

## **Engineering Profession Gives Cautious Welcome to Changes in Rail Structure**

The Institution of Professional Engineers New Zealand (IPENZ) today cautiously welcomed the announcement of changes to the structure of the rail industry in New Zealand.

“It is a step in the right direction” said IPENZ Deputy Chief Executive John Gardiner. Our initial analysis of the proposal shows that it has the potential to provide a sustainable future for rail operations in New Zealand. One area of potential concern is the exclusive rights given to Tranz Rail for access to the network. While the “use it or lose it” mechanism will be an incentive on the company to provide an adequate level of customer service at a cost the market will bear, the tonnage threshold should be set at a level that ensures the company continues to be innovate in its service package. “Sixty seven years is a long time to give a private company sole access to a state asset. The Government needs to ensure that they do not abuse this right through ensuring performance through this mechanism” said Mr Gardiner.

Setting the network company up as a Crown company will be an effective means of providing a focus on the management of a safe and reliable rail network. “The fact that it appears that the Government is not setting up the company as a state owned enterprise suggests that the government recognises that there will probably be a need for regular capital injections to keep the network safe and efficient” said Mr Gardiner.

“It is important that those appointed to govern and manage the new company have the right balance of engineering and rail operations skills to manage what is a key asset in the nation’s transport infrastructure” said Mr. Gardiner. IPENZ looks forward to working with the working with the Government to identify such people.

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