucks and emergency services vehicles are exempt from the target.



## Scope 3 emissions

Sustainable procurement is one of the biggest levers for government to reduce scope 3 emissions. Measures in this section are aimed at better understanding agency contributions to scope 3 emissions and generating less emissions through better waste and materials management and greener travel choices.

### Investigate scope 3 emissions

20: By 30 June 2027, agencies must identify their biggest scope 3 emissions sources and actions to address them.

To prepare for future reporting, agencies will be required to identify and calculate their scope 3 emissions to prioritise emissions reduction opportunities in their supply chain. Typical scope 3 emissions sources include employee travel, and waste treatment and disposal.

Agencies may wish to include scope 3 emissions reduction opportunities in their net zero transition plan under Action 2.

### Circular economy

21: Government facilities that generate the highest volumes of food waste will be required to implement an organics collection service from 1 July 2026.

The NSW Waste and Sustainable Materials Strategy 2041 sets targets to reduce the amount of organic waste sent to landfill. This will be achieved from a range of actions including mandating the collection of source-separated food waste from select businesses and government institutions.

The NSW Environment Protection Authority (EPA) consulted on proposed legislation and will stagger implementation for these premises based on residual waste bin capacity volume.

The stages are:

- premises with  $\geq 3,840$  litres of residual waste bin capacity to start from 1 July 2026
- premises with  $\geq 1,920$  litres of residual waste bin capacity to start from 1 July 2028
- premises with  $\geq 660$  litres of residual waste bin capacity to start from 1 July 2030.



22: From 1 July 2025, agencies must preference products (in the goods and services procurement category) that contain recycled content on an 'if not, why not' basis.

The NSW Waste and Sustainable Materials Strategy 2041 committed the NSW Government to using its purchasing power to drive demand for recycled materials where there is no significant additional cost or negative impacts on performance and the environment.

Agencies should encourage each of their suppliers to produce a plan to demonstrate how they will maximise recycled content over the life of their contract.

Under this policy, agencies will be required to report on recycled content in the goods and services procured. Reporting on the use of recycled materials in government infrastructure projects will occur separately under the EPA's Protection of the Environment Policy for sustainable construction.

## Hotel bookings

23: By December 2025, NSW Procurement will investigate the feasibility of displaying NABERS Energy ratings in the online booking tool used by NSW Government staff.

NSW Procurement will work with the NSW Government's travel management company to trial implementation of NABERS Energy ratings in the online booking tool, monitor usage and booking behaviour, and consider implications for whole-of-government travel policies.

# Monitoring and reporting

Reporting is important to ensure the public accountability of agencies and to demonstrate government leadership on net zero. Agency reporting will inform an annual assessment of progress and future reviews of the policy.

## Public reporting

### 24: Agencies will publicly report on this policy annually.

General government sector agencies will report performance against this policy by publishing financial year data on the key performance indicators (KPIs) in Table 4. This may be through the DCCEEW's centralised web tool or other agreed channels.

Reporting is to be in accordance with the monitoring and reporting framework, which supports this policy. The first reporting period is from 1 July 2024 to 30 June 2025.

Agencies must prepare and submit an annual compliance statement to attest that all policy requirements relevant to their agency have been met or provide appropriate justification for non-compliance.

DCCEEW will collate and publish agency data on the [NSW Climate and Energy Action](#) website.

**Table 4. Key performance indicators**

KPI	Data requirements
<b>Greenhouse gas emissions</b>	<ul style="list-style-type: none"> <li>Annual scope 1 and 2 emissions, measured in or converted to tCO<sub>2</sub>-e</li> <li>Breakdown by emissions source and scope</li> </ul>
<b>Energy use</b>	<ul style="list-style-type: none"> <li>Annual energy consumption and expenditure, measured in or converted to kWh</li> <li>Breakdown by fuel type</li> <li>Installed solar PV capacity, measured in MW; annual solar generation, measured in MWh; and annual bill savings</li> <li>Number of energy efficiency projects completed; annual energy savings, measured in or converted to kWh; and annual bill savings</li> </ul>
<b>Water use</b>	<ul style="list-style-type: none"> <li>Annual potable water consumption and expenditure, measured in or converted to kL</li> </ul>

KPI	Data requirements
<b>Waste</b>	<ul style="list-style-type: none"> <li>• Annual waste generation and expenditure, measured in or converted to tonnes</li> <li>• Breakdown by waste stream</li> </ul>
<b>Progress against emissions reduction targets</b>	<ul style="list-style-type: none"> <li>• Annual emissions reductions compared to 2018-19, measured in or converted to tCO<sub>2</sub>-e</li> </ul>
<b>Progress against EV targets</b>	<ul style="list-style-type: none"> <li>• Annual and total fleet EV purchases and leases</li> <li>• Annual and total charging points installed at government sites</li> </ul>
<b>Recycled content</b>	<ul style="list-style-type: none"> <li>• Percent of recycled content in purchased goods and services</li> <li>• Quantities and types of materials</li> <li>• Origin of the recycled materials in products (if known)</li> <li>• Barriers and opportunities to the uptake of recycled materials</li> </ul>

## Centralised data collection

Where agencies use government contracts, NSW Procurement will work with suppliers to provide data directly to agencies and DCCEEW.

This includes data from the following contracts:

- electricity consumption and spend under Contract 3062 – Retail Supply of Electricity
- natural gas consumption and spend under Contract 4000 – Retail Supply of Natural Gas
- liquified petroleum gas consumption and spend under Contract 349 – LPG Non-Automotive
- waste streams, waste type, weight and spend under Contract 9698 – Waste Management
- fuel consumption and spend under Contract 300 – Fleet Management Panel
- kilometres travelled and total spend under Contract 1008 – Travel Management Services.

Agencies are responsible for verifying their data is correct and must provide DCCEEW with data where they do not use standard contracts.

## Governance and review

DCCEEW will review this policy in 2026-27.

The Climate Change Network will oversee implementation of the policy.

The Net Zero Commission is required to monitor, review and report on progress towards the state's legislated emissions reduction targets. The Commission may seek information from agencies regarding progress on implementing this policy to assist in delivering its legislated functions. The Commission may also make recommendations regarding this policy, which would require a government response.

## Support for agencies

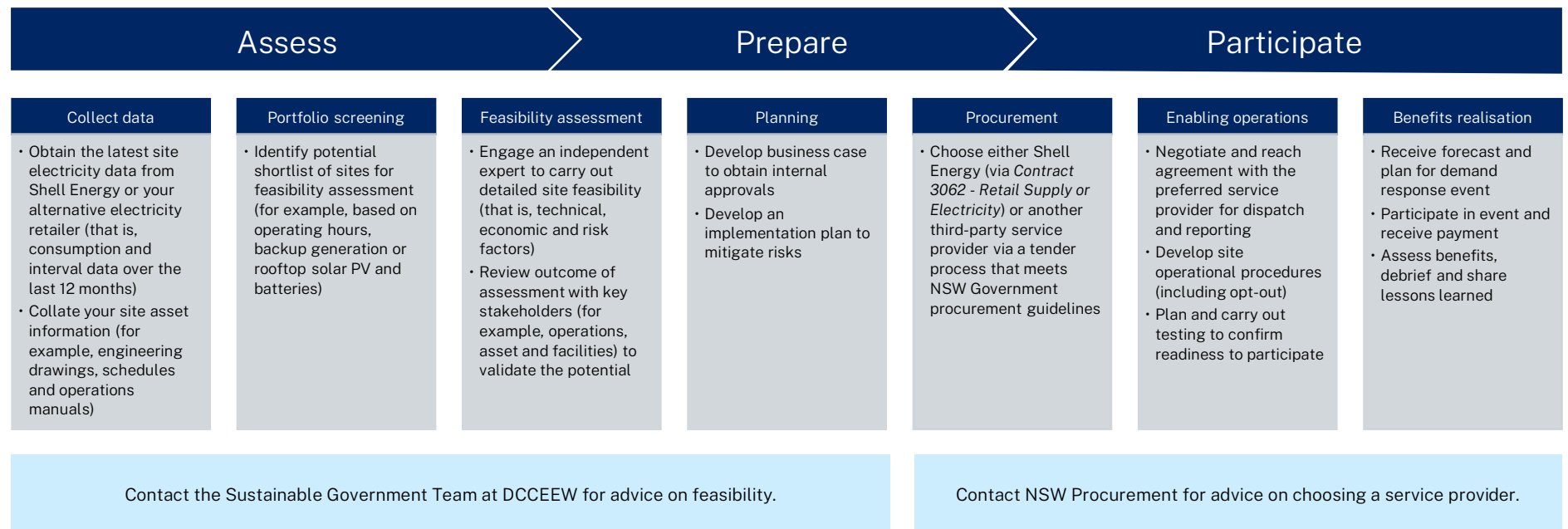
DCCEEW has a dedicated team of specialists to support agencies with implementing and reporting on this policy.

A guidance hub is available on the [NSW Climate and Energy Action](#) website.

Agencies can contact the Sustainable Government Team at [government@environment.nsw.gov.au](mailto:government@environment.nsw.gov.au).

# Appendix A

## Process for investigating demand response opportunities







### For more information

DCCEEW has a dedicated team of specialists to support agencies with implementing and reporting on this policy.

[www.energy.nsw.gov.au](http://www.energy.nsw.gov.au) | email: [government@environment.nsw.gov.au](mailto:government@environment.nsw.gov.au)