

**Submission
No 27**

EMISSION FREE MODES OF PUBLIC TRANSPORT

Organisation: Custom Denning

Date Received: 20 July 2022

Emission Free Modes of Public Transport

Legislative Assembly Committee on Transport and Infrastructure -

Organisation: Custom Denning Response

Date Submitted: Wednesday, 20 July 2022

Terms of reference

That the Legislative Assembly Committee on Transport and Infrastructure inquire into and report on the feasibility of emission free modes of public transport in the long term, with particular reference to:

- a) the capacity and capability for industry to provide emission free modes of public transport,
- b) benefits and costs to taxpayers,
- c) the opportunities for, and impact to, local manufacturing operations,
- d) other jurisdictions that have emission free modes of public transport, and
- e) any other related matters.

Introduction

Custom Denning is Australia's oldest bus manufacturer building buses since 1955, with over 65 years of heritage. We are also Australia's only Bus builder which designs, manufactures, and assembles complete buses, from raw materials to a finished product. This process creates the most Australian content possible, whilst remaining competitive with price, whilst adding value back into the local economy with the use of local suppliers and the recruitment and training of local people.

We welcomed and embraced the change to Zero Emission Buses (ZEB), this is not just a great opportunity to improve the environment and associated health benefits but a great opportunity to grow advanced manufacturing industry here in Sydney, but an opportunity to bring back complete vehicle design and manufacturing back into Australia.

Our business strategy is to deliver a proposition that can deliver all the governments aspirations of value for money, supporting local industry, speed of deployment which in turn delivers the environmental benefits for the State of New South Wales, Australia, and the World.

Capacity & Capability

We currently have capacity for 440 buses per annum, however for the last 2 years we have only built 60 buses per year which equates to around 14% of current capacity. This will increase this year to 160 buses due to recent orders received from Transport for New South Wales however this still only equates to 36% of actual capacity.

We have the right products and capability to grow the business beyond our current capacity and plans are in place to build a new purpose-built facility in Western Sydney in early 2026. This will increase efficiency and capacity to over 1,000 vehicles per annum and create a requirement to employ more than 800 additional employees.

Benefits and cost to taxpayers

The benefits to the local economy and taxpayers have significant immediate and long-term benefits, these benefits include,

a) Local jobs & skills

Since production of the Element commenced, we have recruited local people for both production line and aftermarket support. These roles include, apprentices, sheet metal fabricators, vehicle body builders, mechanics, electricians, etc.

We focus on recruiting local people from Western Sydney and have established relationships with local schools and NSW TAFE to aid this.

We are creating a skill set never seen in Australia, at Custom Denning we are the only business in Australia developing a full product and not importing the chassis from Europe or China. This is not only creating supply chain resilience, but also creating new skills in advanced manufacturing and electrical engineering. These skills are transferable to other forms of manufacturing in particular vehicle manufacturing which could result in the growth of electric vehicle manufacturing in Western Sydney.

b) Creation of new products and export market adding back to the local economy

We have developed technology that is transferable across other platforms and the use of this technology will be deployed across other sectors. We will enter the freight transport sector late 2023 with the introduction of the Custom Denning battery electric truck, in addition we are currently developing a bus export market with the first bus being exported in November 2022.

With the creation of a vehicle manufacturing industry in Western Sydney, there is an opportunity to create a battery manufacturing plant to supply batteries to both vehicle and static battery market. We are already in talks incorporate in our new facility, battery manufacturing and anticipate this would also commence early 2026.

c) Cost

In the short term, the capital expenditure for ZEB is higher for both the purchase price of the bus and the introduction of charging infrastructure to the depots. Whilst this expense is higher, the operational expenditure of ZEB is markedly lower than diesel buses currently in operation and over the life of the bus the overall cost of operation is much lower in ZEB than that of diesel buses.

Battery price's in the short term will see increases due to the high price of lithium and shortage of battery suppliers. However, in the medium to long term we will see a decline in pricing once raw material processing has increased and more battery assembly plants come online.

The opportunities and impact to local manufacturing

Custom Denning as a business has invested over \$55million in people, zero emission bus technology and equipment. With this is significant investment, the business has committed to developing its people, the equipment and the intellectual property around a ZEB and is in line with previously communicated TfNSW ZEB strategy.

With the design, development and now introduction of the Element into the Australian ZEB market this has already developed new opportunities in our value chain. Whilst Custom has always built bodies in Sydney, the opportunity to now build ZEB chassis has significantly grown our local network of suppliers and hence will create further jobs in the local economy.

Majority of items are sourced locally and includes, braking systems, axles, electric drive system, steel, electrical cabling, electrical fittings, hydraulic pipes, nuts, bolts, etc. If we ensure that the future Zero Emission Buses are fully built in Sydney this will see many businesses grow to support the value chain like Kenworth Trucks in Melbourne, where an entire industry has been grown by having stable and constant demand. We can create the same here in Western Sydney, a fully Australian made product using Australian made materials, with Australian employees.

<https://www.kenworth.com.au/about-us/australian-made/suppliers/>

Other jurisdiction that has emission free modes of public transport

We are in discussions with several other governments within Australia for the introduction of Custom Denning Element Battery Electric buses. In addition to the Custom Denning Element's operating in NSW, we have commitments from both the ACT and Victoria for buses. These will enter service in the coming months.

We have also placed a bus in South Australia for trials to commence soon on Adelaide metropolitan services.

The ACT has announced its ZEB introduction for 12 buses with 4 Custom Denning Element's along with another 8 foreign manufactured buses.

Victoria has announced its ZEB trial program with most buses supplied from a local Victorian body builder with foreign chassis. Of this trial we are supplying 3 buses.

Western Australia is also looking to implement ZEB but is working with an imported chassis with final bus body build in WA.

Queensland has made initial trials and announcements with again foreign chassis on both imported and locally assembled chassis.

Any other related matters

Supply chain lead times have extended significantly. This is due to shortages through Covid related issues and the high demand for batteries. It is important that the industry has consistent demand and long lead times when orders are placed.

We have concerns that we can build the buses however the infrastructure isn't ready to charge the buses at depots. It would be useful to understand the Governments timeline on both deployment of ZEB's and depot infrastructure.

Closing Statement

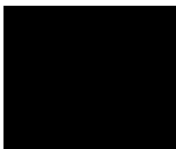
In closing, Custom Denning has already designed, developed, and manufactured one of the most energy efficient battery electric buses in the Global Market. We are not aware of another production bus of its size that is as energy efficient as the Element. The components installed including air conditioning, hydraulic and air system are all the latest available to market and the most energy efficient without compromising performance. The battery technology utilised is the latest technology, the safest and recyclable. Battery technology will improve in time, this will allow for higher capacity batteries which in turn reduces weight and increases operating range.

The Element outperforms any other bus in the market and with consistency of orders from New South Wales Operators in the short term, we can create a global product that will quickly generate an export market, aiding job growth and reducing the effect of cyclical demand in the market.

We are about to enter a major change in how public transport operates and in our case Zero Emission buses and their implementation into New South Wales. Custom Denning is at the point to aid and ensure that the home bred technology and skills that is right here in Western Sydney are part of this implementation.

The NSW Government are in control of this future we have the capacity to create, grow, enrich local jobs and skills however if the chassis are built in Europe or China, there will be the loss of developing these key skills that would enable NSW and Western Sydney to become a world leader in electric vehicle manufacturing and in the development of these skills with Australians.

King Regards



Scott Dunn
Managing Director

