

Media Release: Rail and Maritime Transport Union (RMTU)
Thursday 14 April, 2011.

Government leadership lacking on KiwiRail procurement

Rail manufacturing workers say KiwiRail procurement decisions are too important to the local economy for the Transport Minister and Prime Minister to wash their hands of them.

An announcement from KiwiRail's on the successful bidder for the \$500 million purchase of 38 three-car electric multiple units and 13 locomotives for the Auckland rail network is very close, it was noted in Parliament's Question Time yesterday.

Rail and Maritime Transport Union General Secretary Wayne Butson said that several KiwiRail purchasing decisions had gone against the local workforce, and it was time for government to require stronger local content provisions from KiwiRail's procurement programme.

"Rail workers were gutted when KiwiRail announced last May that New Zealand workshops would not be building the Electric Multiple Units for Auckland."

"This was despite a comprehensive BERL report for Chambers of Commerce, unions and local government, proving the case for a local build," he said.

"This followed 20 Diesel Locomotives for the North Island being built in China, and making matters worse, the job for 300 new container flat top wagons last December also went to an overseas firm."

"When Steven Joyce rejected the BERL report on the Close Up programme last year, he held out hope that the 300 wagons would be built locally."

The Minister said: *'There will be lots of work for these guys, there's no doubt about that, because they do a lot of things well and there's a big rolling stock replenishment and replacement exercise that's coming down the pipeline (Steven Joyce, Close Up, May 3 2010)'*

"Despite this, the job went overseas, just like the Electric Multiple Units. Steven Joyce's reassurances became worthless to the Dunedin and Lower Hutt workforce," Wayne Butson said.

"It's not good enough for Steven Joyce and John Key to wash their hands of these decisions. They do have options open to them. As KiwiRail's shareholders, they need to put in place stronger local procurement requirements. Without them we will see more decisions that go against local workers, local industry development, and the export potential that that involves."

Wayne Butson said in relation to Auckland's Electric Multiple Units, the RMTU would be watching very closely to see whether KiwiRail honoured the local involvement pledge it made during the tender process.

KiwiRail's May 2010 tender document encouraged firms to ally themselves with New Zealand subcontractors or suppliers and *"include as much New Zealand content and resources in the design, construction, delivery, testing, maintenance and support of the EMUs as is appropriate."*

"We have always wanted these trains to be built in Dunedin and Lower Hutt but local involvement provisions from the lead supplier was the next best option. It is essential that this is rigorously pursued by KiwiRail," he said.

Ends.

For further comment: RMTU General Secretary Wayne Butson on (027) 496-2461.

The Close Up interview is here: <http://tvnz.co.nz/close-up/get-kiwis-do-locomotion-3509198/video>.
(The comments noted above are at 9 minutes 59 seconds.)

Background notes re Electric Multiple Units:

KiwiRail has \$500 million for new electric multiple units and locomotives for Auckland. Economics consultancy BERL estimated in May last year that local construction of these would add between 770 to 1270 additional jobs and \$232 to \$250 million to GDP. The BERL report is accessible here: <http://www.berl.co.nz/1166a1.page>