Justice and Equity Centre

better renting

Implementing minimum energy efficiency standards in NSW rental homes

August 2026

About the Justice and Equity Centre

The Justice and Equity Centre stands for a society that is fair and free from discrimination and disadvantage. Established in 1982 as the Public Interest Advocacy Centre (PIAC), we use the law and policy advocacy to challenge injustice and inequality. We do this through:

- legal advice and representation, specialising in test cases and strategic casework;
- research, analysis and policy development; and
- advocacy for systems change to deliver social justice.

Our Energy and Water Justice work improves regulation and policy so all people can access the sustainable, dependable and affordable energy and water they need. We ensure consumer protections improve equity and limit disadvantage and support communities to play a meaningful role in decision-making.

Contact: Kira van Os, Policy Officer, kvanos@jec.org.au

About Better Renting

Better Renting is a national housing justice organisation working with renters to secure stable, affordable, and healthy homes for people who rent.

As a non-partisan community organisation, we use three complementary approaches to achieve our mission:

- Campaigning for rental laws that provide stable, affordable, and healthy homes;
- Growing communities of renters who are empowered to defend and extend their rights; and
- Changing the narrative, so that our culture values and promotes renting.

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We respectfully acknowledge the Traditional Owners and custodians of the country on which we live and work. We pay our respects to elders past and present and recognise the right of all First Peoples around the country to self-determination.

Contents

1. Overview

This document sets out a framework and practical recommendations for implementation of Minimum Energy Efficiency Rental Standards (MEERS) in New South Wales. It was developed with detailed input from organisations across the housing, energy, climate, health, social services, industry and community sectors. It brings together the updated evidence, implementation considerations and policy recommendations needed to best support the NSW Government in designing and delivering an effective MEERS framework. It is intended to guide policymakers, government agencies, industry, housing providers, and community organisations for implementing standards that improve the quality, performance and resilience of rental homes, deliver better outcomes for renters, and support NSW's broader housing, climate, health and energy objectives. It responds to growing evidence that renters are disproportionately exposed to unhealthy indoor temperatures, rising energy costs and climate-related risks, while having limited ability to improve the homes they live in and benefit from a range of benefits enabled by the energy system transition.

The impact of poor standards

The NSW Government does not currently require rental homes to meet any minimum standards for thermal performance or energy efficiency. As a result many renters live in poor housing that is difficult and expensive to heat and cool. This issue is persistent, well documented[1] and a major contributor to poor health outcomes, energy unaffordability hardship, and long-term cost of living pressures. These impacts are particularly severe for low-income renters, older renters, people with disability, First Nations communities, and the increasing number of other households already experiencing housing stress.

Multidimensional impact of implementing MEERS

Implementing robust MEERS in NSW would substantially improve health, wellbeing and affordability outcomes for renters, as well as making substantial contributions to:

- emissions reduction,
- energy system flexibility and affordability,
- public health outcomes, and
- broader community participation and productivity.

Properly implemented, improving the energy performance of homes reduces energy bills – and the affordability of housing - for renters, improves household health outcomes, strengthens climate resilience, lowers emissions, and reduces pressure on the energy system. Well-designed standards support broad productivity gains, reduce peak electricity demand, and improve the liveability and resilience of the state's housing stock now, and into the future. The benefits of well-implemented MEERs are substantial, multi-dimensional and durable over the long-term.

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1 The appendix of this document contains the broad evidence base demonstrating the impacts of poor rental stock.

Approach to this document

This document provides a framework for implementing MEERs in a way which delivers intended outcomes for renters, while optimising additional benefits. It sets out:

- key principles to shape implementation,
- other relevant implementation considerations,
- required renter protections,
- additional enabling measures supporting implementation,
- approaches to compliance, and
- appropriate exemption or variations settings to support the successful introduction of MEERS in NSW.

It clearly assets that standards should be ambitious, equitable, enforceable, and accompanied by appropriate protections to ensure renters directly benefit from improved housing standards.

1.1 Summary of key guidance

The NSW Government should develop ambitious, evidence-based MEERS with the central objective of **ensuring good outcomes for renters**. Drawing on updated research, lived experience, and lessons from other jurisdictions, this document recommends the NSW Government:

- Introduce a committed, robust and enforceable MEERS for rental homes, supported by appropriate enabling and compliance,

- Develop a staged implementation pathway that provides certainty to renters, landlords, industry, and government while enabling investors, supply chains and workforce capacity to respond,

- Adopt ratings-based MEERS framework to improve housing thermal performance, reduce household energy costs, support electrification, and increase resilience to extreme heat and cold,

- Ensure renters are protected throughout implementation through strong compliance monitoring, transparent disclosure requirements, safeguards against inappropriate rent increases or evictions, and accessible and independent enforcement pathways,

- Provide targeted and equitable enabling measures to accelerate uptake and smooth transition, including information, rebates, concessional finance, and dedicated funding for social and community housing providers,

- Include a framework for targeted, transparent and evidence-based exemptions to smooth implementation. These should be narrowly defined, independently assessed, time-limited where appropriate, and not create perverse incentives or broad loopholes to undermine the intended outcomes,

- Ensure equity of impact for all renters from MEERS, including those living in apartments, social housing, community housing, and other housing types that may otherwise face barriers,

- Establish robust monitoring, evaluation, and review processes to assess implementation, monitor compliance, identify unintended consequences, and support continuous improvement of the standards over time.

2. Context: What MEERS must address

Housing is a foundational determinant of health, wellbeing, social participation, and economic security and productivity. In NSW, the poor standard of rental homes has direct consequences for millions of people who do not have control over the quality of the homes they live in.

This regulatory gap has significant and well-documented consequences.

Heat

Indoor heat is a widespread and serious issue, with renters reporting their homes become too hot and difficult to cool during increasingly common and persistent heatwaves and across summer more generally. Exposure to prolonged high indoor temperatures can have serious impacts on physical and mental health, increasing the risk of heat stress, dehydration, disrupted sleep, worsening chronic health conditions, and causing psychological distress and even death in extreme cases.

Cold

Many renters also experience unhealthy indoor temperatures across winter, with significant difficulty heating their homes, and increased exposure to damp and mould. These conditions contribute to respiratory illness and other health risks, while also increasing costs as households attempt to maintain basic levels of comfort.

Affordability and hardship

Renters are exposed to the impacts of homes with poor energy efficiency because they have limited or no ability to address issues themselves. At the same time, many renters face significant and ongoing financial impacts and stress from running inefficient heating and cooling appliances in an attempt to maintain safe temperatures in their homes.

Research demonstrates renters disproportionately experience energy hardship. Renters are more likely to struggle to pay their energy bills, ration energy use below safe levels, or go without adequate heating and cooling due to fears of energy bills.

Broader economic costs

Improving the energy performance of rental homes delivers benefits beyond individual households. While it lower energy bills and enables healthier home environments, governments, the health system, and the broader economy also benefit from reduced energy demand, improved productivity, lower healthcare costs, and more resilient housing stock.

Emissions

Improving the energy efficiency and performance of rental homes is critical to achieving NSW's emissions reduction targets and broader climate goals. The NSW Net Zero Commission has identified improvements in energy efficiency and consumer energy resources as critical components of achieving the state's legislated emissions reduction targets.

With approximately 900,000 rental households in NSW, the rental sector represents too large a proportion of the housing stock to be left outside of the state's emissions reduction strategy. Improving energy efficiency alongside electrification is essential to achieving net zero targets. Without improvements to the performance of existing stock, including rental homes, emissions reductions will be harder and more costly to achieve.

3. Principles

The following principles guide the approach set out in this document, and should inform the NSW Government's development and implementation of MEERS to ensure that MEERS deliver on their proposed objectives.

Be ambitious

- Standards and implementation of MEERS should be ambitious and maximise intended benefits.
- The NSW Government commitment should be comprehensive, with the long-term commitment required to achieve the policy objectives made from the outset.

Enable equity of MEERS outcomes

- Standards should deliver intended outcomes for all renters.
- Renter protections should be designed according to the risk of harm to renters
- Improvements for those already experiencing disadvantage should be prioritised.
- Enabling measures should be targeted to support equity of outcomes and minimises risks to renters.

Ensure consistency and durability of impact

- Commitment and implementation should provide long-term clarity and certainty.
- Implementations should enable impacts that are predictable, material and not dependent upon a renter's behaviour.
- Implementation should deliver equivalent outcomes across different climate zones and building types.
- The model and implementation should be timely, transparent, able to be communicated; and support robust certification and compliance.
- Compliance and enforcement should not be reliant upon tenant action.

- Scope for market distortions or unintended consequences should be minimised.
- The approach and framework should provide a robust platform for future iteration.

4. Integration with NSW Government policy

A suite of existing Government commitments and objectives can be supported by well implemented MEERS. Among these, MEERS would contribute to:

- **Addressing affordability and cost-of-living pressures:** Improving the energy efficiency of rentals would directly improve energy – and housing cost - affordability for a third of NSW households. As renters are more vulnerable to energy hardship, this would also have a positive impact on household need for Energy Accounts Payment Assistance and other supports measures.

- **Objectives of the NSW Electricity Infrastructure Roadmap:** By electrifying load and improving efficiency and demand flexibility, MEERS can reduce the need for energy infrastructure investment in NSW and help support a more efficient transition of energy system.

- **Emissions reduction targets:** As noted by the NSW Net Zero Commission, household energy efficiency and electrification are key measures to achieving NSW's legislated emissions reduction targets.

- **Climate change adaptation:** MEERS with strong thermal performance requirements help to deliver on the NSW Climate Change Adaptation Strategy's objective of a well-adapted built environment and infrastructure.

The NSW Government committed to investigating the implementation of MEERS as part of its comprehensive Consumer Energy Strategy. The Strategy notes the Government is "making sure [renters] too can access the benefits and bill savings from energy savings technologies". In implementing MEERS, the Government would be building on several other initiatives of the Consumer Energy Strategy. Many of these policies and actions would also be effective enablers to implementation of well-designed MEERS, including:

- **Introducing mandatory disclosure of home energy performance ratings at the point of sale or lease** sets out the framework and builds the market for widespread home energy ratings, building the mechanisms on which the implementation of MEERS would also rely.

- **Delivering the Solar for Apartment Residents program** is encouraging strata to implement sustainability upgrades and putting in place architecture for strata schemes to consider and implement upgrades.

- **Reforms to the Energy Security Safeguard and introduction of the Home Energy Saver** provide a robust set of platforms for directly supporting and enabling upgrades through no interest loans, rebates and discounted interventions.

- **Making energy efficiency upgrades and piloting full home electrification for social housing** through SHEPI. This program has commenced relevant upgrade activities to support some of NSW's most disadvantaged households to access the benefits of energy efficiency. The program provides valuable learnings for delivering energy efficiency upgrades at scale and can be built on in early phases of implementation to support market development.

- **Delivering a Gas Decarbonisation Roadmap** is considering the long-term measures required to electrify residential gas network connections and can identify regulatory, legislative and policy measures to support electrification in residential buildings, supporting MEERS implementation**.**

With these Consumer Energy Strategy initiatives on track to be delivered, the implementation of MEERS represents the final – critical – element of the strategy to improve energy affordability, equity and emissions in NSW.

5. Recommended standards model

Fully realising the intended benefits of MEERS – as well as avoiding any unintended impacts – depends heavily on committing to, and implementing a robust standard, with comprehensive enabling and supporting measures. A piece-meal or ad-hoc approach is both insufficient and increases risks to renters.

The end-point commitment must be signalled from the outset

The NSW Government must set out a long-term commitment and implementation trajectory. Making the long-term commitment at the outset provides necessary certainty to landlords and other relevant sectors (such as installers and suppliers) helping to ensure they can upskill and plan more efficiently. It also maximises the unlocking of investment from owners, providing a strong incentive for early adoption through encouraging convenient interventions in advance of mandatory implementation.

Long-term signalling enables upgrade investment aligned with renovations and other works - creating systemic efficiencies, minimising disruption, and building greater confidence the objectives will be achieved more efficiently and within the set timeframes.

5.1 The model must be ratings-based

A MEERS model that is ratings-based best aligns with the NSW Government's objectives and provides the best scope for fully realising intended benefits.

A features-only model is not sustainable in the long term. The implementation of a ratings-based model should however include 'no-regrets' interim features requirements to help stage upgrades and deliver immediate improvements to renter wellbeing. As specific features upgrades may not be possible in all homes, a ratings-based standard provides a safety net to ensure long-term outcomes for all renters in NSW.

The Home Energy Rating (formerly NatHERS for existing homes) should be the foundation of a ratings-based MEERS.

It is a tool that has been developed over years of collective work, with the involvement of NSW. It is evidence-based and is evolving specifically for the purposes of enabling disclosure and the implementation of Minimum Standards.

It is a framework enabling independent assessment of a home's holistic energy performance, with tools and providers already under development in the market.

The box below provides more detail on the Home Energy Rating. This model should be leveraged and built on as part of MEERS implementation, and would provide the following benefits:

- The system has already developed auditing and accreditation frameworks to enable compliance monitoring.
- The Home Energy Rating is capable of delivering equivalent outcomes across climate zones, meaning impacts for renters can be consistent across the state.
- A Home Energy Rating incorporates the diversity of housing circumstances and recognises that different types of upgrades can have different levels of impact depending on the state of the home.
- The Home Energy Rating has already been piloted and is being rollout out, and key sector stakeholders such as property managers, community organisations and banks already have awareness of the system and are being supported to utilise it.
- Using a Home Energy Rating for standards builds off the system being set up for (potentially mandatory) disclosure at point of lease.
- Home Energy Ratings certificates provide valuable guidance to property owners on how to improve the energy efficiency of a home, and why outcomes may not be being delivered – for instance, by indicating the thermal envelope of the building is poor.

Breaking down the Home Energy Rating

There are two key metrics that make up a Home Energy Rating:

- The star rating (scored between 0 and 10) quantifies the home's heating and cooling needs, or thermal performance. This is a modelled estimate of the amount of heating and cooling a home needs to stay comfortable year-round, based on characteristics such as materials, construction and local climate.
- The Home Energy Rating (scored between 0 to 100) quantifies the energy use of the home, based on major appliances, generation from solar/batteries and thermal performance.

For both metrics, a higher score generally means the home is more energy efficient.

For reference, BASIX standards for new builds require a rating of 7 stars, and 50 points for apartments or 60 points for free-standing homes. Energy efficiency requirements for new builds were only introduced in 2006 however, meaning over 80% of Australian homes have a star rating of 2 or less.

5.1.1 'No regrets' features requirements

The supply chains for Home Energy Ratings are already developing. While the market for Home Energy Ratings develops, there is an opportunity for targeted, immediate 'no regrets' interventions to improve wellbeing and support compliance with the ratings-based standard. These may include draught sealing, ceiling insulation and/or heat-pump hot water heating. The exact nature and timing of these interventions is discussed further in the later section on Phasing.

Electrification

Electrification should be an explicit requirement of MEERS implementation. The NSW Government should follow as aspect of the approach from Victoria, mandating that fixed appliances (water heaters, space heating, stoves and ovens) be replaced with efficient electric alternatives at end of life, in advance of the full implementation of a ratings-based standard. This is an economically efficient way to improve the energy efficiency, given the landlord already incurs a replacement cost.

Draught sealing

Draught sealing is a common and cost-effective way to improve energy efficiency – particularly of the worst quality homes - in a way which would also eventually contribute to a higher Home Energy Rating. This makes draught sealing a good candidate for a standard to be implemented immediately. This could follow New Zealand standards, which require any gap with a width greater than 3 mm in or around walls, ceilings, windows, doors and floors that let air in or out of the home should be blocked or sealable.

Insulation

Typically, the installation of new/additional insulation is likely to be too intrusive to do while the home is inhabited. To support long-term compliance with MEERS that encompass thermal performance, the standard should mandate that ceiling insulation is installed to approximate BASIX standards (R4.0).

A features-only model is not sustainable

A features-only approach is often presented as being 'simpler' to understand and implement, but present challenges for long-term implementation. A features-based approach does not provide a durable, ongoing platform on which to improve standards and limited opportunity to integrate with other policy programs and objectives.

In practice many of the same systemic requirements – such as mechanisms for assessment of standards, targeting and verification of interventions, development of monitoring and compliance frameworks – exist for all models. The Home Energy Rating model already has much of this built in, whereas systems would have to be built up to deliver a features model. A features-based approach presents less scope for long-run impact in return for the costs and complexity involved.

As demonstrated by experiences with rental standards in the ACT and New Zealand, a features-based approach has high rates of non-compliance, partly due to the lack of a framework for independent monitoring.

Most problematically, due to the diversity of NSW's housing stock the most impactful and appropriate features will vary widely in different contexts. This creates administrative complexity and cost, again with less scope to maximise beneficial impacts. This diversity also significantly increases the need for exemptions under a features-based approach. This can be seen in Victoria, where the requirements for the new (features-based) minimum rental standards in effect exempt most apartments from needing to meet the standards.

Interim features have a role to play in a ratings-based framework, as key features can provide a staged approach to meeting ratings standards and allow renters to access benefits sooner.

5.2 Setting the form and level of standard

The form and level of the standards committed to by NSW Government should be capable of maximising impact on the stated objectives of MEERS.

A minimum standard for both aspects of the home energy rating

To ensure the standard reflects the most holistic measurement of energy efficiency, it should be set for both metrics of the Home Energy Rating, while explicitly requiring electrification. That is, MEERS should be composed of a minimum star rating as well as a minimum numeric Home Energy Rating. A standard based on the numeric rating alone will not necessarily improve the thermal safety of rental homes. For example, a home with no insulation that has solar panels installed may have a relatively high home energy rating, but also very difficult to heat/cool to a safe temperature and still be expensive to run. Insulation is a key determinant of energy costs and thermal safety, but is weighted relatively low in the numeric Home Energy Rating.

Conversely, only setting a standard for thermal efficiency risks continuing to leave renters behind in the energy transition, locking them into maintaining the inefficient costs of both gas and electricity connections, inefficiently high appliance running costs and increasing gas bills. For example, water heating makes up approximately 28% of energy use for the average NSW household, and this level of consumption is not impacted by whole-of-home thermal efficiency measures. Water heating in particularly can experience multiple inefficiency effects, through both the inefficiency of the gas fixture and the requirement to carry the cost of maintaining the gas connection. The only way to ensure all objectives of MEERS are met is to mandate a minimum for both metrics.

The inclusion of a minimum performance requirement for both the thermal efficiency star rating and the whole-of-home rating follows the existing approach of the National Construction Code. To comply with the NCC most new homes require a thermal efficiency rating of at least 7 stars and a whole-of-home rating of at least 60 (for detached houses) or 50 (for apartments).

Setting the minimums

While the roll out of HER tools is helping build baseline information, there is currently a lack of data demonstrating how homes in NSW are performing, and what outcomes are expected at different ratings. Both of these are key factors to finalising a decision on what level of performance is achievable and desirable. The NSW Government will need to monitor the development of this baseline data as more ratings are available and undertake further analysis, in partnership with community and industry stakeholders, to determine the appropriate level for the standard.

Few stakeholders explicitly recommended a minimum level for a ratings-based standard in the NSW Government's consultation, likely due to the lack of information available to analyse the relative merits of different levels. This information gap is rapidly closing and is not a material reason for delay.

Alongside undertaking technical analysis to gather and assess this information, the Government should consult further with diverse stakeholders to ensure the minimum standard meets the needs/capacity of community and industry.

Regardless of the details, the standard should be set at a level which:

- meaningfully improves the average energy performance of NSW's rental homes;
- enables the home to be healthily comfortable most of the time without requiring heating or cooling (a metric quantified as part of a Home Energy Rating);
- is reasonably affordable to implement for the majority of NSW rental homes, with targeted exceptions and enabling financial support;
- supports electrification and material energy demand reductions in rental homes, sufficient to improve energy affordability and support meeting Net Zero targets;
- is feasible given workforce and supply chain constraints, following efforts from the Government for targeted development of industry capacity (see later section on industry readiness);
- can mitigate the need for exemptions due to cost or structural constraints, so that all renters can enjoy the benefits of energy efficiency (see later section on exemptions).

To allow for staging of upgrades, the standards could be implemented progressively and increased over time on the way to the final committed end-point.

5.3 The approach should require electrification

Regardless of the final level of standards set MEERS should explicitly require electrification. Gas appliances are not only less energy efficient and more emissions intensive compared to efficient electric alternatives, but also pose health risks and are substantially more expensive to run.

MEERS should protect renters from being locked into the escalating and inefficient costs of gas – and ongoing gas connections - by ensuring that new appliances are efficient and all-electric. This is similar to the model adopted in Victoria, where gas appliances are required to be replaced with an electric alternative at end of life. Over time, the standard and enabling policy measures should ensure that all rentals are fully electric.

Gas will only become increasingly expensive for NSW households. As more people electrify their homes, those left on residential gas networks could face higher network charges as the pool of people from which these charges are paid shrinks. Without a clear signal requiring landlords to electrify their properties, there is a high risk of inequity where those with no choice to change appliances, reduce their energy costs and benefit from the rollout of cheaper solar energy such as is being enabled through the Solar Sharer Offer.

5.4 Achieving consistent outcomes for different homes

With equity as a fundamental principle, the intent should be to ensure MEERS apply – either directly or in equivalent form – to all housing in NSW. This would ensure consistency of outcomes, but also help to minimise market distortions and other unintended consequences and impacts on renters.

The starting priority should be to ensure MEERS is consistently applied to all properties governed by the *Residential Tenancies Act*. Broadly, this includes private rentals, public housing and community housing. The rest of this document focuses on implementation for properties under a residential tenancy agreement.

Wider implementation should involve adjustment of other legal and regulatory instruments to ensure equivalent outcomes for renters regardless of the type of rental they live in. This includes:

- boarding houses,
- specialist disability accommodation,
- land lease communities, and
- emergency accommodation.

The broadest possible scope ensures delivers on the objective of MEERS without unintended impacts. For example, avoiding an incentive to utilise short term rentals or boarding house arrangements to avoid requirements and leaving residents worse off.

We recognise that in practice there are challenges to applying MEERS to certain types of housing and that implementation will need to consider staging, as well as enabling measures. A clear commitment to make MEERS apply to all broad types of rental properties must be made upfront, to signal intent and mitigate any perverse incentives or unintended consequences.

5.4.1 Applying across tenancy types

MEERS should apply equally to private rentals and social housing to ensure equitable impacts and enable improved outcomes for those who stand to benefit most. Implementation of MEERS for social housing should prioritised – and supported with enabling measures - on equity and market development grounds.

The property portfolios of NSW Government and community housing providers are some of the largest in the state, which creates a strong opportunity for supporting market development through interventions at scale, with a more manageable number of owners and more streamlined pathways for interventions.

The greatest economic and social benefits can be gained from upgrading the housing of those most disadvantaged. We note that other jurisdictions, including Scotland and New Zealand, have prioritised the implementation of MEERS in social housing to occur before private rentals.

We therefore recommend that the NSW Government implements the same, if not more ambitious, standard for social housing on an expedited timeframe (see later section on phasing of the standard). The SHEPI program provides an existing, proven model and starting platform for funding the implementation of MEERS ins social housing. Although this should be funded out of the government budget, additional funding vehicles such as the Clean Energy Finance Corporation and links to other existing upgrade funding could be explored.

Some social housing stock may require further consideration to determine whether it is more cost effective to demolish and rebuild, and if so how this can be done without placing tenants at risk of homelessness. The framework for considering this should be developed in advance with stakeholders and in consultation of those with lived experience.

5.4.2 Applying to all building typologies

While the standard should apply equivalently to all rental housing, different building types have different considerations for staging and will require specific enablers. Identifying these considerations upfront will help to provide clearer compliance pathways and minimise the need for exemptions.

Apartment and multi-unit dwellings often have particular considerations that affect how energy efficiency standards would apply. These include:

- **Legal considerations** - Multi-unit dwellings are often part of strata schemes or embedded networks. In practice, this means most energy upgrades require new bylaws and/or shared approval from the strata committee and owners corporation – and potential embedded network operator - which involve particular challenges which need to be addressed with information and potential regulatory reform.

- **Technical considerations** - Approximately 95,000 households in NSW are currently living in embedded networks, which are private energy networks that provide energy to multiple premises via one parent connection point. Embedded networks can be used to provide users with electricity, gas, hot water, chilled water or air conditioning. The shared nature of this infrastructure can mean energy efficiency upgrades require collective action, and specific funding support.

- **Structural considerations** - Some energy efficiency upgrades might require structural changes, or be hindered by a lack of space in or around the unit or key areas (such as meter boards, balconies or roof spaces). Some of these challenges will limit options for the implementation of upgrades, require different interventions, and in some cases warrant exceptions.

While these considerations pose genuine challenges, they are not insurmountable and should not slow or restrict implementation. Any measures that have the effect of excluding or diluting standards for apartments, essentially lock a third – or more - of renters in NSW who are often the most disadvantaged, out of the intended benefits of MEERS.

Several councils in NSW have piloted apartment energy efficiency support programs, with learnings to inform a more co-ordinated statewide approach. The ACT Government has undertaken a Sustainable Apartments Pilot which identified opportunities for electrification and energy efficiency pathways in various apartment buildings in Canberra. Countries in Europe have also seen success with energy efficiency retrofit schemes for apartments.

Ratings-based MEERS should be applied to apartment units, but measures should seek to facilitate upgrades to be co-ordinated across buildings rather than individual units. To enable this, the NSW Government will need to consider and address issues outlined in the following sections.

Strata enablers

Enabling strata to effectively manage and undertake upgrades to comply with new standards will require direct information and potentially financial support as well as targeted regulatory reform. Strata schemes should be supported and required to develop a capital works plan that sets out financing and staging of works required to comply with MEERS.

To allow for more streamlined approval processes, the Government should ensure that common MEERS upgrades fit under the definition of 'minor renovations' and/or 'sustainability infrastructure' in the *Strata Schemes Management Act 2015*. The cost of retrofits to comply with MEERS should also be added to the items to be considered when preparing estimates for the capital works fund. This would mirror the recent amendment for strata to consider the costs of sustainability infrastructure. It should also investigate new model bylaws to further support strata to implement MEERS.

To further reduce barriers, the Government should produce implementation guidance and content. The Unlocking Sustainable Strata project in Victoria provides an effective example of the technical information that could be provided. Further guidance that could be provided include checklists and capital works templates. Relevant information on energy performance and MEERS requirements should also be included in mandatory strata committee training content.

Finally, existing and new incentives must be investigated to ensure that owners corporations can access the appropriate finance to comply with MEERS. This includes allowing rebates to be stackable for multi-unit dwellings, but also providing targeted support to works that are likely to be cost prohibitive. For example, rewiring or replacement of shared energy infrastructure works could be supported by concessional finance like that made available for the NSW cladding remediation scheme.

Technical enablers

Upgrading multi-unit buildings can also be impacted by technical barriers; namely limitations of space, electrical capacity, and structure. While NSW's multi-unit dwelling stock is diverse, there are a range of common solutions. Buildings with similar characteristics, such as age, size, current energy infrastructure type, have similar pathways to MEERS compliance. While this suggests that energy efficiency upgrades to multi-unit buildings need not be technically complex, the Government will need to offer additional support to strata to assist compliance.

Strata should be provided with standardised advice based on building typologies. The Unlocking Sustainable Strata guide developed for the Victorian context provides an example of the types of information that NSW strata could benefit from to guide retrofits.

To further support this implementation, the NSW Government should establish a working group to investigate, develop and promote the technical enablers of efficient electrification of apartments (including shared energy infrastructure as well as appliances in individual units), building on the expertise and knowledge of researchers, industry, strata peak bodies, consumer and community organisations and local councils.

Due to the complexity of electrifying apartments compared to free-standing homes, there is a genuine need to allow for more time before requiring rental apartment units to be fully electric. As ratings-based standards mainly concern the individual apartment unit, there is no need to delay implementation of these standards for apartment units.

6. Phasing

The NSW Government should commit to a timeline for MEERS implementation. This timeline should be ambitious, comprehensive and incorporate the long-term commitment required to provide certainty and clear signals to enable markets and efficient delivery paths to develop. It should be designed to achieve the objectives of MEERS and minimise adverse consequences, while also aligning with existing emissions reduction targets.

The timeline set out below is grounded in evidence and intended to clearly signposting expectations from the outset, with targeted efforts to prioritise upgrades to the worst-performing homes. The final implementation timeline must be designed to align with existing emissions reduction targets as well as the broader objectives of MEERS.

<table>
<tr><th>Housing type</th><th colspan="2">Private rentals</th><th rowspan="2">Social housing</th></tr>
<tr><th>Year to implement</th><th>House
(NCC class 1)</th><th>Multi-unit
(NCC class 2-3)</th></tr>
<tr><td>2028</td><td>From this year onward require:
Replacement of fixed appliances with efficient electric alternative at end of life
Insulation and draught proofing at end of lease</td><td></td><td>Address maintenance backlog, plus require:
Replacement of fixed appliances with efficient electric alternative at end of life
Insulation and draught proofing at end of lease</td></tr>
<tr><td>2029</td><td></td><td></td><td></td></tr>
<tr><td>2030</td><td></td><td>All strata schemes must have prepared a capital works plan for long-term compliance with MEERS</td><td>All public and community housing should meet a prescribed minimum Home Energy Rating standard</td></tr>
<tr><td>2031</td><td></td><td></td><td></td></tr>
<tr><td>2032</td><td>Must meet a prescribed minimum Home Energy Rating standard (with prescribed exemptions)</td><td>Must meet a prescribed minimum Home Energy Rating standard (with prescribed exemptions)</td><td></td></tr>
<tr><td>2033</td><td colspan="3">MEERS implementation review, with key priorities:
Evaluating and publicly reporting on compliance
Identifying opportunities to eliminate need for exemptions
Reporting on outcomes for renters</td></tr>
<tr><td>2034</td><td></td><td></td><td></td></tr>
<tr><td>2035</td><td>Houses must be all-electric (with prescribed exemptions)</td><td></td><td></td></tr>
<tr><td>2036-39</td><td></td><td></td><td></td></tr>
<tr><td>2040</td><td>All rentals must comply with the full scope of MEERS, with no exemptions permitted</td><td>Units must be all-electric, and
All units must comply with the full scope of MEERS, with no exemptions permitted</td><td>All social housing must comply with the full scope of MEERS, with no exemptions permitted</td></tr>
</table>

6.1 Industry readiness

Successful, smooth implementation of MEERS will require the development of industry skills, supply lines and the capacity of the market to deliver required retrofits. While a clear implementation timeline will send a strong signal for industry development and are the strongest enabling factor, the NSW Government will need to take supporting action with measures to enable industry development. This will require coordinated workforce planning to ensure sufficient skilled people are available across the state.

The Government should work closely with industry, education providers and other relevant stakeholders to identify measures for targeted support. As a starting point, it should consider the Energy Efficiency Council's recommendations to address gaps in the energy efficiency workforce:

- provide training in energy efficiency,
- provide dual trade training and certification (for example between electricians and gas plumbers,
- create a central trusted information platform,
- expand licensing and quality control, and
- create training and certification for new or enhanced roles (for example, an upgrade advisor and coordinator).

7. Exemptions

Carefully considered and narrowly targeted exemptions will be necessary to account for particular cases and support the fair and practical implementation of MEERS in NSW.

Exemptions must be narrowly defined, transparent, evidence-based, and time-limited to ensure they do not undermine the overall effectiveness of the standards, distort the rental market or create broad and unfair loopholes across the sector that see renters living in already sub-standard properties trapped in these homes.

A comprehensive framework for exemptions should be developed in consultation with stakeholders as part of implementation planning, but could include exemptions for;

- Heritage protected properties where a proposed upgrade would materially conflict with formal heritage requirements or planning controls.

- Situations where an individual landlord has limited control over shared infrastructure or building fabric, such as some apartment buildings or strata arrangements. Such exemptions should be strictly time limited.

- Circumstances where an Owners Corporation or strata body has refused approval on grounds permitted in legislation, despite the landlord having taken all reasonable steps to obtain approval,

- Cases where a required upgrade is demonstrably not technically feasible. Such exemptions should be time limited and require reassessment,

- Circumstances where installation would create genuine and significant safety risks.

Exemptions should not rely on vague or subjective concepts such as “unreasonable cost” or “not reasonably practicable” without clear definitions and thresholds established in Regulations or guidance material. Experience from other jurisdictions, particularly Victoria, demonstrates that broad or poorly defined exemptions can critically undermine the intent and impact of MEERS and create uncertainty around compliance obligations.

Cost alone should not be treated as a sufficient basis for exemption. Where cost is raised, it should be considered in limited and clearly defined circumstances, and only after all available government rebates, subsidies, incentive schemes, and low-interest finance options have been applied or reasonably considered. Any cost-based exemption threshold should be evidence-based, tightly constrained, and linked to demonstrably disproportionate upgrade costs relative to comparable properties and the value of the property itself.

Landlords should not be able to self-determine whether an exemption applies. Any exemption should require formal application, assessment, and approval through a clear administrative process. The burden of demonstrating why an exemption should apply must rest with the landlord, not the renter.

Applications for exemptions should be supported by appropriate evidence, which may include:

- Formal and certified evidence or advice from licenced tradespeople, engineers, heritage specialists, or building professionals,

- Evidence of strata of owners corporation decisions or planning restrictions,

- Technical assessments demonstrating that an upgrade is not technically feasible or would create significant health or safety risks,

- Supporting documentation, including photographs where relevant, demonstrating building conditions or physical constraints,

- Evidence demonstrating that available rebates, subsidies, or financing options have been explored or applied where relevant and costs are still prohibitive.

Where an exemption is granted for a particular requirement, landlords should still be required to undertake any other reasonable upgrades that maximise the home's energy performance, thermal comfort or resilience (using the same Home Energy Rating tool as a basis). Exemptions should be designed to achieve equivalent outcomes wherever possible. For example, where structural or heritage constraints prevent a home from achieving a minimum thermal performance rating, landlords should still be required to implement other feasible measures, such as electrification, solar PV, draught sealing, or appliance upgrades, to the maximum degree possible.

Any exemption granted on cost grounds must not be permanent. Cost-based exemptions should only be available during the staged implementation period and should expire once the full implementation timeframe has been reached (i.e. 2040 as set out in the timeline above). This reflects the principle that all renters should ultimately benefit from minimum energy efficiency standards, regardless of the condition of the property they live in. This recognises that owners unable to ensure the property meets appropriate standards can sell the property.

Exemptions should be independently verified by the relevant government authority or regulator, rather than relying solely on landlord declarations. The NSW Government should also consider mechanisms for how exemptions are assessed, recorded, monitored, and enforced over time. This could include a centralised compliance and exemptions register, requirements to upload supporting documentation, mandatory disclosure of exemptions to renters, and the use of targeted audits and/or spot checks to verify compliance and reduce misuse of exemptions. Where exemptions arise because of barriers that may be resolved over time, such as strata governance arrangements or infrastructure constraints, the NSW Government should establish processes to periodically review these exemptions and support the removal of those barriers where possible. Collecting and monitoring data on exemption use would also help identify any systemic issues, loopholes, or areas where additional regulatory reform may be required to ensure all renters are benefiting from MEERS. The management of exemption information would be enabled by frameworks for mandatory disclosure and could be linked to bond lodgements and other existing information platforms.

The exemptions framework should also be designed to avoid unintended consequences for renters. Compliance costs or upgrade works should not be used to justify eviction, non-renewal of tenancy, or excessive rent increases.

8. Supporting enablers

Targeted, well-designed supporting enablers will play an important role in supporting the implementation of minimum energy efficiency standards in rental homes. When paired with clear regulatory frameworks, enablers can help overcome upfront cost barriers for owners, accelerate early action, mitigate the risk of unintended impacts on renters and support the timely and effective rollout of standards across the rental sector.

Landlords can already access incentives for certain energy efficiency upgrades through existing schemes managed by the NSW Government. MEERS implementation should seek to leverage existing schemes where possible and appropriate. These schemes include the Energy Savings Scheme, Peak Demand Reduction Scheme, and the newly introduced Home Energy Saver Program.

8.1 Principles for enablers

Enabling measures should be designed to maximise public benefit and support an equitable transition. This includes ensuring that any enabling measures are;

- **Targeted**, directing support towards properties and landlords facing genuine barriers to upgrades, particularly lower-quality housing and homes occupied by low-income earners.

- **Equitable**, ensuring that public funding does not disproportionately benefit higher-income households/owners or subsidise upgrades that could have occurred regardless.

- **Conditional**, linking financial support to clear outcomes for renters, including improved comfort, lower energy costs, and protections against adverse impacts such as excessive rent increases.

- **Efficient**, supporting timely upgrades and avoiding market distortions or bottlenecks.

Financial support will also be needed for community housing providers. Governments should ensure that funding for upgrades or replacements of social and community housing stock is provided in addition to existing funding.

8.2 Examples from other jurisdictions

Different jurisdictions have taken varied approaches to enabling measures or 'incentives':

Victoria

Landlords, including Community Housing providers in Victoria, are able to access rebates through the Victorian Energy Upgrades (VEU) program, the Solar Homes programs, and the Energy Efficiency Social Housing Program (EESHP).

Across these three rebate programs landlords can gain access to financial support to upgrade heating and cooling appliances, electrify cooktops, install insulation, and upgrade or replace hot water heat pumps in rental homes.

The Solar Homes programs includes a hot water rebate of up to $1,400 for eligible heat pumps - this rebate is also available for community housing organisations. Community housing can also access funding for insulation installation under the Energy Efficiency Social Housing Program (EESHP).

Upgrade type	Indicative rebate/financial support range	Program/scheme
Heating and cooling	$1,000 - $5,530 (depending on system size and configuration)	VEU - heating and cooling upgrades (decommissioning gas heating, installing reverse cycle systems)
Induction cooktop	$140 per cooktop	VEU - efficient cooking/gas cooktop replacement activity
Ceiling insulation	$1,000 - $1,500	VEU - insulation activity

Hot water heat pump	$800 - $2,000	VEU - hot water system upgrades (heat pump installations) & EESHP for community housing providers
Total potential support		**$2940 - $9,170**

The ACT

The ACT originally introduced the Sustainable Household Scheme (SHS) in July 2021, at the time this was a zero-interest loan program. The scheme provided a 10-year interest-free loan of $2,000 - $20,000 for energy efficiency upgrades. As of July 2025, the scheme has shifted to a 3% interest rate for new loans and has reduced eligibility.

Through the SHS, landlords and homeowners can access concessional finance to undertake upgrades including heating and cooling, hot water systems, insulation, and electrification measures. This approach is designed to reduce upfront cost barriers while maintaining the expectation that property owners are responsible for funding improvements over time.

The ACT government has also introduced free home energy assessments for rental homes through the Renters' Home Energy Program, supporting renters to identify opportunities to improve comfort and efficiency.

Upgrade type	Support mechanism	Program/scheme
Heating and cooling	Low-interest loans (previously zero-interest)	Sustainable Household Scheme (SHS)
Hot water heat pumps	Low-interest loans	SHS
Ceiling insulation	Low-interest loans	SHS
Electrification (including cooking and appliance upgrades)	Low-interest loans	SHS
Energy assessments (for renters to access)	Free advisory support	Renters' Home Energy Program
Total potential support		**$2,000 - $20,000 (loan, repaid over time)**

New Zealand

In 2019 New Zealand enacted the *Healthy Homes* standards. These standards mandated minimum requirements for heating, insulation, ventilation, moisture ingress, drainage, and draught sealing in rental properties.

When these standards were introduced this was done without providing dedicated, system-wide financial incentive schemes for landlords linked to compliance. Instead, compliance was treated as a core obligation of rental provision, with public funding instead directed toward supporting vulnerable households rather than subsidising property owners.

The New Zealand government's approach:

- Regulated landlords and required them to upgrade the homes they were renting out,
- Funded health and equity programs for households,
- Did not create a landlord-facing incentive scheme.

Instead, grants were available for low-income occupied households. The tenant needed to have a Community Services Card. The landlord was required to pay 50% of the cost, which averaged out to around $1600 per household. Both the tenant and the landlord were party to the application and real estate agents and property management firms were engaged in the process for promotional reasons.

While some general energy efficiency programs delivered through the Energy Efficiency and Conservation Authority (EECA) provided support for insulation and heating upgrades in limited circumstances, these were not designed as compliance incentives for landlords under the Healthy Homes framework.

8.3 Considerations for NSW's Home Energy Saver Program

The recently announced Home Energy Saver Program (HESP) provides a framework that could be adapted as an enabler for MEERS compliance. However, further consideration is needed to ensure that the pathways for renters and landlords to access the program are robust, effective and do not create risks for renters.

While implementation of MEERS would be the most certain way to increase landlord uptake of the HESP, further changes could be made to ensure access is practical and equitable. Such changes could include:

- Expanding eligibility criteria to include 'lower cost rentals' (as defined by being below a certain percentile of rental prices for the local area) recognising that many renters living in inefficient homes are concentrated in lower-cost rental properties where energy efficiency improvements are most needed. Eligibility could be determined through a localised measure, such as properties renting below a defined percentile of local market rents.

- Expanding loan eligibility criteria to cover any upgrade(s) required to comply with MEERS, rather than limiting support to a narrower set of eligible upgrades. This would provide a more straightforward pathway for landlords to understand and meet their obligations, while ensuring that funding is directed towards achieving minimum standards.

- Creating a clearer pathway for renters to access support and information, recognising that renters often face significant barriers in initiating energy efficiency improvements in their homes. The current pathway for renters seeking to benefit from HESP is unclear, particularly where upgrades require landlord approval or involve changes to the property. A MEERS framework should ensure renters are not responsible for navigating complex upgrade processes or advocating for improvements that are ultimately a landlord responsibility.

- Ensuring support is accessible for renters in apartments and strata properties, where energy efficiency upgrades can involve additional complexity due to shared infrastructure, strata decision-making processes and building-wide requirements. Dedicated guidance and support may be needed to ensure these households are not excluded from accessing improvements.

- Prioritising upgrades that deliver immediate health, comfort and bill-saving benefits, including insulation, draught sealing, efficient heating and cooling, hot water upgrades and electrification. These measures should be aligned with MEERS requirements to ensure public investment directly supports improvements in rental home performance.

A well-designed suite of enabling measures should complement the introduction of mandatory standards. By pairing MEERS with accessible financial support, NSW can create a practical pathway that supports landlords to comply with mandatory standards while protecting continuity and stability for renters.

9. Renter protections and compliance

Overwhelmingly, people who rent are better off following the introduction of well designed and implemented minimum energy efficiency standards. In NSW's tight rental market, there is a fundamental and enduring power imbalance between renters and owners/agents, which already sees technical rights or assumed outcomes undermined by tenants' inability to enforce them in practice.

The NSW Government should consider proactive measures to smooth the transition and avoid perverse outcomes, especially where financial incentives are provided. In addition, implementation must protect renters against potential retaliation for self-advocacy around rental standards.

9.1 Implementation requires proactive enforcement

Compliance and enforcement must be pro-active, rather than reliant on 'reactive enforcement' through tenant complaints/disputes. We welcome the NSW Government's more recent shift toward more proactive enforcement of tenancy issues, but more will need to be done.

The largely reactive rental regulatory framework in NSW requires tenants to be able to navigate NCAT processes to attempt to enforce their rights. This process is virtually inaccessible for tenants with pre-existing vulnerabilities such as financial hardship, illness or cognitive impairments, placing them at greater risk of homelessness particularly if they are unable to access adequate advice and advocacy.

Further proactive compliance monitoring is required. Implementation of mandatory disclosure of energy performance would serve as a robust platform for such proactive efforts, creating a consistent and transparent data source which could also be used as a basis for spot checks or audits. NSW Fair Trading should establish a register for rental properties and their compliance with MEERS and other standards. Initially, compliance could be lodged alongside bonds, with the database scaled up to capture all existing tenancies.

Verification of compliance must take a risk-based approach that focuses on outcomes for vulnerable tenants. For example, spot checks could focus on properties with relatively low rents. Similarly, compliance monitoring should also be guided by building age, with older rental properties likely needing more work to comply with MEERS. As we progress towards implementation of ratings-based standards, compliance can be certified by assessors.

9.2 Establish a framework to limit rent increases

Given the current issues facing the NSW rental market, MEERS implementation should involve enhanced measures to limit rent increases. While recent reforms to limit the frequency of rent increases are welcome, there is still little protection in place against excessive quantum of rent increase. In practice, it is difficult for tenants to negotiate rent increases with their landlord, with the onus placed on renters to prove, with limited access to market data, whether a rent increase is excessive. Both the discretion and the power rest with the owner.

Many jurisdictions, including the ACT, have implemented rent control to better regulate rental prices. The ACT model restricts rent increases to no more than 110% of the rent component of the Canberra Consumer Price Index (CPI). Increases can only be made once every 12 months, although this rent control does not apply at the commencement of a new tenancy. This has not been found to cause landlords to exit from the market.

The NSW Government should adopt the ACT's model to link rent increases to no more than increases in CPI, to support rental affordability and ensure landlords do not pass on excessive upgrade costs to renters. Linking rent increases to CPI would provide renters with greater certainty about future housing costs while still allowing landlords to maintain the real value of rental income over time.

CPI is an appropriate benchmark because it reflects changes in the general cost of living across the economy. Linking rent increases to CPI allows rental income to keep pace with inflation while protecting renters from sudden increases that far exceed broader economic conditions. It also provides a predictable and transparent framework for both renters and landlords, reducing disputes and supporting longer-term tenancies. Rather than relying on NCAT to determine reasonableness on a case-by-case basis, a CPI-linked limit would establish predictable expectations, reduce disputes, and improve confidence in the residential tenancy system.

In any case limits on rent increases must apply to any rental properties where the owner has received a subsidy or financial incentive from the Government to reduce their compliance costs.

9.3 Increase evidence standards for evictions

Stronger protections against evictions linked to compliance works or property upgrades should be considered, to support rental continuity and ensure renters are able to remain in their homes and directly benefit from improved housing conditions.

Recent reforms in NSW have ended no-ground evictions, requiring landlords to provide a valid reason to terminate a tenancy. However, evidence indicates that loopholes relating to evictions for renovations and repairs may undermine these protections in practice. In particular, there are concerns that current arrangements may allow landlords to rely on limited or weak evidence to justify evictions for renovation purposes, raising the risk of so-called “renovictions”.

This is especially relevant in the context of MEERS, where energy efficiency upgrades, maintenance, or compliance works could potentially be used as justification for tenancy termination if safeguards are not strengthened. Without clearer requirements for robust, verifiable evidence that renovations are genuine and cannot reasonably occur with tenants in place, there is a risk that renters could be displaced in circumstances where continued tenancy would be possible.

Appendix: Sources and evidence base

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