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Looming gas crisis threatens businesses and jobs

Business Hunter has backed a new report that calls for continued government investment in gas infrastructure and supply, including the Narrabri Gas Project and Hunter Gas Pipeline.

The Business NSW report *Running on Empty 2.0 – The Evolving Role of Gas in NSW* outlines the growing risk to the state's economy from declining gas supply. It warns that NSW faces a looming gas crisis that threatens jobs, small businesses and the future of key industries.

It also outlines how renewable gas biomethane presents one of the most immediate, commercially realistic pathways for gas-reliant businesses to decarbonise without disruption, maintain competitiveness and stabilise long-term energy supply in NSW.

"Medical procedures, milk, bread, coffee, clothing: these everyday essentials all depend on gas for production," said Business Hunter CEO Bob Hawes.

"On a larger scale, fertiliser production, alumina refining and food processing are all reliant on gas.

"Without urgent investment and policy clarity, we face higher costs, lost jobs, and a weaker industrial base.

Gas powers over 1.5 million households and 50,000 small businesses. Gas underpins 250,000 jobs in NSW's 29,000 manufacturing businesses. It is also important to supporting the transition to renewables.

Nearly one in five NSW businesses – including 64 per cent in hospitality – depend entirely on gas. Over the past four years, however, gas prices have increased by almost 50 per cent for business customers, according to IPART.

"NSW businesses will rely on gas well past 2050, especially hard-to-abate industries that need natural and low-carbon gases to reach net zero," Mr Hawes said.

"If we don't act to secure affordable, reliable gas, many businesses risk closure or moving offshore.

"The Australian Energy Market Operator forecasts major shortfalls from 2028. This is a major concern for businesses.

"The big cities have long benefited from regional NSW's golden triangle of manufacturing, agriculture and mining working together to drive our economy.

"All of this relies heavily on gas. Generating more gas supply will help strengthen our industrial and manufacturing spine."

Mr Hawes also made comment on a proposed east coast gas reservation scheme.

“Establishing an east coast gas reservation could help to keep more gas onshore for local users, stabilising prices and improving supply certainty,” he said.

The report found:

- A supply crunch is coming: Despite approvals, projects like Narrabri are still stalled. Without new supply, shortages are inevitable.
- Key industries are at risk: Gas is crucial for industries such as fertiliser production, alumina refining, and food processing, where electrification isn't feasible. Volatile prices and insecure supply have already pushed some manufacturers to the brink.
- Economic fallout: With coal-fired power set to phase out, gas is needed to fuel new clean industries like green steel, fertiliser and advanced manufacturing.
- Grid reliability in jeopardy: Gas provides critical firming for electricity supply as coal retires and renewables ramp up.

To safeguard jobs and investment, Business NSW is calling for new gas supply to be accelerated, including the fast-tracking of the Narrabri Gas Project.

The report also supports development of a renewable gas market, incorporating gases such as biomethane and hydrogen to support emissions cuts in hard-to-electrify sectors.

It recommends that the NSW Government adopt policy settings that encourage investment in gas generation to support grid stability and ensure a reliable transition to low-emission electricity.

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