



23 March 2009

Senate Standing Committee on Economics
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Inquiry into the Carbon Pollution Reduction Scheme Legislation Submission

I refer to the request for submissions in response to the *Inquiry into the Exposure Drafts of the Legislation to Implement the Carbon Pollution Reduction Scheme*.

Genesee & Wyoming Australia supports the introduction of a Carbon Pollution Reduction Scheme and congratulates the government on the broad design of the Scheme.

Australia needs price signals from a Carbon Pollution Reduction Scheme to commence now, so that long term price effects drive the necessary changes in the transport sector. *Genesee & Wyoming Australia* supports an emissions trading scheme which includes all transport which means:

- excluding transport from the emissions trading scheme will threaten the integrity and viability of scheme and therefore the ability of Australia to reduce emissions to acceptable levels;
- excluding transport from the emissions trading scheme will transfer the burden of cost to other sectors and increase costs in those sectors to higher and disproportionate levels; and
- excluding transport will not reduce the cost of emissions trading to Australia, but will merely increase the costs on a narrower group of industries (including domestic electricity).

While the CPRS is a valuable mechanism in reducing carbon price, it will not be sufficient in itself to meet the greenhouse gas targets. Price impacts will have only a limited effect in changing transport towards low emissions modes and solutions, and it will be the complementary policies for transport that will be successful in driving the most significant change in the shorter term. Nevertheless, the long term advantages of a carbon price can only be achieved through early implementation of the Carbon Pollution Reduction Scheme.

Policies, whether price based or otherwise, that support modal shift from road to rail will not only reduce greenhouse gases in the transport sector but will also significantly reduce the social costs from the transport sector. Investment and policies that support rail and a cost for carbon from the Carbon Pollution Reduction Scheme will provide high social returns and lower emissions.

The most effective way to reduce emissions in the transport sector is through modal shift from road to rail and sea, for both passenger and freight. The short term protection proposed for road users is not desirable, but is no reason for delaying the Schemes commencement in July 2010.

Genesee & Wyoming Australia also urges the Senate to further improve the CPRS with the following initiatives:

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1. Optimising Rail's Economic and Environmental Credentials

- Offset intermodal railways fuel to match heavy road transport
- Accelerated taxation depreciation for environmentally friendly rolling stock and infrastructure
- Provide a Climate Change Credit
- Provide incentives to use public transport

2. Climate Change Action Fund (CCAF)

- Allocate CCAF funds for targeted rail investment
- Allocate CCAF funds for programs to inform transport choices

Genesee & Wyoming Australia urges the Senate to implement an improved Carbon Pollution Reduction Scheme in July 2010 to address climate change. More comprehensive information on railway issues can be found in submissions by the Australasian Railway Association and other railways.

Yours sincerely

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