**AREMA: Incentive Schemes Undermining Trust in Heat Pump Technology**

The rush to electrify homes and small businesses with hot water heat pumps in New South Wales and Victoria is facing mounting scrutiny, with industry calling for urgent reform before long-term damage is done to the credibility of the technology and the programs designed to support it.

The Air-Conditioning and Refrigeration Equipment Manufacturers Association of Australia (AREMA) has issued a warning that, while state-based incentive schemes have good intentions, they are undermined by flaws in product performance, installer capability, and regulatory enforcement.

“We strongly support the electrification of homes and the move towards net zero,” said Air-Conditioning and Refrigeration Equipment Manufacturers Association of Australia. Managing Director Greg Picker.

“Programs designed to accelerate that shift need to be built on solid foundations, but right now, that is not the case.”

The industry confirmed that it has raised concerns with government over the past two years but has seen little movement on reforms.

“We have seen equipment installed that poses safety risks, fails to deliver promised electricity savings, and is put in by people who are not properly trained or licensed.”

The core issues, according to AREMA, lie in three areas: product safety and performance, workforce competency, and compliance.

“There are well-designed, highly efficient heat pumps that deliver real benefits to households and businesses, but they’re being crowded out of the market by cheaper, poorly made products backed by aggressive sales tactics and questionable practices,” Greg said.

“Sadly, these quality products have become the exception. Responsible companies simply can’t compete against cut price products with installers who are focused on how many rebates they can get in a day.”

He added that responsible manufacturers and skilled tradespeople are finding it increasingly difficult to compete in an environment where short-term volume is rewarded over long-term outcomes.

“If we don’t see meaningful reform this year, then we believe the incentive schemes should be paused until they can be fixed. Otherwise, we risk eroding public trust in a very promising technology,”

AREMA is calling for clear and enforceable minimum standards for safety and energy performance, mandatory training and licensing for tradespeople who install hot water heat pumps, and a strong compliance framework to prevent fraud and misuse of government funds.

“These are not complicated asks, they are basic requirements for any program that is spending public money and reshaping the way Australians use energy.”

For now, AREMA advises consumers to take a cautious approach.

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**About AREMA**

Founded in 1967, AREMA represents manufacturers of air conditioning, refrigeration, and heat pump equipment active in the Australian market. The association works closely with government and industry to ensure that policies and regulations reflect both technical realities and the needs of the wider community.

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