

Your life for the job

New Zealand rail safety 1974 – 2000

By Hazel Armstrong





Cover photograph: The accident at Waipahi on October 20, 1999 which killed locomotive engineer Graham White. Photo supplied by the RMTU.

(left) The Graham White memorial plaque at Waipahi.

Your life for the job

New Zealand rail safety 1974 – 2000

By Hazel Armstrong

Your life for the job

New Zealand rail safety 1974 - 2000

Hazel Armstrong

ISBN 978-0-473-24211-4

Publisher: Labour History Project,

PO Box 27425,

Wellington

www.lhp.org.nz

2013

Also by this author:

Blood on the coal: The origins and future of New Zealand's Accident Compensation scheme.

Published 2007, The Trade Union History Project.

Both books are available from:

Hazel Armstrong,

PO Box 2564,

Wellington.

CONTENTS

Acknowledgements	4
Introduction	5
A job for life, or your life for the job?	7
Uncoupling rail from public ownership	9
Sale ready	12
Cheaply and carelessly	15
Freedom	16
Tranz Rail bypasses health and safety	18
Behind the scenes	20
Deregulation ideology	22
Corporate dominance	24
The death of rail workers	25
Ministerial Inquiry 2000	30
ACC refusal	33
After the Inquiry: re-regulation of rail safety	34
Pike River and rail	36
Timeline	37
Appendix	45

ACKNOWLEDGEMENTS

IN 2009 I began researching the disaster that was rail health and safety in the 1990s. I'd realised that the next generation of activists and researchers were unaware of its significance, or even that an inquiry had happened.

As time moved on, it was also going to be increasingly difficult to access the relevant files and other information.

In 2012, I presented my initial findings to the Fabian Society as part of its series on light-handed regulation.

I'd like to acknowledge the incredible support given to this project by the Rail and Maritime Transport Union and, in particular, by its general secretary Wayne Butson, Paul Corliss, Jane Westaway and Jane Blaikie who assisted with editing, Mike Regan for his design and layout and my partner, Bob Kerr, who encouraged me to record these events.

Thank you to the Labour History Project for publishing this book.

Hazel Armstrong

March 2013



Memorial to shunter Jack Neha at Gracefield yard. It was moved to the Hutt Workshop Memorial Garden in 2013.

INTRODUCTION

I became general secretary of the Rail and Maritime Transport Union (RMTU) in October 1999 and what should have been a dream-come-true turned into the darkest hours of my working life as I went from funeral to funeral, and family to family. This gave me a true appreciation of the wider costs and impact of each and every death and the miserly support offered by the employer of the time.

I emerged from this harrowing experience with a strong resolve to bring this carnage to an end. With my team, we mobilised the RMTU and called for a Ministerial Inquiry and, together with the staunch assistance of the president of the NZ Council of Trade Unions (CTU), Ross Wilson, we were able to get the newly-elected Labour Government to initiate the inquiry.

Hazel Armstrong and Susan Robson were tireless in collecting evidence, identifying legislative shortcomings, ensuring that families, workers and other affected parties were empowered and able to have a voice at the Inquiry.

The RMTU is extremely grateful for the on-going support and loyalty that Hazel gives to the RMTU and its members.

I ask that, after you read this book, you commit yourself to making New Zealand's workplaces safer. Currently, Kiwis are twice as likely to die at work than our Australian cousins and six times more likely than those in the United Kingdom.

Wayne Butson
General secretary,
RMTU
7 March 2013



A JOB FOR LIFE, OR YOUR LIFE FOR THE JOB?

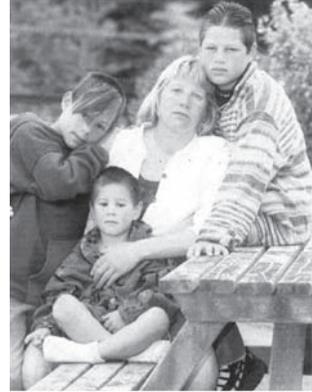
JACK NEHA had been a train driver for 17 years when he chose to become a shunter rather than take redundancy from the recently privatised Tranz Rail. Two experienced shunters gave him six weeks of on-the-job training, but they warned the terminal manager at Gracefield that Neha wasn't ready for shunting. Yet Neha was the lone shunter on the ground a few months later when he was killed in May 1995. He was 35 and a father of three.

Ambrose Manaia, 43, a shunter and father of four, was crushed to death between a locomotive and an articulated truck in the Wellington yards in March 2000.

Robert Burt, 43, a shunter at Christchurch's Middleton freight depot, slipped and fell under a moving wagon in May 2000. He was the fifth Tranz Rail employee in 12 months to be killed on the job, and the 11th to die between 1995 and 2000. Others who paid for their railway jobs with their lives in these years were Thomas Blair, Murray Spence, Ronald Higgison, Bernie Drader, Paul Kyle, Nigel Cooper, Graham White and Neil Faithful.

The story behind these personal tragedies and other near-disasters of the 1990s is the story of de-regulation and privatisation, and their impact on work safety. It tells of the havoc created within New Zealand's rail system by bankers and entrepreneurs, of managers who eschewed safety practices, of government regulators taking a back seat, and of the law being shaped to protect the employer. Its lessons have still not been learnt – as the inquiry into the deaths of the miners at Pike River in 2010 has shown.¹

But this story begins decades earlier.



Jack Neha's family

In 1995, Russell Wall was on the front of a remote-controlled locomotive shunting containers when it collided with a front-end loader that was blocking the track. He was thrown onto the track and run down by the locomotive. Afterwards he said, 'I can't describe the feeling when it stopped — my God, I am still alive.' He was off work for more than six months.

¹ On 19 November 2010, 29 miners were killed when the Pike River mine exploded. A Royal Commission reported on the Pike River Coal Mine tragedy.

While railway workers were losing their lives and limbs, the New Zealand public was largely unaware of the risks of travelling in trains in the 1990s. On the West Coast just before Christmas 2000 – as Tranz Rail managers were looking at how to shed staff before the holidays – a track worker noticed a bridge behaving oddly. As the train went over, one side of the pier bent to such an angle that he thought the train was going to fall off. A stud had decayed, leaving a thin shell to support the bridge. Each time a train went over, the stud collapsed a little further.²



In November 1998, Ioasa Iuni from Porirua fell into the path of a locomotive — the hand grip he'd been holding onto broke off because a nut had corroded. His leg was amputated. He is pictured here with RMTU national vice president Rawiri Iti.

² Evidence from Tranz Rail employees presented at the Tranz Rail Ministerial Inquiry, 2000.

UNCOUPLING RAIL FROM PUBLIC OWNERSHIP

BACK in 1974, goods to be transported more than 40 miles had to go by rail, which was held 100 per cent in public hands.

But that year, Labour's Roger Douglas headed a caucus committee exploring a new direction for New Zealand transport. A committee-sponsored report suggested radically changing the government's role in the transport sector. It recommended transforming the Railways Department into a public corporation, and suggested lifting the 40-mile limit, thus opening rail up to competition from road haulage.

It took 10 years, and a change of government, to fully implement the 1974 report. Labour lost the next election so Douglas could not pursue its recommendations. National's Robert Muldoon became Prime Minister, and in 1977 he amended the haulage regulations to allow trucks to replace rail for journeys of up to 150 km. Profitable road links opened between Auckland and Hamilton, Hamilton and Tauranga, and Christchurch and Ashburton – competing directly for a fifth of all rail traffic.

In 1982 Muldoon went much further. From 1 June 1984, goods could be hauled by road for any distance at all. Overnight, rail lost its advantage. That same year, Muldoon took the first step towards privatising rail by creating the New Zealand Railways Corporation (NZR).

The new corporation commissioned US consultancy Booz Allen & Hamilton to review the effectiveness and efficiency of rail operations. Its brief was to build a commercially viable rail system in the newly deregulated market.

The consultants proposed several cost-saving measures, with staff cuts a recurring theme. They suggested eliminating guard vans; reducing shunt crew sizes; using firemen less; operating multiple, higher-powered loco-



Robert Muldoon, Prime Minister 1975 to 1984, oversaw the dismantling of rail's advantage over road haulage.



Save or sell rail? Richard Prebble was Labour's Minister of Railways.



A new use for an old coffin. The old Save Rail coffin with a Prebble effigy, post-1984 election. The speech bubble quotes Prebble in The Press of December 1984: "I say unequivocally ... that Rail provides a secure job..."



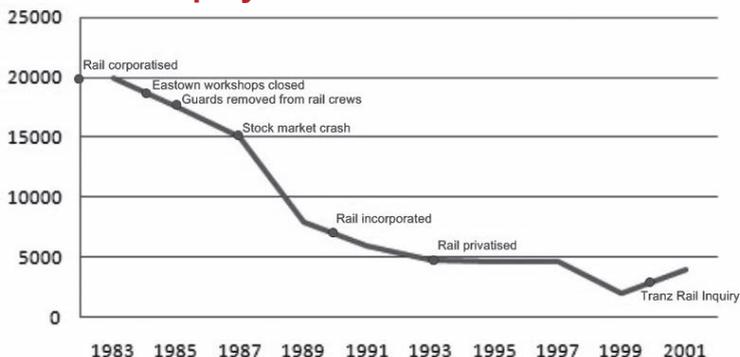
In 1984 the Labour opposition campaigned to save rail. Richard Prebble toured the country promoting the campaign.



Labour's David Lange, Michael Bassett, Richard Prebble and Roger Douglas.

motives (but without using two man crews); increasing train size; and selectively increasing weekend operations.

Rail employee numbers



When Muldoon called for a snap election in 1984, the Labour Opposition spokesperson for rail, Richard Prebble, campaigned against its deregulation. He toured the country, with support from the National Union of Railwaymen, on a whistle-stop tour to 'Save Rail'.³

Author and activist Murray Horton has written of that campaign:⁴

In 1984, my union, the then National Union of Railwaymen, gave \$40,000 to Labour to get it elected. In 1984, [Prebble] led a march of several thousand railway workers and their families through Christchurch as part of the union's and Labour's nationwide 'Save Rail' campaign. Well, Prebble did save rail – he saved it for the Yanks to whom the next National Government sold it for a song, and they proceeded to asset strip it to such an extent that it became a national disgrace and a danger to the few remaining workers, its own passengers and the general public. Prebble did his job so well that there is no longer any such Cabinet portfolio as Minister of Railways.

Prebble's actions in government laid the foundations for the tragedies to come.

³ On pages 45 and 46 the text of Richard Prebble's 1984 press release to Save Rail is reproduced.

⁴ Peace Researcher 32, March 2006.

SALE READY

THE 1984 snap election made David Lange Prime Minister. Roger Douglas became Treasurer and Richard Prebble, the Minister for Railways. Prebble quickly forgot his ‘Save Rail’ campaign.

Secretary of the Rail and Maritime Transport Union (RMTU) Wayne Butson has said:⁵

The [1984] Booz Allen [& Hamilton] report was the death knell of the railway system. We never saw it at the time, we all knew it was bad, but with hindsight we see now it was World Bank ideology. We felt betrayed, not only by the Booz Allen report but also by Richard Prebble and Russell Marshall, the Labour Minister and MP for Wanganui who oversaw the closure of the Wanganui workshop. There were security guards everywhere. There is no rail in Wanganui now, the trains don't go over the bridge anymore.

Prebble was determined to drive through the changes. By 1986, as Minister of Railways, he was threatening to close down the entire system unless rail was prepared to embrace technological change and become more efficient. Between 1983 and 1990, NZR shed 60 per cent of its staff, or around 13,000 jobs. The union opposed both the driving pace of change and the staff reductions on safety grounds. Wayne Butson said: “Being a worker for rail was much maligned. You were called ‘a state bludger’, it wasn’t a pleasant time to be around.”⁶

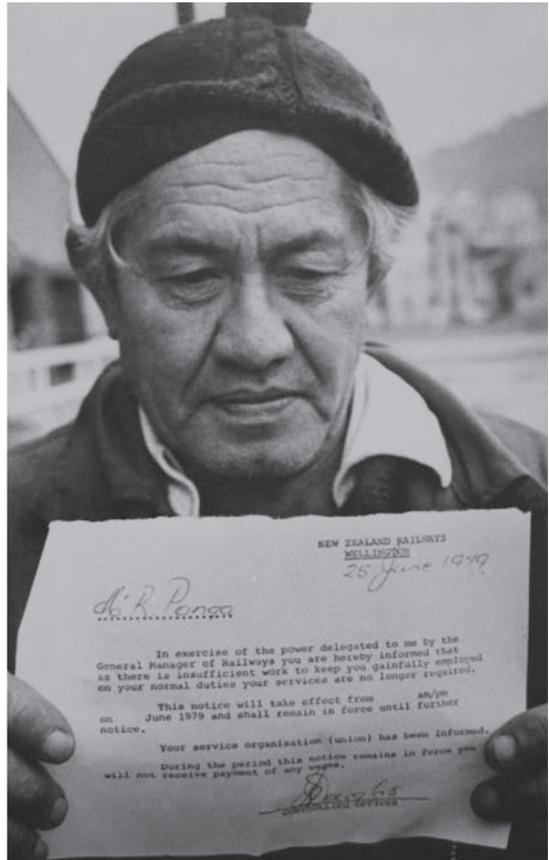
In 1988, Douglas announced an economic and social package that promised to reduce the \$14 billion government debt by privatising state assets. Treasury urged privatisation of government trading activities. It wanted more competition to stimulate railways to adapt to customers’ needs and reduce costs. There was, it concluded, no public policy basis for ongoing government ownership of NZR. By 1989, Treasury had come up with a plan to reorganise rail into a saleable asset.

⁵ Personal communication
5 June 2009.

⁶ Ibid.



A rally at Parliament opposing the sale of rail workers homes.



Rail worker R Ponga receiving his letter of redundancy, 1979.

In March 1990, Prebble introduced into Parliament the New Zealand Railways Corporation Restructuring Bill, which put the corporation's core rail and other business units on a fully commercial footing. It empowered the Minister of Finance and the Minister for State-Owned Enterprises to form one or more limited liability companies under the Companies Act and to hold shares in those companies. And it allowed the corporation's assets and liabilities to be transferred from the Railways Corporation to the Crown or to new companies.

The Bill became an Act, and the New Zealand Railways Corporation became New Zealand Railways Ltd. Labour lost the 1990 election, but the new National Government pushed on with privatisation. NZR began selling equipment and leasing it back, as well as selling land and rail worker's houses. By 1992, state-owned NZR was being prepared for sale, and in 1993 its core railway business was sold to a private operator.



Part of 5,000 strong march from the Christchurch Railway Station opposing deregulation of rail in 1983.

CHEAPLY AND CARELESSLY

ON 20 July 1993, the government sold NZR to a consortium of Fay Richwhite (a New Zealand merchant bank), Wisconsin Central Transportation (a US railways company), Berkshire Partners (a US private investment firm) and Alex van Heeren for \$328 million.⁷

NZR's strong balance sheet at the time was partly attributable to the government having written off \$1.2 billion of debt and contributing \$360 million of new equity. Treasury decided that Fay Richwhite owners Sir Michael Fay and David Richwhite were unfairly advantaged as purchasers because Fay Richwhite was a financial advisor to the recently incorporated NZR, but this concern wasn't acted on.⁸

In the UK, Ian Jack wrote in the *Guardian* that in the 1990s British Rail was 'sold off hastily, cheaply and carelessly' – an arresting parallel with the sale of New Zealand's strategic asset.

In 1995, the new NZR owner rebranded the company Tranz Rail Ltd. Wayne Butson said:⁹

It was just another name change, just another paint job for the locos. Ed Burkhardt [who founded Wisconsin Central Transportation] was a director of Tranz Rail in the 1990s – there was a whole succession of US managers coming in and telling us they knew 'the right way to run a railroad'.

7 The announced sale price was \$400m. Once the debt of NZ Rail is deducted, the final sale proceeds to the Crown is \$328m. See www.treasury.govt.nz/government/assets/salehistory.

8 Fay and Richwhite co-owned Midavia Rail Investments which was later investigated by the New Zealand Securities Commission for insider trading over the sale of Tranz Rail shares in 2002. In June 2007, the pair settled out of court for \$20 million, without admitting liability. Speaking of the settlement in the House, Green Party MP Nandor Tanczos said, 'Many of us are still shell-shocked by the events of that time, and look back in wonder at the way that the New Zealand public and New Zealanders were ripped off by yuppy wide-boys, aided and abetted by the Governments of the day.'

9 Personal communication.

FREEDOM

THOSE busy throughout the 1980s and 1990s with restructuring and privatisation failed to make workplace health and safety a priority. From their point of view, regulation stood in the way of economic progress and freedom.

But this kind of freedom had dire consequences in a rail yard.

Shunting is the process of sorting rolling stock into complete train sets, or breaking them up. Until the 1980s, shunting practices had hardly changed from the early 1900s: shunting crews of three men on the ground and a further two (the locomotive engineer and his assistant) on board the shunt locomotive. The three members of the shunting gang were responsible for a range of operations including hand signals, setting points, catching brakes, coupling and uncoupling wagons. The locomotive engineer in the cab of the shunt loco would keep watch on the senior shunter, who in turn kept a sharp eye on the rest of the gang. Should a shunter unexpectedly disappear, the locomotive engineer was expected to immediately halt the locomotive.

Busy yards relied on two kinds of shunting. Push-pull involved coupling individual wagons to locomotives throughout the exercise – safe but slow. Loose shunting (slipping and kicking) relied on momentum from the locomotive to move wagons — it was fast but dangerous. As staff numbers plunged, loose shunting became the norm. ‘Train make-up times [were] sometimes unrealistic and once again there [was] pressure from above to speed up — with the consequent increase in risk-taking.’¹⁰

In 1985, crew on freight trains had been cut from three to two, when the guard’s van was removed. Then two crew became one in 1987.

In 1989, shunting crews were reduced from five to three workers – two on the ground and the other on the locomotive.. Blind spots resulted because hand signals

¹⁰ Submission from a shunter to the Tranz Rail Ministerial Inquiry, 2000.

sometimes became invisible. Management substituted radio communication for hand signals – but some shunters had English as a second language, bad weather disrupted radio signals, some radios were faulty and some, newer wide bodied, metal wagons caused interference.

Then remote control of locomotives was introduced with the remote control operator working on the ground, using a control box to replace the locomotive engineer in the cab. Shunting consisted now of two men on the ground: the remote control operator and the second man. In the space of a decade shunting operations had been reduced from a five-man crew to a two-man crew, with the locomotive controlled remotely by radio signals. Continuous line of sight was impossible to maintain, and with too much reliance on radio contact and voice commands, accidents were bound to occur.



Goods shed workers receive their redundancy notices in 1979.

TRANZ RAIL BYPASSES HEALTH AND SAFETY

THE Health and Safety in Employment Act 1992 (HSE Act) became law in 1993. It obliged employers to take all practicable steps to prevent harm to their employees. And yet, within a short time, Tranz Rail was exempted from the Act. The legal basis for this exemption lay in section 6H of the Transport Services Licensing Amendment Act (no 3) 1992 (TSL Act):

6H. Relationship between this Act and Health and Safety in Employment Act 1992 – If a rail service operator or any other person complies with the provisions of this Act or of the operator’s approved safety system then, in respect of the matters governed by those provisions, such compliance shall be deemed to be compliance with the provisions of the Health and Safety in Employment Act 1992.

On 12 December 1991, the Transport Safety Bill (TS Bill),¹¹ which would later include the amendment, had its first reading in the House. It contained a number of disparate changes to transport law, including the introduction of random breath testing. It also required every application for a rail service licence to be accompanied by a copy of its documented safety system. The rail operator had to identify who within its operations was responsible for implementing and carrying out each part of that safety system.

But the TS Bill’s first-reading debate focused on random breath testing, and the new rail safety regime was largely ignored. And by the second reading – post-Select Committee – the essentials so far as rail was concerned had changed dramatically. Yet again, they were not debated.

The exemption won by NZR would eventually result in a worker-fatality record eight times that of the national average – 39.3 deaths per 100,000 workers compared with 4.9.

¹¹ The Transport Safety Bill was an omnibus bill introducing a number of disparate changes to transport law. Part 2 proposed amendments to the Transport Services Licensing Act 1989.

How the exemption came about – and, specifically, what happened between the first and second readings of the Bill – was a murky business. The RMTU suspects that the section 6H exemption of rail workers from the HSE Act formed part of the negotiations of the sale of rail. The following account is pieced together from personal accounts and information gathered under the Official Information Act.



Richard Prebble strolls past the picket at Addington Workshops in December 1984. The man with the sign 'I am a TEP [Temporary Employment Project] worker' had been working on the tracks for 14 years. They wouldn't give him permanency because he couldn't pass an English exam!

BEHIND THE SCENES

IN 1992, when NZR was still state-owned but being readied for sale, it lobbied the Department of Labour – overseer of the HSE Act – to have its workers exempted from the Act. But in a memo of 29 June 1992, Department of Labour official Rex Moir responded that the Act could perfectly well cover the safety and health of rail employees.¹²

However, on 22 September 1992, a lawyer at Rudd Watts & Stone, J D Adlam, wrote to Murray King and Ray Ryan of NZR, his client, saying it would be preferable for NZR to comply only with transport safety legislation. He said the TS Bill needed to be amended to include a section deeming compliance with the Transport Services Licensing Act 1989 (TSL Act)¹³ as meeting the requirements of the HSE Act. And he provided a draft of a proposed section that would take care of it.

A week later, a secret meeting was held. No transcript or minutes are available. All that's known is who went into the meeting: Department of Labour officials Keith McLea and Rex Moir, NZR representatives Murray King and Ray Ryan, and Alan Malthus from the Land Transport section of the Ministry of Transport. At this meeting, they all agreed that, so far as NZR was concerned, compliance with the TSL Act could be treated as compliance with the Health and Safety in Employment Act.

But apparently the Department of Labour had second thoughts. On 12 October 1992 the Select Committee was told that its officials considered the HSE legislation should, after all, prevail.

The General Manager of the Department of Labour in 1992, Chris Hampton, followed up with a memo to Minister of Labour Bill Birch on 20 October. He told the minister that NZR wanted its employees excluded from the HSE Act, but that the Department of Labour was now clear that rail employees' health and safety would not be best addressed by amending the law to exempt rail

¹² This was the RMTU's position at the time, and still is.

¹³ The TSL Act imposes duties on rail operators and establishes the regulatory framework for rail.

employees from the HSE Act. Hampton gave Birch two options: either redraft the Transport Safety Bill to exempt rail employees from the HSE Act, or agree to the status quo so that employees would be covered by the HSE Act.

The minutes do not reveal what happened in the Select Committee room. But there was no Labour Opposition minority report on the now proposed exemption, and the committee recommended to Parliament that NZR need only describe its proposed safety system, rather than actually provide it to the safety regulator. It recommended that compliance with this proposed safety system be deemed compliance with the HSE Act.

Further, the rail operator need have only a management system or structure responsible for implementing and maintaining the safety system. It didn't have to specifically identify who would be doing what to preserve safety.

In 1991, the TS Bill set out that every application for a rail service licence must include a copy of the operator's proposed safety system. But by the time this Bill became law in 1993, it required only that the rail operator describe its proposed safety system to the regulator – a copy of the safety system did not actually have to be seen or supplied. This enabled Tranz Rail to operate with a grossly inadequate safety system.

DEREGULATION IDEOLOGY

THESE changes went back to the House for a second reading. The amendment's innocuous title and the speed of change combined to hide its significance. It was passed without comment from politicians on either side of the House. What debate there was yields no insight into the Labour Opposition's thinking: did it fail to realise what was happening, or did it support the exemption?

Labour's Prebble said in the House:

I rise to speak to this omnibus legislation which is what we now call it. It actually includes a number of Bills, and I shall start with a gripe. I think that limiting second reading speeches to 15 minutes means that a member cannot do justice to legislation of this sort. Speeches should be given about railways and the like and I am afraid that I do not have the time to do so.

Prebble failed to use even his 15 minutes of airtime to address rail employee safety.

Section 6H came into effect on 1 April 1993. NZR had got what it wanted and the Department of Labour was sidelined.

The employer could now set its own safety rules, and could vary them as it wished. It was not obliged to present its entire safety system to officials from the Ministry of Transport and the Land Transport Safety Authority, who regulated transport safety. It did not have to take all practicable steps to manage hazards at work: it needed only to take whatever steps it deemed reasonable, considering their cost. The standard of 'safety at reasonable cost' was now set by the employer. Railway workers and their families would pay the cost from this point onwards. The rail employer did not have to manage all hazards, but could get by managing just the hazards likely to cause serious injury or death. It was not subject to Department of Labour inspections and would be safe from prosecution under the HSE Act so long as it complied with its own approved safety system.

This was deregulation ideology at work – getting the State out the workplace because, when it comes to safety, the employer knows best. The public was unaware of what had happened to rail safety, and rail workers themselves felt isolated.

In a bizarre addendum, Ministry of Transport official Leo Mortimer told the Select Committee chair that the Transport Safety Bill had failed to include transitional provisions covering the period from its enactment to approval of a rail operator's safety system. A hasty amendment was made so that, from 1993 to 1995, the Department of Labour was the inspectorate and rail employees were not exempted from the HSE Act because the employer had not yet created a safety system the regulator could approve.

Despite its efforts, the union was given no opportunity to consider the safety system before it was approved by the Ministry of Transport.



Minister of Railways George Gair (left in glasses) is blocked from entering Christchurch Railway Station by some of the 300 protesting railway workers, March 1983.

CORPORATE DOMINANCE

In fact, the newly approved safety system was a mirage. The regulator had been given a description, not an actual copy of the safety system itself – because a safety system did not exist.

The Ministry of Transport signed a confidentiality agreement barring it from disclosing the approved safety system (which it did not have anyway). If the regulator had wanted to see Tranz Rail's approved safety system (which it chose not to do), it would have had to ask Tranz Rail's permission to visit the Tranz Rail library to see a copy of the many and varied operating documents. At that point, the regulator might have discovered there was no safety system. But the regulator did not tax itself by inquiring whether the safety system it had approved was a tangible document capable of review.

Tranz Rail was now a powerful organisation. Unlike other employers, it set its own safety rules, and the regulator was weak and ineffective against the dominant transport operator.

Labour came into power again on 27 November 1999, and the RMTU called for a ministerial inquiry into Tranz Rail safety. On 28 June 2000, Minister of Labour Margaret Wilson announced that an inquiry would

examine the causes of the 11 rail fatalities of the previous five years, and the five fatalities in the previous twelve months, and Tranz Rail's poor safety record overall. It would also recommend improvements.



Margaret Wilson, Minister of Labour, announced the Tranz Rail inquiry.



THE DEATH OF RAIL WORKERS

THE accident that killed Jack Neha occurred two months after Tranz Rail had cut costs by using one shunter to do the work of two.

The Department of Labour prosecuted Tranz Rail for the 1995 death of Neha. District Court Judge Evans imposed a record fine of \$30,000, saying Tranz Rail's decision to remove the 'wicket keeper' in the shunting gang meant people would inevitably be put at risk. The wicket keeper, he said, would have been there to stop the runaway wagon under which Jack Neha slipped as he tried to catch its brakes. Tranz Rail appealed the fine and the High Court reduced it to \$15,000.

In 1996 and 1997 there were eight serious rail accidents involving Tranz Rail workers. In 1999 Graham White died when two trains collided head on at Waipahi. Again the Department of Labour prosecuted, and Judge Perkins found Tranz Rail had failed to comply with its approved safety system. Tranz Rail pleaded guilty. It was fined \$27,500.

While Ambrose Manaia was shunting in March 2000, another rail worker was operating the locomotive by remote control. But a fault in the remote control unit meant the operator couldn't get full power from the locomotive, so he took manual control. He got the all-clear from Manaia to move forward and did so, but a truck had driven onto the track. The operator applied the brakes but it was too late. Manaia, on the front riding step of the locomotive, was caught between the engine and the truck.

At the Coroner's hearing, an expert identified the increased risk of operating a two-man crew when one of them was in the locomotive. He thought it likely that when Manaia gave the all-clear, he did not have line of sight and could not see the truck approaching the track. The road and rail lay-out were intertwined, with no barriers to prevent the truck crossing a rail siding in use for



*Graham White,
Waipahi,
October 1999.*



*Sean Smith,
Ohinewai, 2007.*



*Jack Neha,
Gracefield, 1995.*

shunting. At the time of the accident, the rail yard had been hired out to a car company for a car sale and the traffic flow had been changed. The shunt crew were not told of the change that would have vehicles coming from a different direction.

The Coroner recommended that the approved safety system be a viewable, accessible document, and that the operation and crewing of locomotives during shunting be subject to review.



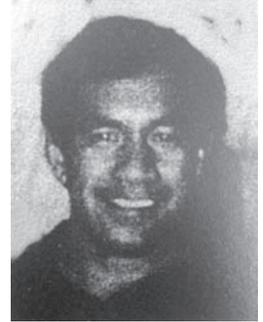
*Peter Silbury,
Palmerston North,
January 1996.*



*Murray 'Blof' Shaw,
Middleton Yard,
1986.*



*Tim Steffert,
2002.*



*Rudolph 'Lucky'
Wairau,
Edendale, 1984.*



*Billy Trouland,
Greymouth, 1995.*



*Ambrose Manaia
with his family
before his death in
March 2000.*



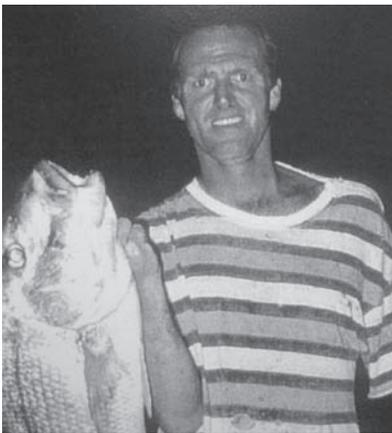
*Neil Faithful with his family before
his death in April 2000.*



*Neville Bell's parents, Pat and
Arthur, hold a portrait of their son.
Neville was killed in September 1994.*



Robert (Scruff) Burt with his nephew prior to his death in May 2000.



*Jim Jacobs,
Mt Maunganui January 2003.*



*Ambrose Manaia,
Wellington, March 2000.*

From one rail worker on the death of his mate and fellow worker Neil Faithful.

Tortured Metal – Neil Faithful

tortured metal
on tortured flesh
at Woolston a life derailed
- spread track on rotten sleepers

wagon side and concrete slab
face to face in a death kiss
a Faithful shunter trapped
- forever

and already the system starts to cover arse
ambulance, police, OSH and TAIC
'the boss'
acronyms of anonymity
the natural consequence
the seagulls following the plough
for the pickings
not rich
victim support and band-aid
humpty dumpty a jig-saw
- incomplete

shunters' tears join a shunter's blood
a knock on the door
and the boys in the blue, all grim
no word needed
- a collapsing vacuum of silence

maybe the steel-caps gripped the ballast
momentarily
as the steel sides toppled
an LPA wagon in its death throes,
scrap metal
squealing and groaning,
- takes someone with it

the briefest knowing glance
a startled look over the shoulder
a scrambling doomed leap
to nowhere
- "fuck, this time it's me"

a cold ballast bed
and a dumb silence
all about the roar of industry sighs,
- but momentarily

Paul Corliss

August 2000



Neil Faithful

MINISTERIAL INQUIRY 2000¹⁵

Wayne Butson recalls:

At the inquiry, the RMTU discovered that the union's requests for the approved safety system had been blocked. The Land Transport Safety Authority and Tranz Rail had formed a secret memorandum of understanding that contained a confidentiality agreement that operated to block union requests for the approved safety system documents.

A locomotive engineer submitted:

The danger is multi-skilling. I was a good locomotive engineer but as a shunter, I was a liability. The jobs have separate skills and the training has to be adequate so I could have been efficient and safe.

Another:

Locomotive and wagon maintenance had deteriorated under Tranz Rail. Important safety parts of wagons such as hand grabs and foot steps were being left unrepaired for too long when damaged. I regularly saw wagons that were marked-up and bad-ordered left unrepaired for weeks.

A second grade locomotive engineer said:

Because Tranz Rail ran with the bare number of locomotives necessary, it was difficult to get them out of service for repairs. It was not until an engine completely broke down that the problems could be addressed.

Another locomotive engineer said:

Some classes of locomotive restricted the vision of the sole locomotive engineer because they had been built for two. This meant that trains were being

¹⁵ The author, assisted by Susan Bathgate (now Robson), were the RMTU's legal counsel at the inquiry.

driven at full speed by drivers who had no clear view of the off side. On top of this, shifts were lengthened to the point where they were hazardous to health and safety. I can state that night shift Tranz Rail drivers have slept at the controls of moving trains.

He went on:

I reported a rogue fault in the track when I was driving a passenger train. A week later I noticed the fault had not been fixed nor had speed restrictions been put in place. I again reported it to train control. It was not until the third time I noticed it and reported it that the fault was actually fixed.

A common theme was pressure to ignore or side-line safety if in any way it impinged on efficiency or profit.

The Palmerston North branch of the RMTU spoke about the toll on their members:

Staff have been constantly threatened with redundancy, restructuring, job cuts and retraining. The resulting pressure and stress placed on some staff became intolerable. The Branch Secretary said that Tranz Rail had played a role in the suicides of several Tranz Rail employees. The Palmerston North branch executive were faced with employees reduced to tears and in states of depression caused by the constant restructuring.

A train examiner described the Wellington yard:

I believe that if we did have the power to bad order wagons for things other than brakes, which is where we have been told to confine our attention, a lot of the wagons would not be moving on the railway in New Zealand at all. For example, I have seen photos from the OSH report of the nuts and bolts that gave way in the Ioasa Iuni accident in the Wellington yard the year before last, and I would have to say it is not difficult to find wagons with nuts and bolts in that condition on many wagons in the yards.

I believe another reason why we are confined to simply carrying out a brake inspection as our primary job is because the staff has been reduced over the years to one-fifth of what it was and in my opinion that is simply not enough people to do the work that is required. . . .

I believe that health and safety issues are not allocated a high priority by the company. The reason I believe this is because of my experience of repeatedly raising matters of health and safety concern about conditions in the Wellington yard and just not having any response from the company

I will give you some examples of things that are not safe in our yard. . . . [T]he yard is of an old design and it is built on reclaimed land. What this means is that we have sleepers sinking and the rail basically just falling off . . . on the rail connection plates where there should be four bolts, the majority may have two or three bolts – there are very few that actually have four bolts. There are rotting sleepers and the ballast is crushed down which causes the track to become unstable. There is a complete lack of ongoing maintenance in the yard. The only maintenance that is done seems to be done on an emergency basis like when the trains simply cannot run any more — then a running repair will be done but not a permanent repair job. . . . [T]here are pot holes and debris right through the yard.

Another time that we raised safety issues we made up a book of work. I think that we identified over 130 jobs that needed doing in the Wellington yard maintenance wise. . . . I know some of us are reluctant to do anything that could be considered to be stirring by the company because we are worried that that means we will be marked out and the next time there is a restructuring we will lose our jobs.

ACC REFUSAL

IN 2000, Tranz Rail applied to join ACC's partnership programme. ACC refused to accept the application, and provided Tranz Rail with a safety advisor to tell the company what it would need to do in order to get accreditation.



That year, Tranz Rail was awarded the Roger Award¹⁶ for a second time, on the basis of its appalling safety record. A major factor in the judges' decision was Tranz Rail's concern solely with profits:

It is typical of Tranz Rail to asset strip, undervalue resources and over-use them without replacement

*... Tranz Rail's callous and calculated attitude towards workers is still a problem at Tranz Rail. Tranz Rail has killed more New Zealanders than those lost in the army's deployment in East Timor. ... [T]he fatality rate at Tranz Rail is 39.3 per 100,000 employees, this is eight times the national average.*¹⁷

As UK commentator Will Hutton has written in the *Observer*,¹⁸ 'Capitalism without responsibility or proportionality degrades into racketeering and exploitation.' He could be describing the chaos created within New Zealand rail from the 1970s to 2000.

16 Named after Sir Roger Douglas, Roger Awards are given annually to The Worst Transnational Corporation Operating in New Zealand on the basis of four criteria: economic dominance, impact on people, environmental damage and abuse of animals, and political interference. The last is judged according to whether the nominee is interfering in democratic processes or 'running an ideological crusade'. Tranz Rail won three times before being shunted into the Hall of Shame in 2003.

17 The Roger Award 2000, statement from the judges.

18 The Observer Sunday 18 September 2011, 'The ailing euro is part of a wider crisis — our capitalist system is near meltdown.' See www.guardian.co.uk/commentis-free/2011/sep/18/euro-crisis-recession-europe

AFTER THE INQUIRY: RE-REGULATION OF RAIL SAFETY

THE RMTU has described the changes that occurred following the 2000 Ministerial Inquiry:¹⁹

The inquiry changed health and safety practice at Tranz Rail — union and management are committed to working together. Some changes include: establishment of health and safety action teams; establishment of occupational councils to look at ways to proactively improve health and safety; occupational councils include a shunters' council which has already had some success; establishment of a joint senior management union health and safety executive; a funded position in the union to solicit employee involvement in health and safety; Tranz Rail has taken steps to actively make amends to the families of those killed; a large reduction in the lost time injury rate per 200,000 working hours (from 11 to 5.6).

In the first 12 months after the inquiry, the RMTU and Tranz Rail achieved fewer operating incidents, such as derailments, a 40 percent reduction in lost-time injuries, a 30 percent reduction in injury severity, and there were no fatalities.

On 5 May 2003, the section 6H exemption of rail employees from the HSE Act was repealed. The Railways Bill came into Parliament in 2003 and became law in 2005. The Bill arose from Labour's commitment to recognise the recommendations made by the Ministerial Inquiry into Tranz Rail Occupational Health and Safety 2000 — the Wilson report. The Bill enhanced the power of the regulator to enforce safety. The safety case would be approved by the regulator and changes would need to be approved by the regulator, and they would be subject to

¹⁹ Wayne Butson, personal communication.

audit. The Bill had the effect of replacing the “safety at reasonable cost” standard of the TSL Act, with the requirement to take “all practicable steps” to ensure employee safety. The Minister of Transport, Paul Swain, introduced the Bill for its first reading.

Apart from the ACT Party, it had cross-party support. Speaking for the ACT party, which had been founded by Sir Roger Douglas in 1993 and was now led by Richard Prebble, MP Deborah Coddington argued that the economic cost of employee safety was too high:

But what will happen is that having a regulator responsible for all that will take the responsibility for the safety standards and the setting, the compliance and vigilance for those standards, away from the rail companies – the rail participants – and put them in the hands of a regulator. All the participants will be reduced to box ticking and ensuring the companies comply. As I said in the beginning it is hard to argue against safety and we do not argue against safety. But one always has to remember that safety comes at a cost. Under this Bill safety is coming at a significant cost.

Sue Bradford of the Greens summed up the human perspective:

Much as some of us would like to turn back the clock on Richard Prebble and his friends and their selling rather than saving rail, all of us have had, alas, to learn to live with the consequences of that. The overarching intent of this Bill is to fix the [safety] problem raised by the ministerial inquiry into Tranz Rail which reported back in late 2000 . . . While the language of legislation like this can be quite technical and dry I would like us all to remember the number of rail workers and passengers who have been injured, the workers who have died, and all the human tragedies that lie behind the commissioning of the Wilson inquiry.

PIKE RIVER AND RAIL

THE report of the Royal Commission of Inquiry into the Pike River mine disaster was released on 5 November 2012. Tragically, it echoes the findings of the Wilson Tranz Rail inquiry. Both illustrate what happens when regulators are ineffective, have stripped out specialist staff and are captured by the employer; when Parliament and the government of the day are prepared to compromise worker health and safety for some other end-game; when directors and managers turn a blind eye to hazards.

It concluded:

As its inquiry proceeded the commission noted the extent to which themes identified by inquiries into previous tragedies were repeated at Pike River. History demonstrates that lessons learnt from past tragedies do not automatically translate into better health and safety practice in the future. Institutional memory dims over time. This confirms that good health and safety performance is only achievable with the effective, continued involvement of the three key participants: employers, employees and the government regulator.’²⁰

A decade had passed between the Tranz Rail Inquiry and the Pike River Tragedy: so little time to forget so much.

²⁰ Proposal for reform — The Royal Commission on the Pike River Coal Mine Tragedy, Volume 2, Part 2, p264.



The blackened ventilation shaft at the Pike River mine, damaged by the earlier explosion - November 2010.

TIME LINE

1970s

1970

The railway network has shrunk considerably since the 1960s because several branch lines have closed.

1971

Government asks US firm Wilbur Smith and Associates to carry out a transport policy study.

1972

The third **Labour Government** comes to power, and will govern until 1975.

Goods to be transported more than 40 miles had to go by Rail. However, Rail has moved from the haul-anything-anywhere approach of the 1960s to more of a long-distance carrier. Despite new technologies resulting in staff cuts, rail still offers lifelong careers to those wanting them, and railway families still exist. NZR has top-notch training schools, its trainees regularly poached by other businesses.

1974

The Wilbur Smith and Associates report claims to be able to cut the annual cost to the country of transport by \$40 million. It suggests removing transport limits thus opening rail up to competition from road haulage. They proposed imposing fees that maintain a free market while reflecting the social utility of rail.

Government responds by tabling in Parliament a green paper that discusses basic transport policy principles and proposes formation of a railways corporation.

1975

The third **National Government** comes to power under Muldoon, and will govern for eight years.

1977

The 40-mile limit is replaced with a 150 km limit, opening up competition on several key routes – Auckland to Hamilton, Hamilton to Tauranga and Christchurch to Ashburton. Overall, it jeopardises an estimated 20% of rail traffic.

The passenger train service between Wellington and New Plymouth is replaced by a bus.





1979

National Business Review predicts the demise of passenger rail by the early 1980s.

Rail launches a campaign to promote better public relations and understanding of its problems. Its booklet – “Time for Change” – explains that rail’s annual losses are more like subsidies, since passenger fares and freight costs are both offered significantly below cost.

1980s

1980

The Minister of Rail announces establishment of a railways corporation and continuation of the 150 km limit on road haulage.

1981

Passing of the New Zealand Railways Corporation Act.

1982

The Railways Department and the Interisland Ferry service become the New Zealand Railways Corporation.

A Ministry of Transport discussion paper – “Land Transport Licensing and Regulation” – calls for abolition of rail protection.

1983

Removal of the road transport limit.

The Labour opposition launches a “Save Rail” campaign led by its rail spokesperson Richard Prebble. Several thousand rail workers march in Christchurch.

On coming to power, however, Prebble continues with industry deregulation and preparing rail for sale.

1983

New entrants are allowed into the industry from June.

Rail posts a profit after the previous years’ deficits. This is mainly the result of converting government loans to equity as part of corporatisation, and the decision to treat as revenue payment for social services provided by rail. In reality, financial performance is no better than previous years.

1984

The fourth **Labour Government** comes to power, and will govern for six years.

US firm Booz, Allen and Hamilton review the efficiency and effectiveness of



rail's operations. Its report suggests improvements are needed if passenger services are to continue. A recurring theme is overstaffing, and the report suggests cutting staff to improve efficiency.

1985

In response to the Booz, Alan and Hamilton report, trains' guard's vans are removed, and – by removing the guard's position – train crews cut to two.

1985

The Railways Corporation formally offers to sell its Ngaio houses to tenants, subject to obtaining secure title (achieved in 1988).

1986

Wanganui's Eastown workshops close due to restructuring, with several hundred jobs lost.

1987

The stock market crash results in low or negative economic growth over the next few years.

Locomotive Engineers Association (LEA) and the Railways Corporation begin negotiations over the proposal to single-man trains.

1988

Completed electrification of the North Island main trunk between Hamilton and Palmerston North at a cost of around \$250 million.

Railways Corporation announces the sale of its remaining 2500 houses. Staff get first option to purchase; the rest will be offered to the Housing Corporation.

1989

Plans begin to prepare rail for private sale. They involve organisational, financial and cost restructuring.

Railways Corporation tries implementing alternative shunting procedures (ASP) at Eastown. Radio replaces hand signals, and shunting crews drop from five to three. Staff refuse to attend ASP training and are suspended. A protracted battle follows.

Stone Key Investments Ltd buys most of Railways Corporation's houses, but tenants begin an action against Stone Key and the corporation to stop illegal rent rises. Proceedings don't end until 1996, in favour of the tenants.

1990s

1990

The fourth *National Government* comes to power.





In September, Railways Corporation and staff finally agree on ASP.

The corporation becomes New Zealand Rail Ltd as part of preparations for private sale. Government writes off around \$1.2 billion of debt and injects \$360 million into the new company as equity. Staff are cut in extensive restructuring. Government keeps the land the railway is built on, along with “non-core” business (property, buses and parcel delivery) and leases it to the company.

1991

The Railway Officers Institute, Locomotive Engineers Association and the Railway Tradesman Association come together to form the Combined Union of Railwaymen (CURE).

1992

Passing of the Transport Services Licensing Amendment Act (No 3) 1992, which exempts rail from the requirements of the Health and Safety in Employment Act.

All big yards now practice ASP, despite its problems (unreliable audio equipment, and a large proportion of shunters for whom English isn't a first language).

1993

Government announces the sale of New Zealand Rail Ltd for \$328.3 million to a consortium of Fay Richwhite, Wisconsin Central Transportation and Berkshire Partners. Treasury is concerned that Fay Richwhite, as the corporation's financial advisor, is unfairly advantaged, but it goes ahead.

1994

In July, seven-year-old Morgan Jones, a passenger on the Coastal Pacific, falls under the train when a viewing-platform handrail breaks. He is left blind and partially paralysed. The accident is widely publicised, and his family battle for two years for compensation.

In September, rail linesman Neville Arthur Bell is killed when a rotten pole he is working on collapses under him.

1995

In January, rail employee Erick Pickering is killed in a road accident while on duty.

New Zealand Rail is rebranded as Tranz Rail.

Tranz Rail finally compensates Morgan Jones's family.

In April, Tranz Rail employee Jack Neha is killed while shunting. The company is convicted in the District Court and fined \$30,000, but the High

Court reduces the fine to \$15,000.

In July, rail worker Bill Trouland is killed in a road accident while on duty.

1996

In January, locomotive engineer Peter Silbury dies on duty.

Wisconsin Central and Fay Richwhite take \$322 million equity from the business then float 31 million shares to the public.

In June, Tranz Rail employee Murray Spence is hit by a train and dies while carrying out signals maintenance beside the tracks.

In June, shunter Thomas Blair is killed when he falls from a “cowcatcher” while shunting.

Shunter Ronald Higgison is killed in a Palmerston North shunting accident.

1997

Tranz Rail wins the inaugural annual Roger Award for New Zealand’s worst transnational corporation because of its “callous” and “calculated” attitude towards its workers.

In May, rail worker Bernie Drader is killed when he falls from a locomotive while shunting.

Tranz Rail share price peaks at \$9.

1998

By June the country is in recession, and the current account deficit has grown to more than 7% of GDP. Some blame it on neo-liberal reforms, while those responsible for the reforms blame it on the country’s lack of progress towards privatisation and freeing up the market.

In June, rail worker Paul Kyle is killed in a work accident.

1999

The fifth **Labour Government** comes to power, and will govern until 2008.

In October, locomotive engineer Graham White is killed in a head-on collision between two trains. An occupational health and safety investigation lays most of the blame lay on the track warrant control system.²¹

2000s

2000

In March, Tranz Rail shunter Ambrose Manaia is killed in a collision.

In April, shunter Neil Faithful is killed in an accident at Woolston Railway yards.



21 A track warrant sets out the conditions for use of a part of the track e.g. speed restrictions, usage.



In May, shunter Robert Burt dies after falling from a train at Christchurch's Middleton freight depot.

Launch of a ministerial inquiry to investigate Tranz Rail's health and safety procedures.

Tranz Rail wins its second Roger award, the judges noting that Tranz Rail has killed more New Zealanders than the East Timor military deployment.

Tranz Rail's annual report shows annual capital expenditure has sunk to 22% of its 1998 total – an indication that track and train maintenance has fallen off. In the previous year Tranz Rail shed 221 full-time jobs in a quest for efficiency, and most of these jobs were in capital maintenance. Since 1993 Tranz Rail has cut more than 9000 jobs.

Tranz Rail announces a restructuring that means withdrawal of three services: Auckland and Wellington urban passenger rail, long-distance cross-country passenger rail, and freight services on some branch lines to rural areas. The RMTU condemns the action, saying the services are strategically, socially and economically important.

2001

Following pressure from the RMTU, Tranz Rail management audits its DC locomotives. Forty-three per cent are found to be unsafe and are removed from service.

General Secretary of the Rail and Maritime Transport Union Wayne Butson is quoted as saying that 30% of trains fail to make it to their destination with the same locomotive up front. This is "hugely demoralising for staff who are extremely committed to their jobs".

2002

South Island drivers threaten to slow rail traffic because of their concerns about buckling rails. A driver with 40 years experience is reported as stopping before every bridge to check the track before crossing.

Fay Richwhite exit Tranz Rail with a profit of \$87 million on their original investment, together with \$10 million in advisory fees. Wisconsin leaves two weeks later, with \$100 million profit and \$8 million in advisory fees.

350 jobs are lost when track maintenance is contracted out.

A Land Transport Safety Authority-commissioned report finds Tranz Rail has endangered passenger lives, and orders it to rehire 92 staff and slow passenger trains.

Tranz Rail wins its third Roger Award, having been on the shortlist every year since the award began.

2003

Tracks buckle in the summer heat as a result of past welding mistakes and the decision to contract out track maintenance.

In June, Tranz Rail issues its fifth share downgrade in the previous 12 months.

A shareholder says the company needs to make politically unpopular decisions to deal with its poor performance. He says Tranz Rail should put the Government's social objectives to one side – “the point is that this is not a social institution.” AXA – managed by Alliance Capital, and Tranz Rail's biggest shareholder – strongly agrees.

Tranz Rail stock drops to 30 cents per share as details of its severe financial difficulties emerge.

Government announces a heads of agreement with Toll Holdings Ltd to buy back the track for \$1. Toll plans to take a 35% share of Tranz Rail, giving it effective control, and Government drops its takeover bid to allow Toll to do so. A 90% shareholding would let it compulsorily acquire remaining shares, but Toll achieves only 84% within the Overseas Investment Office's time limit.

2004

Toll takes over the company and its debts at about the same time as Government announces a \$75.8 million bailout. This includes buying the rail network for \$1, taking a 35% share in the company and injecting \$40 million cash.

Government and Toll conclude lengthy negotiations that see Government buying back the rail network for \$2 (because the Government official does not have a \$1 coin in his pocket). It agrees to spend \$200 million on the network and Toll agrees to spend \$100 million on upgrading rolling stock and locomotives. Toll is granted 66 years' exclusive access, subject to a use-it or lose-it clause.

Post-purchase, the track is vested in New Zealand Railways Corporation, and begins trading as ONTRACK.

2004

The Securities Commission files proceedings against Midavia Rail Investments, Berkshire Fund, Michael Beard, Mark Bloomer, Carl Ferenbach and David Richwhite – the first time the commission has used its powers to take Court action for insider trading.

2005

Passing of the Railways Act, designed to implement the Tranz Rail inquiry's recommendations and provide a comprehensive rail-safety regime.





2007

Toll takes over 100% of the company after Overseas Investment Office approval. It had bought another 10% of shares which triggered a compulsory takeover of the remaining shares.

David Richwhite and his Midavia Rail Investments settle with the Securities Commission for \$20 million on the insider-trading case, without admitting liability. The final total, when combined with earlier settlements from other shareholders, is \$27.5 million.

2008

On 1 July, Government buys back the business for \$665 million, and ONTRACK and KiwiRail become a single business.

The fifth ***National Government*** comes to power.



2009

KiwiRail buys United Group Ltd in order to maintain locomotives and wagons in-house.

Minister of Transport Steven Joyce says KiwiRail is expected to turn a profit in the near future.

2010

The High Court orders that the remaining \$150,000 of the insider-trading settlement should go to two charities – the Chris Cairns Foundation and the Young Enterprise Trust.

Government commits to funding KiwiRail \$250 million in 2010, with a further \$500 million over the next three years to support a \$4.6 billion turnaround plan to revitalise rail freight. The funding is conditional on planners making a compelling business case. KiwiRail must generate the rest of the money itself. Several major customers – including Mainfreight and Fonterra, who have each made significant investments and contributed cash backing – support the plan.

2012

The closure of most of the Hillside Workshop in Dunedin with 90 workers losing their jobs. The management of KiwiRail, with the backing of government, decide not to bid for contracts that would have saved the jobs at Hillside.

APPENDIX

Richard Prebble's 1984 press release

"SAVE RAIL" CAMPAIGN

"Labour is expecting a huge meeting for its "Save Rail" 'whistle stop' meeting at the Christchurch railway station at noon this Monday", said Richard Prebble M.P., Labour's Transport spokesman.

As the largest manufacturing area in the South Island, the Christchurch district would suffer more than most if the Government went ahead with its deregulation proposals.

This was because the area was remote from the largest markets, which were all in the North Island.

What Christchurch manufacturers needed more than the alleged benefits of competition was a totally reliable national network of transport services under a unified management. And this was what the Railways could offer.

"A Christchurch manufacturer, to stay competitive needs to be able to send large and small consignments to every main and provincial centre in the country. He needs a service which requires only one lot of documentation and only one freight bill to pay."

If, as a result of deregulation large chunks of the railway system were closed down, the alternative transport services would be cumbersome and unreliable, involving transfer of cargo not just from one mode to another, but from one operator to another. The potential for cargo to be lost or delayed in transit would be enormous and the procedure for making claims in respect of loss or damage complicated.

Improved coastal shipping was not the answer - coastal ships would not be able to match the rail service which offered daily services to virtually every part of the country, using rail, or rail-owned road services or ferries.

"Imagine the problems of despatching goods to a North Island centre which had lost its rail service. The consignor, working from Christchurch, would have to arrange not only transport by rail and ferry to the North Island, but would also have to pick a hopefully reliable carrier in a town he did not know, to uplift his goods for carriage on to their final destination."

This might be satisfactory for national firms with branches in every region, but for the smaller manufacturers the system would be virtually unworkable.

Deregulation would have other effects - for instance it would cause a

Your life for the job

New Zealand rail safety 1974 – 2000

By Hazel Armstrong

Shunter Robert Burt fell under a moving wagon in May 2000. He was the fifth Tranz Rail worker to be killed in 12 months. His employer had a workplace accident rate eight times the national average.

This book, written by New Zealand's foremost legal expert on workplace health and safety, concludes that the appalling rate of death and injury on New Zealand's railways in the 1990s is 'the story of de-regulation and privatisation'.

In the early 1990s new workplace health and safety legislation 'obliged employers to take all practicable steps to prevent harm to their employees'. *Your Life for the Job* makes clear that New Zealand Rail (NZR) was secretly exempted.

Soon afterwards, NZR was sold to a consortium of private owners which renamed it Tranz Rail, cut staff numbers and reduced spending on equipment and maintenance. Eleven of its employees were killed on the job between 1995 and 2000. This shameful record was brought to an end after the RMTU, the rail workers' union, successfully called for an independent inquiry.

Author Hazel Armstrong points out that both the 2000 Tranz Rail inquiry and the 2012 Pike River inquiry illustrate what happens when;

- regulators are ineffective and are captured by the employer;
- Parliament and the government of the day are prepared to compromise worker health and safety for some other end-game; and
- directors and managers turn a blind eye to hazards.

"Railway staff at Addington and other railway establishments in Christchurch obviously spend most of their pay packets in the city. If they lose their jobs, every retail and servicing business will feel the effects."

The work which was done by rail wagons maintained repaired and built at Addington would be carried out by imported road vehicles which would be scrapped after about ten years in service, compared with rail wagons which would last for three times as long.

"As for the economics of the South Island rail system, which as most people know runs at a loss, it is only fair to ask how many main roads in the South Island are profitable.

"If the balance sheet is the only criterion to be used in transport planning, let's close down the Arthurs Pass road, because I'm sure the revenue extracted from vehicles using that road in the form of petrol taxes and road user charges goes nowhere near the cost of keeping the road open."

A final point was that the Government had said it was trying to inject a bit of competition into transport. If railways were allowed to close there would be no competition.

On the other hand, if railways were to remain open, it made sense to make the best use of them, and to do that some form of regulation was very much in the national interest.

