

Victoria's 2026-30 Climate Change Strategy

Wednesday, 2nd April 2025

Introduction

The Australian Logistics Council (ALC) welcomes the opportunity to contribute to the development of Victoria's 2026–30 Climate Change Strategy.

As the peak national body representing end-to-end freight, logistics and supply chain companies, ALC is committed to supporting the decarbonisation of the freight sector in a way that is both commercially viable and operationally practical. Our members include major transport and logistics operators, infrastructure owners, technology innovators, and industry partners working together to reduce emissions while maintaining the critical movement of goods across Australia.

Freight must be an integral part of Victoria's climate response. It is essential to the state's economy, population growth, and liveability — and will play a key role in helping Victoria meet its net zero targets.

The ALC also underscores the importance of aligning Victoria's climate actions with national frameworks and strategies. These include the National Freight and Supply Chain Strategy (NFSCS), the National Electric Vehicle Strategy, and the introduction of New Vehicle Efficiency Standards. A consistent, nationally aligned approach is critical to avoiding duplication, enabling regulatory certainty, and supporting industry investment in zero-emission technologies and infrastructure across jurisdictions.

General Considerations

Despite freight transport accounting for a significant share of Victoria's emissions, the draft Climate Change Strategy fails to acknowledge the sector or its role in decarbonisation. This absence creates a significant policy gap and missed opportunity.

Nationally, freight transport is responsible for 38% of total transport emissions, with road freight being the dominant source¹. Freight is estimated to account for more than one-third of Victoria's transport emissions—approximately 8% of the state's total emissions. It is also a sector with rising emissions due to population growth, increased urban deliveries, and the expansion of consumer and commercial freight tasks.

Victoria's freight sector is poised to become even more critical in the coming years. The Port of Melbourne, which handles over one-third of Australia's container trade, is the largest container port by throughput in the country. Recent figures show that 2024 set a record for container trade, with the port handling 3.396 million twenty-foot equivalent units (TEUs), marking a 9% increase from 2023². The growth was driven by rising demand for consumer goods imports and strong agricultural exports, reflecting the dynamic and expanding nature of Victoria's trade.

With the Port of Melbourne projected to see continued growth, container trade is expected to double over the next 30 years³. As Victoria's population is anticipated to surpass New South Wales as the largest state in the coming years, the increasing demand for freight transport will place additional pressure on the sector and exacerbate the emissions challenges it faces.

Omitting freight from the Strategy overlooks a critical part of the emissions challenge and misses one of the state's best opportunities for impactful emissions reduction. It also risks creating a policy vacuum at a time when industry is investing in zero-emissions vehicles, seeking regulatory clarity, and responding to evolving national standards for fuels, vehicles, and infrastructure. Victoria already has several published freight plans and strategies, and the Climate Change Strategy

¹ <https://www.climateworkscentre.org/resource/delivering-freight-decarbonisation/>

² [Port of Melbourne Trade Update – February 25 - Port of Melbourne](#)

³ [Port of Melbourne's record-breaking year - Fully Loaded](#)

should integrate with these to ensure policy consistency. Existing frameworks such as the *Victorian Freight Plan: Delivering the Goods*⁴, *Navigating our Port Futures: The Victorian Commercial Ports Strategy*⁵, *Moving More with Less: High Productivity Freight Vehicle Plan*⁶, and the *Sustainable Local Ports Framework*⁷ provide critical guidance for freight decarbonisation. Failing to acknowledge and align with these established strategies risks policy fragmentation, inefficiencies, and missed opportunities for coordinated emissions reduction.

Freight is not a background function—it is central to economic resilience, social equity, and Victoria’s transition to net zero. From hospital supplies to food, construction materials to exports, freight enables essential services and economic activity across metropolitan and regional Victoria. However, it is also a complex system that spans jurisdictions, modes, asset classes, and regulatory regimes. Decarbonising freight requires a tailored approach grounded in integrated planning, cross-government coordination, and strong industry partnership.

The ALC urges the Victorian Government to explicitly recognise freight as a priority sector in the final Climate Change Strategy and to adopt targeted actions that support the sector’s transition. This includes ensuring freight-relevant infrastructure and regulatory reform are included in decarbonisation planning and aligning state actions with national freight and emissions strategies.

Optimising Freight to Drive Emissions Reduction

Victoria’s freight and logistics system is critical to the state’s economic performance, supply chain resilience, and quality of life. Every sector of the economy relies on freight: from agriculture and manufacturing to health and construction. It is also one of the fastest-growing sources of transport emissions.

To reduce emissions, freight must be treated not just as a source of environmental impact—but as a system that can be shaped through smart planning, investment, and regulatory reform. Unlike passenger transport, freight movements are tightly linked to land use and urban form. Without strategic planning and targeted reform, freight tasks become longer, slower, more congested, and more emissions intensive.

A one-size-fits-all model will not deliver the scale or pace of transformation required. Victoria must adopt a flexible and systems-based approach that reflects the complexity of freight tasks, the diversity of urban environments, and the rapidly evolving nature of supply chains.

Urban Inefficiencies Are Driving Emissions

Urban freight inefficiencies are a major contributor to emissions. Congested last-mile delivery routes, poor curb side access, and the displacement of industrial land to city fringes all result in increased vehicle kilometres travelled and unnecessary fuel use. Trucks travelling longer distances to reach warehousing or navigating unsuitable local roads contribute disproportionately to transport-related emissions in metropolitan areas.

These inefficiencies are not inevitable—they are often a result of planning decisions that fail to integrate freight needs early in the development process. For example, the co-location of high-density residential development near freight corridors without adequate buffers or design controls can lead to curfews, reduced operating hours, and pressure to relocate industry further from consumers.

Embedding freight requirements into the planning system—through tools such as Precinct Structure Plans and alignment with the National Urban Freight Planning Principles—is critical to enabling low-emissions, high-efficiency supply chains.

Industrial Land Must Be Protected and Planned For

The supply of well-located, serviced industrial land is a key enabler of emissions-efficient freight. However, industrial land across metropolitan Melbourne is under increasing pressure from rezoning, competing land uses, and speculative

⁴ https://www.vic.gov.au/sites/default/files/2023-09/delivering-the-goods_1.pdf

⁵ <https://www.vic.gov.au/sites/default/files/2023-09/Navigating-our-Port-Futures-Summary-Copy.pdf>

⁶ <https://www.vic.gov.au/sites/default/files/2023-09/Moving-More-With-Less.pdf>

⁷ <https://www.vic.gov.au/sites/default/files/2023-09/Local-Ports-Sustainable-Framework.pdf>

development. As suitable land becomes scarce, logistics hubs and intermodal terminals are pushed further away from freight corridors and end markets.

This increases reliance on longer, cross-city trips, places greater pressure on major arterials, and limits the commercial viability of lower-emissions freight modes like rail and electric vehicles. A constrained industrial land supply also restricts the ability of businesses to expand into newer, cleaner facilities and reduces uptake of shared infrastructure and circular economy hubs.

A nationally consistent approach to tracking, protecting, and reporting on industrial land availability is essential to ensuring Victoria has the physical footprint required to support its net-zero ambitions.

Cross-Government Coordination is Essential

Freight planning and emissions reduction require coordination across state departments—particularly planning, transport, and environment—and engagement with local governments. Often, policy and regulatory levers sit across multiple jurisdictions, leading to fragmented decision-making and missed opportunities for integration.

Local governments play a vital role in curb side access, industrial zoning, and first/last mile management. Equipping councils with the right planning tools, freight awareness, and support for infrastructure investment can improve local amenity while reducing emissions.

A coordinated, whole-of-government approach will deliver better environmental outcomes while supporting economic growth and supply chain resilience.

Policy Recommendations:

- Integrate freight considerations into planning systems, including adoption of the National Urban Freight Planning Principles and embedding freight in Precinct Structure Plans.
- Safeguard and expand serviced industrial land supply, with consistent reporting on availability and constraints.
- Shift to outcome-focused, risk-based regulatory models that encourage industry-led emissions reduction while maintaining safety and sustainability.
- Invest in infrastructure to reduce urban freight inefficiencies, including loading zones and last-mile access improvements.
- Strengthen cross-government coordination, particularly between planning, environment, and transport departments, and support local government freight capability.

Transitioning to Low-Emission Alternatives in Transport

Victoria cannot meet its climate targets without addressing emissions from freight. Road freight alone accounts for more than 80% of transport emissions nationally—and freight in Victoria is responsible for nearly a quarter of the state’s total emissions. Transitioning to low-emission alternatives in transport is both an environmental imperative and an economic opportunity.

However, decarbonising freight is inherently more complex than other transport modes. Unlike light vehicles, freight involves longer duty cycles, heavier loads, and higher capital investment in assets with long replacement cycles. The transition must therefore be supported by clear signals, enabling infrastructure, and fit-for-purpose regulatory and planning frameworks.

This transition must be addressed through a mix of fuel alternatives, supportive infrastructure, regulatory reform, and modal shift—underpinned by a national approach but tailored to Victoria’s freight task and geography.

INFRASTRUCTURE READINESS FOR ZERO-EMISSION VEHICLES

Zero-emissions heavy vehicles, particularly battery-electric and hydrogen fuel cell trucks, are heavier than their diesel counterparts, raising concerns regarding the impact on freight-critical infrastructure such as bridges, tunnels, and pavements.

In the absence of clear national guidelines, these vehicles are often restricted from using tunnels, bridges, and certain urban corridors due to fire safety and weight limitations. This not only hampers their effective deployment but also discourages industry investment.

Additionally, poor road conditions exacerbate vehicle emissions by increasing rolling resistance and fuel consumption. Uneven, damaged, or poorly maintained roads diminish transport efficiency, resulting in higher GHG emissions, increased maintenance costs, and compromised road safety. Addressing infrastructure quality is a crucial yet often overlooked strategy for reducing emissions.

As Victoria transitions to zero-emissions freight vehicles, ensuring road infrastructure is fit-for-purpose—including addressing maintenance backlogs—is essential to optimise efficiency and minimise emissions throughout the supply chain.

To facilitate the safe and efficient integration of electric freight vehicles into logistics networks, Victoria must lead in establishing evidence-based safety standards, conducting infrastructure readiness assessments, and implementing retrofitting programs. Furthermore, the state should remain aligned with international best practices to ensure a regulatory environment that fosters innovation and supports global competitiveness.

REGULATION MUST ENABLE INNOVATION

ALC supports the removal of regulatory roadblocks that prevent the trial, approval, and commercial rollout of alternative fuel vehicles and clean freight technologies. Victoria must champion fast-tracked regulatory pathways for the approval of zero-emissions trucks, including:

- Axle weight flexibility to account for battery mass.
- Access exemptions to enable vehicle trials.
- Safety standards for new fuels and vehicle types.

Without regulatory agility, manufacturers and operators will continue to face uncertainty, delaying investment and reducing Australia's ability to compete globally in the transition to clean freight.

Regulatory reform must be complemented by a new national road user charging model. Following the Vanderstock High Court decision, Victoria and other jurisdictions must urgently work through the Council on Federal Financial Relations to establish equitable and sustainable road funding arrangements that support investment in zero-emission vehicle uptake.

MODAL SHIFT TO RAIL MUST BE ENABLED

Victoria's heavy reliance on road freight is a major driver of emissions in the sector. Road transport emits up to five times more CO₂ per tonne-kilometre compared to rail freight. In 2022-23, domestic road vehicle full fuel cycle greenhouse gas emissions estimates reached a record high of 106 000 gigagrams of CO₂ equivalent⁸. There is a clear and immediate opportunity to reduce carbon emissions in the supply chain by shifting freight from road to rail.

Victoria's commitment to metropolitan and regional rail freight projects—such as the Port Rail Shuttle Network, Somerton Intermodal Terminal, Beveridge Intermodal Precinct, and the planned Western Interstate Freight Terminal at Truganina⁹—is welcome and a positive step. However, rail remains constrained by access and regulatory barriers that must be addressed to maximise its efficiency.

The Modal Shift Incentive Scheme (MSIS) has shown early promise but must be expanded—particularly in metropolitan areas—to ensure the full economic and environmental benefits of rail freight are realised. A single 1,800-metre double-stacked freight train can remove the equivalent of 110 B-Doubles from highways, significantly reducing congestion, emissions, and road maintenance costs¹⁰.

As heavier electric and hybrid locomotives are introduced, the rail network must also be assessed for infrastructure readiness. Load limits, access policies, and funding for upgrades must reflect the future needs of a decarbonised freight system.

⁸ [Transport Energy and Environment | Bureau of Infrastructure and Transport Research Economics](#)

⁹ [DTP-Interstate-Freight-Terminal-Strategy-Fact-sheet.pdf](#)

¹⁰ [Inland rail: Here's what you need to know about the \\$10 billion project - ABC News](#)

MARITIME EMISSIONS

The Victorian Climate Change Strategy should expand its scope to include emissions from maritime sources, particularly vessels idling at port. While moored, ships often continue running auxiliary engines to power onboard systems, contributing to greenhouse gas (GHG) emissions, air pollution, and noise in adjacent communities. These emissions are concentrated in port precincts and disproportionately impact nearby urban populations.

Internationally, leading jurisdictions have acted. The European Union has mandated the use of shore-side electricity for certain vessels at berth in core ports by 2030, as set out in the Alternative Fuels Infrastructure Regulation (AFIR)¹¹ (EU Regulation 2023/1804)¹². This regulation provides a harmonised framework for shore power deployment, incentivising shipping decarbonisation and improving local air quality.

Victoria now has the opportunity to align with these international best practices and lead the nation in establishing shore power standards. Doing so would support emissions reduction targets, improve liveability for port-adjacent communities, and reinforce the state's leadership in sustainable supply chain operations.

Recommendations

- Develop streamlined regulatory pathways for zero-emission vehicle trials and deployment, including flexible axle weight and access approvals.
- Prioritise road quality in emissions reduction frameworks by recognising road maintenance and upgrades as a key element of decarbonisation policies, with dedicated funding streams for resurfacing and improving high-traffic freight corridors.
- Adopt a performance-based regulatory framework that enables innovation while ensuring safety and asset protection.
- Support interim low-emissions fuels, including renewable diesel, through policy alignment and public sector procurement.
- Expand and fund the Modal Shift Incentive Scheme (MSIS), with a stronger focus on metropolitan freight and port rail shuttle operations.
- Invest in zero-emissions freight infrastructure, including electric charging and hydrogen refuelling stations at freight precincts and along priority corridors.
- Improve intermodal terminal capacity and rail network access, particularly for first- and last-mile connectivity.
- Coordinate national freight decarbonisation policies across fuel standards, infrastructure investment, and vehicle regulation to provide certainty for industry.
- Ensuring fair access to rail infrastructure, reducing bottlenecks and prioritising freight rail over passenger services where necessary.
- Prioritised investment in zero-emission freight rail and shipping technologies, including electrified rail corridors and sustainable marine fuels.
- Clear government targets for reducing freight emissions, with measurable progress indicators linked to mode shift and intermodal expansion.
- Financial incentives for containerised freight movements via rail, making rail transport cost-competitive with road freight.
- Address maritime emissions by mandating shore power capability at major ports in line with international standards.

¹¹ [Alternative Fuels Infrastructure - European Commission](#)

¹² [Regulation - 2023/1804 - EN - EUR-Lex](#)

Conclusion

The Australian Logistics Council urges the Victorian Government to revise its 2026–30 Climate Change Strategy to explicitly recognise and respond to the role of freight transport in achieving the state’s emissions reduction goals.

Freight is a major contributor to Victoria’s transport emissions and an essential enabler of economic activity, community wellbeing, and resilience. Decarbonising this sector is not only necessary—it is an opportunity for Victoria to lead nationally in building a cleaner, more efficient, and future-ready supply chain.

The omission of freight from the draft Strategy is a missed opportunity. Without targeted actions for freight, Victoria risks undermining the effectiveness of its climate response and missing out on the productivity, safety, and liveability benefits that can flow from well-planned freight decarbonisation.

ALC recommends that freight be incorporated into the Strategy through:

- Explicit recognition of freight as a priority sector for emissions reduction.
- Integration of freight into planning, infrastructure investment, and regulatory reform efforts.
- Ongoing engagement with industry to co-design effective, evidence-based policy responses.

By embedding freight in its Climate Change Strategy, the state can cement its position as a leader in sustainable, commercially viable decarbonisation.

ALC urges the Victorian Government to act swiftly and decisively to integrate freight into its emissions reduction planning—recognising that the state’s net zero targets cannot be achieved without it.

The Australian Logistics Council and its members stand ready to work with the Victorian Government to ensure the freight sector is supported through the transition—ensuring emissions are reduced while the economy and communities continue to thrive.