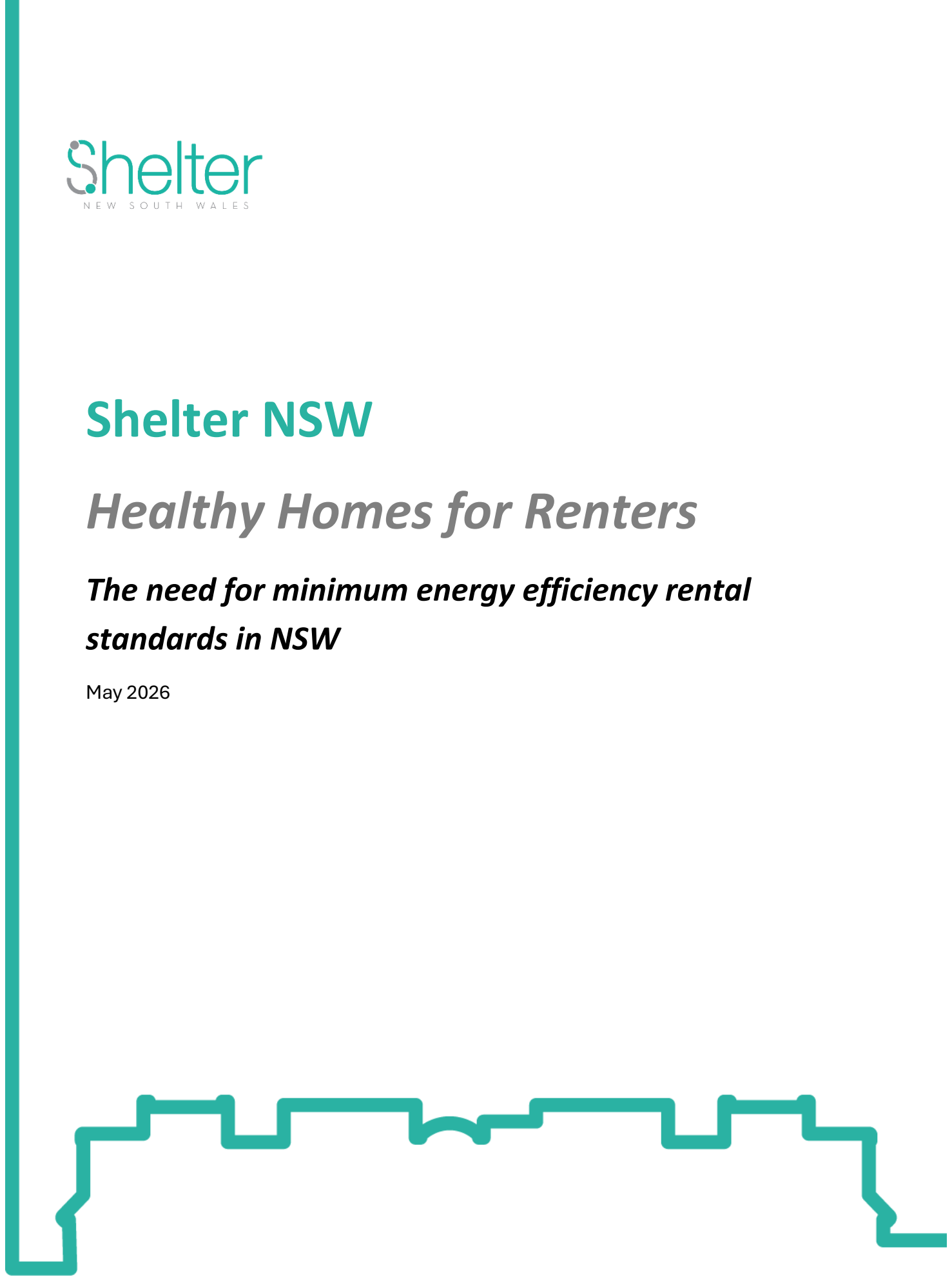


Shelter NSW

Healthy Homes for Renters

The need for minimum energy efficiency rental standards in NSW

May 2026



About Shelter NSW

Shelter NSW has been operating since 1975 as the state's peak housing policy and advocacy body. Our vision is to create a sustainable housing system that provides secure homes for all. We are especially concerned for low-income households who struggle to afford good-quality and well-located housing. We provide systemic advocacy and advice on policy and legislation for the whole NSW housing system to resolve housing inequality.

Our Priorities

Affordable and diverse homes	Accessible and well-located housing	Appropriate and high-quality development
Housing supply and demand	Proximity to jobs and services	Amenity and aesthetics
Tenure forms and rights	Access to public transport	Energy and environment
Housing types and sizes	Accessibility and adaptability	Standards and maintenance

Our Objectives

Productive cities and regions	Poverty-free communities	Protected neighbourhoods
Access to jobs and services	Housing stress and homelessness	Energy use and consumption
Housing costs and consumption	Physical and mental health	Urban heat
Financial and economic stability	Education access and attainment	Climate resilience and adaptation

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Introduction

Shelter NSW welcomes the NSW Government investigation into minimum energy efficiency rental standards (MEERS).

As identified in New South Wales Department of Climate Change, Energy, the Environment and Water, *Investigation into Minimum Energy Efficiency Rental Standards: Consultation Paper* (Consultation Paper, April 2026) (The discussion paper), people who rent their home face several challenges to access and maintain a safe and healthy home environment, and barriers to addressing those challenges.

Renters tend to live in homes that are too hot in summer and/or too cold in winter, negatively impacting their health and wellbeing. This is caused by a number of interacting factors:

- Rental homes are less energy efficient than owner-occupied homes.
- Renters are usually unable to improve the energy efficiency of their homes, because any significant improvements are their landlord's decision, and they lack the security of tenure to be able to confidently request upgrades.
- Heating or cooling an inefficient home to a safe and healthy temperature is difficult and/or expensive. Many renters lack the financial and/or physical means to make their homes safe and comfortable at an affordable cost.
- This 'split incentives' situation means that far too many renters experience 'energy hardship' negatively impacting their physical, mental, and financial health and wellbeing.

It's time for NSW Government to step in and address this severe market failure. There are immense benefits in doing so. Implementing mandatory minimum energy efficiency rental standards, accompanied by supporting measures, is a win-win-win.

First, MEERS is a win for households. More energy efficient homes support health and wellbeing and reduce energy costs, an essential cost of living relief measure.

Second, MEERS is a win for the economy. Healthier homes support productivity. Energy efficiency upgrades will create local jobs. Supported by measures addressing landlord cost barriers to upgrades, they can constitute an important counter cyclical economic stimulus.

Third, MEERS is a win for the environment. Increasing energy efficiency, starting with 'low hanging fruit' such as residential housing, is a crucial part of reducing greenhouse gases emissions in the housing sector, and preparing for current and future extreme weather events, making it a core part of both climate mitigation and adaptation.

Policy and law reform proposals with such wide ranging socio-economic, health and environmental benefits are rare. It is crucial for NSW to get this right. MEERS, from the outset, must be designed in a way that maximises benefits for people who rent their home, and minimises barriers for landlords and potential unintended consequences.

Our submission proposes such a model for MEERS in section 3. It broadly follows the questions set out by the NSW Department of Climate Change, Energy, the Environment and Water (DCCEW) in the discussion paper, and refers to them directly where practical. We have grouped questions together where appropriate for the sake of structure, flow, and brevity.

Proposed principles for MEERS

Shelter NSW proposes the following eight guiding principles for the design and implementation of MEERS in NSW. These principles have been developed in collaboration with social services and energy sector colleagues and reflect the broad shared position of the community services sector.¹

Outcome focused: MEERS should deliver benefits for people who rent their home with a high degree of certainty, from the outset (i.e. including interim measures), and without being overly dependent on occupant behaviour or other assumptions.

Safe for renters: It follows from the above principle that the MEERS framework should ensure continued security of tenure of renters and protect them from eviction and/or excessive rent increases.

¹ Developed in more detail in the [Community Sector Blueprint: A National Framework for Minimum Energy Efficiency Rental Requirements](#) ('The Blueprint').

Broad coverage: MEERS should deliver benefits to all people who rent their home under a residential tenancy agreement. This means it must apply to all types of tenancies and dwellings, without carve outs. Some sectors, such as public and community housing, might require supporting measures and programs, including further financial support from NSW Government and/or a slower pathway to full implementation of MEERS. However, they should still be included in legislation from the outset.

Clarity: The standards model should be timely, easily communicated and transparent to the renters and landlords; and support certification and compliance. This includes making long-term commitments and clearly signalling endpoints to provide certainty and incentivise early action.

Flexibility: The standards model and approach to implementation should account for different climate zones and building types. Use of performance based requirements based on NatHERS is the simplest and most straightforward way to do this.

Robust enforcement: The mechanisms should not rely on renters to enforce. NSW Government must consider mechanisms to ensure compliance, including monitoring and enforcement including penalties.

No-regrets policy: The framework must outline a long-term implementation trajectory to achieve the objectives set out above, at the outset.

Equitable incentives: Use incentives (or leverage existing schemes) for landlords to support more ambitious standards and encourage compliance. Such incentives should be targeted and equitable, not disproportionately benefit higher income earners, and be coupled with protections for tenants against rent increases and/or evictions because of these upgrades, as per the tenure safety principle.

1. Current context

Current policy settings and regulatory frameworks do not impose any energy efficiency requirements on rental properties. People who rent their home have close to no possibility to make significant changes to the properties that they live in, and bear the financial, physical and mental cost of living in sub-standard and/or inefficient homes.

Landlords, on the other hand, have no requirement, and little price signals or incentives to improve the properties that they lease on the private rental market. This is because they would bear the cost of any upgrades while most benefits (i.e. reduced energy costs, improved comfort, health and wellbeing) accrue to tenants. Energy efficiency upgrades also yield benefits for landlords, such as increased asset value, reduced maintenance and repair costs, and increased tenant satisfaction (and hence reduced turnover and vacancy). But these benefits have shown to be largely insufficient to trigger a significant number of landlords to make upgrades to the properties they own.

As noted in the Blueprint:

Currently, 1 in 3 households is renting. More people are renting for over 10 years. There are more renting households with children, and the number of renters aged over 55 continues to increase. People on low incomes are more likely to be renters (40%), as are Indigenous Australian adults (68%) and Indigenous Australians living in remote and very remote areas (89%). Low-income households are more likely to live in the most inefficient houses and spend a greater proportion of their income on utility bills compared to owner occupiers. Renters are rarely able to influence the energy efficiency of the homes they live in. Currently, they have little or no reliable information regarding the performance of their property. They have no security of tenure and limited rights to make changes to improve the thermal and energy performance of the rental house.

Renters must live with the health and economic consequences, and face the threat of eviction or punitive rent rises if they raise issues with the property. 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.

Landlords have no price signal, incentive, or requirement to raise the standard of their properties. Current tax rebates for replacing appliances require 'like for like replacement'. There is overwhelming evidence that market forces are not capable of encouraging landlords to improve rental properties' efficiency. Even when landlords have been offered free energy efficiency upgrades, many have declined.

The best way to address this market failure and improve the efficiency of rental properties is to require properties to meet mandatory minimum energy efficiency standards.²

² Healthy Homes for Renters et al, *Community Sector Blueprint: Mandatory Minimum Rental Standards* (Report, July 2023) 12–13.

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?

As identified in the discussion paper, people who rent their home faced a number of issues caused by poor energy efficiency and overall housing quality:

- Homes that are too cold in winter and too hot in summer,
- Persistent mould that cannot be addressed through behavioural changes,
- Negative impacts on health, wellbeing, and productivity caused by the above, and,
- unaffordable energy bills, causing financial stress.

We have re-ordered these issues to rank them by order of performance and added the impact on productivity. While there are important issues that are not explicitly noted in the discussion paper, to Shelter NSW's knowledge, they can all be grouped into the categories above.

We note that sustained and extreme indoor heat is associated with a range of physical and mental health conditions, including but not limited to, heat stress and heat stroke, dehydration, disrupted sleep, cardiovascular conditions, and respiratory distress. This disproportionately affects, but is not limited to, older people, people with chronic health conditions, and people who live alone. Poorly insulated apartments, dwellings located on the top floor and/or with west facing windows, and dwellings without adequate ventilation or cooling devices are most likely to face extended, sustained periods of extreme indoor heat in summer and on other hot weather days.

In winter, long periods of sustained, unsafe or unhealthily low indoor temperature is associated with exposure to damp and/or mould, respiratory conditions including asthma, increased blood pressure and vasoconstriction, reduced mobility and dexterity (potentially leading to falls for older people), and in extreme cases, hypothermia.

Financial and health impacts of low-quality homes are severe and show the urgent need to implement some form of minimum energy efficiency standards for rental properties in NSW.

Landlords, who usually own their home, do not face the severe issues regarding the energy efficiency of rental homes, which explains why they have little incentives to act to improve their energy efficiency.

Challenges faced by landlords (question 17) are better understood as **barriers to action**. These barriers to action include:

- Low level of knowledge of the benefits of energy efficiency upgrades, including increased asset value and decreased repair and maintenance costs, and of incentives and support schemes available,
- Low level of confidence in installation quality and workmanship, and,
- Upfront capital costs. This barrier can be compounded by lack of access and/or knowledge of low-cost finance and targeted subsidies and rebates, and for amateur, small-scale landlords, low cash flow or other competing financial pressures. Shelter NSW notes that some of these issues also impact not-for-profit rental providers such as Community Housing Providers (CHPs), who operate under high financial constraints with tight 'profit' margins.

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

The current system does not provide renters with sufficient, reliable or comparable information about a property's energy performance prior to signing a lease. This is a structural consumer protection gap in the rental market, with direct consequences for cost of living, health, and wellbeing.

In NSW, renters typically only have access to visual cues at inspection (e.g. presence of air conditioning, ceiling fans, or solar panels); selective and voluntary advertising of 'energy efficient' features (usually at higher price points); and general minimum standards (under s 52 of the *Residential Tenancies Act 2010 (NSW)* (The Act) that do not address thermal performance.

There is no requirement for landlords or agents to disclose insulation quality or presence; building thermal performance; likely heating and cooling costs; overheating risk or winter cold exposure; or mould and/or condensation risk.

As a result, renters are routinely entering into leases without understanding whether a home will be safe during heatwaves or cold periods; affordable to run; or healthy to live in.

This information asymmetry is particularly acute in a tight rental market, where applicants have limited time and bargaining power, and cannot meaningfully compare properties.

While some prospective tenants might feel empowered to ask about energy efficiency of rental properties, they tend to be people with the most socio-economic and knowledge capital, renting at higher price points, and who will most likely live in recent, energy efficient properties anyway. In the context of low vacancy rates and extreme rental affordability pressures, most people who rent their home do not have enough agency and/or realistic choice to be able to ask about energy efficiency performance and/or to adjust their housing choice based on it.

As noted in the Blueprint: While mandatory disclosure on its own will not drive improvements in the efficiency of rental housing stock, it is a prudent compliance measure that will assist the implementation of mandatory standards.

People who rent their home should have access to a standardised, certified energy efficiency rating, similarly to what exists for household appliances. Once standards are introduced, lessors must be required to affirm compliance in rental advertising or state what exemption exists. Rental ads should include a clear, official certification, for example a link to the energy efficiency certification with its star rating. A certification statement should also be included as part of the rental contract.

It would also be ideal if energy efficiency certificates are centrally registered and made publicly accessible, as is the case in the UK and other jurisdictions.

Recommendation 1 Mandate mandatory disclosure of energy efficiency of rental properties at point of advertising and lease

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.

Yes, energy inefficiency compounds existing disadvantage and exposes certain cohorts to heightened health and economic risks.³ Poor energy efficiency in rental housing disproportionately affects some groups due to intersecting financial constraints, health vulnerabilities, and structural barriers within the rental market. These impacts are well documented across Australian research and are especially acute where renters have limited capacity to manage energy costs, regulate indoor temperatures, or relocate to higher-quality housing.

Low-income renters are more likely to occupy older, inefficient dwellings and have limited capacity to absorb high energy costs. This results in higher rates of ‘energy poverty’, where households cannot afford adequate heating or cooling and must reduce energy use to unsafe levels.

Older renters are more vulnerable to temperature extremes due to reduced thermoregulation and higher rates of chronic illness. Inefficient housing increases risks of heat stress and cold-related morbidity, particularly for those on fixed incomes who spend more time at home.⁴

People with disability or chronic illness often require stable indoor temperatures and may rely on energy-intensive medical equipment. Inefficient homes increase both health

³ Australian Council of Social Service, *Heat in Homes Survey Report* (Report, March 2026) <
<https://www.acoss.org.au/wp-content/uploads/2026/03/Heat-in-Homes-Digital-1.0.pdf>>

⁴ Better Renting, *Boiling Point: NSW SRR 25/26 Findings Report* (Report, 2026)
https://assets.nationbuilder.com/betterrenting/pages/2351/attachments/original/1775547511/Boiling_Point_NSW_SRR_25_26_findings_report_compressed.pdf?1775547511.

risks and energy costs, with limited capacity to relocate due to constrained accessible housing supply.⁵

Children are more susceptible to temperature extremes and to respiratory illness associated with cold, damp and mould. Poor thermal performance is linked to increased asthma and infection rates, as well as higher household energy use.⁶

Renters in regional and remote areas face more extreme climates, older housing stock, and higher energy costs. These factors amplify the impacts of poor energy efficiency and limit access to upgrades or alternative housing.⁷

The high level of disadvantage – and therefore, the low level of agency – experienced by these groups of renters disproportionately affected by poor energy efficiency of rental properties underpins the need for legislative, mandatory intervention led by NSW Government. Reliance on incentive and market mechanisms will not deliver sufficient benefits to these cohorts.

It also shows the need for MEERS to have the broadest possible coverage to deliver benefits to those who need it the most. This means that MEERS must cover all premises rented under the Act.

2. Main benefits and impact

In response to question 9, we expect eight main benefits of MEERS, some of which are interconnected:

- **Cost of living relief** through lower energy bills for people who rent their home, over the short term, and with benefits increasing over the long term, for example as homes are electrified and people can eliminate gas network connection fixed costs. This has broader economic productivity and counter cyclical stimulus benefits. Indeed, lower energy costs free up household incomes for expenditure elsewhere – particularly on other essentials whose prices are less easily influenced

⁵ Barrett, B., Catania, L., Dignam, J. "Sweaty and Stressed: Renting in an Australian Summer" Canberra: Better Renting, March 2023 (Report, 2023); Better Renting, Cold and costly: Renter Researchers' experiences of Winter 22. (Report, 2022) <https://www.betterrenting.org.au/reports>

⁶ Ibid.

⁷ See other references for this section.

by government, and in the ‘real economy’, i.e. more labour-intensive sectors such as hospitality, etc.

- **Increased physical and mental health wellbeing** through reduced energy poverty and homes that are easier to heat and cool down affordably. MEERS will deliver the most significant improvements on the worst performing rental properties in the short term, establishing a ‘floor’ on what decent, adequate housing must look like in NSW.
- **Climate change mitigation.** MEERS will create significant greenhouse gas emissions reductions in the residential building sector. Emissions reduction targets cannot be met without more efficient, electric housing. And efficient electrification of homes is proven emissions reduction technology that can be pursued immediately while more solutions for more complex sectors (e.g. industry) are progressed. The Energy Efficiency Council has modelled that “energy efficiency and electrification could contribute around 20% of the emissions reductions required to meet a target of 75% below 2005 levels by 2035”.⁸
- **Climate change adaptation.** Existing homes will remain the dominant share of NSW’s housing stock for decades and many are not designed for current or future temperatures. 81% of renters feel unwell on hot days compared to 68% overall. Over a third of NSW is medium high to highly vulnerable to extreme heat, based on vulnerable populations in location and likelihood of extreme hot weather due to climate change.⁹
- **Reduced energy demand and grid adaptation** to a changing generation and demand environment. Energy efficiency reduces requirements for new renewable generation (making fossil fuel replacement easier) and reduces peak demand, making energy cheaper. Alongside electrification, it helps improve flexibility and reliability, which helps to keep infrastructure investment low, lowering energy costs

⁸ Energy Efficiency Council, *Emissions Modelling Policy Brief* (Policy Brief, October 2025) https://eec.org.au/wp-content/uploads/2025/10/EmissionsModelling_PolicyBrief.pdf

⁹ Net Zero Commission, *Heat Stress Spotlight Report* (Report, April 2026) <https://www.netzerocommission.nsw.gov.au/sites/default/files/2026-04/NZC-Heat-Stress-Spotlight-Report.pdf>. The Australia Institute, *Vulnerability to Extreme Heat* (Discussion Paper, November 2024) <https://australiainstitute.org.au/wp-content/uploads/2024/11/P1586-Vulnerability-to-extreme-heat-Web.pdf>

long term. Thermally efficient homes help decrease the mismatch between peak solar generation times and peak demand in winter. Reducing residential energy demand and electrification also contribute to reducing NSW energy dependence, which was recently highlighted by the global petrol supply shock.

- **Further societal benefits** such as improved health outcomes, particularly for those most vulnerable, create system-wide healthcare savings. Respiratory health benefits that can be achieved through electrification and elimination of indoor fossil gas use are of note.
- **Support for local, labour intensive economic activity.** NSW-wide energy efficiency upgrades will create new and diverse employment opportunities and support for 'domestic industry' and tradespeople, for example by incentivising the installation of heat pump hot water systems.
- **A complementary response to other NSW Government objectives.** The implementation of mandatory disclosure creates a platform to better understand the energy efficiency of existing rentals, and in the medium to long term, help to reduce the need for energy rebates and crisis bill support. The electrification of rental properties also supports the objectives of the NSW Gas Decarbonisation Roadmap.

Minimum standards have been implemented successfully internationally for decades and more recently in other jurisdictions, including Victoria, the ACT, the UK, and many European jurisdictions. The evidence shows there are no adverse impacts on rental supply, and we do not expect any other wide ranging, high negative impacts. Potential impacts on tenants through rent raises and/or evictions under valid grounds such as 'significant repairs or renovations' must be prevented from the outset.

While some landlords might require some (limited) support in order to improve their properties to meet the modern standards and expectations of a safe and decent home, it is important not to equate potential negative impacts for landlords (i.e. a small, temporary reduction in profit margins) with potential negative impacts faced by renters (i.e. the impacts listed above, including poverty and severely impacted physical and mental health and wellbeing and/or the risk of losing their home and being uprooted from their community).

2.1 Potential impact on rents (Question 15)

It is extremely common for vested interests such as landlords, property managers, and others to argue that changes to the status quo will lead to higher rents. But these claims are rarely supported by evidence.

Contrary to landlords' claims, prices in free markets are a function of demand, not a function of cost. In more simple terms, landlords, for the huge majority, already charge as much as they can, rather than their cost base plus a 'reasonable' profit. While legislative or policy changes might provide an opportunity for landlords to 'test the market' and attempt to increase rents, so do many other events, as well as basic re-evaluation of rents by property managers on a regular basis. The ability of landlords' to increase rents is limited by market dynamics, such as vacancy rates and the balance of supply and demand. If anything, energy efficiency standards will make features such as reverse-cycle air conditioning more common in the rental market, reducing the premium they attract.

Overwhelmingly, people who rent will be better off following the introduction of minimum energy efficiency standards. Nonetheless, NSW Government should consider measures to smooth the transition and avoid perverse outcomes, especially if/where financial incentives are provided. In addition, implementation of MEERS must include accompanying legislative and compliance measures to protect renters against potential retaliation for self-advocacy around standards.

As discussed above, we do not expect large impacts on rents from the introduction of MEERS in NSW. A clear option here is to limit rent increases around the introduction of minimum energy efficiency standards. In particular, this should apply to any rental properties where the owner received a subsidy or financial incentive to reduce their compliance costs. This could be done by restricting the level of rent on the property for two-three years at either a) rent at the time of accepting the grant + CPI or b) an assessed market rent for the property, whichever is lower.

More broadly, a staged approach should allow the market to adjust gradually and avoids sudden cost shocks. Designing such an efficient approach with minimal impact on rents might involve introducing 'no or low-cost' measures first (e.g. draught sealing, basic insulation); longer compliance timeframes for more capital-intensive upgrades; and aligning upgrade triggers with common tenancy cycle events (e.g. at re-letting or major renovation).

Cost caps, where landlords are only required to upgrade up to a defined expenditure threshold; and limited exemptions where upgrades are not technically/reasonably feasible financially may also be considered, with a view to prevent disproportionate compliance costs rather than provide opportunities for landlords to capture public subsidies in addition to the many they can already access.

As previously mentioned, reducing the upfront cost of compliance for landlords can also assist in limiting potential rent increases, but any schemes must be clearly linked to a rent regulation mechanism to avoid 'double-dipping' from property investors. These measures might include means-tested grants for asset rich but 'low-income' landlords; as well as rebates for specific insulation, efficient heating/cooling, and electrification measures, and potential access to low-interest or government-backed loans (e.g. green mortgages). We note that in the current increasing interest rate environment, low/no-interest loans are becoming increasingly attractive to investors.

2.2 Potential behavioural impacts (Question 19)

If minimum standards are to be effective, people who rent must have the option to pursue remedies and compensation for non-compliant properties or excessive rent increases, and this requires protections against retaliatory and/or opportunistic eviction. MEERS might create an opportunity for such behaviour by a minority of unscrupulous landlords and property managers.

While we recognise that recent reforms to the Act have banned 'no-grounds' evictions, 'significant repairs or renovation' under s 87F remain a valid ground for landlord-initiated terminations. Shelter NSW reiterates its concerns that NSW Government has unnecessarily weakened evidence requirements for this ground, to the point that it might allow some unscrupulous landlords to evict tenants, conduct (or not) very minor repairs or renovations, before putting the property back on the private rental market at a higher rent.

Recommendation 2 **Reinstate adequate evidence requirements - through regulation - for use of s 87F grounds under the Residential Tenancies Act 2010 (NSW)**

In response to question 10, Shelter NSW formally states that ***we strongly support the introduction of MEERS in NSW***, for the reasons detailed in this submission.

Regarding the objectives that MEERS should have in NSW (question 8): As Shelter NSW representatives have highlighted in the consultation workshops, we see the potential objectives as interconnected and complimentary. Shelter NSW broadly supports all of the objectives listed in the discussion paper.

We would rank them in the following order of importance, noting that they are all important and cannot be considered in isolation:

- a. Improve energy efficiency to support renters health and wellbeing
- b. Improve energy affordability and reduce energy hardship for renters
- c. Maintain and improve the quality of rental homes by upgrading energy efficiency features
- d. Reduce greenhouse gases emissions (GHG) from rental homes. While Shelter NSW supports this objective, we would expand it to note that MEERS will progressively reduce GHG for **all** homes, not just rental homes, as upgraded homes are sold on and cycle through the housing system. We would also note that MEERS is not only a climate mitigation (i.e. GHG reduction) but also a **climate adaptation** measure, as more efficient homes will support occupant health and wellbeing in a changing climate, with more severe and frequent extreme weather events.
- e. Improve renters' access to energy savings technologies. While Shelter NSW supports this objective in principle, it is unclear at this stage what it means concretely. While energy savings technologies are an important part of achieving the other objectives listed, we feel that this is a mechanism rather than a goal in and of itself, and do not consider this as important as the other outcome/impact focused objectives.

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?

While we support the complimentary policies listed in the final section of the discussion paper (p21-22), from Shelter NSW perspective, there is no alternative to MEERS that would achieve the same objectives in a cost effective, timely, and orderly manner.

Shelter NSW strongly cautions NSW Government against adopting an incentive-based, voluntary approach to improving energy efficiency of rental homes in NSW. Any such

policies are extremely unlikely to deliver widespread benefits and/or benefits to the people who need them the most, and uptake will be narrow, patchy, and slow.

MEERS is by far the most cost effective, certain, and rapid approach to improving energy efficiency of rental homes. While it should be supported by other measures, MEERS is the baseline that will support uptake of other measures, and create a 'floor' for what healthy, safe, affordable homes should look like.

If we had to choose a single measure that should come 'on top' of MEERS, it would be a SHEPI-type program to rapidly increase the energy efficiency performance of social housing properties.

This is because of two main reasons:

- Social housing tenants are often the most vulnerable to the negative health and wellbeing and energy hardship impacts of poor-quality housing.
- NSW Government is by far the largest landlord in NSW. An extensive, at scale program of energy efficiency upgrades (for both properties directly managed and properties managed/owned by CHPs) has potential to set a benchmark/send signals for the private market, build industry capacity, and strengthen supply chains, workmanship quality, and upgrade processes, while creating local jobs.

Recommendation 3 *Maintain, upgrade and retrofit existing social housing stock by investing \$600 million in energy efficiency and accessibility upgrades and major repairs of ageing properties.*

This proposal is detailed in [Shelter NSW 2026-2027 pre-budget submission](#) to NSW Government.¹⁰

¹⁰ Shelter NSW, If not now, then when? Investing towards a secure home for all. *Shelter NSW Submission – 2026–27 NSW State Budget* (Pre-Budget Submission, December 2025) https://shelternsw.org.au/wp-content/uploads/2026/01/Shelter-NSW-2026_27-Budget-Submission.pdf

3. Minimum energy efficiency rental standards for NSW: Shelter NSW proposal

3.1 Ambitious standards with broad coverage maximise benefits

Shelter NSW proposal for MEERS in NSW focuses on (a) maximising coverage and benefits for people who rent their home, (b) minimising administrative and compliance burdens, and (c) triggering energy efficiency upgrades in a timely manner with efficient monitoring and compliance mechanisms.

Shelter NSW contends that **performance-based MEERS** using the Nationwide House Energy Rating Scheme (NatHERS) (option 2) is the most simple and clear way to achieve these goals.

In order to minimise the initial administrative and compliance burden, and implement MEERS as rapidly as practical while industry builds capacity and rental providers become more familiar with MEERS requirements in NSW, we would support the creation of an alternative, feature based compliance pathway, **in the initial stages of implementation only** (e.g. for the first three years).

Coverage should be maximised by including social and affordable housing in MEERS from the outset, but there needs to be measures, including financial support, to ensure that this does not affect the viability of community housing providers and/or other not-for-profit rental providers.

3.2 The case for a ‘building-type sensitive’ approach

NB: This section also covers questions 11 and 12 regarding the main challenges of introducing MEERS in ‘houses’ versus ‘apartments’.

Standard variations according to building class (Question 14, 16) and occupancy types (Question 13) must providing uniform protection for renters while being sensitive to variations in feasibility, cost, and governance arrangements across different building types.

The design of the MEERS framework for NSW should recognise that the feasibility, cost, governance arrangements and upgrade pathways differ substantially between detached houses and strata-titled residential buildings.

While minimum standards should ***ultimately provide equivalent protections to tenants regardless of dwelling type***, a uniform compliance framework may create unintended implementation barriers, particularly in apartment buildings where landlords do not control many of the building elements that determine thermal performance.

The challenge MEERS must meet in NSW is to ensure tenants living in apartments receive the same protection as tenants in detached houses, while accounting for differences in ownership structures, technical constraints and decision-making authority.

In response to question 13 regarding the different challenges in applying standards to different tenancy/occupancy types, and potential standard variations, Shelter NSW is of the view that the type of tenancy arrangement is **not** the main consideration and that MEERS should provide protection to all people who rent their home.

The only exemption that could potentially apply – noting that Shelter NSW is not proactively recommending this – is for dwellings rented as short term rental accommodation (STRA). This is because dwellings rented as STRA are by definition rented for entertainment purposes, and some of them, particularly in regional areas, can be unconventional (e.g. tree houses, tipis, and other non-standard dwellings) and are rented specifically for this reason. Over the medium term, because conventional dwellings tend to cycle between the private rental market and the STRA sub-market, we expect that they would be brought up to standards anyway.

3.2.1 Differences in ownership and control

Detached houses are generally characterised by unified ownership and control. The landlord typically has authority over all major building elements affecting energy performance, including roof and ceiling insulation; wall insulation; windows and external doors; fixed heating and cooling systems; hot water systems; rooftop solar installations; and external shading.

As a result, where a minimum standard requires upgrades to building fabric or fixed appliances, responsibility is clear and compliance pathways are relatively straightforward.

In contrast, apartment buildings are frequently subject to strata title arrangements that separate ownership of individual lots from ownership of common property.

Elements that substantially influence energy performance may be controlled by the owners corporation rather than individual landlords, including roofs; external walls; glazing systems; balconies; external shading devices; central hot water systems; central heating and cooling systems; and common electrical infrastructure.

This creates a fundamental regulatory challenge. Individual landlords may be legally responsible for meeting rental standards while lacking authority to undertake the upgrades required to achieve compliance.

This issue has emerged repeatedly in overseas retrofit programs and minimum standards regimes, particularly in the United Kingdom and across Europe, where governments have increasingly recognised that multi-unit residential buildings require different compliance pathways from detached housing.

3.2.2 Technical constraints by building type

A. Detached Housing

Detached housing generally presents the most straightforward retrofit pathway and is likely to be the most suitable building type for early implementation of comprehensive minimum standards.

Many of the measures that deliver the greatest thermal comfort improvements can be installed independently and at relatively low cost. These include ceiling insulation; underfloor insulation; draught sealing; efficient reverse-cycle air conditioning; efficient hot water systems; and external shading.

In Australia's climate zones, ceiling insulation is often one of the most cost-effective interventions available. Installation is typically uncomplicated where accessible roof cavities exist.

B. Apartment Buildings - (1) Low Rise Apartment Buildings

Older walk-up apartment buildings (i.e. built between the 1950s and 1980s) present a distinct challenge.

While these buildings often have significant thermal performance deficiencies, upgrades can be difficult because roofs are common property; wall cavities may be inaccessible; windows are often subject to strata controls; electrical infrastructure may have limited spare capacity; and major upgrades require collective decision-making.

Many low-rise buildings also contain ageing single-glazed aluminium windows and limited insulation, contributing to poor thermal comfort outcomes. Unlike detached houses, however, improvements frequently require building-wide interventions rather than individual landlord action.

(2) Medium-Rise and High-Rise Buildings

Challenges become even more pronounced in larger apartment buildings due to technical, cost, and complex governance constraints.

Building fabric upgrades often involve façade access systems; scaffolding or elevated work platforms; fire safety assessments; waterproofing upgrades; engineering certification; and extensive coordination among owners.

Retrofitting wall insulation in high-rise buildings can become a major capital works project rather than a routine maintenance activity. Similarly, replacement of glazing systems may require coordinated upgrades across entire building elevations to maintain waterproofing, structural integrity and façade consistency.

International experience demonstrates that major building-envelope retrofits in apartment buildings are frequently delivered as collective building projects rather than individual landlord initiatives.

C. Examples of challenges across different building types for ceiling insulation, windows and glazing, and electrification

Ceiling insulation provides a useful example of how and why prescriptive standards may operate differently across building types.

For detached houses, ceiling insulation is often technically feasible; inexpensive; highly effective; and within the landlord's direct control. By contrast, many apartments have no meaningful ceiling cavity associated with the individual dwelling.

For example, middle-floor apartments have no roof exposure; top-floor apartments may benefit from roof insulation, but the roof is common property; and high-rise apartments only derive partial benefit from roof insulation because thermal performance is heavily influenced by glazing and façade systems.

A requirement framed simply as ‘minimum ceiling insulation’ therefore has very different practical implications depending on building type. This suggests that performance-based standards, for example based on NatHERS – as Shelter NSW is formally recommending – may be preferable to prescriptive feature-based requirements for apartment buildings.

Similarly, windows and glazing are among the most important determinants of thermal comfort in Australian housing. But in detached houses, landlords can generally replace windows independently, subject only to normal planning and building requirements, whereas in apartment buildings, window replacement is frequently more complicated because windows may form part of common property; external appearance controls apply; replacement affects waterproofing systems; access requirements increase costs; and owners corporation approval may be required.

International evidence suggests that glazing requirements are among the most difficult measures to implement through landlord-only obligations in apartment buildings.

This is particularly relevant in NSW, where substantial proportions of apartment stock constructed before the 2000s contain thermally inefficient glazing systems.

Electrification of shared Infrastructure also presents similar challenges. Detached houses, while they might be older on average, are generally easier to electrify because landlords control switchboards; hot water systems; fixed appliances replacement decisions; and roof space for solar installations.

Apartment buildings, however, often depend on shared infrastructure for central gas hot water systems; embedded electricity networks; shared metering arrangements; and common electrical services. Upgrading these systems frequently requires owners corporation approval and collective funding.

Electrification standards that are readily achievable in detached houses may therefore require alternative compliance pathways for apartment buildings.

3.2.3 Governance Challenges

In detached housing, upgrade decisions are typically made by a single owner. But in strata buildings, decisions may require ordinary and/or special resolutions; capital works planning (and hence levy increases) and agreement among owner-occupiers and investors with different priorities.

The resulting governance challenge extends beyond the traditional landlord-tenant split incentive to create a three-way split incentive, as the specific interests of the owner corporation might not necessarily align with those of landlords, tenants, and owner occupiers. This can significantly delay or prevent energy efficiency improvements even where benefits exceed costs over the long term.

3.3 Lessons from other jurisdictions (Question 6)

Australian Capital Territory

The ACT's mandatory disclosure scheme demonstrates the value of dwelling-level energy ratings but also highlights challenges associated with apartment assessments, suggesting that apartment performance can vary significantly according to orientation, floor level and exposure, even within the same building.

The introduction of a minimum ceiling insulation standard in the ACT has been a very positive first step with minimal implementation challenges and should be considered a model to follow in the short term/for initial feature-based requirements.

Victoria

Victoria's minimum rental standards have generally focused on measures within landlord control, such as fixed heating. This approach has avoided some of the governance challenges associated with apartment retrofits but has also significantly limited the extent of building-envelope improvements, delivering energy efficiency benefits that are so far quite limited, in particular in relation to climate change mitigation and adaptation, and cost of energy relief.

United Kingdom

The UK's Minimum Energy Efficiency Standards (MEES) framework provides several lessons for NSW. One recurring issue, as highlighted above, has been the difficulty individual landlords face in upgrading building elements where consent from third parties

is required. The UK has responded by creating various exemptions and alternative compliance pathways where landlords are unable to obtain necessary approvals. This should be considered closely by DCCEW and Fair Trading as they develop potential implementation pathways for MEERS in NSW, including exemptions.

European Union

European retrofit programs (e.g. the Netherlands and Germany) increasingly focus on whole-building performance rather than individual dwelling upgrades. This reflects recognition that major energy efficiency gains in apartment buildings typically require coordinated building-level interventions. Implementation of mandatory minimum energy efficiency standards linked to prohibitions on renting the worst performing dwellings and/or rent freezes, such as in France, should also be considered closely by NSW Government.

3.4 Implications for NSW

The evidence suggests that a successful NSW framework should distinguish between measures under direct landlord control and measures requiring owners corporation or building-wide action.

For example, potential requirements for dwellings under direct landlord control could include efficient fixed heating and cooling; efficient hot water systems where individually controlled; draught sealing; curtains or blinds; appliance efficiency requirements; and lighting upgrades.

Potential future measures for buildings governed in common could include roof insulation; façade upgrades; glazing replacement; central services electrification; and efficient common-property energy systems.

These measures may be more appropriately addressed through obligations enshrined in strata legislation; targeted grant programs; low-interest finance; building upgrade agreements; or separate minimum standards applying to owners corporations rather than individual landlords.

3.5 Legal instrument (Question 20)

MEERS should be implemented through the *Residential Tenancies Act 2010* (NSW) to ensure that minimum energy efficiency requirements form part of the core rights and obligations governing residential tenancies. This could be achieved through amendments to s 52 of the Act, which sets out landlords' obligations regarding the condition and repair of premises.

If the scope of MEERS is considered too extensive for inclusion within a single provision, an alternative approach would be to establish a dedicated division within Part 3 of the Act dealing specifically with minimum energy efficiency requirements. In either case, compliance with MEERS should be an implied term of all residential tenancy agreements, ensuring that the standards apply consistently across the rental market and do not depend on individual lease terms.

The Act should establish the overarching obligation for landlords to ensure that rental properties meet prescribed minimum energy efficiency standards, while the detailed technical requirements should be contained in regulations made under the Act. This approach would provide flexibility to update technical specifications, compliance pathways, exemptions and implementation timeframes as evidence, technology and policy settings evolve. It would also enable standards to be progressively strengthened over time without requiring further primary legislation to be passed by Parliament.

Recommendation 4 Develop and implement a building sensitive MEERS framework

Shelter NSW recommends that the NSW Government:

- (a) Adopt a tenure-neutral but building-type sensitive framework, ensuring all renters receive equivalent protection while recognising differences in technical feasibility and governance.*
- (b) Differentiate compliance pathways for detached houses, low-rise apartments, medium-rise apartments and high-rise residential buildings.*
- (c) If adopting feature-based standards as a first step to full implementation of performance-based MEERS (option 3 in the discussion paper); focus initial minimum*

standards on measures within direct landlord control, particularly in strata-titled properties. Use of features-based standards in the initial implementation stage must align with end-point goals and represent 'no-regrets', high impact steps. This should be commenced as soon as feasible (i.e. in 2028) with key potential features being ceiling and floor insulation (to a minimum standard, e.g. to 2.0 R value), draught sealing, and electric, energy efficient water heating.

- (d) Develop complementary mechanisms for owners corporations, recognising that many high-impact energy efficiency measures in apartment buildings are controlled collectively rather than individually.*
- (e) Provide targeted financial assistance and technical support for strata retrofit projects, particularly in older apartment stock occupied by lower-income households.*
- (f) Investigate future building-level energy performance requirements for strata schemes, drawing on European approaches to residential flat buildings retrofits.*

A building-type sensitive approach would improve compliance, reduce regulatory friction and ensure that tenants in apartment buildings are not excluded from the benefits of minimum energy efficiency standards while recognising the distinct technical and governance realities of strata housing.

Recommendation 5 Prepare an amendment bill to the Residential Tenancies Act 2010 (NSW) to enshrine MEERS in NSW tenancy legislation

4. Addressing challenges for landlords and agents through targeted, limited support measures encouraging early compliance

Shelter NSW focuses on better housing outcomes for people living on lower incomes (i.e. the lower 40-60% of the income distribution) or otherwise facing disadvantage. It is therefore not our place or focus to determine and design support measures for landlords or property managers. We limit our comments and recommendations to measures that ensure maximum benefits and broad, rapid adoption of energy efficiency upgrades to ensure as many properties as possible comply with the standards. This section can be considered our response to questions 17, 18, and 26.

Property managers

We do recognise that property managers will be a natural first point of contact for many landlords. Shelter NSW, however, does not expect significant challenges for real estate agents and property managers related to implementation of MEERS, except minor additional administrative and compliance burdens.

The main challenge for property managers will be assessing compliance status of the property (particularly if standards are complex) and/or collecting and managing proof of compliance (e.g. NatHERS certificates or other forms of evidence for feature based standards, photos, etc.). This is not fundamentally different from managing compliance with fire safety standards (e.g. smoke alarms), which most property managers and self-managing landlords have no issues with.

The creation of 'one stop shops' providing information about energy efficiency, upgrades, compliance (including standardised training and compliance checklists), rebate and support measures, should go some way in supporting property managers in a MEERS 'phase in' period, for example of three years, to 2030.

Landlords

As highlighted in section 1, the main barriers and challenges faced by landlords can be summarised in two categories: cost and lack of information.

There are a range of measures that might assist landlords in addressing these challenges. From Shelter NSW's perspective, use of incentives or leveraging of existing schemes for landlords should support more ambitious standards and reward early movers. Any incentives should be targeted and equitable, means tested, and be coupled with protections for tenants against rent increases and/or evictions on the basis of these upgrades.

While it is not Shelter NSW's role to design detailed support measures and/or schemes for landlords, NSW Government might want to consider:

- Mean tested grants and rebates for low-income, 'asset-rich-cash-poor' landlords (e.g. pensioners). Alternatively, grants could be means tested on the tenant side by making grants conditional to conversion of dwellings into a rent regulated dwelling (i.e. 'affordable housing'), for example through mechanisms similar to the defunct National Rental Affordability Scheme (NRAS).
- Access to concessional finance (low and no interest loans – noting that this is becoming more attractive as commercial interest rates increase). This could include more attractive time limited subsidies to reward early movers and encourage early compliance in the phase in period.
- More extensive grants for 'deep retrofits' for the worst performing properties. This should be designed and tailored for social housing properties (both CHP managed and Homes NSW managed) first, to test the program and build capacity of installers as well as processes and supply chains.
- Feature specific grants for the interventions that deliver the highest benefits (electrification, ceiling insulation/draught sealing, heat pump hot water/reverse AC), similarly to the defunct Appliance Replacement Offer (ARO) but more targeted.
- Specific schemes for regional and remote areas where costs of compliance might be higher due to lower availability and/or higher cost of tradespersons labour, materials, etc., as well as extreme weather conditions.

5. Compliance and enforcement

Effective certification, disclosure and enforcement arrangements will be essential to the success of MEERS. The introduction of minimum standards alone will not improve the quality and performance of rental housing unless they are supported by robust compliance mechanisms.

To deliver confidence in the scheme and ensure that its intended health, energy affordability and emissions benefits are realised, NSW should establish a certification framework that enables landlords to easily demonstrate compliance with minimum standards and provides assurance to tenants, regulators and the broader market.

A central registration system should be established to support compliance, improve transparency, facilitate access to rebates and other assistance programs, and generate valuable data on the performance of the rental housing stock. Consistent with the Community Sector Blueprint,¹¹ such a system must provide a single point of access for certification, compliance information and government support programs, while also enabling the collection of data on housing performance and emissions reductions.

Critically, compliance and enforcement should not rely on renters identifying and pursuing breaches. As recognised in the Blueprint, placing responsibility on renters to enforce standards is inappropriate and risks undermining the effectiveness of the framework.¹² Given the inherent power imbalance between landlords and renters, many tenants may be reluctant to raise concerns or initiate complaints for fear of damaging the relationship with their landlord, or worse, jeopardising their housing security. Enforcement must therefore be government-led and proactive.

NSW Fair Trading – and potentially DCCEW – should be responsible for administering and enforcing the scheme through monitoring, auditing and compliance activities. This should include both random audits and targeted investigations where there are indications of non-compliance (e.g. from anonymous tenants complaints). A proactive enforcement model would improve compliance rates, reduce the burden on tenants, and provide greater confidence that minimum standards are being consistently applied across the rental market.

¹¹ Better Renting, *Community Sector Blueprint: National Framework for Minimum Energy Efficiency Rental Requirements* (Report, July 2023) 23–27 ('Certification and Compliance').

¹² Ibid.

While the enforcement burden must not be placed on them, people who rent their home should have access to clear and transparent information about compliance status and energy performance. Public access to certification information would enable current and prospective tenants to independently verify whether a property meets the required standard. Renters should also have avenues to confidentially report suspected non-compliance and trigger investigation by the regulator.

A progressive enforcement approach should be adopted, combining education and support for landlords with escalating penalties for persistent or serious non-compliance. Such an approach would encourage compliance while ensuring that landlords who continue to lease substandard properties face a meaningful likelihood of detection and enforcement action.

Recommendation 6 ***Create a central registration system administered by Fair Trading to support compliance (including lodging complaints), improve transparency, facilitate access to rebates and other assistance programs, and generate rental housing energy efficiency performance data.***

Recommendation 7 ***Allocate appropriate, long-term funding to the Fair Trading Rental Taskforce to conduct random audits and targeted compliance action and deliver education programs for rental providers.***

5.1 Compliance timeline and penalties

Landlords should be provided with a reasonable but clearly defined period to comply with MEERS. Consistent with the Community Sector Blueprint, Shelter NSW supports a phased implementation approach, including a 12-month lead-in period following the establishment of the regulations before compliance obligations commence. Once the standards take effect, compliance should be required at the commencement or renewal of a tenancy. In addition, a fixed backstop date should apply, such as three years after commencement, by which all rental properties must comply regardless of tenancy status. This would ensure that renters in long-term or periodic tenancies are not excluded from the benefits of the scheme and that the pace of improvement is not determined solely by tenant turnover.

Following the expiry of the transition period, non-compliant properties should only be eligible to be leased at a set, regulated rental price (e.g. a 40% discount to market rent), except where a valid exemption applies or a short grace period is granted to complete required works. This should ensure that incentives for compliance are high without reducing the stock available for rent.

Considering the financial challenges faced by social housing providers, a longer-term compliance timeline may be considered for social housing properties, with alternatives built in to imposing financial penalties on community housing providers.

We also propose that real estate agencies should not be permitted to advertise or manage non-compliant properties, except at a set discounted price and with a clear warning at point of advertising and lease that the property does not meet MEERS. A clear compliance deadline is essential to provide certainty for landlords, tenants and regulators, while ensuring the objectives of MEERS are delivered within a reasonable timeframe.

The enforcement framework should include meaningful penalties for non-compliance. Consistent with the Blueprint, penalties must apply where landlords lease a non-compliant property, fail to meet certification requirements, or provide misleading or inaccurate information about compliance. Potential enforcement responses may include infringement notices, orders to undertake remedial works, rent abatements or compensation for affected tenants, loss of access to relevant subsidies or tax concessions, and restrictions on leasing a property until compliance is achieved.

International experience demonstrates the importance of credible penalties. For example, New Zealand's Healthy Homes Standards allow the Tenancy Tribunal to award exemplary damages of up to NZ\$7,200 for non-compliance. While the specific penalty framework adopted in NSW should be determined through consultation, penalties must be sufficient to create a meaningful deterrent and ensure that landlords face a genuine risk of enforcement action if they fail to meet minimum standards. As noted in the Blueprint, education and support should form part of a graduated compliance approach, but effective regulation ultimately requires a credible likelihood of detection and consequences for persistent or serious breaches.

Recommendation 8 Define a clear and timely compliance timeline for implementation of MEERS across the rental sector, including potentially different timelines for private and social housing

Recommendation 9 ***Create a specific penalty framework, including higher penalties for persistent or serious breaches, for both rental providers and property managers. This should include both financial and non-financial penalties (e.g. suspension of real estate licences)***

Thank you for the opportunity to contribute to the investigation into minimum energy efficiency rental standards in NSW. While Shelter NSW has contributed to the formal consultation workshops organised by DCCEW, we remain at the disposal of the department and look forward to contributing further to the implementation of MEERS in NSW.

Please contact Thomas Chailloux, Senior Policy Officer, on 0490 030 809 or thomas@sheltersnsw.org.au should you wish to discuss any of the points raised in our submission further.

Sincerely,

Thomas Chailloux, on behalf of Shelter NSW.