

Labour Government Re-nationalises Railways

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The Labour led government is to re-nationalise the railways after reaching an agreement to purchase Australian owned Toll Holdings rail and ferry operating business for \$665 million, thus completing the wholesale re-nationalisation of all aspects of the rail and ferry network.

This is a welcome development, despite the high price tag. No one doubts the absolute disaster rail privatisation has been. Even Finance Minister Cullen recognises this when he said "The selling off our public rail system in the 1990's and the running down of the asset afterwards has been a painful lesson for New Zealand".

Quite clearly, if it hadn't have been re-nationalised then the government would of ended up in a similar situation to that of the British government. Whereby significant taxpayers' money is given to the private rail operators to maintain profitably, without any real investment in the service or infrastructure. Such a scenario was unacceptable to the Labour cabinet. Hence the outcome. The Prime Minister Helen Clarke is on record as saying that major government investment in the rail network is due and is a key part of their transport strategy. The Prime Minister said "modernising our transport sector is central to transforming our economy and making it truly sustainable.... with rising fuel prices and growing awareness about the challenge of global climate change, many nations are looking to rail as a central part of 21st century economic infrastructure". These are fine words from the Prime Minister, but this is extremely doubtful on the basis of New Zealand capitalism.

The National leader John Key was in favour of the 'British' scenario, and said "They've (government) got no experience in running rail and no clue how they're going to do it". John Key later said that a National government would not re-sell the asset, in line with his previous statements of not privatising assets in the first term if elected. Such statements are easily dispelled when the re-nationalisation of rail was first mooted when National's Deputy Leader Bill English said that they would privatise it!

The company will become a State Owned Enterprise (SOE) on July 1st and may merge with Ontrack (SOE for rail infrastructure). The SOE will be run on market lines. Here, there is a derailment waiting to happen. Quite clearly the new board will be stacked with pro business people and run in the interests of the capitalists.

If Labour is to truly answer the National Party on having the necessary expertise to run the railways the answer lies in the 3,200 workers who actually work on the New Zealand railways.

The Labour led government must abandon the pro capitalist market approach to running SOEs and adopt a socialist model for SOEs that involves the workers running industry and society. This can be implemented quite simply by workers' management and control of SOEs on the basis of one third of the places on the management board elected from the unions in the industry, one third elected from the CTU representing the working class as a whole and one third nominated by the government. Such a move would begin the socialist transformation of New Zealand society.