



DCCEEW



# Investigation into Minimum Energy Efficiency Rental Standards

Strata Community Association NSW Submission  
31 May 2026

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# INTRODUCTION

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## 1. Strata Community Association (NSW) Overview

Founded in 1980, Strata Community Association (NSW) was formerly known as the Institute of Strata Title Management. SCA NSW serves as the peak industry body for Strata and Community Title Management in New South Wales. The association proudly fulfils a dual role as both a professional institute and consumer advocate.

## 2. Membership

SCA NSW boasts a membership of over 3,000 members, including lot owners, suppliers, and professional strata managers who oversee, advise, and manage a combined property portfolio estimated to be worth over \$450 Billion.

## 3. Strata and Community Title Schemes in NSW

NSW is home to 91,346 Strata and Community Title Schemes. A significant 95 per cent of these schemes are comprised of residential lots. Altogether, the total number of Strata and Community Title lots in NSW stands at 1,073,277<sup>1</sup>. 44% of these schemes have been registered since 2000.

## 4. NSW as a Leader in High-Density Living

According to the 2024 Australasian Strata Insights Report, there are 2,501,351 people residing in apartments across Australia. A majority of these apartment dwellers (51 per cent) are in NSW. <sup>2</sup> NSW also leads the way in the trend to higher density living in Australia and boasts the highest proportion of apartment households relative to all occupied private dwellings, standing at 20 per cent.

## 5. Employment Impact

Strata is a significant employer, directly providing jobs to 1,259 managers throughout NSW, as well as an additional 854 other related employees. <sup>3</sup>

## 6. Promoting Professionalism

1. SCA NSW is dedicated to fostering a high standard of professionalism in the strata industry with initiatives like the Professional Standards Scheme (PSS), which contributes to ensuring strong consumer outcomes for over 1 million strata residents in NSW.
2. SCA NSW membership encompasses a wide range of entities, from large corporate companies to small family businesses to dedicated volunteers. Members possess expertise in all aspects of strata management, service provision, and governance.

**For further information about this consultation, please contact Andrew Jefferies, Senior Policy and Advocacy Advisor, SCA NSW. [Andrew.Jefferies@strata.community](mailto:Andrew.Jefferies@strata.community)**

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<sup>1</sup> Authored by Hazel Easthope, Yi Lu and Alejandra Rivera, [Australasian Strata Insights 2024](#), City Futures Research Centre, UNSW.

<sup>2</sup> Ibid, p.8-13

<sup>3</sup> Ibid, p.8.

# INVESTIGATION INTO MINIMUM ENERGY EFFICIENCY STANDARDS - STRATA SECTOR FEEDBACK

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## Introduction

The Strata Community Association NSW (SCA NSW) is grateful for the opportunity to provide feedback on the Department of Climate Change, Energy, the Environment and Water's consultation paper on Minimum Energy Efficiency Rental Standards (MEERS).

We note that the MEERS investigation arises from the NSW Government's Consumer Energy Strategy and if introduced, rental homes across the state would need to meet a specific energy requirement in mandatory form. The NSW Government considers that rental homes, on average, are less energy efficient than owner occupied homes and have quoted figures to suggest that a significant disparity for home insulation between owner occupied homes and rental properties (54% v 22%) and for rooftop solar panels, (38% v 10%).

The strata sector is a keen participant in this debate, and our submission makes a range of recommendations that are relevant to our sector's situation and circumstances. As a starting point, it must be pointed out that in strata, the landlord or lot owner, is unable to legally upgrade common property unilaterally and features such as ceiling insulation, draught sealing, window replacement, central heating/cooling, central hot water, rooftop solar, are either common property or dependent upon common property in the vast majority of apartment buildings.

Owners Corporation (OC) decision-making cycles, voting thresholds and capital works funding constraints mean that even a willing landlord may be unable to compel the upgrades MEERS would require within the timeframes contemplated. Centralised building services such as central hot water, HVAC and common ventilation systems are assets of the Owners Corporation, not individual lot owners, or landlords.

SCA NSW notes, that in Victoria, where Minimum Energy Efficiency Standards for residential properties will come into effect in phases from 1 March 2027, explicit exemptions are set out in Schedule 4 of the Residential Tenancies Amendment ([Minimum Energy Efficiency Standards\) Regulations 2025](#). We strongly recommend that the NSW Government consider similar exemptions.

SCA (NSW) supports the strategic policy intent of MEERS and strongly advocates for a well sequenced and coordinated implementation.

## KEY RECOMMENDATIONS

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- **Recommendation 1 – Strata-specific implementation pathway:** DCCEEW should not apply a generic landlord-facing MEERS regime to strata. A purpose-built strata pathway is necessary and potentially co-designed with SCA (NSW), the Owners Corporation Network (OCN) and key strata insurers.
- **Recommendation 2 – Distinguish lot property from common property obligations:** MEERS obligations on landlords in strata must be limited to features within the lot that the landlord lawfully controls. Common property upgrades must operate through a separate framework directed at the owner’s corporation, with appropriate decision-making support, funding mechanisms, and timeframes.
- **Recommendation 3 – Recognise existing certifications under a multiple-pathways model (Option 3):** Strata buildings certified to BASIX (mandatory for new NSW homes since 1 July 2004) should be presumed compliant. Buildings with Passive House, Green Star or NABERS Energy for Apartment Buildings ratings above a defined threshold should likewise qualify. **This recognises significant prior investment by the sector.**
- **Recommendation 4 – Comprehensive exemption framework:** Mandatory exemptions are required for buildings with active defect remediation, heritage-listed buildings, lower-level apartments where insulation is technically infeasible, buildings with centralised services controlled by the OC, and apartments where compliance would breach fire safety, structural or building code requirements.
- **Recommendation 5 – Cost cap aligned with the ACT’s model:** A cost cap (the ACT \$10,000 indexed model is a reasonable starting point) and should apply at the lot level. Common property cost considerations must be addressed through the OC framework with grant and concessional finance support.
- **Recommendation 6 – Phased implementation with extended strata lead times:** Strata schemes require longer lead times than freestanding houses to accommodate AGM cycles, OC decision-making, capital works planning and tradesperson availability. SCA (NSW) recommends a minimum, 3-year lead time from regulation commencement before MEERS would become enforceable for strata-titled rentals, with a staged commencement by scheme size or building age.

- **Recommendation 7 – Reform sequencing and coordinated implementation:** MEERS for strata should not commence concurrently with mandatory committee training (1 July 2026), the SSLA (Miscellaneous) Bill 2025 implementation, or the Fair Trading and Building Legislation Amendment Bill 2026 implementation. **SCA (NSW) recommends MEERS for strata-titled rentals not commence before 1 July 2029.**
- **Recommendation 8 – Funding and incentive alignment:** MEERS for strata must be paired with targeted and scaled financial support which seeks to building on existing program funds such as Solar for Apartment Residents (SoAR), Social Housing Energy Performance Initiative (SHEPI), Energy Savings Scheme (ESS), Peak Demand Reduction Scheme (PDRS) and the Household Energy Upgrades Fund. DCCEEW understands that the uptake of SoAR in regional and Western Sydney has been low and has reached out to SCA (NSW) for assistance to promote this program. This should inform future expectations.
- **Recommendation 9 – Strata managing agent education and support:** Strata managing agents are likely to be the front-line implementation channel for MEERS in strata. Education and support resources must be developed in partnership with SCA (NSW), in addition to CPD pathways established with Fair Trading NSW, prior to any commencement date.
- **Recommendation 10 – Targeted treatment for sub-categories of strata-rented housing:** Build-to-rent (BTR), social and community housing in strata, retirement villages, serviced apartments, student accommodation, and boarding houses each warrant targeted treatment. We note that while the consultation paper lists these key areas, it does not engage with their distinct operating models.

## SCA NSW's Response

### The Strata Sector in NSW

Approximately one-third of NSW residents live in strata-titled property, and a considerable proportion of NSW renters live in strata-titled apartments, townhouses, villas, and similar developments. The consultation paper acknowledges that many renters live in apartments and in townhouse complexes, which can add strata-related challenges.

Strata-titled rental housing differs structurally from freestanding rental houses in ways that matter for MEERS:

- Ownership and control are split between the lot owner (landlord) and the Owners Corporation (OC), which collectively owns and controls common property.
- Many features that drive whole-of-dwelling thermal performance – the building envelope, roof, external walls, windows in some schemes, common entry doors, balconies, central building services – are common property and are not within the unilateral control of the landlord.
- OC decisions are made by majority or special resolution at general meetings, typically held annually. Capital works are funded through the capital works fund, with special levies requiring owner approval.
- By-laws may further constrain modifications, including those that affect external appearance, common property, or other lots.
- Many NSW strata schemes are subject to active or pending building defect remediation, which materially affects whether and when energy upgrades are appropriate or feasible.

## Strata Sector Reforms in NSW

The strata sector is currently absorbing an unprecedented concurrent reform load. SCA (NSW) draws DCCEEW's attention to the following active or imminent NSW reforms affecting the same sector:

Reform	Status	Sector impact
<b>Strata Schemes Legislation Amendment Act 2025</b>	Commenced; regulations being implemented	Major reforms to strata managing agent commissions, disclosure, penalties (10-fold increase), reporting
<b>Strata Schemes Legislation Amendment (Miscellaneous) Bill 2025</b>	Awaiting further debate in the NSW Legislative Council	Further governance, financial management and dispute resolution amendments
<b>Fair Trading and Building Legislation Amendment Bill 2026</b>	Awaiting further debate in the NSW Legislative Council	Amends 22 Acts; covers Decennial Liability Insurance, licensing, certifier accountability
<b>Mandatory strata committee training</b>	Commences 1 October 2026	Every strata committee member must complete annual training; non-completion = removal
<b>Building defects reforms (BCNSW)</b>	Ongoing; survey & enforcement programs active	Substantial workload for strata managers, committees, defect-affected schemes
<b>Insurance commissions transition</b>	SCA members have already commenced transition, NSW Government considering implementation	Largest structural shift in strata management business model in 45+ years

Reform	Status	Sector impact
Proposed MEERS (this consultation)	Under investigation 2026	Energy upgrade obligations on strata-titled rental property

This concentration of concurrent reform on a single sector creates well-recognised implementation risks: regulatory fatigue among committees and managing agents, training and CPD overload, capacity constraints on strata managing agent firms (many of which are small businesses), insurance market disruption, and a heightened risk that any single reform, however well-designed, will fail in implementation due to system-level overload.

SCA (NSW) urges DCCEEW to coordinate the timing of any MEERS commencement with NSW Fair Trading, the Department of Customer Service, and the Building Commission to ensure the cumulative load on the strata sector is manageable. SCA (NSW)'s strategic position on MEERS is not opposition to the policy intent but advocacy for sequenced, coordinated implementation.

## Structural issues with applying MEERS to Strata

### The lot–common property divide

Under the Strata Schemes Management Act 2015 (SSMA), a strata scheme is divided into lots (privately owned by individual lot owners) and common property (collectively owned by the Owner’s Corporation). The boundary between lot and common property varies by scheme and is set out in the registered strata plan. As a general guide:

- Typically lot property:** internal walls, internal fixtures and finishes within the lot, internal hot water systems where each lot has its own, in-lot heating and cooling appliances (split-system air conditioners servicing only one lot), in-lot kitchen and laundry appliances.
- Typically common property:** the building structure, external walls, roof and roof spaces, balconies (often), windows in many schemes, common entry doors, common stairs and corridors, the building envelope generally, common ventilation and HVAC plant, central hot water systems, building electrical infrastructure, rooftop areas (relevant for solar).

Most of the energy efficiency features the consultation paper contemplates – ceiling insulation, draught sealing, window glazing, rooftop solar, central heating/cooling/hot water – sit on the common property side of the divide in typical apartment buildings. A landlord (lot owner) cannot lawfully install or replace these features unilaterally; doing so would be an unauthorised modification of common property and could expose the lot owner to enforcement action by the OC.

This is not a peripheral implementation detail – it is a fundamental misalignment between MEERS as conceptually framed (a landlord obligation enforceable through tenancy law) and the legal architecture of strata.

### **Centralised Building Services**

Many NSW apartment buildings, particularly mid- and high-rise schemes built in the last 20 years, use centralised building services controlled by the OC. Examples include:

- Centralised hot water (gas-fired/electric) servicing units from a common plant room
- Central HVAC plant with chilled/heated water reticulated to in-lot fan coil units
- Common ventilation systems for kitchens, bathrooms, and corridors
- Embedded networks for electricity, with associated implications for solar, batteries and tariffs
- Building management systems (BMS) controlling lighting, ventilation, and HVAC

A landlord whose lot is serviced by a centralised gas hot water system cannot replace it with a heat pump; the system serves the entire building and is owned and operated by the OC. Victoria's MEERS regime explicitly exempts these scenarios. NSW must do the same.

### **OC decision-making and timing**

Even where common property upgrades are technically and financially feasible, the OC decision-making process imposes timing constraints that the consultation paper does not engage with:

- OCs typically meet at one Annual General Meeting per year, supplemented by occasional Extraordinary General Meetings.
- Substantial works on common property typically require a special resolution (75% of unit entitlements voting against the resolution defeats it).
- Where works exceed amounts in the capital works fund, a special levy is required, which itself requires resolution.

- Quotes, technical advice (engineers, NatHERS assessors, energy auditors) and contractor selection must precede the meeting.
- By-laws may need to be reviewed or made (for example, exclusive use by-laws for solar panels installed for a specific lot, or common property rights by-laws for in-lot upgrades that affect common property).

Realistically, the cycle from initial proposal to completed common property upgrade in a typical strata scheme is 18 months to 3 years, longer for complex projects. Any compliance timeframe imposed on landlords must accommodate this reality – or, better, the obligation should be on the OC rather than individual landlords for common property elements.

### **The split-incentive within Strata**

The consultation paper clearly identifies the well-known split incentive between landlords and tenants generally. Within strata, there is an additional split incentive that the paper does not address: between landlord-investor owners and resident-owner-occupiers in the same scheme.

If MEERS-driven obligations require common property upgrades, those upgrades are funded through the capital works fund or special levies, paid by all owners – including resident-owner-occupiers who derive no direct benefit from rental energy efficiency standards. Resident-owners may resist or vote against upgrades primarily benefiting tenants in investor-owned lots. This is a real and recurring dynamic in strata governance and will materially affect the political feasibility of common property upgrades driven by MEERS. Conversely, requiring only landlords to pay for common property upgrades (for example, through differential levies) is highly likely to breach SSMA principles of equal contribution by unit entitlement and would face legal challenge.

### **Defective buildings and remediation sequencing**

A material proportion of NSW apartment stock is subject to active or pending building defect remediation, particularly relating to waterproofing, façade systems (including non-conforming cladding), structural elements, and fire safety. The Building Commission NSW's compliance and enforcement program continues to identify defective buildings. The Decennial Liability Insurance regime under the Fair Trading and Building Legislation Amendment Bill 2026 will further surface defects.

Energy efficiency upgrades to buildings with unresolved defects can be:

- Premature – upgrades may need to be undone to enable defect rectification

- Counterproductive – installing insulation in a roof with active leaks accelerates moisture damage and mould
- Inappropriately prioritised – limited capital works fund resources are better directed to rectifying safety-critical defects than to energy efficiency
- Insurance-affected – buildings under defect remediation often have constrained or expensive insurance, and adding works can complicate this

Any MEERS regime applied to strata must include a clear exemption (or deferral) for buildings with active or pending defect remediation, with sensible re-engagement triggers once remediation is complete.

## Consultation Question Responses

**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?*

### SCA (NSW) Response:

SCA (NSW) accepts the issues identified in the consultation paper – unaffordable energy bills, thermal discomfort, persistent mould, health impacts, and wellbeing impacts. Strata-rented households face all of these issues, often compounded by additional structural factors:

- Tenant inability to drive change in common property – even where the landlord is willing, the OC may not act.
- Mould and condensation in apartments with limited cross-ventilation, single-aspect units and bathrooms without external windows – widely reported in older apartment stock and increasingly in newer high-rise apartments due to airtight construction without compensating ventilation.
- Centralised hot water and HVAC systems where the tenant has limited control over use or efficiency.
- Shared embedded networks where tenants pay non-competitive electricity tariffs and cannot easily switch retailers.
- Fire safety and façade rectification works in defective buildings, which can constrain the use of balconies and openable windows for natural ventilation.

SCA (NSW) recommends that the NSW Government strongly recognises strata-specific dimensions of energy hardship, including embedded network tariffs, common property control limits, and the interaction of building defects with thermal performance.

**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?*

### SCA (NSW) Response:

Renters in NSW currently have extremely limited pre-lease information about energy efficiency. Disclosure is generally absent from advertising, condition reports, and lease documentation. For strata-titled rentals, renters do not generally have access to the strata roll, OC minutes, capital works fund balance, or upcoming planned major works – information that is highly material to a strata tenant's likely energy costs and comfort.

SCA (NSW) supports the development of standardised pre-lease energy disclosure aligned with the NSW home energy ratings disclosure scheme being implemented under the NSW Consumer Energy Strategy. For strata, disclosure could include:

- Building age and any known major energy-related works planned by the OC
- Whether the building has central HW or HVAC and if so what fuel/efficiency
- Whether the building has an embedded network and the tariff structure
- Whether the building has known active defects affecting thermal comfort (e.g., waterproofing, façade)

Disclosure must be designed so that the obligation to compile information does not fall solely on individual landlords or strata managing agents without access to the necessary information.

**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.*

**SCA (NSW) Response:**

SCA (NSW) accepts the groups identified are disproportionately affected. From a strata perspective, additional cohorts warrant attention:

- Renters in older walk-up apartments (typically pre-1980s) with no insulation, single glazing, and limited ventilation.
- Renters in high-rise apartments with single-aspect orientation (particularly west-facing units in Western Sydney and other urban heat island areas).
- Tenants in social and community housing managed within strata schemes.
- Residents of retirement villages and seniors' rental accommodation, where age-related vulnerability to thermal extremes is amplified.
- International students and other vulnerable cohorts in informal share-house arrangements within strata, including unauthorised sub-letting (the Shyji case study in the consultation paper exemplifies this).

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

**SCA (NSW) Response:**

SCA (NSW) members report a wide range of energy efficiency challenges in strata-titled rental property. Specific recurring themes include:

- Tenant requests for upgrades that the landlord cannot deliver because the upgrade involves common property and the OC has not approved it.
- Mould and condensation complaints in newer airtight apartments without adequate mechanical ventilation.
- Difficulty installing in-lot air conditioning where external condenser placement requires common property approval and by-law amendment.
- Frustration with embedded network tariffs and inability to access standard retail electricity offers.
- Strong interest among committees in building-wide energy upgrades but constrained by capital works fund availability and the difficulty of achieving the required voting majorities.

SCA (NSW) welcomes the opportunity to facilitate direct engagement between DCCEEW and our members, including strata managing agents and committee members, through case studies and a roundtable consultation.

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

#### **SCA (NSW) Response:**

SCA (NSW) draws DCCEEW's attention to relevant Australian and international experience filtered through a strata lens:

- **ACT:** ceiling insulation requirement explicitly accommodates exemptions for lower-level apartments where insulation cannot be installed or would not provide a meaningful thermal benefit. The \$10,000 cost cap and prioritisation framework (living areas and bedrooms first) provides a useful design reference. SCA (NSW) understands the ACT regime has not had observable impact on rental prices (Adams et al. 2024).
- **Victoria:** from 1 March 2027, the new minimum energy efficiency standards will exempt apartments where heating or hot water are supplied by a centralised system. Community housing providers are also currently exempt pending review. This nuanced treatment is essential and must be replicated in any NSW regime.

- **United Kingdom:** the EPC-based regime has driven energy efficiency improvements without inducing significant rent inflation (Fuerst et al. 2026). However, the UK leasehold/freehold structure differs materially from Australian strata, so direct read-across is limited.
- **New Zealand:** the Healthy Homes Standards focus on healthy-home features (insulation, heating, ventilation, moisture/drainage) rather than whole-of-dwelling thermal performance. The 87% landlord self-reported compliance rate (NZ Government 2025) suggests feature-based standards are achievable, though apartment-specific issues are not as prominent in the NZ housing stock.

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

#### **SCA (NSW) Response:**

SCA (NSW) recommends the following lessons inform MEERS design for NSW strata:

- Adopt the ACT cost-cap model (currently \$10,000) at the lot level and index it for inflation. Calibrate the cap to reflect the higher costs of strata-context upgrades.
- Adopt Victoria's centralised systems exemption verbatim and extend it to other OC-controlled features.
- Provide structural exemptions for apartments where compliance is technically infeasible (lower-level units for some insulation requirements, heritage-listed buildings, façade-affected buildings).
- Adopt long lead times and phased commencement. Victoria announced the 2027 standards in 2024, giving the sector 3 years' notice; the same timeframe (or longer) is required for NSW strata.
- Pair MEERS with substantial financial support – Boulder Colorado's SmartRegs paired regulation with EnergySmart, a one-stop-shop providing rebates, low-cost assessments, and technical advice. This significantly improved compliance and uptake.

**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?*

**SCA (NSW) Response:**

Empirical evidence from the ACT (Adams et al. 2024), the UK (Fuerst et al. 2026) and Victoria (DEECA 2024) suggests no observable impact on rents and minimal impact on rental supply. SCA (NSW) does not predict significant rent or supply impacts at the macro level, particularly given the constrained NSW rental market.

However, sub-market and edge cases warrant attention:

- Investor exit from defective or low-yielding strata schemes where compliance costs are uneconomic – potential reduction in lower-cost rental supply.
- Cost pass-through to all owners (including owner-occupiers) where common property upgrades are required.
- Insurance premium increases following major upgrades or where work is not appropriately documented and certified.
- Increased disputes between landlords and OCs where landlords seek upgrades the OC will not approve.
- Concentration effects in particular geographies – low-yield, lower-quality apartments in regional areas may be disproportionately affected.

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

**SCA (NSW) Response:**

SCA (NSW) suggests the following priority order for objectives, based on the strongest evidence base and the most direct outcomes for strata-rented households:

- **Improve the thermal safety of rental homes to protect renters' health** – the strongest health and equity justification, with extensive WHO and Australian evidence.
- **Improve energy affordability and reduce energy hardship for renters** – direct cost-of-living benefit, addresses well-documented split-incentive problem.

- **Maintain and improve the quality of rental homes** – aligns with broader rental quality reform agenda.
- **Improve renters' access to energy saving technologies** – particularly important in strata where renter-driven upgrades are most constrained.
- **Reduce greenhouse gas emissions from rental homes** – important systemic objective but weaker direct linkage to renter outcomes; achievable via complementary policies.

SCA (NSW) emphasises that the objectives must be clearly articulated and used to evaluate the proportionality of any compliance burden.

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

**SCA (NSW) Response:**

SCA (NSW) accepts the benefits the consultation paper identifies. Strata-specific impacts include:

- **Positive:** potential acceleration of OC-level decisions on long-deferred building upgrades; alignment of capital works planning with energy outcomes; increased market value of well-performing strata schemes; reduced mould and indoor air quality complaints; reduced peak demand from lower-income electrified strata.
- **Negative:** compliance burden on landlords for upgrades they cannot lawfully control; cost pass-through to all owners through OC levies; increased complexity for strata managing agents already absorbing major reforms; potential capital works fund pressure during defect remediation periods; disputes between owner-occupiers and landlord-investors over priority and funding of upgrades.

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

**SCA (NSW) Response:**

SCA (NSW) supports the policy intent of MEERS – improving thermal safety, energy affordability, and quality of NSW rental housing – and acknowledges the compelling evidence base for action. SCA (NSW) accepts that minimum standards are likely to be a

necessary part of the regulatory toolkit, given the well-documented limitations of voluntary measures.

However, SCA (NSW)'s support for MEERS being applied to strata-titled rental property is conditional on:

- A purpose-built strata pathway being developed in genuine co-design with SCA (NSW), OCN and strata insurance stakeholders
- Clear separation of lot-level and common property obligations
- Recognition of existing certifications (BASIX, Passive House, NABERS for Apartment Buildings)
- Comprehensive exemption framework
- Cost cap at the lot level
- Phased implementation with extended lead times for strata
- Coordinated timing with other concurrent strata reforms (not before 1 July 2029)
- Substantial financial support and technical assistance
- Education and CPD pathways for strata managing agents and committee members

Without these design features, MEERS for strata risks creating obligations that landlords cannot lawfully meet, perverse outcomes for renters and owners alike, and substantial enforcement difficulty for NSW Fair Trading.

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

**SCA (NSW) Response:**

This question is outside SCA (NSW)'s strategic remit. However, to the extent freestanding houses include 'granny flats' on strata-titled or community-titled land, similar issues to apartments arise (with usually less complexity). General challenges include workforce capacity for retrofits, regional installer availability, and ensuring upgrades address ventilation as well as thermal performance to prevent mould.

**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?*

**SCA (NSW) Response:**

This is the question of greatest substantive importance to SCA (NSW). The challenges are structural, not merely operational, and warrant detailed treatment.

- **The lot–common property divide**

As set out above, most of the energy efficiency features the consultation paper contemplates sit on the common property side of the lot/common property divide in typical apartment buildings. A landlord cannot lawfully install ceiling insulation in a common roof space, replace windows that are common property, draught-seal common entry doors, install rooftop solar panels, or alter the building envelope without OC approval and (often) by-law making.

- **Centralised systems**

Centralised hot water, central HVAC, and common ventilation systems are OC assets. A landlord cannot replace them. NSW must adopt the Victorian exemption for centralised systems.

- **Decision-making cycles**

OC decision-making is annual at minimum, with substantial works typically requiring a special resolution. The cycle from proposal to completed common property upgrade is realistically 18 months to 3 years for a well-functioning scheme, longer for schemes facing decision-making difficulty.

- **Funding mechanism**

Common property upgrades are funded through the capital works fund, paid by all owners by unit entitlement. This means owner-occupiers subsidise upgrades that benefit tenants in landlord-owned lots. Many capital works funds are underfunded; special levies are required for major works and require resolution.

- **Defect-affected buildings**

Apartment buildings under active or pending defect remediation should not be subject to MEERS until remediation is complete. The consultation paper does not cover this concern.

- **Building Code, fire safety, and other regulatory interactions**

Energy upgrades to existing apartments must navigate the Building Code of Australia (BCA) provisions, fire safety requirements (particularly for buildings with combustible cladding), structural engineering constraints (loading from rooftop solar), strata fire safety statements and certifications, and heritage controls. Each of these can constrain or prevent upgrades.

- **Building Management Committees (BMCs)**

Mixed-use schemes with shared facilities are governed by Building Management Committees as well as individual owners corporations. Decisions about shared building services (such as central HW or HVAC) require BMC approval, adding further governance complexity. The consultation paper does not consider BMCs.

- **Workforce and supply chain**

Trades qualified for apartment-context insulation, draught sealing, heat pump installation and high-rise solar are concentrated in metropolitan Sydney. Regional and Western Sydney capacity remains constrained, as evidenced by the low SoAR uptake from these areas.

- **Strata insurance**

Major upgrades to common property may affect insurance valuations, premiums, and exclusions. Coordination with strata insurers is required.

- **Tenancy disclosure obligations**

MEERS interacts with the existing minimum standards under the Residential Tenancies Act 2010 (NSW) section 52, with rental advertising obligations, with section 36 (right to a copy of the strata by-laws) and with the obligations of a landlord under tenancy law. These interactions need to be fully considered and mapped.

- **Sub-market strata housing**

Build-to-rent (BTR) operates differently from owner-investor strata; community title schemes, retirement villages, and serviced apartments are each distinct. A single strata pathway will not work for all.

**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?*

**SCA (NSW) Response:**

Each sub-category has distinct characteristics that warrant targeted treatment:

- **Build-to-rent (BTR):** single corporate owner = single landlord, simpler decision-making, and capital structure. BTR owners are well-positioned to comply via Option 2 (NatHERS) or Option 3 (multiple pathways recognising NABERS or BASIX). BTR should be a leader segment, not a laggard.
- **Social and community housing within strata schemes:** complex – the social/community housing provider is the lot owner but the scheme is governed by an OC of mixed ownership. SHEPI investment (\$175m to upgrade ~24,000 social housing homes by June 2027) is highly relevant and must be coordinated with any MEERS regime. Victoria currently exempts community housing providers pending review – NSW should consider similar treatment.
- **Affordable housing:** operating margins are constrained; MEERS compliance costs may threaten viability without dedicated grant support. SCA (NSW) recommends affordable housing be eligible for SHEPI-style support or equivalent.
- **Boarding houses:** highly heterogeneous category – ranges from registrable boarding houses (regulated under the Boarding Houses Act 2012) through to large commercial operators. Tenants are typically vulnerable. MEERS should apply with appropriate exemptions for genuine emergency or crisis accommodation.
- **Student accommodation:** purpose-built student accommodation (PBSA) operates as a single managed asset and should be straightforward to bring into compliance.

Informal arrangements (international students in shared housing) are harder to capture and enforce.

- **Retirement villages:** regulated under the Retirement Villages Act 1999, with distinct ingoing/outgoing contributions, recurrent charges, and capital improvement frameworks. MEERS for retirement villages requires bespoke treatment that aligns with the existing capital improvement levy mechanisms and consults the village resident community.
- **Short-term rentals (Airbnb, Stayz):** currently regulated under the NSW Short-term Rental Accommodation Code of Conduct. Including short-term rentals in MEERS would require careful definition – many short-term rentals are also occasional long-term rentals or owner-occupied for part of the year.
- **Sub-market and crisis accommodation:** should generally be exempt or subject to a different framework given the marginal financial viability and the urgent need to maintain supply.

**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?*

#### **SCA (NSW) Response:**

SCA (NSW) strongly supports variation by climate zone and building type. NSW spans climate zones from cool (Monaro, Southern Highlands) to hot humid (far North Coast), with significant urban heat island effects in Western Sydney. Insulation requirements appropriate for the Monaro are not appropriate for Lismore – and may worsen mould if poorly specified.

Variation should occur along these axes:

- Climate zone (NCC climate zones 2, 5, 6, 7, 8 are all represented in NSW)
- Building type (apartment, townhouse, freestanding, granny flat, retirement village)
- Building age (pre-BASIX vs post-BASIX, given July 2004 commencement)
- Building height (low-rise walk-up vs mid-rise vs high-rise – different feasible upgrades)
- Heritage and façade-affected status

**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?*

**SCA (NSW) Response:**

SCA (NSW) recommends the following measures to minimise rent impacts:

- Cost cap at the lot level (ACT \$10,000 model, indexed)
- Substantial grant and concessional finance support for landlords (extending SoAR, ESS, PDRS, Household Energy Upgrades Fund)
- Phased implementation matching natural turnover (e.g. compliance required at next lease renewal after a long phase-in date) rather than a hard date that triggers simultaneous market disruption
- Recognition of existing certifications to avoid unnecessary expenditure on already-efficient buildings
- Ensuring the package is supported by NSW Fair Trading rental dispute resolution to address rent increases that exceed reasonable cost recovery

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

**SCA (NSW) Response:**

Strata-relevant variations recommended (treatment summary):

Home type	Recommended treatment
<b>Apartments</b>	Strata-specific pathway: lot-level obligations only; common property addressed via OC framework; centralised system exemption; defect-affected building exemption; mandatory recognition of BASIX, Passive House, and NABERS Apartments certifications.
<b>Houses and Granny flats</b>	Standard pathway. Granny flats on strata title may need apartment-style treatment depending on common property arrangements.
<b>Townhouses and villas</b>	Treat as strata-titled apartments where common property exists. Where the only common property is

Home type	Recommended treatment
	fences/driveways and each dwelling has independent services, may follow houses pathway.
<b>Affordable housing</b>	Eligible for SHEPI-equivalent support; phased timeline reflecting capital constraint; may warrant temporary exemption for newer providers establishing portfolios.
<b>Boarding houses</b>	Apply with appropriate exemptions for crisis and emergency accommodation; align with Boarding Houses Act 2012 definitions.
<b>Build-to-rent</b>	Apply with NatHERS/multiple-pathways approach; BTR can be a leader segment given single ownership.
<b>Key worker accommodation</b>	Treat by ownership/operator type; may need exemption support if marginal financial viability.
<b>Seniors rental (retirement villages)</b>	Bespoke pathway aligned with Retirement Villages Act 1999 capital improvement framework; consultation with resident communities required.
<b>Short-term rentals</b>	Defer pending clear definition; coordinate with NSW STRA Code of Conduct.
<b>Social and community housing</b>	Coordinate with SHEPI; consider Victoria-style exemption pending review; significant capital support already committed.
<b>Student accommodation (PBSA)</b>	Apply with NatHERS/multiple-pathways; PBSA is well-suited to whole-building approach.
<b>Sub-market housing (e.g. crisis)</b>	Exempt or subject to bespoke framework reflecting funding model and supply imperatives.

**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?*

**SCA (NSW) Response:**

For strata landlords, the principal challenges are:

- Inability to lawfully control common property upgrades that determine compliance
- Difficulty obtaining timely OC approval where required
- Capital cost of upgrades, even with cost cap
- Limited supply of qualified installers, particularly outside metropolitan Sydney
- Compliance documentation burden – assessments, certificates, installer records, statutory declarations
- Risk of penalty for non-compliance caused by OC inaction
- Interaction with leases of varying durations, including periodic tenancies
- Defect-affected buildings where remediation precedes upgrades

Mitigations: strata-specific pathway with separate OC obligations; cost cap; financial support; clear safe-harbour provisions where landlord has acted reasonably to seek OC approval; extended lead times; centralised information and template by-laws.

**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?*

**SCA (NSW) Response:**

Real estate agents (property managers) face challenges including:

- Compliance verification at lease and re-lease points
- Advertising compliance (as in Victoria's 25 November 2025 advertising rule)
- Coordinating between landlord, tenant, OC, strata managing agent and contractors
- Managing tenant expectations during phased compliance
- CPD and training to a new compliance domain

For strata managing agents specifically, additional challenges include providing accurate advice to OCs and committees on common property compliance pathways, navigating the dual PSA Act / SSMA framework, and providing assessment and documentation services that may be outside their licence scope. SCA (NSW) recommends that NSW Fair Trading advises

how MEERS-related policy fits within strata managing agent licence scope and PI insurance coverage.

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

**SCA (NSW) Response:**

Likely behaviour changes in strata rental:

- Increased pressure on OCs from landlord-investors to fund common property upgrades, with potential conflict with owner-occupiers
- Landlord investor decisions about whether to retain investment lots in low-yielding/older schemes
- Renewed interest in BTR and managed apartment models with single-owner control
- Expanded role for strata managing agents in advising on building energy strategy
- Stronger market signal for newer, BASIX-compliant, or NABERS-rated buildings
- Increased disclosure information available to renters at lease point

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

**SCA (NSW) Response:**

MEERS should be designed as a distinct but interoperable layer within the rental minimum standards architecture, with clear cross-references to:

- Residential Tenancies Act 2010 (NSW), section 52 (existing minimum standards)
- Strata Schemes Management Act 2015 (SSMA) provisions on common property maintenance (s106), by-laws (Part 7), and OC functions
- Residential Tenancies Regulation 2019
- Building Code of Australia and BASIX framework

Over time, energy efficiency requirements may be progressively integrated into the broader rental minimum standards once compliance is mature and the regime is well-understood. SCA (NSW) supports a staged approach: distinct MEERS regime initially (with strata-specific

pathway), with later integration into Residential Tenancies Act minimum standards once the regime is bedded down.

SCA (NSW) particularly highlights that the consultation paper does not currently address how MEERS would interact with the SSMA. This is a critical gap. The SSMA must be expressly engaged in the regulatory design, not treated as an afterthought.

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

**SCA (NSW) Response:**

SCA (NSW) recommends:

- Self-certification by landlords at lease/re-lease point, supported by standardised documentation
- Spot audit power for NSW Fair Trading
- Tenant-initiated complaint pathway via NCAT
- Cross-referencing with the home energy ratings disclosure scheme to leverage common data
- Safe-harbour provisions for landlords where non-compliance results from OC inaction (with documentary evidence of reasonable steps)
- Graduated penalty framework (similar to SCA NSW's recommendation in the Property Agent Laws consultation) – first-time technical breaches treated proportionately
- No automatic exposure to maximum penalties for technical or documentation-only breaches

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

**SCA (NSW) Response:**

Education and support should dominate the early years of the regime. Specifically:

- Year 1–2 post-commencement: education and information only, no enforcement
- Year 3+: enforcement of clear, well-understood obligations
- **Throughout:** technical assistance through a one-stop-shop (Boulder/EnergySmart model)

- **Throughout:** dedicated SCA (NSW) and OCN-co-developed resources for strata committees and managing agents
- CPD pathways for strata managing agents and committee members embedded in the existing CPD framework

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

#### SCA (NSW) Response:

**SCA (NSW) supports Option 3: Multiple pathways**, subject to design refinement to make the pathways genuinely accessible for strata-titled rental property. Our recommendation for Option 3 is based on the following reasoning:

- **Option 1 (Features approach)** is conceptually simpler but does not engage with the lot/common property divide. Many features (insulation, draught sealing, central HW upgrade) cannot be installed by the landlord acting alone in strata. A features-only approach therefore creates obligations that are routinely impossible to meet for strata landlords.
- **Option 2 (NatHERS)** has appeal because it leverages the planned NSW home energy ratings disclosure scheme. However, NatHERS for Existing Homes is still being developed and apartment-rated NatHERS is particularly nascent. Workforce capacity for apartment NatHERS assessment is materially constrained, and the cost of obtaining a rating is a meaningful upfront barrier for individual lot owners. Outcome bias toward solar over thermal performance is also a real risk.
- **Option 3 (Multiple pathways)** best accommodates the diversity of NSW strata stock and recognises the substantial prior investment in BASIX (mandatory since July 2004 for new homes), Passive House and NABERS for Apartment Buildings. Lot owners in BASIX-certified buildings should be presumptively compliant. This approach also provides flexibility for lot owners to use either the features approach (where this is feasible at lot level) or the NatHERS approach where preferred.

SCA (NSW) recommends **Option 3** with the following enhancements:

- Express recognition of BASIX, Passive House, and NABERS Apartment Buildings ratings (above defined thresholds)

- Strata-specific compliance pathway distinguishing lot-level and common property obligations
- Clear communication strategy explaining the available pathways to landlords, OCs and managing agents
- Default features list at lot level (in-lot features only); common property features managed through OC framework

**Question 24:** *Do you have any comments on the advantages and disadvantages for each model?*

**SCA (NSW) Response:**

The consultation paper's advantages/disadvantages tables are helpful but do not adequately address strata-specific considerations. Additional points:

**Option 1 (Features) – additional disadvantages for strata**

- Most features are common property in apartment contexts – obligation falls on landlord but compliance requires OC action
- Centralised systems often technically infeasible to upgrade unilaterally
- Worsening mould risk if draught sealing/insulation specified without ventilation requirements – particularly in older walk-up apartments

**Option 2 (NatHERS) – additional disadvantages for strata**

- NatHERS for Existing Homes for apartments is still being developed; apartment-rating workforce is materially constrained
- Common property assumptions in apartment NatHERS may force whole-of-building assessments that individual lot owners cannot commission
- Cost of obtaining rating is more significant for individual lot owners than for whole-building owners (BTR, social housing)

**Option 3 (Multiple pathways) – additional advantages for strata**

- Recognises BASIX (mandatory since July 2004) – substantial proportion of NSW post-2004 apartment stock can be presumptively compliant
- Allows BTR and large strata schemes to use whole-building NABERS-style ratings where this is more cost-effective
- Allows individual lot owners to use lot-level features where this is more practical
- Reduces administrative burden where mandatory home energy ratings disclosure is achieved

**Question 25:** *Are there any other alternatives or hybrid implementation models that would help achieve the objectives?*

**SCA (NSW) Response:**

SCA (NSW) recommends consideration of the following hybrid model for strata:

- **Strata Hybrid Model:** Lot-level features approach for in-lot features (heating, cooling, in-lot HW, draught sealing of in-lot doors and windows); plus OC-directed obligations for common property elements (ceiling insulation, central services, common windows, rooftop solar) operating on a separate, OC-facing framework with longer lead times and dedicated funding support.
- **Building Tune-Up Pathway:** for buildings with NABERS Energy for Apartment Buildings ratings or equivalent, allow a building-level commitment to a target rating in lieu of unit-by-unit compliance, with progressive certification.
- **Defect-Linked Deferral:** explicit deferral pathway for buildings under active defect remediation, with clear re-engagement triggers and timeline.

**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?*

**SCA (NSW) Response:**

**Financial support**

- Expanded SoAR (currently \$30m, low uptake in regional NSW and Western Sydney)
- Strata-specific extension of SHEPI principles to private strata schemes with high renter populations
- ESS/PDRS reforms to recognise common property and OC-driven upgrades, with appropriately calibrated certificate values
- Concessional finance for OCs through the Household Energy Upgrades Fund or equivalent
- Stamp duty or land tax concessions for strata schemes that achieve defined energy performance thresholds
- Grants for NatHERS apartment assessments to overcome upfront cost barrier

### Technical support

- Energy advice service for OCs and committees (one-stop-shop model)
- Strata-specific design guides (e.g. apartment retrofit pattern book)
- Template by-laws for solar, EV charging, in-lot heat pump installation, common property energy upgrades
- Workforce development including NatHERS-for-existing apartments accreditation pathway
- Consider partnering with the UNSW City Futures-led RACE for 2030 Realising Apartment Sustainability Project (RASP) to inform technical guidance

### Regulatory support

- SSMA amendments expressly enabling sustainability resolutions at lower voting thresholds (consistent with leading-jurisdiction practice noted in the RASP regulatory review)
- By-law restrictions on prohibitions of sustainability upgrades in management statements and existing by-laws
- Express enabling powers for OC-led energy upgrade programs
- Clear safe-harbour provisions in MEERS for landlords where non-compliance is due to OC inaction
- Coordinated regulatory clock with other strata reforms

**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?*

### SCA (NSW) Response:

SCA (NSW) does not propose alternatives in lieu of MEERS, but recommends MEERS be embedded in a broader package including:

- SSMA amendments to facilitate OC-led sustainability upgrades (lower voting thresholds, prohibition on aesthetic objections to sustainability measures, prohibition on by-laws restricting sustainability upgrades)
- Mandatory home energy ratings disclosure at point of sale and lease
- Substantial expansion and rationalisation of existing programs (SoAR, SHEPI, ESS, PDRS, Home Energy Saver, Household Energy Upgrades Fund) with strata-aware pathways
- Tenancy law reforms to provide stronger protections against retaliatory eviction following upgrade requests, complementing the regulatory floor MEERS provides

- BASIX and NCC standards continuing to lift the floor for new construction, reducing the eventual MEERS obligation as stock turns over
- Workforce development investment to build apartment-context retrofit capacity

## Conclusion and Next Steps

SCA (NSW) supports the policy intent of MEERS and is committed to working with DCCEEW, NSW Fair Trading and the NSW Rental Commissioner to ensure the regime delivers genuine improvements in thermal safety, energy affordability, indoor air quality, and quality of strata-rented housing. The strata sector represents a significant share of NSW rental stock and houses some of the most vulnerable renters, including older Australians in retirement villages, students, key workers, and lower-income households in older walk-up apartments.

However, MEERS as conceptually framed in the consultation paper does not adequately engage with the structural particularities of strata title. Without a purpose-built strata pathway, MEERS risks creating obligations that landlords cannot lawfully meet, transferring costs from landlord-investors to owner-occupiers in ways that will create scheme-level conflict, and overwhelming a sector already absorbing the largest concurrent reform load it has ever faced.

### SCA (NSW) recommends DCCEEW:

- Co-design a strata pathway with SCA (NSW), the Owners Corporation Network and other strata insurance stakeholders before finalising the regulatory framework.
- Coordinate timing with NSW Fair Trading, the Building Commission, and the Department of Customer Service to manage cumulative reform load on the strata sector.
- Defer commencement for strata-titled rentals until at least 1 July 2029 to allow concurrent reforms to bed down.
- Build the supporting financial, technical and regulatory infrastructure before (workforce, exemption framework, financing, education) rather than after commencement.

**SCA (NSW) welcomes future opportunities to participate** in industry workshops and to present supplementary evidence on strata-sector implementation considerations.

We are also willing to facilitate direct engagement between DCCEEW and SCA (NSW) members – including strata managing agents, committee members, and lot owner-investors – through webinar presentations, roundtables, and other evidence-gathering activities.

For further information about this consultation, please contact Andrew Jefferies, Senior Policy and Advocacy Advisor, SCA NSW. [Andrew.Jefferies@strata.community](mailto:Andrew.Jefferies@strata.community)