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The Hon. Sam O'Connor MP
Minister for Housing and Public Works and Minister for Youth

102 IMPERIAL PARADE
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11 July 2025

Re: Urgent Concerns Regarding the National Construction Code 2025

Dear Minister O'Connor,

Daikin Australia recognises the government's commitment to improving the energy performance of buildings through the National Construction Code (NCC) 2025.

As a leading air conditioning manufacturer with ten branches, six service centres, and a local production facility, we offer practical insights into the HVAC sector and built environment. Our products serve residential, commercial, and industrial markets, and we are committed to supporting Australia's sustainability goals.

However, we are compelled to raise **serious concerns** about the development process and the potential consequences of the current draft.

From our perspective, the development of NCC 2025 has been **rushed**, and the **consultation process has been limited**, leaving key industry stakeholders without adequate opportunity to contribute. As a result, the draft contains **flawed provisions** that may lead to **unintended and disruptive outcomes** for manufacturers, suppliers, and consumers.

1. Chiller Efficiency Standards and Rating Tool

We are particularly concerned about the introduction of an Australian-specific rating tool for chillers. This tool is not aligned with international standards and is unsupported by global partners. In a market that sells a relatively small number of chillers annually, this change will likely **increase costs, reduce product availability, and create unnecessary regulatory complexity**.

2. Air Conditioner Standards and Supply Chain Disruption

The proposed efficiency thresholds for air conditioners could result in the **removal of up to 50% of currently available equipment** from the Australian commercial construction market. This would have **serious implications**, including:

- **Escalating costs** due to reduced competition and limited product options.
- **Disruption of supply chains**, with longer lead times and increased risk of project delays.
- **Reduced flexibility** for system designers working in diverse climates and building types.

We believe these outcomes were not the intention of the Code and stem from a **lack of detailed supply chain and market impact analysis**.

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3. A Recommendation for Industry Engagement

Given the seriousness of these issues, we respectfully recommend that the government engage directly with the Air Conditioning and Refrigeration Equipment Manufacturers Association (AREMA). AREMA represents a broad cross-section of the industry and is well-positioned to provide informed, practical guidance to help refine the NCC 2025 in a way that supports both environmental goals and market viability.

We appreciate your consideration of these concerns and hope that further engagement will help ensure the Code delivers its intended benefits without unintended disruption.

Yours Faithfully



Gary Knox
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