

Media release: Rail & Maritime Transport Union
Friday February 8, 2013.

KiwiRail Auditor General Investigation would have been beneficial

The Rail and Maritime Transport Union is disappointed that the Auditor General will not probe KiwiRail's handling of its contracting out of wagons and locomotives to China CNR Corporation.

The Auditor General [has today said](#) it will not launch a formal inquiry into purchases of rolling stock from China CNR by KiwiRail, following a request last year from Dunedin South MP Clare Curran.

Wayne Butson, RMTU General Secretary, said that an inquiry would have been beneficial.

"The Auditor General has noted the reason it was not investigating the matter was because the decisions were made for normal business and commercial reasons."

"But KiwiRail is not a normal commercial business. It is owned by the public of New Zealand, and should operate in New Zealand's best interests."

"KiwiRail needed to meet its obligations as an SOE to consider the wider social impact of its decisions to send train construction overseas, and the subsequent closure of Hillside workshops in Dunedin with the loss of 90 jobs."

"We don't believe it did, and would have welcomed the Auditor General assessing this."

Wayne Butson said one of the reasons why New Zealand is facing a jobs crisis is because the government was taking no lead on procurement, and rail manufacturing was a classic example.

"KiwiRail needed to take a whole-of-life view of procurement, not just upfront costs."

"But it needed a stronger steer from its shareholder, the government, also. John Key's government has shown no interest whatsoever in using its significant purchasing power to support Kiwi jobs."

"Steven Joyce said today that the answer to jobs was more foreign investment. Why would foreigners invest when the New Zealand government is not prepared to invest in New Zealand manufacturing," Wayne Butson said.

Ends.

For more information contact:

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Background

Section 4 (c) of the State Owned Enterprises Act (Principal objective to be successful business), requires SOEs, in addition to their requirements around profitability and efficiency, to be "an organisation that exhibits a sense of social responsibility by having regard to the interests of the community in which it operates and by endeavouring to accommodate or encourage these when able to do so."