

TRANSCRIPT

STANDING COMMITTEE ON THE ECONOMY AND INFRASTRUCTURE

Inquiry into electric vehicles

Melbourne — 8 November 2017

Members

Mr Bernie Finn — Chair

Mr Khalil Eideh — Deputy Chair

Mr Jeff Bourman

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Ms Colleen Hartland

Mr Shaun Leane

Mr Craig Ondarchie

Mr Luke O'Sullivan

Participating members

Ms Samantha Dunn

Mr Cesar Melhem

Mr Gordon Rich-Phillips

Witnesses

Mr Scott McKenry, Executive Officer, and
Cr Mike Clarke, Yarra Ranges Council,
Eastern Alliance for Greenhouse Action.

The CHAIR — Good morning and welcome. The committee is hearing evidence today in relation to the inquiry into electric vehicles, and the evidence is being recorded. I welcome you to the public hearings of the Economy and Infrastructure Committee. All evidence taken at this hearing is protected by parliamentary privilege, therefore you are protected against any action for what you say here today, but if you go outside and repeat the same thing, those comments may not be protected by privilege. I invite you to address the committee for 5 minutes or so, beginning by telling us for the record your name, position and suburb. We will take it from there and go to questions later.

Cr CLARKE — I am Cr Mike Clarke for Yarra Ranges. My ward is the Lyster ward, which is around the Belgrave area. It stretches up through to Monbulk, down towards Emerald and out towards Narre Warren. I have been a councillor for nearly three years now, or three and a bit. I have been campaigning on solar electric buses for at least four or five years in my community, and I have pretty well 100 per cent community support for this.

Mr McKENRY — I am Scott McKenry, the executive officer for the Eastern Alliance for Greenhouse Action, which is a formal grouping of eight councils in Melbourne's east. That includes Boroondara, Glen Eira, Knox, Maroondah, Monash, Stonnington, Whitehorse and Yarra Ranges. EAGA basically does projects and does advocacy on behalf of its member councils. The core focus is around climate change and mitigation and adaptation projects. As a group we do a lot of advocacy with the state government on issues that are common and cut across all those councils. This submission — which I believe you guys have a draft copy of, a very lengthy two-pager — was put together and will be finalised and submitted formally by 11 November. If you like I can step us through the points raised.

The CHAIR — If you would be kind enough to do that, that would be wonderful. Thank you.

Mr McKENRY — No problem.

Cr CLARKE — Could I just say briefly I am also a council representative on the Eastern Transport Coalition and, as Scott has indicated, on EAGA, the Eastern Alliance for Greenhouse Action. Thanks.

Mr McKENRY — EAGA in its submission to the inquiry calls for the development of a comprehensive strategy for the state to ensure a smooth and equitable delivery of EV vehicles. We have raised a number of suggestions and recommendations as part of that strategy, but we would like to see some targets, both for government fleets but also in commercial and industry fleets, and within the community itself.

We think there is some analysis and research that needs to underpin the development of the targets and the strategy itself around the expected uptake, where that uptake is going to be and the requirements around charging infrastructure. I think, complementing that research, we need to have a look at the opportunities for Victorian businesses. It is not likely to be in manufacturing, but in the allied industries, particularly around the supporting technologies. We think there is a lot of opportunity there for Victoria. But we think the strategy needs to have a robust governance structure as well, with representatives from industry, local government and state government to ensure ongoing leadership around the issue and so that it can be implemented fairly and equitably.

We also think councils, particularly our councils, need some clear guidance from the state, particularly through the Victorian planning provisions. I think this is a bit of a critical area with councils and them understanding exactly what their role is in the delivery of charging infrastructure. I believe you will hear from Moreland City Council this morning, but the same issues are coming up right across not just EAGA members but councils across the state.

A good example recently is one resident in the City of Yarra who approached council. He did not have any off-street parking so he offered to pay for the infrastructure to be installed out the front of his own house and would pay for anybody to charge their vehicles from that point. As you can imagine the council was a little bit unsure how to treat this particular inquiry from the community member — there is not really any clear guidance at the moment in the Victorian planning provisions around how councils should treat this.

We have seen councils use different approaches to try and clarify these types of issues with amendments to their own planning schemes in the past but more so around the built environment. There are currently eight councils that have progressed environmentally sustainable design policies within their local planning schemes because

they do not believe there is clear enough guidance in the Victorian planning provisions around other issues relating to sustainability. I think this is probably another one that requires clarifying in the Victorian planning provisions.

The submission also calls for some incentives to drive uptake of the vehicles themselves. And my last point was one that councillor Clarke was going to talk to. Particularly, we think there is opportunity in the area of the electrification of bus transport services.

Cr CLARKE — Thanks, Scott. If I can refer you to this brief handout, the three-pager, where the front page explains the problem we have got in the Dandenong Ranges with completely inadequate bus services which nobody uses, it costs us millions and millions of dollars — taxpayers money — and literally the patronage of these buses is in the order of one to two people. At peak times, school peak times, they do carry probably 40 or 50 children, but the rest of the time they are really empty. There is no appreciation for the growing tourism market. I mean, tourism is already huge in the Dandenong Ranges, where we have severe congestion, and bus services just drop off to the extent of being halved on a Sunday when we are at our peak.

Essentially the real problem here is a social problem of isolation. Children are completely isolated at home. They cannot get to where they need to get to. People that cannot drive are stuck. I believe — I have also heard from people in domestic violence — that this is something that contributes to domestic violence in our communities, and I think it is a really serious matter that we have to fix. We cannot continue to waste money as we are on buses that have been running for 40 years in the same network.

So this proposal is to completely scrap the current model of bus service and implement a new model, which is essentially a network of buses which we have modelled up in the Yarra Ranges graphics systems to show direct links where a shuttle service runs as direct links between the major centres. That is illustrated on this diagram on the second page, where the green boxes illustrate the centres. They are about 10 minutes apart. An electric bus does not actually have ability to travel long distances. This provides an ideal model for short-distance shuttles that interconnect in the network, as shown with those lines stopping off at the yellow boxes.

But also to service the area properly a dial-a-bus service, which runs as a roaming bus within each area — now more commonly known as demand responsive transport, DRT — is in the new bus contracts coming up for negotiation in the next few months and is supported by the minister, Jacinta Allan, and also the Bus Association and Dr Chris Lowe.

This model is something which is an alternative. It is ideal for electric vehicles, and we propose an electric bus example, a small electric bus. To have 40-seaters that carry 70 people going around the Dandenong Ranges is just completely crazy. This is a small electric bus which currently operates around Europe, built in Italy just south of Rome. It is ideal. It has battery-swap capability at the back. It is open doors with a hydraulic-lowered deck to run wheelchairs into it. It is a 10-seater with folding seats, but it can take at least 30 people.

Mr LEANE — Has this got solar panels on the top, this one?

Cr CLARKE — No. Solar panels on the top of a bus are not going to contribute a lot towards the energy that is needed. I think the only option for buses is a battery-swap option, and this is one that exists and has been running for over 20 years in Europe. I have discussed this bus with the manufacturers in Italy when I was there in July. It just needs to be converted to a right-hand drive. It needs a speed increase on the electrics and it needs the new battery technologies that are out at the moment to enhance it and we have got the perfect bus for the Dandenong Ranges.

There is work to be done there, but I think to a point that if we save this money we are wasting on buses at the moment, it enables us to build a charging network — ideally solar capture and green energy input — to charge batteries at all these green townships throughout the Dandenongs, which could be funded through the system itself, through patronage as well as through the state funding that goes into bus services, but turning it into a commercial entity which can then bring on electric cars and electric vehicles throughout the area. So the buses can lead the way. The electric bus has the potential to lead the way in building this electric vehicle infrastructure throughout our communities.

I believe this is a model that could be utilised in other areas with a bit of adaptation. Essentially the dial-a-bus has become so urgent for us in Belgrave, where we are stuck with terrible parking problems and traffic

congestion. We have got a meeting with the Ventura CEO, and operations manager, Steve O'Callaghan, on Friday, and we are going to start piloting — they are interested — a demand-responsive bus, a small bus service that acts to help bring people into the local townships.

The current network of buses is just these long drawn-out trips that randomly go through the countryside. They are paid by the kilometre for the bus. They are paid by the kilometre for the bus driver — nothing to do with performance and patronage, whereas this is an opportunity to correct that, fix it and make it work for the community that is very supportive of this plan. It has been presented at many events and on many occasions and in markets around the community area, so we plan to try to get this DRT rolling within the next few months with Ventura.

The CHAIR — We might open to questions at that point. Mr McKenry, when you talk about a strategy that you would like to see implemented, what time frame are we looking at there?

Mr McKENRY — That is a good question. My experience with Victorian government and their development of strategies like their renewable energy action plan, their energy efficiency, the climate change framework is that these things do not happen overnight, and they should be based on thorough consultation with the stakeholders. So I guess the response to that is however long it takes to do that thorough consultation to make sure that we have got buy-in from all sectors that are going to be involved in the transition, and therefore we have got something that is robust and not going to be susceptible to the waxing and waning of state government politics should another party get into power, et cetera.

The CHAIR — The eastern alliance that you represent, are you the CEO?

Mr McKENRY — Sorry?

The CHAIR — Your position is executive officer?

Mr McKENRY — I am the executive officer.

The CHAIR — What exactly does that entail?

Mr McKENRY — The councils co-contribute to cover my salary costs. I am hosted at one of the councils. Basically my job is to herd cats and facilitate the councils to do joint projects at scale that they otherwise would not be able to do as individual councils. A couple of examples are EAGA is leading the country as the largest low-income solar program at the moment. That does not just cover EAGA councils; it covers 22 councils across the state, where we are basically using council rates to facilitate payments to low-income households to install solar on their roofs.

We are also implementing Australia's largest corporate energy efficiency project at four of our councils, including Yarra Ranges council. They are doing an energy performance contracting program, so that is looking at efficiency in council buildings. My job is to identify the councils who are all trying to do something at the same time, get economies of scale, get efficiencies for doing it once rather than multiple times. I guess complementing that is advocacy work, so rather than eight councils writing a submission to a process like this we can get together and collate our consistent messages and put in a joint submission. So it is my job to also help facilitate that process and manage the EAGA committees, which are comprised of councils and officers from each of the councils.

The CHAIR — Thank you. Cr Clarke, I was not aware of the difficulties that you face out there in the Dandenong Ranges with regard to bus services, so thank you for bringing that to our attention. Are there any electric buses out there as yet?

Cr CLARKE — None that I know of. They are centred mainly in South Australia and some in Queensland.

The CHAIR — Has there been an approach to the bus companies with regard to buying electric buses?

Cr CLARKE — Yes, Ventura is the regular service operator in that area. I have met with them many times. They really like this model. We spent a lot of time with the CEO of Volgren, which manufactures buses and is very interested to start manufacturing small electric buses in Victoria. Swinburne University, which is doing research into electric buses, are also very interested in the smaller model. They have tried doing it for the bigger

models. It is fairly impractical for them, but they are on board with me on this, and we are working with Ecodev.

The CHAIR — I would imagine that for any company wanting to buy a large number of these vehicles it would not be a cheap exercise. Have they expressed to you any concern as to how much it would cost the company?

Cr CLARKE — Sorry, cost to?

The CHAIR — The cost to the company to purchase electric buses on the scale that you are talking about?

Cr CLARKE — Yes, the cost of these buses is around the €250 000 mark, so say \$300 000, which is an un-negotiated position. This is an initial one-off price, but for this sort of scale of bus we need about 60 buses to run the network and we need another 60 to run the roaming bus. We are talking about 120-odd buses, so negotiations for discounting on that basis would hopefully get it down to \$200 000 for a bus.

The CHAIR — That is still a fair whack though.

Cr CLARKE — This is quite a lot, but I mean the battery technology — the batteries are worth \$45 000 at the moment, but as we ramp up scale it should be a lot better, and of course that is manufactured in Italy and supplied out of Europe. The batteries are made in Switzerland in Stabio. The opportunity to do the assembly and bring the chassis and electrics and batteries into Australia is what Volgren would be happy to do. They do not want to reinvent the wheel and they are willing to start the manufacturing here and do the assembly and make sure it is compliant with Australian standards for buses.

Mr LEANE — Is the alliance looking at councils fleets and transitioning to electric vehicles in their own fleets?

Mr McKENRY — The short answer is yes. Some councils have developed specific policies around fleet usage and have overarching emission reduction goals at a corporate level that may have specific targets that sit underneath that around transitioning the fleet to lower emissions. That might not just be electric. It might be hybrid, it might be smaller engines, it might be a host of different measures. I understand that some councils are a little bit further down the track in looking at the costs and benefits of electric vehicles compared to their current fleet practices. I think it was the City of Moreland, which may be presenting later on today, that have done some very detailed analysis, and more or less it shows that over the lifetime of the car and if you extend the life — currently councils hold onto cars for only about two and a half years because there is a formula in some accountant spreadsheet that says, ‘If you sell it after this, blah blah blah’ — if you start looking to longer term ownership cycles, the electric vehicle comes out in front simply because the running costs are so much lower. I think you heard from the previous presenter it is around 30 cents compared to \$1.30 if you compare the litrage factor. Again, though, there are some cultural issues in organisations — any large organisations — around vehicle management that need to be addressed, so it is a work in progress, I think.

Mr LEANE — I suppose a council’s fleet would look a whole lot different today than it would have looked 20 years ago. A lot of the work is being subcontracted out that traditionally was done by council. So what would a modern-day council fleet look like today, as in, how many cars would a council have and how many other types of vehicles?

Mr McKENRY — That is a good question, depending on whether it is a rural council or whether it is a metro council. The council where I am hosted has about 40 fleet small vehicles. I can see a majority of those transitioning first simply because of the price points and them coming down. Then you have got some of the heavier vehicles that do a little bit of off-road work et cetera, and then you have got the large trucks et cetera. So I can see a sort of rollout happening in that order. Of course the larger vehicles have got to be fit for purpose, so I believe there are also some trials happening with some hydrogen-powered trucks in local government as well. So it may be a mix.

Mr LEANE — It will be a mixture of vehicles. I would imagine that with those 40 smaller cars that you mentioned, the economics would make sense anyway, but I suppose it depends on the availability of charging. Is that fair to say?

Mr McKENRY — The uptake is limited by quite a lot of anxiety around not being able to charge up. I think it is a bit of a chicken-and-egg-type thing. I do not think it is necessarily a barrier to the economics, the availability of the charge, but as the city densifies it is critical that we do have the availability of that charging infrastructure. If you look at a document like *Plan Melbourne*, apparently the city is going to accommodate an extra 1.2 million people in high-density urban development, particularly around the satellite centres — around Box Hill et cetera — so those people are going to be housed in big apartment blocks et cetera. There has got to be some sort of incentive or framework to ensure that those developers are providing charging infrastructure in the car parking spaces et cetera underneath so that this population growth is not locked into old-school practices of transport et cetera.

Mr LEANE — Some of the councils in the alliance fairly or unfairly would be considered quite well-off councils. Some of them maybe not.

Mr McKENRY — Yes.

Mr LEANE — Cr Clarke's council may fall into that. Has there been any discussion, I suppose, in some of the councils about investing in some of the charging infrastructure?

Mr McKENRY — Yes. Stonnington I think has got four cars in its fleet currently. It is working with its fleet's team to try to understand the challenges et cetera. They have got a range of charging points I believe at different council sites — at its transfer stations, civic centres, others — and I think it has developed some partnerships with some others across the city to be able to share the infrastructure.

Ms HARTLAND — Councils would not be taking on this unless there is an economic benefit, because no council nowadays can actually do anything without proving that it has economic benefit. Has the alliance done that kind of work to show what the council can save?

Mr McKENRY — Beyond the work that I mentioned before with Moreland there are two projects that I think are happening not in the eastern alliance but in the other Victorian greenhouse alliances. There are 10 of them covering about 70 of the state's 79 municipalities. The Goulburn Broken Greenhouse Alliance is currently doing a regional assessment and looking at shared infrastructure et cetera between the councils. That project has started and I believe will be wound up in the middle of next year, so I look forward to seeing the findings of that study.

Ms HARTLAND — What areas does that cover?

Mr McKENRY — Goulburn Broken? It is the north-east, sort of Hume region of Victoria. I think there are 13 councils in that group, so quite a large section of the state will be captured.

Ms HARTLAND — And so sharing infrastructure would be a logical way to go?

Mr McKENRY — Yes. Particularly because the challenges are probably going to be a little bit different in implementation in the rural context and some of the councils have more resources than others, it is mapping out a coordinated way to work out the best framework and the most cost-effective path for implementation across the group of councils. There is also another study taking place. The focus is a little bit more broad than just electric vehicles — that is with the northern alliance, so they are the councils including Melbourne up to Whittlesea. They are looking at just more generally a low-emissions fleet and the best and most economically efficient pathway to transition. That would incorporate other technologies like hydrogen as well.

The CHAIR — Thank you very much for joining us this morning. We do appreciate it enormously. You will receive a transcript in the next week or two. If you could just do a bit of proofreading of that, that would be a marvellous thing.

Mr McKENRY — No problem.

Ms HARTLAND — Sorry, Chair. Scott, the project you just talked about, would it be possible for you to send some detail of that to the committee?

Mr McKENRY — Sure, I can get that together.

Ms HARTLAND — That would be great.

The CHAIR — We thank you very much for joining us again today. Thank you.

Witnesses withdrew.