

Media Release: Rail & Maritime Transport Union (RMTU)
Thursday July 21, 2011

Procurement policy must support jobs

The rail workers union says a government procurement policy that supports jobs is urgently needed, and welcomed [Labour's](#) moves in this direction.

KiwiRail's decision to not bid for either the \$500 million contract for Auckland's new trains, or for the 300 flat top wagons, was resoundingly rejected by workers, business leaders, the city council and others as taking a very short-sighted view of procurement, RMTU General Secretary Wayne Butson said.

But KiwiRail were acting under the direction of their shareholder, and they and other government entities need a stronger steer from the government to take a whole-of-life view of procurement, he said.

Value for money is not just purchase price. It is also about the primary and secondary jobs that are created, the industries that are supported and the contribution to reducing our balance of payments deficit that can be made.

Wayne Butson prophesied that recent KiwiRail procurement of locomotives with a short term, cheapest-cost focus will lead to whole-of-life cost blowouts.

A classic example of this is the Chinese DL locomotives, where we are having major commissioning issues.

There are problems with their suspension and running gear, causing them to have speed restrictions imposed on level crossings and other track areas, and other issues related to the wheel profiles and the rail head.

The RMTU welcomed the move to Industry Participation Plans (IPP), a model that Australia uses, but said that Labour's policy should go further and put in place minimum requirements for local industry participation, where there are local firms able to carry out the work.

Most countries are now adopting local content rules as standard practise in major procurement projects, Wayne Butson said.

For example the current A\$3.2 billion Passenger Train project for Queensland has a 50% local content requirement and the IPP's put the flesh on the bone as to how the local content is going to work.

The current government has been unwilling to back local industry, and help keep good manufacturing jobs in New Zealand. It's time we had a government that takes Kiwi jobs seriously, Wayne Butson said.

Ends.

For further comment:

Wayne Butson
General Secretary
Rail and Maritime Transport Union
PO Box 1103
Wellington
Ph: 04 4736693
Fax: 04 4710896
Cell: 0274962461