

Pre-budget submission 2026

AIRAH represents a sector that is vital to Australia's health, productivity and sustainability: the heating, ventilation, air conditioning, and refrigeration (HVAC&R) and building services industry.

As we experience another summer of extreme, record-breaking temperatures, Australians have never been more reliant on cooling. But HVAC&R systems not only keep our indoor spaces liveable – they also allow us to store and transport food, they keep critical facilities such as data centres and hospitals running, and they underpin many industrial processes.

It is understandable then that the HVAC&R sector is experiencing strong growth. At least 62 million pieces of HVAC&R equipment are now in use across Australia – up 15% in just five years – with the sector valued at around \$12.7 billion annually, more than double what it was a decade ago.

This growth, while supporting our society and way of life, also brings a challenge: how do we manage these systems to avoid unnecessary emissions and meet our climate commitments?

HVAC&R systems are carbon intense. According to the latest *Cold Hard Facts* report, published in December 2024, Australian refrigeration and air conditioning equipment is responsible for 12% of Australia's total CO₂e emissions. This includes energy-related emissions and direct emissions of refrigerants, but not refrigerant loss at end of equipment life, or embodied emissions in the manufacture and operation of equipment – both of which add significantly to their impact.

The HVAC&R industry therefore has a dual responsibility to provide critical services to a society already experiencing the impacts of climate change, and to do so in a way that does not overburden the environment. To achieve this, we need a capable workforce supported by effective codes, standards and regulations.

In line with the above, AIRAH advocates in three priority areas: ensuring **occupant wellbeing**, creating and maintaining **sustainable systems**, and developing a **capable workforce**. Our pre-budget submission is organised into these areas and is informed by their comments and perspectives our 4,000-strong national membership.

Finally, we would like to acknowledge that a number of key items in AIRAH's 2025 pre-budget submission have been addressed over the past year. We congratulate the government for their leadership and look forward to another year of collaboration and progress.

Occupant wellbeing

Australians' health, safety and productivity are heavily impacted by the indoor environments in which we spend the majority of our time. As the effects of climate change become more pronounced, we also need systems that protect building occupants from extreme heat and other weather events. Ventilation systems maintain the quality of the air we breathe indoors, and mechanical fire safety systems save lives if there is a fire.



In 2025, the focus on indoor air quality intensified in Australia and around the world. A parliamentary friends group was created for clean air quality, the NSW parliament established an inquiry into clean indoor air, Safe Work Australia consulted on a draft model code of practice on managing the risks of biological hazards at work, and side events at both COP30 and New York Climate Week highlighted the importance of indoor air quality through the formation of a Global Commission on Healthy Indoor Air and a Global Pledge for Healthy Indoor Air.

The increasing impacts of climate change, particularly extreme heat, have also prompted governments around the world to formulate sustainable cooling pathways and sign on to the Global Cooling Pledge.

In the 2026 budget, AIRAH calls for:

- The establishment of an inter-disciplinary taskforce to support the development and implementation of a national strategy for improving indoor air quality.
- A national campaign to raise awareness about the importance of indoor air quality and guidance on how to improve it.
- Investment in a NABERS indoor air quality rating system for measuring and comparing indoor air quality in buildings.
- Government leadership in measuring and reporting on indoor air quality in government buildings.
- A commitment to explore a Sustainable Cooling Pathway for Australia.

Sustainable systems

Australia has committed to reduce greenhouse gas emissions by 43% below 2005 levels by 2030, by 62–70% by 2035, and to achieve net zero emissions by 2050. As recognised by the release of the Built Environment Sector Plan, buildings have a major role to play in meeting these targets. And within our buildings, HVAC&R and building services offer important opportunities to reduce scope 1, 2 and 3 emissions.



In the journey towards net zero, AIRAH is focusing on three areas: refrigerant transition, building sustainability, and commissioning, maintenance and tuning of HVAC&R systems.

In the 2026 budget, AIRAH calls for:

- The government to invest in the following measures – as noted in the *Freeze Frame* discussion paper developed by AIRAH and the GBCA – to assist with Australia’s refrigerant transition:
 - Building skills across the workforce to support low-impact refrigerant use, including raising awareness among building owners and designers.
 - Improving and creating new standards of accounting for refrigerant use and impacts.
 - Increasing investment by supply chain in future-proof systems using lower-harm refrigerants and solutions for transitioning existing equipment.
 - Enhancing recovery and destruction of refrigerants at equipment end of life (currently estimated at <20%) through effective stewardship.
 - Establishing direction for the built environment through a clear regulatory framework, roadmap, and targets.
- Funding to develop further guidance and resources on refrigerant selection.
- Strong continued funding and support for the Australian Building Codes Board and the three-yearly review cycle of the National Construction Code, allowing updates where necessary to achieve Australia’s climate targets and protect building occupants.
- Following the recommendations of ASBEC’s policy roadmap to reduce upfront carbon in the built environment.
- Harmonised targeted incentives and coordinated programs between states and territories to accelerate action on energy efficiency, and to motivate and support higher performance, including incentives and the use of government market power.

Capable workforce

The goals of occupant wellbeing and sustainable systems can only be achieved with a capable workforce. The HVAC&R industry is experiencing challenges in attracting engineers and technicians. This is partly due to a lack of visibility, and partly due to high demand affecting all parts of the building and construction sector. HVAC&R also continues to be predominantly male. AIRAH and many other industry bodies are working towards making the sector more diverse and inclusive.



AIRAH seeks to strengthen the HVAC&R workforce by focusing on two areas: registration and licensing, and attracting and retaining talent.

In the 2026 budget, AIRAH calls for:

- As flagged by the Productivity Commission in 2025, harmonisation and mutual recognition of state and territory professional registration and licensing schemes through mutual recognition and automatic mutual recognition, to reduce barriers and expenses for practitioners working across jurisdictions.
- Investment in VET infrastructure to support the additional places provided by government and lift completion rates. Specific funding is needed to ensure that RTOs have the skills and equipment to teach students about handling flammable refrigerants.
- Continued investment in Jobs Skills Councils to support updates to the training packages for refrigeration and air conditioning and related trades, so they reflect the latest technologies and industry practices.
- Continued investment in promoting STEM in schools and making these subjects accessible for all students.
- Promoting VET as an option and running a campaign to lift its standing among students and their parents.