



16 November 2023

Future Gas Strategy Taskforce  
Department of Industry, Science and Resources  
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Dear Taskforce,

### **Future Gas Strategy – Consultation**

Thank you for the opportunity to provide input to the “Future Gas Strategy – Consultation Paper.”  
In summary:

- Gas is by far the preferred heat to cook meals in commercial kitchens as it delivers meals more quickly and cost effectively than alternate methods
- A shift away from gas in kitchens will force venues to have meals more “ready-made” and not at the high standards of freshness and quality Australians deserve
- Electricity is more expensive than gas - especially in peak times
- Financial compensation to help businesses migrate from heat to induction is too low and slow

### **Size and scope**

In the accommodation and food service sector, there are more than 94,000 businesses where over 760,000 workers identify as working in the food service industry. Nearly all Australian hotels use gas stoves and ovens to prepare meals. Only a handful use other heat sources such as induction. In the hotel sector alone nationally, 4.1 million meals are served per week.

### **Key question**

At what stage will the national electricity grid be able to cope with 94,000 food service businesses being forced to shift from their preference of cooking with gas to cooking with electricity? This is on top of the increased burden on the electricity grid being created by households and other businesses being forced away from gas to electricity.

### **The reasons for gas**

In commercial kitchens such as a hotel, gas is preferred to any other heat source because gas enables control of the cooking temperature more precisely and accurately - an induction cooktop takes significantly more time to change to a different temperature:

- Gas is cheaper than electricity – especially during peak electricity usage times
- Gas is more dependable as it can be used in blackouts or “brown outs”
- Gas emits lower volumes of heat to the surrounding environment and cools down immediately after you switch it off
- Gas spreads heat more uniformly than induction

- Gas provides instant heat and does not take time to warm up, thus enabling food to be prepared faster

### **What else needs to be considered?**

It is not just the cooking process that needs to be considered by government. Other areas of hospitality businesses affected include:

- The replacement and running costs and efficiency of other gas systems such as heating for winter and hot water systems
- Change over from utensils not suited for induction such as certain pots and pans
- Cost and practicality of businesses having to upgrade from single phase to three phase electricity
- Untested functionality, availability and cost of electrical commercial grade cooking equipment

More broadly, the government must also consider other knock-on effects including:

- Time frames are yet unknown
- Councils starting to make regulations when they have no clear right or mandate to do so
- Ensuring Australia has the skills and products required to make the change over
- Re-training of staff including for the time required to familiarise themselves with new methods
- A fundamental change in the way produce and meals are prepared with some ways of cooking likely becoming redundant, e.g., open flame wok cooking, flame grilled steaks
- Downside risks to Australia's hard-earned reputation as world leading culinary destination

### **Small Business Energy Incentive**

On 30 April 2023, the Australian Government announced it will provide businesses with an annual turnover of less than \$50 million with an additional 20% deduction on spending that supports electrification and more efficient use of energy. The measure will help small businesses make investments like upgrading to induction cooktops. The maximum bonus tax deduction is \$20,000 per business, which for most hotel kitchens will not cover the cost of replacing gas with induction cook tops. Eligible assets or upgrades will need to be first used or installed ready for use between 1 July 2023 and 30 June 2024.

As this measure is still before the Senate, the likelihood of take up by businesses this financial year is likely to be negligible. If the Government wishes food service businesses to migrate away from gas to electricity, compensation schemes for upfront costs must be meaningful and equitable.

### **Actions hotels are already taking towards net zero**

Energy is a huge cost for hotels. Most hotels have taken steps towards reducing their carbon footprint by introducing energy-saving measures such as solar and moving towards more energy efficient refrigeration and air conditioning. 260 NSW hotels have signed up to a world-first 10-year aggregated electricity procurement scheme for hotel members (PPA). As part of the agreement, 100% of the AHA members' load is contracted from a NSW solar farm. This represents a collective load of approximately 150,000 MWh/annum (or 150 GWh), leading to a saving of 123,000 tonnes of CO<sub>2</sub> equivalent per year.

### **Conclusion**

- The Australian food service sector needs dedicated consideration by government – which is not yet apparent
- Australian hotels and the broader food service sector want to retain gas as their preferred cooking method – there is no viable equivalent yet
- Gas provides a more reliable and cheaper source of energy than electricity and produces better meals
- The same level of importance assigned by government to the manufacturing industry should be applied to commercial kitchens
- Any scheme proposed to migrate commercial kitchens away from gas should be cost neutral to the business

Yours faithfully,



**STEPHEN FERGUSON**  
**AHA NATIONAL CEO**