

KiwiRail needs to operate for the long term benefit to the economy, not for short term profit

Rail and Maritime Transport Union media release

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The union representing rail workers says KiwiRail needs to be turned into a 'public benefit entity' so it can operate for the greater good of New Zealand.

The Government has recently asked the Treasury and the Ministry of Transport to consider KiwiRail's "entity form" as the current State-owned Enterprise (SOE) model is not working.

Rail and Maritime Transport Union General Secretary Wayne Butson says SOE legislation requires KiwiRail to have an overriding commercial focus, and this short-term approach undermines any long term strategy for rail as essential infrastructure.

The SOE model works against the retention of services on lines which may be marginal today but may become essential under a new transition industry, he says.

Mr Butson says an example is TranzRail removing the double tracking between Mosgiel and Dunedin, which would have been useful today for moving the Fonterra tonnage from Mosgiel to Port Chalmers, and in pathways for a future that may include regional passenger trains.

He says KiwiRail's SOE status restricts the ability of any Government, present or future, to give directions to the company which may be of national benefit – an example of which was the Government's intervention to preserve the electric locomotives on the North Island Main Trunk Line.

Mr Butson says the RMTU also believes the short term incentives programme paid to senior KiwiRail managers is out of control, and a return to oversight of the State Services Commission would rein in this plundering of public money.

"Rail is now seen as an essential element of our logistics and passenger supply chain and is in need of significant investment in our national interest, and so it is only right for it to be returned to being a crown public benefit entity."

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