

Private operator to run New Zealand capital's rail service

By our correspondent
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The Greater Wellington Regional Council (GWRC) announced on December 17 that it will privatise commuter rail services in New Zealand's capital city. Transdev, in partnership with South Korea's Hyundai Rotem, will take over the Wellington region service from July 2016. The 15-year contract covers passenger services in the lower North Island, including the heavily-used Kapiti, Hutt Valley, Johnsonville and Wairarapa lines.

Transdev presently operates commuter rail services in New Zealand's largest city Auckland, as well as rail and bus services in 20 different countries. The current operator of Wellington's passenger rail is Tranz Metro, a subsidiary of state-owned KiwiRail. This is the first time the service has been put on the market since the council took over ownership of the rolling stock and station buildings in 2011.

The decision to contract out metro rail services is in line with the pro-market agenda of the country's corporate elite, aimed at cutting costs and boosting profits at the expense of the working class. It follows the sale of other state-owned entities by the conservative National Party government, including power generators, public housing, and coal mining company Solid Energy. KiwiRail has been targeted for cost-cutting and possible privatisation for some time.

The 13-member GWRC is dominated by Labour and Green Party councillors. The chairman, Chris Laidlaw, is a former Labour Party MP. Paul Swain, the council's Transport Portfolio Leader is a former Labour transport minister, and Fran Wilde, the Economic Development Portfolio Leader, is also a former Labour cabinet minister and ex-Wellington city mayor. Former Greens MP, Sue Kedgley, is on the council as well.

Announcing the successful Transdev bid, Laidlaw said the selection was "the first of all new,

performance-based contracts for our train, bus and harbour ferry services" to improve customer service with "strong incentives for operators to grow patronage by making public transport easier and smarter."

Job cuts and attacks on working conditions are already being prepared. The *Dominion Post* reported on December 18 that while Tranz Metro's 400 workers will be offered new contracts "on the same or more favourable conditions" as covered by the rail collective agreement, "some job losses are possible."

The Rail and Maritime Union (RMTU), which covers Tranz Metro workers, issued a pro-forma criticism, noting that "private rail operators often provide poorer service at a greater cost" by milking governments for subsidies. At the same time, speaking to *Newstalk ZB*, RMTU General Secretary Wayne Butson falsely assured rail workers that "their jobs are secure, and their terms and conditions are secure."

Butson glorified the government's ownership of KiwiRail, stating that "privatisation just isn't needed. Wellington metro rail services have been delivered by the national rail operator for more than 80 years." Rail would "be the poorer for the loss of work and our members are deeply saddened at the prospect of leaving the KiwiRail family," he declared.

The union's depiction of a congenial "KiwiRail family" belies the actual history of the New Zealand railways, which have borne the brunt of free-market privatisation programs pursued by both Labour and National-led governments, enforced by the trade unions, for the last three decades.

The 1984-1990 Labour government of Prime Minister David Lange prepared the railway system for sale by transforming it into a profit-oriented State Owned Enterprise. This eventually resulted in the destruction of over 9,000 jobs and the closing of

“unprofitable” branch lines.

In 1993 NZ Rail was privatised by the National government for \$328 million to a joint NZ-US consortium, led by merchant bank Fay Richwhite and US-based rail operator Wisconsin Central Transportation Corp. A further assault on jobs, safety and working conditions saw the company, renamed Tranz Rail, post annual net profits from 1997 to 1999 of \$60.6 million, \$48.2 million and \$70.2 million.

The corporate owners cashed up, stripped assets and ran down infrastructure and services. Rail workshops throughout the country were closed and many regional passenger services disappeared, leaving only four long-distance passenger services. CityRail Auckland was bought in 1991 by Auckland Regional Council, which contracted it back to NZ Rail to operate. Transdev took over operation of Auckland passenger rail in 2004.

CityRail was remodelled as Tranz Metro in 1995. In 2000, under the then-Labour government, Tranz Rail split Tranz Metro Auckland and Wellington into separate subsidiaries in preparation for eventual private operation. GWRC signed a contract in 2006 to run the passenger network, making Tranz Metro Wellington an operator on behalf of the council.

In 2004 Australian-based Toll Holdings took over Tranz Rail. After four years of disputes with Toll over terms of access to the rail tracks, which remained government-owned, the Labour government of Prime Minister Helen Clark bought back the indebted rail and ferry company for \$690 million, effectively bailing out Toll Holdings. In 2011 KiwiRail agreed to hand ownership of railway station buildings excluding Wellington railway station, to the GWRC, along with all passenger rolling stock, while the state-owned company kept ownership of the tracks, platform, electric traction and signal systems.

Throughout the decades-long assault, rail services were gutted while rail workers paid the price with cuts to jobs and conditions. Staff levels are just over 4,100 today, compared with 21,000 in 1982. Working conditions have been eroded, with the introduction of part-time, casual and split-shift work to undermine full-time permanent employment.

Tranz Metro has been plagued by inadequate staffing and insufficient carriages during peak times and special events. Buses are routinely brought in to replace train

services so track maintenance workers can repair outdated overhead lines and track infrastructure.

The KiwiRail-owned and operated Capital Connection rail service, which runs between Wellington and Palmerston North, could be sold off on the pretext of declining patronage. The company has withdrawn seven long distance passenger services since 2001.

The opposition parties, Labour, the Greens and New Zealand First have postured as opponents of the GWRC’s decision. New Zealand First leader Winston Peters' main criticism was that profits would flow to “large overseas companies” like Transdev.

Green Party MP Gareth Hughes did not oppose privatisation as such, but attacked the government for allowing “huge foreign companies” to run “key infrastructure services.” The history of rail privatisation, however, demonstrates that New Zealand investors like Michael Fay and David Richwhite are no less rapacious than foreign ones.

The leading role played by the ex-Labour and Greens MPs in handing the rail network over to a private operator again demonstrates that the so-called “opposition” parties are committed to the big business program of unending attacks on living standards, social rights and the privatisation of essential public services.

Rail workers can only oppose the threats of privatisation and assaults on their jobs and working conditions through a rebellion against these organisations. Workers must form rank-and-file committees, independent of the trade unions and the whole political establishment, unifying workers in New Zealand and internationally.

Such a struggle is possible only on the basis of a new political perspective: the mobilisation of the working class in the fight for a workers’ government and socialist policies, including the nationalisation of rail and other major industries under the democratic control of the working class.

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