

## Media reports concerning heat pump water heaters in NSW

Friday, 23 May 2025  
Sydney, Australia

In recent days, media reports in NSW have highlighted troubling issues relating to the sale, installation and incentivisation of heat pump water heaters under the NSW Government's Energy Savings Scheme (**ESS**).

Members of the Australian & New Zealand Water Heating Association (**ANZWHA**) have been raising concerns since incentives became available in NSW from early 2022. Whilst many thousands of NSW homeowners and businesses have had positive experiences with heat pump water heaters incentivised under the ESS, unfortunately the stories recounted by consumers in recent media reports are entirely consistent with those we have heard all too often and that the NSW Government itself has conceded are occurring. We, therefore, welcome a light being shone on these issues in a prominent way.

President of ANZWHA, Ben Teeger, has emphasised the importance of quality - both from a product and installation perspective. "When properly designed, made and installed, energy efficient water heaters like heat pumps can hold the key to reducing energy use, lowering household energy bills and decreasing greenhouse gas emissions. Quality is critical, and products ought to be backed up by credible and enforceable warranties. The last thing we want is for heat pump water heaters as a technology to be tarnished by the actions of some unscrupulous operators, as this could negatively impact social licence for this important product category in the energy transition".

Government programs like the ESS were created with the best of intentions and their objectives, including to ensure the reliability, affordability and sustainability of our energy system, are sound. ANZWHA's members interact with these programs on a daily basis and support the work that the NSW Department of Climate Change, Energy and the Environment (**DCCEEW**), Independent Pricing & Regulatory Tribunal (**IPART**) and Building Commission do to design, administer and regulate these schemes.

"We acknowledge the various measures these agencies have implemented over the past couple of years to improve consumer experiences, enhance program outcomes and protect the integrity of the schemes", Mr. Teeger said. These include extra compliance and auditing activities, the introduction and increasing of minimum co-payments, recalibration of incentive values, mandating of consumer fact sheets, and greater inter-agency collaboration.

"Notwithstanding these improvements, there is more to be done and we urge the NSW Government to follow the lead that Victoria has set", Mr. Teeger said.

ANZWHA is calling for the following measures to be adopted for heat pump water heaters installed under the ESS as a matter of priority:

- mandating a 5-year product warranty, backed up by evidence that the manufacturer is able to honour it;
- banning high-pressure sales tactics, such as unsolicited telemarketing and doorknocking;
- cracking down on misleading advertising claims, particularly those which overestimate running cost savings, underestimate installation costs and falsely represent an affiliation with the NSW Government;
- increasing the number of onsite inspections to at least 5% of total installations within 6 months post installation date;
- enforcing existing laws against wrongdoers, including unlicensed installers, non-compliant or unsafe installations, and unsafe products;

- undertaking additional targeted inspections of heat pump water heaters deemed to pose a high risk to NSW residents, particularly those products which have a higher likelihood of having been installed by an unlicensed installer (such as refrigerant-coupled split system heat pumps installed prior to 1 November 2024); and
- increasing the current mandatory minimum co-payment of \$220 (inclusive of GST) to reduce the prevalence of consumer exploitation (while recognising that provisions should be made for lower socio-economic households to ensure they don't get left behind).

It is also critical that Minimum Energy Performance Standards for heat pump water heaters are implemented by the Federal Government as soon as possible, as this will provide consumers with a level of confidence in the energy efficiency of these products, which is currently lacking. We recognise that this work was fast-tracked by the Energy & Climate Ministerial Council in July 2024.

NSW residents who are concerned about their water heater, be it a heat pump or otherwise, should contact the supplier or manufacturer of the product in the first instance. If they would like a compliance and/or safety check to be undertaken, they should contact a licenced plumber, electrician and/or refrigeration technician (depending on their type of product). Concerns can also be escalated to the NSW Building Commission, Fair Trading and/or IPART.

For NSW residents who are in the market for a new water heater, ANZWHA encourages them to do their due diligence and seek advice from a licenced plumber. Master Plumbers NSW's 'Find-A-Master-Plumber' service can be accessed by visiting <https://masterplumbers.com.au/directory/>.

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**About ANZWHA:**

The Australian & New Zealand Water Heating Association is the peak body representing the water heating industry in Australia and New Zealand. Its members are a diverse group of manufacturers and suppliers of water heating systems, including electric, gas, solar and heat pump technologies, which are used in both residential and commercial applications. Its key purposes include promoting the manufacture and sale of high quality, high performing and efficient water heating products and systems, and their compliant and safe installation by licensed and skilled tradespeople. In addition, ANZWHA works with governments, regulators and other industry stakeholders to develop and advocate for policies, standards and regulations that are practical, workable and safe.