

About the Tenants' Union of NSW

The Tenants' Union of NSW is the peak body representing the interests of tenants in New South Wales. We are a Community Legal Centre specialising in residential tenancy law and policy, and the main resourcing body for the state-wide network of Tenants Advice and Advocacy Services (TAASs) in New South Wales.

The TAAS network assists more than 35,000 tenants, land lease community residents, and other renters each year. We have long-standing expertise in renting law, policy and practice. The Tenants' Union NSW is a member of the National Association of Renters Organisations (NARO), an unfunded federation of State and Territory-based Tenants' Unions and Tenant Advice Services across Australia. We are also a member of the International Union of Tenants.

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Recommendations

Recommendation 1:

NSW Government should implement performance based minimum energy efficiency rental standards (MEERS) with the primary objectives of improving the thermal safety of rental homes to protect renters health and improve energy affordability and reduce energy hardship for renters.

Recommendation 2:

NSW Government should implement Option 2: Home Energy Rating (NaTHERS) with specific feature standards to be implemented in the short term as we progress towards NaTHERS based performance standards.

Recommendation 3

Implementation of MEERS should take into account the different climate zones in NSW and using the NaTHERS rating certificate will ensure these different zones are considered in a home's energy rating.

Recommendation 4

Any financial subsidies provided to landlords to reduce their MEERS compliance costs should be means tested and conditional on a limit on rent increases for 3 years.

Recommendation 5

Implement restrictions on landlords issuing a notice of termination on grounds of renovations or significant repairs due to compliance with MEERS.

Recommendation 6

MEERS should apply to all rental homes in NSW and be consistent and equitable.

Recommendation 7

Higher minimum standards should be considered in the long term for housing types which house renters who are more vulnerable due to health conditions.

Recommendation 8

If exemptions to MEERS are to be considered in NSW then they should be specific and limited with the onus on the landlord to apply for an exemption and provide proof they qualify.

Recommendation 9

MEERS should be considered part of the existing minimum standards for rental homes in NSW and all minimum standards be a requirement before homes can be advertised for rent.

Recommendation 10

Implement at the commencement of MEERS a strong compliance and enforcement system which does not rely solely on renters. Consider mechanisms to ensure compliance with standards, including verification and penalties for non-compliance.

Recommendation 11

Establish one stop shops in multiple locations across NSW to assist landlords access appropriate finance, subsidies, tradespeople and compliance information.

Recommendation 12

Financial incentives for landlords should be targeted, equitable and designed to support ambitious standards rather than subsidising basic compliance and include restrictions on rent increases.

Recommendation 13

Strengthen the evidence requirements under the reasonable grounds of termination to prevent retaliatory notices to renters who request landlords comply with MEERS.

Recommendation 14

Implement stronger rent regulations which limit the amount of rent increases to ensure certainty for renters and landlords and stop any opportunistic profiteering by landlords as a result of the implementation of MEERS.

Recommendation 15

Implement mandatory disclosure of home energy rating at the point of advertising.

The Tenants' Union welcomes the opportunity to provide feedback on the NSW Government's consultation paper investigating the implementation of minimum energy efficiency rental standards. Our responses are guided by our work with renters, the growing body of evidence around minimum energy efficiency standards and also the casework experience of the local Tenants' Advice and Advocacy Services across NSW. We know first hand from renters that they are living in homes that are in a poor condition and this is further exacerbated by the homes having poor energy efficiency. Minimum energy efficiency rental standards are crucial in NSW to address long-standing market failures, including the split incentive between landlords and renters and ensure that renters can live in safe, healthy, secure and affordable homes.

Question 1: What are the biggest issues that renters and landlords face in New South Wales regarding energy efficiency of rental homes? Are there any important issues not listed here that should be included?

Everyone deserves to live in a healthy, affordable home. But this isn't the case for many renters. Their homes are too cold in winter and too hot in summer. Renters are facing higher energy costs and indoor conditions that make them and their families sick.

The combined cost of high rents and energy bills forces many renters to forgo other essentials like food and medication. Renters are at a significant disadvantage when it comes to energy efficiency of homes, and by extension the energy costs they incur in order to keep their homes healthy and functional. Living in poor quality homes without the ability to upgrade by improving insulation or installing solar panels, renters face the dilemma of being uncomfortably hot in summer and very cold in winter, or spending large sums on heating and cooling their energy inefficient homes.

Renters homes are generally poorer in quality and often in a poor state of repair. This failure by many landlords to maintain homes and undertake timely repairs means many renters are living with mould which can be made worse by poor energy efficiency.

Homes in NSW must be able to keep people safe from extreme weather, support good health, and provide the basis for people to engage productively in their community. Currently many rental homes are failing in all these areas and there is very little interest from landlords to do even the basics to maintain homes in a reasonable state of repair let alone upgrades to improve the energy efficiency of rental homes.

The other big issue is the power imbalance between renters and landlords. Currently our rental laws put all the responsibility on renters to raise repair issues with their landlord and take matters to the Tribunal if no action is taken. For many reasons including fear of eviction renters don't feel able to raise repair issues or run matters at the Tribunal.

Question 2: What information do renters currently have access to about the energy efficiency of a rental home before signing a lease, and how could this be improved?

Renters in NSW do not have access to information about the energy efficiency of a rental home before they sign the lease. It's only when a renter moves in and experiences problems with keeping the home at a comfortable temperature that they begin to uncover issues with the home. When they receive their energy bill this is another point in time when they become painfully aware about the cost of running the home and the impact the poor energy efficiency of the home has on their energy bills.

Mandatory disclosure of a home's energy rating (using NaTHERS) at the point of advertising would provide renters with important information around the thermal comfort and energy efficiency of appliances and the whole of home. A renter can then make a more informed decision and have greater understanding and awareness of issues in the home. It may not impact their decision on whether to proceed with a tenancy agreement but it will allow them to potentially make changes to their behaviour based on the limitations of the home and give them a reasonable expectation of the cost of running the home.

Question 3: Are some groups of renters disproportionately affected by poor energy efficiency (for example, low-income households, older people, people with disabilities, families with young children, or renters in regional and remote areas)? Please explain.

Impacts of poor energy efficiency are felt by all renters but there are renters that are disproportionately impacted by poor energy efficiency. The impact is going to be greater for those renters that are already living with financial hardship or have health and medical issues that are impacted by temperature issues. Our homes play a central role in our health, wellbeing and economic security. When our health, wellbeing and economic security are already under pressure then poor energy efficiency in a renters home is going to exacerbate these other elements.

People on low incomes have fewer choices, and are living in housing that is the least efficient and often unfit to support their health and wellbeing. They are also often experiencing financial hardship and therefore high energy bills impact ability to cover other essentials. Tough decisions are made between medication, food and energy costs. Older people and people with disabilities are more likely to have accessibility issues which may mean they spend more time inside their home. The more time spent inside a home that is affected by poor energy efficiency the greater the negative impacts will be felt by those renters. In addition many health issues are exacerbated by living in homes that have extreme temperatures.

The Productivity Commission's report into housing standards in public housing homes highlights the poor conditions that many social housing renters are living in. In NSW in 2025, only 65.1% of public housing survey respondents reported living in dwellings of an acceptable standard, compared to 47.9% in state-owned and managed Indigenous housing and 79.3% in community housing. A dwelling is assessed as meeting minimum acceptable standards if it has at least four working facilities (for washing people, for washing clothes/bedding, for storing/preparing food, and for sewerage) and not more than two major structural problems.¹

Individuals who are housebound or rely on life-support and specialized medical equipment have no choice but to keep the power running, leaving them highly vulnerable to soaring energy costs in a poorly insulated home

Rural and remote areas are frequently located in geographic zones prone to intense, unrelenting extreme weather. Renters in the distribution area of Essential Energy which supplies the majority of regional and rural areas in NSW pay much higher electricity usage and supply costs due to the cost of delivering and maintaining electricity infrastructure over these vast distances.

Question 4: Would you like to share any experiences related to energy efficiency in rental homes with the team conducting this investigation?

- **Please feel free to share any experiences you've had as a renter, landlord, real estate agent, tradesperson or in any other relevant capacity.**

The Tenants' Union in collaboration with NSW Rental Commissioner and Sydney Alliance held Renters Forums in 2024 to hear from renters directly of their experience of renting in NSW. Many of the stories we heard in these Forums have been shared in the [Listening to Renters Voices report](#) and also in the MEERS Consultation Paper. We heard many stories and below are some of the experiences that have not been publicly shared previously. Again these stories highlight the negative experiences renters have living in homes which are not energy efficient and this is further compounded when the homes have not been well maintained and in a poor state of repair.

"Tiffany's home was wet, humid and had no sunlight. This made the whole family feel uncomfortable and suffocated. A leak in the home which was not fixed quickly left a lot of their belongings damaged and further impacted on health conditions. It didn't feel like their

¹ Steering Committee for the Review of Government Service Provision. (2026). Report on Government Services 2026: 18 Housing. Productivity Commission.
<https://www.pc.gov.au/ongoing/report-on-government-services/housing-homelessness/housing/>

forever home”

“Masooda was forced to shower her child to try and keep them cool. The cost of running the air conditioner was too much. They also used small fans but it was very hard to keep the family cool in their home. They didn't know how to find a cheaper energy plan and information was only available in English. ”

“Leith has stopped asking for repairs as the landlord said any repairs will lead to an eviction notice. They can't sleep in their bedroom due to the mould and rising damp. The hot water system died recently but they won't say anything due to fear of eviction. They have to escape the house in extreme weather as it's unbearably hot or freezing cold. They got a rent increase of \$40 per week and felt they had no choice but to accept it”

A common thread running through the stories we heard from renters is the homes they are living in are in a poor condition and the landlord's failure to properly maintain the home and respond to repair requests is further exacerbating the poor energy efficiency of their homes. Alongside implementing minimum energy efficiency standards further work is required to improve the standard of rental homes and greater compliance and enforcement action by the Regulator to ensure that homes that are not meeting the requirements of the Residential Tenancies Act are not advertised for rent.

Tenants' Advice and Advocacy Services are regularly hearing from renters seeking advice on mould in their homes and the landlords' failure to respond appropriately to deal with this serious health issue. The case studies below highlight this is an issue for private renter and social housing renters and both types of landlords regularly failing to understand their obligations and responsibilities when it comes to mould in a rental home. On behalf of the National Association of Renters' Organisations (formerly Tenants' Organisations) in 2018 the Tenants' Union of NSW also collated renters stories and experiences for the Commonwealth Inquiry into Biototoxin-related Illnesses in Australia - part of a long history of raising concerns that dwelling standards were insufficient.²

Taylor noticed there was a lot of mould growing in the home, even though she ventilated as best she could. The mould was constantly growing up the walls. Taylor was very concerned about the impact the mould might have on her health and whether it was safe to live there, so she raised it with the real estate agent, asking that something be done to resolve the issue.

The agent responded to Taylor with a threat that if she believed the premises were not

² National Association of Tenants' Organisations (2018) *Submission: Inquiry into Biototoxin-related Illnesses in Australia*. Parliament of Australia, Canberra. Accessed on 28th May 2025 at <https://www.aph.gov.au/DocumentStore.ashx?id=5efcd970-0042-45ce-aa99-f8648f60d256&subId=658544>

safe, then they may need to issue her with a section 109 termination notice with immediate effect. This was very distressing to Taylor.

Taylor was afraid of pursuing the issue after the agent's threats, and instead decided to consider her options for breaking the lease and moving out.

James was in a social housing tenancy and his home was plagued by moisture, drainage and mould issues. James had pre-existing health issues and was concerned that they were being exacerbated by the recurring and widespread mould.

The social housing provider had taken no action over a number of years, treating any mould issues as the tenant's responsibility.

James was assisted to obtain an expert report regarding the mould in the home, which confirmed the significance of the issue. The expert report said that the home was, in their view, not habitable due to the poor air quality caused by the extensive mould.

Question 5 : Would you like to share any experiences you've had with minimum energy efficiency rental standards in another jurisdiction where MEERS are already in place?

- Please feel free to share any experiences you've had as a renter, landlord, real estate or in any other relevant capacity.

The Consultation Paper refers to a number of reports and research that have been undertaken in jurisdictions where MEERS has been implemented. All these studies find there is no measurable impact on rental prices and where it's been measured only a minimal effect on private rental housing supply.

Question 6 : What lessons from other jurisdictions would be most relevant to NSW if MEERS were introduced, particularly in relation to exemptions, lead in times, or support measures?

In Victoria the implementation of MEERS was staged with different lead times for different features. There was also a phased implementation of MEERS in the ACT which facilitated a gradual market adjustment. It allowed landlords to comply incrementally, mitigating

abrupt market disruptions.³ We would discourage the NSW Government from implementing a features only based model but we think the staging and some of the key requirements of implementation from Victoria and ACT could be incorporated into NSW's implementation of MEERS in a performance based model.

In Victoria they have the requirement for end of life replacements of heating and hot water systems with efficient electric systems commencing in 2027 and we strongly advocate for this to be incorporated into NSW's implementation of MEERS. This is vital to ensure a transition to electrification of rental homes.

In Victoria community housing providers were exempt from compliance with MEERS and we would discourage NSW from adopting similar exemptions. All homes in the rental system should be required to comply with MEERS and with a staged implementation there is no justification for exempting particular homes or landlords. As outlined previously low income renters are often feeling the impacts of poor energy efficiency and these renters should not be left behind in the implementation of MEERS.

The ACT has recently undertaken a project monitoring and evaluating minimum energy efficiency standards for rentals. The report from this project has important insights around compliance which should be used to guide implementation in NSW. Some of the key recommendations are:

- establish central publicly searchable register to upload compliance status and evidence,
- pilot program to provide audits to help with compliance and enforcement,
- amend legislation to require obligation to disclose compliance information to the Government
- amendment to require assessment to be conducted by a certified assessor⁴

However, in the ACT the burden of ensuring compliance with the standard has been placed on renters and there are no penalties for non compliance with the standards which is highly problematic for the success of MEERS. NSW should ensure that compliance and enforcement systems are in place at the commencement of introduction of MEERS and these systems to be rigorous and well resourced.

³ Franz Fuerst, Xinyan Huang, Martin Sheppard, The impact of minimum energy efficiency standards on the private rental market, Energy Policy, Volume 210, 2026, <https://www.sciencedirect.com/science/article/pii/S0301421525005464>

⁴ Australian Capital Territory Government. (2024). Monitoring and evaluation of the Minimum Energy Efficiency Standard [PDF]. Climate Choices.

Question 7 : Are there any unintended consequences observed in other jurisdictions with MEERS (for example, impacts on rental supply or rents) that New South Wales should consider?

Minimum standards have been implemented successfully internationally for decades and more recently in other jurisdictions, including Victoria, the ACT, the UK. The evidence shows there's no adverse impacts on rental supply. Research in ACT and the UK have found no measurable impact on rental prices.

Universal coverage, and enforcement of standards removes the possibility of rent price differentiation occurring between properties at different stages of standards.

The potential for unintended consequences should not be regarded as a reason to delay the reform, but the risks should be recognised and mitigated.

To the extent a small cohort of property owners may consider selling or removing their property from the rental sector in protest at providing safe and decent homes, this suggests the need in general for stronger utilisation requirements and industry standards independent of any particular regulation.

Question 8 : If MEERS were introduced in New South Wales, what objectives should they have? Please list the objectives in order of priority.

The primary objectives of MEERS in NSW should be to improve the thermal safety of rental homes to protect renters health and improve energy affordability and reduce energy hardship for renters. If these two objectives are kept as the focus of the implementation of MEERS then all other objectives will necessarily follow.

It will necessarily follow that to achieve these objectives landlords will need to maintain and improve the quality of rental homes by upgrading energy efficiency features. This will also lead to a reduction in greenhouse emissions as homes will be more energy efficient. Some of the upgrades may give renters access to energy saving technologies for example solar panels but this may not be possible in all types of homes.

Question 9: What are likely to be the main benefits and impacts of introducing MEERS?

If the key objective of improving outcomes for renters guides the implementation of MEERS then a likely main benefit will be an improvement in renters wellbeing. Renters will live in homes that have improved thermal comfort and they will have lower energy bills and can affordably keep them at the right temperature. Reducing energy poverty, and making rentals easier to heat and cool, will have mental health benefits. Being comfortable in your home has positive impacts.

Efficiency upgrades to renters homes will also reduce energy use which will assist in reaching emission reduction targets.

Reducing renters energy use will also provide cost of living relief in the short term and long terms as we know currently they have on average higher energy bills.

It will mean our rental homes are more climate resilient. Currently our existing rental homes are not designed for current or future temperatures. These homes will remain the dominant share of our housing stock and introducing MEERS will ensure homes are more climate resilient.

There are many societal benefits of implementing MEERS. Improved health outcomes will result in healthcare savings. There are also many employment opportunities with assessors for home energy ratings and trades people to undertake energy efficiency upgrades to homes.

Question 10: Do you support the introduction of MEERS for rental homes in New South Wales ? Why or why not?

Yes the Tenants' Union strongly supports the introduction of MEERS for all rental homes in NSW. We call on the NSW Government to not delay implementation of MEERS. There have already been too many delays and the consequences of not implementing for renters, society and the environment are too great.

Establishing minimum energy efficiency standards for rental homes in NSW is an important social justice measure. It addresses a market failure and a power imbalance that results in inequitable social, economic and health outcomes for renters in NSW.

More than 30% of the population in NSW are renters and they should have the right to live in homes that are healthy and comfortable. Landlords should have the obligation to ensure properties are kept in a healthy, efficient and modern standard.

Question 11: If MEERS were introduced in New South Wales , what are likely to be the main challenges of introducing MEERS in houses?

Implementing MEERS in houses is the least challenging and more straightforward housing type. A staged implementation for houses will ensure landlords will have a planned and staged path to follow to make the necessary upgrades to houses.

There may be some houses which have structural challenges particularly related to heritage buildings. This may require other alternative features to be installed to help the house achieve its star home energy rating. We do not support blanket exemptions and instead landlords who are facing challenges should have a requirement to lodge an application seeking a specific exemption and provide supporting documentation and alternative options for compliance.

Question 12: If MEERS were introduced in New South Wales , what are likely to be the main challenges of introducing MEERS in apartments and other types of strata developments?

Legal, technical and structural issues will be some of the main challenges to the implementation of MEERs in apartments and other types of strata developments. These challenges are not reasons to exclude apartments from implementation. There will need to be agreement of strata corporations for upgrades but if MEERS is mandatory this should assist in ensuring action by strata corporations. Many apartment complexes are supplying utilities through embedded networks which can create technical issues in the move to energy efficiency upgrades. There may also be some structural issues that require there to be exemptions in some buildings for certain upgrades but this should be done on a case by case basis on application by the owners.

The ACT undertook some pilot studies in 2025 looking at feasibility of electrification of apartment buildings which included energy efficiency upgrades.⁵ The findings from these pilots provide some useful guidance for NSW in navigating the best implementation pathway for apartments.

A performance based model for MEERS is best suited for apartments as it offers flexibility in changes and upgrades that can be undertaken working within constraints of individual apartments. The NaTHERS software is designed to consider the unique aspects of individual apartments in a complex including the specific location of the apartment which has impacts on the thermal comfort.

Question 13: If MEERS were introduced in New South Wales, what are likely to be the main challenges and opportunities of introducing MEERS in social and community rental housing, affordable housing, boarding houses, build-to-rent housing, student accommodation, retirement villages and other rental accommodation ?

The opportunity for these types of housing and providers are to lift the quality and standard of the homes for some of the most vulnerable renters in NSW. Many of the types of housing listed in the question are in very poor condition and many of the renters living in these types of housing are on low or statutory incomes. Implementing MEERS will give the benefits previously outlined but also help reduce financial hardship, poverty and inequality for low income renters and create savings in other areas of government.⁶

⁵ Australian Capital Territory Government. (2025). Sustainable Apartments Pilot: Findings of the Pilot. Climate Choices.

<https://www.climatechoices.act.gov.au/policy-programs/sustainable-apartments-pilot#Findings-of-the-Pilot>

⁶ Australian Council of Social Services, (2024) Funding and Financing Energy Performance and Climate Resilient Retrofits for Housing,

<https://www.acoss.org.au/wp-content/uploads/2024/02/ACOSS-Report-Funding-and-Financing-Low-income-retrof>

Social housing in particular should be a priority of the NSW Government. Current social housing stock is primarily old and we know from renters that the back log in repairs and maintenance is only exacerbating the difficulties of living in old homes with very poor energy efficiency. On the flipside new social housing that is being built will need to meet a 7 star home rating. Implementing MEERS will require a significant increase in funding for social housing but the benefits to renters, society and the environment make this a necessary priority. In New Zealand they prioritised social housing homes and boarding houses when they were implementing MEERS and we encourage the NSW Government to take a similar approach and provide dedicated funding to support the roll out.⁷

Likely some of the types of housing listed above like Affordable Housing and build-to-rent are already at a higher standard of energy efficiency as more often than not they are new builds.

Question 14: If MEERS were introduced in New South Wales , do you think they should be applied consistently across New South Wales , or should they vary, for example by building type, climate zone or in some other way?

- For example, if MEERS requires ceiling insulation: should the insulation requirements in hot, humid climate zones such as the far North Coast be the same as in cooler climate zones such as the Monaro or the Southern Highlands?

The requirements for MEERS in NSW needs to take into account the variety of climate zones. Using a home energy rating system like NaTHERS accounts for different climate zones. Working towards the minimum home energy rating, landlords should be required to implement features which are appropriate for the climate zone of the home and will make positive changes in the short term for the renter and progress the rating of the homes towards the required minimum star rating.

Question 15: If MEERS were introduced in New South Wales , how could potential impacts on rents be minimised to ensure renters are better off overall, including both rental and energy costs?

The good news is that the evidence from other jurisdictions is that MEERS has limited impact on rents. Nonetheless it will be important in NSW to ensure there is a smooth transition and no worse outcomes for renters. Any financial subsidies provided to

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⁷Tenancy Services. (2025). Healthy homes compliance timeframes. Ministry of Business, Innovation and Employment. <https://www.tenancy.govt.nz/healthy-homes/healthy-homes-compliance/>

landlords to reduce their compliance costs should be conditional on a limit on rent increases. This could be achieved by restricting the amount of a rent increase at the home for 3 years after the financial incentive provided. In addition to limits tied to financial subsidies there will also need to be strong regulatory oversight monitoring rents to ensure that landlords do not offset their compliance costs by passing on excessive rent increases to renters. This would reduce any financial benefits renters receive from lower energy bills and put the burden on them for the upgrades to their home. It would be appropriate to consider implementing tighter regulation of rent increases at the time MEERS is introduced to ensure that renters are better off overall.

In addition to providing protections against excessive rent increases there will need to be protection for renters against eviction under the reasonable grounds of renovations for MEERS upgrades. The majority of the potential upgrades that may be needed including insulation and replacing heating and hot water systems are all work that can take place while the renter remains in the home or may in some cases require a short relocation of the renter. It's important that renters are not displaced while landlords undertake upgrade work. In NSW the evidence requirements for undertaking renovations or major repairs is very weak and easily exploited by landlords.

If MEERS is to be effective, renters must have the option to pursue remedies and compensation for non-compliant properties or excessive rent increases, and this requires protections against retaliatory eviction under the reasonable grounds of termination due to renovations.

Question 16: Please indicate if you think there should be variations in how MEERS applies to certain home types, and if so, how and why.

- For guidance, please think about the following home types :
 - Apartments • Houses and ‘granny flats’
 - Townhouses and villas
 - Affordable housing • Boarding houses
 - Build-to-rent housing
 - Key worker accommodation
 - Seniors rental accommodation (e.g. , retirement villages)
 - Short-term rentals (e.g., Airbnb , Stayz)
 - Social and community housing
 - Student accommodation
 - Sub-market housing (e.g., crisis accommodation)

All of the home types listed above should be required to meet a minimum home energy rating using the NaTHERS scheme and have specific features installed as interim steps as we move towards the date for meeting the minimum home energy star rating.

The only variation we consider that should be considered is a requirement to meet a higher standard for housing types which house renters who are more vulnerable due to health conditions. This would be appropriate particularly for housing designed for older people who often have greater vulnerability to thermal variation.

Question 17: If MEERS were introduced, what are likely to be the major challenges for landlords to implement and comply with MEERS, and how could these challenges be minimised?

Some of the challenges for landlords will be understanding what specific changes and upgrades required to achieve the NaTHERS minimum star rating. The performance standards model implemented in NSW should be easily communicated and transparent to the renter and the landlord; and support certification and compliance. This includes making long-term commitments and clearly signaling end-points to provide certainty and incentivise early action by landlords.

There will be costs for landlords to make these upgrades but by implementing a staged process with clear short term, medium term and long term milestones this will allow landlords to make plans and budget for the work that they will need to undertake. It may be more economical for bundling of work which will mean some homes met the standard earlier. This can be a decision by individual landlords based on their circumstances. Incentives could support landlords to be more ambitious in meeting the standards and compliance earlier than the end deadlines. Any incentives should be targeted and equitable and not be available to high income earners.

Proposals to strengthen protections for renters are often met with concern that landlords will leave the private rental market due to tenancy law reform. However, the findings of recent AHURI research on impacts of rental reform on the Australian rental market marries up with previous comparative research on private rental markets overseas.⁸ It found increased regulation does not adversely impact investment in the private rental sector.

The 2022 AHURI report, *Regulation of residential tenancies and impacts on investment*, considered the impact of the 2010 tenancy law reforms in NSW and the Victorian statutory review in 2015. Examining the bond data available through the rental bond lodgement systems administered by the governments of NSW and Victoria, it found minimal impact on the supply of rental housing following the reforms in either jurisdiction. The report found no change in the numbers of houses coming onto market in NSW after the reforms, and a smaller than expected decrease in properties leaving the rental market. In Victoria there was a small decrease in the number of properties immediately coming onto market after the reforms, but no change in the number of properties exiting the market.

The survey of property investors undertaken for the research found investors were primarily motivated by capital gains and that tenancy law reforms were at the bottom of the list of reasons why investors sold their properties.⁹ Again this reflects earlier research findings in the Australian context that found Australian investors see their rental property as a stable, secure 'long term investment' and that again capital gains is the most important reason for investment.¹⁰ Tenancy legislation does not affect overall investment, and investors do not discuss changes to tenancy legislation as having a significant influence on their decision if they had sold their investment property.

The changes to capital gains tax and negative gearing announced in the Federal budget have been claimed by some stakeholders to lead to worse outcomes for renters. We don't anticipate rents will increase as a result of changes to tax settings announced in the

⁸ Martin, C., Hulse, K., Ghasri, M., Ralston, L., Crommelin, L., Goodall, Z., Parkinson, S. and O'Brien Webb, E. (2022) [Regulation of residential tenancies and impacts on investment](#), AHURI Final Report No. 391, Australian Housing and Urban Research Institute Limited, Melbourne, accessed 11 August 2023; Martin, C., Hulse, K. et al. (2017) [The changing institutions of private rental housing: an international review](#), AHURI Final Report No. 292, accessed 11 August 2023

⁹ Martin et al (2022), Chapter 5, pp 43-51

¹⁰ Seelig, Thompson et al (2009) [Understanding what motivates households to become and remain investors in the private rental market](#), accessed 11 August 2023

budget. The Government as well as independent figures estimate \$50-100 per year. This is already a smaller rent increase than we have seen in 2026 so far for renters.

We have seen various claims intended to scare renters and governments away from fair tax reform. Landlords do not set rents based on their costs, and the widespread use of negative gearing is proof of this. Of the \$166bn renters across NSW have paid over the last ten reported tax years, more than \$71bn was spent paying off loans, compared to just \$9bn spent on repairs and maintenance.¹¹ Across the state the net rental income after expenses over the period amounted to \$13.5bn - rising from \$359m in 2013-14 to \$1.7bn in 2022-23, the most recent year available. For new homes entering the rental market if the Federal government budget is passed the reduced incentive to borrow large amounts of money and use rent to pay off loans rather than invest in the property will mean there is greater capacity for landlords to keep their properties at a good and modern standard and be better equipped to manage and budget for the costs of MEERS upgrades. For homes currently in the rental market, current landlords will be able to continue to benefit from negative gearing.

There may be particular challenges for some landlords related to the type of home and its features. If exemptions to the standards are to be considered in NSW then they should be specific and limited with the onus on the landlord to apply for an exemption and provide proof they qualify. Where an exemption exists due to financial cost or physical structure the NSW Government needs to commit to identifying ways to ensure renters in these types of homes can still enjoy the benefits of energy efficiency in some ways, and eventually if homes cannot be improved to meet the standard they should simply not be allowed to be rented out.

Question 18: If MEERS were introduced, what are likely to be the major challenges for real estate agents to implement and comply with MEERS , and how could these challenges be minimised?

We don't consider there will be major challenges for real estate agents to implement and comply with MEERS. They are professionals who are required to be across landlords responsibilities and obligations in NSW rental laws. A phased approach to implementation will allow time for real estate agents to access training and education to ensure they are across the requirements of MEERS.

Early establishment of real-estate industry and strata management, training, education and support will be important and is similar to what has been required when other changes have been made to tenancy legislation.

The most significant challenge for real estate agents is likely non-compliance by owners

¹¹ Author's calculations using Table 26 of the Australian Tax Office Tax Stats 2022-23. Table accessed at <https://data.gov.au/data/dataset/taxation-statistics-2022-23/resource/348ce605-5c2b-45fe-a862-b4c77923288b> on 28th May 2025.

of properties. Real estate agents are in many ways expected to ensure compliance but have neither tools nor incentives to do so. Implementing penalty and compliance frameworks which make clear where legal obligations rest will assist. There are two main pathways to achieve this - increasing obligations and expectations on landlords to behave in a business-like manner, including through introduction of registration and standards, or by placing a positive obligation on a real estate licensee to ensure that the contractual and legislative obligations of their principal are met.

Question 19: If MEERS were introduced, how might they change behaviour in the rental market – for example, in property maintenance, upgrades or lease negotiations?

We believe that if we implement a performance based model of MEERS like NaTHERS it will lead to rental homes' standards increasing and improvement in property maintenance. If the whole home impacts the star rating then property maintenance issues will have a flow on impact in negating the home's performance.

Unfortunately it's unlikely MEERS will have any impact on lease negotiations as there is a power imbalance between renters and landlords which means renters have little ability to negotiate at the time of signing a tenancy agreement.

Mandatory disclosure of a home's NaTHERS rating at the time of advertising the premises would give renters access to important information about the home and better equip them to make a more informed decision before applying for a property.

If MEERS is implemented and the standard in the future must be met at the time the home is advertised it then becomes possible for the Regulator to take compliance and enforcement action before a renter signs an agreement and moves into the home. Currently our minimum standards in the *Residential Tenancies Act 2010* are a contractual obligation that applies only when the tenancy agreement commences and therefore the onus is placed on the tenant once they have moved in to raise issues and take compliance action. If proactive compliance action is taken by the Regulator this should result in improving the standard of homes at the point of advertising and reduce some of the burden on renters.

Question 20: If MEERS were introduced: How should they interact with existing rental minimum standards in New South Wales? In your view, should energy efficiency requirements be considered as part of broader rental minimum standards over time, or remain a distinct set of requirements? Please explain why.

MEERS standards should be considered part of the minimum standards for rental homes in NSW. MEERS will complement and enhance the current existing minimum standards in

the *Residential Tenancies Act 2010* to ensure renters are living in healthy homes. MEERS should be incorporated into rental legislation and regulations alongside the current minimum standards. Using a performance based model fits well with our existing minimum standards. Meeting the current standards adequately will be important for the home to meet the minimum home energy rating.

Once MEERS have been phased in, rental homes should not be able to be advertised unless they meet the standard and this should be consistent with existing minimum standards. The requirement to meet the standards cannot be just a term of the tenancy agreement; they must be a requirement at the point of advertising. This allows greater oversight by the Regulator and reduces the number of homes that enter the rental market that are not compliant.

Question 21: What would be a fair and effective approach to compliance monitoring for MEERS, if they were introduced?

MEERS are only as good as the system in place for compliance and enforcement of the standards. It's vital that from the outset in NSW there is a strong compliance and enforcement system which does not rely solely on renters. The Government needs to consider mechanisms to ensure compliance with standards, including verification and penalties for non-compliance.

In Victoria there have been issues with implementation of features standard as the compliance system has been ineffective. The system primarily relies on renters moving into a home and then raising issues with their landlord. There have been limited proactive inspections and the power imbalance between renters and landlords which impacts renters asserting their rights is resulting in a lot of non compliant homes.¹²

The ACT Auditor General's report into energy efficiency standards states *"Enforcement of the standard relies on tenants seeking recourse through ACAT to enforce contractual rights associated with residential tenancy agreements. This places an unfair burden on tenants, who may not be equipped to undertake such an action."*¹³

Using the NaTHERS home rating system will provide a certification and compliance system which does not solely rely on the renter and is independent from the landlord. A public centralised database where assessors upload evidence of the NaTHERS will assist renters and Government to monitor compliance.

¹² Consumer Policy Research Centre. (2025, December 2). Renting in Reality – Energy and Minimum Standards. <https://cprc.org.au/report/renting-in-reality-energy-and-minimum-standards>

¹³ ACT Audit Office. (2025). Energy efficiency standard for rental properties (Report No. 2/2025) [PDF]. ACT Auditor-General's Performance Audit Report. https://www.audit.act.gov.au/__data/assets/pdf_file/0008/2848769/Report-No.-2-of-2025-Energy-efficiency-standard-for-rental-properties.pdf

In the interim period between when MEERS commences and the requirement to meet the minimum star rating there will need to be a requirement for landlords to provide evidence of compliance with upgrading and installing key features that will be mandatory to the Regulator. Renters should also be provided with a copy of this evidence. An auditing project will be required to enable random checks to be undertaken across NSW to monitor compliance.

Introducing disclosure of MEERS at the point of advertising will further assist the NSW Government in compliance activities. Until disclosure is mandated the Regulator will need to undertake proactive monitoring.

Question 22: What role should education and support play compared with enforcement, particularly during any transition period?

Education, support and enforcement can work side by side and all are required for the roll out to be successful. Education and support are very important particularly in the transition period but we must have a strong enforcement scheme which is established from commencement. A staged implementation will allow sufficient time for landlords and real estate agents to access information to understand the new requirements and plan for necessary work.

The Productivity Commission recently released a report looking at continuing professional development (CPD) in NSW. It found that CPD is of limited benefit in improving ethical behaviour in industries where practitioners are financially incentivised to act in their own best interests and the risk of serious consequences is low. In addition for property agents the analysis suggests that the costs are almost twice as large as the benefits.¹⁴ The findings from this report support enforcement being a necessary part of implementation of MEERS from the outset.

¹⁴ NSW Productivity and Equality Commission. (2026, April 16). Beyond the tick box: Reforming continuing professional development in NSW. NSW Government. <https://www.nsw.gov.au/departments-and-agencies/nsw-productivity-and-equality-commission/document-library/new-thinking-on-continuing-professional-development>

Question 23 : Which of the potential implementation models do you think would be most effective, practical and workable?

- Please also explain why.
 - Option 1: Features approach
 - Option 2: Home Energy Rating (NatHERS) approach
 - Option 3: Multiple pathways

The Tenants' Union strongly advocates for the implementation of Option 2: Home Energy Rating (NaTHERS) approach. This is the most workable model which will deliver the best outcomes for renters, landlords and the environment. Specific features standards should be implemented in the short term as we progress towards rental homes meeting a minimum home energy rating. There are particular features that can be immediately phased in which will bring the home closer to meeting the minimum star rating. They are insulation, draught sealing and replacing appliances at end of life with efficient electric appliances.

The NaTHERS certificate provides a star rating and a number rating. These ratings measure different aspects of the home and a minimum requirement should be set in each rating for rental homes.

All states and territories have signed up to the Nationwide House Energy Rating Scheme and this makes Option 2 the most effective, practical and workable implementation model.

Question 24 : Do you have any comments on the advantages and disadvantages for each model? Are there any additional advantages or disadvantages that should be considered?

The Consultation Paper indicates that option 1 is easy for compliance. We strongly disagree with this statement. Option 1 as mentioned previously when implemented in Victoria and ACT is reliant on renters doing the work of compliance. It is also very difficult for a renter to check whether a landlord has complied. The water efficiency measures in NSW are able to be tested by the renter relatively simply but checking compliance with the home meeting particular features is not simple and straightforward for renters. In addition rental homes we know are commonly in a poor state of repair. Having a specific feature installed does not necessarily mean it will provide a better outcome for a renter. We need to look at the home as a whole to ensure that MEERS results in better outcomes for renters.

Option 2 using NaTHERS allows compliance to be undertaken by an external party and not solely reliant on renters. This allows a more robust compliance and enforcement

system which removes the barrier of the power imbalance between renters and landlords. As a whole home rating system it takes into account the location of the home and all its features to provide an active assessment of its performance.

Option 3 is the most complicated when it comes to compliance. Having two different systems running side by side where the landlord decides which one they will comply with is complicated and high risk of not meeting objectives of MEERS which is improving outcomes for renters. Given the poor uptake of subsidies by landlords to upgrade energy efficiency in rental homes it seems likely that landlords will choose the easier option which does not mean it will ensure better outcomes for renters.

Question 25 : Are there any other alternatives or hybrid implementation models that would help to achieve the objectives listed in the potential objectives for minimum energy efficiency standards in New South Wales?

The model we have suggested is a hybrid but importantly it sets targets from the outset and ensures that all rental homes will be progressing towards a minimum home energy rating. This will be easier to implement and enforce and result in equitable outcomes for renters.

Question 26 : What types of support (financial, technical or regulatory) would most assist landlords, property managers and renters to improve the energy efficiency of their rental properties?

One stop shops in multiple locations across NSW will assist landlords access appropriate finance, subsidies, tradespeople and compliance information. This will help to ensure a smooth implementation process.

There should also be technical support available for homes where there may be technical barriers to upgrades. This will help to minimise any delays for the renters in these homes getting the benefits of MEERS.

Financial incentives are also appropriate but should be targeted, equitable and designed to support ambitious standards rather than subsidising basic compliance. As mentioned earlier they will also need to be contingent on caps to rent increases for that home for at least 3 years.

A well resourced Regulator is paramount for the implementation of MEERS to be successful. A wide range of penalties should be introduced which are sufficient to work as a deterrent for non compliance by landlords.

Question 27: Are there any policy alternatives that you believe the NSW Government should consider on top of, or instead of, MEERS that would achieve the same objectives as those proposed in the potential objectives for minimum energy efficiency rental standards in New South Wales?

There are a number of policy alternatives that should be considered on top of MEERS which will support achieving the proposed potential objectives for minimum energy efficiency rental standards in NSW.

1. Ensuring compliance by landlords that the home is in a reasonable state of repair and meets the current minimum standard at the point of advertising the home. Making this a requirement at the point of advertising will enable the Regulator to take an active compliance role and reduce chances of the renter moving into a home which is not compliant and having the burden of taking action.
2. Strengthen the evidence requirements under the reasonable grounds of termination. Currently a landlord can give a notice of termination on the grounds of renovation or significant repairs and the only evidence required is a letter from the landlord. This ground of termination allows for exploitation and can be easily used to evict a renter who asks for repairs or requests upgrades of the energy efficiency of the home.
3. Rental affordability is causing significant financial hardship for renters with many paying well over 30% of their income in rent. Our current rent increase laws allow the landlord to increase the rent without any connection to their actual costs. The renter is responsible for disputing a rent increase as excessive at the Tribunal which is problematic for many reasons including the power imbalance we have previously discussed. Rent regulation which limits the amount of a rent increase will ensure certainty for renters and landlords and stop any opportunistic profiteering by landlords as a result of the implementation of MEERS.
4. Mandatory disclosure of home energy rating should be implemented as they complement the introduction of MEERS.