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President Gerardine (Ged) Kearney

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Senate Standing Committees on Rural and Regional Affairs and Transport
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By e-mail: rrat.sen@aph.gov.au

Dear Committee Secretary,

Re: Australian Senate Rural and Regional Affairs and Transport Reference Committee Inquiry into the Rail Industry 2017

The Australian Council of Trade Unions (ACTU) welcomes the decision to establish the Senate enquiry into the Rail Industry. Australia is experiencing renewed demand for public transport. Governments nationwide are planning to spend over \$46 billion on rail public transport projects within a decade, including billions on new rolling stock.

The ACTU wants to ensure that this sector can give our local manufacturers and their employees the maximum possible number of productive and sustainable jobs. Unfortunately, across Australia, each State still 'does its own thing' in designing and ordering its public transport rolling stock. This lack of national consistency in procurement, design and standards is creating vast inefficiencies for local manufacturers. This undermines local jobs. National reform in this sector will yield great efficiencies, better outcomes for the Australian community and deliver a strong local manufacturing future. In this regard the ACTU commends the submission of the Australian Manufacture's Workers Union (AMWU) to the Review.

We need practical reform that seeks to bring all to work towards 'economies' of scale in rolling stock procurement, design and volume of orders for local manufacturers. Economic modelling reveals adopting reforms would yield between 550 and almost 700 full-time Australian manufacturing jobs and add between \$4.2 and \$5 billion to our economy over a decade. It could even establish a sizeable export industry for Australian-made rolling stock. A sincere commitment to national microeconomic reform can secure significant economic benefits to Australia and our people. The AMWU's submission provides reform direction so that our governments can deliver jobs and prosperity for Australian manufacturing workers.

An effective national approach would involve a collaborative effort between leaders of the Federation to bring coordinated management and accountability to the sector, so it can perform at an efficient scale to generate Australian jobs and offer best value to taxpayers and public transport users. Promises to 'harmonise' the sector under current State-based arrangements have failed to deliver these outcomes.

There are five Australian states with public transport rail manufacturing sectors: New South Wales, Victoria, Queensland, South Australia and Western Australia (in addition, the Australian Capital Territory is considering development of a light rail transit capability). As each government has sovereignty over its own operations, there is no commonality or standardisation in public transport rail procurement, manufacturing, maintenance in Australia. As such, there is no national approach to assist states when rail building and maintenance choices are made for major public transport infrastructure projects that would provide best effect and least cost.

In these respects, the public transport aspects of rail are at risk of the inefficiencies brought about by lack of scale in manufacturing, lack of alignment in State design, strategy and procurement and lack of consistency in vehicle design and accreditation. All of these aspects add significantly to costs, promote unpredictable production schedules and ultimately threaten manufacturing jobs and sector productivity overall. For these reasons, the ACTU is convinced that public transport rail is a sector overdue for microeconomic reform, in the best traditions of Australia's productive reforms.

Furthermore, the lack of a national, efficient industry prevents a truly strategic assessment of local content and how to achieve practical national outcomes. In the long run, the ACTU considers taking a more national approach to rail manufacturing could allow the local content questions in this sector to be paired with local content decisions across other nationally significant sectors such as mining, construction and especially Defence. Many of the core manufacturing skill sets are common across all of these sectors. Moving to a more aligned national plan for public transport rail manufacturing will allow future governments to examine local manufacturing labour content in a far more strategic way, in the national interest.

Indeed the ACTU wants to see a higher level of local content in Government procurement and is calling for the Government to support a Buy Australian Act that would require all major government projects and services to use locally manufactured goods, such as steel, iron, clothing and equipment. This increased public investment from the 'The Buy Australia Act' will generate a trifecta of benefits: it will provide a badly needed immediate boost to domestic economic demand and growth; it will enhance the productive potential of the Australian private sector in the future; and, it will expand opportunities for all Australians to share in our economic success.

We can't be complacent about the need to keep generating sustainable growth and higher living standards. Many families are worried about not having a job, about being paid wages that are not sufficient to put food on the table, pay the rent and take the family on a holiday. If we want a successful economy that works for ordinary people we need to think strategically, make national reforms and invest to make the economy work for ordinary people.

These suggested reforms would lead to a positive outcome for the Australian people and support investment and job creation in the rail sector across Australia. The ACTU hopes the Senate will propose fair and reasonable reforms to this urgent issue.

Regards,

Ged Kearney
President
Australian Council of Trade Unions