

27th November 2023



By Email: GasOptions@industry.gov.au

Department of Industry, Science and Resources  
Industry House  
10 Binara St  
CANBERRA ACT 2600

Dear Department of Industry, Science and Resources,

**RE: Future Gas Strategy**

The Restaurant and Catering Industry Association (R&CA) is pleased to contribute to the Future Gas Strategy and assist in the development of Australia's secure energy future.

**Who We Are**

The R&CA is a national industry body representing the interests of over 57,000 restaurants, cafes, and catering businesses in Australia. The R&CA is committed to ensuring the industry is recognised as one of excellence, professionalism, profitability, and sustainability.

**Our Response**

The R&CA supports a diverse and reliable set of energy supply options for Australian consumers. While gas is a vital component of the food service sector and has remained the preferred energy source for commercial cooking and heating, Australian hospitality businesses are open to taking part in an outcomes-based approach to decarbonisation that addresses the issues of reliability and affordability.

For this to occur, the Australia's future gas strategy must consider the role of market competition in fostering innovation in the clean energy sector.

Government mandated electrification risks deterring further investment and scientific enquiry into renewable gas. Emerging renewable energy sources such as biomethane gas and green hydrogen have proven to be a suitable clean energy alternative for the hospitality industry as they can be seamlessly incorporated into existing gas pipelines and provides a near identical product to natural gas.<sup>1</sup> Gas Energy Australia predicts full integration of renewable gas alternatives into the existing gas grid by no later than 2050.<sup>2</sup> Any proposals to mandate electrification will ultimately risk hospitality businesses ‘losing out’ on the potential to utilise a more practical and cost effective renewable energy source.

In addition to this, the absence of gas networks to balance the electricity system, would risk large-scale blackouts without a reliable back up source of power. Gas will play a critical role in stabilising energy prices and providing a reliable, low-carbon and dispatchable method of electricity generation when network disruptions occur.

The Federal Government should take these factors into account when committing to long-term transition strategies.

From the perspective of the hospitality sector, gas is crucial for reasons that include the following:

- It can be relied upon during blackouts as it is often a separate connect from the electric grid;
- It distributes heat evenly allowing for precise temperatures for cooking to ensure consistency in quality;
- It allows for a range of methods of preparing cuisine, in particular, authentic culinary techniques such as tandoori, wood-fire, wok, flash frying etc.;
- It provides an instantaneous heat source, allowing for efficient and timely delivery of food, which is essential for accommodating large-scale food preparation and peak hours of trade;

---

<sup>1</sup> Energy Ministers (2022) Extending the national gas regulatory framework to hydrogen, biomethane and other renewable gases

<sup>2</sup> Gas Energy Australia (2017) Gas Vision 2050: Reliable, secure energy and cost-effective carbon reduction

- It produces a lower volume of heat and cools immediately after it's turned off, which provides a more comfortable working environment for back of house staff;
- It is significantly cheaper than electricity, particularly during peak hours; and
- It provides a dependable and instantaneous source of outdoor heating during the cooler months, allowing venues to take advantage of their outdoor dining precincts all year round.

It is important that the Department recognises the existing financial vulnerabilities of the hospitality sector. Skills shortages, inflation and other compliance costs, all interplay to create an increasingly fragile operating environment, therefore any of the forementioned costs challenges will be exacerbated.

### **Considerations**

We ask the Department to consider the following cost and logistical challenges to achieving full electrification:

- The cost of training staff to employ induction cooking methods;
- The cost of replacing equipment such as pots and pans and other cooking vessels to accommodate for induction cooking;
- The cost of refitting a commercial kitchen with induction cooktops and ovens;
- The cost of rewiring, installing a new circuit to accommodate an electric cooktop or upgrading a property to three phase power if required;
- The cost of rebranding if certain culinary techniques are either no longer employed or are altered in a way that no longer makes them 'authentic';
- The technical challenges of refitting a commercial kitchen when the premises are leased noting that the 2022 Industry Benchmarking Report cited approximately 78% of hospitality operators lease their premises<sup>3</sup>; and
- The feasibility of servicing full electrification during a major skills shortage crisis. (The Australian Market Operator is predicating the need for an extra 12,500 skilled workers for large scale renewable projects).

### **Recommendations**

---

<sup>3</sup> Restaurant & Catering Association (2022) 2022 Industry Benchmarking Survey

The R&CA therefore recommends the following outcomes.

1. The Department undergo an assessment on the full scale of costs and potential operational challenges, and other complexities the hospitality sector may face due to mandated energy transitions.
2. A grant scheme that incentivises foodservice businesses to install energy efficient appliances powered by electricity is introduced.
3. That no commitment is made to mandated full electrification as to not stifle further investment in other renewable alternatives and to ensure an effective back-up source of energy remains.

## **Conclusion**

The R&CA supports a national energy strategy that considers the role of gas in safeguarding Australia's economic and energy security. Natural gas will play an essential role in Australia's transition to renewables and remains as the most cost efficient and expert method for our industry. We reiterate to the Department the importance of subsidy schemes to neutralise the significant cost imposts of electrification.

If you have any additional questions, please do not hesitate to contact the R&CA's Policy & Campaigns Advisor Amy Roberts at [policy@rca.asn.au](mailto:policy@rca.asn.au).

Sincerely,



**Suresh Manickam**

**CEO, Restaurant & Catering Association**

[policy@rca.asn.au](mailto:policy@rca.asn.au)