Institute for Energy Economics and Financial Analysis
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12 June 2026

To: Tasmanian Consumer Building and Occupational Services
Re: Modernising the Residential Tenancy Act

Thank you for the opportunity for the Institute for Energy Economics and Financial Analysis (IEEFA) to provide input to the Tasmanian government's consultation on *Modernising the Residential Tenancy Act*.

IEEFA is an independent energy finance think tank that examines issues related to energy markets, trends and policies. The Institute's mission is to accelerate the transition to a diverse, sustainable and profitable energy economy. Our submission focuses specifically on the matter of energy efficiency standards for rental properties.

IEEFA has recently published a report analysing the potential impacts of implementing minimum energy efficiency standards for rental properties. This report found:

- Minimum energy efficiency standards could save Tasmanian renters **$1.7 billion by 2050.**
- If standards are implemented well, renters could be **better off from day one.**
- Upgrading rental properties would support **Tasmania's strategic energy advantage**.

To enable these benefits, we recommend:

	Recommendation
1	The Tasmanian government should introduce requirements for energy-efficient fixed electric appliances in rental properties.
2	The Tasmanian government should introduce minimum energy efficiency requirements addressing the overall energy performance of rental properties.
3	The Tasmanian government should restart the Energy Saver Loan Scheme with particular priority given to rental property owners, and with longer loan terms.

Our submission elaborates on the findings from our report, and provides answers to key consultation questions. Please do not hesitate to contact me to discuss this submission further.

Kind regards,

Jay Gordon, Energy Finance Analyst, Australian Electricity

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Minimum energy efficiency standards could save Tasmanian renters $1.7 billion by 2050

Tasmania's minimum standards for rental properties require a fixed heater to be present. However, nearly half of Tasmanian renters report being too cold in their homes in winter "almost all the time".

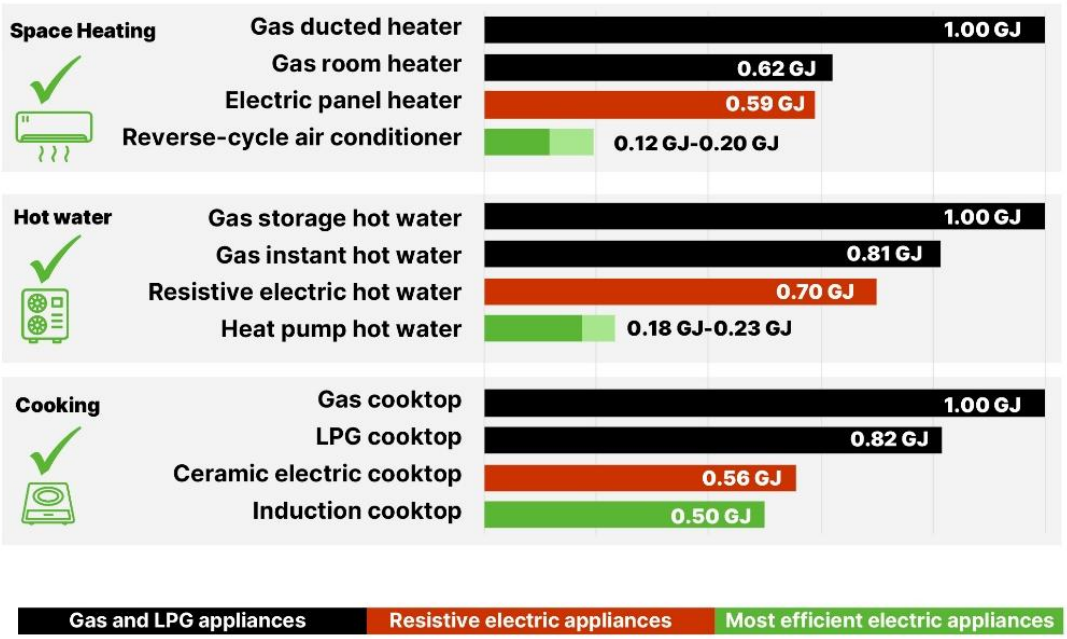
As there are no energy efficiency requirements for the required fixed heater, rental property owners are motivated to select the cheapest option to meet the standard – which will typically be a resistive electric heater (such as a panel heater or radiant heater).

Furthermore, properties are considered to meet the standard if they have a wood heater installed. Wood heaters are generally less efficient than other forms of heating, and can be physically demanding for tenants with impaired physical ability to operate. Wood heaters are also hazardous for air quality. This has been a concern for many years in Launceston, where the city council is now considering proactive regulatory measures to control levels of wood smoke.

Rental properties in Tasmania are also required to have hot water. But similarly, there is no energy efficiency requirement for the water heater. Rental property owners are motivated to install the lowest-cost option, which is usually a resistive electric storage water heater.

By contrast heat pumps, when used for either space or water heating, consume a fraction of the energy of alternative appliances (Figure 1).

Figure 1: Relative energy consumption by type of household appliance



Source: IEEFA.

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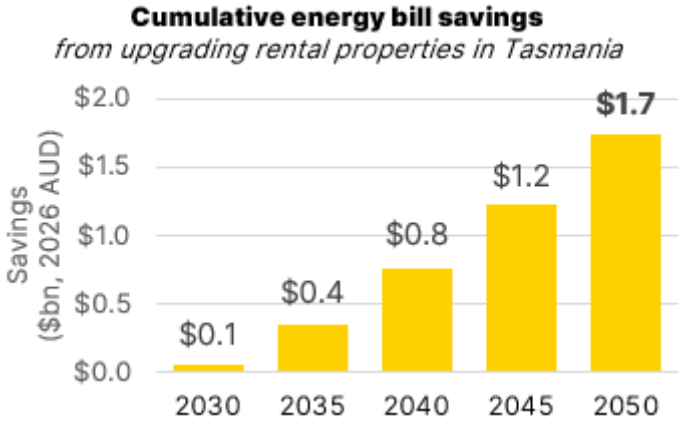
Furthermore, many Tasmanian homes exhibit poor thermal performance due to a high penetration of timber-framed dwellings, combined with under-insulation and a lack of draught-proofing. And while rooftop solar and batteries are popular solutions to lower energy bills for owner-occupiers, renters are generally unlikely to have access to either technology.

IEEFA has modelled an ambitious roll-out of minimum energy efficiency rental standards, targeted at halving renters' energy bills. We found this could yield $1.7 billion in cumulative gross energy bill savings for Tasmanian renters by 2050 (Figure 2). This ignores any impact of rising energy prices, which would increase the savings.

Our modelling was based on dwellings that underwent a combination of thermal efficiency upgrades, switching to efficient electric appliances, and installing small rooftop solar systems. When the upfront costs were factored in, the net present value (NPV) of the upgrades was $285 million to 2050, at a 5% discount rate.

Figure 2: Cumulative energy bill savings from upgrading rental properties



Source: IEEFA.

Renters could be better off from day one

If the upfront costs of upgrading rental properties were amortised over a 15- or 20-year period at a mortgage interest rate, the annual energy bill savings would outweigh the costs from day one, with net savings accelerating considerably in the long term (Figure 3). This implies that minimum energy efficiency standards, backed by complementary financing schemes, could be implemented in a way to ensure that renters always receive a net benefit – even if some costs are passed on by landlords.

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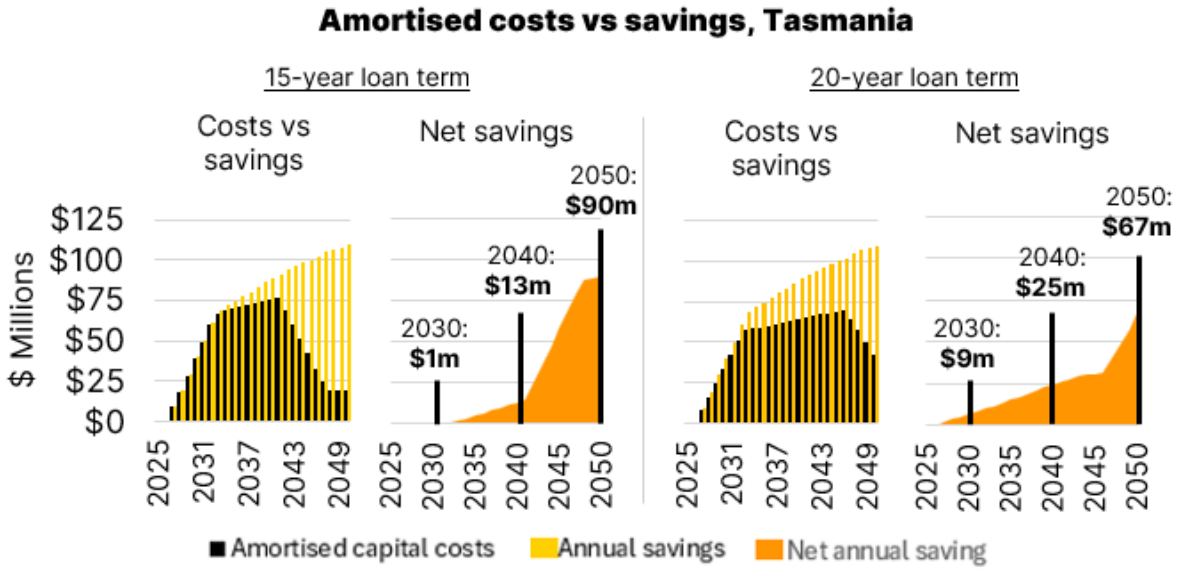
Figure 3: Costs and savings if rental upgrade costs were amortised as a loan



Source: IEEFA. Interest rate of 6.33% assumed.

Several sources report that the cost of certain household upgrades in Tasmania – such as rooftop solar and insulation upgrades – may be significantly higher than other states. This is despite Tasmania having far lower average wages than the mainland.

One contributing factor may be the fact that the industry for insulation, rooftop solar and other home energy upgrades is less mature in Tasmania. Introducing minimum energy efficiency standards for rental properties could help to foster a competitive local installation industry for home energy upgrades.

Figure 3 also illustrates that amortising costs over a 20-year loan term (which reflects the lifetime of some upgrades), would help considerably to bring forward the net annual savings versus a 15-year loan – increasing from $1 million to $9 million in 2030, and from $13 million to $25 million in 2040.

While the Tasmanian government previously operated a zero-interest Energy Saver Loan Scheme, this closed in 2025, and was limited to loans of one to three years in length. To help enable rental property upgrades, the Tasmanian government should restart the Energy Saver Loan Scheme with a priority focus on rental properties. This should ideally offer loan terms of 15-20 years or more, with interest rates limited to be no more than an equivalent home loan rate.

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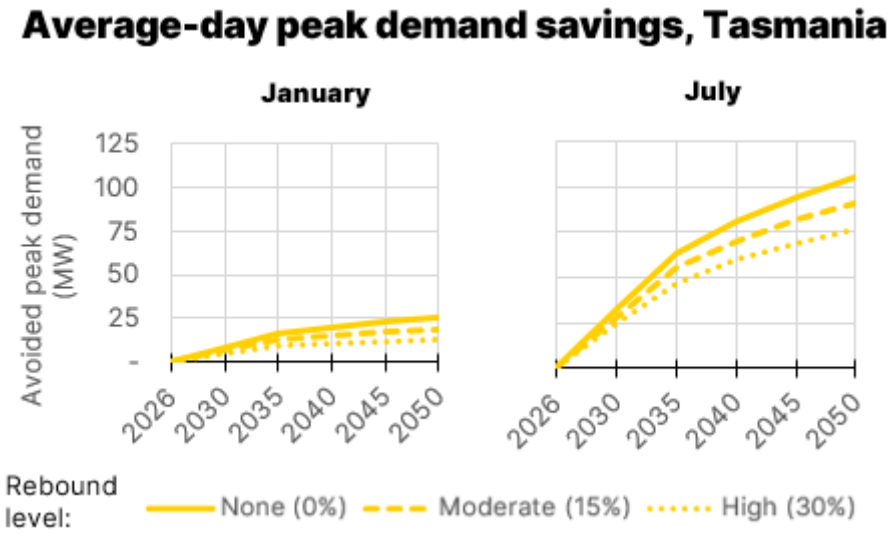
Upgrading rental properties is of strategic economic importance to Tasmania

Our analysis identified that upgrading rental properties would deliver peak demand reductions for Tasmania. This included average-day peak demand savings of 12.8 to 25.6 megawatts (MW) in January by 2050, and 77-105MW in July (Figure 4). The upper end of this range represents a case where there is no increase in energy consumption (rebound) in response to the measures, and the lower end represents a high-rebound case (where 30% of savings are reinvested in added electricity consumption).

Figure 4: Average-day peak demand savings from upgrading rental properties



Source: IEEFA.

In aggregate terms, we identified that upgrading rental properties could save 253 to 377 gigawatt-hours (GWh) of electricity per annum by 2050.

Tasmania's energy system is unique, as it effectively includes a significant level of built-in long-duration energy storage. Previous IEEFA analysis has shown that improving statewide energy efficiency in Tasmania could unlock significant additional energy export opportunities.

These energy savings from upgrading rental properties will disproportionately occur in winter – a time when electricity demand in Victoria is expected to increase as households electrify their gas appliances. This presents a strategic opportunity for Tasmania to increase exports of hydroelectricity to the mainland when it is most valuable.

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Responses to selected consultation questions

Question	Response
5.1.1 (a)	**Should minimum energy efficiency standards be mandated for appliances (like heaters) provided in rental properties? What challenges might this present for property owners?** Yes. Minimum rental standards should require fixed heaters and hot water systems to be electric and energy-efficient (i.e. heat pumps). While efficient appliances have higher upfront costs than inefficient alternatives, the upfront cost burden for property owners could be significantly minimised by requiring efficient appliances to be installed only when the existing appliance reaches its end of life. Such a requirement would be similar to minimum energy efficiency standards that will soon commence in Victoria for certain gas appliances. However, for Tasmania, it will be critical to apply this to inefficient electric appliances: for example, fixed resistive electric heaters or resistive electric storage water heaters. IEEFA analysis has found that Tasmanians incur an additional $141 million in lifetime costs for each year that inefficient appliances are installed across the full housing stock.
5.1.1 (b)	**Are there other minimum energy efficiency standards that should apply to rental properties?** In addition to efficient appliances, landlords face little to no motivation to undertake thermal upgrades (such as insulation), or install rooftop solar or batteries in their property. This may lead to a growing energy divide between renters and owner-occupiers. Minimum energy efficiency standards should include a flexible component that requires other forms of upgrade to be undertaken – including thermal upgrades, rooftop solar and batteries. The Tasmanian government could consider a flexible "features-based" approach, where landlords much choose between a range of features to meet the standard (such as upgraded insulation, draught-proofing or rooftop solar). These options could have weightings allocated based on the energy savings they are likely to deliver.
5.1.1 (c)	**What impact would adding minimum efficiency standards for appliances have on the supply of rental properties in Tasmania?** Evidence from other jurisdictions (such as the UK and ACT) suggests the implementation of minimum energy efficiency standards has a negligible impact on rental supply.

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5.1.2	**Should the Residential Tenancy Commissioner have the power to order a property owner to bring a property up to the minimum standards?** Yes. Inadequate enforcement of minimum rental standards could significantly reduce their effectiveness. Community sector workers in Victoria observed that "stronger compliance measures and enforcement of [minimum rental standards] reforms is required to address limitations and maximise their impact for vulnerable renters", with many reports that "renters who raise issues with non-compliance face rent increases or eviction notices."
5.1.3	**Do you agree that technical standards, such as those for energy efficiency, should be located in the Regulations rather than the Act to allow for easier updates? Why or why not?** Tasmanian renters may be better protected if core elements of the energy efficiency standards are located in the Act (for example the requirement to have an energy-efficient heater, or the requirement to have adequate levels of insulation). Specific definitions related to those measures could be located in regulations where it may be convenient to account for any future technology improvements. For example, the definition of an energy-efficient heater based on a particular minimum heat pump coefficient of performance.
5.2 (a)	**What, if any, types of minor modifications should tenants be allowed to make without seeking the owner's permission and what types should not be permitted?** Minor modifications that improve the energy efficiency of a dwelling should be explicitly allowed under the Residential Tenancy Act. This could include thermally-efficient window coverings, draught-stoppers, window seals or films, gap-sealing, and plug-in solar or battery systems (where compliant with other regulations).
5.2 (b)	**Should tenants be required to 'make good' their modifications at the end of a lease?** It does not make sense for thermal efficiency improvements to be reverted at the end of a lease, if they have been undertaken to a reasonable standard. Some modifications – like gap-sealing – may be practically impossible to revert. Conversely, some tenants may prefer to reclaim products used in some minor modifications (for example, new window coverings). A flexible approach is therefore warranted. Tenants should be given the option to leave minor modifications "as-is", provided that they have been undertaken to an agreed-upon, reasonable standard.