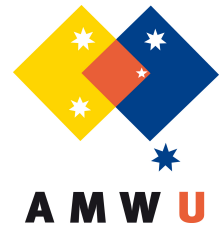


Australian Manufacturing Workers' Union

MEDIA RELEASE

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Baird's Rail Numbers Don't Add Up

Serious questions have been raised about the NSW Government's decision to buy trains from South Korea with the release of a report criticizing the economic and financial basis of that decision. The report is available at futurework.org.au/penny_wise_pound_foolish.

The report, titled *Penny Wise and Pound Foolish: the Economic and Fiscal Costs of Offshoring Public Procurement*, was commissioned by the Australian Manufacturing Workers' Union (AMWU) and prepared by economist Dr Jim Stanford as part of the Australia Institute's Centre for Future Work.

The report comes as the Transport Minister has failed to account for his claim that an overseas build would be 25% cheaper. As confirmed by estimates hearings during the week, neither the minister nor his department have provided any evidence that substantiate his claim.

The AMWU endorses the report's recommendation that the NSW Government place on hold its recent \$2.9 billion contract to purchase inter-city trains from South Korea and undertake a comprehensive, public and transparent economic and financial analysis of the decision.

The report highlights the need for governments to preference investment in local jobs and manufacturing capability rather than simply minimizing the up-front purchasing cost to government. It also describes the NSW government's recent decision to buy 512 passenger rail cars from South Korea as 'myopic' and states that it will 'undermine the economic prospects of the state which it governs'.

"Mike Baird's numbers simply don't add up, and this report proves it," said AMWU NSW Secretary Tim Ayres. "The NSW Government has made this decision on a sticker price: they haven't considered the real costs that this decision has on the NSW economy and especially regional communities,"

"It is common sense: investing in Australian jobs and Australian industry is good for our economy. This report outlines the critical way in which this investment creates jobs."

"The NSW Government claims that they have acted in the responsible interest of the people of NSW. This report indicates that that is not the case," Mr Ayres said. "The decision to send rail manufacturing contracts overseas is based on ideology, not economics."

"We are seeing increased demand in public transport and governments are buying more trains than ever before: we should have a thriving rail manufacturing industry," he said. "This report shows us that investing in manufacturing will deliver better outcomes for taxpayers and jobs for communities that need them."

The union has also expressed concern at provisions in the Korean Free Trade Agreement, identified in the report, that would potentially allow the contractors to import Korean workers without labour market testing.

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