

TRANSCRIPT

LEGISLATIVE ASSEMBLY ENVIRONMENT AND PLANNING COMMITTEE

Inquiry into Tackling Climate Change in Victorian Communities

Melbourne—Thursday, 5 December 2019

MEMBERS

Mr Darren Cheeseman—Chair

Mr David Morris—Deputy Chair

Mr Will Fowles

Ms Danielle Green

Mr Paul Hamer

Mr Tim McCurdy

Mr Tim Smith

WITNESSES

Cr Josh Fergeus, Executive Committee Chair, and

Mr Scott McKenry, Executive Officer, Eastern Alliance for Greenhouse Action.

The CHAIR: Welcome to the public hearing. I just want to run through some formalities before we begin. All evidence taken today will be recorded by Hansard and is protected by parliamentary privilege. This means that you can speak freely without fear of legal action in relation to the evidence you give. However, it is important to remember that parliamentary privilege does not apply to comments made outside the hearing, even if you are restating what you said during the hearing. You will receive a draft transcript of your evidence in the next week or so for you to check and approve. Corrected transcripts are published on the Committee's website and may be quoted in the final report. Thank you for making the time to meet with the Committee today. Could each of you please state your name and your title before you begin your presentation.

Cr FERGEUS: Yes, sure. I am Cr Josh Fergeus. I am the Chair of the Executive Committee of EAGA.

Mr McKENRY: I am Scott McKenry, the Executive Officer for the Eastern Alliance for Greenhouse Action.

The CHAIR: Fantastic. Over to you.

Cr FERGEUS: Thanks very much. Just briefly—I know you have heard from some of the other alliances—EAGA has been around for about eight years. We have eight councils in Melbourne's east. We are a growing alliance. Over the last couple of years, with Scott on board as Executive Officer, we have grown, as has our impact in the community. We just wanted to highlight I suppose that we try and work on a model which has been shown internationally to be best practice for tackling climate change at that community level. So what we have put in our submission and what we will be speaking to today is based on that premise, I suppose, that has been tried and tested. Scott is going to speak a little bit about our regional focus and how we try and scale up our impact by working together as a group of local governments, and I will be able to provide any experiences from the City of Monash, which is my council.

Mr McKENRY: Thanks, Josh. Again, thanks for the opportunity to come and talk to you a little bit about EAGA today. Similar to the other alliances, the focus for our councils is on doing projects at scale that the individual councils could not otherwise do. Alongside that project delivery we do a lot of capacity building and information exchange between the member councils and community groups within our municipalities that are also trying to do projects and take action as well. We also do a lot of advocacy on behalf of our members, so bringing a shared collective voice to the table on matters cutting across energy and climate both at the state and federal level.

Like Josh mentioned, we think we have had a considerable impact since we have started and done quite a lot of work in trying to evaluate and understand that impact. We have had a bit of a clear focus on issues that have a demonstrable return on investment for our councils and our communities. We know from tracking, monitoring and verifying a lot of the projects that we do within the councils and the community that there are also clear financial outcomes as well as the other climate benefits from our programs.

I am happy to talk to you about some of those initiatives that we have mentioned in our submission. More broadly I think the alliance model establishes quite a good and replicable model for rolling out climate action. We do a lot of work in collaboration with the State Government already on quite a few fronts, so probably a good place to start is talking to some of those areas where we do already work with the State Government. On one of them there is still plenty more work to do, and that is around the area of public lighting. This may or may not have come up in some of your previous discussions. Victorian councils can claim the second largest public lighting energy efficiency program in the world after New York state, and I think that is testament to councils' ability to work in groups and work collaboratively with problematic partners like distributors et cetera. Nearly every council has completed a residential bulk changeover and about 200 000 lights have already been changed to energy efficiency models, but there is also an outstanding 200 000 that need to be changed in terms of the major road lights, which I think is a real opportunity to work together with the State. Those major road lights,

there is a big chunk of those that are cost-shared with VicRoads. I guess I can say now: four of my member councils will be rolling out replacement projects for their major road lights in the next couple of years and they will exclude the lights where there is a cost-sharing arrangement in place with VicRoads.

So we have made a number of attempts in the last few years to reach out to the relevant ministers and State Government agencies to try and establish an equitable co-investment model to make sure that those lights get changed over within the same projects that are happening on the ground for the regular retrofits, and we have not gotten very far. So I think that is a real opportunity, going forward. For some reason, at the moment, it is the State Government's position that their share of the cost-shared lights will not be funded through a capital investment, so their replacement can only happen through an operating budget, which will be a sticking point. Our submission details that there is quite a lot of those lights in our region, and there are some other business case documentation that I am happy to provide the Committee that talks more broadly about the opportunity right across the state.

The CHAIR: Please do, and I am sure Ben or Nathan will grab your details on the way out if they do not already have them.

Cr FERGEUS: I think, you know, with the major road lighting in particular, it is a really excellent example of something which represents significant cost benefits as well as climate benefits. So this is really the low-hanging fruit, I suppose, and our experience has been that there have been barriers to achieving that. It seems to us that through a little bit of working together these could easily be overcome and we could start realising those benefits for both state and local budgets as well as the climate impacts very, very quickly. As Scott said, we have those programs of replacement in place, we are doing a lot of that legwork, so it really requires State Government to come to the table in terms of their share of that funding, which will then realise savings over the coming years.

Ms GREEN: Can I ask a question just around the lighting?

The CHAIR: You can.

Ms GREEN: I have done quite a bit of work with Victoria Walks around the street lighting and things like that, and one of the things that they, and I, have found really frustrating is that not so much on the major roads but in the side streets—the minor roads, the local government roads—the light poles go over the roads rather than the pedestrian spaces, which then means that more people will not use the footpaths. It is kind of like, 'You're lighting up the roads. The cars have already got lights'. The lights are really needed in the pedestrian space, and that would lead to less vehicles on the road and older people staying longer in their homes, so more efficiencies and greater health benefits in the long term. Have you got anything to say around that?

Cr FERGEUS: I think there are major issues with investing in active transport, so walking and cycling and making that safe.

Ms GREEN: But just specifically the lighting because it just seems like they need to spin them around.

Cr FERGEUS: Yes. Scott might have some of the history around the road lighting, but I will say certainly in our experience in Monash, looking at additional pedestrian lighting as opposed to re-purposing existing lighting, which is what you are referring to, it is extremely expensive. When you look at the whole local road network of the council—so, you know, Monash is 80 square kilometres—there are a lot of local roads in that, and within our budgetary capacity it would be completely impossible to do. But in sort of primary pedestrian routes and those sort of things, absolutely it is something that needs to happen, but I am not sure of the particular history in terms of how those lights are purposed.

Ms GREEN: But even just sort of, say, in new estates or if you are retrofitting, I would just like something to be considered because it just seems to me crazy. All of us who drive, we have got headlights. What do we need the lights on the road for? You just do not need them, and so it is sort of design principles long-term but just the idea of getting more vehicles off the road. So is not like principal pedestrian paths somewhere else; it is literally where there are long roadsides and it is just where you position the lights for the most vulnerable user.

Mr McKENRY: I think you touch on a good point there. With the rollout of new lights comes the opportunity for the introduction of new technologies that can do dimming and trimming and other things that can provide some of those controls that you are talking about. Again, there are barriers for councils going down this route. One of my councils has already done quite a significant trial in this space. That is Glen Eira council. What that trial showed is that you can capture significant additional energy efficiency and energy savings et cetera with some of those other control benefits. At the moment those benefits do not actually flow on to the bill, because it is an unmetered streetlight, so it is not actually recognised in the national electricity market as a metered site. There is a body of work that EAGA is participating in at the moment to get part of the new smarts that go into the new LED lights registered as a meter within the national electricity market to ensure that those savings can be captured. That work is going on, but again, this is a local government-led initiative run on the smell of an oily rag with massive implications.

The CHAIR: I just want to pick up what you have said just so I understand it. Street lights on council-maintained roads—I presume you guys own it, you own the asset—how do you pay? Is the power provided for free or do you have to buy the power? How does it work?

Mr McKENRY: Streetlighting represents about 40 per cent of the annual costs for your average metro council in terms of annual electricity costs, so that is why replacing a lot of them in the last four or five years has been a really big financial boost for the councils, because they have captured about a 30–40 per cent reduction in consumption. The bit of asset is all, apart from the luminaire, owned by the distribution company, so—

The CHAIR: So do they charge you per—how do they charge you?

Mr McKENRY: It is based on, I believe, the cost per luminaire, and councils have a coordinated program for the replacement of those bits of infrastructure through the Municipal Association of Victoria.

The CHAIR: So it might be \$100 a pole; if you go to an energy-efficient globe, it would be \$50 a pole or something like that. Is that how it is done? If it is not metered, there must be some sort of—

Mr McKENRY: Yes, it is basically estimated—the electricity consumption—by the distributor, and that is what comes through on the retailer bill for a council.

Cr FERGEUS: So if you had each unit metered you could start looking at solutions like you are talking about, which is brighter or dimmer lights dependent on need, other technological things, but at the moment not only is there no incentive for councils to look at that, there is no capacity in terms of budgetary capacity because we are not going to realise any saving by implementing those sorts of things. So if you were moving to a metered unit approach, you could realistically consider some of these things.

Mr McKENRY: Which is part of the broader Smart Cities conversation, so if you are going to unlock some of these functionalities within these public assets, it is to your point earlier: we are all driving around with headlights, well, if we have all got smart controls in the future and automated vehicles do we need the streetlights at all? That kind of question.

The CHAIR: So have the alliances put together a single, coherent document on that point, or are there sort of eight or nine fights happening around the state?

Mr McKENRY: You mean on the smart controls point, or unblocking the equitable co-investment and replacement of lights?

The CHAIR: Well, I think both.

Mr McKENRY: I am happy to forward to this Committee a couple of the letters that have been sent by EAGA, that look exactly the same as the letters that are sent by WAGA and NAGA, to the ministers on this subject. It is a simple two-pager outlining the headline numbers and the cost benefits et cetera.

The CHAIR: That would be handy.

Mr McKENRY: That would be useful. The other one around the metering gets pretty geeky pretty quickly. That is a working group that has kind of only just started, so the idea is to go and collect the evidence around the costs and the benefits of these projects in different localised settings and looking at unlocking some of these additional functionalities that we have just mentioned and using that evidence to go to the federal electricity rule maker to progress a rule change. Those rule changes can be time-consuming kinds of processes, but I think the councils see it as something that they need to do to unlock the potential of these types of solutions.

The CHAIR: Did I hear correctly that you said 40 cents, I assume of your operational budget, is associated with running streetlights? Is that right? Did I hear that right?

Mr McKENRY: Electricity costs—annual electricity costs.

The CHAIR: Right; okay. And how much of that would be streetlights?

Mr McKENRY: On average, metro councils spend about a million or a million and a half per year on electricity, and about 40 per cent of that is public lighting.

The CHAIR: Okay. So there is a significant long-term saving.

Cr FERGEUS: Yes. It is certainly worth pursuing from council's perspective, and we have considered that it would definitely be worth it from the State's perspective as well in terms of the potential savings benefits to the state.

Going back to your question previously: are there six or seven different views on this? I do not believe so. I think all the alliances are pretty consistent that this is something we would like to see happen. We are not aware of any significant disagreement.

Mr HAMER: So the remaining 60 per cent presumably is to run most of the council facilities—run light and power et cetera.

Mr McKENRY: Correct. Aquatic centres, civic centres.

The CHAIR: Footy club lights, netball club lights.

Mr McKENRY: Yes.

Mr HAMER: So obviously they are dispersed over a wide geographic area, but are there opportunities there through renewable energy maybe at a larger scale? Particularly when you think of the aquatic centre, there are often centres which have perhaps large roof space—there are a lot of co-located facilities in the one location. Is that being done at sort of more of a holistic scale? A company might be able to do five projects, so therefore you bring the cost down.

Cr FERGEUS: Yes, that is absolutely happening. That is one thing that EAGA is able to facilitate for member councils. And other alliances, I imagine, are doing similarly, having exactly what you are talking about: energy performance contracts to look at a series of buildings, for example, to look at every opportunity for reducing consumption, increasing generation, and if there are generation opportunities, replacing plant and equipment—upgrades, those sorts of things—so you can realise a guaranteed amount of energy saving. We are currently working with the City of Whitehorse. The City of Monash and the City of Whitehorse are working together looking at how we can do that together to again scale up that capacity, because between us we have more buildings, we have more usage, and so it becomes a more attractive proposition for the private sector. But that sort of work is absolutely happening.

Mr McKENRY: That is an area where we have collaborated with the State previously. The State have an energy performance contracting program in place already. It is called the Greener Government Buildings program. It is run through the Department of Treasury and Finance, and we have been able to leverage a lot of the resources as well as the provider panels that the State have set up to run our own energy performance contracting over groups of facilities. I believe it works well within the local government alliance-type setting because on our side we will have a dedicated staffing resource to interface with a shared contractor who will

work across multiple parties. How it has worked in the instance that Josh has just mentioned and with a previous tranche of councils is that they have captured economies of scale by engaging one service provider, and we appoint an energy specialist on our side to work collaboratively with that technical provider.

I think it enables the councils to leverage those hard-to-reach energy efficiency kind of measures. A lot of councils will have capacity and skills in-house to do rooftop solar, but when it comes to aquatic centre boilers and managing the interactions between energy efficiency systems, you kind of really need to get that external advice and services in, and that is what this type of model does. On average we are securing about \$200 000 a year in financial savings from those projects that have already been done and saving about 1500 tonnes per year in greenhouse gas emissions within the corporate boundary, if you like, of the councils.

The CHAIR: Can we move beyond electricity? Are people happy to do that? We have heard quite a bit of evidence over the last few months about the consequences of climate change, one of which will be less rainfall but more intense rainfall events. In a large part of the geographic area that you represent, you know, the built form has not changed much for a long time and it is not likely to change much in the foreseeable future, but what we know with climate change is that with these more intense storms we are going to need greater capacity to deal with stormwater. The evidence, though a bit anecdotal, is that when existing infrastructure is being replaced because it is old and leaky or whatever the story might be councils more often than not appear to be putting back in place the infrastructure that serviced that community—the same pipe diameters and all that. So engineers have had this history of looking at the past and putting back in the same level of infrastructure. But we know with climate change we are going to get—

Ms GREEN: Don't be dissing engineers; there is one sitting at the end of the table. I could see him bristling.

The CHAIR: What work is being done by your body to assist councils in recognising that when they are replacing existing infrastructure, they need to have a mind for the consequences of climate change and the need to be able to deal with, even if it is the same settlement, greater flows?

Ms GREEN: And just while you are answering that too, you might want to touch on whether there are insurance implications, because we have heard from other local government areas that when they have tried to claim back on their insurance, the insurer requires them to do it exactly how it was, which seems pretty dumb to me.

Cr FERGEUS: Look, we certainly have as an alliance—and I know other alliances as well when we work together have started to look at these sorts of impacts, and insurance keeps coming up again and again as something which is a real area of risk for local government in Victoria. I can speak from a Monash perspective. We certainly are struggling to know what to do in terms of looking forward in terms of our infrastructure. I know we are taking some advice from our insurer. We are taking some advice from the resources that we can access through the alliance. But I think financially speaking an increase—not only replacing but upgrading the amount of ageing infrastructure we have to deal with—is extremely challenging, and I doubt that we are dealing with potentially what we need to deal with in terms of storms that were one in 100 years moving to one in 10 years and so on. I think that is going to be extremely problematic into the future.

The CHAIR: So do you go 20 per cent bigger, 25 per cent bigger? And that no doubt has a dramatic increase in cost.

Cr FERGEUS: Yes. And we are seeing existing ageing infrastructure potentially, in my view, requiring replacement more quickly because we are seeing when those major storm events happen, for example, our drainage networks and so on are under extreme strain. So I would not be surprised if our replacement program needs to be increased as well in terms of the speed of that turnover. Scott will correct me if I am wrong, but I do not think we have really delved too much into this area beyond those discussions at that broader alliance conference level, and we have not done much at EAGA specifically around this at this stage.

Mr McKENRY: I would generally say that the council's work in understanding the implications of adapting to climate change is less mature than mitigation—so reducing emissions—because a lot of mitigation measures have a cost benefit, where adapting to climate is often just perceived as a cost for councils.

The CHAIR: But it is a cost that the consequences are more profound for an entity?

Mr McKENRY: Correct.

The CHAIR: You get it wrong, you flood someone's property, they sue you.

Mr McKENRY: Yes. And I have heard anecdotally from a director or two at EAGA councils saying that they are building more to the one-in-10-year frequency versus the one in 100, so that is the trend. But I have not cited any specific evidence around the implications of that or forecasting from any of the councils to say, 'Hey, this is where we, based on the latest climate data'—which has only been made available, again, in the last couple of months—'this is kind of what our long-term financial strategy looks like for this area of government'. But I think it is important work that definitely needs to be done. I think there is a little bit more work done around that space around the coastal councils that are subject to the inundation.

The CHAIR: So should either the effectively local government come up with a proposal about what new standards might be, or should the State Government set new standards? We have set standards around a 0.8 of a metre sea level rise over the next, I think, 80 years, if my memory serves me correctly. We have said that we believe the science is suggesting this. Should the State Government set new standards for the replacement of stormwater infrastructure, assuming that it is an existing settlement and not much has happened in the settlement, to recognise the consequences of climate change?

Cr FERGEUS: Whether it is standards or whether it is advice I am not sure, but I think there is definitely a piece of work that needs to happen in that space because I think there are a lot of councils out there that would struggle to do that work internally, potentially, and particularly, as Scott said, where we are consistently getting new data around climate change and the impacts and projections, and councils might have a 10-year or a 20-year long-term financial plan or an asset renewal plan, it is impossible for councils, with the resources that we have, to update that every time we get new data. So I think some input from the State is certainly required in that space.

Mr McKENRY: Yes, and it is kind of similar to the tension with the Victorian *Planning and Environment Act*, which does not even mention climate. So what we have here is a bunch of progressive councils basically going and putting forward amendments to their planning schemes to put in place measures that they think are required by the responsible planning authority. I think many of the other councils will just never go there, despite the fact that they want to, because it is a resource-intensive task et cetera. So I think—

The CHAIR: With a big capital bill at the end of it.

Mr McKENRY: Yes, but I think what they would love to see is a bit more of a universal approach from the State and much clearer guidance in the Victorian planning provisions so that they could get there sooner rather than later.

Mr HAMER: I had a question on a completely different issue. We have heard of and visited some demonstration sites, some of which have been run by councils, some like CERES, who are more independent bodies. I do not know of any in the east. Being an MP in the east myself, I think I know most of the area. One of the things that strikes me, particularly in the eastern suburbs, as the Chair touched on before, is that a lot of the housing stock is very similar—single households, probably of a 30- to 50-year age vintage, brick veneer, tiled roofs, not really very well insulated design for climate response. And whether there was any action from, I suppose, individual councils or from the alliance in terms of providing that demonstration to local home owners of what they can actually do to improve the energy efficiency of their homes, which are, like I said, very similar across the board, across all of those eastern municipalities.

Cr FERGEUS: I am pleased you asked that question because Monash have just finished a project on this. We have now got in one of our neighbourhood houses what we are calling a sustainability hub, which aims to do exactly that—to provide some practical demonstrations for home owners and residents to come and see, look, feel, touch. 'This is what rooftop solar might look like or what a good water sustainability system might look like', these sorts of things. So that is a fairly small-scale example, and that is down in Mulgrave at Mackie Road Neighbourhood House. That was something that residents came to us with a very similar question to what you just did: 'Is there any way that we can learn more about this stuff? We want to see how this stuff works.'

We want to know we could do with our homes, what is cost effective'. So we have actually gone and made that a physical place that people can visit and ask questions of officers and see that in practice.

I think at a broader level the alliance and then the various member councils are certainly very keen on trying to put that information out to residents. We do that through a range of programs, such as the Solar Savers program you have probably heard of, with which we actually try and assist residents to achieve those outcomes as well. But, no, it is not something where I am aware of many other physical examples in the regions. Scott?

Mr McKENRY: Aside from the residential example, there are some best-practice examples of council facilities looking at that kind of zero carbon outcome. There is a building in Knox that just won its eighth international award. That is a renovated childcare facility that has got every bell and whistle you can think of in terms of sustainability. The name escapes me, but I have got some pretty pictures on slides and things that I am happy to send through, and they are also happy to do tours of that facility. We are in the process of showcasing that one at the moment to the other EAGA members because the implementation of ESD features in council facilities can be sometimes hit and miss, so we are doing a body of work at the moment as a group to understand what the opportunities are and bring everyone up to that best practice level, because we realise that has a long-term impact for a lot of the emission reduction goals et cetera for councils, many of which start from 2020 around carbon neutrality et cetera. So there are some good examples, I think, to point to in the east, and I am happy to follow up with further information if you would like and arrange a tour.

The CHAIR: I just wanted to go back—one final point regarding stormwater infrastructure. Obviously there are two ways to potentially deal with more intense rainfall activities. One is to put in place bigger pipes. The other might be to have more exceptionally localised, dwelling-by-dwelling catchments. I think in some of your municipalities probably 30 per cent of the total area of your council areas are under roof, so capturing water from those roofs into rainwater tanks to then be used to run washing machines and toilets and the like in effect could be taking out quite a volume of water. Are you aware of councils starting to look at where they do have potentially stressed stormwater infrastructure to be using rainwater tanks as a way of taking some water out of the system, which might enable existing stormwater infrastructure to cope for a longer period of time?

Mr McKENRY: Are you aware of any examples?

Cr FERGEUS: Certainly not at Monash. We provide advice to residents on how to go about that if they would like to, but we are not approaching it in any systematic sort of way. Again it is a case of resourcing capacity. Our sustainability team that deals with these sorts of issues is tiny. It is now slightly less tiny, but still in the scheme of things very, very small. So we have to pick and choose a little bit what we go out to the community with, but I am not aware of any other sort of systematic looking at that in the east.

Mr McKENRY: No. I would happily go back and inquire amongst the councils and collect some information if that would be useful.

The CHAIR: Are your municipalities starting to look at stormwater catchment for the purposes of irrigating our public open spaces?

Mr McKENRY: Yes, absolutely. If the cricket pitch goes brown, the sky falls.

The CHAIR: It is strife. It is very un-Australian.

Cr FERGEUS: There are some councils, mostly outside of our region I am thinking of now, that are really looking at, particularly with new development, mandating certain standards of water use and how they might go about that, particularly with multi-dwelling developments—how they can harvest that water and make that something that just happens with all new developments of those types. But it is not very far progressed yet, as I understand it. I know the City of Moreland is looking at that, for example, and a range of councils are contributing to some of that work to look at the capacity for doing that across the municipality.

Mr McKENRY: And where they are, I believe they are trying to do it through the amendments through the planning scheme.

Cr FERGEUS: Yes. Again, something that the State can certainly assist with with the sort of things that you are talking about is, I suppose, supporting councils in those amendments, or in trial periods; and then, for things that work, assisting us all in scaling those up. There are certainly a lot of councils who are interested in what some councils like Moreland are doing in terms of environmentally sustainable design and water capture and all these sorts of thing. We just simply do not have the resources to invest in looking at how to do that, so some of us are contributing to the work they are doing in small amounts. But if the State was to assist with that as well and to be a partner in that process, it would be a lot quicker and a lot smoother. I think you would get a much bigger take-up of different municipalities as well if it was seen to be something the State was behind, because then we would know those amendments were likely to be approved and so on. That is often the reticence of councils such as Monash to significantly invest in this work, because we would go down an avenue of thinking about it, of design, of putting an amendment together, of consultation, and we put it the State and we do not know if it would be accepted or not necessarily.

The CHAIR: I have certainly exhausted my questions. Colleagues? No? Fantastic. Thank you for coming in. We very much appreciate it.

Cr FERGEUS: No worries, our pleasure. Thank you.

Committee adjourned.