

Media Release: Rail and Maritime Transport Union (RMTU)

Thursday May 12, 2010

## **Manufacturing decline in Otago shows need to back Hillside**

Declining manufacturing in the Otago region should be a wakeup call to the government to support the local rail manufacturing and associated engineering industries, the Rail and Maritime Transport Union said today.

Today's BNZ/Business New Zealand performance of manufacturing survey shows that while Otago experienced an improvement on March figures, overall, manufacturing was still in decline in the region.

The Central region, where KiwiRail's Woburn workshop in Lower Hutt is based, also declined.

"How we can retain any form of rail manufacturing base in this country when government procurement settings do not support local industry," Wayne Butson, General Secretary of the Rail and Maritime Transport Union said.

"This is the time to be backing the Hillside and Woburn workshops, not walking away from them, as we saw from the government's weak response to last year's business case to ensure the \$500 million job to build Auckland's new Electric Multiple Units stayed in New Zealand."

"We have the expertise and equipment in our rail workshops in Dunedin and Lower Hutt to carry out more rail manufacturing work."

"All we need now is a government willing to back local industry, and help keep good manufacturing jobs in New Zealand."

"Australia has stronger local content requirements than we do. KiwiRail and other crown entities need a firm direction from their shareholder, the government, to make it clear that buying local must always be the first option where possible."

"We are hopeful that Dunedin South MP Clare Curran's Kiwi Jobs Bill will be drawn from the ballot soon, to allow this debate to occur."

Wayne Butson said that although KiwiRail had failed to submit a bid for the \$500 million job to build Auckland's new Electric Multiple Units, there was still a chance that local industry could benefit, if KiwiRail followed through on the local content provisions in placed in tender documents.

Last month KiwiRail [announced](#) the two shortlisted firms for the contract to build 38 three-car electric multiple units and 13 locomotives for the Auckland rail network. A final decision is expected within the next three to four months.

Ends.

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

Notes: the survey is accessible here: <http://businessnz.org.nz/surveys/501>

## **Background notes re Electric Multiple Units:**

Last May, Chambers of Commerce, local government and unions commissioned a report setting out the economic benefits of building Auckland's new electric multiple units and locomotives in the Dunedin and Lower Hutt workshops. BERL estimated that local construction 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>

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."*