

Promoting Technological Investment In Rail: Establishing a Case for Accelerated Depreciation (R1.108)



Background

Although regulation for emissions, pollution and the like is becoming stricter, rail is still locked in to using existing infrastructure, namely locomotives and rolling stock. As a result, it is currently feasible for operators to dispense with their old technology at regular intervals, even though they will have to pay more to use older technology under emerging emission trading regimes.

Objective

The rail industry has sought to ascertain the viability of promoting an Environmental Benefit Scheme (EBS) advocating accelerated depreciation of newly acquired locomotives, wagons, and handling equipment. This is intended to provide incentives for operators to invest in more efficient and environmentally friendly technology. This project will survey the literature on Australian and international rail reform and the potential for technological investment in cleaner technologies. This will ascertain whether an accelerated depreciation scheme could address the current infrastructure deficiency and translate outcomes into meaningful policy advice.

Outcomes

Project outputs will include:

- a survey of literature on features of the Australian industry, especially regarding how rolling stock is financed and managed,
- an economic analysis of investment, environmental and social outcomes of the accelerated depreciation scheme, and
- a report on the efficacy of accelerated depreciation schedules in promoting technological investment in the Australian rail industry.

Benefits

Under the proposed scheme rail operators can enjoy operational cost savings from the acquisition of modern rolling stock that is more fuel efficient. Furthermore, the rail industry will be provided with improved efficiency and enhanced service through use of new technologies.

Project timeframe

1 October 2008 to 31 March 2010

Phone: +61 (7) 3221 2716
Fax: +61 (7) 3221 2768
Address: Floor 23
300 Queen Street
Brisbane Qld 4000
Australia
Email: info@railcrc.net.au
Web: www.railcrc.net.au

Project Chair
Brett Hughes
Australasian Railway
Association
Ph: (02) 6270 4508
bhughes@ara.net.au

Project Leader
Michael Charles
Southern Cross University
Ph: (07) 5506 9349
michael.charles@scu.edu.au

About the Research
Dr Chris Gourlay
Research Director
Ph: (07) 3412 9597
cgourlay@railcrc.net.au

Adopting our Products
Charlie Robinson
Business Manager
Ph: (07) 3229 9085
crobinson@railcrc.net.au



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