

To the Committee Secretary,
Senate Standing Committees on Rural and Regional Affairs and Transport.

As a blue collar worker of over 30 years in the locomotive and passenger rail car manufacturing industry I believe I can provide a shop floor view of an adhoc ,feast or famine State Government procurement policy on manufacturers ,workers, workers families, local parts suppliers and the community that we live in.

Newcastle currently has two rolling stock manufacturers which have both retrenched hundreds of highly skilled workers in the past couple of years. These manufacturers are now tendering to supply passenger rail cars fully built overseas due to a state government procurement policy that demands a large amount of rail cars to be built and delivered in a relatively short period of time. This coupled with no government local content policy forces/encourages local manufacturers to source rail cars from South Korea and China. The local manufacturer then becomes nothing more than the middle man and service and warranty agent resulting in the direct loss of hundreds of jobs. How can the NSW State Government think spending 3.5 billion dollars on the next generation Intercity Passenger Rail Car Fleet be the best thing for NSW if most of that money is spent in China or South Korea?

The Newcastle and Lake Macquarie area where NSW train builders are based have an unemployment rate of 6.9% and a youth unemployment rate of 20%. China and South Korea have an unemployment rate of approx. 4% each.

Every direct job building trains generates another four indirect jobs in the local, state, and national economy. Can Australia afford to throw these job opportunities away? Youth unemployment of 20% - train building can provide apprenticeships and traineeships in various trades and other engineering disciplines. Do we have an obligation to help provide purpose and hope for a decent future for our youth? Australia also needs a next generation of people who can make things.

Governments need to consider smoothing out their procurement demands, instead of a huge peak in demand and then an equally big downturn at the contract end, a constant steady build program and a well thought out local content policy would encourage manufacturers to invest in new, more efficient equipment and processes and allow efficiencies due to a constant steady build program. Local families would be saved the stress and trauma of retrenchment and the bleak reality of unemployment. Australian rail industry is forecasting many billions of dollars over the coming years being spent on procurement of rolling stock. Should we invest in overseas manufacture and see all of the benefits it will bring them or invest in Australian manufacture and reap the rewards that a smart country that makes thing deserves?

I say invest in Australia.

Regards,
Phillip Walters.