

Waypoint to Net Zero

In September, Australia's 2035 emissions target was announced, along with sectoral emissions reduction plans. We dig into the Transport and Infrastructure Net Zero Roadmap and Action Plan to see what it means for logistics companies.

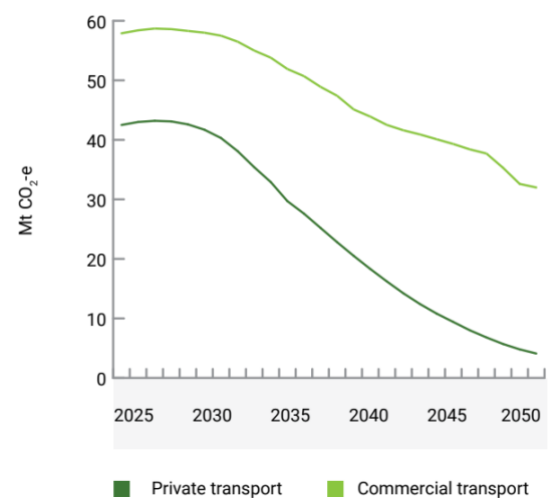
Is there a road to net zero for logistics?

Transport accounts for 22% of Australia's national emissions. Total transport emissions are projected to fall from 100 million tonnes of CO₂-equivalent in 2025 to 36 million tonnes by mid-century. But the road to net zero for logistics is still under construction.

Despite momentum in reducing transport emissions with low and zero emissions passenger cars, Australia's logistics sector remains on a slow path and will not reach zero emissions. The proposed economy wide 62–70% reduction in emissions by 2035, relative to 2005 levels, largely sidesteps commercial transport. According to projections, commercial transport emissions will continue to rise for a few years but could halve by 2050 (see opposite).

The sector's sluggish pace of decarbonisation is largely attributed to its current heavy reliance on diesel, shifting to Low Carbon Liquid Fuels (LCLFs) in future. According to the government's paper, electrification of heavy transport remains challenging and economically constrained, leaving few viable alternatives in the near term.

Figure 5: Emissions for commercial and private transport, Treasury's Baseline Scenario



Five takeaways for logistics fleets



Don't just electrify... fleets also need more efficient vehicles.



Electrification of rigid trucks works now, but low carbon fuels may be needed.



Depot charging is important if national/fast charging for trucks takes a decade.



The risk is that transport will become the largest source of emissions by 2030.



The challenge is transport activity levels will increase more than 50% by 2050.

A net zero pathway for heavy vehicles

The sectoral plan for transport includes a *net zero pathway for heavy vehicles*. The pathway identifies one of the missing links to reduce emissions before 2030 by targeting existing legacy diesel trucks, but it lacks information or incentives to improve fuel efficiency and productivity using existing, proven technologies.

The plan mostly considers electrification and LCLFs and is set out across three timeframes below:

2025–2030: Electrification of rigid and rubbish trucks (use of LCLFs where electrification is not feasible).

2030–2035: More charging as electric trucks increase in efficiency and decrease in cost.

2035–2050: National networks with widespread use of electric trucks.

Funding for Freight?

There is limited supportive policy and incentives for fleet operators to access today to get their transition underway, but the Net Zero Plan establishes two new funding programs:

- **\$5 billion Net Zero Fund** targeting only large industrial facilities for investment support.
- **\$1.1 billion Cleaner Fuels Program** which aims to produce renewable diesel by 2029 for use across transport, mining, energy, agriculture, and construction.

The positioning of the Net Zero Fund (and its design) under the Industry Sector Plan has left a major funding gap for organisations that aren't large industrial sites, including road freight. If the Fund design only applies to industrial sites, it could possibly support actions to decarbonise truck fleets that service these industrial sites with inbound and outbound freight, but this is unlikely. As buyers of freight services, industrial users should be able to influence contracted fleets so they can play a crucial role in deployment of electric trucks.

What now?

While there is nothing in the Net Zero Plan or its Transport Plan that freight fleets can use today, ARENA's *Driving the Nation Fund* retains its role as key funding source for freight decarbonisation. Yet its minimum grant amount is \$500,000, with recipients expected to at least match the funding sought from ARENA, making the program viable for only the largest transport operators. Over the past three years it has invested \$88 million into seven heavy vehicle transition projects, with a few more set to land in coming months.

Logistics as a sector has low expectations to decarbonise rapidly and even lower levels of support. Emissions will only begin to decline when more attention is given to lowering emissions across a range of technologies, fuels and practices.

For now, the proverbial can has been kicked down the road, again.



The Queensland Transport and Logistics Council (QTLC) is the respected agent of the Queensland Freight Industry. We aim to drive continual performance improvements in Queensland's freight and logistics sector, delivering improved productivity, safety and environmental benefits for all Queenslanders. We strive to change the way Government & Industry connect and work together to deliver Sector based improvements.

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