



TRANSPORT AND RESOURCES COMMITTEE

Members present:

Mr SR King MP—Chair
Mr CE Boyce MP
Mr LL Millar MP
Ms JC Pugh MP
Mr LA Walker MP
Mr TJ Watts MP

Staff present:

Ms D Jeffrey—Committee Secretary
Mr Z Dadic—Assistant Committee Secretary

PUBLIC BRIEFING—DEPARTMENT OF ENERGY AND PUBLIC WORKS ANNUAL REPORT 2019- 2020

TRANSCRIPT OF PROCEEDINGS

MONDAY, 19 APRIL 2021

Brisbane

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The committee met at 10.10 am.

CHAIR: Good morning. I declare open this public briefing from the Department of Energy and Public Works. I respectfully acknowledge the traditional custodians of the land on which we meet today and pay our respects to elders past and present. We are fortunate to live in a country with two of the oldest continuing cultures in Aboriginal and Torres Strait Islander people, whose lands, winds and waters we all share.

My name is Shane King. I am the member for Kurwongbah and chair of the committee. With me here today are: Lachlan Millar MP, member for Gregory and deputy chair; Colin Boyce MP, member for Callide; Jess Pugh MP, member for Mount Ommaney; Les Walker MP, member for Mundingburra; and Trevor Watts MP, member for Toowoomba North.

The purpose of today's briefing is for the committee to receive a general briefing from the Department of Energy and Public Works and to consider the relevant sections of the Department of Housing and Public Works and Department of Natural Resources, Mines and Energy annual reports for 2019-20.

The committee's proceedings are proceedings of the Queensland parliament and are subject to the standing rules and orders of the parliament. As parliamentary proceedings, under the standing orders any person may be excluded from the hearing at the discretion of the chair or by order of the committee. The committee will not require evidence to be given under oath, but I remind witnesses that intentionally misleading the committee is a serious offence. You have previously been provided with a copy of instructions to witnesses, so we will take those as read.

The proceedings are being recorded by Hansard and broadcast live on the parliament's website. Media may be present and will be subject to the chair's direction at all times. The media rules endorsed by the committee are available from committee staff if required. All those present today should note it is possible you might be filmed or photographed during the proceedings by the media and images from these proceedings may also appear on the parliament's website or social media pages. I ask everyone present to turn mobile phones off or to silent mode.

I remind committee members that officials are here to provide factual or technical information and that any questions seeking an opinion about policy should be directed to the minister or left to debate on the floor of the House. I also ask that responses to questions taken on notice today be provided to the committee by 4 pm on Tuesday, 27 April 2021. I now welcome representatives from the Department of Energy and Public Works.

ATKINS, Mr Graham, Acting Director-General, Department of Energy and Public Works

BAILEY, Ms Sharon, Acting Deputy Director-General, Procurement, Department of Energy and Public Works

BARRON, Ms Ainslie, Executive Director, Building Policy, Department of Energy and Public Works

RIDGEWELL, Ms Paige, Assistant Director-General, QBuild, Department of Energy and Public Works

SHANKEY, Mr David, Acting Deputy Director-General, Energy, Department of Energy and Public Works

TURBIT, Ms Robyn, Assistant Director-General, Corporate Services, Department of Energy and Public Works

CHAIR: Would you like to make an opening statement, after which we will probably have some questions for you?

Mr Atkins: Good morning, everyone. Thank you for the invitation to participate in the Transport and Resources Committee public briefing this morning. In your invitation you noted that the committee would like to hear more about the new departmental structure and its arrangements, so we have taken the opportunity to bring copies of the structure that is now current for our department. Is it appropriate to hand those over?

CHAIR: Yes.

Mr Atkins: They have only recently been published in that current form. As part of the machinery-of-government changes on 12 November 2020, the following functions were transferred to the new Department of Energy and Public Works: from the former Department of Natural Resources, Mines and Energy, the energy function; from the Department of State Development, Infrastructure, Local Government and Planning, Hydrogen energy; and from the former Department of Housing and Public Works, building policy and asset management, Queensland government procurement, QBuild and QFleet. Corporate services to support the new department were also transferred.

The structure of the department, as you will see, comprises four divisions covering the new functions including energy, building, procurement and corporate services. Our budget is in excess of \$2 billion per annum. We have over 2,000 staff located across Queensland who together work from 47 locations in the state. The structure and arrangements of the new department effectively allow us to work together towards a joint vision for a more sustainable and prosperous future through the department's energy, building and procurement services. The department is committed to providing procurement services that support jobs in regional economies, making the best use of Queensland's energy resources by supporting the emerging hydrogen industry in Queensland, delivering a safe, fairer and sustainable building and construction industry, and supporting government asset management.

I would like to take the opportunity to touch on each of the divisions under the department and our current areas of focus under the new structure. All divisions, as I said, are supported by a corporate function through services such as finance, human resources, technology, legal, internal audit, communication, governance and cabinet liaison.

The procurement division includes Queensland government procurement and QFleet. The procurement division supports agencies across the sector through a range of initiatives, including providing expert advice to stakeholders and enabling agencies to achieve their procurement outcomes through continually embedding the Buy Queensland approach to procurement, including increasing opportunities for local suppliers, growing regional economies, embedding non-price considerations into government procurement processes, and enhancing and evaluating the Buy Queensland procurement compliance and enforcement framework to ensure Queensland businesses are prioritised for government tenders. We are increasing certainty for local businesses by promoting the forward procurement pipeline and, in conjunction with building, are utilising building category management data analytics to enhance the planned programming and consistency of capital works program delivery in regional communities.

We are continuing the COVID-19 procurement response, including the COVID-19 supplier portal, and enabling the Unite and Recover—Queensland's Economic Recovery Plan through various category strategies. We are continuing to implement the QFleet environmental strategy for the Queensland government, including increasing the range and number of low-emission and electric vehicles in the fleet.

The energy division supports the department's commitments and priorities by delivering programs that help large businesses understand their electricity use and enable them to transition to more appropriate tariffs—the same with agricultural businesses, which realise energy savings through audits and transition to appropriate new tariffs.

We are supporting the ongoing progress towards the Queensland renewable energy target. We are developing cost-effective and efficient options for energy storage to complement large-scale solar and wind deployment. We are regulating and providing strategic oversight of Queensland's electricity industry and bio-based petrol and diesel mandates. We maintain the system for fuel price reporting. We are leading Queensland's engagement in the energy national cabinet as it progresses market reforms for energy security and reliability, energy affordability and long-term energy market design. We are ensuring preparedness and response and recovery to disasters and emergency events through the development of plans, processes and procedures in support of Queensland's disaster management arrangements.

Our building division includes building legislation policy, QBuild major projects and the Queensland Government Architect. Through legislation and policy, we support the department's commitments and priorities by continuing to implement security-of-payment reforms and by developing policy and practice to further improve safety, fairness and sustainability in the Queensland building and construction industry. We are contributing to a strong national reform agenda by collaborating with various government agencies, the Australian Building Codes Board, regulators and industry.

We are continuing to deliver a capital maintenance and upgrade program that delivers safe and secure government employee housing in regional and remote locations across the state, including the remote Aboriginal and Torres Strait Islander communities. This enables police, teachers, medical professionals and associated government employees to deliver critical frontline services to the people of Queensland.

The Office of the Queensland Government Architect is committed to supporting well-designed, healthy and sustainable environments that shape Queensland's urban legacy. The major projects team is responsible for facilitating the delivery of high-risk and high-value capital projects on behalf of government. Major projects works with industry and government to ensure value for money is achieved on spend for building construction and maintenance. We provide effective office accommodation solutions for Queensland government agencies that best support the delivery needs of government.

QBuild supports the department's commitments and priorities by strategically managing partner agencies' building construction and maintenance activities for a wide range of assets such as schools, hospitals, police stations, correctional centres, ambulance stations and other facilities. We are currently expanding the QBuild apprenticeship program and creating employment opportunities for apprentices and tradespeople statewide.

The Rebuilding QBuild initiative involves employing 300 trades based staff over three years, and this includes 60 additional apprentices. We are working cohesively with Queensland government agencies to effectively manage asset portfolios and are creating value-for-money partnerships enabling agencies to deliver more services to Queenslanders.

We support the Queensland Procurement Policy through QBuild by delivering maintenance and facilities management, particularly targeting local and regional contractors and suppliers, to advance the government's economic, environmental and social objectives. We are strengthening our capability to oversight and deliver capital works projects and programs for Queensland government agencies and our valued clients, and we are continuing to deliver services to regional and remote areas of the state through QBuild and providing a pathway to education, training and jobs for young people, and having a capability and capacity to respond to disaster events.

As a department, we have set ourselves objectives for 2020-21. Throughout this year we will continue to work towards our objectives of managing Queensland's energy resources to optimise customer outcomes; positioning Queensland to capitalise on emerging opportunities for domestic hydrogen use and long-term export; delivering safe, secure, affordable and sustainable energy resources; benefiting local communities and supporting local jobs through procurement policies and practices, such as Queensland Procurement Policy and Buy Queensland; and providing value-adding design, building policy, public works, fleet and asset management services.

We have established priorities for the department that include making electricity more affordable for residents and businesses; ensuring the energy sector is efficient and equitable; working to deliver sustainable and reliable energy; further strengthening the Queensland Procurement Policy; continuing to expand supplier participation; continuing to implement Queensland Building Plan priorities, including further security-of-payment reforms; streamlining the building prequalification process; further enhancements to the Buy Queensland policy; providing training opportunities for the new trade and apprentice staff we have engaged; and delivering key projects such as the Thomas Dixon Centre redevelopment, Cairns Convention Centre, West Moreton Youth Detention Centre, South Queensland Correctional Precinct and the new performing arts venue at South Bank.

We focused very much on our COVID response, and we contribute to Queensland's economic recovery plan by protecting and creating jobs in the construction industry, continuing investment in energy resources and promoting growth opportunities for investment in Queensland. We look forward and set our strategy in light of the new arrangements that are now in place post the MoG changes.

I would like to acknowledge the work that the department did in response to the COVID-19 pandemic that we have already implemented. Our procurement teams played a key role during COVID-19, ensuring agencies had access to products and services that were in high demand due to

the pandemic. We supported Queensland electricity customers dealing with COVID by facilitating the delivery of the Queensland government's asset ownership dividend and utility relief payment to all households and small businesses. The work of our corporate services area ensured staff wellbeing and safety remained the highest priority, whether they worked from home or returned to the office.

Our work to keep the building and construction industry active was and remains critical. We were able to work with the building and construction industry to deliver on a range of projects and programs, including capital works, maintenance programs and major projects in various locations across the state. We will continue working with government and industry on our long-term and phased approach to support the industry through its economic recovery.

QBuild, for example, implemented an accelerated payment process in response to concerns about small to medium sized enterprises experiencing financial hardship. At the start of this month, and since the initiative commenced on 2 April 2020, 97 per cent of QBuild's payments have been fast-tracked, with over 655,000 payments at a value of \$1.3 billion progressed in an average payment period of less than six days. We also ensured continued delivery of capital works and QBuild projects across Queensland and in remote Indigenous communities to continue to stimulate the industry. The Queensland Government Accommodation Office has to date continued its commitment to protecting the health and wellbeing of all Queensland government employees and building occupants while supporting agencies in balancing the importance of business operations.

In closing, we will continue to play a critical role across government, delivering major projects, office accommodation and procurement to support agencies to deliver their services to Queensland. We will do this by assisting government agencies in the delivery of major government building and construction projects that support Queensland's growing communities through delivering and managing office accommodation solutions for the Queensland government, through providing expert advisory and enabling procurement services to government agencies, and we will continue to play a critical role in delivering safe and affordable and sustainable energy resources, including delivering on Queensland's renewable energy target of 50 per cent by 2030, ensuring an affordable energy plan that benefits Queensland.

I would like to quickly introduce you to the department's executive leaders who work under the direction of our director-general, James Purtill. Mr David Shankey is Acting Deputy Director-General, Energy; Sharon Bailey is the Acting Deputy Director-General, Procurement; Ainslie Barron is the Acting Assistant Director-General, Building Policy; Ms Paige Ridgewell is the Assistant Director-General, QBuild; and Robyn Turbit is the Deputy Director-General, Corporate Services. Thank you.

CHAIR: Thank you very much for that.

Mr BOYCE: Thank you for coming, ladies and gentlemen. Ms Ridgewell, in the recent December budget there was some money allocated to the replacement of assets at a school in my electorate—if my memory serves me correctly, \$600,000 to replace an amenities building. This seems to be exorbitant—far more than the cost of an average family home, for example. Could you give me an overview of how you arrive at the costings to build and replace those facilities?

CHAIR: They might not have the specifics of that particular building on hand.

Ms Ridgewell: I do not have the specifics of that particular project, but generally with the pricing policy for QBuild, being a commercial business unit, we look to cover in our pricing all costs associated with the operations. The pricing policy is a standard approach that is used when we are quoting on work to allow for any specific direct costs associated with the staff and the materials that are used on a particular job, as well as the operating costs that are associated with time and effort put into that particular job from all staff in QBuild.

Mr Atkins: The way that QBuild works is we are engaged by client agencies to deliver their projects. They determine a scope and location, and they budget through their capital works processes. If we are given the job and it is optional to deliver, we then go and price up that scope and do the initial design for a building and then put it to the market to determine the real cost of the project.

Mr BOYCE: Do you at any time engage a local business, for example, anywhere that might put in a quote to do a particular job, whatever that might be in relation to government buildings and so forth, or is that strictly administered by QBuild?

Mr Atkins: Through QBuild we do that, yes. Education do that themselves as well, as do client agencies. If they give us a capital project to deliver and we deliver a lot for them, we certainly strive to engage local companies including the consultant groups that design buildings. I think we have an 85 per cent target for local. We work very hard to achieve that.

Ms PUGH: You touched on Buy Queensland in your opening statement. I love Buy Queensland. I have two major business parks in my electorate. Some of them are already using Buy Queensland, but there are a lot more that do not or some have received government contracts because government has proactively gone to them and sourced a quote. Could you give an overview of how local businesses can get involved in Buy Queensland? I think it is great for businesses in electorates like mine.

Ms Bailey: There is a range of ways that we can get local businesses to take advantage of opportunities that come up. We regularly have roadshows out there to provide people with information. We encourage businesses to register on the QTenders site so that they are aware of any tenders coming up or are aware of when standing offer arrangements and preferred service panels are coming up so that they can apply for those. We are very keen to register as many businesses as possible so people are aware of the opportunities coming up.

We also work with our colleagues in the Department of Employment, Small Business and Training and the Department of State Development, Infrastructure, Local Government and Planning to run a tendering for government workshop so that people are aware of some of the processes that are required and we can help people skill up in that area. There is a range of things that we do. We always encourage people to look at the QTenders website and get that supplier registration so they are aware of things that are coming up. On that website they will also see what is called the forward procurement pipeline. That gives people a sense of the opportunities that might be coming up. They can search on that pipeline by region, by industry, by department or by cost of job to get a sense of things that might be coming up across the budget period.

Ms PUGH: It goes by region or by cost of job. I visited a business last week that makes all the little plates for the gas readings in the mines. This is a great contract. I asked, 'How did you get that contract?' They said, 'They came to us for a quote.' They were proactively approached. They have had that contract now for 10 years. I said, 'Imagine what could happen if you proactively registered?' If you have a particular scope of products, is there a way you could be notified? Is that possible?

Ms Bailey: As part of the registration process, when they register to find out about opportunities they can filter what sorts of opportunities they would like to find out about. We also encourage businesses to target departments that they think are interested and to promote to us as well because sometimes we are not aware of really good local suppliers. They are just start-ups. The more we can do to get that information out to our buyers the better. It is a bit of a two-way process.

Ms PUGH: Absolutely. There is a weighting given to businesses from Queensland as part of that policy. Can you expand on how the overall criteria of your procurement policy and how Buy Queensland factor into that?

Ms Bailey: What you are referring to is the local benefits test. It is about trying to keep money in Queensland and give suppliers a really good chance. On significant procurement, all departments are required to have a local benefits test as part of their tendering. That local benefits test can take into account a range of things. It is really about what benefit the supplier is going to be bringing to the community. It may be employment. It may be through their supply chain. It may be some of the good work they do in the community. It may be some of their community objectives. It may be that they have Indigenous businesses in their supply chain or they are taking on apprentices and trainees.

We encourage people when they are tendering to include the sorts of benefits they are bringing to the community. That local benefits test can be weighted up to 30 per cent as part of the tender. Again, it is another opportunity so that we can understand the broader benefits of procurement, because we know what that can bring to a local community, not only to the supplier but also to the supply chain and to other people within the community.

Mr MILLAR: I thank the chair for organising the Department of Energy and Public Works to come in today, given that we had an Auditor-General's report that we wanted to discuss with the Auditor-General about *Energy 2020*. My question is to the acting director-general and maybe to David as well. We received a letter from the director-general which basically says, 'I wish to advise that this report—that is, the Auditor-General's report which summarises the audit results of Queensland's six energy entities: CleanCo, Ergon, Stanwell et cetera. These entities are government owned corporations. The letter states, 'The director-general has no responsibility for the operations or performance of these entities.' Can you please tell me why?

Mr Atkins: They are government owned corporations that report to shareholding ministers through a board. The director-general and the department have no oversight at all of their operations.

Mr MILLAR: This might be a question to David or to Graham, the acting director-general. Why does the department then have a deputy director-general for energy, an executive director for operations, an executive director for renewables, an executive director for commercials and an executive director for policy? What do they do?

Mr Shankey: Each one of those executive directors has specific responsibilities for different parts of the energy market and the energy sector as a whole. The GOCs are, of course, a very important part of the energy sector. The department's role with respect to the GOCs is to advise the minister, if you like, on how to execute his role as a shareholder of those entities.

The department as a whole is more responsible for the entirety of the market and the policies around the energy market in particular. In that sense, we have individuals responsible for the renewables sector and different policies that the government has with respect to renewables to do with both large scale and small scale. We also have responsibilities around fuel. The biofuel mandate is also a specific part of the engagement. We have a commercial arm of the department which has responsibility for advising the minister around shareholding issues. That is probably where those responsibilities lie.

As far as the management of the GOCs is concerned and how those are run on a day-to-day basis, including all the trading, all the accounting and all the operations of the coal-fired power stations and the government owned fleet, those are the responsibility of the boards that are appointed by the government and their CEOs, who carry out the duties and interests of the boards.

Mr MILLAR: David, thank you for that response. What do the executive director for operations, the executive director for commercial and the executive director for policy do? Do they work with these entities? Are some of the policies that come out of the department of energy implemented by the GOCs?

Mr Shankey: The director of operations is primarily more responsible for the biofuels or the fuels part of the sector. The commercial executive director would manage the shareholder approval requirements that would come up from the entities. That is where that particular body of work comes through.

CHAIR: When you spoke earlier about the fleet of government vehicles, I was interested to hear that there is now a mix of hybrid and electric vehicles. Could you expand on that? I am a new purchaser of a hybrid vehicle myself. I am a V8 man, so this is a big step for me.

Ms Bailey: It is. I think you will be impressed with the performance. We have a range of hybrid vehicles in the fleet. The government fleet has approximately 10,000 vehicles—a mix of passenger, light commercial and heavy commercial. There are probably about 3,000 in the passenger-SUV sort of role.

We have committed to increase our electric vehicles by double each year. At the moment we are at 78. Our target for this year is 144. There is a range of those vehicles. What is exciting is that more suppliers are now in the market. At the moment we are trialling an MG, because that is a very new entry into the market and is very price comparable with other vehicles—much more than some of the others. We have the plug-in hybrids and the full battery electric vehicles as part of the fleet.

I am trying to get numbers for the other hybrids. I think we have about 1,500 other non-electric vehicle hybrids in the fleet. As was said, we are trying to increase that each time as we go. We have a couple of electric vehicles in our car share pool, so we are getting more and more government agencies used to that. Our biggest take-up with electric vehicles is in the TAFE sector. They have a lot. We are now promoting them out to other agencies.

As you would understand, QFleet is a commercialised business unit, so we lease to other agencies. The lease is a little more expensive than your traditional ICE vehicle. In this kind of environment we are working with other agencies to try to make that a little more comparable so that we can increase the take-up. Certainly they have been extremely popular. I think we are getting a lot of interest in them.

CHAIR: Do you own the vehicles themselves? I know that you lease them out, but do you own them or lease them from the manufacturers?

Ms Bailey: We own them. We purchase them and then sell them at the end, and we seek to do better than our residual value at the end of that. Manheim manages the auctions for us. At the moment I think we have two online auctions a week. It is a good market at the moment. The used vehicle market is a very good market, so we are doing well on that.

Mr WATTS: You said you have 144 pure electric—
Brisbane

Ms Bailey: That is our target for this year. We have 78 at the moment.

Mr WATTS: The 1,500—

Ms Bailey: They are the more traditional hybrid vehicles.

Mr WATTS: How many of those are regionally based?

Ms Bailey: I will take that on notice for the broader traditional hybrid vehicles. The electric vehicles tend to be in the south-east corner and on the eastern seaboard in terms of not only the charging infrastructure but also the servicing. You need to have more specialist servicing of the electric vehicles. At the moment that specialisation tends to be on the eastern seaboard. At the moment we have 64 in Brisbane, one in Ipswich, two on the Gold Coast, two on the Sunshine Coast, one in Toowoomba, two in Western Queensland, four in Central Queensland and two in Northern Queensland.

CHAIR: You will take that on notice.

Mr WATTS: I will keep my eye out for the one in Toowoomba. My question is in relation to non-price conditions for tenders and procurement generally. Could you talk us through that in terms of local employment, Indigenous employment, migrant employment, union, Queensland owned—whatever? One area that I am particularly interested in in relation to COVID is critical supply for Queensland, particularly in terms of manufactured supply. We know that, as things went wrong, we ran short. I am trying to understand Queensland owned and operated and where that fits in. Could you talk us through some of those non-price conditions and what sorts of impacts they have on the price? At the end of the day, it is taxpayers' money and there is a balance to be struck.

Ms Bailey: Price and value are factors for all of our procurement, but the areas that you are talking about tend to be incorporated into the local benefits test that I spoke about earlier, and it does differ depending on what we are procuring. Graham, you might want to talk a little bit about how that non-price criteria works in the construction area, because it is different because innovation and design are different to the local benefits test. The areas that you were talking about do tend to fall under the local benefits test—that is, what are the benefits that are being brought to the local area, including Indigenous employment and whether it be migrant and refugee employment. Those kinds of things tend to be captured under a local benefits test, so that is part of the criteria. As I said, it would form 30 per cent—that is, up to 30 per cent, not always 30 per cent—for significant procurement, so that is certainly one part of it. Graham, do you want to talk about the non-price criteria in construction, which is quite separate to local benefits?

Mr Atkins: Yes. Certainly across construction we target a local workforce. We set a KPI of 85 per cent local workforce on our major projects.

Mr WATTS: I do not mean to interrupt, but can you just define what you mean by 'local' because sometimes local is Australia and New Zealand, which is not always helpful?

Mr Atkins: No. We have a number of zones and there is one that we call locally 'zone 1', which is within 125 kilometres of the project.

Mr WATTS: Thank you.

Mr Atkins: We have targets for local. We then put other non-price criteria around project specifics such as innovation in design or efficient whole-of-life costs—they are probably the main ones—as well as capability to deliver a project. All in all, it can end up a significant non-price evaluation for a project, but certainly local is within that or is one of those main considerations.

Mr WATTS: Is Queensland owned and operated a criteria that is used?

Mr Atkins: Yes, it is. When we tender to companies we look for a registered office in the location and then we go more broad within Queensland.

CHAIR: Coming from a government owned corporation, having the stuff local is good in that you need the bits there, not coming from interstate all of the time. It is very handy.

Mr WALKER: Across all departments there is a big focus by government on more training and apprenticeships, and I heard you touch briefly, Ms Bailey, on Indigenous issues. Can you give us more detail around the focus on Indigenous training and how that is implemented and managed?

Ms Bailey: Under the procurement area—there is a range across our department but also across government—we have what is called the Queensland Indigenous Procurement Policy. That is managed by the Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships, but we assist them in that project. That policy is seeking to have three per cent of Indigenous businesses supplying to government across a range of areas. We have six categories of

spend within Queensland government. We work with those categories to have plans to help them lift that profile. At the moment I think we are probably close to 2.1 per cent of suppliers, which is terrific in terms of meeting our target by 2022 of three per cent. Some of those things are set asides. Some of those things are direct sourcing, but we also have a number of very competitive Indigenous businesses that are part of those supply arrangements and sometimes it is about enabling our buyers to be aware of those suppliers.

Mr WALKER: I notice that across government departments where I am from in Townsville—Mundingburra is part of the greater city—there is more assistance from government to help emerging Indigenous businesses. Are we doing more work in that space to assist them to get into the market to work with government?

Ms Bailey: The Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships is doing a great deal of work in that area. We work very closely with them on our roadshows so that we are out there together talking to local businesses about the opportunities in government and how they might access those. I know that the aforementioned department is working closely with those businesses so that they are not only targeting government but also diversifying and being able to target other market sectors and are working with the department of state development to do some of that capability development and the Department of Employment, Small Business and Training to get some of those fundamentals in place as a startup so that they have that sustainability over the longer term. Definitely those departments are working very closely with Indigenous businesses, and we take a lot of advice from a number of Indigenous forums to help us understand better how to support those businesses and enable them to have a bit of a startup but have that sustainability over time. Our role partly is to track the data, so we seek the data and work with the Department of Seniors, Disability Services and Aboriginal and Torres Strait Islander Partnerships to help them know how they are progressing towards the target and being able to break down things like new entries into the market which gives us a sense of growth that those businesses are growing and that we are sourcing from a broader portfolio of businesses.

Mr WALKER: It is exciting, because it is very important for emerging Indigenous businesses to know how to enter the market and implement their business vision. Just recently in Townsville we had a business making sunscreen. This was an Indigenous business doing really good work to the point where they were supplying the local council, but they could not sustain the production rate to keep the supplies up. They have now learned that there is a bigger market, and the government has fallen in behind them to make sure they meet the expectations of the broader market. It is important that the government is doing that. That is great information, so thank you very much for that.

Mr BOYCE: I want to quote from a letter I have from the Department of Transport and Main Roads in relation to electric vehicles, the electricity grid and supply. The letter states—

If electric vehicles are typically charged during peak demand periods, electric vehicle charging will be more costly for owners and electricity demand will increase to levels that require our relevant local networks to be upgraded. That cost will ultimately be reflected in increased electricity prices for everybody.

Is the department doing some work in the space of what might be required to upgrade the local networks and what that will look like in terms of costs to the consumer?

Mr Shankey: Electric vehicles are plainly a very exciting proposition, but we are starting from quite a low base in Queensland at the moment. We are constantly looking at the rate of take-up in Queensland to see how it might impact on the system. The best way of thinking about electric vehicles and their potential is that a home battery is about seven to eight kilowatts and an electric vehicle is probably 10 times that size, so every single electric vehicle that gets on the road is the equivalent of 10 home batteries that are moving around. We have to really have a think about how we can best leverage that, because our big challenge in the next 10 years is not so much the deployment of solar and wind, which is happening as part of the market forces, but trying to get more storage into the system and thinking carefully about what role home batteries have in that and what role electric vehicles will have in that.

The critical question will be when the electric vehicles—or when any battery—are being charged or drawing from the network. We have done various types of modelling which might indicate that if it was all charging at the same time as other people are using the network, as in our peak afternoon times, then you are just creating an additional load into the market. What we need to have a look at is how we can have a system in terms of our chargers, whether they are at home or in facilities that the government supplies or supplied by the private market, and have some sort of control on exactly when they are charging. In other words, if you have a charger at home and you take it home and plug it in, there might be some sort of control on that that would say that it could be charged

outside of that peak time or during the day. It is really about trying to shift that load a little bit. If we are able to do that and do that successfully by having those levels of controls then the network expenditure associated with electric vehicles would be kept at a minimum, because you are not having to overbuild the system to meet a very small time period of demand.

Mr BOYCE: Correct me if I am wrong, but it is my understanding that the suburban network system, as an example, does not have the capability at this point in time to have an electric charging station installed at every house, for example, so therefore we have to make allowance for that to happen into the future. Is that correct?

Mr Shankey: An electric vehicle could charge just off your normal plug at the moment. It is just the length of time that that would take to charge. The electric vehicle chargers at those electric vehicle charging stations are three-phase power. They are much more powerful. It would be a challenge to have one of those in every single home unless it had some of those control factors around it in that you could determine when it was turning on and when it was turning off. I am not sure if you have had the opportunity of using one of the electrical vehicle superhighway chargers, but they are very fast chargers. The network would be very challenged if we had one of those in every home. That is probably not the type of system we are envisioning. We are probably envisioning that most people would just use their normal plug at home and they would be using a fast charger at more central locations. I guess that is how the system seems to be rolling out at the moment via the superhighway in other countries and so forth. One of those superfast chargers is probably about an extra \$15,000, so it is quite an extra financial burden on top of the cost of the car. I think they are talking about electric vehicles reaching parity with internal combustion vehicles in the next couple of years, but that does not include the charger or that additional charge that you are talking about.

CHAIR: As an electrician you have piqued my interest. With regard to trickle charging at home, that is like a battery charger that would charge your car's starting battery. Do you know offhand—do not take it on notice or anything—what sort of current the fast chargers pull? A house is 70 amps and you would not pull 70 amps through a power point; it is 10 amps through a power point.

Mr Shankey: Yes. I would have to come back to you on that.

CHAIR: No, it is okay. Another time. That is just for my own personal interest.

Mr WATTS: I have a follow-up question on a similar topic, and this relates back to procurement as well. One of the difficulties is that the excess power in the grid is during the day, which is when a government electric car may well be driven. In the procurement process, are we looking at building these facilities into schools and/or TAFEs and/or other locations where this fleet may well be turning up during the day and need a charge for it to be able to continue being used?

Mr Shankey: Those questions really become critical at a certain volume. We certainly want to be doing that by the time I was referring to earlier, when the consumer market is taking off and you are going to have electric vehicles as 10 per cent to 50 per cent of new cars that are being sold. With regard to taking that step and having all of that interoperability at the very outset, you probably need it a couple of years in. It is something that we are definitely planning for rather than making part of the purchasing that Sharon has underway at the moment.

Ms Bailey: Certainly for the government fleet we have charging in government buildings and we are working with our electricity providers about providing that infrastructure in more buildings, because of course that does make it easier then. It removes one of the barriers to people leasing the electric vehicles. We are certainly looking at how we can expand that, but working with our providers to do that in a very cost-effective way.

CHAIR: In the previous parliament we looked into transport technology and had the regional councils come, because they are part of the mix as well, and I remember the former member for Bundamba was fairly keen on what they were doing out in the Stanthorpe area to encourage all of this. I understand where you are going. Referring to a question about peak loads and charging, my phone tells me it is due for an update and it will do it at midnight; it has worked that out. Surely there would be technology where these things would say, 'I will just take a little bit of charge, but I will bulk charge based on network timing.' There would be technology to do that, surely.

Mr Shankey: The technology is available. A lot of people are working on it. For example, AGL in other states—it really depends on these models that come out for cars—are coming out with a model which is a leasing arrangement, and they would have some sort of control over how their car is charging at that time and what you are paying for the energy. We do expect that there are going to be a lot more varied product offerings in the market around electric vehicles and homes and that kind of thing as the technology becomes cheaper. In the same way that you have companies like Sonnen, Brisbane

for example, who will deploy a battery in your home as well as solar panels and offer you a flat rate for your energy—they fully control how that battery and solar are working together—you will see those kinds of products in the car market as well. I certainly hope so.

Ms PUGH: Obviously solar that has been fantastic for a lot of people and families in Queensland to reduce their power costs, especially if they are able to take advantage during the day. We have certainly seen the cost of installing solar come right down from when my parents were early adopters and it was \$20,000. Now it is \$3,000 or \$4,000 for a comparable unit. Batteries are a fantastic complement to that. What strategies can we engage to encourage households to take up batteries so that we can get that same sort of scale around that pricing component in terms of it still being a little bit out of reach for a lot of families compared to solar, which is very competitive now in price?

Mr Shankey: It is very challenging. It does feel, because of what is happening in the electric vehicle market and the volumes of batteries that are being produced internationally, that a similar thing is about to happen with batteries that has happened with solar. The price drops in solar were around 90 per cent over the past 10 years. It is quite phenomenal. I think the most critical shift was when it went from something that you had to add to your home loan almost to get it installed to something that you could add to your credit card. That has made an incredible shift in people's mindsets and how they think about it.

With a solar PV you are actually buying 20 years worth of energy, if you like, but with batteries you are only buying the opportunity to shift that energy. You are not actually buying any energy in a battery; you are just buying the opportunity to shift it. They still have quite a long way to go before they are going to be an automatic good purchase for the consumer. When I say that, I mean the consumer would probably look at needing a return on a battery within about seven years before they think it is worth it. For example, you can get a return on a solar PV system in two to three years. Batteries at the moment are well beyond that in terms of their current payback.

I think what we are seeing very much in the market is that the people who are installing batteries are kind of your first movers—really interested in the technology and sort of seeing how it will change their energy bills and that sort of thing. They are probably not doing it just for the dollars. We have a very competitive solar market in Queensland, but they will quite often sell solar and batteries as a package rather than selling the battery on its own, because they are wrapping up the savings that you get from the solar into the battery and showing that you are getting a saving over the long term, but most of the actual saving is coming from the solar system.

It is really an open question on whether EVs end up being the major deployment of batteries rather than your home storage. Certainly that is a possibility and we are yet to see how that will play out. I think the challenge is always going to be making that investment more attractive, making sure that any batteries that are installed are used for the benefit of the system overall and not just for the home owner—as in, they are not putting more costs on the network overall and trying to reduce that payback period over time.

CHAIR: I know someone with a Tesla who was saying that they understand that when the battery gets to a certain level of depreciation they can then use it as a house battery and put the new battery in the vehicle so there is a continuing use for that. That amazed me.

Mr Shankey: I think everyone in the industry was quite surprised how long the batteries are ending up lasting. Obviously they did not want to oversell the batteries in the beginning. They are able to be running them for a quite a long time and use them in multiple different ways afterwards.

Mr MILLAR: I have two questions. The first question will have to be quick because I know I do not have much time so it is just a yes or no. Has the department read the Auditor-General's report No. 11 for 2021 into energy?

Mr Shankey: Yes.

Mr MILLAR: You would be aware that the Solar Bonus Scheme funding will cease. Energy Queensland paid customers \$277 million for the power they contributed to the energy grid. Customers were eligible for 44 cents a kilowatt hour. The state government has funded the scheme for the last three years but has not extended funding beyond 30 June 2020. From next financial year electricity customers will pay for this in their bills as a part of the network charges. Do we have any idea what that charge will be—how much that increase will be?

Mr Shankey: The make-up of the electricity bills for the next year has been determined by the QCA—I am just talking about regional prices here for the moment—and we are seeing substantial declines in retail prices, even with the cost of the Solar Bonus Scheme being included in network
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charges. I think the majority of the reason for that difference is that there has been a significant drop in wholesale prices during that period. When the government took the decision to take the Solar Bonus Scheme off the network charges, the wholesale price was quite high—around \$100 a megawatt hour average in Queensland—and it is now substantially lower. Most bills across Queensland are falling, according to the draft QCA figures, and should fall even with that.

Mr MILLAR: I understand they will be falling, but what is the increased cost by taking the Solar Bonus Scheme off? What is the margin? Is it another 44 cents?

Mr Shankey: I would have to look at the QCA breakdown. They would just include it as part of the network costs. They do a build of what the cost is and include that as part of the network component.

Mr MILLAR: I would like to know what the cost is now, now that the government is not funding it.

Mr Shankey: It would still be a decline is the best I could say.

Mr MILLAR: Could you come back to us with a figure?

Mr Shankey: I would have to take it on notice.

Mr MILLAR: Could you take it on notice? Thank you.

CHAIR: Could we please have that reply by 4 pm on Tuesday, 27 April so that we can include it in our deliberations. This concludes the briefing. Thank you all for your assistance and your attendance here today. A transcript of these proceedings will be available on the committee's parliamentary webpage in due course. I declare this public briefing closed.

The committee adjourned at 11.10 am.