Transport and Infrastructure Net Zero Consultation Roadmap

Take the survey

Department of Climate Change, Energy, Environment and Water

Response received at:
July 23, 2024 at 1:17 PM GMT+10

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Team Global Express

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Yes

5 First name
Not answered

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9 Who are you answering on behalf of?

Not answered

10 Organisation name

Not answered

11 What best describes you or your organisation?

Not answered

12 What sector do you represent?

Not answered

13 What state or territory do you live in?

Victoria

14 Postcode

3000

15 What area best describes where you live?

City

16 1. Do you support the proposed guiding principles?

Not answered

17 1.1 Please add details to your response.

Not answered

18 2. Do you support the use of the avoid-shift-improve framework as a tool to identify opportunities for abatement?

Not answered

19 2.1 Please add details to your response.

Not answered

20 3. Do you agree the development of a national policy framework for active and public transport will support emissions reduction?

Not answered

21 3.1 Please add details to your response.

Not answered

22 4. What should be included in a national policy framework for active and public transport and how should it be developed?

Not answered

23 5. What additional actions by governments, communities, industry and other stakeholders need to be taken now and in the future to ensure the movement of people contributes to transport emissions reduction?

Not answered

24 6.1 What additional actions by governments, communities, industry and other stakeholders need to be taken now and in the future to ensure that the movement of goods contributes to transport emissions reduction?

Not answered

25 6.2. How would these actions address the identified challenges and opportunities for emissions reduction in the movement of goods?

Not answered

26 7. Do you agree with the proposed net zero pathway for light road vehicles?

Not answered

27 7.1 Please add details to your response.

Not answered

28 8. The Australian Government is currently developing an Australian New Vehicle Efficiency Standard and has already begun to implement actions in the National Electric Vehicle Strategy.8.1 What additional actions by governments, communities, industry and other stakeholders need to be taken now and in the future to reduce light vehicle emissions?

Not answered

29 8.2 How would these actions address the identified challenges and opportunities to reduce light vehicle emissions?

Not answered

30 9. Do you agree with the proposed net zero pathway for heavy road vehicles?

Not answered

31 9.1 Please add details to your response

Not answered

32 10. The proposed pathway for heavy road vehicles relies on a mix of battery electric, hydrogen fuel-cell and low carbon liquid fuels.Rank from 1 to 3, the order in which these should be prioritised for emissions reduction.

Not answered

33 10.1 Please add details to your response. Why did you rank them in that order?

Not answered

34 11. What role should low carbon liquid fuels play in the heavy vehicle

decarbonisation?

Not answered

35 12. What additional actions by governments, communities, industry and other stakeholders need to be taken now and in the future to reduce heavy vehicle emissions?

Not answered

36 13. Do you agree with the proposed net zero pathway for rail?

Not answered

37 13.1 Please add details to your response.

Not answered

38 14. The proposed pathway for rail relies on a mix of battery electric, hydrogen fuel-cell and low carbon liquid fuels.Rank from 1 to 3, the order in which these should be prioritised for emissions reduction.

Not answered

39 14.1 Please add details to your response. Why did you rank them in that order?

Not answered

40 15. What role should low carbon liquid fuels play in rail decarbonisation?

Not answered

41 16. What additional actions by governments, communities, industry and other stakeholders need to be taken now and in the future to reduce rail emissions?

Not answered

42 16.1 How would these actions address the identified challenges and

opportunities to reduce rail emissions?

Not answered

43 17. Do you agree with the proposed net zero pathway for maritime?

Not answered

44 17.1 Please add details to your response.

Not answered

45 18. The Australian Government is engaging in consultation as part of the development of the Maritime Emissions Reduction National Action Plan and those consultations will also inform the final Roadmap and Action Plan. 18.1 What additional actions by governments, communities, industry and other stakeholders need to be taken now and in the future to reduce maritime emissions?

Not answered

46 18.2 How would these actions address the identified challenges and opportunities to reduce maritime emissions?

Not answered

47 19. Do you agree with the proposed net zero pathway for aviation?

Not answered

48 19.1 Please add details to your response.

Not answered

49 20. The Australian Government has already engaged in consultation on aviation decarbonisation through the development of the Aviation White Paper and those consultations will also inform final Roadmap and Action Plan.

Not answered

50 20.1 What additional actions by governments, communities, industry and other stakeholders need to be taken now and in the future to reduce aviation emissions?

Not answered

51 21. Do you agree with the proposed net zero pathway for transport infrastructure?

Not answered

52 21.1 Please add details to your response.

Not answered

53 22. What additional actions by governments, communities, industry and other stakeholders need to be taken now and in the future to reduce transport infrastructure emissions and ensure that transport infrastructure is ready for and enables low-emission transport modes?

Not answered

54 22.1 How would these actions address the identified challenges and opportunities to reduce transport infrastructure emissions?

Not answered

55 23. What additional actions by governments, communities, industry and other stakeholders need to be taken now and in the future to ensure the energy mix is ready to support transport emissions reduction?

Not answered

56 24. How should the use of low carbon liquid fuels (LCLFs) be prioritised across different transport modes over time to achieve maximum abatement?

Not answered

57 25. What are the best ways for the Australian Government to work collaboratively with industry, business, governments and communities to implement the proposed pathways?

Not answered

58 25.1 What are good domestic or international examples of partnership and collaboration on transport and transport infrastructure emissions reduction that could inform the final Roadmap and Action Plan?

Not answered

59 25.2 What opportunities can Government leverage to show leadership in Australia and internationally?

Not answered

60 26. What measures and metrics should be used to evaluate the final Transport and Infrastructure Net Zero Roadmap and Action Plan?

Not answered

61 26.1 What other data and evidence could governments use and how could this offer further insights on the pace, scale and location of transport emissions reduction pathways?

Not answered

62 27. Do you have any feedback on the proposed review process?

Not answered

63 28. Do you have any further feedback on the Consultation Roadmap and proposed pathways?

Not answered

64 28.1 Is there anything missing? Are the sections appropriately integrated? Is the Roadmap appropriately ambitious?

Not answered

65 29. Is there any further information or documentation that you wish to be considered with your submission?

Not answered

66 Would you like to upload a document?

Yes

67 Have you removed any identifying information from your submission?

Yes

68 Upload a submission

Feedback to Transport and Infrastructure Net Zero Roadmap July 2024.pdf

69 Upload a submission

Not answered

70 Upload supporting file

Not answered

71 Upload supporting file

Not answered

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23 July 2024

1. INTRODUCTION

Team Global Express (TGE) appreciates the opportunity provided by the Australian Government to provide our views on key considerations provided in the *Transport and Infrastructure Net Zero Consultation Roadmap 2024*.

TGE strongly supports the development of such a Roadmap and believes that **we must take the opportunity to increase the productivity and resilience of our transport sector, the infrastructure which it underpins and the job creation which will come from the sector's Net Zero transition.** We believe that it is only through **collaboration between industry** and government that a clear pathway forward can be traversed across all transport modes and enabling systems.

As an end user and commercial customer for all of the options presented in the Roadmap - electric vehicles, low carbon liquid fuels, hydrogen and all other opportunities - we are committed to working together with government and industry to ensure the growth and stability of these options which will be transformational for freight and supply chain.

TGE anticipates that transport activity will continue to increase to 2050 in line with population and economic growth and that at the same time our transport activities increase, we will need to be reducing transport emissions.

There will not be one single magic silver bullet – **we will need all of these solutions**. However first and foremost – and this cannot be overstated enough - we believe that it is imperative that Government promote and support investment in **low carbon liquid fuels** such as renewable diesel and sustainable aviation fuel in order to align economic incentives with the national interest and unlock private investment at scale. **TGE therefore ranks the order of priority for decarbonisation pathways as:**

- **Low carbon liquid fuels**
- **Battery electric**
- **Hydrogen**

We rank in this order for a number of reasons, but most importantly that the use of **renewable diesel as a liquid fuel is the lowest cost and fastest option for industry,** being that only the fuel component needs to change to meet this, and not the engine / truck type or the infrastructure. The use of battery electric will involve tremendous cost for both the trucks and the charging infrastructure as well as our national energy grid, and the sensible and economically feasible use of hydrogen is still many years away.

2. BACKGROUND

Team Global Express is one of Australia's largest and most significant transport and logistics networks spanning road, rail, air, and sea. Our footprint sees us delivering a vast range of goods to customers and consumers around the country. As a regional leader in the transport and logistics sector, we see sustainability as a core corporate responsibility: central to our people's aspirations and values, and to our purpose as an organisation.

We are one of the largest users of liquid fuels in Australia in a multimodal application. We are determined to play our part responsibly, meeting the current needs of our communities without compromising the ability of future generations to do the same. As such, we seek to decarbonise our footprint so that by 2030 we have reduced our scope one emissions by 30% and will be striving for net zero by 2040 - noting this is a significant challenge for not only us but the industry as a whole.

In a significant step towards meeting these commitments, we have begun our transition to decarbonise our 6500-strong heavy transport fleet with an investment in 60 trucks based in Bungarribee, NSW. In the future we know that a combination of electric vehicles, hydrogen fuel cell vehicles, and most critically the use of renewable diesel will be necessary. Our ships will rely on biodiesel and renewable diesel; our 47 strong fleet of planes will rely on sustainable aviation fuel.

We will also depend on supportive policy frameworks from the government and the update to several pieces of legislation – particularly to encourage the production and uptake of renewable diesel and sustainable aviation fuel, along with larger electric and hydrogen fuel cell vehicles when they become more readily available.

3. RESPONSE

In our response to the direct questions from Government, we have limited our input below to the most pertinent elements.

As an overarching statement however, TGE would like to highlight the **absolute necessity** of **low carbon liquid fuels** and the appropriate policy frameworks to support both their use and their production as a local market in Australia in order to decarbonise the transport sector but also provide greater fuel security to the nation.

> ***6.1. What additional actions by governments, communities, industry and other stakeholders need to be taken now and in the future to ensure that the movement of goods contributes to transport emissions reduction?***
>
> ***10. The proposed pathway for heavy road vehicles relies on a mix of battery electric, hydrogen fuel cell and low carbon liquid fuels. Rank from 1 to 3 the order in which these should be prioritised for emissions reduction.***
>
> ***10.1. Please add details to your response. Why did you rank them in that order?***
>
> ***11. What role should low carbon liquid fuels play in heavy vehicle decarbonisation?***
>
> ***12. What additional actions by governments, communities, industry and other stakeholders need to be taken now and in the future to reduce heavy vehicle emissions?***
>
> ***12.1. How would these actions address the identified challenges and opportunities to reduce heavy vehicle emissions?***

It will be imperative that Government consider a **multi-faceted approach** to address all of the environmental, economic and social dimensions of the future low carbon industry:

- The freight task must become more **efficient** and this can be achieved by the transport systems and networks being designed to encourage a shift to sustainable, low emissions ways of moving freight. Lower carbon solutions can reduce harmful pollution, reduce heat and noise, and provide health benefits from increased physical activity levels.

- TGE believes that by adopting low or zero emission technologies across the freight sector **the cost impacts on commercial operators and consumers** must be highlighted. At this point in time the transport and logistics sector operates on exceptionally low margins – as little as 2 and 3 percent. Low carbon solutions are generally substantially more expensive, and this cost must be passed on to the end consumer. Increasing access to intermodal facilities as well as rolling out the required energy and transport infrastructure to enable low and zero emission freight transport modes will be essential to the transition, but very expensive to do.

- Heavy road freight will see the adoption of **electric** trucks in some applications, potentially liquid **hydrogen** in the future, but most importantly the uptake of alternative fuels such as **renewable diesel**. Euro VI trucks will mean OEMs will enable fuel-saving technologies to Australian models that other countries already have. But this must also go hand in glove with **reforms to state based mass limits** to support Euro VI to overcome the productivity penalty that zero emission trucks face as a result of their heavy batteries. **Renewable diesel on the other hand is a drop in alternative**

that can be used now, with no changes to the types of trucks used or the infrastructure being utilised.

- Australia's **rail task** will require an efficient and integrated rail system that supports Australia's passenger and freight tasks, but this is another industry which will require electrification, possibly hydrogen, and again critically the use of renewable diesel to shift away from the use of heavier diesel locomotives.

- Australia's **maritime** sector will also require low carbon liquid fuels such as renewable diesel, along with hydrogen-derived fuels (such as green hydrogen, green ammonia and e-methanol), electrification and energy efficiency and optimisation improvements.

- **Aviation** will require sustainable aviation fuels (SAF) – which is a different fraction of renewable diesel. All of the SAF and renewable diesel that is available should be used as an immediate and drop in alternative now.

- Australia will not be alone in its decarbonisation journey. We must have collaboration - **collective action** for transport and transport infrastructure to reach net zero. Government must continue to work collaboratively with industry, states and territories, unions, experts and local communities.

- Government will need to support the development of the low carbon liquid fuels industry through a mechanism such as a **grant program or contract for difference** (CfD). This would be the clearest and fairest market signal that can be widely used for the end user to deploy large scale uptake and provide certainty for long term offtake agreements.

- Government has the critical role to play of ensuring that **stringent emission standards** are implemented to mandate the reduction of greenhouse gas emissions from liquid fuels and other mechanisms. These standards should be **progressively tightened** to encourage uptake and continuous improvement. Changes to such standards in Australia take an extremely long time and are burdened by the pressure from fossil fuel producers who have a conflict of interest in ensuring that the standard does indeed take a long time to develop.

- Government needs to also develop and enforce regulations that require **comprehensive lifecycle analysis** of fuel emissions from well to wheel, ensuring that at all stages of production the end use is considered. This lifecycle analysis should be undertaken for **both low carbon liquid fuels AND the existing fossil fuel market** so that a fair comparison can be made.

- Government needs to consider the introduction of some form of carbon pricing mechanism in order to ensure that **the cost of lowering emissions is borne across the industry and not just by a small number of providers**. This could be some sort of carbon tax on fuel, a cap-and-trade system, or a book and claim system which would allow the environmental cost of carbon emissions to be spread and will incentivise the use of the lower carbon alternatives. In an industry where margins are wafer thin, it is not possible to do anything but push the cost onto the end consumer.

- Government should consider the introduction of a **renewable fuel or low carbon fuel standard** in order to strengthen and expand the renewable fuel standards that

require a certain percentage of fuel sold to be derived from renewable sources. This will drive the demand for low carbon liquid fuels. This could be undertaken through a **Low Carbon Fuel Standard** such as that used in California to promote the uptake of lower carbon fuels.

- One of the most important elements of low carbon liquid fuels that is often forgotten – or at the very least completely underestimated – is that they are 'drop in' alternatives and in this way there is **no changes required to existing infrastructure** to support the distribution and refuelling costs. Existing infrastructure can remain in situ and existing fleet and capital can still be used – **saving potentially billions of dollars**. This includes the fact that existing fuel stations do not need to be upgraded, and new ones can still be built to handle both alternative fuels and existing fuels. **This flexibility and potential savings in cost cannot be overestimated.** This means that existing supply chain and logistics infrastructure can be utilised for the efficient production, transportation and storage of low carbon liquid fuels, substantially reducing the overall emissions and costs to be borne by industry.

- Governments both federal and state need to collaborate with other nations to share best practices, technologies, solutions and research into the field of low carbon liquid fuels. Working towards the **harmonisation of standards and regulations across borders** to facilitate international trade and the adoption of low carbon liquid fuels will enhance our fuel security and provide greater certainty for the uptake of fuels considering that our Original Equipment Manufacturers (OEMs) are all based in Europe or the Americas.

- Australia already suffers from the perverse outcome that our existing feedstocks are inevitably sent to the EU, Singapore and the US for the production of renewable diesel and SAF. These **feedstocks need to remain in Australia** to lower the price of the LCLFs.

- Government must provide for performance metrics – establishing broad indicators to monitor the performance and impact of government policies related to low carbon liquid fuels and regular review and adjustment of these policies will be necessary – based of course on real data and outcomes. Government should ensure that there is **transparency in the progress and effectiveness of initiatives** to foster growth of the industry, accountability and continuous improvement.

- Government has a role to play in the **education and awareness** of low carbon liquid fuels. Awareness amongst both consumers and businesses alike with clear scientific data on the benefits of LCLFs will be required to overcome misconceptions, address concerns and promote their adoption. Too often in the past the consumer has been beholden to the misconceptions provided by the fossil fuel fraternity and a comprehensive shift in knowledge will be required.

- Government should **be at the forefront of fleet conversion programs** and must be seen to be implementing and supporting the conversion of public and private vehicle fleets to low carbon liquid fuel options and not just the electrification of cars and buses. Financial incentives and technical incentives / assistance need to be broadly available.

- Government will need to provide financial support for the **research and development** in the advancement of low carbon liquid fuels. This can include grants for both the academic and private (industry) sector, subsidies for pilot programs, trials, and tax

incentives for companies who are leading the pack by investing in greener technologies and solutions.

- Government has a role to play in fostering **public-private partnerships** and collaboration between government, industry, and academia to accelerate innovation, production and the commercialisation of new fuel technologies to enhance our local fuel security and uptake.

The further information below is taking from TGE's response to the Low Carbon Liquid Fuels Discussion Paper as it is important to highlight the narrative again.

What do you think are Australia's comparative advantages as an LCLF producer? Where does Australia face international competition?

Australia has the advantage of being able to produce all of these feedstocks locally in a well to wheel capacity – grow locally, process locally and use locally. At the moment virtually all of these feedstocks are going overseas (to the EU, Singapore and California) to make renewable diesel and SAF – the international competition for the production of these fuels is distorting the market such that local production and use is not yet viable.

Based on the current policy and market environment, to what extent will Australia rely on imports of LCLF, as opposed to domestic production?

Based on the current policy framework and lack of local production, we will remain reliant on the importation of these fuels. Therefore substantive changes are required to encourage the production of these fuels locally, as well as their use in country.

What mechanism do you think would best support a production credit scheme – through the tax system, contract for difference or grant based funding?

All of these options are likely to be necessary, but whatever the method, it needs to be in the best interests of the longer term production and use of such fuels, rather than a grant that only helps a single entity to be successful – such a grant would need to be widely available. In addition, the mechanism that **encourages the end user of the product** will result in a higher uptake (as opposed to a mechanism that only encourages the production but does not result in a flow through of a cost differential to the end consumer).

Are there other mechanisms Government could consider to deliver production support, other than a production tax incentive or competitive grant-based payment? What do you think is the highest priority form of support?

Please see above narrative relating to the different ways that Government can deliver production and use support. The highest priority is to drive the uptake across the industry widely, so that low carbon fuels are seen as the norm rather than the exception.

What would an expected rate of support be under a competitive grant-based production scheme (contract for difference or fixed grant amount per production unit)?

The support would need to close the gap between the existing fossil fuel market and the newly formed low carbon fuel market until such time that the gap does not exist.

What are the expected timeframes for when an industry would be sustainable without support from Government?

This will be completely dependent on the pressures of the existing fossil fuel industry. History has shown that when Government support is removed, **the fossil fuel industry** is able to muscle its way back in. A likely timeframe would be 10-20 years.

How should production support be funded, and how could this best be aligned with the beneficiaries of the production support?

Production support needs to flow through to lowering the gap between fossil fuels and low carbon fuels to encourage the uptake by the end user. If the production support remains in the hands of the producer, without being passed down to the end user, then production support is useless.

Would production support need to offer a different rate of incentive for SAF and renewable diesel?

The two fuels are likely to cost different amounts, and so the production support would need to balance that outcome and incentivise both rather than distort the market in one direction.

Would a potential production support program need to prescribe certain proportions of production volumes towards SAF or renewable diesel?

Yes, or else the producer will naturally lean towards the higher valued outcome.

Do you support an emissions reduction threshold being included as part of eligibility criteria for fuels to receive support under a production incentive program? What threshold would you seek be included in eligibility criteria (for example 50 per cent emissions reduction relative to conventional fuels, or another emissions reduction ratio)?

Yes this would be supported. It would naturally sit at a starting point reflective of international markets, being a minimum emission reduction relative to conventional fuels such as 50 per cent and upwards.

Do you think any threshold should increase over time?

Yes

Do you think incentives should be included to encourage emissions reduction in addition to a minimum eligibility threshold?

Yes

Do you have views on the sustainability criteria under consideration as part of the criteria? What additional or alternative criteria would you want to see form part of the criteria?

The fuels need to be from a feedstock that is bio-derived and that do not just distort the waste pyramid, being that they should not encourage the uptake of other products such as plastics.

Do you have any other views on emissions and sustainability criteria?

The products – both low carbon alternatives and conventional fossil fuels – should need to provide a life cycle emissions figure, so that the end consumer can see the full supply chain.

What are the community benefits associated with LCLF production in Australia?

LCLF production will result in the lowering of emissions across the country and the betterment of health in the community. The betterment of fuel security in Australia is also a critical outcome.

What options should the Government consider in its regulatory impact analysis, such as a mandate introduced over time, low carbon fuel standard connected with a trading scheme, a non-binding target or other demand options?

Demand signals such as mandates and firm targets are likely to be necessary to overcome the competition that conventional fossil fuel suppliers will raise. Demand measures need to work hand in hand with measures such as the Safeguard Mechanism for covered facilities.

Mandates are one of the only ways that customers will understand the flow through to the end users. Mandates need to work across the market and not just in some areas. Such demand measures mean that competition will be equal across industry and not distort to lower cost (rather than lower emission) end users. A mandate designed such that a certain proportion of the fuel needs to be drawn from Australian produced LCLF would be preferable.