Foreign Control Watchdog

PO Box 2258, Christchurch, New Zealand

WATCHDOG 86, DECEMBER 1997

TAKING CONTROL:

The Fightback Against Transnational Corporate Power Conference

FRIDAY FEBRUARY 27 - SUNDAY MARCH 1, 1998
KNOX PRESBYTERIAN CHURCH HALL
28 BEALEY AVENUE, CHRISTCHURCH

Watchdog is often cited as a guaranteed cure for cheerfulness. We present huge reams of riveting, but thoroughly depressing information. The time is long overdue for us to have a look at some solutions, and at what people can do, and are already doing, to fight back against the transnational corporate agenda.

CAFCA, GATT Watchdog and Corso have combined forces to organise a 1998 conference entitled **Taking Control: The Fightback Against Transnational Corporate Power.**

Transnational corporations (TNCs) dominate the world economy and New Zealand is one of the most extreme examples, certainly in the developed world. But **Taking Control** will be unlike most conferences, which analyse the problem and end up depressing the participants by the sheer enormity of it. By necessity there will be information on, and analysis of, the problem. But that is not the focus of Taking Control.

It's subtitle is: **The Fightback Against Transnational Corporate Power**. The aim is to bring together grassroots activists from around the country to tell us about their struggles, successful or otherwise, against the TNCs, and their fightback against the effects, both direct and indirect, of foreign control. The emphasis will be on extra-parliamentary activism, with the "parliamentary road" put into that context. The title **Taking Control** means what it says - taking control from those who have taken control of our country. Disarming the hijackers, in short.

Timetable

Friday night (February 27): 7.30 p.m.
- Public Meeting

Saturday (28): 9 a.m. - 5 p.m.
- Speakers & Workshops

Saturday night (28): 7.30 p.m.
- Roger Award Presentation

Sunday (March 1): 9 a.m. - 5 p.m.
- Speakers & Workshops.

All events at Knox Presbyterian Church Hall, 28 Bealey Avenue, Christchurch

Registration

Taking Control costs $15 for unwaged and $25 for waged. There is a $75 rate for those who wish to support it.

The Roger Award presentation costs $5 to attend for conference participants and $10 for others. There will be no door sales.

Please register by January 31, 1998, if possible. Make cheques to CAFCA, Box 2258, Christchurch. Specify whether you are waged, unwaged or a supporter. Specify if you are registering for the Roger Award presentation. Donations will be gratefully received, as this sort of event costs thousands.

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The material in this issue may be reprinted provided the source is acknowledged. A copy would be appreciated.
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E-mail: cafca@chch.planet.org.nz

Every member of the Campaign Against Foreign Control of Aotearoa (CAFCA) receives a copy of each issue of *Foreign Control Watchdog*. CAFCA's annual membership fee is $15. Send cheques to CAFCA, Box 2258, Christchurch, New Zealand. CAFCA is not registered for GST. Individual copies of the current *Foreign Control Watchdog* cost $5. There are no spares available of any back issue.

Taking Control is about sharing information, resources and strategies. It will include plenty of time for workshopping on action, strategies, tactics, and outcomes. It will not be just another conference of talking heads. There will be specific outcomes in several areas, either in existing campaigns or in creating new ones.

For instance: 1998 has been deliberately chosen because it is local body election year. The TNCs, with the connivance of some politicians, are steadily making inroads into ownership and control of local assets and services, such as water, electricity supply, rubbish collection, etc, etc. Taking Control will be about building a network to coordinate the fightback against this TNC takeover of our cities, towns and districts. There is the campaign against the Multilateral Agreement on Investment (MAI), due to be signed in 1998, which aims to stitch up a "charter of rights and freedoms for transnationals". Another campaign to be built from **Taking Control** is that centring on the APEC 1999 Leaders Summit in Auckland. This huge event is a golden opportunity to show the assembled dictators, presidents and prime ministers that the people of New Zealand reject the global "free trade" agenda that has thrown this country wide open to the TNCs.

Speakers

Because we face a transnational foe, we need grassroots international solidarity to effectively oppose it. **Taking Control** will feature two international speakers.

Moses Havini
Australian representative of the Bougainville Interim Government, will speak on the impact of Rio Tinto (owner of Comalco) and its mine on the war of independence waged by the people of Bougainville for the past decade.

Sharon Venne
a highly respected Cree indigenous rights lawyer/activist, will speak about the impact of transnational corporate power in Canada, a country which has many parallels with NZ, and the Canadian fightback against the TNCs.

New Zealand speakers, confirmed so far, include:

Sue Bradford
from the Auckland Unemployed Workers Rights Centre. A veteran campaigner and grassroots community organiser, who will speak about the impact of the TNC agenda on beneficiaries and working poor, and the fightback against institutionalised unemployment and poverty.

Mark Tugendhaft
from Coromandel Watchdog of Hauraki. A veteran activist, who will speak about the decades long campaign against TNC mining companies.

Annette Sykes,
Ngati Pikiao, high profile Treaty of Waitangi activist and lawyer. She will speak on the impact of TNCs on Maori, particularly in the area of forestry, and the Maori fightback.

Maxine Gay,
president of the Trade Union Federation. She will speak about the impact of the TNC agenda on workers, and the union fightback.

Murray Horton
from CAFCA. A veteran activist and writer, he will focus on one TNC - Telecom - and the wide range of fightbacks against it.

Aziz Choudry
from Corso and GATT Watchdog. Activist and an expert analyst on free trade issues, he will speak about the broadbased campaign against the Multilateral Agreement on Investment (MAI).

THE ROGER AWARD

Taking Control will incorporate the announcement of the winner of the **Roger Award For The Worst Transnational Corporation In New Zealand In 1997** (*see elsewhere in this issue for details of nominees and judges, etc. Ed*)..

This will be made at a function at Knox Presbyterian Church Hall (28 Bealey Avenue, Christchurch) at 7.30 p.m. on **Saturday February 28.** The award will be announced by Jane Kelsey, Professor of Law at Auckland University and author of "The New Zealand Experiment". Jane and the other three judges assessed the nominated corporations on a variety of criteria. Nominations have come from all round the country, and there is a wide field to pick from.

Please book early for this eagerly awaited event.
There will be no door sales.

INTO THE MAI-nstream AND UNDER THE SPOTLIGHT?

- Aziz Choudry

Since *Watchdog* 85 came out, the Multilateral Agreement on Investment (MAI) has started to work its way into the mainstream media and even, to some degree, into the consciousness of the public. The day I sat down to write this update the op-ed piece in the Christchurch *Press*, by Parliamentary reporter Peter Luke was on the MAI (1/11/97). While this "breakthrough" has not resulted in a lot of self-congratulatory backslapping among longtime critics of trade and investment liberalisation, it is perhaps a sign that some of the hard slog of raising concerns about the impact of GATT, APEC, and other global and local versions of the corporate free trade and investment agenda is starting to pay off. Many are seriously questioning the desirability of locking in what is already one of the most open foreign investment regimes in the world through signing up to an agreement which has rightly been dubbed a "multinational's Magna Carta". *For more information on what the MAI is all about, try Watchdog 85, the May 1997 issue of GATT Watchdog's bulletin, The Big Picture, or Corso's May 1997 issue of Overview (GATT Watchdog and Corso can be reached at PO Box 1905, Christchurch).*

Given that some in the media had described GATT during the Uruguay Round of negotiations (which finished in 1994) as a "ratings-killer", the fact that the *New Zealand Herald* has run several pro- and anti- MAI articles, and that other media are now picking it up offers at least a glimmer of hope that there may be some journalists and news editors who realise that there are some very important issues which need debating here, and that the media has a role to play in this. GATT Watchdog, a coalition of New Zealand groups and organisations, of which CAFCA is a member, has fielded a steady stream of requests for information, invitations to write articles (from within New Zealand and overseas), and to address meetings on the MAI. Within both Organisation for Economic Cooperation and Development (OECD) and non-OECD countries there are various moves to expose and oppose the MAI, and an ongoing dialogue on the Agreement, and strategies to defeat it.

Those who, during the Uruguay Round, had raised concerns and voiced opposition about the free trade agreement and the creation of the World Trade Organisation, have noticed a far greater awareness of similar issues and concerns tied up in the MAI among both non-Maori and Maori. While I disagree with political columnist Chris Trotter's inference that word on the MAI is primarily "spreading through the capillaries of the radical Left" (it's got to quite a few more veins and arteries by now, Chris!), he is right in saying that this "is one of those smouldering issues which, with the right catalyst, could burst into flames at any moment" (*The Independent*, 26/9/97). Talkback is full of the topic - letters to the editor, published and unpublished are flowing in on the issue, community and rural newpapers are picking up the topic, the alternative media is buzzing with it in a way that never happened around GATT.

Up and down the country, public meetings and seminars on the MAI have been held. A number of us who have been working on the MAI have spoken to well attended meetings in a number of cities and towns. What is striking too is the range of people interested in this issue, the sense of urgency which people feel about it, and the clear analysis of the free market agenda which has been built up in different communities. It is a very different feeling from, say, three or four years ago when some of us were raising public concerns about GATT.

The Politicians

As far as political parties go, the Alliance must take considerable credit for running with the MAI issue. They have fired in a steady stream of Parliamentary and written Questions about the implications of the MAI, and made the Agreement a major campaign focus. While some Labour MPs have quietly voiced concerns for some time about the MAI and New Zealand's international treaty making process, it is only recently that they have started to make any public noises about the contents of the MAI. Labour deputy leader, Dr Michael Cullen, has criticised the Coalition government's handling of the MAI issue, arguing that it is in "danger of losing the public debate over the MAI, something which would not be in New Zealand's interests" (press release, 22/10/97). Within Labour, Tariana Turia has been the most forthright in her condemnation of the MAI, saying : "I see this as a second wave of colonisation, acting against the interests of our people - a threat to what little we have left" (*NZ Herald*, 20/10/97). Word is that both Labour and New Zealand First Maori MPs have major misgivings about the MAI, although Labour's position on the MAI appears to be one of basic support.

When Labour's Spokesperson for Foreign Affairs and Trade and ardent free trader, Mike Moore, was first approached by the media for comment on the MAI in early April 1997, he replied that he hadn't heard of it

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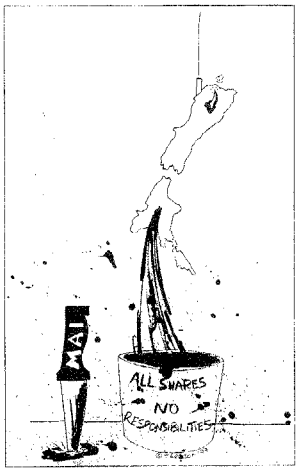
but it sounded like a really good thing. Only recently he told a University of Canterbury seminar on International Liberalisation: "There is controversy about the Multilateral Investment Agreement (MIA) [sic]. The irony is the left in New Zealand have borrowed a lot of the literature and arguments used by the extreme right-wing militia types in the United States who believe there is a sinister group of people plotting away trying to make a world Government and deny people their individual and national rights....Crazy literature is being sent to MPs by wacko, conspiracy types..." about the MAI (25/8/97). But even he concedes that New Zealand needs to change the way in which Parliament enters into international treaties, and that Parliament should ratify treaties. At present, Cabinet can negotiate and sign treaties like the MAI without Parliamentary approval.

Labour MP Ross Robertson has a private members bill in the ballot entitled the "Multilateral Agreement on Investment (Parliamentary Approval) Bill. This would, if selected from the ballot, allow Parliament the opportunity to debate the issues surrounding the MAI. In a letter to GATT Watchdog (23/10/97) Mr Robertson writes: "Labour will be strongly advocating full, open and democratic debate both within Parliament and among the general public. The delay in finalising the Agreement allows time for this to occur...Labour intends to be very vigilant to ensure that the issues involved are widely debated both publicly and politically". This bill joins those of Alliance MP, Matt Robson, and ACT Deputy Leader, Ken Shirley, which seek to improve Parliamentary scrutiny of international treaties. Whether any of these bills are drawn out of the ballot, we'll have to wait and see. Whether whatever eventuates from the pressure to improve the way that New Zealand enters into international treaties will go far enough to meaningfully address the concerns of many people about the undemocratic way in which such treaties are entered into at present, and whether it happens before the MAI is signed (*due by May 1998. Ed*) remains to be seen. Nonetheless, there is growing acknowledgement that the current way that New Zealand enters into international treaty arrangements is untenable. Many are concerned to see Parliament having more say in the process. The then Prime Minister, Jim Bolger, said in June 1997 that he would consider proposals for more information to and discussion by Parliament of international treaties.

Meanwhile National continues its merry swing to the Right. Maurice Williamson taking over the Local Government portfolio from Chris Fletcher seemed to signal a harder line on privatisation of locally owned assets and utilities. Then of course there's Jenny (abandon) Shipley as Bolger's replacement, after growing discontent about the influence NZ First was exerting over Government policy. Political commentators and others have rightly pointed out that this rightward swing, coinciding with the spreading concerns about the MAI have led to a rising tide of unease and unrest across the country. Even if the polls say that Shipley's



elevation to the giddy heights of "our great leader" appears to have won back the hearts and minds of National voters who had perceived a watering down of National under the influence of their coalition partner.

Maori Turn Up The Heat on the MAI

By all accounts that we've heard, acting Treasury secretary, Mark Prebble, and Ministry of Foreign Affairs and Trade (MFAT) director of trade negotiations, Peter Kennedy, were deservedly roasted by the Maori Affairs Select Committee in October 1997 over the lack of consultation with Maori on the MAI, and its implications for Maori and the Treaty of Waitangi. Significantly, the Select Committee comprises MPs from all the major political parties - and serious concerns were raised across the board. A number of questions were asked about the lack of any genuine consultation with Maori other than a sparse exchange of faxes between MFAT and Te Puni Kokiri (Ministry for Maori Development) in March 1997. MFAT appears to be operating under the impression that the "Treaty Partner" means Maori businesses, not hapu and iwi as in the Treaty. Mark Prebble put his foot in his mouth by arrogantly lecturing the select committee about Article Two of the Treaty of Waitangi, and several observers commented that this was the first time they can remember MFAT/Treasury officials getting challenged so strongly. MFAT argue that Maori need not worry about the impact of the MAI because it has lodged a reservation which excludes present and future measures which accord more favourable treatment to Maori in relation to the acquisition, establishment or operation of any commercial or industrial undertaking. Kennedy stated "It seems to me inconceivable there would be a move to remove the reservation unless that is what Maori wanted" (*NZ Herald*, 20/10/97). What such a claim is based on is hard to fathom. MAI reservations are subject to rollback, remember. That means that they are expected to be reduced and eliminated over time. According to Peter Adams, another senior MFAT official: "The position with regard to rollback remains unclear. The overall objective of the MAI is to achieve greater liberalisation over time

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but there has as yet been no conclusion on how exactly this will be undertaken" (letter, 5/8/97). Kennedy's guarantee that the "Treaty partner" reservation is a permanent one, repeated on *Mana News* reports about the MAI does not appear to have much to back it up.

A belated "consultation" process with Maori was scheduled to begin in December 1997. But what the parameters for this process are, what guarantees the Government will give to Maori about how it will treat the outcomes of that process, and whether MFAT will seek to limit it to dealing only with the wording of the "Treaty Partner" reservation rather than the entire MAI and the Government's position on it remains to be seen. Archie Taiaroa, National Maori Congress convenor, said he had no faith in the planned consultation process: "These agreements, made internationally, impact on the customary and traditional rights of Maori, confirmed by the treaty. It just stinks....It appears they are going to sign it anyway, and the consultation is just to tell Maori we're going to sign it and that's it" (*Press*, 25/10/97). Treasurer, Winston Peters, told Parliament that "all New Zealanders" (*NZ Herald,* 24/10/97) would be consulted about the MAI, but there is nothing to suggest that the Government has any intentions to engage in such a process.

With the recent start of hearings on the WAI 262 Waitangi Tribunal claim over indigenous flora and fauna, and Maori intellectual and cultural property rights, questions have been raised in relation to the likely impact of the MAI on this area. There is some debate as to the coverage of this area by the MAI. While in the draft MAI, intellectual property rights are defined as an investment, how the key disciplines of the agreement will apply to this area is not clear yet. Peter Kennedy's claims that "with respect to intellectual property there is no provision in the MAI and there is yet to be a discussion as to whether there will be or there won't be" *(Mana News, 2/10/97).*

As Maori lawyer Moana Jackson writes: "The economic theory of choice during the 19th century colonisation was the idea of laissez-faire or freedom in the name of profit. What GATT and the new MAI do is extend and reinvent it with the same disregard for our rights and the same belief that it can take what it likes from us" *(Kia Hiwa Ra, June 1997).*

Another Draft Falls Off the Back of A Truck

Since *Watchdog* 85, a May 1997 draft of the MAI has found its way onto the Internet in much the same way as the January 1997 draft did. There are a number of differences. A section on new financial services has been removed. This, as outlined in the January draft, may have let foreign owned banks provide financial services that are either not provided in a host country or those that banks are not allowed to provide under the host country's regulations.

The preamble of the May draft contains some language which recognises that governments have obligations to protect the environment and labour standards. But these are only in the preamble which has no legal effect, and is not enforceable.The US has also proposed a clause to discourage the lowering of health, safety or environmental or labour standards as investment incentives. But this is real window dressing material - at most a government could seek consultation with the government accused of lowering standards. While no doubt in some part related to pressure on them by environmental and other organisations, US motives in proposing this are motivated by their own economic and political interests. Many see it as a tacit acknowledgement by the US government that countries which have lower environmental standards could be more attractive to investors and that it may be edged out in the inevitable race to the bottom which free trade and investment agreements are escalating. The US Council for International Business does not support any environmental or labour wording in the MAI.

In the May draft of the MAI, Norway, Sweden and Finland have proposed an annex to the MAI which would recognise the right of Sami people to harvest reindeer and possibly other resources, in a limited way.These governments want this to form part of the Agreement itself, rather than insert it as a reservation which would be subject to rollback. The annex, however, would not be enforceable. Interestingly enough, a contact in the Samifolket (Sami Parliament) tells us that this move did not result from any consultation with Sami people.

This was one of a number of annexes attached to the May draft which were not part of the January document. France, for example, wants to protect its cultural industries from the MAI - notably printing, press and audio visual sectors. Other countries within the OECD are also known to be concerned about the effects of the MAI on this sector. Although they did not attach annexes to this effect, Canada and Belgium have expressed similar concerns.

The US is opposed to a general exemption for culture - this was an issue of tension and contention in the last GATT round. We understand that the UK has tabled reservations to exempt broadcasting, along with air and sea transport, and registration of fishing vessels, insisting that restrictions on boat ownership were needed to "preserve fishing stocks"

It is these kinds of differences between OECD countries - and many others which could prove to be major sticking points in the push to get the MAI sewn up before April/ May 1998. Nothing in the May draft has allayed the concerns expressed by organisations both within New Zealand, and internationally, who have been tracking the evolution of this Agreement as best they can given the virtual secrecy of the negotiations.

Even though it seems highly unlikely that the annex on Sami will be accepted, it adds to the ongoing debate about MFAT's claims that Maori are adequately by the treaty partner reservation. Even Maori Affairs Minister, Tau Henare, has said: "You need to have an entrenched protection clause of the treaty to say something like 'nothing in this international agreement shall impinge upon the Treaty of Waitangi and the settlements thereof between the Crown and Maori.'" (*NZ Herald, 24/10/97)*

Trust Us, We Know What We're Doing - MFAT

A clear sign of Government edginess about the mounting opposition to the MAI is the number of apologist articles which have recently been penned by government officials or politicians. You know the kind - they generally start off bemoaning "ill-informed criticism of the MAI". In one, Richard Nottage, Secretary of Foreign Affairs and Trade, says: "Finally, the MAI is still being negotiated. It is not a done deal.The New Zealand Government is still working and consulting with Maori to make sure the Agreement due to be finalised next April is as good as possible and works for the benefit of all New Zealanders" (*NZ Herald*, 24/10/97). What a joke! It is widely known that OECD sources have been saying for some months that 90% of the text has been finalised. As for the Government consultation, Mr Nottage must have a good imagination. This is the man who at an August 1997 seminar at Auckland University poured scorn on the growing opposition to the MAI saying it was just another one of those "save the whales" kind of causes.

And we like this one too: Joy McLauchlan, National list MP, wrote back to the Student Christian Movement who had raised concerns about the MAI: "For your interest, and perhaps to provide balance to some of the material you have, you might like to read the enclosed speech from Bob Matthew [Chairman of the NZ Business Roundtable]. I always find their material helpful when I wish to find the middle ground..." *(letter to SCM, 6/9/97).*

The Overseas Investment Act is still to be amended to bring it in line with the Coalition Agreement (*see Bill Rosenberg's piece elsewhere in this issue. Ed*). Whatever the existing overseas investment regime at the time of the signing of the MAI will be locked in. So this legislation would need to be passed prior to that. This possibly provides another window of opportunity to bring up concerns about MAI, and the benefits of an open foreign investment regime in general. Keep an eye out for when these legislative changes go before Parliament - and be prepared to make some noise about it.

We have received copies of documentation sent from MFAT to various government ministries for comment on the MAI between January and March 1997. Absurdly enough, however, none of the government ministries was supplied with an actual copy of the MAI draft text until October! Yet this passes for consultation...
Jane Kelsey has recently prepared two very useful briefing papers on the implications of the MAI for local authorities, and Treaty of Waitangi implications of the MAI. These focus more specifically on local government/ tangata whenua concerns about the MAI **(Copies available from GATT Watchdog, PO Box 1905, Christchurch for $1.00 each for copying costs)**. On the Internet, websites, and e-mail list servers on the MAI seem to be mushrooming. One of the ironies of globalisation is the fact that those with Internet access were able to access leaked copies of the MAI draft long before any government released it.

In October 1997, MFAT released a copy of the MAI text, along with New Zealand's reservations. Peter Kennedy had earlier conceded that "it's frankly ridiculous that you can pick it up off the Internet and yet not have it formally released" (*Mana News*, 2/10/97). The official line is that "the New Zealand Government has lobbied to have the text released so that New Zealand parliamentarians and the public can be properly informed about this important issue. The New Zealand government has now decided to release the text itself ahead of its official release to Non Governmental Organisations in Paris [on October 27th]" (MFAT *Media Advisory*, October 1997). It is hard to believe that such a step would have been taken without the mounting pressure and anger that has been directed at the Government for its role in MAI negotiations, and the secrecy that has surrounded the MAI both at home and internationally. But besides some minor changes to the footnoting (the omission of the actual names of delegations which have proposed particular clauses or wording), and a minor page numbering change, it is the same as the May draft.

So what negotiations took place between May and October, and where these negotiations have been recorded, we can only surmise. We can be sure that negotiations have indeed reached a very advanced stage if the Government is now releasing a draft. Glib assurances continue to be made that the list of reservations which New Zealand has tabled somehow protect our interests and that there is nothing to worry about. As well as the Treaty partner reservation, there are reservations which cover the producer board legislation and regulations, and the requirements that Air New Zealand and Telecom remain in substantially New Zealand hands. But in the event that local or national governments decide to sell assets like TVNZ, airport or port companies, they would not be able to impose Kiwishare style arrangements on the sale or to lay down that a certain percentage of shares be held by New Zealanders. All of these are subject to rollback, in any case. No amount of reservations can fix up the MAI - and people should be wary of getting sidetracked by government officials and politicians who want to limit substantive debate on the MAI to talking about the reservations which it has tabled.

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Local Bodies

Since July 1997, GATT Watchdog and some of our supporters around the country have been contacting local authorities about the implications of the MAI for local government. We put together a form letter with which people can approach their local councils outlining some of the major areas of concern on the MAI. The MAI is not just a central government issue - Wellington would be expected to force local authorities to comply with the agreement. Sukhi Turner, Mayor of Dunedin, expressed her concerns about the MAI at a packed public meeting which I spoke at on a rainy Dunedin night in September. She went on to raise the issue at an October combined Zone 5 and 6 Local Government New Zealand (LGNZ) meeting in Timaru. The issue is currently being discussed by the LGNZ National Council. Given the way that a number of TNCs with dubious track records are muscling in on various local utilities around the country at present, there are many connections to be made back to the MAI. In the US there has already been considerable discussion and analysis about the Federal Government's lack of consultation on the issue and the constraints that the MAI would impose on state governments to put in place laws and other measures to promote the wellbeing of their communities.

Another topical issue with MAI/local authority implications is Energy Minister, Max Bradford's, suggestion that the line and energy business of power companies should be split, and a cap on earnings from line charges should be placed on companies that do not split (*National Business Review*, 19/9/97). As Jane Kelsey points out: "The companies say this would increase their costs and diminish their value and are threatening to sue. There is doubt about whether they have legal grounds to do so in New Zealand law. But they would probably be able to claim compensation for expropriation after the MAI was signed. It would be the taxpayer, and local power consumers, who would end up paying" *("The OECD Multilateral Agreement On Investment: Implications For Local Government", September 1997 briefing paper).*

Unions On The MAI

The union response in New Zealand thus far has been mixed. The Trade Union Federation has produced a useful factsheet on the MAI, is committed to challenging the fundamentals of this Agreement; has been involved in organising public meetings on the issue; and continues to take a far more critical stance on trade and investment liberalisation than the Council of Trade Unions. The *PSA Journal* (Public Service Association) and the *NDU Informer* (National Distribution Union) have also both published articles on the MAI.

The CTU leadership's official position appears to be broadly supportive of the MAI. As CTU President, Ken Douglas, put it in his speech in Wellington (6 &7/4/95), speaking on behalf of the Trade Union Advisory Committee (TUAC) of the OECD, to which the CTU is affiliated: "I think that it is fair to say that over the last twenty five years, trade union attitudes to foreign investment have changed substantially....The trade unions in the OECD do and will support the development of the new proposed investment agreement - the Multilateral Investment Agreement or MIA [sic] - on the basis that the existing guidelines are incorporated into it in an appropriate manner". The guidelines he refers to are a voluntary, non-binding set of guidelines drawn up by the OECD in 1976 covering the operations of multinationals (*now called transnationals. Ed*). The TUAC proposal, to include the guidelines in the preamble or annex of the MAI would have no legal effect. In any case, unions, let alone ordinary workers, have no legal standing under the MAI to enforce any of the Agreement in the event of unfair treatment by an investor. So who will stick up for worker rights within the framework of the MAI? Corporations fixated on profitability and risk free investment - or the governments which are often the culprits for passing repressive legislation like the Employment Contracts Act in order to make the country attractive for foreign investment, and internationally competitive on the much vaunted level playing field of the free market?

We've asked the CTU if they have had anything further to say about their position on the MAI, but in the absence of any further information must assume that their song remains the same. Ordinary working people who are members of CTU affiliated unions with whom I've spoken to about the MAI have been shocked that their leadership has taken this position, and very concerned to see, in black and white, Mr Douglas' words on the MAI.

We should take heart at the interest and outrage about the MAI. One of the challenges now is to build on the concern generated around the MAI, to generate a broader awareness about the issues and concerns around trade and investment liberalisation, foreign investment, and free market economic policy. The MAI is one of a number of vehicles for pushing this model of development internationally. For example, in November 1997, in Vancouver, ministers, leaders, and officials of the 18 APEC countries met to discuss progress in plans to create open trade and investment in the Asia-Pacific region by the year 2020 (*Jim Bludger's last junket. Ed*). Links between the APEC agenda, and the MAI's goals need to be made. In 1999 the New Zealand government plays host to the APEC process, including the APEC Economic Leaders Summit in Auckland in September of that year. Similar kinds of issues about opening up the region's economies to trade and investment will come up then. Given the devastating impact of the "New Zealand Experiment", connections need to be made between domestic and international moves to make the world a safer place for global capital. We need to keep hammering the corporate greed treaty for all it's worth. These issues are not going to go away - but then nor are we!

CRITIQUE OF MFAT PRESENTATION ON FOREIGN INVESTMENT IN NEW ZEALAND IN ITS SLIDE SHOW ON THE MAI

- Bill Rosenberg

The Ministry of Foreign Affairs and Trade (MFAT) is justifying the proposed MAI to audiences around the country, including Labour MPs, by presentations using a prepared slide show. This slide show makes a number of assertions about the value of foreign investment to Aotearoa. It uses statements and "facts" that have been widely repeated around the country by politicians up to the level of the Prime Minister. Many are dubious or are a matter of interpretation. A "media backgrounder" doing the rounds has similar material. Here is the other side of the story, followed by some facts which we can verify.

Point	Comment
Foreign investment is crucial for the economy.	Mere assertion: how and why? It may be in some sectors but not others. Begs the question of its costs, financially, economically and politically.
One third of working New Zealanders rely on jobs created directly or indirectly by foreign investment.	This figure is now widely quoted, and misquoted as "foreign investment provides a third of all jobs" such as on the *TV One News* item on the MAI at the end of October. It is an estimate with minimal foundation in fact. The source is not given, so it is not easily verified. Statistics New Zealand showed only 17.6% of the labour force was employed in overseas companies in 1995 (*Business Activity Statistics*, "Enterprises and Full-time Equivalent Persons Engaged by Degree of Overseas Equity and Industrial Classification"). The "one third" claim presumably relies on counting those employed "indirectly" by foreign companies: forexample employees of suppliers to those companies. The same logic can be applied in reverse. Many of the foreign firms rely on local operations for their existence: foreign companies, such as P & O, cleaning publicly owned hospitals are one example. It is just as true that over 90% of working New Zealanders rely on jobs created directly or indirectly by local investment. A United Nations study *(World Investment Report 1994: Transnational Corporations, Employment and the Workplace, pp 192-195)* shows that the indirect employment generated by foreign investment varies greatly. Figures like the ones MFAT quotes are more likely for manufacturing where extensive use is made of local materials. However assemblers of products (such as in the Mexican maquiladoras, and many operations in New Zealand) had much smaller benefits to indirect employment. Much recent foreign direct investment in New Zealand has been in service industries or property where indirect employment is of quite a different nature, if it exists at all. Most jobs in overseas companies were not "created" by the foreign investor. Most recent foreign investment has been takeover rather than creation of assets and jobs. In addition, many of those working directly for overseas companies are not likely to lose their jobs if the foreign investor withdrew. For example, if the overseas owners of Telecom withdrew, there would still be a need for a telephone system. On the other hand, many jobs have been lost from Telecom since overseas takeover. Thus to say one third of workers "rely" on jobs "created" by foreign investment is extremely elastic with the truth.
Investment in New Zealand goes back to British meat companies of last century.	Until commercial refrigeration arrived in 1882, New Zealand was developing its own manufacturing industry, although finance and stock-and-station agents were largely British. The growth of manufacturing ceased after refrigeration, which changed the economy to an overwhelmingly agricultural one, reliant on overseas ownership and overseas markets. These were principal reasons for the policies from the first Labour Government onwards aimed at building our own industry and dismantling our colonial status (see "Takeover New Zealand", by W.B. Sutch, Chapter 4).
Difference today is that New Zealanders have a	Not clear what this means. If it means a degree of control of foreign companies in New Zealand, this is not generally true. The vast majority (89% in 1995 according to Statistics

stake in the type of invesment coming up	New Zealand) of overseas companies are 50% or more overseas owned, and studies of the sharemarket show increasing control by single shareholders (e.g. "Evidence on the Corporate Governance New Zealand Listed Companies", by Mark Fox and Gordon Walker, "Otago Law Review" (1995) Vol. 8 No. 3, pp. 317-349.) If it means that New Zealanders can hold non-controlling shares in some of these companies, that is true, but only 12% of shares in New Zealand listed companies are held in the names of individuals, and only 12% of individuals hold shares, both of which are low by international standards (*New Zealand Herald*, "Individuals hold just 12% of shares", 21/8/96, quoting the Securities Commission; and *Christchurch Mail*, "Small investors return", 14/7/97, p.7, quoting a six-monthly AGB McNair survey). If it means that we control the investment coming in, that is palpable nonsense: New Zealand has the one of the laxest foreign investment regimes in the world, and only six applications have been rejected by the Overseas Investment Commission since 1987.
80% of consents for land.	The regulations are clearly failing to control foreign ownership of land. Although 80% of consents may be for land, by value they are only a very small part. For example in 1996 Forestry Corporation ($2 billion), Trust Bank ($1.2 billion), Blue Star (including Whitcoulls), Skellerup ($400 million), Radio New Zealand and Prospect (total $129 million) were all sold overseas.
Last year 90% of value added by foreign owned companies remained in New Zealand: only 10% of profits remitted (KPMG survey)	The most generous description of the KPMG survey is "committed" research, judging by the nature of the questions it asked and the limited sample of people it questioned. It is of doubtful validity. For example, it is based on a survey of 700 New Zealand registered companies with more than 25% foreign ownership, of which only 130 companies (19%) replied and an additional 59 companies were partially included (it is not made clear in which questions) using public information. No analysis is given as to whether the 700, the 130 or the 59 form a representative sample, and in fact it appears that it is not: the distribution of the companies and employees across industrial sectors is quite different from the authoritative Statistics New Zealand survey of all economically significant enterprises. Neither has the questionnaire or methodology been published. It is undated. The claim here that only 10% of profits were remitted, seriously misquotes the survey, which stated that 10% of *value added* was remitted. Value added includes such major items as wages and depreciation. It also includes interest, which very likely will go overseas (it almost certainly goes to an overseas company, given the overwhelming overseas ownership of our finance sector, and may well go to the parent company), and depreciation and the profit retained in the business may well be spent overseas, perhaps with a parent company. The KPMG survey did not analyse these other items. The usual measure of retention of profits is the proportion of net profits that are unremitted. KPMG's data indicate that only 37% of net profits were retained in the companies surveyed, and 47% retained in New Zealand. This compares with Statistics New Zealand's data on international investment income which for the period 1989-95 showed average retention in New Zealand of 40%, although between 1989 and 1991 it was a negative 41%: i.e. much more earnings were remitted overseas than profits made. Companies such as Telecom have policies of paying out at least 70% of profits, and have in the past paid out more than 90%.
Only 0.25% of staff in foreign owned companies non-New Zealanders	Again, this is from the KPMG report, so it is not known how generally this can be stated. Those 0.25% are likely to be top executives (33% of the KPMG sample had overseas appointed CEOs).
On average foreign owned companies pay employees 28% above average wage.	Again this appears to be from the KPMG report, which is unrepresentative in a way that is significant here. It is known that transnationals on average pay higher wages than local companies for a variety of reasons, but the KPMG survey has a sample bias away from (for example) the wholesale and retail service industries which tend to have low wages, and so would exaggerate high wages and salaries. The trend in overseas investment is towards the service industries, which tend to be low paid. The other side of this coin is that amongst the 1995 Management Top 200, the 118 overseas companies made almost 50% greater profit per employee than did locally owned companies:

	after-tax profit per employee was $20,000 for New Zealand companies and $29,800 for overseas companies. While those companies plus the 20 top overseas financial companies made 39% of the country's operating surplus, they employed only 12% of its employees ("Foreign Investment: The New Zealand Experience", Ed. P. Enderwick, 1997 (forthcoming), Chapter entitled "Foreign Investment in New Zealand: The Current Position", by Bill Rosenberg).
Not just Fletchers/NZDB but the small manufacturer or service provider who wants to set up subsidary or simply operate an agency.	It is highly significant that MFAT is justifying MAI in terms of benefiting New Zealand investors overseas, not in terms of its benefit to New Zealand. * At March 1996, foreign investment in New Zealand exceeded New Zealand investment abroad by more than three to one (*New Zealand's International Investment Position*, March 1996, Statistics New Zealand); * Only 250 companies account for 95% of New Zealand's exports (Press, "Firms get together to lift exports", 15/6/97, p.27, quoting Peter Healy of Tradenz). It is likelythat the companies interested in foreign investment largely would be a subset of these. So substantially fewer than 250 New Zealand companies will benefit from the MAI.

Some facts on Foreign Investment in New Zealand[1]

▲ **Dependence**. NZ is exceptionally dependent on Foreign Direct Investment (FDI). The ratio of FDI stock to GDP in 1995 was 46.7% for NZ. The highest ratios for developed countries in the late 1980s were Australia (22.2%), Canada (20.5%) and the Netherlands (22.2%). Most were less than 10%. NZ's ratio would be high even among developing countries.

▲ **Dominance**. Important sectors of the economy are dominated by overseas companies. Examples include daily newspapers (81% of main provincial newspaper circulation and 92% of metropolitan), petrol (including about 20% of petrol stations selling 80% of all petrol), airlines, rail, new motor vehicles, computer hardware and software, telecommunications (virtually 100%), office supplies and equipment, pharmaceuticals, biscuits (90% overseas owned), flour production (85%), and brewing (90%).

▲ **Financial Sector.** The overseas dominance of the finance sector is exceptional internationally. Of *Management's* 1996 Top 30, 24 are overseas owned, including all the main banks, and nine of the ten top insurance companies.

▲ **Profits and taxes**. Overseas companies are estimated to take half of the operating surpluses made in NZ.

Amongst *Management's* 1995 Top 200 companies –

Rates of profit (returns on shareholders' funds) of overseas companies were about a third more than locally owned companies and were high by international standards.

The overseas companies' average tax rate was 24.8% compared to 29.9% for New Zealand companies. They paid more in interest than New Zealand companies, possibly indicating tax-avoiding arrangements between subsidiaries and parents.

After-tax profit per employee was $20,000 for New Zealand companies and $29,800 for overseas companies.

▲ **Reinvestment of profits**. An increasing proportion of "new" FDI is through reinvestment of profits made in New Zealand rather than funds provided from overseas. On average about 60% of profits are still remitted overseas.

▲ **Employment**. But overseas companies provided only 17.6% of New Zealand's employment in 1995.

▲ **Productivity**. Overseas companies are not necessarily more productive than local ones. Comparing *Management's* 1995 Top 200 companies and Top 30 Financial institutions in the same sectors, overseas companies had greater labour productivity only in the communications and the business and financial sectors. In agriculture, forestry and fishing, manufacturing, electricity, gas and water, and wholesale and retail trade and restaurants and hotels, local companies were more productive. In the economy as a whole, the rate of growth of labour productivity has fallen over the period since 1989, at a time of large increases in FDI.

▲ **Technology transfer**. Transfer of skills and technology by overseas companies is sometimes out of, not into, New Zealand. New Zealand innovators taken over include: Allflex (animal ear tags), Dynamic Controls (motorised wheelchair controls), Network Dynamics (computer network routers), Trigon Industries Ltd (plastic packaging), and LINC (business software). Some have since had their New Zealand operations reduced or closed.

▲ **Takeover versus greenfield investment**. New investment has been predominantly takeovers rather than "greenfield" asset creation. For example, among published Overseas Investment Commission decisions in 1995, just half (50%) of the investments appeared to be greenfield activity, but these were worth only a quarter (24%) of the value, the great majority being in forestry. The remaining 76% by value were takeovers or restructuring of the ownership of existing investment.

▲ **Research**. Where transnationals do research and development in New Zealand, it is largely just adaptation of existing products to local conditions.

▲ **Foreign debt.** The New Zealand foreign debt, including both private and public, more than quadrupled between 1984 and 1996 (from $16 billion to $72 billion) and increased by over two-thirds as a proportion of GDP (from 47% to 80%). By March 1997 it had increased further to $75 billion.

[1] Largely taken from the chapter in "Foreign Investment: The New Zealand Experience", Ed. P. Enderwick, 1997 (forthcoming), entitled "Foreign Investment in New Zealand: The Current Position", by Bill Rosenberg.

CHANGES IN OVERSEAS INVESTMENT CRITERIA OR: WHATEVER BECAME OF THE COALITION AGREEMENT?

- Bill Rosenberg

Remember that now mythical document called the Coalition Agreement? It made a number of undertakings giving a token nod in the direction of New Zealand First's numerous election campaign statements on foreign investment. For the record (quoting verbatim):

Policy Area: Foreign Investment

Statement of General Direction:
While recognising the need for overseas capital and the need to maintain investor confidence and without eroding any existing ownership rights the Coalition agrees that as a statement of general principle it is desirable that the control and ownership of important New Zealand assets and resources be held by New Zealanders.

Key Initiatives of Policy:
Sale of Farm Land
Reduce foreshores requiring approval from 0.4 ha to 0.2 ha.
Strengthen "national interest" by:
Amending s14 (2)(a) to read:
"Whether the overseas investment as a primary consideration will or is likely to result in substantial and identifiable benefits to New Zealand and...."
Require an individual purchaser to hold and continue to hold permanent residence status; or the purchase, by an individual or otherwise, will make a material contribution to the local or New Zealand economy.
Require evidence either that the property has been offered on the open market or that the proposed sale has been publicly notified and offers invited but no satisfactory offer has been received.
Greater monitoring of compliance of conditions imposed by requiring the purchaser to file a declaration after two years or end of project that all conditions complied with.

Strategic Assets
Presently owned by Government: Electricorp, Contact, Transpower, New Zealand Post, TV1, Radio NZ - National Programme - Concert FM.

The above assets will not be sold.

Presently owned by local bodies or consumer trusts: Power and gas utilities, Airports, Ports.

Any sale of over 24.9% would require prior approval of ratepayers or consumers.

Fiscal Implications of this Policy Agreement: None (All funding proposals subject to being considered within the agreed spending policy parameters.)

Legislative Implications of this Policy Agreement: Amendments to the Overseas Investment Act.

We were naturally interested in what might actually come of all this. After rumours reported in the news media, in June 1997 we wrote to the Overseas Investment Commission (OIC) for information. They had received no new instructions from the Government (which says something about the priority given to this). But just a month later, in July, the OIC Secretary wrote to the *Rural News* saying the Government had changed the rules. So we asked the OIC again. This time we got a reply in genuine legalese setting out the following:

1: Legislation has been passed and regulations changed to put the Treasurer (Winston Peters) rather than the Minister of Finance (Bill Birch) in charge of the OIC. (The Treasurer (Statutory References) Act 1997 and the Overseas Investment Amendment Regulations 1997.)
2: Legislative changes, which "may take time", are in process including:

- **a:** reducing the area on the foreshore requiring approval from 0.4 hectares to 0.2 hectares;
- **b:**amending the criteria against which applications for the sale of land are tested to include the an additional provision for "farm land": "Whether the overseas investment as a primary consideration will or is likely to result in substantial and identifiable benefits to New Zealand..." (to section 14A(2) of the Act);
- **c:** adding provisions that are to apply to the sale of power and gas utilities, airports and ports owned by local bodies or consumer trusts (regarded as "strategic assets").

3: Some of the Coalition Agreement policies are being

applied by the Treasurer and the Minister of Lands to all applications to the OIC involving farm land. This can be done under existing criteria. They are considered in light of the following:

a: whether an individual purchaser holds and continues to hold New Zealand permanent residency status; or

b:the purchase will make a material contribution to the local or New Zealand economy and there is evidence that the property has been offered on the open market but no satisfactory offer has been received.

4: All applications involving the sale of farm land are being considered by the Treasurer and the Minister of Lands rather than the usual practice of being delegated to the OIC. This is because the Ministers have yet to give written instructions to the OIC to carry this policy out. A written directive is expected shortly, and will be published in the *Gazette*.

Sounds good? No, not at all. We await the wording, but the gain for "farm land" is very limited and can easily be undermined by instructing the OIC to interpret it liberally, as has been the practice. The protection for "strategic assets" will be for that limited list of assets (power and gas utilities, airports and ports) belonging to local body and consumer trusts only. A future government will have no legislative constraint on allowing any other "strategic assets" to be sold. The MAI (see elsewhere in this *Watchdog*) would mean any such hole could never be closed and would steadily enlarge.

And the Alliance has obtained a Cabinet paper which suggests that even these provisions are being watered down in the back rooms of the Government. Instead of requiring "prior approval of ratepayers or consumers" as stated in the Coalition Agreement, the Cabinet is considering requiring only notification by local bodies and trusts of their intention to sell their assets (speech to Parliament by Rod Donald, Alliance MP, 17/9/97). Even a private company would require more.

"COST OF FREE TRADE": Sold Out
"CLEARCUT": Last Few Copies Left

CAFCA is delighted to report that we have completely sold out of Dennis Small's "The Cost Of Free Trade: Aotearoa/New Zealand At Risk" (1996). All 300 were gone in just over a year; we are having to refer hopeful buyers to bookshops. It attracted reviews in two influential publications. In the February 1997 *Political Review*, Bernard Gadd wrote:

"This book ranks with the analyses of Jane Kelsey as a major publication of the past decade...Dennis Small has done us the great service of making it impossible for anyone seriously concerned about NZ's economic, social and political future to ignore the dystopian future that GATT is creating for us..." On the other hand, in the May 1997 *PSA Journal*, Dr Paul Harris described it as "written with all the messianic and humourless fervour of a Puritan tract against fornication...Despite which, it is telling the truth. The TNCs do actually dominate the globe, they are destroying it and us, and capitalism is a rotten, evil and corrupt system. It is good to be reminded of that from time to time".

Sharp eyed readers may have noticed that *Watchdog* has been advertising "the last few" copies of CAFCA's other book - Murray Horton's "Clearcut: Forestry In New Zealand" (1995) - for several issues now. The explanation is simple - the original 300 are long sold. But our printer, Brian McKay of Addington Press, very generously ran off a large number of spare copies at no extra cost. So get in quick. At the time of writing, there are 12 left. There are no plans to update or reprint either book.

"Clearcut" costs $10, or $5 to CAFCA members. Make cheques to CAFCA, Box 2258, Christchurch, NZ.

CGE: FRENCH WATER AND WASTE TRANSNATIONAL IN PAPAKURA AND CHRISTCHURCH

- Bill Rosenberg

Subsidiaries of the huge French transnational, Compagnie Generale des Eaux Societe Anomyne (CGE) have made a splash in controversial entries into local body services.

In Papakura, in a disturbing first for Aotearoa, a consortium including CGE and another of the world's biggest water companies, Thames Water Plc of the UK, has been given a franchise to run water and waste water services for the Papakura District Council. The consortium is called United Water International Pty Ltd and its major shareholders each own 47.5%.

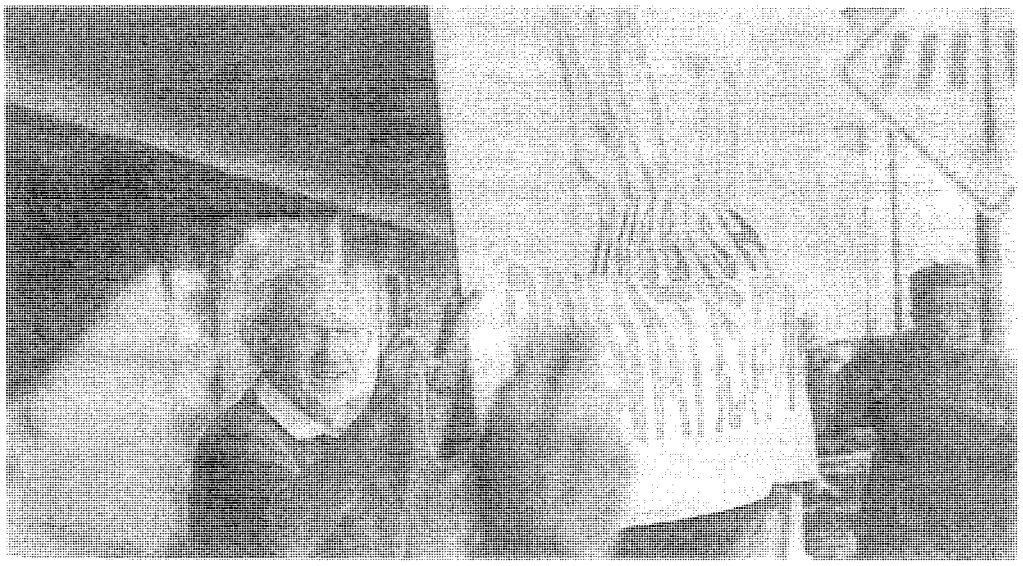
In Christchurch, another CGE subsidiary, Onyx New Zealand Ltd, has won a five year tender for the city's rubbish collection services, pushing out the City Council's own rubbish operation which, too late, submitted a second, lower, tender. Onyx, which also has operations in Auckland, won the tender on the basis of price, its willingness to keep on the 27 existing staff on current pay and conditions, and a recycling scheme it offered. CAFCA and the rubbish workers' Amalgamated Workers' Union lobbied city councillors, and CAFCA and the Campaign for People's Sovereignty (CPS) picketed the Council meeting at which the decision was made. The tendering process was criticised by pro-privatisation councillors. Although the principle to tender rubbish collection had been established several years previously, and about a third of rubbish collections were already being made by a private company, Waste Control, the decision was still seen as a bad precedent for the Council (*Press*, "Refuse staff 'kicked in the guts'", 23/10/97, p.4).

In the political context, the two deals are connected. The Papakura Council sees itself as the pioneer in privatisation and contracting out, and indeed has been paraded around the country to teach other local bodies how to do things in an approved manner. One such visit was to Christchurch, sponsored by the Building Owners and Managers Association (BOMA) which, like ACT and the Business Roundtable, has been an incessant critic of the Christchurch City Council. In their eyes, the Council has failed to respond to such business lobby group demands, resulting in Christchurch (which has kept ownership of most of its local services such as its power company, port and main bus company) being one of the most popular councils in the country, with some of the lowest rates amongst main centres, and a recent award of ninth best city in the world to visit.

Details of both of these deals follow. The notes on Onyx were provided to several City Councillors.

Papakura

According to the Overseas Investment Commission (OIC), this franchise deal includes "various parcels" of land including eight hectares at Drury. The franchise fee is $13,100,100. The franchise is one step short of full privatisation, an issue of huge controversy, particularly where it involves an essential like water which is also a natural monopoly.



CAFCA and The Campaign for People's Sovereignty picket outside the ChCh City Council - *Press* 23.10.97)

Papakura District Council's (PDC's) missionary zeal is seen in its "rationale" for the deal, reported by the OIC:

> "The Commission is also advised the franchise agreement has arisen from PDC's policy to generate as many efficiencies as possible in discharging its functions in the area of local government. It is stated PDC has identified its true role as a service provider and regulator. As a consequence, greater efficiencies can be achieved for the local district by contracting out these services. The decision of the PDC to franchise its water supply and waste-water reticulation and treatment services is unique in New Zealand."

The Business Roundtable has for some time been advocating the privatisation of water and sewerage services. It commissioned a report in justification of this view from CS First Boston New Zealand Ltd and in February 1996 called for privatisation, describing those opposed as "pandering to populist and ideological pressures" (*Press*, 12/2/96, "Water, sewerage services 'should be in private hands'", p.5). The CS First Boston report estimated that the "accumulated investment by local government in water supply and waste water assets is of the order of $6 billion. This is larger than the investment in Telecom Corporation of New Zealand's network and roughly comparable to the national investment in the electricity transmission and distribution system." Franchising and contracting-out "if there is a strong political preference to retain ownership" was one of the report's conclusions, though privatisation was its obvious preference.

Competing against United Water for the Papakura franchise were utilities investment company, Infratil, US owned Waste Management, and UK owned Anglian Water, which is the operator of two new waste treatment plants for Wellington also involving Waste Management (see *Watchdog* 79, August 1995, for comment on the January 1995 OIC decisions, and also *Press*, 24/12/96, "Infratil considering concession", p.23; 11/7/97, "Water rivals decide to go with business flow", p.16).

The OIC describes the companies involved in United Water as follows: "It is stated the core business activity of United Water and its principal parent companies (CGE and Thames Water) is long term operating concessions/franchises, incorporating the management, planning and development of water and waste-water systems."

This is being overly modest. The following information comes largely from research published by Public Services International (PSI), which represents 20 million workers in public services around the world.

The international water industry is dominated by a handful of transnationals. Unusually, they are overwhelmingly dominated by two French companies: CGE and Lyonnaise des Eaux. They, with a third company, SAUR (owned by French construction company Bouygues), share 80% of the water business in France. Other large water TNCs include: Aguas de Barcelona of Spain; Northumbrian (based in UK but owned by Lyonnaise); North West (UK); Severn-Trent (UK); Thames; and Welsh Water (UK).

Thames, one of the privatised water companies given a 25 year monopoly by the Thatcher government in 1989, also has overseas contacts in China (with P&O) and South Australia (again in partnership with CGE), as well as Africa, Latin America, and Europe. Water remains a highly contentious issue in the UK because of the enormous profits made and poor service from the new owners. In the UK, 70% of all the investment made since privatisation has been paid for by consumers, and there has been public criticism of the lack of investment in renewing the infrastructure. North West Water, which also operates in Malaysia and Mexico, discovered their profits over the next four years would be £400 million higher than forecast – and reduced prices by £90 million, paying the remaining £310 million to its shareholders.

But it is CGE that is of most interest, because of its size. CGE is not simply a water company. In 1995 it had 215,000 employees and was involved in water, sanitation, energy (including waste-to-energy plants and independent power generation), waste disposal, construction, health services, heating, cable television, mobile phones, catering, and running the bus services in the southern half of Portugal. It is a partner in the huge British Telecom/MCI alliance that was recently, unsuccessfully, put together. It has operations in France, the UK, Spain, Benelux, Germany, Italy, Asia, Australia, Africa, and the Americas.

It, along with Lyonnaise des Eaux and other water companies, has a history of corruption. PSI reports:

> "Since June 1994, French magistrates have been investigating numerous allegations of corruption used by large companies to win public sector contracts. Executives of both Lyonnaise des Eaux and Generale des Eaux have been convicted of corruption, and further cases are pending. In mid 1996, no less than five out of 13 directors on the main board of Generale des Eaux were under investigation for corruption (mostly in connection with their jobs with other companies). Similar allegations and convictions of bribery and corruption have occurred elsewhere in the world, and not only with the French companies".

Other examples involving CGE include:

▲ two senior employees of CGE admitted in court in October 1996 that their company had funded elected officials on the French island of La Reunion, in a trial focusing on alleged corruption in a water deal on the island involving CGE (ref: report on parents of Onyx UK by the Public Services Privatisation Research Unit [PSPRU], London, UK, 30/9/97).

(Continued on Page 16)

(Continued from Page 15)

▲ corruption claims have been made surrounding the awarding of contracts in the UK and in South Australia (the latter involving CGE's joint venture with Thames Water, United Water) (*The Independent*, "Corruption charges plague water coy", 27/3/97, p.4).

Privatisation has led to rapid price rises, says PSI. In the UK, water prices have risen far faster than inflation since privatisation – partly to pay for investment, and partly to fund dramatic increases in dividend payments. PSI quotes a study comparing municipal water companies in Sweden with their privatised counterparts in the UK The Swedish companies were cheaper, performing worse only on their rate of return on capital. In France, recent privatisations raised costs. In St Etienne, where the local council brought in Lyonnaise and Generale in 1990, prices rose from 3.52 francs in 1990 to 8.50 francs in 1996. According to a French parliamentary report, twenty years ago, French citizens paid 20-30% more for privatised water than did those who had access to municipally run services. By 1988 that difference had soared to 58%. (*PSI Focus* No. 2, June 1995, pp 4-7; *The CCPA Monitor*, April 1997, "The Problems with Privatising Water", by Jan-Willem Goudriaan and David Hall.)

Christchurch and Onyx

Onyx is a subsidiary of CGE. It is therefore likely that CGE's strategy in Aotearoa is to mirror its record in the UK: to establish a base from which to build up interests in the many other industries in which it operates. The New Zealand shareholding of Onyx shows no direct connection with Onyx UK, although there is one French resident director in common. Onyx New Zealand Ltd is owned (all but one share) by Onyx Group Ltd. Onyx Group Ltd is owned as follows, according to the New Zealand Companies Office:

▲ AV Financieringsmaatschappij BV 4,340,000 shares Amsterdam, The Netherlands
▲ Soccete d'Assainissement Rationnel 1,550,000 shares Limay, France
▲ Societe Wallisienne et Futunuienne 310,000 shares Wallis et Futuna

There are no British directors of either New Zealand registered company, although one director of Onyx Group Ltd, Yann Marie le Dore, of Paris, France, is also Vice President of Onyx UK. The other directors of the New Zealand registered companies are from France (2), New Caledonia (1), Australia (1), and NZ (1).

This makes claims that Onyx will bring its experience in the UK to its Aotearoa operations somewhat tenuous. That puts it in some difficulty. If it brings no such experience, its local experience is very limited and it is hard to see why a Council would want to contract an operator with such a short record. If it does bring its UK experience, then the experience needs scrutiny and the bad needs to be balanced against the good. Some of those experiences follow.

In an article in *The Ecologist* ("From the Many to the Few: Privatization and Globalization", Vol 26, No.4, July/ August 1996, pp 145-154), Brendan Martin reports that companies in the UK involved in privatisation of public services have a record of pricing initially to take short term losses, and these have been cause for investigation by the Office of Fair Trading. That Onyx UK made a loss for its first few years of operation (until 1994) suggests it is no exception. It is now making a profit. Martin also notes that such companies also have a record of buying out competitors or merging to reduce competition. Again, Onyx UK is no exception being formed largely from the takeover of two competing contractors: UK Waste Control and Wistech. It has continued to acquire further companies.

Onyx UK's record is very mixed. Examples of substandard practice collated by the PSPRU include

▲ a rubblish collection service in Liverpool failed to meet Audit Commission levels of service, including uncollected rubbish. Onyx cut its workforce by 20% (40 jobs) and threatened legal action for more money. The Council refused and took legal action against Onyx over a fuel bill.
▲ environmental controversy in Westminster when Onyx won a rubbish collectin/waste disposal contract on a lower price because it used trucks to transport the rubbish through London instead of using barges by river.
▲ an audit at Wandsworth that revealed that Onyx had used council premises and vehicle to pick up refuse, and was disposing of trade rubbish with normal street cleansing refuse, potentially benefitting Onyx by 100,000 pounds and leading to a Scotland Yard fraud squad investigation.
▲ financial penalties imposed by Wycombe Council after more than 100 complaints a week including overflowing bins and entire streets missed.
▲ a "disappointing" street cleaning contract (Hoddesdon and Broxbourne, UK), improved only after a threat to review its contract when it expired.
▲ a number of tenders where local body officers had concerns that Onyx's bids were too low and required performance bonds.

The PSPRU reports that Onyx has a record of recognising unions (such as the largest public services union, UNISON0, but also of layoffs and some industrial action such as at Liverpool in July 1993 where 230 employees staged a sit in over the payment of wages to employees when off sick through industrial injury. A one day strike was threatened a year later.

However care should be taken in accepting at face value an undetaking to continue existing employment contracts. The experience in other outsourcing situations in NZ is that the employer can force a change in conditions as soon as cost of living pay rise is sought, or may significantly disadvantage employees even while staying within the current employment contract by forcing changes in accepted work practices or conditions.

CAMPAIGN FOR PEOPLES SOVEREIGNTY

Southpower: Ceaseless Profiteering; Ownership Under Attack

Campaign for Peoples Sovereignty (CPS) is still ticking over quietly and the focus in 1997, as it has been for years, was Southpower. The Christchurch City Council has gone against the tide of ideological correctness and maintained ownership of all its assets - the airport, port, housing, and, the jewel in the crown, Southpower. Indeed the Council thumbed its nose at the ideologues by voting to commit another $1 million to social spending, to pick up the slack left by the Government abandoning a whole raft of social services.

Throughout the year, the Council weathered a storm of gratuitous advice from a whole raft of ideological foes, all urging it to copy Hamilton and Wellington, etc and sell Southpower. These included one of its own, Councillor Berry (a 1998 mayoral candidate); the usual employers/manufacturers axis; and the old firm of BOMA (Building Managers and Owners Association) and the Merivale Neighbourhood Group. Much media attention was devoted to the Council's enhancement projects (portrayed as some sort of local government Think Big) and attendant civic debt. The pundits suggested an answer to the spending/debt issue - sell Southpower. What was different in 1997 was the involvement of central government in the "sell Southpower" chorus - Ministers Bradford and Luxton being prominent, even the then Prime Minister, Jim Bludger.

Throughout all this, CPS repeatedly supported indefinite public ownership of Southpower. But we definitely do not support its rampant profiteering, or the Council's use of its Southpower dividend as a cash cow to subsidise rates. There were two price rises in 1997, in April and October, raising domestic prices nearly 10% between them. On each occasion CPS picketed Southpower's big appliance store on Moorhouse Avenue, attracting a constant stream of support from the huge volume of passing traffic, and the shop's customers. We also picketed the City Council building on each occasion, to make the point that that is where the buck stops (literally, in the case of the Mayor). The Council owns Southpower, it has the power to control and/or stop this unacceptable profiteering.

The October increase produced outrage right across the board - from retiring Mayor, Vicky Buck, to capitalists such as Earl Hagaman, owner of the Scenic Circle hotel chain. He took out big newspaper ads urging people to sign his petition opposing the rise and urging the Council to act. He claimed to be motivated by a concern for the poor, and only incidentally in the power bills at his hotels. But with a few notable exceptions, all these critics were in the "sell Southpower" camp or had a variation on the theme, such as putting it into a community trust (where were they in 1996 when the TrustBank Canterbury Community Trust blithely led the country in selling out to Westpac?).

CPS's position on all this was clearly spelled out in the leaflet we distributed at Southpower's 1997 Annual Meeting, in August:

"SOUTHPOWER MUST REMAIN PUBLICLY OWNED **AND MUST SUBSTANTIALLY CUT DOMESTIC PRICES**

Throughout 1997, the Christchurch City Council, which owns nearly 90% of Southpower, has come under strong criticism for being "politically incorrect" - namely, by insisting on continued local body ownership of strategic assets, including Southpower. This pressure to sell Southpower has come from a variety of sources, including the Prime Minister.

Campaign for Peoples Sovereignty congratulates the Council for sticking to its guns. Southpower is owned by the people of Christchurch and surrounds, is an enormous asset to them, and must continue to be publicly owned indefinitely.

But having said that, Southpower must deliver the benefits of public ownership to the people. Its domestic power prices are simply too high. **Since it became an energy company in 1992, it has increased domestic prices by nearly 45%. In the same period, Southpower's net profit has gone up by more than 200%. We say enough is enough, too much in fact.**

It is no good Southpower saying that its prices compare favourably with those of energy companies in other cities. They are either foreign owned or exist simply to maximise profits. As Southpower keeps telling us, it is different - publicly owned, with customer service as its top priority. Well, let its deeds match its words.

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Christchurch's unique and dreadful smog situation will not be cured simply by providing financial assistance for people to convert from open fires/ woodburners to electricity. The root problem is that electricity in Christchurch is too dear. If power prices are made more attractive to consumers, then people will willingly convert. There is a precedent for this corporate price cutting. New Zealand Post cut the cost of its main item - ordinary stamps - from 45c to 40c. It made a smaller profit and paid a smaller dividend to the Government. It also won a lot of friends. So, if NZ Post can do it, so can Southpower.

We demand that Southpower substantially cut domestic power prices, and reduce its profit accordingly. We demand that the City Council get a reduced annual dividend from its biggest cash cow, Southpower, and that we, the real owners, get a dividend instead. As Southpower boasts that it has one of the lowest residential line rentals in the country, we demand that it be abolished altogether. We want a publicly owned company run for the public.

Southpower belongs to the people, so it's time us owners received a dividend, in the shape of a substantial domestic power price cut."

Council Backsliding On Privatisation

However, the Council's position has been much less defensible in other areas. In October 1997, it voted 18-5 to contract out Christchurch's rubbish collection to French TNC, Onyx, for five years from May 1998 (*see article elsewhere in this issue. Ed*). CAFCA and CPS both picketed the City Council's monthly meeting at which the decision was taken. As CAFCA said in a press release:

"CAFCA fully supports the City Council's resistance of all pressure to privatise Southpower and other publicly owned utilities. We support the Council's pro-active social programmes, as the Government washes its hands. This is why the Christchurch City Council is the most popular in the country. But it won't be for much longer if it contradicts everything it professes by dumping its own workers and contracting out a key service to a French transnational with a very chequered record.

(CPS picket of Southpower April 1997 - Photo Stan Hemsley)

This whole area of privatisation and transnationalisation of local utilities will be a hot issue in the 1998 city election. It will be a central focus of **Taking Control: The Fightback Against Transnational Corporate Power, a major conference being held in Christchurch, in February 1998**. We urge councillors to not undo all their good work by one ill considered decision, which will open the floodgates. Onyx and its ilk must be clearly told: Hands off our rubbish!" (30/9/97).

This was a joint picket in more ways than one - the Council was picketed on two issues: the Onyx contract and Southpower prices. As CAFCA said, in another press release: "We are joining forces with the Campaign for Peoples Sovereignty picket of the same meeting - theirs urging the Council to get Southpower, which it owns, to substantially cut domestic power bills. The two are related - Council ownership means the public (theoretically) have a say in the operations of our power company; but, on the other hand, the Council sees no contradiction in contracting out a service which is just as basic and vital..." (20/10/97).

Other evidence emerged of City Council backsliding on privatisation. It owns 40% of the Selwyn Plantation Board Ltd (Selwyn District Council owns the rest). In 1996, it flew a kite about selling out, but received a mixed public response, so put it in the too hard basket. Lo and behold, the Board circulated a 1997 memorandum offering a "complete sale, including disposal of freehold land" (*NZ Herald*, 21/7/97. It wasn't reported in Christchurch media). CPS tackled the Mayor on the subject - she gave a wishy washy answer saying that the forest is not a core asset. Watch this space. And evidence continues to emerge of City Council bureaucrats, with their own ideological agenda, continuing to push for water charges (as a step towards privatisation). They were thwarted by massive public opposition when the subject was last raised, in 1995.

But having now contracted out rubbish collection to Onyx, the Council has created a very bad precedent. It will come under intense pressure to contract out and/or sell other core services. And who will be Johnny on the spot if and when water is up for grabs? Why, CGE, Onyx's parent, and one of the world's biggest water companies. CPS, CAFCA and all others concerned to preserve public ownership of vital assets and services need to be especially vigilant in the years to come. Slowly but surely the TNCs are getting their foot in the door. We need to jump on their toes.

WASTE MANAGEMENT

New Zealand

As far as the garbage transnationals go, attention of late (at least in Christchurch) has been focused on Onyx NZ Ltd, and its giant French parent, CGE (*see article elsewhere in this issue*). But we must never forget Waste Management, which is much more entrenched in NZ. It was one of the unsuccessful tenderers for the Christchurch City Council rubbish collection contract (*see Onyx article*) and hasn't yet established a major South Island presence. But it's a different story in the North Island, where it earns the bulk of its money. In the half year ended June 1997, Waste Management NZ lifted its profit nearly 20% (to $3.92 million). It successfully re-bid for the Hasting District Council collection contract (for five years), but lost its bid for the Gisborne District Council contract. Auckland is its rubbish lynchpin and its Redvale landfill, one of five in the city, increased its share of the region's 800,000 tonnes of annual waste.

Its breakthrough into non-garbage activities is in Wellington where it is a partner in a joint venture to turn the city's waste bio-solids (shit to you and me) into compost. The joint venture will run the plant for ten years. The most readily identifiable symbol of Waste Management is the green wheelie bin, and it is highly controversial (because it enables householders to put out more rubbish and hence discourages recycling). In September 1997, Manukau City announced that it is getting rid of wheelie bins for precisely that reason. They generate twice as much rubbish as bins and bags; residents had been using them to get rid of garden waste. Councillor Denis O'Rourke, who bulldozed through the Onyx bid to win Christchurch's rubbish collection contract, stated in advance that Christchurch would not be adopting wheelie bins: "These result in much more waste going to landfill" (*Press*, 17/5/97; "Wheelie bins"; letter to editor).

A Corporate Criminal

Any controversy in NZ pales into insignificance compared to Waste Management's record in its American homeland. It was one of the first of the big TNCs to make full use of new "audit privilege" laws passed by individual states. These are more accurately called "right to know nothing" laws and are aimed at thwarting community groups taking Big Business to court. "For example, as soon as Ohio passed its 'audit privilege' law in December 1996, Waste Management Incorporated (WMI) demanded that a citizens' group return documents —some of them dating back to 1988 —which the citizens had obtained during litigation aimed at forcing the cleanup of the ELDA landfill near Cincinnati. WMI says the documents are now 'privileged' under Ohio law and cannot be used in a federal court case brought by local citizens. Some of the documents in question are stamped 'audit' and others were simply claimed to be 'audits' after the fact. Thus WMI has revealed unmistakably what 'audit privilege' laws are really about...".(*Rachel's Environment & Health Weekly*, 26/6/97; "Right To Know Nothing"; Peter Montague). And WMI keeps clocking up enormous fines and damages in innumerable court cases throughout the US.

"According to the company's World Wide Web site, within the US, WMI owns 133 garbage dumps; seven hazardous waste dumps; two hazardous waste incinerators; one hazardous waste deepwell injection site; and one 'low level' radioactive waste dump. Wheelabrator Technologies, a subsidiary of WMI, owns 16 garbage incinerators and three sewerage sludge processing facilities. Outside the US, Waste Management International, another subsidiary of WMI, operates eight incinerators and 56 solid and hazardous waste dumps...

"In December, 1996, a federal judge in Tennessee declared that 'top corporate officers' of WMI had 'decided upon and followed a well defined plan to cheat Plaintiffs out of money rightfully due them under the terms of the purchase agreement for the Emelle hazardous waste disposal facility'. WMI's hazardous chemical dump in Emelle, Alabama is the largest such facility in America. In 1974, the US Environmental Protection Agency (EPA) identified Emelle as a good place for a big hazardous waste dump. Ten individuals then bought 340 acres in Emelle and sought a license from the state of Alabama to operate a dump...The license was granted.

"WMI purchased the Emelle dump site from the ten individuals in February 1978, promising to pay them 12.5% of all the money made by the facility for 21 years. In 1992, a WMI employee —presumably by mistake— sent a secret document to one of the ten sellers, showing that WMI had doctored its accounts to reduce its payments to the ten individuals. They took WMI to court in 1993 and federal judge Odell Horton (*no, no relation. Ed*) issued his opinion and order in December 1996.

"The judge calculated that WMI had cheated the ten individuals out of $US76.5 million dollars between 1981 and 1993. He ordered WM to pay that sum plus another $15 million in punitive damages. WMI denies any wrongdoing. In his written opinion, Judge Horton went on to say that, 'The Court finds Defendant (WMI), through its top corporate officers, consciously and deliberately engaged in fraud and misrepresentation

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towards Plaintiffs'. Judge Horton did not mince words: 'What is troubling about this case, is that fraud, misrepresentation and dishonesty apparently became part of the operating culture of the Defendant corporation..."

"Under a new kind of law in many US states, a corporation's 'culture' can become the basis for denying business opportunities. These new 'bad boy' laws, or 'good character' laws, give states the right to refuse licenses and permits to companies that have a history of violating the law...The state of Indiana in June 1997 denied WMI a license to expand its Adams Center Hazardous Waste Treatment and Disposal Facility near Fort Wayne. It was a stunning victory for Allen County Dumpstoppers, a group of citizens who had fought the Adams Center dump for about ten years. WMI had tried several legal manoeuvres to get around the Indiana law, which says the state can deny a permit application if the applicant has not demonstrated good environmental stewardship. Indiana passed the law in 1990; WMI's wholly owned subsidiary, Chemical Waste Management (CWM), challenged the constitutionality of the law, but in 1994 it was upheld by the Indiana Supreme Court. After the law was declared valid, WMI created a new paper corporation, which they called Chemical Waste Management LLC (CWMLLC). CWMLLC then applied for a permit to expand the dump, claiming it had no environmental record and thus had a good character. CWMLLC said it was not associated in any way with Chemical Waste Management of Indiana (CWMI), which is a subsidiary of Chemical Waste Management (CWM), which is itself a wholly owned subsidiary of WMI. Despite claims of independence by CWMLLC, the $34,000 application fee was paid by a cheque drawn on the account of CWMI, clearly linking CWMLLC to CWMI, CWM and WMI with their miserable environmental records...

"Indiana said it denied CWMLLC the license to expand because:

* February 14, 1992, CWM buried waste illegally in an Illinois landfill and was fined $25,000.

* In Alabama July 4, 1992, WMI paid a $25,000 fine for burying wastes illegally.

* In California July 29, 1992, WMI paid a $25,000 fine for spilling hazardous wastes from a leaking tank.

* In Pennsylvania August 9, 1992, CWM pleaded guilty to six felony violations of the federal Superfund law and was fined $3 million.

* In California November 13, 1992, WMI paid a $65,000 fine for various violations of law.

* In Illinois December 31, 1992, CWM paid a $275,000 fine for incinerator violations.

* In Louisiana July 7, 1993, WMI paid a $25,000 fine for various environmental violations.

* In Louisiana November 30, 1993, CWM paid a $261,918 fine after a judicial finding of environmental violations.

* In Texas April 8, 1994, CWM paid a $15,000 fine for faulty analytic methods at its Port Arthur incinerator.

* In Alabama June 24, 1994, CWM paid a $35,000 fine for illegally handling PCBs (polychlorinated biphenyls) at the Emelle dump.

* In Illinois June 1, 1995, CWM paid a $1.9 million fine for serious problems at its Chicago incinerator.

"CWMLLC is now appealing the denial of the expansion permit in Indiana, claiming that the new paper corporation should not be penalised for the crimes and violations of others..." (*Rachel's Environment & Health Weekly*; 24/7/97; "WMI: A Culture Of Fraud And Dishonesty?"; Peter Montague).

Not surprisingly, Waste Management is widely reviled as one of the ugliest corporate criminals in the US. In 1996, INFACT (a major grassroots campaigning organisation, based in Boston) inducted the first five corporations into its Hall of Shame (similar to CAFCA's Roger Award). INFACT's *1997 People's Annual Report* didn't mince words, with subheadings such as "Polluting Our Democracy" (Waste Management employs a huge number of lobbyists to make sure the federal and state politicians see things its way), and "Profile Of A Corporate Criminal". "...Between 1980 and 1992, the company has paid more than $US80 million in fines, penalties and settlements in criminal and civil cases involving violations of environmental regulations, bid rigging, price fixing and other felonies..." (*The Dayton Voice*, 15-21/5/96; "Hall of Shame for Waste Management; boycott coming?"). It has been the target of grassroots campaigns in communities across the US.

This is the corporate criminal that is now well established in New Zealand. One of the few remaining legal "protections" in our foreign investment laws is that of "good character". Waste Management would seem to be a perfect candidate for the actual implementation of that principle.

1997 AGM MINUTES

The 1997 CAFCA AGM was held at the Christchurch WEA on September 29. 21 members were present. Bill Rosenberg chaired. Apologies were accepted from Dean Hyde, Betty Roberts and Christine Dann. The 1996 Minutes were read and accepted.

Bob Leonard presented the report on the CAFCA/ABC Organiser Account, which was audited by Wolfgang Rosenberg (see below). He stressed the importance of donations to the overall health of the Account. The meeting thanked Bob for his years of tireless service to administering the Account.

Wolfgang Rosenberg presented CAFCA's 1996/97 accounts, which he had audited (see below). They had been compiled by Liz Griffiths, who was overseas on holiday. He concluded that CAFCA is in very sound financial shape. The meeting accepted the accounts and thanked Wolfgang for his ongoing role as honorary auditor.

Election of officers. Murray Horton was re-elected as secretary/organiser. The committee was re-elected - Bill Rosenberg, Dennis Small, Reg Duder, John Ring, Liz Griffiths (who had accepted nomination for re-election before going overseas. She is serving as bookkeeper). There were no other nominations. Wolfgang Rosenberg was re-elected as honorary auditor.

Murray Horton presented his Organiser's report (see below). At the conclusion of which, Michael Mellon spoke from the floor. He asked for a bigger print run of *Watchdog* (done); for CAFCA to transfer its banking to the Taranaki Savings Bank (see elsewhere in this issue); and asked for clarification of CAFCA's links to political parties. Bill Rosenberg answered that, saying our policy is to be independent of all parties.

General business. A range of topics were discussed - foreign debt; official propaganda about foreign investment; and the need to concentrate on foreign control at the local body level, specifically the legal imperatives imposed on local bodies by Government.

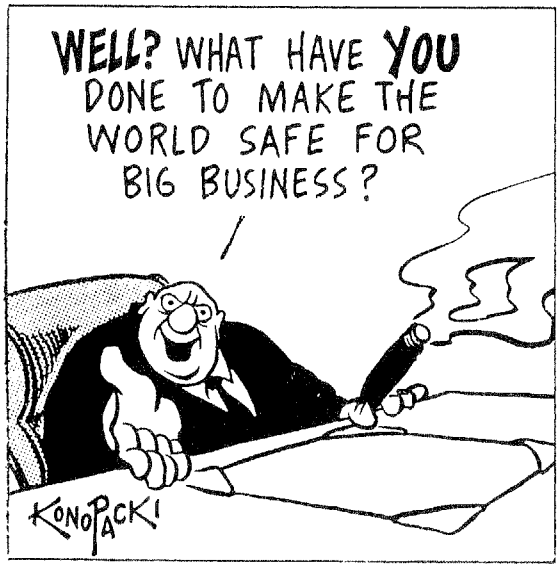
At the conclusion of business we screened the 1997 *Assignment* programme on gold mining transnationals in this country *(available for hire from CAFCA for one week, for $10, including postage).*

Once again thanks are due to the CAFCA Catering Corps of Reg Duder and his daughter Colleen Hughes.

Numbers were up on last year and the mood was positive.

CHEQUES
Please Make Them Out Correctly

Please ensure that your cheques, for membership, donations, purchases, etc, are made out to CAFCA, and nobody else. If you wish to make a donation towards Murray Horton's pay, then make your cheque out to the CAFCA/ABC Organiser Account (which is a separate account).



ORGANISER'S REPORT

- Murray Horton

This report covers just over 12 months, so for once it is an actual annual report. The basics of my work don't change very much. So great chunks of my 1996 report, and indeed those of earlier years, still apply word for word. I am the CAFCA secretary, and have been since time immemorial. A lot of my work is strictly administrative.

Because we have recently conducted our annual membership renewal, a disproportionate amount of time has been spent updating the membership list and banking the loot. Not that I'm complaining. Membership fees and donations are the backbone of our finances, which, as you can see from the accounts, are in a healthy state. Unlike so many other small groups we don't routinely have to ask for loans or grants, and we can finance quite major undertakings entirely out of our own resources. We are not constantly having to fundraise or worry about where the money is going to come from.

My daily routines haven't changed - collecting and processing mail six days a week (including e-mail); correspondence; reading and analysing publications for fortnightly committee meetings; banking; handling all orders for CAFCA publications; clipping papers and gathering material for our files and as research for articles. This stuff has to be done daily, otherwise it can easily get away on me, and become a major headache. A big banking tally can take the best part of a day to itemise and prepare. Then there are the spontaneous approaches from members, the public and the media for information or statements on a whole raft of subjects. I have an unlisted phone number, precisely because my entire time could quite easily be taken up with what I call Radio Pacific calls ie people who want to vent their anger at, or ask questions about, the relentless giveaway of this country to TNCs.

Watchdog

There have been major changes since the 1996 AGM. The first is structural. As of 1997, *Watchdog* is now published by Foreign Control Watchdog Inc., an independent entity. Every CAFCA member receives a copy of every issue of *Watchdog*.

CAFCA members will have noticed big changes in *Watchdog's* look in 1997. It is now printed on A3, folded into A4 and stapled in the middle (as opposed to individual A4 sheets, with staples on the left margin). This automatically rules out the old method of folding it and posting it in a wrapper. Now it is simply put, flat, into big envelopes. That doubles the domestic postage bill and increases the overseas postage bill by several hundred percent. Overseas membership of CAFCA has been increased to $25 to cover this. Despite the printing and postage bill being significantly higher, domestic membership remains at $15. Nor did setting it up cost CAFCA members anything - it was all covered by a one off donation, of several thousand dollars, received from the Monthly Review Society (which is being wound up). Another advantage is that the new printer does in days what used to take weeks.

Reaction to the new look has been overwhelmingly positive, from members and the general public. CAFCA believes that it has been money well spent. For the first time ever, *Watchdog* looks the part, as well as retaining its unique style and content. It's not many years since it was produced on second hand gestetners, printed on cheap newsprint. From there it has progressed steadily to what it is today. For the first time ever it features copy on the cover (the table of contents having been relegated to page 2). It still needs more illustrations but they are not thick on the ground. Foreign control is not necessarily a good visual subject. There is a crying need for good cartoons. Be that as it may, *Watchdog* is now starting to look like a "proper" publication and it's good enough for a couple of leading Christchurch bookstores to agree to take a few copies on an trial basis. If that's a success, CAFCA may try bookshops further afield, but it's not our emphasis.

The look means nothing if the content is crap. Rest assured that *Watchdog* remains unique - a journal of record of the rubberstamp work of the Overseas Investment Commission; a meticulously detailed and fearless breaker of stories that the mainstream media won't touch (such as Roger Douglas's extremely sleazy mates in a Wairarapa luxury lodge project. Just one part of Bill Rosenberg's extraordinary research for that involved checking a 70 million name computerised US phone directory). It's a journal of political analysis - the May cover story, "Winston's Petered Out", was quoted by mainstream commentators. And it documents, in a readable fashion, the continuing takeover of this country by the transnationals and the fightback against that. It places what is happening here in the international context. It is done with style and humour. Readers always send feedback on everything from the trademark obituaries to the nitty gritty details of articles. All boasting aside, it is the must read if you want to know anything about foreign control. Nobody ever complains that they don't get value for money - the two 1997 issues so far total 140 fact packed pages.

So, the last year has seen big changes and big improvements. But only in the packaging - the content

has always been good. CAFCA foresees *Watchdog* going from strength to strength.

Other Publications

1997 is the first time for several consecutive years that we haven't published a book, and there are no plans for any more. But those we have published have been extremely successful. Dennis Small's 1996 epic "The Cost Of Free Trade" has now completely sold out its 300 copy print run and we are having to turn away orders. Despite our (deliberately) low sale price, it made money for us. There are a handful of copies of my 1995 "Clearcut" left.

Our *Fact Sheet* series continues to be popular. Since the last AGM we have produced two more - Bill did the (regularly updated) one on foreign ownership of the media; I did the most recent one, on Telecom. In each case we sent these out, not only to members, but to contacts with specialist interest in the field, such as journalists and those battling Telecom. A Wellington member printed his own, much more swept up, version of our basic "Sovereignty Versus The Transnationals" flyer and actually sells it (we give it away). Demand is so good he's asked us to update it for a second edition.

We have kept abreast of technology and CAFCA material is now available electronically from several Internet websites thoughout the country.

Work With Other Groups

I am co-employed by the Anti Bases Campaign, although CAFCA work takes the great bulk of my time. My ABC workload has increased dramatically because Warren Thomson has gone to Bangkok to work for a year (from where he sends us plaintive, homesick e-mails) and I have had to dramatically increase my involvement with *Peace Researcher* from being a regular contributor to the exalted post of co-editor (with Bob Leonard). I've only produced one issue since Warren left but it was the biggest for years and I wrote most of it, as well as having a hands on role at every step of its production and distribution. I targeted CAFCA members to become *PR* subscribers and we got a good response.

I played an active role in the annual Waihopai spybase protest camp, doing the preliminary media work and chairing the Blenheim public meeting for visiting British expert, Duncan Campbell (there is a story behind his NZ stay; I'll save it for my memoirs). There has been a major attitude change towards Waihopai from both the public and media, which is directly attributable to Nicky Hager's blockbuster book "Secret Power" (which has attracted major international attention). I congratulate Nicky on his extraordinary achievement and was delighted to chair the public meeting that ABC hosted for him last year.

This year's Waihopai protest got the most extensive media coverage ever and the most arrests (20). I went back to Blenheim for the high profile court case, which attracted famous Auckland QC, Peter Williams, who offered his services to the defence at cost. We didn't win legally but we certainly did morally. Since then Bolger has announced a second dish for Waihopai and an expansion of its spying role into phone tapping. We're coming up to the tenth anniversary of both Waihopai and the campaign against it, which is a good time for a re-evaluation. We are tackling that soon - we have decided to try a range of other tactics, meaning that ABC is not organising a 1998 Waihopai protest camp.

Campaign for Peoples Sovereignty continues, albeit in a very low key fashion. We have tended to focus heavily, although not exclusively, on Southpower. Thus we picketed its appliance retail store, plus the City Council, when power prices went up in April. A number of us attended and spoke at Southpower's Annual Meeting in August, where top management are both wary of, and polite to, us. The imminent October price rise has excited such wideranging public opposition that we will take further action. But we differ from the rest by not wanting Southpower privatised or floated on the sharemarket. 1998 is local body election year and Christchurch City Council is the glaringly politically incorrect one, ie in championing continued public ownership of utilities, and financing an expanded social role for local bodies. The pressures on the Council from all manner of New Right ideologues are enormous. We see our role, in a small way, as keeping the bastards honest. Sadly, Joe Pounsford, one of the Campaign's leading activists from the start, recently died, after a long battle with emphysema.

I am on the committee of GATT Watchdog, which has become a very active group. CAFCA has developed a very close relationship with it in recent years, so much so that we work together on all manner of projects and frequently our work overlaps. The perfect example of this is the campaign against the Multilateral Agreement on Investment (MAI) - it's a CAFCA issue, but all the running is being made by GATT Watchdog, which is fine by us. I want to congratulate Aziz Choudry on slogging his guts out on the MAI, churning out articles and press releases, speaking up and down the country. He can take most of the credit for the rapidly developing public opposition to this. All on top of his GATT Watchdog work (editing *The Big Picture*, travelling the Asia/Pacific region on APEC campaigning, etc), his actual paid Corso work, his work in Philippines Solidarity, and waging a one man battle against the SIS which broke into his house and tried to frame him as a terrorist in their infamous bungled 1996 covert operation. No wonder he always looks haunted in the dreadful photo that the *Press* delights in running of him.

I remain actively involved in the Philippines Solidarity Network of Aotearoa (PSNA). I edit its newsletter *Kapatiran (Solidarity)*, which assumes *Watchdog*

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proportions with every passing issue. The September issue is 32 pages, the biggest ever. We pride ourselves on making Filipino issues relevant to New Zealanders - every issue documents the activities of transnationals in the Philippines. They don't bother to prettify their image in the Third World; there are many warnings there for us. ABC only had to contend with a key activist going overseas for a year - PSNA was dealt the body blow of a key activist and friend being killed, in a car crash. We picked ourselves up after Mark Moesbergen's dreadful death, sorted out his affairs, and resolved to see his work to fruition. Just in the last few days we have released to the Government and media the result of his last project - a first hand research assessment of New Zealand's biggest aid project in the Philippines. Once again, Aziz Choudry did the actual report writing. It's a damning and lucid piece of work. In 1998, for the first time in three years, PSNA is organising and hosting a Filipino speaker. She is active in a number of fields, including the fightback against (mining) transnationals.

At the time of the 1996 AGM, I was on the Monthly Review Society committee. In November 1996, it was wound up (I chaired the meeting), disbursing thousands of dollars to, amongst others, CAFCA, ABC, the CAFCA/ ABC Organiser Account, GATT Watchdog and PSNA. I remain on the Special Committee overseeing the final details of the wind up, which is still not quite complete.

I reported at the last AGM, in September 1996, that I was one of the tens of thousands on a public hospital surgical waiting list. In October 1996 I went to Wellington for a GATT Watchdog national meeting and suffered an acute gallbladder attack during an otherwise very pleasant dinner party with friends. The result was three days in Wellington Hospital, where I suffered the twin indignities of a/ sharing a ward with a Labour frontbencher and b/ being potentially exposed to TB (I don't think the two are connected). Upon returning home I went back onto the waiting list to have my gallbladder removed. I'm pleased to report that that has taken place, unexpectedly, within the past fortnight and that I've now got a very 90s pierced belly button. For two years now I've refused to pay the (since scrapped) outpatients charges. Maybe next time I get a bill I'll send them the two big, ugly gallstones extracted from me and offer them in lieu of payment. I have nothing but praise for the care lavished on me in both hospitals - I think what is being done to our public health system is a crime of major proportions.

I have been the Organiser for nearly six years now, which is an extremely long time for a job funded entirely by the regular pledges and donations of CAFCA and ABC members and supporters. Once again, I take the opportunity to thank you for your generosity. The Organiser Account stays steady at $5,000 - $6,000 but is still healthy and viable. My pay has been increased, to $280 per week gross, to keep up with the minimum wage. Some pledgers have left; others have joined. This continuing financial support is a most gratifying vote of confidence in the work that we, and I, do.

Campaigns And Events

CAFCA's membership stays steady at around 500. But they are all financial members - we don't pad out our list with those who once paid, or whom we think might like to be a member. Every year we purge unfinancial members - about 70+ this year. Their numbers are rapidly replaced by new financial members. We have had a recent surge in members who have joined because of concern about the MAI - indeed we can't keep up with demand for information on this.

We haven't had any big single public issues to contend with in the past year (unlike, for example, our 1996 campaign on the sale of TrustBank). But we've been busier than ever. Some of the work goes on behind the scenes - months of dealings with the Overseas Investment Commission led to them finally accepting our case and reclassifying Brierley's as a foreign owned company (but not before allowing it to put all its holdings into an allegedly independent Brierley's NZ company, thus allowing it to continue uninterrupted). The attendant controversy about that gamered CAFCA plenty of media coverage. We have an equally precedent setting request in with the Commission at present, on another subject.

Of course, the big event since the 1996 AGM has been the election and the coming to government of those fearless campaigners against foreign control, New Zealand First. As signalled long before the vote, they have blithely abandoned all their principles on this issue (we hosted Winston Peters at a 1995 public meeting on the subject in the Christchurch Town Hall) and become a willing junior partner of National in gayly flogging off what is left of the country to sell. Peters joins Douglas and Richardson in the pantheons of traitors of the last inglorious decade and a half. So Winston the Wandering Prophet did not lead us to the Promised Land - that turned out to have been promised to somebody else and he was the Judas sheep. So CAFCA will just have to stay in business a bit longer.

There have been no shortage of big juicy things to get our teeth into, starting with the MAI. This is the biggest foreign investment threat to ever confront New Zealand. As I've already mentioned, virtually all the running on this has been made by GATT Watchdog and specifically Aziz Choudry. It organised events eg a public meeting addressed by Jane Kelsey that would normally be have been our responsibility (I shared a lunchtime platform with Jane). We are delighted to share the burden. The past year or so has witnessed a remarkable convergence of interests and activities by CAFCA, GATT Watchdog and Corso. It is no secret that we do not share their emphasis on indigenous issues, and specifically Maori sovereignty, and that difference means there is a permanent tension in the relationship. But it's one we can easily live with - we have become very

close workmates and friends into the bargain. There's too few political activists working in this field for us not to pool our resources and work together.

CAFCA, GATT Watchdog and CORSO held a September 1996 brainstorming session that led to a number of joint projects in the last year. Firstly, we organised the immensely successful Tour The Global Economy (Without Leaving Christchurch), an afternoon bus trip on the anniversary of the GATT Uruguay Round. This attracted such media and public interest that we had to turn away paying customers, as the bus wasn't big enough. The consensus was that it was depressing but fascinating.

Secondly, we organised the first Roger Award for the Worst Transnational in NZ in 1997. This is a new concept for New Zealand (but not overseas) and has been slow to generate a big response. However we have fine tuned it and widely publicised it. As of now, the nominations are low in quantity but very high in quality. We can see this becoming a regular event. We have secured very good judges, including the media drawcard of the Mayor of Dunedin. All that hard work has paid off in some very good coverage in the national (and indeed, the international) media.

Thirdly, as foreshadowed in my 1996 Report, we have launched a specialist campaign on Telecom. Once again with GATT Watchdog and Corso we spent months organising the May 97 Telecom Exposed! A Critical Forum. This was the hardest thing I've worked on for a long time. Trying to bring together disparate single issue groups, all with their own one axe to grind with Telecom, and getting them to work together coherently was no easy task. We witnessed also the power of Big Business to intimidate (without actually having to do anything), when a key grassroots group pulled out at the last minute, leaving us within a whisker of having to cancel our public meeting. That group is still playing hard to get. But the night meeting and the all day Forum went ahead, with lower numbers than we would have liked, but otherwise very productive. We brought together a whole range of groups and individuals, and the outcome was the launch of SPOT (Society for Publicly Owned Telecomunications) and its petition calling for the immediate return of Telecom to public ownership. The petition has been a great hit, with filled sheets and requests for more flooding in from around the country (a much bigger response than for the Roger Award nominations). SPOT is very low key at present - we've picketed Telecom once, to protest a quarterly profit announcement (most heartenningly, people queued up to sign the petition), and a few other behind the scenes activities. But the key point is that SPOT exists at all, to our knowledge one of the few campaigns dedicated to just one transnational anywhere in the world.

All of this was on top of our usual CAFCA work, which ranges from the mundane to the riveting. This ongoing work includes Bill's decade long battle with the Overseas Investment Commission (which takes a myriad of forms) to my doing a whole variety of media interviews from anywhere in the country and even overseas (Australian radio and a Japanese newspaper being the two most recent examples). I've done the odd local speaking engagement and I've had one speaking trip out of town - to Whangarei and Auckland. International recognition of our work can be gleaned from the fact that I was one of the 100 people from around the world invited to the first International Symposium on Corporate Rule, being held in Toronto in November 1997 (unfortunately money precluded me from going, and CAFCA from paying the fare. We have other priorities). Just how much we've got on the go can be judged from the fact that our fortnightly committee meetings now routinely run to midnight and later. My fellow committee members - Bill Rosenberg, Liz Griffiths, Dennis Small, Reg Duder and John Ring - all work extremely hard. And remember, I'm the only one that gets paid - they do it for love.

Taking Control

The CAFCA committee held our annual strategy session early this year. This is not election year, so we are not repeating last year's emphasis on building grassroots links with selected political parties. We mapped out a number of activities, including the ones I've just itemised. They have either been and gone or are up and running.

One project that we're still investigating is that of drawing up a Code of Conduct for TNCs in this country and campaigning on getting them to be bound by it. John Ring is doing the research donkey work on this. It's still very much at an early stage, although we have received several overseas precedents, and we are weighing up the idea. In some respects, it can be a double edged sword. So the jury's still out on that one.

For a number of years we have thought about hosting a national conference on foreign control. We have finally decided to go ahead. We enlisted the invaluable help of our friends from Corso and GATT Watchdog (who organised the watershed 1996 Trading With Our Lives Alternative Forum, in Christchurch). It will be from **Friday February 27th to Sunday March 1st 1998, inclusive; at Knox Presbyterian Church, 28 Bealey Avenue, Christchurch;** and it's titled **Taking Control: The Fightback Against Transnational Corporate Power** (see cover for details). We will have two international speakers (a Bougainvillean and a Canadian), plus up to six New Zealanders from various campaigns around the country. The aim is not to overwhelm participants with depressing information but to empower them by bringing them together with people already fighting back against the TNCs, in a number of fields. The goal is to more effectively network between these disparate campaigns and build working links.

We have chosen 1998 because it is local body election year, and because local utilities are where the TNCs

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are training their beady eyes right now; on power companies, ports, water, airports, water, sewerage and garbage services. Rogernomics has outgrown Wellington and is coming to eat your city now. So **Taking Control** will have special emphasis on the fightback at local body level. We urge all CAFCA members to make the effort to attend, as we believe that this will be an extremely important conference, not a mere talkfest like so many others. And spread the word so that others come. Whilst CAFCA is underwriting it, we are fundraising so that the financial burden doesn't fall exclusively on our shoulders, so, yes, we need your money too.

Looking further ahead, 1999 sees the annual APEC Leaders Summit in Auckland, with Ministers' meetings all over the country. It is a natural progression for us to join GATT Watchog, Corso and a whole raft of other groups in forming a coalition to campaign against this, starting before the end of this year.

I'll finish by repeating the conclusion to my 1996 report, because it's still relevant. The future offers us more of the same. Regardless of who is the Government, the reality is that TNCs control the economy, so this is not a problem that will solved through parliamentary means. It needs grassroots organisations to educate and mobilise people to take back what has been stolen from us. That is the role of CAFCA. And we're more necessary than ever, because our issue is centre stage. Nor is it only a single issue as it permeates all aspects of people's daily lives. So there's no shortage of things to be done. The only problem is prioritising them. We intend to continue giving it our all, and we know that we can count on your continued active support. Morale is high, tempered with realism. We know what we're up against. But the bigger they are, the harder they fall.

(The CAFCA Committee whooping it up at yet another fun filled meeting. L to R: Dennis Small, Bill Rosenberg, Reg Duder [kneeling], John Ring, Liz Griffiths, Murray Horton - Photo Becky Horton)

"A BEGINNER'S GUIDE TO FOREIGN CONTROL" Murray Horton's Speech Available

For the past several years, Murray Horton has used his "A Beginner's Guide to Foreign Control" as the basis for speeches and papers delivered in Christchurch, and around the country. He makes sure that it is continously updated. But at over 30 pages it's far too long for us to consider publishing.

That's why we have decided to make copies available to members who request them. It covers: the global context; foreign control in Aotearoa; myths about foreign control; future trends; "free" trade; and what we can do about it.

You can order it from CAFCA. Enclose $5 to cover copying and postage.

Campaign Against Foreign Control of Aotearoa Inc.

(CAFCA)

1/ Trading Accounts 1996/97

Revenue		Expenditure	
Watchdog		*Watchdog* printing	$3,670.64
Subscriptions	$5,874.86	" " set up	135.00
Cash Sales	170.00	" " posting	699.20
"Cost of Free Trade"		Hall hire	520.00
Sales	3,535.25		
less		Seminar catering &	
Printing	2,514.60	lecturer's fares	1,063.87
Binding	271.25		
	2,785.85		
	749.40	Trading Surplus	2,794.24
"Clearcut"	305.00		
"Beginner's Guide"	120.25		
"Someone Else's Country			
Hire Income	1,315.80		
less			
Video hire 780.00	535.80		
Media Seminar	947.70		
OIC figures			
Sales 525.00			
less costs 345.06	179.94		
	8,882.95		8,882.95

2/ Society Activity Account 1996/7

Donations			
from members	$4,193.08	Postage	$1,022.36
from NZMR liquidation	3,750.00	Phone & fax	523.94
Interest on term account	383.65	Office expenses	130.30
		Room hire	20.00
Photocopying	830.17	Computer eqmt & mce	695.25
		Insurance & bank charges (incl. ACC)	412.54
		Donations to kindred societies (GW etc)	1,013.16
		Society A/c surplus	3,420.13
	8,326.73		8,326.73

3/ Cash Flow Statement 1996/97

Cheque Accounts		$2,804.26	
Term Accounts		6,609.92	equals
add Trading Surplus 1996/97	2,794.24		Balance in Cheque Account at Postbank 31.3.97
Society Surplus 1996/97	3,420.13		$15,628.55

15,628.55	15,628.55

I have audited the above accounts and consider that they represent a correct statement of the Society's position as at 31.3.97 as represented in its books

W. Rosenberg
30th July 1997

CAFCA/ABC Organiser Account for Year Ended 31/3/97

Balance as at 1/4/96	$6,658.52	Payments	$14,002.56
Receipts	14,049.15	Balance 31/3/97	6,705.11
	20,707.67		20,707.67

Income And Expenditure Account: Organiser For Year 1996/97

Receipt from Donations	$14,031.90	To Organiser	$14,002.56
Interest	17.25	Surplus	46.59
	14,049.15		14,049.15

Audited and found correct.

Wolfgang Rosenberg
14th September 1997

Note: this year's donations have unique contributions included from the liquidation of NZ Monthly Review Society. These will not be repeated in 1997/98.

1992 POLICE RAID ON AUCKLAND PEOPLES CENTRE
Civil Claim Settled Out Of Court

Watchdog 70 and 72 detailed the horrific story of the April 1992 police raid on the Auckland Peoples Centre (which followed the militant protest of the Auckland Unemployed Workers Centre [AUWRC] outside the New Zealand Investment Conference. See *Watchdog* 69 for details of that). The cops really did behave like pigs - several people were assaulted and one of them, Sam Buchanan, suffered permanent eye damage from a baton being rammed into it (see elsewhere in this issue for the obituary of his grandfather, Keith Buchanan). Six people were arrested, including Sue and Bill Bradford and the hapless Sam. In a stinging rebuff to the police, Judge Kerr ruled that their search warrant was invalid and flatly rejected their entire case. All charges were dismissed (# 72 has extracts from the judgement. They make damning reading).

AUWRC then swung onto the offensive and several dozen plaintiffs filed a civil suit claiming more than $1.8 million from the police, stating that the raid was contrary to the Bill of Rights and that the police were trespassing. *Watchdog* ran appeals for funds to pay for this legal action. The case was filed in the Auckland High Court in 1993.

It took years, as the police used every stalling tactic in the book. In the meantime AUWRC was in the frontline in countless other demos and the indefatigable Sue Bradford courted prison during every one of her numerous arrests (they haven't got her locked away yet. But they've knocked her around on more than one occasion). By 1997 they could stall no more. A settlement was announced in July, with neither side divulging details (a standard condition in such settlements). We don't know what they got but it's safe to say that respectable sums of money changed hands. The cops deserve every judicial kick up the arse they've been dished out throughout this whole saga - their behaviour was truly disgraceful, reminiscent of their 1981 Springbok tour thuggery. To make it worse, it arose from a protest at a conference to attract more foreign investment to NZ.

CAFCA offers our congratulations to our friends and colleagues in Auckland. You are an inspiration to us. You've never given up the fight no matter what the State has bludgeoned you with. Yes, the claim will have been settled with taxpayers' money. We can't think of a better recipient for it.

GATT WATCHDOG ACTIVIST LAUNCHES LEGAL ACTION AGAINST SIS OVER BUNGLED 1996 BREAK IN

Prominent Auckland QC To Take Case: Fighting Fund Launched

In October 1997, it was announced that the man at the centre of a botched NZ Security Intelligence Service (SIS) break in at his Christchurch home on July 13, 1996 is taking a legal case against the SIS. Aziz Choudry has engaged prominent Auckland QC, Dr Rodney Harrison to act as senior legal counsel in the case. A fighting fund, the Democratic Rights Defence Fund, is being launched to raise money to cover the costs of the legal action.

Aziz says that the break in, which took place within two weeks of new legislation (the 1996 New Zealand Security Intelligence Service Amendment Act) expanding the scope of SIS targets, confirms concerns that critics of the government's free market policies are now fair game for the SIS. He says that the break in puts the lie to assurances contained within the legislation and reiterated by the Prime Minister that remaining within the law is a guarantee of freedom from SIS operations and that the SIS would not be used against legitimate political dissenters.

"It is clear that such promises were made to be broken", said Aziz, a Corso National Officer and spokesperson for GATT Watchdog. (*He works closely with CAFCA, and has done a monumental amount of work on the Multilateral Agreement on Investment - MAI. See his article on that, elsewhere in this issue. Ed*). "The only conceivable reasons for the break in arose from my involvement with GATT Watchdog, which works to expose and oppose the APEC agenda and my role in organising Trading With Our Lives, an alternative forum critical of free trade held just prior to the APEC Trade Ministers Meeting here in Christchurch.This is thoroughly unacceptable".

Aziz and David Small (who discovered the two intruders at the scene of the break in) made complaints to the Inspector-General of Intelligence and Security about the incident, but these were not upheld. Neither man accepts the Inspector-General's conclusions, released in June 1997. The Inspector-General's advice implicitly acknowledged that the two men responsible for the break in were SIS operatives. A subsequent call for an independent public inquiry into the matter on the anniversary of the break-in was endorsed by a wide range of groups, organisations and unions (*including CAFCA and the ABC*), but met with no response from the Government.

Aziz intends to sue the SIS for substantial damages for trespass and unreasonable search. A letter of claim has been sent to the Director of Security asking him to confirm or deny that the two men involved in the break in were indeed SIS operatives and/or were acting on behalf of the Service.The letter complains of the civil wrong of trespass, and of unreasonable search contrary to Section 21 of the New Zealand Bill of Rights Act 1990. The Director is "consulting" with the Crown Law Office.

The Democratic Rights Defence Fund has been set up to encourage people to publicly endorse the need for legal action in this case, and to raise and account for the money needed to take this action. The Fund's committee comprises: Dr Jane Kelsey, Professor of Law, Auckland University; Maxine Gay, President of the New Zealand Trade Union Federation; Dr Jim Stuart, Minister of the Church of St Andrews on the Terrace, Wellington; Leigh Cookson of Corso; **Murray Horton, CAFCA and Anti-Bases Campaign organiser**; and Nicholas McBride of the Christchurch Community Law Centre. **The fundraising target is $20,000**.

"GATT Watchdog believes that human rights violations and the suppression of legitimate dissent go hand in hand with the market model of development which APEC promotes. The actions in 1996 set a dangerous precedent for the targeting of any New Zealand organisations, unions or individuals who exercise their democratic right of dissent and free speech against government policies in the future, especially bearing in mind the fact that New Zealand will host the major 1999 APEC meetings. If it can happen to me - you could be next. The SIS - and their political masters - must be called to account. This legal case is one way to do that", said Aziz.

DONATIONS

Donations for the Democratic Rights Defence Fund can be sent to PO Box 1905, Christchurch.

CAFCA urges our members to support this legal action, with donations, and in any other way possible. This SIS operation could equally have been aimed at us, or any of you. So Aziz's fight is our fight.

CAPITALISING ON THE FUTURE?

- Dennis Small

As the smoke from rainforest fires drifts across Southeast Asia, we have been seeing on our television screens (during September/October 1997) the sort of catastrophic disaster that will eventually choke the Asian Tigers. Free trade is, sooner or later, the great destroyer.

This particular environmental disaster started in the boom and bust strategy of Indonesian plantation forestry - corporatised clearing of the jungle by fire that got out of control. Cowboy capitalism on the frontier is going to have an ultimately horrendous impact in the tropics. As in the Amazon the fires signal unprecedented destruction. Yet this is the type of the development that New Zealand has eagerly embraced as the Government and companies have joined the rush to exploit Asian resources and people, along with like minded entrepreneurs from around the globe. Ironically, the NZ Government has given Indonesia aid to help deal with the fires.

It is perhaps no coincidence that Indonesia was one of the regions predicted to do poorly from the GATT/World Trade Organisation (WTO) deal cut a few years ago. But it is certain that the conventional economists who made this prediction never factored into their calculations such environmental and socio-economic costs as we are now witnessing. In recent times, *Watchdog* has been documenting the intrusion into Aotearoa/NZ of some of those same Asian groups, which in close collaboration with foreign capital, have been ripping off the countries of the Asia Pacific region : the ruling Suharto family of Indonesia, Malaysian forest companies like Rimbunan Hijau, etc. Predatory commercialism is still predominantly Western driven in this region but the disease is rapidly spreading. The Suhartos and others of this ilk (like the Mobutus in Africa and the Somozas in Latin America) were originally installed and then kept in power by Western, especially US, military and covert operations. NZ has long been a cynically calculating collaborator or conniver in such dirty work. Now some of the vultures are coming home to the roost.

Freeing Capitalists from Costs

According to the Ministry of Foreign Affairs and Trade (MFAT), this development path is bettering the lives of millions of Indonesians, Chinese and other peoples, bringing higher living standards, hope and freedom. When pressed, however, MFAT and other government departments have no vision of the future other than mindless, ever growing trends of "free market" economic production and consumption, somehow trickling down to the millions at the bottom. If even enthusiastic advocates of the market like Simon Upton can foresee multitudes of environmental refugees, MFAT remains curiously blind to this sort of consequence, at least in its public relations promotion.

Earlier this year, I tabled several proposals at a meeting between a couple of government officials and a number of non-government organisations (NGOs) convened by the Christchurch/Otautahi Agenda 21 Forum (26/3/97). It was agreed that the officials, one from MFAT and one from the Ministry of the Environment (MFE), would respond to these proposals. Basically, I asked whether the Government would take on board proposals that seek to make trade fairer and more sustainable. Furthermore, would the Government institute monitoring mechanisms so that the public and voluntary groups were able to see the progress (if any!) in their implementation?

The suggestions that I offered were the following:
(a) the internalisation of the full life cycle social and ecological costs in all calculations of the economic impacts of all New Zealand's trade. For example, the country relies heavily on oil for transport of our goods overseas. In what way is the "long term" liability of this taken into account? Similarly, the costs on water (depletion, eutrophication, etc.) and soil (erosion); dependence on imported phosphate; etc.
(b) Constantly monitor imports and exports, relating current prices to ***real*** (i.e. ecological and social) costs of production and projected scarcity of resources. Engage in ongoing consultation with trade partners to encourage pricing systems to reflect the emerging environmental and human realities. Regularly provide for NGO participation in this process. The "free" market can work misleadingly and destructively in assigning value. Ensure special concessions and assistance for "developing" countries.
(c) Identify and prioritise major problem areas that need to be worked through with trading partners, and institute effective mechanisms to ensure progress on these. Again, the processes involved must be open and transparent to NGO and public scrutiny.

Obviously these are only general and preliminary proposals yet they are sufficiently grounded to indicate the outline for a more sustainable trade policy. In response to these questions and proposals, I did not even receive the courtesy of an acknowledgement. However, from regular experience in researching such issues this came as no surprise. In the past, I have had long struggles in trying to extract just basic information from government ministries on trade matters. At times, only persistence, with regular appeals to the Ombudsman, has succeeded in getting replies conveying some meaningful information. Indeed, some questions have gone unanswered for want of resources (including research time) to pursue them through to a more

adequate outcome. Government policy, in conjunction with the corporate media, has been to systematically marginalise free trade/investment critics and stifle democratic discussion and debate of these issues.

Ever since I embarked on research on the Government's trade policy (in the late 1980s) this pattern of evasion and resistance has been typical of how the Government has demonstrated its understanding of accountability and the workings of democracy. It has thus ironically and repeatedly confirmed the dire warnings about the implications of free trade for freedom. As one of those who participated in the campaign for a "Freedom of Official Information Act" (our current Official Information Act [OIA]) in the late 1970s/early 1980s, nothing makes the decline of national democracy clearer than the way in which the Government has developed trade policy - under a contrived cloak of secrecy and ***protection*** from citizen scrutiny.

All the time, of course, it has drawn closer to those transnational corporations (TNCs) which really pull the strings - like Nestle (see *Watchdog*, no. 85). Instead of the Government carrying out its duty to the people by holding private companies like Nestle accountable for their activities, the Government is now brazenly acknowledging the role of TNCs in writing their own rules. Whereas TNCs so often pulled the strings behind the scenes, democracy has been subverted to such extent that the corporates are being given a more formal role in this process.

As a consequence, the OIA is now becoming redundant. A Law Commission report, "Review of the Official Information Act 1982" has concluded that the OIA is working (*The Press*, 7/10/97). Yet this finding is well out of date with what is actually happening through globalisation. The major factors at work here are the commercialisation and privatisation of governmental functions, continuing to radically reduce the availability of information. Commercialised decision making sectors have no obligation to meet the demands of public access and accountability. So the areas of democratic participation in the economy and society are getting less and less. As well, commercialisation of government, even where existing ministries are concerned, means the erection of restrictive monetary barriers. TNCs and their agents can easily pay the costs imposed for acquiring information whereas for the individual citizen or NGO these costs are often prohibitive. Again, so often the TNCs are privy to inside information anyway, being intimate players in trade negotiation/investment negotiations and decision making.

Factoring out the Future

As governmental functions are taken over by TNCs, democracy is indeed being rendered an empty farce. Free trade/investment means, in the end, totalitarian commercial control. The free flow of information is crucial for any effective participation by the people in

decision-making on public policy and this is being increasingly sucked dry. State radio and television are firmly in the grip of Big Business and are being rapidly privatised anyway. So the imperial globalised vision of Rupert Murdoch and his cronies is to rule everywhere.

Sir James Goldsmith, the business tycoon who recently died, had in his last years begun to wonder whether we are on "the road to Hell", given the global commitment to free trade; international financier, George Soros, attacks free trade and donates to good causes like human rights in East Timor even as he plays with the economies of whole countries, salting his spoils away in tax havens; media mogul, Ted Turner, makes a personal commitment to financially saving the United Nations and continues to purvey the American Disneyland Dream worldwide. The contradictions of capitalism are being dramatically expressed by some of its leading exponents, whatever the exact version of it that they might espouse.

Much of this angst is due to the fact that, with globalisation, capitalism is certainly creating a New Order - a *disorder* that is destabilising and full of mounting confusion. Cultural schizophrenia has become institutionalised in the sense that, on the one hand - whether openly recognised, or at more subconscious levels - capitalism is recognised as the cause of great problems, especially increasing inequities and destruction of the environment. On the other hand, capitalism is the marvellous force that is going to make the planet into an industrialised urban city with everyone enjoying endless American style materialism and abundant middle class life styles.

Cultural/intellectual turmoil has become common and ironies multiply as the uncertainties compound. "In an astonishing volte-face, the World Bank in Washington has abandoned its long running support for minimal government in favour of a new model based on a strong and vigorous state" (*The Guardian Weekly*, vol. 157, issue 1, 6/7/97, p. 19). The Bank's latest annual report, *"The State in a Changing World: The World Development Report 1997"*, has called for "reinvigoration of public institutions", saying that good government is "a vital necessity" for economic and social development. It asserts that the governmental role has been essential in generating the "dazzling growth" of East Asia. ***(Continued on Page 32)***

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As plantation forestry in Indonesia and elsewhere literally costs the earth - the laterisation of land in Asia as in Amazonia will be massive - the World Bank is indicating, at least indirectly, how the capitalisation of government can destroy a country's resource base. Contradictions merge. Strong central governments committed to free markets have driven booming growth and are undermining their own foundations. Central planning in itself, of course, is no guarantee of sustainable development as the East European experience has so dramatically demonstrated.

The corrupt Indonesian dictatorship owns almost three quarters of the country's land. Its unsustainable timber exports had already been running down its resource capital, like those of Malaysia, Thailand, Cambodia, the Philippines and other Asian countries. In fact, no matter the type or supposed strength of government, Asia's countries are being ravaged by market forces. Whether "renewable" resources like timber or non-renewable resources like minerals are at stake, the region has been opened up for widespread plunder. Under the Asia Pacific Economic Cooperation (APEC) community umbrella, NZ is out to get as much as it can from this regional exploitation. Meantime, Thailand, Indonesia and other "tiger" economies come within the tighter grip of the International Monetary Fund's (IMF's) "structural adjustment" programme.

In his book, "The Future of Capitalism: How Today's Economic Forces Will Shape Tomorrow's World" (Allen & Unwin 1996), Lester Thurow, (who is one of Mike Moore's gurus), recognises that the ***"future"*** is a critical missing ingredient in capitalism. For sure, he sees it as the main missing ingredient. Left to itself, capitalism is ultimately self destructive. Thurow considers that his own market oriented proposals will somehow help save the environment but he really does not get off first base in understanding. The same goes for the other challenges he identifies to global capitalist success. Like so many other US economists Thurow is happy, with the NZ Government, etc. in tow, to go gung ho on the economic rollercoaster ride. The Indonesian fires are lighting the way.

For decades, the World Bank and its stablemate, the IMF, forced "developing countries" to reduce governmental functions and, especially in the 1980s and 1990s, sell these to TNCs and what local business interests there were. Now, even as the United Nations Conference on Trade and Development (UNCTAD) sounds a warning about rapidly growing international social and economic divisions (press release, 11/9/97), the Bank is doing an enormous U turn, trying to revamp its ideological rationalisations and salvage something from the mess. "In 1965, average Gross National Product (GNP) per capita for the top 20% of the world's population was 30 times that of the poorest 20%; 25 years later, in 1990, the gap doubled - to 60 times" (ditto). Even the World Bank is getting worried.

Such gaps between rich and poor are continuing to widen rapidly, both between countries and within countries. UNCTAD points to the "hollowing out" of the middle class, a prominent feature of changes in income distribution in many countries (press release on *"UNCTAD Trade and Development Report 1997"*, 15/9/9). The rich have gained everywhere, not only in comparison to the poorest sections of society.

The NZ Model

Rogernomics in Aotearoa/NZ has been a graphic example of this particular process, incited by the ideology sanctioned by the World Bank/IMF and the GATT/WTO. The NZ experiment is as yet unfinished for its exponents. The ACT party, which acts as the political front for the TNC takeover of Aotearoa/NZ, not only gets huge funding from big business but also gets plenty of gratuitous, free publicity from the corporate media.

Sanctimonious capitalist ideologues like Fran O'Sullivan push the fantasy of "popular capitalism" and quote Margaret Thatcher as to how privatisation of "dinosaur" government departments will supposedly give us all "a deep and abiding interest in the future" (*NZ Herald*, 17/9/97). Such peddlers of propaganda can apparently quote Thatcher with a straight face about spreading power, wealth and decison making even as the evidence clearly demonstrates the very exact opposite result of Thatcherite and Rogernomic policies. Class warfare by the wealthy and their public relations pundits goes on the same as ever. Above all, the illlusion of democracy, as Noam Chomsky has well emphasised, is the central "necessary illusion" of capitalism and its conjuring agents. However, while the contortions of World Bank ideology might not make much too difference in practice, some of the vehicles of Rightwing propaganda are starting to look decidedly untidy.

Some public discussion has been taking place about the role of international treaties and their meaning for NZ law. An editorial in *The New Zealand Law Journal* (July 1997, p. 221) has pontificated on some of the issues at stake, affording insights into the legal establishment's outlook on the market, the future and corporate influence. Formulation of, and negotiations on, international treaties like the GATT/WTO and the new Multilateral Agreement on Investment (MAI; see *Watchdog* 85), have been conceived and conducted in deep secrecy. In the view of *The New Zealand Law Journal*, nevertheless, mention of the treaty in the financial press a year ago constitutes evidence as to the lack of secrecy about the MAI! Those of us who tried to penetrate the veils of secrecy screening the machinations and agenda of the highly publicised GATT Uruguay Round can only smile cynically at this. It is certainly the grossest naivety, or something else, to equate the superficiality of media coverage with the substance of trade/investment proposals, so often camouflaged in their import, let alone protected by the OIA from the public.

The New Zealand Law Journal editorial goes on to bring out the fact that in the NZ system treaty ratification is "a purely executive act. The traditional view is that treaties cannot change the law and especially cannot affect the rights of citizens, until they are enacted by Parliament". However, as the editorial indicates, this doctrine is being eroded. Rather than the WTO or the MAI, the editorial uses the example of Agenda 21 which a number of local authorities have written into their regional and district plans. The reason for this is obviously the perceived threat to established interests represented by Agenda 21 and consequently reflected in the editorial.

After rightly acknowledging how it is the drafting stage that really counts in the parliamentary passage of a treaty and that this is left out under the present system, the editorial lambasts the Agenda 21 and the approach informing it. To quote: "The product of this system is sometimes beyond belief. In Agenda 21, New Zealand has signed a document the preamble of which contains a description of the current state of the world which can only be the product of a fevered imagination". Once more, it is hardly surprising to find a legal "expert" so ignorant of the state of the real state of the world. After all, this kind of wilful elitist ignorance lies at the heart of global problems. The New York Earth Summit in June 1997 might well resound with "dire warnings of environmental catastrophe" (*The Press*, 25/6/97) but *business* goes on as usual.

What really arouses horror in the editor of *The New Zealand Law Journal* is that: "Not only is this 'Agenda' apparently a major factor in central government decision making, but it is being used by some local authorities to justify expropriating individuals' property rights". To hell with the planet - capitalist principles must be sacrosanct! A crucial dimension of freedom for poor people is the freedom from pillage whereas this editorial amounts to an argument for less government on the international plane as much as on the national. Let the TNCs rule. So the call for more accountability for Big Business is turned by those who represent establishment interests into a call for greater corporate freedom. The MAI is certainly geared to deliver this.

In an interim decision, which was maintained, the Environment Court New Zealand has found that, "apart from certain amending statutes such as the Trade Marks Act 1953 and the Patents Act 1953, the GATT and WTO rules have not been incorporated into New Zealand law by Act of Parliament and thus cannot create domestic rights and duties other than in those terms which have nothing to do with the issues extant under the Resource Management Act" [Decision No. W121/96 relating to a dispute over the Act between Proutist Universal and the Nelson City Council (30/10/96)]. Since the Court judged that the Act does not require any action by regional or local councils, the Government has to initiate or implement such action, e.g. by a national policy statement. It was clear to the Court that the principles of international free trade "might well conflict with the provisions of the Act as free trade philosophies are likely to conflict with environmental protection . . ." The ACT party, its Business Roundtable mates, and other allies, are acutely aware of this law as an obstacle to their plans.

Fighting for the Future

A newspaper report in June 1997 neatly indicated how capitalism is working today: "Blue-chip stocks rose sharply . . . as the mood on Wall Street turned positive after news of record United States' exports and a rise in weekly unemployment claims" (*Press*, 21/6/97). A reserve army of the unemployed is necessary for the efficient functioning of capital. Yet Soros has warned that volatile international financial markets mean a current wave of global growth will inevitably be reversed (*Press*, 23/9/97). He pointed out that, "International captal flows are notorious for their boom-bust pattern" - and he should know! He also called for improvements to the "present global capitalist system" and criticised the idea that free markets would correct themselves provided that governments or regulators did not interfere. "Laissez-faire" is a dangerous idea.

But this is a message that is unlikely to register with Mont Pelerin Society disciple, Simon Upton, who is all for the withering of the state and its replacement by TNC rule. As Minister for the Environment, Upton is still concerned about "The State of New Zealand's Environment 1997" - the title of MFE's landmark new publication (*Press*, 6/10/97). The report itself is another warning: a warning about the potentially declining sustainability of our economy as the environment comes under greater pressure. Huge damage to our economy was done in the boom and bust years of frontier development. Revival of the cowboy free market is threatening to unleash this activity again. It is in this regard that the report reveals predictable weaknesses.

The only mention of "trade" in the index of "The State of New Zealand's Environment 1997" is a citation of the "Trade in Endangered Species Act". GATT is referenced but the WTO is not. Mention of GATT is confined to the observation that GATT's "general aim is to free up world trade" and, that unfortunately, this is not occurring quickly enough in agriculture (p. 3.13.). Silly little old NZ has gone ahead and stripped away nearly all the protection it can but "few affluent countries have followed New Zealand's example in reducing agricultural subsidies and import barriers". So much for the futures market! Consequently, while the report amounts to a comprehensive stocktake and points ahead to the development of environmental indicators to monitor the vital signs of ecological health, it is true to Government form in its cavalier disregard of the implications of increased trade and investment.

Ever since the axing of the Commission for the Future by the Muldoon government, what planning for the future

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there has been is firmly oriented to technocratic imperatives, based on facile optimism about the mindless market. A current example is evidently the "Foresight Project" which in the words of Maurice Williamson, "stems from the approach being taken to develop a view of the future and then strategies for building relevant competencies", utilising the Foresight Institute of New Zealand (*Hansard*, questions for written answer lodged 12 Sept., 1997, p. 24).

One line of planning, however, has had a definitely sinister dimension. This is the military planning for resource wars carried out by the Ministry of Defence (MOD) and expressed in the form of the NZ Ready Reaction Force as part of the ANZUS system (*Peace Researcher*, first series, special issue, no. 29, August 1991). In the military sphere, the implications of capitalist growth for growing inequalities and environmental damage have been taken very seriously and preparations, following the US lead, made accordingly. Government decision-makers, especially those in the Western military/intelligence sector, do not really believe in all the "official" marketing hype. They believe in market *forces* with real power to deal with certain problems.

The trend to privatisation of military operations, as illustrated by the mercenary force that tried to operate in Bougainville, was analysed in *Watchdog* 85. Privatisation of armed conflict is aptly tailored to the prevalent commercialisation of activity and information, and correspondent protection of foreign policy function. It can complement the use of governmental armed forces and substitute for them in politically embarrassing situations. Above all, it serves the purpose of deniability.

As with US cultivation of death squad and related terrorist activity in Latin America and other places, the role of Western governments in overseas repression can be given a cloak to cover the use of the dagger. In the 1965 coup in Indonesia which brought Suharto to power, Britain, like the US, was deeply involved in the Pol Pot-style massacres of possibly a million communists and other victims, as declassified files have clearly shown (*The Ecologist*, editorial on "Democratic Genocide", vol. 26, no. 5, Sept/Oct. 1996, p. 202). This is simply just another part of the damning evidence that has accumulated over the years on Suharto's "Pol Pot" function and its Western orchestration. Don McKinnon, Minister of Foreign Affairs, and others in the NZ government are proud to tout the Indonesian dictatorship as their idea of democracy. Dirty work is now for sale across the globe, a la *"Jakarta is coming"* - the watchword for the CIA's 1965 operation and model for future covert actions.

Meantime, the myths of Western non-involvement in the Indonesian massacres are still persistently promulgated to the NZ public. For instance, Noel O'Hare, who travelled to Indonesia on an Asia 2000 Foundation media travel award, again pushed the big lie of "an attempted communist coup" that supposedly sparked a spontaneous "amok" rising of the people (*Listener*, 8/2/97, p. 37). Free trade may be fine with Asian neighbours but the skeletons in the cupboard have to be protected against any factual information. Ironies compound as with Indonesia on a "political knife edge" there might well be a lot more for NZ to worry about in the long term than the risk to a "huge potential market". The destabilising effects of free trade in Indonesia and other countries could have a very long reach. Indeed, the Minister of Defence, Paul East, has been signalling some of them with explicit warnings about resource wars in the Asian region and the readiness of NZ involvement (*The Press*, 25/4/97). Such things, of course, as Turkish incursions against Kurdish rebels in Iraq continue to have Western blessing while bogeymen like Saddam Hussein remain the whipping boys and pretext for more war mongering.

MFAT is not working for sustainable trade with NZ's trading partners. It would be impossible for my questions/proposals tabled at the Agenda 21 meeting to get any meaningful positive response. Rather, MFAT and the rest of the Government is a subordinate arm of the US and other Western powers in maintaining their grip on the world's resources in line with capitalist principles. Having not attended this sort of meeting with Government officials for several years, it was like I had never been away. As usual, despite NGO pleas, the officials refused to address the wider questions of economic growth, distribution and what these issues mean for the future. Officially coordinated and ritualistic game playing is the governmental practice and any discussion of what really matters is to be rigorously avoided or downplayed.

Overcoming the New Order

Deepening NZ trade/investment and military links with Indonesia and other Asian countries within the APEC framework are symptomatic of the wider international pattern. Destruction of the environment and polarisation of rich and poor are going hand in hand. The struggle for a humane future is the greatest of all challenges for humankind.

For me, the most comforting result of my own research is how desperately uneasy most politicians and officials are about open debate. Once the issues really start to get out in the public arena, as is happening to a degree in the case of the MAI, the lid threatens to come off a most unpleasant can of worms, something that the ruling elite has been trying to protect itself against for a long time now. Its management and control of information and policy formulation can then be confronted much more directly and effectively. The emperor can be seen to have no clothes.

FOREIGN INVESTMENT AND NZ'S BALANCE OF PAYMENTS

- Wolfgang Rosenberg

It is a strange paradox that at a time when New Zealand is racing back to become a transnationalised outpost of foreign capital, there is so much talk about "independence". There is talk about a different flag, about republicanism and about New Zealand export successes. On National Radio recently a commentator on tourism described NZ as a clean and green "product" and asked how that "product" could be developed for the tourism industry, so "that the current account deficit does not blow out".

Whether commentators and the media in general are merely ignorant or part of an international conspiracy to hide the consequences of the balance of payments deficit in terms of national independence, I cannot say. The fact is that, the Murdoch *Press* (formerly a competent and high standard newspaper) - my only daily paper - does not publish a single word of comment or letter to the editor concerning the Multilateral Agreement on Investment (MAI), secretly being negotiated between the New Zealand government and other Organisation for Economic Cooperation and Development (OECD) signatories to be. (*Since this was written, the Press has begrudgingly published the odd criticism of the MAI - along with two editorials defending it. Ed.*). When the consequences of ever more concreted in free trade and investment appear clearly in balance of payments statistics, they are relegated to page 37 of the *Press* (7/10/97) under the incomprehensible heading "CA deficit chops kiwi".

There is mention in the Murdoch *Press* that: "Figures for the year to June 30, 1997 show that the Current Account (CA) deficit as proportion of Gross Domestic Product (GDP) has deteriorated to 6.4%. This is New Zealand's worst ratio since 1986". But then there are excuses that it really is not so bad and that one should exclude $563 million paid for the first frigate from Australia. Of course, they could have commented that this shows the stupidity of ordering two more frigates (*that order is not going ahead. Ed*) and illustrates the fallacy that converting some of our industries into armament industries to equip these warships brings us positive advantages (after all, the export proceeds should have paid for the frigates but obviously did not).

However, more important than everything else, there is only one reference to the real cause of NZ having exported $6,034 million less than it had to pay for imports and international investment during the year ended June 30, 1997: "National Bank treasury economist Kevin Smit told the Press Association the Current Account had slipped partly because of foreign investment. Investors' earnings here when transmitted offshore affected the invisibles balance" (ibid).

For the ordinary reader this explanation of the deficit of $6 billion (29.1% of exports of $20.6 billion) is so cryptic that s/he is sure not to understand a word of it.

The fact is that interest and profits remittable on the loans and investments made by foreign capital in NZ required $7,322 million. In addition to that, New Zealand capital outflow over the years which had acquired "foreign investments" overseas resulted in an income **loss** (either because the investments were so poor that they made losses or that profits from foreign investment made by NZ capitalists abroad had their profits kept secret for tax evasion purposes - or both). Anyway, Fletchers, Carter Holt Harvey and other New Zealand transnationals' losses abroad were $243 million - which added to the outflow of profits and interest, made in NZ, added up to $7,565 million foreign exchange lost. Since, from trading at "competitive conditions" (that is, reducing wages, reducing number of workers employed and reducing taxes on corporations) we earned a surplus of about $1.5 billion, we showed a total balance of payments deficit of "only" $7,565 - $1,531 = $6,034 million.

This deficit, which is the amount New Zealand firms and Government had to borrow (or reduce foreign exchange reserves, which were indeed reduced by $1.5 billion), will further increase the "international investment income" burden next year. Total foreign debt of the governmental and private sectors already exceeds $80 billion (85% of GDP) - foreign ownership of our industries, trade, land and buildings will be increased to acquire foreign exchange to pay more profits and interest on debt incurred in the past.

But, Don't Worry, We're Still Better Than Liberia

The 1997 *World Investment Report*, of the United Nations, has just come to hand. It shows that, of the "developed" countries, New Zealand had already the highest ratio of foreign investment (ownership of assets by foreign capital) in 1995:

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Inward Investment Stock as % of GDP (in 1995)

New Zealand	43.9	
Australia	30.8	
Canada	21.7	
UK	28.5	(but abroad 27.4)
Netherlands	28.4	(but abroad 41.7)
Belgium	31.1	(but abroad 23.0)
Ireland	20.2	
Average European Union	13.2	

Source: *World Investment Report 1997*. Table B6.

We are surpassed by a few countries.

Liberia	113.9
Antigua	111.9
Swaziland	80.4
Equatorial Guinea	44.2

However, we are on the way to reach the free enterprise economies of Africa and the West Indies. So, dear reader, don't despair.

The consequences of this sale of NZ's assets, or mortgaging what remains, is that the surplus of the value of goods and services produced in New Zealand goes overseas. The National Bank (owned by Lloyds UK) commentator, therefore, logically says: "Foreign investors' earnings here when transmitted overseas affected the invisibles balance. That's obviously a good thing - investors view the country positively when they do that " (ibid).

That this is "obviously" a good thing is in fact the conclusion which the Murdoch *Press* wants to give the reader who may be exploited by the self same foreign investors, who must make profits out of New Zealanders to "do that". And, of course, we should tighten our belts (allow worse exploitation of New Zealand "human resources" by foreign capital) to reduce our imports for which we can pay no longer, since the foreign exchange earned by exports must be used to pay the profits and interest due to foreign investors. Why don't journalists or academics explain that?

OBITUARY

Fred Clements

By Chris King

Fred Clements was a Wellington member of CAFCA since 1984, and a regular donor to both CAFCA and the CAFCA/ABC Organiser Account. Like too many of our members, we knew virtually nothing about him. He died in March 1997, aged 73. We only found that out months later. One of the few things we knew was that he was a member of Veterans for Peace. Fellow Veteran, Chris King, wrote this obituary. Ed.

Frederick George Clements (Fred) belonged to many organisations but was always prepared to go out on his own for a cause he believed in. He served in the Royal Navy during World War 11 and served with distinction during the Normandy invasion landings of June 1944. He later served the Volunteer Coastguard Association in Wellington, as well as promoting the Albania Society; presenting programmes of great variety on Access Radio; and working for the Wellington Airport anti-noise protest organisation.

Fred also supported the anti-nuclear cause and always joined in protests promoted by peace activists. He was a founder member of the NZ Veterans for Peace, along with Derek Wilson, and the late Bill Carter and Ron Smith (*see Watchdog 79 for Ron Smith's obituary. Ed*). Although he was a "private" person in many ways, Fred would always stand up and be counted if he felt it would help fellow citizens in some way. He has been sadly missed by his family and his many friends. Fellow members of the Normandy Veterans Association were proud to form an honour guard at Fred's funeral.

BIG INCREASE IN OVERSEAS INVESTMENT APPROVED IN 1996, AND MORE HECTARES SOLD

1996 Statistics from the OIC

- Bill Rosenberg

After a fall in the value of overseas investment approvals by the Overseas Investment Commission (OIC) in 1994 and 1995, it rose again substantially in 1996, though was still a long way from the peak in 1993. Land sales continue to increase, with a significant increase in hectares sold.

Though the OIC gives no analysis, the great majority of investments (by value) are takeovers rather than genuinely new "greenfields" investment. The largest activities by value were Finance (principally the Westpac takeover of Trust Bank) and Forestry (inflated by the privatisation of the Forestry Corporation). A total of $6.8 billion of general investments were approved, taking the total for the six years 1991-96 to $39.4 billion.

Forestry is still the main reason for buying land: 80.7% of the area sold (69,395 hectares) in 1996 and 62.7% (205,126 hectares) in the six years 1991-96. Farming of various kinds took 7.6% in 1996 (dairy farming took 6.0% alone) and 24.5% over the six years. According to the OIC, 1.5% of the farm and forest land of Aotearoa has been sold over those six years. The rate of that sale is increasing. In 1996, land sale approvals amounted to 85,945 hectares, double that of 1991 (41,896 hectares). Even if sales from one overseas person to another and sales to residents of Aotearoa are discounted, leaving 67,394 hectares sold, it is still the highest of the period. And that is only freehold land. Overseas control of land is much higher. The OIC notes a further 198,058 hectares of forestry rights sold, and a further nine thousand hectares of leases. As the following table on forestry ownership shows, much more than the 327,160 hectares the OIC has recorded since 1991 was under overseas control for forestry purposes alone.

Forest ownership in New Zealand as at 1 October 1996[1]

Company	Overseas company?	Hectares	Percentage of total
Fletcher Challenge Forests [2]	✓	380,000	25.7
Carter Holt Harvey	✓	325,000	22.0
Rayonier New Zealand	✓	97,000	6.6
Juken Nissho	✓	52,000	3.5
Crown Leases [3]		51,000	3.5
Hawkes Bay Forests [4]	✓	33,000	2.2
Wenita Forest Products	✓	25,000	1.7
Ernslaw One	✓	25,000	1.7
Timberlands West Coast		25,000	1.7
Crown Forestry Management [5]		24,000	1.6
Private Sector [6]		441,000	29.8
Total		**1,478,000**	**100.0**
Total overseas (at least)		**937,000**	**63.4**

1 "Quick Forestry Facts", October 1996, Ministry of Forestry. The areas are as at 1 April 1995, reallocated by ownership as at 1 October 1996.
2 This includes the forests from the privatised Forestry Corporation (170,000 hectares). This is owned by Fletcher Challenge Forests (37.5%), China International Trust and Investment Corporation (China, 37.5%), and Brierley Investments (25%).
3 Administered by Ministry of Forestry.
4 This is the "PanPac" joint venture also known as Oji Kokusaku Pan Pacific Ltd, owned by Oji Paper Company Ltd and Sanyo Kokusaku Pan Pacific Ltd, both of Japan.
5 This consists of the residual management from Timberlands and Forestry Corporation which could not be sold for various reasons, including Treaty of Waitangi claims. It includes forests such as Waimate and Geraldine and is administered by Treasury.
6 Other owners, including other corporates (including some overseas companies), syndicates, partnerships, farm forestry, etc.

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Only one application was declined by the OIC (the first since 1990), and that involved only 14 hectares of land.

The OIC refuses to release the dollar value of the sales involving land. For 1995 it released them only after requests by CAFCA, and in 1997 it refused to release them on the basis that CAFCA had released them in 1996 without a warning that the values included improvements to the land (such as the $380 million Stratford power station which involved 12.6 hectares of land). CAFCA denies that charge, but the OIC nevertheless appears to be willing to release them only on condition that CAFCA always repeats the warning when it quotes the values in public. The OIC does not apparently know the unimproved value of the land sold.

An additional problem with the OIC's statistics is that the OIC no longer distinguishes between "new" (greenfields) investment and takeovers in their statistics.

As always, the OIC statistics must be read with care: they record the *applications* to the Commission. The OIC notes that they include transactions which

* don't proceed or proceed only partially;
* are "just in case", to allow a security on a financing arrangement to be claimed in case of default (e.g. claiming an asset should the owner fail to repay a loan);
* are the transfer of assets from one overseas owner to another or a corporate restructuring from one subsidiary of an overseas owned company to another;
* are joint venture arrangements with up to 75% Aotearoa share, but the OIC records the full value of the transaction as being overseas owned;
* involve overseas people who subsequently become residents of Aotearoa.

These increase the totals without necessarily changing the real level of overseas investment in Aotearoa, or changing it to the degree stated. The OIC states that when they removed "some but not all" of the above types of transactions from the 339 transactions in 1996 involving $6.8 billion, 285 were left, involving $5.3 billion.

On the other hand, these statistics do not include overseas investment transactions that result in the investor owning less than a 25% interest, or are less than $10 million (unless they involved land).

Land sales

By land usage, the most significant changes compared to 1995 were:

forestry	(44,950 hectares to 69,395 hectares);
dairy farming	(534 hectares to 5,153 hectares);
mining	(1,201 hectares to 3,932 hectares);
manufacturing	(218 hectares to 1,663 hectares);
residential subdivision	(430 hectares to 1,015 hectares);
sheep farming	(5,815 hectares down to 439 hectares);
beef farming	(1,292 hectare down to 144 hectares);
orchards	(3,320 hectares down to 16 hectares)

By hectares, the top domiciles of land buyers were:

Malaysia,	18 applications, 45,679 hectares
United States,	72 applications, 26,844 hectares
Australia,	44 applications, 5,772 hectares
Japan,	13 applications, 2,109 hectares
Taiwan,	46 applications, 1,230 hectares
Singapore,	12 applications, 1,137 hectares
United Kingdom,	10 applications, 884 hectares

Although the USA and Australia remain in the top six, Asian countries are working their way up the list in a way they are not for general investment. However the United Kingdom and Hong Kong both drop out, while Singapore reappears.

By region, the highest sales by value were:

Gisborne/Hawkes Bay,	25 applications, 42,430 hectares
Otago,	40 applications, 15,798 hectares
Southland,	7 applications, 6,319 hectares
King Country,	11 applications, 5,396 hectares
Nelson/Marlborough,	14 applications, 5,094 hectares

Northland,	20 applications, 3,125 hectares
Manawatu,	4 applications, 2,089 hectares
Taranaki/Wanganui,	40 applications, 1,537 hectares
Canterbury,	7 applications, 1,286 hectares
Bay of Plenty/Coromandel,	26 applications, 1,221 hectares

Canterbury is replaced by Nelson/Marlborough in the top five. It should be noted however, that this ranking is to some extent an artefact of changes in the way the OIC defines regions. The "King Country" is not defined and presumably includes some of Waikato, Taranaki, and Wanganui.

General overseas investment

The amount of foreign investment approved has risen from $4.9 billion in 1995 to $6.8 billion in 1996. For the period 1991-1996, a total of $39.4 billion in investments were approved by the OIC.

The most significant activities in 1996 were:

Finance,	$1,378.2 million
Forestry,	$948.3 million
Wholesale and Retail Trade,	$786.9 million
Electricity Supply,	$776.8 million
Manufacturing,	$659.6 million
Property,	$617.2 million
Telecommunications,	$429.5 million
Services,	$404.9 million
Media,	$398.3 million
Amusement/Entertainment,	$194.7 million
Accommodation,	$158.0 million

By activity, the most significant increases over 1996 were in the predictable finance and forestry sectors, but also included a strong cultural element: TV, radio, telecommunications and entertainment:

Banks:	from $53.7 million to $1,255.6 million, an increase of $1,201.9 million
Forestry:	from $258.2 million to $948.3 million, an increase of $690.1 million
Wholesale and Retail Trade:	from $361.7 million to $786.9 million, an increase of $425.2 million
Telecommunications:	from $228.2 million to $429.5 million, an increase of $201.3 million
Television Broadcasting:	from $84.6 million to $283.1 million, an increase of $198.5 million
Property:	from $441.4 million to $617.2 million, an increase of $175.9 million
Manufacturing:	from $492.7 million to $659.6 million, an increase of $166.9 million
Amusement/Entertainment:	from $37.3 million to $194.7 million, an increase of $157.4 million
Radio Broadcasting:	from $0.0 million to $115.2 million, an increase of $115.2 million
Insurance:	from $61.0 million to $122.6 million, an increase of $61.6 million
Other Services:	from $40.7 million to $87.4 million, an increase of $46.7 million

The most significant decreases from 1996 were:

Agriculture:	from $71.1 million down to $28.5 million, a decrease of $42.7 million
Business Services:	from $112.6 million down to $37.7 million, a decrease of $74.9 million
Accommodation:	from $278.3 million down to $158.0 million, a decrease of $120.3 million
Environmental Services:	from $185.0 million down to $3.3 million, a decrease of $181.7 million
Mining:	from $213.0 million down to $16.4 million, a decrease of $196.6 million
Transport Services:	from $351.7 million down to $91.1 million, a decrease of $260.7 million
Financial Institutions/Services:	from $483.5 million down to $185.4 million, a decrease of $298.1 million
Print Media:	from $332.7 million down to nil
Services:	from $1,173.6 million down to $404.9 million, a decrease of $768.7 million

By origin of investment, the top sources were are mixture of the familiar and one or two surprises:

Australia	($1,905.9 million)
United States	($1,712.2 million)

(Continued on Page 40)

(Continued from Page 39)

(Canada	**($791.0 million)**
China	**($609.1 million)**
United Kingdom	**($543.8 million)**
Malaysia	**($309.5 million)**
Singapore	**($302.5 million)**
Hong Kong	**($169.2 million)**

Four of the top six (Australia, UK, USA, and Canada) continue from 1995. However, China is there for the first time ever. Singapore has dropped down to number seven and Japan (now at number 11) has fallen right back. Hong Kong, which was in number two place in 1994 and number seven in 1995 with $117.1 million, has increased the value of its investment flow, but has not kept up with the others.

Until 1993, the OIC supplied two categories of statistics for all investment: firstly, takeovers of existing companies, and secondly, "asset acquisitions and business commencements" (essentially, new investment). In 1994 it amalgamated the two, but is still gave separate statistics for the subset of applications involving land. Now it gives no such break down. Readers will notice an apparent sudden drop off in applications between 1989 and 1990. That is not because the government suddenly started to take a hard line on foreign investors: on the contrary, it is simply because the rules were loosened in August 1989. From that date, the threshold at which the permission of the Commission was required (for other than rural land and fishing) was raised from $2 million to $10 million.

[Note: Some of the totals for previous years have been revised by the OIC since last year.]

Overseas Investment approvals 1987-1996

	1987	1988	1989	1990	1991	1992 Num.	1992 $	1993 Num.	1993 $	1994 Num.	1994 $	1995 Num.	1995 $	1996 Num.	1996 $	Total Num.	Total $
Applications																	
Takeovers																	
Registered	849	1060	862	219	156	140	4,924,939,997	163	4,786,188,619								
Declined	0	0	1	1	0	0	0	0	0								
Business commencements																	
Registered	891	919	677	201	179	203	1,934,867,017	219	4,622,666,506								
Declined	1	0	0	1	0	0	0	0	0								
Total registered	**1740**	**1979**	**1539**	**420**	**335**	**343**	**6,739,807,014**	**382**	**9,408,855,125**	**362**	**5,226,039,871**	**444**	**4,877,216,109**	**339**	**6,820,862,431**	**1,870**	**33,072,780,550**
Total declined	**1**	**0**	**1**	**2**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**1**	**1**	**1**	**1**
Total approved	**1739**	**1979**	**1538**	**418**	**335**	**343**	**6,739,807,014**	**382**	**9,408,855,125**	**362**	**5,226,039,871**	**444**	**4,877,216,109**	**338**	**6,820,862,431**	**1,869**	**33,072,780,550**
Final Ownership																	
U.K.	234	237	164	65	47	55	1,546,384,129	44	489,283,982	37	266,228,604	56	1,120,725,896	22	543,828,848	214	3,966,451,459
U.S.	146	192	162	43	49	54	628,678,519	85	3,728,830,614	83	803,858,013	126	719,306,814	103	1,712,230,431	451	7,592,904,391
Australia	960	1006	817	166	74	124	3,479,336,322	79	2,250,232,004	52	1,535,480,288	58	1,428,356,058	58	1,905,930,093	371	10,599,334,765
Japan	52	96	100	57	43	42	439,526,531	27	172,064,707	20	89,619,475	29	165,345,740	15	63,989,043	133	930,545,496
Hong Kong	57	42	39	22	12	1	150,000,000	29	516,905,100	41	928,382,125	28	117,080,138	7	169,228,929	106	1,881,596,292
Singapore	3	25	21	14	19	21	161,002,507	45	534,819,201	28	415,522,771	33	304,463,084	21	302,522,972	148	1,718,330,535
Canada	*	*	*	*	5	5	23,800,000	7	1,462,509,035	16	435,213,272	8	593,282,381	11	791,005,052	47	3,305,809,740
Others*	287	381	235	51	86	41	311,079,006	66	254,210,482	85	751,735,323	106	428,655,998	102	1,332,127,063	400	3,077,807,872
Total	**1739**	**1979**	**1538**	**418**	**335**	**343**	**6,739,807,014**	**382**	**9,408,855,125**	**362**	**5,226,039,871**	**444**	**4,877,216,109**	**339**	**6,820,862,431**	**1,870**	**33,072,780,550**
% Overseas Ownership																	
Up to 49.9%	96	90	66	10	33	20		13									
50%	66	82	53	16	7	13		18									
50.1 to 74.9%	87	61	86	10	22	13		32									
75 to 100%	1490	1746	1333	382	273	297		319									
Total	**1739**	**1979**	**1538**	**418**	**335**	**343**	**6,739,807,014**	**382**	**9,408,855,125**	**362**	**5,226,039,871**	**444**	**4,877,216,109**	**339**	**6,820,862,431**	**1,870**	**33,072,780,550**

OIC Activity Figures: Overview

	Year ending Dec 31						1991-96
	1991	1992	1993	1994	1995	1996	Total
All Transactions							
Total Applications Processed	248	220	286	279	382	439	1,854
Total Consents Granted	335	343	382	362	444	339	2,205
Total declines	0	0	0	0	0	1	
Total Consideration ($M)	$6,300.0	$6,740.0	$9,409.0	$5,226.0	$4,877.0	$6,821.0	$39,373.0
$ per consent granted ($M)	$18.8	$19.7	$24.6	$14.4	$11.0	$20.1	$17.9
"New" investment consents granted^	241	241	NA	264	332	285	1,363
% total	71.94%	70.26%	NA	72.93%	74.77%	84.07%	61.81%
Total Consideration ($M)	$4,549.0	$5,229.0	NA	$2,593.0	$2,871.0	$5,349.0	$20,591.0
% total	72.21%	77.58%	NA	49.62%	58.87%	78.42%	52.30%
$ per new consent granted ($M)	$18.9	$21.7	NA	$9.8	$8.6	$18.8	$15.1
OIC Land Sales							
Consents Granted	90	103	114	162	232	245	946
% of total consents	26.87%	30.03%	29.84%	44.75%	52.25%	72.27%	42.90%
as % of total farm sales	2.60%	2.40%	2.80%	4.50%	7.30%	6.50%	4.23%
Applications Declined	0	0	0	0	0	1	1
Area (hectares)#	41,896	29,991	48,997	58,650	61,681	85,945	327,160
as % of forested and farmland @	0.20%	0.14%	0.23%	0.27%	0.29%	0.40%	1.53%
as % of NZ land #	0.16%	0.11%	0.18%	0.22%	0.23%	0.32%	1.21%
Consideration ($M) - includes improvements	$69.0	$88.0	$138.0	$351.0	$653.0	NA	$1,299.0
% of total consideration	1.10%	1.31%	1.47%	6.72%	13.39%	NA	3.30%
Hectares per consent granted	465.5	291.2	429.8	362.0	265.9	350.8	345.8

*final figures

^Strips out distortions caused by corporate restructurings and sales from one overseas person to another only.

# New Zealand comprises just over 27,000,000 hectares of land	27,000,000
@New Zealand contains 21,400,000 hectares forested and pastoral/arable land.	21,400,000

Overseas Investment Approvals by Activity 1991-1996

	1991		1992		1993		1994		1995		1996		1991-1996			
Activity	Num.	$	Num.	$	Num.	$	Num.	$	Num.	$	Num.	$	Num.	%	$	%
Accommodation																
Farm Stay Accommodation	0	0	1	1,500,000	7	9,691,400	0	0	2	2,625,000	2	725,000	12	0.5%	14,541,400	0.0%
Accommodation - Hotel/Motel/Lodge	17	286,597,057	9	79,327,308	15	124,018,017	18	259,555,545	16	275,637,903	12	157,285,593	87	3.9%	1,182,421,423	3.0%
Agriculture																
Beef Farming	5	5,090,000	2	1,920,000	3	2,260,000	2	12,237,500	3	3,392,600	2	4,550,000	17	0.8%	29,450,100	0.1%
Crop Farming	1	100,000	0	0	2	600,000	0	0	3	2,466,418	3	885,000	9	0.4%	4,051,418	0.0%
Dairy Farming	3	2,112,000	9	6,105,000	5	1,050,000	12	65,226,000	3	3,585,000	4	6,873,800	36	1.6%	84,951,800	0.2%
Deer Farming	4	927,700	6	5,236,530	4	922,037	3	510,080			1	1,115,000	18	0.8%	8,711,347	0.0%
Floriculture/Nurseries	1	445,000	5	3,237,000	9	1,480,200	1	1,280,000	2	248,508			18	0.8%	6,690,708	0.0%
Goat Farming	0	0	0	0	2	570,100	0	0					2	0.1%	570,100	0.0%
Market Gardening	7	1,662,500	3	1,415,000	8	2,366,574	3	1,126,000	3	877,000	2	3,516,224	26	1.2%	10,963,298	0.0%
Mixed Farming	4	1,176,125	4	2,123,625	2	805,000	1	650,000			4	1,652,720	15	0.7%	6,407,470	0.0%
Orchard	4	3,332,940	5	1,026,983	3	1,140,000	4	1,840,000	13	32,031,236	2	1,595,000	31	1.4%	40,966,159	0.1%
Ostrich Farming	0	0	0	0	0	0	1	165,000	3	700,000			4	0.2%	865,000	0.0%
Pig Farming	0	0	1	1,500,000	0	0	1	385,000					2	0.1%	1,885,000	0.0%
Poultry Farming	0	0	1	0	0	0	0	0					1	0.0%	0	
Sheep Farming	16	11,670,936	13	9,099,041	12	17,905,635	16	74,561,500	16	16,781,000	2	2,100,000	75	3.4%	132,118,112	0.3%
Vineyard	8	1,910,190	12	2,027,955	8	10,683,250	12	22,385,400	7	11,024,800	7	6,165,669	54	2.4%	54,197,264	0.1%
Amusement/Entertainment	11	4,647,125	12	47,336,700	7	40,115,460	6	86,885,000	10	37,284,020	4	194,705,775	50	2.3%	410,974,080	1.0%
Communications and Telecommunications	8	250,056,500	10	61,440,587	15	1,884,977,439	16	126,124,922	23	228,188,399	12	429,485,741	84	3.8%	2,980,273,588	7.6%
Finance																
Banks	11	166,425,000	10	2,860,791,927	3	327,000,000	1	198,333,333	1	53,680,132	1	1,255,627,034	27	1.2%	4,861,857,426	12.3%
Insurance	12	388,301,595	1	14,159,254	6	34,151,883	5	130,719,000	7	61,000,000	1	122,581,072	32	1.5%	750,912,804	1.9%
Fishing	0	0	0	0	0	0	0	0					6	0.3%	9,110,100	0.0%
Commercial Fishing	3	200,000	1	910,000	2	8,000,100	0	0					5	0.2%	58,658,537	0.1%
Fish Farming	0	0	0	0	1	16,400,000	0	0	3	19,578,537	1	22,680,000				
Forestry	13	396,358,200	22	627,500,324	58	184,362,517	84	512,166,981	130	258,209,130	118	948,335,407	425	19.3%	2,926,932,559	7.4%
Manufacturing	49	1,632,470,721	41	607,575,446	50	3,034,539,990	38	384,333,556	38	492,739,151	19	659,632,906	235	10.7%	6,811,291,770	17.3%
Media																
Print Media	0	0	5	75,000,000	2	48,440,000	0	0	6	332,741,554			13	0.6%	456,181,554	1.2%
Radio Broadcasting	0	0	0	0	0	0	0	0			2	115,222,384	2	0.1%	115,222,384	0.3%
Television Broadcasting	7	34,681,543	0	0	0	0	0	0	1	84,615,384	1	283,101,045	9	0.4%	402,397,972	1.0%
Mining																
Coal Mining	2	1,002,000	1	140,000	2	5,000	0	0			1	788,665	6	0.3%	1,935,665	0.0%
Crude Petrol and Natural Gas	6	69,092,310	5	41,000,000	2	10,000,000	1	11,300,000	9	22,611,596			23	1.0%	154,003,906	0.4%
Metal Ore Mining	14	42,472,541	1	12,000	12	241,660,895	10	61,930,000	10	92,302,791	32	11,059,750	79	3.6%	449,437,977	1.1%
Other Mining	4	1,408,500	3	500,000	0	0	1	9,000	6	98,080,001	4	4,562,000	18	0.8%	104,559,501	0.3%
Property																
Commercial Construction	4	130,300,001	0	0	7	86,250,100	1	28,492,368	5	78,000,000	5	92,241,938	22	1.0%	415,284,407	1.1%
Commercial Property Leasing	27	1,072,145,170	9	240,349,999	56	1,714,540,624	44	1,345,847,295	20	340,734,327	10	471,789,000	166	7.5%	5,185,406,415	13.2%
Lifestyle	10	3,138,400	18	3,311,875	15	3,452,525	11	3,823,126	14	3,820,500	8	5,082,154	76	3.4%	22,628,580	0.1%
Residential Construction	0	0	3	20,250,000	2	19,800,598	15	214,365,800	11	18,804,936	17	48,133,500	48	2.2%	321,354,834	0.8%
Services																
Building services	0	0	0	0	0	0	1	53,260,870	2	38,226,984			3	0.1%	91,487,854	0.2%
Business Services	6	44,286,288	13	265,958,414	9	36,386,569	5	94,241,236	5	112,590,000	4	37,667,310	42	1.9%	591,129,817	1.5%
Education Services	1	183,500	0	0	0	0	1	100,000	2	1,337,000	1	477,500	5	0.2%	2,098,000	0.0%
Engineering Services	0	0	0	0	0	0	2	20,000,000			1	50,100,000	3	0.1%	70,100,000	0.2%
Environmental Services									11	185,030,020	2	3,325,000	13	0.6%	188,355,020	0.5%
Financial Institutions/Services	13	402,597,748	36	440,714,361	9	138,759,678	15	687,452,662	10	483,544,871	4	185,416,970	87	3.9%	2,338,486,290	5.9%
Health Services	0	0	0	0	0	0	4	19,400,000	2	420,000			6	0.3%	19,820,000	0.1%
Tourist Service Industries	1	295,000	5	1,301,488	0	0	0	0	3	735,000	9	36,820,226	18	0.8%	39,151,714	0.1%
Transport Services	15	500,950,001	7	47,875,891	17	748,270,100	6	20,242,455	7	351,705,217	5	91,050,000	57	2.6%	1,760,093,664	4.5%
Veterinary/Animal Services	0	0	0	0	0	0	0	0								
Thoroughbred Stud	4	4,120,000	1	6,000,000	5	2,425,076	0	0	6	4,623,237	3	832,500	19	0.9%	18,000,813	0.0%
Utilities																
Electricity Supply	1	0	2	94,640,000	1	74,640,000	5	295,803,020	6	765,504,433	8	776,768,733	23	1.0%	2,007,356,186	5.1%
Gas Supply	0	0	0	0	0	0	2	151,259,374					2	0.1%	151,259,374	0.4%
Water Supply	0	0	0	0	0	0	0	0								
Wholesale and Retail Trade	30	813,168,250	40	790,038,615	21	581,184,358	14	340,027,848	25	361,739,424	25	786,911,815	155	7.0%	3,673,070,310	9.3%
Holding Companies	13	27,014,293	26	378,481,691	0	0	0	0	*	*	*	*	39	1.8%	405,495,984	1.0%
Total	335	6,300,339,134	343	6,739,807,014	382	9,408,855,125	362	5,226,039,871	444	4,877,216,109	339	6,820,862,431	2,205	100.0%	39,373,119,684	100.0%

In 1993 the classification for holding companies was deleted and the applications recorded under the activity they directly relate to.

Overseas Investment Approvals by Country of Origin 1991-1996

Country	1991		1992		1993		1994		1995		1996		1991-1996			1992-1996	
	Num.	$	Num.	$	Num.	$	Num.	$	Num.	$	Num.	$	Num.	%		$	%
Australia	74	NA	124	3,479,336,322	79	2,250,232,004	52	1,535,480,288	58	1,428,356,058	58	1,905,930,093	445	20.2%		10,599,334,765	32.0%
Belgium	0	0	0	0	0	0	0	0	0	0	1	515,000	1	0.0%		515,000	0.0%
British Virgin Islands	0	0	0	0	0	0	0	0	0	0	1	68,451,000	1	0.0%		68,451,000	0.2%
Brunei	0	0	0	0	4	30,405,100	0	0	0	0	1	790,000	5	0.2%		31,195,100	0.1%
Canada	5	NA	5	23,800,000	7	1,462,509,035	16	435,213,272	8	593,282,381	11	791,005,052	52	2.4%		3,305,809,740	10.0%
China	7	NA	0	0	1	0	5	176,333,112	3	68,140,132	3	609,133,641	19	0.9%		853,606,885	2.6%
Denmark	0	NA	1	1,883,841	0	0	0	0	0	0	0	0	1	0.0%		1,883,841	0.0%
Fiji	0	0	0	0	0	0	0	0	1	76	0	0	1	0.0%		76	0.0%
Finland	0	0	2	1,065,576	0	0	0	0	1		0	0	3	0.1%		1,065,576	0.0%
France	8	NA	2	20,000,000	2	22,100,000	2	141,966,000	1	420,000	0	0	15	0.7%		184,486,000	0.6%
Germany	6	NA	7	21,422,001	9	14,905,100	6	82,038,025	6	20,890,000	7	15,866,150	41	1.9%		155,121,276	0.5%
Hong Kong	12	NA	1	150,000,000	29	516,905,100	41	928,382,125	28	117,080,138	7	169,228,929	118	5.4%		1,881,596,292	5.7%
Indonesia	11	NA	3	2,614,488	3	3,119,460	0	0	1	80,500,000	1	480,000	19	0.9%		86,713,948	0.3%
Ireland	0	0	0	0	1	1,500,000	0	0	0	0	1	1,400,000	2	0.1%		2,900,000	0.0%
Israel	0	0	0	0	0	0	0	0	0	0	1	470,000	1	0.0%		470,000	0.0%
Italy	0	0	0	0	1	1,350,000	1	405,000	0	0	0	0	2	0.1%		1,755,000	0.0%
Japan	43	NA	42	439,526,531	27	172,064,707	20	89,619,475	29	165,345,740	15	63,989,043	176	8.0%		930,545,496	2.8%
Korea	1	NA	0	0	0	0	2	190,080	3	1,747,000	1	80,000,000	7	0.3%		81,937,080	0.2%
Malaysia	5	NA	3	7,816,000	10	27,925,598	25	102,148,106	18	107,186,833	20	309,470,976	81	3.7%		554,547,513	1.7%
Netherlands	11	NA	2	1,325,000	3	11,469,000	3	21,319,000	4	3,466,000	3	38,156,000	26	1.2%		75,735,000	0.2%
Netherlands Antilles	1	NA	0	0	0	0	0	0	0	0	0	0	1	0.0%		0	0.0%
New Caledonia	3	NA	1	850,000	2	735,000	2	3,040,000	1	150,000	0	0	9	0.4%		4,775,000	0.0%
New Zealand	11	NA	5	170,097,000	0	0	13	197,542,000	4	69,083,928	4	124,308,072	37	1.7%		561,031,000	1.7%
Norway	2	NA	0	0	0	0	0	0	0	0	0	0	2	0.1%		0	0.0%
Panama	1	NA	0	0	0	0	0	0	0	0	0	0	1	0.0%		0	0.0%
Paraguay	0	0	0	0	1	300,000	0	0	0	0	0	0	1	0.0%		300,000	0.0%
Qatar	0	0	0	0	3	5,700,000	2	248,000	0	0	0	0	5	0.2%		5,948,000	0.0%
Saudi Arabia	0	0	0	0	1	16,400,000	0	0	1	2,050,000	0	0	2	0.1%		18,450,000	0.1%
Singapore	19	NA	21	161,002,507	45	534,819,201	28	415,522,771	33	304,463,084	21	302,522,972	167	7.6%		1,718,330,535	5.2%
South Africa	0	0	0	0	0	0	0	0	1	1,225,000	2	10,415,000	3	0.1%		11,640,000	0.0%
Sweden	0	0	0	0	0	0	0	0	0	0	2	4	2	0.1%		4	0.0%
Switzerland	9	NA	9	60,040,000	8	43,740,250	6	2,439,500	7	54,575,000	6	15,490,050	45	2.0%		176,284,800	0.5%
Tahiti	2	NA	0	0	1	300,000	1	385,000	0	0	0	0	4	0.2%		685,000	0.0%
Taiwan	5	NA	4	8,850,100	16	74,260,974	15	15,831,500	50	11,696,812	0	54,881,170	90	4.1%		165,520,556	0.5%
Thailand	0	0	1	115,000	0	0	1	7,000,000	1	542,500	47	0	50	2.3%		7,657,500	0.0%
United Arab Emirates	0	0	0	0	0	0	0	0	1	292,500	0	0	1	0.0%		292,500	0.0%
United Kingdom	50	NA	55	1,546,384,129	44	489,283,982	37	266,228,604	56	1,120,725,896	22	543,828,848	264	12.0%		3,966,451,459	12.0%
United States	49	NA	54	628,678,519	85	3,728,830,614	83	803,858,013	126	719,306,814	103	1,712,230,431	500	22.7%		7,592,904,391	23.0%
Uruguay	0	0	0	0	0	0	0	0	2	6,690,217	0	0	2	0.1%		6,690,217	0.0%
Vanuatu	0	0	0	0	0	0	1	850,000	0	0	0	0	1	0.0%		850,000	0.0%
Venezuela	0	0	0	0	0	0	0	0	0	0	1	2,300,000	1	0.0%		2,300,000	0.0%
Western Samoa	0	0	1	15,000,000	0	0	0	0	0	0	0	0	1	0.0%		15,000,000	0.0%
Total	**335**	**6,300,339,134**	**343**	**6,739,807,014**	**382**	**9,408,855,125**	**362**	**5,226,039,871**	**444**	**4,877,216,109**	**339**	**6,820,862,431**	**2,205**	**100.0%**		**33,072,780,550**	**100.0%**

NA means the data is not available

Overseas Investment in Land by Region 1991-1996

Region	1991			1992			1993			1994			1995			1996			Totals 1991-96		
	Num.	Area (ha.)	$	Num.	Area (ha.)	$	Num.	Area (ha.)	$	Num.	Area (ha.)	$	Num.	Area (ha.)	$	Num.	Area (ha.)	$	Num.	Area (ha.)	$
Northland	5	492	2,740,100	5	181	1,605,875	21	2,036	9,828,141	26	4,865	32,137,500	32	2,967	NA	20	3,125	NA	109	13,666	NA
Auckland	4	1,369	15,395,000	12	1,191	14,041,505	4	72	2,000,000	19	7,968	102,874,205	14	517	NA	30	328	NA	83	11,445	NA
South Auckland	13	1,067	16,471,256	10	805	11,278,100	10	1,458	9,588,500	3	273	2,785,000	2	8	NA	1	13	NA	39	3,624	NA
Bay of Plenty/Coromandel	7	1,125	5,207,740	10	4,207	7,395,000	4	97	8,908,000	8	2,957	19,194,800	11	1,755	NA	26	1,221	NA	66	11,362	NA
Waikato	2	251	1,348,519	8	644	4,632,000	5	387	2,246,076	6	752	11,423,000	8	850	NA	9	439	NA	38	3,323	NA
King Country													15	7,572	NA	11	5,396	NA	26	12,968	NA
Gisborne/Hawkes Bay	2	46	741,600	6	3,151	3,624,514	8	4,778	48,295,000	20	8,466	78,064,000	24	17,406	NA	25	42,430	NA	85	76,277	NA
Taranaki/Wanganui							1	2	710,000	2	2,251	1,739,440	39	3,495	NA	40	1,537	NA	82	7,285	NA
Manawatu	5	20	426,000	1	6	220,000	1	115	460,000	4	2,435	12,095,020	5	570	NA	4	2,089	NA	20	5,235	NA
Wairarapa	2	527	860,000	2	68	924,000							4	2,106	NA	3	581	NA	11	3,282	NA
Wellington							6	338	3,770,000	2	34	350,000	1	108	NA				9	480	NA
Nelson/Marlborough	11	14,155	4,999,964	9	5,760	21,438,483	7	4,685	14,484,536	23	8,990	41,690,892	17	1,634	NA	14	5,094	NA	81	40,318	NA
Canterbury	17	19,666	10,650,006	1	21	140,000	14	14,746	6,470,750	20	7,516	32,079,501	24	9,967	NA	7	1,286	NA	83	53,202	NA
West Coast	3	9	850,000	12	2,348	5,349,428	2	24	7,250	1	82	125,000	2	581	NA	2	175	NA	22	3,219	NA
Otago	12	676	7,368,375	16	6,371	10,830,119	20	8,350	24,191,317	16	7,453	14,013,500	26	5,043	NA	40	15,798	NA	130	43,691	NA
Southland	7	2,493	2,099,012	11	5,238	6,202,478	11	11,909	7,533,182	12	4,608	2,754,175	8	7,093	NA	7	6,319	NA	56	37,660	NA
Various																6	113	NA	6	113	NA
Total	**90**	**41,896**	**69,157,572**	**103**	**29,991**	**87,681,502**	**114**	**48,997**	**138,492,752**	**162**	**58,650**	**351,326,033**	**231**	**61,681**	**653,389,279**	**245**	**85,945**	**NA**	**945**	**327,160**	**NA**

Note: columns may not add to totals because of later revisions by OIC: revised regional figures have not been provided, though totals have.

Overseas Investment in Land by Activity 1991-1996

	1991			1992			1993			1994			1995			1996					1991-1996			
Activity	Num.	Area (ha.)	$	Num.	Area (ha.)	$	Num.	Area (ha.)	$	Num.	Area (ha.)	$	Num.	Area (ha.)	$	Num.	Area (ha.)	%	95/94	$	Num.	%	Area (ha.)	%
Sheep Farming	14	22,074	11,670,936	9	6,623	6,715,100	10	5,311	15,254,635	7	**4,488**	**6,927,500**	10	5,815	NA	2	439	0.5%	-92%	NA	52	5.5%	44,750	13.7%
Tourist Related	13	998	21,568,938	14	4,154	10,425,344	9	14,838	9,017,055	8	503	22,885,000	14	1,854	NA	17	2,160	2.5%	17%	NA	75	7.9%	24,507	7.5%
Lifestyle	10	49	3,138,400	13	207	3,310,875	12	309	3,452,425	**10**	**234**	**3,738,126**	14	189	3,820,500	8	272	0.3%	44%	NA	67	7.1%	1,260	0.4%
Vineyard	8	164	1,910,190	6	257	2,027,750	7	224	10,633,300	10	508	15,088,500	6	331	NA	7	165	0.2%	-50%	NA	44	4.7%	1,649	0.5%
Beef Farming	6	2,607	9,060,000	2	593	1,920,000	3	734	2,260,000	2	1,829	12,237,500	3	1,292	3,392,600	1	144	0.2%	-89%	NA	17	1.8%	7,199	2.2%
Forestry	5	14,292	5,933,024	16	13,911	31,860,654	32	25,356	42,881,092	**67**	**37,222**	**136,668,527**	116	44,950	NA	110	69,395	80.7%	54%	NA	346	36.6%	205,126	62.7%
Market Gardening	5	128	1,662,500	3	118	1,415,000	4	62	1,465,000	3	**27**	**611,000**	2	12	NA	2	56	0.1%	367%	NA	19	2.0%	403	0.1%
Wholesale/Retail	5	19	1,115,519	0	0	0	0	0	0	1	36	4,000,000	0	0	0	2	35	0.0%	ERR	NA	8	0.8%	90	0.0%
Orchard	4	69	3,332,940	4	27	1,026,983	3	17	1,140,000	3	65	1,840,000	10	3,320	NA	2	16	0.0%	-100%	NA	26	2.8%	3,514	1.1%
Manufacturing	4	59	1,083,000	6	70	2,383,741	7	58	41,566,250	14	1,102	62,262,500	7	218	NA	7	1,663	1.9%	663%	NA	45	4.8%	3,170	1.0%
Thoroughbred Stud	4	272	3,470,000	1	175	6,000,000	5	481	2,425,076	0	0	0	4	649	NA	3	112	0.1%	-83%	NA	17	1.8%	1,689	0.5%
Other Farm related*	5	706	2,023,625	9	2,787	8,860,055	7	413	2,292,137	6	526	1,710,080	2	12	NA	5	381	0.4%	NA	NA	34	3.6%	4,825	1.5%
Mixed Farming	3	496	1,096,125	4	2,254	2,123,625	2	275	805,000	1	201	650,000	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA
Dairy Farming	2	361	2,110,000	9	886	6,105,000	4	294	1,050,000	10	8,185	25,226,000	3	534	3,585,000	4	5,153	6.0%	865%	NA	32	3.4%	15,413	4.7%
Mining	2	83	350,000	2	24	152,000	2	574	5,782	3	2,022	1,440,000	6	1,201	NA	35	3,932	4.6%	227%	NA	50	5.3%	7,836	2.4%
Deer Farming	2	210	927,500	4	496	5,236,430	3	104	917,037	3	248	510,080	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA
Floriculture	1	2	445,000	4	43	957,000	5	45	1,480,000	1	129	1,280,000	1	15	NA			0.0%	-100%	NA	12	1.3%	234	0.1%
Crop Farming	1	9	100,000	0	0	0	2	188	600,000	0	0	0	3	177	2,466,418	3	57	0.1%	-68%	NA	9	1.0%	431	0.1%
Educational Services	1	4	183,500	0	0	0	0	0	0	0	0	0	2	15	1,337,000	1	14	0.0%	-7%	NA	4	0.4%	33	0.0%
Residential Subdivision	0	0	0	2	101	4,250,000	1	70	2,400,000	9	1,759	52,505,800	10	430	NA	17	1,015	1.2%	136%	NA	39	4.1%	3,375	1.0%
Poultry Farming	0	0	0	1	12	0	0	0	0	0	0	0	0	0	0			0.0%	ERR	NA	1	0.1%	12	0.0%
Telecommunications	0	0	0	1	1	22,000	0	0	0	3	3	66,000	12	12	NA	3	20	0.0%	67%	NA	19	2.0%	36	0.0%
Pig Farming	0	0	0	1	37	1,500,000	0	0	0	1	27	385,000	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA
Transport Services	0	0	0	1	2	250,000	0	0	0	3	3	2,697,000	1	5	NA	2	157	0.2%	3040%	NA	7	0.7%	167	0.1%
Goat Farming	0	0	0	0	0	0	2	34	570,100	0	0	0	0	0	0	NA	NA	NA	NA	NA	NA	NA	NA	NA
Commercial Construction	0	0	0	0	0	0	1	23	570,000	0	0	0	0	0	0	3	33	0.0%	ERR	NA	4	0.4%	56	0.0%
Ostrich Farming	0	0	0	0	0	0	0	0	0	1	50	165,000	2	12	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Other	0	0	0	0	0	0	0	0	0	2	9	109,000	5	650	NA	11	725	0.8%	12%	NA	18	1.9%	1,384	0.4%
Total	**90**	**41,896**	**69,157,572**	**103**	**29,991**	**87,681,502**	**114**	**48,997**	**138,492,752**	**162**	**58,650**	**351,292,533**	**231**	**61,681**	**653,389,279**	**245**	**85,945**	**NA**		**NA**	**945**	**100.0%**	**327,160**	**100.0%**

* Introduced in 1996, "Other Farm related" includes Mixed, Deer, Pig, Goat and Ostrich farming. It is not included in totals before 1996

Overseas Investment in Land by Country of Origin of Investment 1991-1996

	1991			1992			1993			1994			1995			1996			1991-1996				
Country	Num.	Area (ha.)	$	Num.	Area (ha.)	$	Num.	Area (ha.)	$	Num.	Area (ha.)	$	Num.	Area (ha.)	$	Num.	Area (ha.)	$	Num.	%	Area (ha.)	%	$
Australia	11	2,140	3,578,769	19	3,249	17,955,109	17	2,159	14,709,158	11	**2,838**	**9,392,500**	11	3,408	34,123,000	44	5,772	NA	113	12.0%	19,566	6.0%	NA
Belgium																1	555	NA	1	0.1%	555	0.2%	NA
Brunei																1	72	NA	1	0.1%	72	0.0%	NA
Canada	1	15	110,000	3	881	3,800,000	2	501	925,000	**2**	**128**	**382,500**	5	651	390,738,400	7	655	NA	20	2.1%	2,831	0.9%	NA
China	2	11	170,000	0	0	0	0	0	0	2	1,116	11,705,000				1	9	NA	5	0.5%	1,136	0.3%	NA
Fiji													1	4	76				1	0.1%	4	0.0%	76
France	1	78	665,000	0	0	0	0	0	0	0	0	0	1	3	420,000				2	0.2%	81	0.0%	1,085,000
Germany	2	1,818	8,559,012	4	76	1,422,000	4	108	1,705,000	3	71	1,807,625	4	81	890,000	6	483	NA	23	2.4%	2,637	0.8%	NA
Hong Kong	3	13,971	6,294,024	0	0	0	6	5,564	15,440,100	13	1,002	5,463,001	17	2,015	6,420,762	5	125	NA	44	4.7%	22,677	6.9%	NA
Indonesia	3	1,091	1,308,000	2	2,654	2,441,244	1	14,000	3,000,000	0	0	0				1	17	NA	7	0.7%	17,762	5.4%	NA
Ireland	0	0	0	0	0	0	1	262	1,500,000	0	0	0				1	7	NA	2	0.2%	269	0.1%	NA
Israel																1	8	NA	1	0.1%	8	0.0%	NA
Italy	0	0	0	0	0	0	1	1,193	1,350,000	1	6	405,000							2	0.2%	1,199	0.4%	1,755,000
Japan	23	4,143	13,472,152	21	8,265	24,464,686	8	4,606	4,353,082	14	3,753	27,619,475	16	7,523	74,213,381	13	2,109	NA	95	10.1%	30,399	9.3%	NA
Korea	0	0	0	0	0	0	0	0	0	2	242	190,080	3	19	1,747,000				5	0.5%	261	0.1%	1,937,080
Malaysia	1	10	0	3	3,721	3,346,000	7	9,326	4,805,000	20	10,305	52,879,460	12	10,511	17,999,788	18	45,679	NA	61	6.5%	79,552	24.3%	NA
Netherlands	5	293	1,212,500	2	217	1,325,000	2	59	750,000	0	0	0	4	1,340	3,466,000	1	68	NA	14	1.5%	1,977	0.6%	NA
New Caledonia	1	4	50,000	0	0	0	2	33	735,000	2	247	3,040,000	1	7	150,000				6	0.6%	291	0.1%	3,975,000
New Zealand	0	0	0	1	977	4,097,000	0	0	0	8	7,606	23,792,000	1	162	2,100,000	1	150	NA	11	1.2%	8,895	2.7%	NA
Paraguay	0	0	0	0	0	0	1	357	300,000	0	0	0							1	0.1%	357	0.1%	300,000
Qatar	0	0	0	0	0	0	3	2,378	5,700,000	0	0	0							3	0.3%	2,378	0.7%	5,700,000
Saudi Arabia													1	393	2,050,000				1	0.1%	393	0.1%	2,050,000
Scandinavia	0	0	0	2	876	1,065,576	0	0	0	0	0	0							2	0.2%	876	0.3%	1,065,576
Singapore	8	380	3,152,840	6	240	2,475,400	9	698	7,160,000	6	2,052	16,490,000	7	183	8,920,720	12	1,137	NA	48	5.1%	4,690	1.4%	NA
South Africa													1	282	1,225,000	1	13	NA	2	0.2%	295	0.1%	NA
Switzerland	1	8	175,000	5	373	1,840,000	6	270	1,740,250	6	221	2,439,500	3	136	2,075,000	2	18	NA	23	2.4%	1,026	0.3%	NA
Tahiti	2	50	805,000	1	1,515	850,000	1	8	300,000	1	27	385,000							5	0.5%	1,600	0.5%	2,340,000
Taiwan	5	1,363	7,940,000	4	563	6,150,100	10	263	3,340,529	13	2,214	15,831,500	48	3,375	7,196,812	46	1,230	NA	126	13.3%	9,008	2.8%	NA
Thailand	0	0	0	1	4	115,000	0	0	0	0	0	0	1	5	542,500				2	0.2%	9	0.0%	657,500
United Arab Emirates													1	98	292,500				1	0.1%	98	0.0%	292,500
United Kingdom	13	2,134	8,916,370	10	3,423	5,868,500	11	1,146	44,393,985	14	2,370	62,509,000	20	2,891	24,225,860	10	884	NA	78	8.3%	12,848	3.9%	NA
United States	8	14,387	12,748,905	19	2,957	10,465,887	22	6,066	26,285,648	43	24,448	116,144,392	73	28,594	74,592,480	72	26,844	NA	237	25.1%	103,296	31.6%	NA
Vanuatu	0	0	0	0	0	0	0	0	0	1	4	850,000							1	0.1%	4	0.0%	850,000
Venezuela																1	109	NA	1	0.1%	109	0.0%	NA
Total	**90**	**41,896**	**69,157,572**	**103**	**29,991**	**87,681,502**	**114**	**48,997**	**138,492,752**	**162**	**58,650**	**351,326,033**	**231**	**61,681**	**653,389,279**	**245**	**85,945**	**NA**	**945**	**100.0%**	**327,160**	**100.0%**	**NA**

MAY TO AUGUST 1997

OVERSEAS INVESTMENT COMMISSION DECISIONS [1]

- Bill Rosenberg

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Evergreen buys Fletcher's forests in South Auckland and Coromandel ...

Evergreen Forests Limited, "approximately **46%**" owned by **Xylem Fund I L.P.**, a U.S. limited partnership which operates as an investment vehicle for the **Public Employees Retirement System of Ohio**, has approval to purchase **4,294 hectares** of freehold forest land, and forestry rights over **66 hectares**, in the **South Auckland** and **Coromandel** areas for a total price of **$26,430,000**, from **Fletcher Challenge Forests Ltd**.

> "Approximately 2,820.2 hectares of the freehold land is planted in maturing forests. A majority of the remaining 1,474 hectares is vegetation reserves and includes 770 hectares which is subject to the **Tasman Forestry Accord**. The Accord gives legal protection to natural indigenous forests where it is inappropriate to establish a plantation forest."

News reports differ from the above, and appear to ignore the land in reserves. For example the New Zealand Press Association reported (*Press*, 14/5/97, "Evergreen cleared", p.31) that the OIC had given approval for Evergreen to buy only 2,880 hectares, while an earlier report (*Press*, 22/3/97, "Evergreen buys forest block", p.26) put the purchase at $30 million for 3,500 hectares of "mature forests".

The land is as follows:

* the **1,196 hectare Patetonga Forest** on the **Hapuakohe Range**, some 33 km south of the village of **Maramarua**, south of **Auckland**;
* the **966 hectare Kopu Forest** at **Kopu**, 15 km south-east of the township of **Thames** on the western side of the **Coromandel Peninsula**;
* the **2,132 hectare Coroglen Forest** located near the settlements of **Coroglen** and **Whenuakite**, 20 km south of the township of **Whitianga** on the eastern side of the **Coromandel Peninsula**, and a forestry right over the nearby **66 hectare Hamilton Forest**.

With this purchase, Evergreen brings its plantations to 17,000 hectares. In order to finance the deal it placed 30 million shares at 55 cents each with mainly U.S.-based institutional shareholders and raised the remainder in loans. The New Zealand Stock Exchange waived a requirement for Evergreen to get an independent appraisal on the purchase because neither existing directors nor Xylem, the largest shareholder, were subscribing for the new shares. In general existing shareholders did not take up any of the new shares, so Xylem's shareholding reduced from its previous 60% to the 46% the OIC reports (*Press*, 22/3/97, "Evergreen buys forest block", p.26; and 2/4/97, "Evergreen appraisal waived", p.30). Similarly, La Grouw Corporation, a founding shareholder whose owners opposed the merger with CBS Forests (see our commentary on the December 1994 decision), has reduced its shareholding to 4.58%, compared with 26.2% before the merger (*Press*, 10/5/97, "Evergreen changes", p.29).

Following this sale, Fletcher Forests sold its stake in Nelson forests to Weyerhaeuser of the U.S.A. and had already sold East Coast Forests to Glenealy of Malaysia (see the December 1996 OIC decisions). The proceeds are presumably intended to pay for Fletcher's purchase of Forestry Corporation (see September 1996), but have allowed Carter Holt to proclaim itself the "largest forest owner" in Aotearoa, with "about 332,000 hectares, or about 23%, of the nation's plantations" (*Press*, 15/7/97, "Carter Holt forecasting lift in prices", p.17).

... and in Manukau City ...

Evergreen has also gained OIC approval to acquire the **554 hectares Otau Forest** within the **Manukau City** boundary, near **Clevedon**, 50km south east of **Auckland City**, for **$3,500,000**. The forest is being purchased from **Winestone (Clevedon) Ltd**, a subsidiary of **Fletcher Challenge Ltd** and the **Prudential Assurance Company of Australia and New Zealand Ltd**. The land comprises "415 hectares of radiata pine, two hectares of Eucalyptus, five hectares of other species, one hectare of roads, 91 hectares of vegetation reserve and 41 hectares of bare land."

... and makes another purchase at Pouto, Northland

Evergreen also received approval to acquire **19 hectares** of land on **Schicks Road, Pouto, North Auckland, Northland**, for **$112,400**. The block, which adjoins land held for **conservation purposes**, is being acquired for afforestation.

"The acquisition represents a mutually beneficial 'land swap' between Evergreen and their adjoining neighbours

the Biddles. As part of the proposal the Biddles will simultaneously purchase from Evergreen approximately **10.6 hectares** of land. Evergreen will receive better access to their forestry developments at Pouto Forest and the Biddles will receive more fertile land to enhance their farming operations."

JANZ of Japan buys world's biggest natural sausage caser, NZ Casing Co

JANZ Investments Ltd of **Japan** has approval to acquire up to **89.88%** of **New Zealand Casing Company Ltd** for a suppressed amount. JANZ is **43.26%** owned by **Itoham Foods Inc** of **Japan**, **19.78%** by **Nippon Suisan Kaisha Ltd** of **Japan**, **33.42%** by **New Zealand** interests, **2.37%** by **Australian** interests, and **1.17%** by other **Japanese** interests. It involves assets in **South Auckland** and **Southland**.

New Zealand Casing is the world's largest natural sausage casing company, with 700 employees, $230 million turnover and casing processing and marketing operations in Aotearoa, Australia, Japan, Canada, the U.S.A., Mexico, Britain and Germany. It was owned 60% by the family of Eddie Tonks, the former chairman of the New Zealand Rugby Football Union. The remainder was owned 29% by investment company Rangatira (also a 14.42% shareholder in JANZ), in which Tonks is also a shareholder, and about 10% by directors and senior executives of the company. It also owns 75% of Crown Meat Export, the other 25% being owned by Crown senior management.

Tonks was appointed chairman of JANZ in February 1997. JANZ also owns ANZCO, which NZPA reported was the actual vehicle for the New Zealand Casing takeover, though this is not confirmed in the OIC decision. (Ref: *Listener*, 15/3/97, "The casing king", pp.30-33; *Press*, 13/6/97, "Anzco forges links with world's biggest sausage casing firm", p.14.)

Blue Star acquisitions continue with McCollam Printers

Blue Star Group Ltd, a subsidiary of **US Office Products Company** of the **U.S.A.**, has approval to buy a further office products company, **McCollam Printers Ltd**, for "approximately" **$67,302,710**. The purchase includes McCollam's subsidiary, **Format Publishers Ltd**, which it had taken over only in February 1997 for $14.47 million, and All-Mark Industries, which it acquired in February 1996 (*New Zealand Company Register 1996-97*, p.68). The acquisition "will enable Blue Star to provide complementary services to its clients in the area of high quality printing supplies". McCollam prints mainly high quality commercial material such as brochures, catalogues, company annual reports and targeted mailing packs according to the *Company Register*.

McCollam was listed in 1994, but remained 38% owned by McCollam family interests until the takeover. The takeover raised controversial issues because the McCollam family were offered a higher price for their shares ($3.00 per share, paid in US Office Products shares) than the minority shareholders (variously reported as $2.72 and $2.75 a share, in cash). At least one institutional shareholder was happy even at that rate: Southpac Investment Management had bought 1.186 million shares for between $2.30 and $2.35 the day the offer was made, making a profit of about $500,000 (*Press*, 20/5/97, "McCollams offered shares for holding", p.27; 27/5/97, "Blue Star acquires 9.99% of McCollam", p.29; 24/7/97, "Southpac lands instant profit from McCollam bid", p.28).

Blue Star's last acquisition in Aotearoa was that of PC Direct in September 1996.

Malaysian companies take up to 35% of Colonial Motor Company

MBM Resources Berhad and **Central Shore Sdn Bhd**, both of **Malaysia**, have approval to acquire up to **35%** of the **Colonial Motor Company Ltd** for "approximately **$27 million**".

Colonial, probably the largest independent car retailer in the country and 51st biggest company in Aotearoa by turnover (*Management*, December 1996), was controlled by the Gibbons family until Ron Brierley's U.K. based Guinness Peat Group (GPG) raided in October 1995, taking advantage of a split in the family. GPG got Colonial to play one of its favourite asset-stripping tricks earlier this year: Colonial paid out a 70 cent per share capital reduction and special dividend. Since then, trading has been difficult.

GPG sold 24.88% (or 7.7 million) of Colonial's shares to MBM, and Central Shore also picked up a further 2.79 million shares, for a 33.9% total. The price was $2.60 per share, to give a cost for all the shares of $27.27 million (*Press*, 27/5/97, "GPG sells 34% of Colonial Motor to Malaysian Group", p.29). Although MBM was said to be in the motor industry itself, by July, the companies had resold 1.205 million shares, reducing their holding to 30% (*Press*, 18/7/97, "Colonial Motor stake cut", p.23).

Onex Corporation of Canada takes over Air New Zealand's catering services

Approval has been given to a subsidiary of the **Onex Corporation** of **Canada** to take over the in-flight catering services of **Air New Zealand** for a suppressed amount. The purchase includes **six hectares** of land at **270 George Bolt Memorial Drive, Manurewa, Auckland**. The takeover is through Onex's subsidiaries **Caterair Australia Pty Ltd** and **Bethseda Services Holding Corporation**, which are in turn subsidiaries of Onex's **Caterair International Inc** of the **U.S.A.**

Air New Zealand's catering operations have been the

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source of numerous industrial disputes as it has tried to force down wages and costs. Just four days before it officially announced the takeover, Air New Zealand made 396 of its catering workers redundant in preparation for the sell-off. The staff, some of whom had served the company for 25 years, were told they could apply for work with the new caterer. Air New Zealand also took advantage of their acceptance of the redundancy to announce that it would not ratify a new collective employment contract under negotiation. In Christchurch, some of the workers were represented by an "industrial consultant", some by the Canterbury Hospitality Union (*Press*, 13/6/97, "Air NZ redundancies affect 53 in Chch", p.4). The action in a real sense completed the work of the Employment Contracts Act: a bitter strike by the workers was one of the first significant industrial disputes after the Act was introduced in 1991.

Air New Zealand eventually named SC International Services as the buyer. It said it operated through two subsidiaries: Sky Chefs and Caterair International. The catering business in Aotearoa would be operated by a new company, Caterair New Zealand (*Press*, 17/6/97, "Air NZ catering buyer", p.25).

Telecom buys out Motorola's cellphone reseller business

MCS Cellular Services Limited, a subsidiary of **Telecom Corporation New Zealand Limited**, whose majority shareholders are **Ameritech Holdings Limited** and **Bell Atlantic Holdings Limited** of the **U.S.A.**, has approval to acquire "the business of **Motorola New Zealand Limited** which relates to the resale of airtime by Motorola as a Telecom sales agent on the Telecom cellular network" for a suppressed amount. In plain language, Telecom has bought the cellphone services operation of Motorola, which is concentrating on equipment sales. Motorola cellphones connect to the Telecom cellular network.

Singapore interests buy Sheraton Rotorua

The Rotorua hotel known as the "**Sheraton Rotorua**", in **Fenton Street, Rotorua**, owned by **Rotorua Motor Inn Ltd** and **Cosmopolitan Investments Ltd** is being sold to a consortium of shareholders from **Singapore** and **Aotearoa. Fentondale Properties Ltd** and **Fentondale Enterprises Ltd** (neither of which was yet incorporated) have approval to acquire the property for a suppressed amount. The companies' major shareholders will be **Les Holt Enterprises** (of Aotearoa), **Thiam Soon Ng** (a resident of **Singapore**), **Lian Seng Tan** (a resident of **Singapore**) and **Lawindale Holdings Limited** (the main beneficiaries of which are Mr Tan and his "intermedia").

According to the New Zealand Press Association (*Press*, 12/6/97, "Sheraton Rotorua sold", p.31) the hotel has 130 rooms and the new owners plan a $5 million refurbishment.

CanWest into forestry near Te Anau

Owner of TV3, TV4 and the More FM radio network, **CanWest Global Communications Corporation** of **Canada**, is starting up a unit trust, **CWF**, to invest in **952 hectares** of forestry development near **Te Anau, Southland**. The sum given is "approximately $1.8 billion", but that represents the licence premium CWF will pay over the 50 year term. It "equates to approximately $119 million at current values." The trustee of CWF is **CWF Holdings Ltd**, incorporated in Aotearoa, but the units of the trust are owned by CanWest itself. The arrangement is somewhat complex:

"The proposal represents the commencement of business in New Zealand by the CWF Unit Trust entering into a fifty year licence agreement with **Trinity Foundation (Services No. 1) Limited** to utilise approximately 952 hectares of land situated near Te Anau for the purpose of establishing a forestry operation on the land. ... Under the licence, CWF will have no legal interest in either the property or the trees planted on the property. ... CWF will engage **Pine Plan New Zealand**, a division of **Wrightsons Limited**, to establish the forest and subsequently provide forestry management services to CWF in respect of the property."

Other rural land sales

◆ **Mrs Jan A.K. Evans**, a resident of the **U.S.A.**, has approval to acquire **81 hectares** of land at **Waipu, Northland** for **$210,000** for (absentee) cattle farming.

> "Mrs Evans has substantial business experience and acumen ranging from managing a multi-million dollar investment portfolio to a seat on the board of the Abigail Adams Bank in Washington, D.C. In addition, ... Mrs Evans is a very competent farmer and is the part owner of a 1,214 hectare ranch in Virginia. ... The land, the subject of this application, is infested with obnoxious weeds, run-down, and requires substantial capital and effort to transform it into an economic farming unit. Mrs Evans wishes to acquire the property for the purpose of developing it into a viable working farming unit. ... The short-term plan for the property is to eradicate obnoxious weeds, stabilise the land, and repair the fences, with a proposed capital injection of approximately $250,000 over the next three years. Mrs Evans anticipates eventually building a dwelling on the land at an estimated cost of $300,000."

◆ The breakup of a marriage, one of whose partners is a British citizen resident in the **U.S.A.**, has led to the U.S. resident purchasing her partner's **19 hectare** half of a block of land on **State Highway 25, Whangamata, Coromandel**, although the OIC decision indicates the purchase price as zero. The owners' did not appear to

lack for money:

> "Since the property was purchased it has been substantially developed. Approximately four hectares of the property has been extensively landscaped. A cottage on the property was completely rebuilt to house the farm manager and his family at a cost of approximately $40,000. The main house, stables and tack room have been constructed, along with a tennis court, equestrian oval, a gravelled and cobbled drive, new post and rail fences, trees, shrubs and shelterbelts have been established on the property at an estimated cost of US$113,800. In addition it is stated approximately eight hectares of the property has been planted in pine trees. The balance of the property is used for pastoral farming by an adjoining farmer free of charge. A New Zealand farm manager has been engaged and employed on a full time basis to oversee the pastoral farming operation. The applicant advises that it is proposed to further develop the property by establishing tracks through the property, a horse riding school and camping centre."

◆ The **Davis' Family Trust**, whose beneficiaries are the Davis family, all of whom but the father are citizens of the **U.K.**, but are resident in **Saudi Arabia** or the U.K., has approval to acquire **46 hectares** of land at **No. 1 Road, Waitoa, Bay of Plenty** for **$744,010**. The land

> "... is described as being a rundown dairy farm having produced only 16,000 kilograms of milk fat under its present management. The Trust proposes to acquire the property with the intention of developing the property, in association with a neighbouring farm, into a more productive and viable farming unit. ... It is the Davis' family ultimate intention to return permanently to New Zealand once their children have completed their education in the United Kingdom and Mr Davis' work commitments in Saudi Arabia have ended."

◆ Two residents of **Australia** with **U.K.** nationality have approval to acquire **60 hectares** of land near **Murchison, Nelson** for **$170,000**. "It is currently 'bare' land. The applicants propose to migrate to New Zealand in approximately three years, at which time it is their intention to establish a tourist/fishing lodge on part of the property". The property not required for the lodge will be leased to a local farmer for grazing and rearing beef cattle.

◆ **Marlborough Ridge Ltd**, owned by two Australians and a New Zealander resident in **Australia**, has approval to buy a further **three hectares** of land in **New Renwick Road, Fairhall, near Blenheim**, for **$600,000**. It adjoins 107 hectares of land bought for $1,600,000 last year (see the March 1996 decisions). In 1996 the company was proposing to build "a resort hotel and village type accommodation" plus a "residential subdivision of up to 200 sections". It appears much more modest now: the 107 hectares "is currently being subdivided into 83 sections for residential subdivisions by the applicant company. The acquisition of the additional parcel of land will enable Marlborough Ridge to create a further 20 residential sections to be known as **Pinehill** subdivision." The new land is part of a land swap between the Marlborough Ridge and the golf club: approximately 3.5 hectares of land will be transferred back to the Golf Club.

◆ One of the "largest importers of live sheep and cattle into Saudi Arabia, the Middle East and Gulf countries" has approval to acquire **70 hectares** of land in the **Geraldine** Survey District, **Canterbury**, for **$270,000** for a feedlot. It is **AWASSI NZ Land Holdings Ltd**, whose shareholders and directors are **Hmood Al Ali Al Khalf**, a citizen of **Saudi Arabia**, and **George Antonios Assaf**, a citizen of **Australia**. The company is buying the land, which "is currently utilised [by AWASSI] as a feedlot for its South Island live sheep export operation", from **AGEX-BCC Ltd (In Liquidation)**. AWASSI has been operating in New Zealand since 1989. It "wishes to acquire the property so that it has continuing access to a feedlot. This will ensure the continuation of the applicant's live sheep exports from the South Island which to-date has resulted in approximately 1,400,000 sheep with a value of $80 million being exported."

◆ The **Nevis Fruit Company Ltd** has approval to acquire **38 hectares** of land in **Cromwell, Central Otago** for **$150,000** for "horticultural research". The company is owned equally by residents of the **U.S.A., Switzerland, France, and Aotearoa**: **David De Calo, Pascal Felley, Pierre Riou**, and **John McLaren** respectively.

> "The overseas shareholders all have extensive knowledge of and have all worked successfully in the fruit industry. ... Nevis propose to utilise the land for fruit tree breeding aimed at the New Zealand export market. The proposal will allow the expansion of the only independent breeding programme for apricots and apples within New Zealand. ... the proposal represents a long term investment in the New Zealand fruit industry as local growers will have the opportunity to take advantage of the new varieties and developments."

June 1997 decisions

French/U.K. consortium to run Papakura's water supply

In a disturbing first for Aotearoa, a consortium including two of the world's biggest water companies has been given a franchise to run water and waste-water services for the **Papakura District Council**. The consortium is

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called **United Water International Pty Ltd** and its major shareholders are **Compagnie Generale des Eaux Societe Anomyne** (CGE) of **France** and **Thames Water Plc** of the **U.K.**, each owning **47.5%** of United Water. The deal includes "various parcels" of land including **eight hectares** at **Drury**. The franchise fee is **$13,100,100**.

The franchise is one step short of full privatisation, an issue of huge controversy, particularly where it involves an essential like water which is also a natural monopoly. Details can be found elsewhere in this issue of *Watchdog*.

Weyerhaeuser buys Fletcher's 17,000 hectares in Nelson/Marlborough

Weyerhaeuser Company of the **U.S.A.** has approval to acquire **approximately 16,925 hectares** of freehold forest and **718 hectares** of land over which forestry and tenancy rights have been granted, in **Nelson/ Marlborough** from **Fletcher Challenge Ltd** for **US$190,000,000**.

This approval is at variance with news reports which described the sale as being of 51% of a joint venture whose assets consist of 60,000 hectares of Crown licence cutting rights, and 18,000 hectares of freehold. Of this total of 78,000 hectares, 80% is planted in radiata pine, 15% in douglas fir and the rest in minor species. The other joint venture partner is named as UBS Resources Investments International, part of UBS Asset Management (New York) owned by the Bank of Switzerland (e.g. *Press*, 12/4/97, "US softwood giant buys Nelson forests", p.25).

UBS Resources Investments International is presumably represented by the ubiquitous companies RII New Zealand Forests I Inc and RII Marlborough Ltd which have been buying up forestry mainly in Nelson, Marlborough, Wanganui and Northland, for several years. The OIC has always described them as being owned by U.S. pension funds and non-profit, charitable and educational institutions.

As we reported last month, Fletchers has in the last year sold East Coast Forests to Glenealy of Malaysia (see the December 1996 OIC decisions) and a number of forests in the Auckland and Coromandel area to Evergreen (46% owned by Xylem Fund I L.P. of the U.S.A.) The proceeds are intended to pay for Fletcher's purchase of Forestry Corporation (see September 1996). This sale leaves Fletchers with no significant forests left in the South Island.

Although this is Weyerhaeuser's first forestry purchase in Aotearoa, it is not its first appearance here, and is certainly not for want of trying. It was reportedly a bidder for the Forestry Corporation, and as the OIC reports:

> "Weyerhaeuser has for some time been interested in commencing business operations in New Zealand. To date it has been involved, as an adviser, to Forestry Corporation of New Zealand Limited. New Zealand has been identified as an ideal place to make forestry investments because there already exists an extensive forestry infrastructure, the climate and soils particularly suit forestry. The acquisition will enable Weyerhaeuser to establish a base within New Zealand's forestry sector while providing valuable expertise to the Joint Venture."

All the OIC tells us about Weyehaeuser is that

> "Weyerhaeuser's business activities comprise forestry, manufacturing wood products, pulp, paper and packaging, real estate development and construction and financial businesses. It is stated that Weyerhaeuser's principal business segments, which equate to 76% of its asset base, are its timberlands and wood products and pulp, paper and packaging segments."

Foreign Control Watchdog (August 1997, p. 43) provided more detail. Weyerhaeuser is the world's biggest private owner of softwood timber, with global annual sales of $US10 billion. It owns 2.2 million hectares in the US and leases a further 9 million hectares in Canada. Despite having massively divested of non-core businesses, it is one of the 100 largest companies in the US.

Watchdog quoted information from the U.S. organisation Essential Information. This documented

> "Several people killed in Oregon, as recently as November 1996, by floods caused by clearcutting of forests by Weyerhaeuser and other Pacific North-west loggers; smalltown residents fighting a successful battle to stop Weyerhaeuser buying local forests; details of corporate donations to both major parties to secure legislative access to public forests; plans to close some of its recycling plants..."

See that issue for more details.

CanWest takes over Frader Group

Owner of TV3, TV4 and the More FM radio network, **CanWest NZ Communications Ltd**, itself owned by **CanWest Global Communications Corporation** of **Canada**, has approval to acquire **Frader Group Ltd**, a private New Zealand company, for a suppressed amount.

> "The acquisition provides CanWest with an opportunity to consolidate its investment in New Zealand broadcasting with a sizeable investment in an industry closely-aligned with its existing television broadcasting outlets."

CanWest is also 57.5% owner of the Ten Network in

Australia, and owns Chile's La Red TV network, and Talk Radio in the U.K. Not all of the Australian interest has voting rights, due to Australian restrictions on overseas ownership of news media. CanWest is lobbying to allow it up to 50% voting shares. Lobbying and politics are not unusual for Izzy Asper, owner of over 90% of the voting power and 65% of the equity in CanWest. He has been a leader of his province's (conservative) Liberal party, and has been a vocal supporter of the economic policies of the last decade in New Zealand, particularly the "zero restrictions on foreign investment in the media". "I was recently representing Canada in Brussels at a G7 meeting. I said to all the G7 heavyweights, Japan, the U.S. and all, 'The only example in the world of a country that has its head screwed on and isn't distracted by silly stuff is the government of New Zealand,'" Mary Holm of the *Listener* quotes him saying. "Since the reformation in New Zealand in the 80s, you've become the experimental laboratory for the entire world. Sir Roger has travelled to Canada and is revered ... the fact is, New Zealand is one of the most professionally managed countries in the world." (*Press*, 11/12/95, "CanWest prefers NZ conditions", p.37; *Listener*, 8/7/95, "The turnaround at 3", by Mary Holm, pp. 28-32.)

Promet of Malaysia gets consent to buy Princess Wharf in Auckland

Promet Private Ltd (PPL), a subsidiary of **Promet Berhad** of **Malaysia** (also listed on the Singapore Stock Exchange) has approval to acquire "approximately 2.22 hectares of land, known as 'The Princess Wharf', located at the intersection of **Quay Street** and the bottom of **Hobson Street, Auckland**. The price is stated only as "approximately **$8-15 million**". It is being purchased from **Ports of Auckland Ltd** (POAL).

> "... PPL are one of the 'preferred bidders' in an international tender for the redevelopment of Princess Wharf, which will include the construction of hotels, commercial retail space, commercial office space, car parking and other facilities. The Commission is advised that Promet's core business activity is infrastructural construction, engineering and investment. It is advised that PPL have business experience and acumen and the funding for the proposal will be financed by a mixture of debt and equity by the company. POAL will retain ownership of the actual wharf platform (pursuant to the head lease) in order to control the scope of the development and retain control over the wharf operational areas including the wharf perimeter."

MMI of Australia takes over FAI of Australia

MMI General Insurance (NZ) Ltd, a subsidiary of **MMI Ltd** of **Australia**, has approval to take over **FAI (NZ) General Insurance Company Ltd**, itself a subsidiary of **FAI Investments Pty Ltd** of **Australia**, for a suppressed amount.

> "The acquisition will increase MMI's financial strength and viability. The New Zealand operation will be the control centre for the entire Pacific operation including operations in Papua New Guinea, Fiji, Guam, Saipan, Samoa and Tonga."

ICI buys National Starch and Chemical, and Quest International, from Unilever

Imperial Chemical Industries Plc of the **U.K.** has approval to acquire **National Starch and Chemical NZ Ltd**, and **Quest International New Zealand Ltd**, from **Unilever Plc** for suppressed amounts.

> "The acquisition is part of a world-wide purchase by ICI of the speciality chemicals businesses of Unilever plc and Unilever NV."

Hong Kong owned Bermuda company buys Symonds St site from Nauru Govt

Great Eagle Holdings Ltd, which is registered in **Bermuda** but listed on the **Hong Kong** stock exchange and majority owned by **Mr Lo Ying Shek and his family** of **Hong Kong**, has approval to acquire **1.32 hectares** of land in **Symonds St, Auckland** for a suppressed amount, for hotel accommodation.

Two Malaysians buy land in Takapuna for $4m for residential development

D. and W.K. Ibrahim of **Malaysia** have approval to acquire **0.45 hectares** of land at **214 Lake Road, Takapuna, Auckland** for **$4,000,000** for residential development. They propose to develop the property into a "high class city housing estate" of about four units. "It is stated that this will involve an estimated expenditure for the development of approximately $2,400,000".

Land for forestry

◆ **Rayonier New Zealand Ltd**, a subsidiary of **Rayonier Inc** of the **U.S.A.**, has approval to acquire three forestry assets:

> **27 hectares** of forestry cutting rights at **Klondyke Road, Franklin, Waikato**;
>
> **22 hectares** of forestry cutting rights at **Warwick Hills, Rere, Gisborne**; and
>
> **69 hectares** of freehold afforested land in the Parish of **Hikurangi, Northland**, from the **Northland Co-operative Dairy Company Ltd.**

In all cases the price is either suppressed or "to be determined as the timber is cut". In the first two cases, the purchase is to "assist in ensuring a guaranteed supply of lumber" for processing. In the last,

> "Rayonier state that the pinus radiata plantation on the land, which has not been managed in the past in accordance with best

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industry practices, is in close proximity to the company's existing forestry resources in the Northland region and will be managed as part of that larger forestry operation. ... Rayonier propose to replant the land, following the harvest of existing trees, with its genetically improved radiata pine seedlings."

◆ **Kerswell Holdings Ltd**, as trustee of the **Kerswell Trust**, whose beneficiary is **Claridge Holdings Ltd**, owned by **Albert Friedberg** and his family, of **Canada**, has approval to acquire **75 hectares** of the **Whitford Forest**, 35 kilometres from "downtown **Auckland**" from **Carter Holt Harvey Ltd** (of the **U.S.A.**) for **$1,339,875**. Claridge Holdings is also **80%** owner of the **Whitford Forest Joint Venture** which has approval to acquire a further **1,636** hectares of the Forest, for **$7,941,375**, from Carter Holt. The remaining 20% of the Joint Venture is owned by **Riverside Forestry Ltd** as trustee for the **Riverside Trust**, the **Simmonds Family Trust**, and **Progressive Technology Ltd**, all owned by New Zealand citizens.

"... Carter Holt Harvey Limited is offering the Whitford Forest for sale either as a complete unit or on a broken up basis. The applicant states that they intend to retain the forest as a single unit. It is claimed that this will ensure the retention of the existing jobs provided by the forestry operations, whereas any sale on a broken up basis, would transform the forest into a rural residential lifestyle area with a consequent loss of those jobs. The Commission is also advised that it is intended to engage experienced New Zealand forestry managers to manage the forest utilising New Zealand labour. In addition to this, New Zealand based forestry consultants will be engaged to advise generally regarding the forestry business."

◆ **Deborah Miller** of **Brookfields, Auckland**, has been busy again. She has sold four more blocks of land to residents of Taiwan for forestry development by **New Zealand Forestry Group Ltd**. Her last such sale was in February 1997. All blocks are in **Rangitatau Road, Paparangi, Wanganui District** as follows:

28 hectares for **$93,812.50**;
28 hectares for **$90,060**;
15 hectares for **$56,957.75**; and
32.5 hectares for **$124,800**.

◆ **Mica Mountain Pines Ltd**, a company yet to be formed which will be owned by **Steven and Jeanie Marie Henderson**, both residents of **Idaho, U.S.A.**, has approval to acquire approximately **408 hectares** of land in **Longacre Road, 20 km from Wanganui** for **$820,000**.

"... Steven Henderson has significant experience and expertise in the area of cattle farming, management of forest and pasture lands, and the timber harvesting sector equating to 25 years. Mr Henderson owns Steve Henderson Logging Inc. which owns and manages approximately 628 hectares of Agro-forestry land in Idaho. The Commission is advised the property is currently described as a degenerating hill country gorse farm requiring considerable capital and effort to revert back to any form of sustainable farming unit. The applicants' propose to develop the property into a Pinus Radiata forestry operation giving greater economic returns and a higher percentage of exportable product."

Another refusal: U.S. citizen declined permission to buy land in Canterbury

In its second refusal of an application in 1997, the OIC has declined consent for a **Mr R.E. Hagberg**, a citizen and resident of the **U.S.A.**, to acquire land of over five hectares for lifestyle purposes in **Canterbury**. No further details are provided other than "it was not considered to be in the national interest".

Other rural land sales

◆ Two residents of **Germany, A.G. and M.M. Guggenberger**, who have permanent residency status, have approval to acquire **eight hectares** of land at **Whitmore Road, Matakana, Warkworth**, north of **Auckland**, for **$290,000**. They intend to emigrate to Aotearoa, along with their family, in 1998. The land, currently used for grazing, will be used for their home. They have four years experience in horse breeding and equine activities and propose to develop a small horse stud and riding facility on the property and to carry out a reforestation programme.

◆ A resident of **Taiwan, Jung-Chang Hong**, who has New Zealand permanent residency status and "intends to take up New Zealand permanent residency", has approval to acquire approximately **six hectares** of land at **124 Bethells Road, Waitakere, Auckland**, for **$425,000**. "It is stated the applicant views the acquisition as an extension to his existing investment portfolios within New Zealand and intends to utilise the property for farming and horticultural purposes."

◆ **Yeltastow Ltd**, owned by **Mr Clive James Coulson** and **Mrs Sherry Esther Coulson** of the **U.K.**, has approval to acquire "approximately **238 hectares**" of land at **193 Mangiti Road, Te Akau South, Raglan, Waikato** for **$870,000** for dairy farming.

"Mr and Mrs Coulson's ultimate intention is to seek permanently residency status and to emigrate to New Zealand in approximately two years. In the interim the applicants will employ the services of a New Zealand based farm manager to oversee day-to-day operations. The land is presently used for the purposes of raising dairy heifers and for

the fattening of beef cattle on a contract basis. It is stated that Mr Coulson intends to investigate and carry out feasibility studies as to the prospect of using the property for the farming of alpacas in New Zealand. Mr Coulson also proposes to investigate other possibilities for diversification of the farming activities on the property".

◆ More land is being bought for gold mining around **Waihi, Coromandel**. **Waihi Gold Company Nominees Ltd** of **Australia** has approval to acquire

0.0794 hectares at **6 Savage Road** for **$170,000** from **Hanson Estate**;

0.1214 hectares at **3 and 5 Hazard Street** for **$250,000** from **M.K. and J.R. Ryan**; and

0.1011 hectares at **12 Pipe Lane** for **$85,000** from **Mr A. Daken**.

Waihi Gold Company Nominees Limited is owned **28.35%** by **Waihi Mines Limited**, **28.35%** by **Welcome Gold Mines Limited**, **27.84%** by **AUAG Resources Limited** and **15.46%** by **Martha Mining Limited**.

"Waihi Gold holds rural and urban land in around Waihi as trustee for the participants in the Waihi Gold Mining joint venture... The property is being acquired to assist in providing a buffer zone between the mine and existing residential areas and to enable the extension of the existing mining operation ... The proposed extension of the mine will extend the life of the mine for an additional seven (7) years (approximately) and this will result in continued employment for the 135 people employed in the operation."

◆ **Sagittarius Ltd**, owned by **Mr and Mrs Konrad Hengstler** of **Australia**, has approval to acquire **eight hectares** of land at **Main Road, Waihopai Valley, Blenheim, Marlborough** for **$130,000**. The Hengstlers already own an adjacent **24 hectares** purchased in January 1996. At that time we reported:

A German emigrant to Australia has approval to buy 24 hectares of land near Blenheim, Marlborough, for $250,000 to establish a vineyard. It is currently used for grazing dry stock. "In the longer term the Hengstlers propose to take up New Zealand permanent residency to manage the operation" but in the meantime "extensive connections" in Germany "will be utilised to develop the New Zealand white wine export market".

The OIC now says that

"Mr Hengstler and his wife intend to reside permanently in New Zealand by January 1998. The land being acquired ... is currently bare land used for dry stock grazing. The property is being acquired to enable the extension of their existing vineyard operation. It is stated the land will be utilised for wine planting (approximately 20,000 Sauvignon Blanc plants) which will result in an increase in the production of export marketable wines."

◆ **Brierley Investments Ltd** (of **Malaysia**) **54%** owned subsidiary, **Tasman Agriculture Ltd**, has approval to acquire another farm. This one is of **213 hectares** and is in **Pomahaka Road, West Otago**. It is being purchased from **Pomahaka Farms Ltd** for **$1.5 million**. It will be converted from beef to dairy farming, using sharemilkers.

July 1997 decisions

Freightways breaks up: sells CHEP to Brambles and Armourguard to Tyco

Freightways Ltd is being broken up by its owner, Tappenden Holdings, which is headed by Alan Gibbs and Trevor Farmer. The following three OIC decisions concern its pallet hiring and manufacturing business (CHEP and TCP) and Armourguard security. The remainder of Freightways, its express freight business, was put up for tender. New Zealand Post was interested in buying it, presumably to strengthen itself in preparation for the deregulation of our postal services, but was vetoed by Treasury. The tender was finally won by Ausdoc of Australia (see the August 1997 decisions of the OIC). (*New Zealand Herald*, 3/7/97, "Govt blocks bid by NZ Post to expand", p.D1.)

Brambles Industries Ltd of **Australia** has approval to acquire a pallet manufacturing and hiring business from **Owens Group Ltd** and **Freightways Ltd** for a suppressed amount. The business structure is complex, consisting of two "special partnerships" (a tax and liability avoidance structure). The first special partnership is called **CHEP Handling Systems Ltd and Company**. This in turn is owned by a "general partner", **CHEP Handling Systems Ltd** and two "special partners", **Union Airways Ltd** and **Freightways Equipment Ltd** which are also the owners of CHEP Handling Systems Ltd. It is these last two companies that Brambles is acquiring. According to news media reports (see above), Freightways owned 66% of CHEP and Owens the other 34%. The second special partnership is **TCP Partnership**, with special partners **Porter Square Ltd** and **TCP Holdings**, which Brambles is acquiring.

Brambles is the largest materials handling and industrial services company in Australia. It operates in Australia, Aotearoa, Europe and North America. Its existing operations include the CHEP pallet management system which it began in the U.S. in 1990 in partnership with GKN Plc, and which also operates in Europe and Australia. It also rents rail wagons in Europe and the U.K., waste management services, industrial and mining equipment rental, security services and transport and freight forwarding. It owns the largest private rail company in Europe via French subsidiary Group CIAB, and is also the largest private rail wagon operator in the

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U.K. (*The New Zealand Company Register 1996-97*, p.138).

(Tyco International Ltd, of the **U.S.A.**, has approval to acquire **Armourguard Security Ltd** for a suppressed amount. "Tyco view the business operations of Armourguard as complementary to those of the Tyco Group. Tyco will provide Armourguard Security with technology which is currently not available in New Zealand."

Armourguard is the largest security firm in Aotearoa, and is estimated to be worth $30 million. Tyco was number 288 in the 1995 *Fortune* 500, its main business being metal products. It had 34,000 employees and revenues of US$4.5 billion on assets of US$3.4 billion that year. In Aotearoa, it owns Wormald and several manufacturing operations (*Fortune*; *Press*, 25/7/97, "Armourguard sold", p.26).

TransAlta restructures interests in Wellington, Stratford and Southdown

TransAlta Energy Corporation (TEC) of **Canada** is restructuring its various interests in Aotearoa, resulting in an increase in the debt loading of its majority-owned local subsidiary.

Listed company **TransAlta New Zealand Ltd** (TANZ), of which TEC owns **62.7%**, is issuing a further **3.8%** shares worth **$44.1 million** to TEC to pay the parent company for assets which TEC is selling to it. TEC will then own **65.5%** of TANZ through **Trans New Zealand Energy Ltd**, in turn a subsidiary of **TransAlta Energy Ltd**, the holding company for TEC's companies in Aotearoa.

There are three assets involved: **TEC Stratford Ltd, TEC Southdown Ltd**, and **TransAlta Operations NZ Ltd**. The consideration for the three is **25.2 million** fully paid TANZ shares at an issue price of **$1.75**, making the $44.1 million. TEC Stratford presumably owns TEC's one-third interest in the Stratford, Taranaki, 350 Megawatt combined cycle gas turbine power station which it is building with Fletcher Challenge Ltd, and Auckland power distribution company Mercury Energy Ltd (see our commentary on the August 1995 decisions). According to the OIC, **9.4 hectares** of land is involved, off **East Road State Highway 43**, abutting the **Kahouri Stream**. In 1995, 12.6 hectares were part of the power station decision. The Stratford power station was the centre of protests by Greenpeace in August, who objected to the annual 1.5 million tonnes of carbon dioxide emissions that will come from the station. The protests were aimed at disrupting the construction of the station (*Press*, 22/8/97, "Activists told to keep distance", p.5).

TEC Southdown presumably owns TEC's 47% interest in the recently refurbished 114 megawatt co-generation gas-fired Southdown power station which TransAlta owns with Mercury Energy and Enerco (*Press*, 26/4/97, "Revamp for Southdown", p.22). This includes **three hectares** of land in **Hugo Johnston Drive, Southdown, South Auckland**.

It is not clear what assets TransAlta Operations NZ Ltd brings, but it is presumably part of the two power companies, EnergyDirect and Capital Power, TEC bought from privatising local bodies in Wellington and the Hutt Valley. The purchase was highly contentious locally, and the scars still bleed: a court battle was threatened in August between the Wellington City Council and TransAlta over the establishment of a customer advisory board, whose establishment was one of the conditions of the sale. Wellington mayor, Mark Blumksy, was insisting on more explicit terms of reference than TransAlta was offering, but settlement out of court seemed possible (*Press*, 13/8/97, "TransAlta lawsuit may not proceed", p.29). The Natural Gas Corporation also has a High Court claim against TransAlta, for $5.7 million, over a take-or-pay gas agreement. TransAlta, the sixth largest power company with 8.5% of the national electricity market, is making rapidly rising profits ($7.2 million in the year to 31/3/97, considerably higher than the $4.2 million forecast at listing in October) but laying off 200 staff from its workforce, leaving 330 (*New Zealand Herald*, 22/5/97, "Power NZ deal raises distribution ownership issues", p.C2; *Press*, 29/5/97, "Merger benefits drive TransAlta profit higher", p.31).

The acquisition of the assets, which included $148.7 million in non-recourse debt, raised TANZ's debt ratios to high levels. Just under 60% of its assets are now funded by debt, as opposed to 51% before the purchase. A gearing of 50% is generally considered prudent and the two local body-owned power companies had virtually no debt before privatisation. This has led to credit rating agency, Standard and Poor's, putting the company on credit watch with negative implications (*Press*, 20/6/97, "TransAlta placed on credit watch", p.16; 28/8/97, "TransAlta set to lift debt", p.38). Conveniently in the circumstance, TANZ shortly after revalued its distribution assets by $20 million, using new Ministry of Commerce guidelines (*Press*, 6/9/97, "TransAlta assets", p.26).

SaskTel of Canada takes 35% of Saturn Communications

SaskTel Holding (New Zealand) Inc, a subsidiary of **Saskatchewan Telecommunications Holding Corporation** of **Canada**, has approval to take up to **35%** of **Saturn Communications Ltd** for **$29,615,000**. Satum is owned by **UIH New Zealand Holdings Inc**, a subsidiary of **UIH Australia Pacific Inc**, itself a subsidiary of **UIH Holdings Inc** of the **U.S.A.**

Saturn (formerly Kiwi Cable) is laying fibre optic and coaxial cable and offering 21 cable TV channels on the Kapiti Coast and in the Hutt Valley and also hopes to

offer telephone, on-demand movies, Internet and data services. It plans to add 15 pay channels and eventually connect 500,000 homes of the 1.2 million in Aotearoa. It has a $600 million plan over ten years, part of UIH's entry into the Asia-Pacific market. After complaining about unfair competition at the prospect of Murdoch-controlled INL taking a controlling interest in Sky TV, it signed an interconnect agreement with Telecom in June (*Press*, 23/6/97, "Saturn has big plans for multi-media in NZ", p.25; 16/8/96, "Cable TV draws viewers", p.30; 22/10/96, "Saturn may fight INL's move on Sky", p.31; see also the June 1994 OIC decisions).

United International Holdings owns an Australian television and programming company in conjunction with News Ltd subsidiary, Foxtel, together with Telstra, the Australian (part government owned) equivalent of Telecom (*Press*, 7/12/96, "Sky TV looms over Saturn's future", p.31; 1/3/97, "INL scraps bid to own Sky; investors left pondering", p.25).

SaskTel Holding Corporation is the umbrella organisation for a number of subsidiaries, including SaskTel Mobility, SaskTel International, and most recently, DirectWest Publishers (a telephone directory publisher in Saskatchewan). SaskTel is a provincially owned and regulated crown corporation. The telephone company portion is the only remaining Canadian telephone company not under federal regulation. The corporation is run by a provincial government appointed board which includes two elected Union positions. All of the 3,500 non-management employees of SaskTel are members of the Communications, Energy and Paperworkers Union of Canada. In addition, there are about 600 managers.

SaskTel International has extensive experience in the Philippines, Mexico, Tanzania and Great Britain. It recently sold its share of a cable TV company, LCL Cable, in Leicester, U.K., at a respectable profit. Its main area of expertise is fibre optics (ref: Communications, Energy and Paperworkers Union of Canada).

Utilicorp gets retrospective consent for a further 0.16% of WEL Energy

Utilicorp United Inc, which owns **39.5%** of **WEL Energy Group Ltd**, has approval to acquire a further **0.16%** for **$474,135**. The 0.16% had already been acquired without approval, and the OIC's consent is retrospective to legalise the purchase. As the OIC says:

> "In November 1995 the Commission granted consent to Utilicorp acquiring up to 49% of the specified securities of WEL. Utilicorp acquired a 39.5% interest in WEL prior to the lapsing of the 12 month period pertaining to the consent. The Commission is advised that Utilicorp inadvertently did not apply for a renewal of the consent, but continued to purchase further specified securities in WEL. The retrospective consent regularises the position"

The OIC's blithe acceptance of this and previous share acquisitions, contrast with vociferous public debate on Utilicorp's behaviour. Utilicorp and Auckland power company, Mercury Energy, have been competing maniacally for control of the other main Auckland power company, Power New Zealand. Recently they agreed to a cease fire, taking joint control of the company with their 76% ownership. Independent Power New Zealand directors tried to prevent the move by utilising an existing "cornerstone" agreement with Utilicorp, but Mercury and Utilicorp took them to court, and succeeded in having the agreement overturned. At a meeting of shareholders to seek approval of the move, the two companies forced through the votes despite the opposition of the one thousand small shareholders present, some of whom walked out calling the meeting a farce.

> "Shareholders subjected Mercury and Utilicorp's representatives to almost two hours of criticism. They were likened, by one shareholder, to Australian crocodiles and American alligators.
>
> Utilicorp came in for heavy criticism for what was seen as an unconscionable change of allegiance. One shareholder said Power New Zealand was being hijacked by a creature that was greedy to take profits out of New Zealand. There was no response to requests for an explanation from either Mercury or Utilicorp about their plans for Power New Zealand."

Power New Zealand's chairman, Don Stanley, deputy chairman, Barry Brill, and its chief executive, Doug Heffernan, were all sacked by the two big shareholders. Brill, a former National Government minister, attacked Utilicorp's behaviour, suggesting the company should withdraw from New Zealand's electricity sector (*Press*, 12/09/97, "Power play companies compared to alligators", p.25).

WEL Energy Trust, the community trust with a 43% shareholding in WEL Energy, tried to prevent the two companies, which will have a 50% shareholding in WEL, taking control of WEL too, by offering $38 million for the 10% held by Power New Zealand. However the deal may prevent Utilicorp taking control of WEL because Mercury has stated it does not wish to expand beyond the Auckland area. The community trust had been concerned that it would lose control of its power company because of Utilicorp's empire-building plans for merging WEL with Power New Zealand's Bay of Plenty Electricity (*Press*, 22/8/97, "Delay sought on WEL Energy offer"; *New Zealand Herald*, 22/5/97, "Power NZ deal raises distribution ownership issues", p.C2). Ironically, in 1995 WEL was used by Utilicorp to

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try to get control of Power New Zealand by WEL buying up to 15% of Power New Zealand shares, effectively giving Utilicorp 35% control (*Press*, "WEL makes bid for Power New Zealand", 28/1/95, p.28).

In 1996, the High Court found that Utilicorp had broken the Securities Amendment Act by failing to disclose deals it had done with the Thames-Coromandel, Hauraki, Matamata-Piako and South Waikato district councils. They had promised to get Utilicorp's permission before selling their Power New Zealand shares. The judge "found it hard to believe" that Power New Zealand had no knowledge of the deals, leading to a Stock Exchange investigation. A subsequent disclosure showed Utilicorp had done a similar deal with WEL Energy. Utilicorp then accused Mercury of paying higher prices for large parcels of shares than its public offers. (*Press*, 10/9/96, "Mercury battles Utilicorp in court", p.16; 18/9/96, "Utilicorp discloses new verbal agreement for Power NZ shares", p.40; 24/9/96, "Utilicorp bid backed despite no appraisal", p.32; 8/10/96, "Mercury back to court", p.40; 20/11/96, "Power New Zealand releases hold on councils", p.37; 30/11/96, "Power New Zealand holding", p.27.)

Mercury Energy (18.0%), Power New Zealand (13.0%), and WEL Energy (3.2%) together have over a third (34.2%) of the electricity distribution market, and Bay of Plenty Electricity (owned by Power New Zealand) has a further 2.0% (*New Zealand Herald*, 22/5/97, "Power NZ deal raises distribution ownership issues", p.C2).

Brierley Investments buys Harrah's 12.5% share in Sky City casino

Brierley Investments Ltd, approximately **20%** owned by **Camerlin Group Bhd** of **Malaysia** and approximately **6.4%** by "interests associated with the **Singaporean** Government", has approval to acquire **12.5%** of **Sky City Ltd**, **Auckland's** Sky City Casino and Sky Tower owner, from **Harrah's Entertainment Inc** via its subsidiary, **Harrah's Operating Company, Inc**. Harrah's, of the **U.S.A.**, is a casino owner and operator. The price was **$84,375,000** and included the seven pieces of land totalling approximately **2.2557 hectares** which constitute the "Sky City and Sky Tower" sites in the Auckland central business district. Brierley Investments owned its previous **50.6%** interest through subsidiary **Betony Properties Ltd**. It now has 63.1%.

Harrah's had the management contract for the Casino, which Sky City has bought out for about $13.5 million after tax. The casino was paying between $9 million and $10 million annually to Harrah's as a management fee. The changeover will not be immediate as Sky will take some months to complete legal requirements for the casino operator's licence (*Press*, 27/6/97, "BIL lifts casino stake to 63%", p.19).

Management of the casino has been strongly criticised for its "appalling record" in industrial relations, to the extent that Labour and Alliance MPs boycotted the opening of the Sky City Tower in August (*Press*, 1/8/97, "MPs to boycott Sky City opening", p.5). In July an employee had been sacked for using the wrong toilet. The Service Workers' Union said more than 1,000 staff had left the casino in the 18 months since its opening. Union officials had attended more disciplinary meetings for Sky City staff than with any other company or organisation in Auckland, and described it as having an "upstairs, downstairs-style mentality" (*Press*, 24/7/97, "Sky City under cloud", p.2).

Financially the casino was up to expectations, the profit to June 1997 being $36.088 million, up 133% on the 1996 figure which represented only five months trading. However, earnings from restaurants, bars, theatre and the hotel had been disappointing. Sky City paid out 90% of its tax-paid earnings in dividends. This did not stop the share price falling: share analysts had expected even higher earnings.

Sky City has applied for a casino premises licence in Queenstown, in a joint venture with Skyline Enterprises. It is also interested in a Wellington licence (*Press*, 26/8/97, "Sky City deals forecast hand", p.31; 27/8/97, "Sky City in a spin", p.30).

Itochu buys remaining 49% of South Wood Export, with 2,307 ha. land, for $4m

The Aotearoa subsidiary of the **Itochu Corporation** of **Japan**, **Itochu New Zealand Ltd**, has approval to acquire the remaining **49%** of **South Wood Export Ltd** that it does not already own, for approximately **$4,000,000**. The land involved is approximately **2,307 hectares** forming part of a commercial forestry operation in Southland, "held by direct ownership or through related associated entities, including joint venture parties and subsidiary companies".

South Wood has appeared most frequently in OIC decisions as the contractor running forestry operations on land purchased by the Southland Plantation Forest Company of New Zealand Ltd, which is ultimately owned by New Oji Paper Company Ltd and Itochu Ltd of Japan. Until a decision reported in September 1996, the shareholding in South Wood was reported by the OIC to be 66.6% by MK Hunt Foundation Ltd of Aotearoa and 33.3% by C Itoh and Company of Japan (another name for Itochu).

Also until September 1996, virtually all reported purchases involving South Wood were in Southland. That month, however, Atadair Forests Ltd, owned by Carter Holt Harvey Ltd of the U.S.A. (78%), South Wood Exports Ltd (19.9%) and Itochu New Zealand Ltd (2.1%), took over the lease of 813 hectares of land from Parengarenga A Incorporation for a "nominal amount". It was "part of the Parengarenga B3C Block created by

in Kaitaia, Northland, with associated forestry rights. This land is not mentioned in the present decision.

According to the New Zealand Press Association (e.g. *Press*, 16/10/97, "Itochu drops TAB action", p.29), the shares were sold by the chairman of South Wood, Keith Hunt. South Wood had been in the midst of legal action against the TAB after a former employee was convicted of defrauding the company to gamble on the horses. Itochu dropped the action and installed an Itochu consultant, Dick Perham, as chairman.

Other Land for forestry

◆ A further small block of land for forestry development has been sold at **Paponga Road, Broadwood, Far North District**. This one is "approximately **ten hectares**" for **$30,000**, being sold by **Northern Pastoral Ltd** of Aotearoa to **Ms Hon Ching Claudia Lung** of **Hong Kong**. It will be managed by **Far North Afforestation (NZ) Ltd**. What makes it different is that it is that it is not being organised by the usual Deborah Miller of Brookfields, Auckland, but by Ms A. Palmer of Phillips Fox, Auckland, who gives somewhat more detail about the arrangement than Ms Miller:

> "The land being acquired by the applicant is part of a larger property (in excess of 360 hectares) which was acquired by Northern Pastoral Limited and converted into a commercial forestry operation in 1996. Northern Pastoral Limited of New Zealand (the Vendors) and Far North Afforestation (NZ) Limited of New Zealand (the Managers of the forestry operation) are involved in the purchase of land which is converted into forestry and then subdivided and marketed as 10 and 20 hectare radiata pine forestry blocks. The current forestry operation was planted in radiata pine in 1996, and has been advertised extensively over the past 12 months. In addition it is stated that several forestry seminars have also been held by the company and as a consequence most of the blocks have been sold to New Zealand Chinese. It is stated that Ms Lung is the only overseas purchaser in the development. It is stated the applicant has entered into a forestry development contract with Far North Forestation (NZ) Limited, who will manage the day-to-day operation of the forest. Furthermore, it is advised the involvement of the company in the Northland area has created the only real opportunity for farmers to exit from what is marginal pastoral land to a more favourable area. It is also advised that the forestry development enables the land which is better suited for forestry to be put to a more productive use. ... It is stated that in addition to the consideration paid in respect of the parcel of land, an additional $27,000 has been paid for the development/ management of the land represented by way of a Forestry Development Contract."

◆ However, **Deborah Miller** is not missing out entirely. She has organised another sale of a **32 hectare** block of land in the **Paparangi Station** in **Rangitatau Road, Wanganui**, to four residents of **China**, for **$117,000**. The land is, as usual, being sold by the **New Zealand Forestry Group**, and is presumably to be developed and managed by it.

◆ A resident of the **Netherlands**, **Mr Johannes Christian Van Bergen**, has approval to acquire the **1,831 hectare Craigie Lea Station**, in the **Carterton District, Wairarapa** for a suppressed amount. The station is being sold by the "Trustees of Craigie Lea Station (on behalf of **Mrs G. Dick**)".

> "... the land is currently uneconomic farmland requiring development and capital to re-establish it as a viable option. The applicant intends to develop the property for afforestation purposes utilising the services/ expertise of New Zealand forestry consultants."

◆ **Rayonier New Zealand Ltd**, a subsidiary of **Rayonier Inc** of the **U.S.A.**, has approval to acquire **42 hectares** of afforested land in **Kapiti, Wellington**, for a suppressed amount. The OIC is unusually forthcoming about Rayonier:

> "The Commission is advised that Rayonier Inc, which ultimately owns Rayonier New Zealand Limited, manages or owns 500,000 hectares of forest in the United States of America. Rayonier Inc also owns two specialty pulpmills and three sawmills in the USA. It has offices in China, Japan, Hong Kong, Canada, Chile, Russia and Great Britain. The Commission is advised Rayonier wish to acquire the forestry right for the purpose of protecting its rights to the timber on the land, which it has agreed to purchase and cut. The acquisition represents a continuation of Rayonier's investment programme in the New Zealand forestry industry and it is anticipated 40 percent of the timber harvested will be processed domestically."

◆ A joint venture made up of **Nelson Forest Products Company**, a subsidiary of **Weyerhaeuser Company**, and **RII New Zealand Forests 1 Inc**, both of the **U.S.A.**, has approval to acquire **0.1295 hectares** of land in **Blackbird Valley, Tasman District, Nelson** for **$14,200**, to give it "access to maintain and harvest a forest". Last month the OIC gave Weyerhaeuser approval to buy Fletcher Challenge's 51% share of the joint venture.

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approval to buy Fletcher Challenge's 51% share of the joint venture.

◆ And **Rayonier New Zealand Ltd** has another approval: to acquire **Mt Duncan Afforestation Co. Ltd** for a suppressed amount. The company owns approximately **299 hectares** of land in the **Lakes Water Survey District, Marlborough.**

> "... Rayonier is acquiring Mt Duncan to enable it to gain access to the trees on the land owned by Mt Duncan and to continue with subsequent plantation forest rotations. The acquisition is a continuation of Rayoniers' investment programme in the New Zealand forestry industry. 213 hectares of the land is planted in pine plantation. ... Rayonier has been an active merchandiser and marketer of logs in the Picton region for the last three to four years and in the Nelson area for five years. Its activities have raised interest in and the value of forests in the region, and created valuable business for logging and cartage contractors, the Picton Port Company (which has commenced the Shakespeare Bay Port expansion on the basis of the forestry business growth) and service agencies. The acquisition will underpin and protect the continuity of this business, and potentially allow some expansion as it provides all weather access."

◆ The **Silver Bay Trust**, a family trust whose beneficiaries are "at first instance, New Zealand citizens", but whose trustees are all members of the **Mueller** family, living in **Belgium**, Aotearoa, and the **U.S.A.**, has approval to acquire **33 hectares** of land at **Te Rua Bay, Tory Channel, Marlborough Sounds**, for **$110,000**.

> "... the applicants intend to develop the property as a commercial forest. Sixty percent of the property is currently fully planted in forest seedlings. The applicants intend to continue development of the forest and have employed a forestry consultant for forestry management. ... the applicant is committed to making a considerable investment, providing up to $500,000 over the expected thirty year crop rotation cycle. ... the remaining forty percent of the property is unsuitable for forestry planting due to exposure and steep gradient. Further the Marlborough District Council consider it unsuitable for production forestry as the area is a 'headland' with direct frontage to the Cook Strait and believe it should be kept in its natural state. The applicants also intend to construct a house on the property which will require a major commitment of capital due to the remoteness of the property's location."

◆ The majority shareholder in **Wenita Forest Products Ltd**, **Sinotrans (NZ) Ltd**, has approval to increase its shareholding to **62%**, with a suppressed price and rationale. In February 1997 the shareholders of Wenita Forest Products Ltd restructured their interests. Sinotrans, a subsidiary of **China National Foreign Trade Transportation Corporation**, which is owned by the **Chinese Government**, raised its shareholding from 45% to **55.4%**. The other shareholders in Wenita are **Togen Enterprises (NZ) Ltd** of **Hong Kong** (38.0%) and **Chen Weng Dong** of **China**, based in **Hong Kong** (6.6%). The OIC lists Wenita's forestry interests as **5,796 hectares** of freehold land comprising Wenita Forest Estate at: **Mt Allan Forest (Mosgiel), Brock Forest (Otago Coast), Waronui Forest (Milton), Rosebank Sawmill** and **Allanton Processing Plant**, all located in **Otago**. This has not changed since February. Wenita also holds Crown Forest Licences over 23,695 hectares of land at Berwick and Otago Coast, Otago.

More refusals: German refused land in Northland, Venezuelan in Bay of Plenty

The OIC has made its third and fourth refusal of an application in 1997.

In one, the OIC has refused consent to **Mr Martin Josef Pohl**, a resident of **Germany**, to acquire a piece of land "which exceeds five hectares in area" in **Northland**. The land was to be used for "forestry/lifestyle", but the price and details of the land involved have been suppressed.

In the other, the OIC refused to allow **Alberto Finol** of **Caracas, Venezuela**, to buy over five hectares of land in **Bay of Plenty** for dairy farming. Again, the price has been suppressed.

This is interesting, because in December 1996, we reported that

> "In a deal apparently brokered by the New Zealand Dairy Board to smooth trade with Venezuela, Mr Alberto Finol of Caracas, Venezuela has approval to buy 109 hectares of land near Whakatane, Bay of Plenty for $2.3 million. "Mr Finol is involved in a joint venture business with the New Zealand Dairy Board which imports substantial quantities of dairy produce from New Zealand to Venezuela and the United States. The New Zealand Dairy Board is anxious to expand the existing business arrangement and views the acquisition as assisting in achieving that goal. It is stated that the proposal is a result of recommendation by the New Zealand Dairy Board that he expand his involvement and association with the New Zealand dairy industry."

It is not clear whether this month's refusal is a review of the December 1996 decision, or whether it concerns a new piece of land.

Other rural land sales

◆ **Neil Construction Ltd**, a subsidiary of **Neil Holdings Ltd**, owned by the **Tiong family of Malaysia**, has approval to acquire **eight hectares** of land at **Baverstock Road, East Tamaki, Auckland** for **$2,100,000**.

> "Neil Construction propose to utilise the property for the construction of a residential subdivision in the **Manukau City** area. The proposed development will be developed in two phases and will be completed by the year 2001."

◆ **Inghams Enterprises (NZ) Pty Ltd**, a subsidiary of **Ingham Enterprises Pty Ltd** of **Australia**, has approval to acquire **67 hectares** of land at **Leslies Road, Putaruru, Hamilton, Waikato**, for **$580,000**. According to the OIC,

> "... the principal activities of Inghams are poultry farming, poultry processing and feed milling. ... Inghams has extensive experience in poultry farming, management and processing through significant poultry related investments both in New Zealand and in Australia. ... Inghams advise they intend to utilise the property as an extension of their existing poultry operations and anticipate the total amount of capital expenditure to be incurred will be in the vicinity of $2.4 million."

◆ **Eire Cattle Company Ltd** of **Ireland** has approval to acquire **50 hectares** of land on **Plantation Road, Te Kauwhata, Waikato** for **$462,500** for **dairy farming**. The company is owner by the **Cleary Family Trust** whose trustees are **Mr Eamon Joseph Cleary of Ireland** and **Mr J. Henderson** of Aotearoa. The beneficiaries of the trust are Mr Cleary, his children, and "remoter issue". The land is being sold by **Mr and Mrs Maber**.

> "... the proposal represents a significant capital investment in the development of the Maber property which is described as in poor condition and uneconomic as a single farming unit. The proposal will allow the amalgamation of the Maber property with the adjoining property owned by the applicant. The applicant intends to combine both properties and to undertake an extensive dairy conversion resulting in a more productive and intensified use of the Maber property. The Commission is advised that Mr Cleary has extensive experience and success in farming in Ireland and New Zealand. The Commission is also advised that Mr Cleary has established a cattle grazing and fattening project involving farming cattle on other farmers' properties which allows local farmers without capital to have their own cattle. The Cleary family also has other significant investment in New Zealand which were also the subject of previous approval from the Commission."

In September 1996 we reported:

> "Clearwood Developments Ltd which is 66.6% owned by E.J. Cleary and family of Ireland and 33.3% owned by the RB and KB Lockwood Family Trusts of Aotearoa, has approval to buy seven hectares of land currently used as a 'residential lifestyle block' on Whatawhata Road, Hamilton, for $1,400,000, for residential subdivision. The same company was given approval to buy seven hectares at Tamahere, Hamilton for $900,000 in April 1996, also for subdivision. At that time it was stated that 'Mr Cleary has been granted permanent residency and proposes to move to New Zealand in the near future'. Clearly the future wasn't that near."

◆ More land is being bought for gold mining around **Waihi, Coromandel**. **Waihi Gold Company Nominees Ltd** of **Australia** has approval to acquire **0.1518 hectares** of land at **2 Cambridge Road, Waihi, Coromandel**, for **$130,000** from **S.W. and E.D. Rhind**. Waihi Gold Company Nominees Limited is owned **28.35%** by **Waihi Mines Limited**, **28.35%** by **Welcome Gold Mines Limited**, **27.84%** by **AUAG Resources Limited** and **15.46%** by **Martha Mining Limited**.

> "Waihi Gold holds rural and urban land in around Waihi as trustee for the participants in the Waihi Gold Mining joint venture... The property is being acquired to assist in providing a buffer zone between the mine and existing residential areas and to enable the extension of the existing mining operation ... The proposed extension of the mine will extend the life of the mine for an additional seven (7) years (approximately) and this will result in continued employment for the 135 people employed in the operation."

◆ A partnership equally owned by **Mr Adrian Wild** and **Mr Howard Greenhalgh** of the **U.K.** and **Mr Ian Hollister** and **Mrs Janice Hollister** of Aotearoa has approval to acquire **21 hectares** of land, which adjoins a reserve, on **Radar Road, Whenuakite, Coromandel Peninsula**, for **$995,000** from **Paraiso Properties Ltd**.

> "The partnership proposes to operate the property as a commercially viable olive grove producing a high quality olive oil for the local and export market. ... The applicants state that Mr and Mrs Hollister of New Zealand will manage the development of the olive grove and the remaining property (including a forestry development) with the assistance of an independent olive consultant and Technical Advisor to the New Zealand Olive Association.

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> ... the overseas investors are providing the financial resources to allow the Hollister's to fund the purchase and development."

◆ **Steeby Enterprises Ltd**, owned by **Roger and Sonya Steeby**, citizens of the **U.S.A.** who "have been granted permanent residency status and intend to reside permanently" here, have approval to acquire approximately **eight hectares** of land on **Gladstone Road, Masterton, Wairarapa** for **$160,000** from **Mana Flats Ltd**.

> "Mr Steeby was approved for residence in 1996 under the business investor category of the New Zealand Immigration Service. Under the business investor programme Mr Steeby has invested $750,000 in direct investments in New Zealand through the applicant company, Steeby Enterprises Limited. ... the property is considered unproductive as an independent farming unit and the vendor intends to subdivide it from a larger property. The applicants state that they intend to construct a homestead on the site as part of the development of a bed and breakfast operation targeting both overseas and local tourists wishing to experience a rural lifestyle."

◆ **Corbans Wines Ltd**, owned by the **DB Group**, has approval to acquire **eight hectares** of land in **Rapaura Road, Blenheim, Marlborough**, for **$610,000**. Of the 8.196 hectares, 6.763 hectares is planted in grape vines (sauvignon blanc 3.699 hectares, and chardonnay 3.064 hectares), although "approximately 4.223 hectares" of the vines will be replanted due to diseases. Corbans "sees the acquisition as a way to secure a supply of grapes for its wine business and specifically for the purpose of expanding its markets both domestically and internationally." The DB Group, which is publicly listed, is "approximately **58.39%**" owned by **Asia Pacific Breweries Limited** of **Singapore**, which in turn is owned **80%** by **Heineken NV** of the **Netherlands** and **Fraser, Neave Limited** of **Singapore**.

August 1997 decisions

AUSDOC of Australia buys express freight subsidiaries from Freightways

Express Freight Services Ltd, owned by **AUSDOC International Pty Ltd** of **Australia**, has approval to acquire nine subsidiaries of **Freightways Ltd** for "**approximately**" **$157 million**. According to *Reuters* it is the biggest courier and express freight business in Aotearoa (*Press*, 8/8/97, "Freightways courier arm sold to Ausdoc", p.25). The subsidiaries are:

> Messenger Services Limited;
> New Zealand Couriers Limited;
> New Zealand Document Exchange Limited;
> Parceline Express Limited;
> Post Haste Limited;
> Castle Parcels Limited;
> Stocklink Distribution Limited;
> Freightways Information Services Limited; and
> Freightways Properties Limited.

The sale is part of the breakup of Freightways by its owner, Tappenden Holdings, which is headed by Alan Gibbs and Trevor Farmer. In July 1997 we reported three OIC decisions concerning its pallet hiring and manufacturing business (CHEP and TCP, sold to Brambles of Australia) and Armourguard security (sold to Tyco of the U.S.A.).

The present decision concerns the core, and the remainder, of Freightways, which was put up for tender. It became a political issue because New Zealand Post was interested in buying the business to strengthen itself in preparation for the threatening deregulation of postal services, but was vetoed by Treasury. New Zealand Post had received Commerce Commission approval, subject to it reselling the competing company, New Zealand Document Exchange Ltd. New Zealand Post could afford the purchase, having debt of only 38% of assets in spite of paying the Government almost $200 million in dividends in the last two years. Apparently the Treasury principle of non-intervention in State Owned Enterprises doesn't apply when intervention is required to prevent the SOE's commercial success. The veto reportedly left only AUSDOC and Blue Star as bidders. (*New Zealand Herald*, 3/7/97, "Govt blocks bid by NZ post to expand", p.D1.)

AUSDOC's business in Australia is document exchange and information management. The acquisition will be hard for it to swallow: AUSDOC has a market capitalisation of only about $145 million, which is less than what it is paying for the new companies. The takeover will be financed by an issue of $30 million in perpetual preference shares and a A$40 million rights issue and share placement. The Freightways division had gross revenues of about $160 million in the year to 31/3/97 (*Press*, 7/8/97, "NZ Post out of bid", p.24; 8/8/97, "Freightways courier arm sold to Ausdoc", p.25).

Tribune Group of the U.S.A. buys Shortland from Wilson and Horton

The **Tribune Company** of the **U.S.A.**, which describes itself as "one of America's leading media companies", has approval to acquire **Shortland Publications Ltd** for a suppressed amount from its 100% owner, **Wilson and Horton Ltd**, which is **85%** owned by **Independent Newspapers Plc** of **Ireland** and the **U.K.**

Shortland, based in Auckland, specialises in educational books and other materials. It has a subsidiary, Shortland U.S.A., operating in Denver, Colorado, and also operates in the U.K. Wilson and Horton sold it because it was a "non-core asset". Its new owner also owns the U.S. newspaper, the *Chicago Tribune*, and already is

engaged in educational publishing (*Press*, 30/8/97, "Wil Hort sells educational division", p.24).

Kiwi Income Property buys further land on Mt Wellington Highway, Auckland

Kiwi Income Property Ltd has approval to acquire **nine hectares** of land on **Mt Wellington Highway, Auckland**, for **$20,000,000** for commercial leasing, through its subsidiary, **Sylvia Park Ltd**. The land, being sold by **Sylvia Park Property Ltd** and **Sylvia Park Business Centre Ltd**, is adjacent to land already owned by **Kiwi Income Property Trust**, for which Kiwi Income Property Ltd acts as agent and manager. The Trust "plans to commence an in-depth investigation" of the site with a view to "realising its development potential" over the next five to seven years. Kiwi Income Property Ltd is **50%** owned by **FCMI**, a public company of **Canada**, and **50%** owned by residents of Aotearoa. Kiwi Income Property Trust is a "New Zealand listed unit trust" which is "approximately 70 to 75% owned by New Zealand residents".

Calidore Group of the U.K. acquires Keystone Solutions Ltd

Calidore Group Plc, a public listed company of the **U.K.** has approval to acquire **Keystone Solutions Ltd** for a suppressed amount.

Keystone is a developer of software for legal and accountancy firms (*Independent*, 23-24/8/97). Calidore, which was founded by "two young whizz-kids, Damian Aspinall and Anton Bilton", will change its name to Keystone (*Daily Mail*, 14-15/6/1997, Michael Walters; *Sunday Telegraph*, 13-14/9/97; ref: http://www.news-review.co.uk). The OIC claims that Calidore "has business experience and acumen" and "has considerable experience in operating and expanding smaller public companies".

Tourism Asset Holdings of Australia buys Novotel Wellington

Tourism Asset Holdings Ltd of **Australia**, whose majority shareholder is **AAPC Ltd** of **Australia**, has approval to acquire **AAPC Wellington Pty Ltd** for **$13,500,000**. AAPC Wellington, owner of the **Novotel Hotel** in **Wellington**, is a wholly owned subsidiary of AAPC Ltd of Australia.

In January 1997, we reported that Tourism Asset Holdings had acquired Novatel Auckland and Holiday Inn Queenstown. AAPC is part of the French group, Accor Asia Pacific. In 1993, Accor managed 2,098 hotels worldwide and more than 120 hotels in Australasia. It listed Tourism Asset Holdings early in 1996, retaining a 40% shareholding, with its own shareholders owning a further 20%.

Property in The Strand, Parnell, Auckland, sold to Hong Kong resident for $10m

Mr Lau Kwok Hung, a resident of **Hong Kong** and a citizen of **Australia**, has approval to acquire **155-165 The Strand, Parnell, Auckland**, for **$10,175,000**. The vendor is **Strand Investments Ltd**.

> "It is stated the proposal represents the purchase of property upon which a three storey commercial office and warehouse building is erected. It is advised the building is currently tenanted. Mr Lau views the acquisition as enabling him to diversify his current investment portfolios, which it is stated comprise both residential and commercial properties located in Hong Kong and Australia."

Allied Foods buys four ha. of land in Otahuhu to rebuild Stormonts Bakery

Allied Foods Co. Ltd, a subsidiary of **Allied Foods (NZ) Ltd**, which is in turn a subsidiary of **George Weston Foods Ltd**, a public company listed in **Australia**, has approval to acquire approximately **four hectares** of land at **638 Great South Road, Otahuhu, Auckland** for **$5,300,000**. It will use the land to rebuild its Kingsland, Auckland, **Stormont Bakery** which was destroyed by fire in May 1997 and employs 135 full time staff.

Allied and Goodman Fielder are estimated to have up to 85% of New Zealand flour milling sales and are the top two bread bakers following the exit of Defiance and the sale of its assets to Goodman. As part of its assent to this deal, the Commerce Commission forced Goodman to sell its Champion flour mill and retail packing plant in Christchurch to Allied (*Press*, 8/3/97, "Defiance Food sold to Goodman's", by Alan Williams, p.25). George Weston Foods is ultimately owned in the U.K. (*Press*, 18/6/97, "Goodman gets DFI go ahead", p.27).

From one U.S. transnational to another: Snorkel sold by Figgie to Omniquip

Omnicorp International Inc, of **Delaware, U.S.A.**, has approval to acquire **Snorkle Elevating Work Platforms Ltd** from **Figgie International** of the **U.S.A.** for **US$15,000,000**. The local Snorkel subsidiary is "primarily a manufacturer of elevating work platforms" based in **Levin, Manawatu**.

> "... the acquisition is part of an international acquisition by Omniquip of Figgie's Snorkel division. ... Omniquip is the largest North American producer of telescopic material handlers. Snorkel NZ is primarily a manufacturer of elevating work platforms. Omniquip view the acquisition as a 'natural fit' to their current business interests, enabling Omniquip to broaden their existing product lines. In addition it is stated the acquisition will provide a multiple brand distribution system and an enhancement of new

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technologies for products to be produced within."

Retrospective approval for change of ownership of Universal Beef Packers

Mystic Springs Investment Inc, a subsidiary of **Wellroc Enterprises Ltd** of **Taiwan**, has retrospective approval to acquire **86.58%** of the shares of **Universal Beef Packers Ltd** and acquire a further **6.71%** and control the appointment of its board. Universal Beef Packers is owned by **Mr J. S. McMahon** who holds the shares as trustee for **Ton Cheng Min (82.64%), Willy Muh (5.953%), Gin-Shiang Lin (5.413%) and Chung Chien Chang (5.992%)**. McMahon also gets retrospective approval to acquire those shares and control the board of directors. The price paid is not given: all we are told is that it is "pursuant to an agreement". Universal Beef Packers runs an **abattoir** on **nine hectares** of land in **Te Kuiti**, South **Auckland**, at which it employs "approximately 150 people".

> "The proposal represents a share restructure in order to reduce UBP's current debt equity. UBP state the proposal will also provide it with a basis for further expansion of its current operations. It is stated that the development of a new processing factory is to be commenced later this year, which will employ approximately a further 50 persons."

Sale of Hawkes Bay Orchard refused

The sale of an orchard in **Hawkes Bay** by **Meikle Farm Ltd**, a subsidiary of **Eastern Equities Corporation**, to **Patrick Arthur Wilcocks Sanders** and **Giselle Christine Mary Sanders**, U.K. nationals resident in **Malaysia**, has been refused approval as "it was not considered to be in the national interest".

Land for forestry

◆ **Carter Holt Harvey Ltd**, **51%** owned by **International Papers** of the **U.S.A.**, has approval for two similar land purchases in the **King Country**, both of which are a "continuation of their existing forestry operation within the King Country region".

> "**Approximately 307 hectares**" in three blocks in **Motutara Road, Te Maire Valley**, are being acquired for **$500,000**. The land is part of a 358 hectare property which Carter Holt claims is "generally unproductive and better suited to forestry". As part of the deal, Carter Holt is selling approximately 202 hectares back to the vendors to enable them to retain an economic farm.
>
> **Approximately 324 hectares** in **Mangahoe Road, Kaitieke, King Country** are being purchased for **$378,000**. The land is said to be "marginal for pastoral activities". Again, approximately 126 hectares of arable land are being sold back to the vendors by Carter Holt to "enable them to establish a deer farming unit".

◆ **Ernslaw One**, owned by the **Tiong family** of **Malaysia**, has approval to acquire **205 hectares** of land in **Falls Road, Weber**, 45 kilometres north of **Dannevirke, Hawkes Bay**, from **J.S. and T.M. Small**. The price has been suppressed.

> "The land being acquired is part of a larger (approximately 611 hectare) property and is generally unproductive land better suited for forestry. It is stated Ernslaw propose to develop the property for afforestation purposes and view the acquisition as a continuation of their existing forestry operation within the Dannevirke region. As part of the agreement reached between Ernslaw and the Small's, Ernslaw will sell approximately 51 hectares of more fertile land to the Small's which together with the balance of their existing property will enable them to retain an economic farming unit."

Other rural land sales

◆ Two residents of **Switzerland**, **Mr Hansjorg Binzer** and **Ms Gabrielle Barth**, both German citizens, have approval to acquire approximately **31 hectares** of land at **Mockingbird Hill, Kerikeri, Northland** for **$620,000**. The land is adjacent to land held "for conservation purposes".

> "... the property is described as 'uneconomic farmland' of which approximately ten hectares has been allowed to revert to scrub land. The applicants propose to acquire the property as a lifestyle block and intend to construct a dwelling house on the property, in addition to improving the quality of the soil and pasture on the property. ... the applicants propose to utilise the property primarily as a base to oversee their possible future commercial investments in New Zealand."

◆ More land is being bought for the **Martha Hill** gold mine at **Waihi**, **Coromandel**. **Waihi Gold Company Nominees Ltd** of **Australia** has approval to acquire **0.0809 hectares** at **6 Selvin Street** for **$81,000** from **A.V. Beehre**. Waihi Gold Company Nominees Limited is owned **28.35%** by **Waihi Mines Limited**, **28.35%** by **Welcome Gold Mines Limited**, **27.84%** by **AUAG Resources Limited** and **15.46%** by **Martha Mining Limited**.

> "Waihi Gold holds rural and urban land in around Waihi as trustee for the participants in the Waihi Gold Mining joint venture... The property is being acquired to assist in providing a buffer zone between the **Martha Hill mine** and existing residential areas and to enable the extension of the existing mining operation ... The proposed extension of the

mine will extend the life of the mine for (approximately) seven (7) years and this will result in continued employment for the 135 people employed in the operation."

◆ Two residents of the **U.K.**, **Mr Antony Hugh Pike** and **Mrs Eldora Brown Pike**, have approval to acquire **110 hectares** of land in **Nydia Bay** in **Pelorus Sound**, **Marlborough**, for **$260,000**. The property is part of a larger farm. In 1978 the Crown requested the vendor, **J. H. Mead**, to subdivide his farm to enable the Crown to take part of the land for a recreational reserve.

> "This resulted in the land that is to be acquired by the Pikes' being effectively isolated from the rest of the farm. Since its isolation the land has not been farmed and has been allowed to revert to scrub. The Pikes, with the support of the Department of Conservation, propose to utilise the land for lifestyle purposes and in addition, develop regenerating native bush species on the property. Furthermore, it is stated that the Pikes' have expressed a commitment to New Zealand and intend to take up permanent residence on the property following Mr Pikes retirement."

Released on appeal

December 1996

Macraes buys more land for gold mining at Macraes Flat, Otago

In a decision originally almost totally suppressed, **Macraes Mining Company Ltd** has approval to acquire **four hectares** of land at **Macraes Flat, Otago** "as part of the ongoing identification of gold resources at the **Macraes Gold Project**". The land is being purchased for **$285,000** from **S. E. Neshausen** and **R.C. Robinson**. Macraes Mining is "approximately **39%**" owned by **Union Gold Mining NL** of **Australia**. The project is increasingly unpopular with the surrounding community, and Macraes appears to have a practice of asking for complete suppression of OIC decisions.

January 1997

First Brands of the U.S.A. buys Zendel Battery Co from National Foods

In a decision originally almost totally suppressed, **First Brands Corporation** of Delaware, **U.S.A.**, gained approval to acquire **Zendel Battery Co. Ltd** from **NationalPak Ltd**, a subsidiary of **National Foods Ltd** of **Australia**, for a price "yet to be determined".

> "First Brands primary business is manufacturing, selling and distribution of a wide variety of products, including plastic wraps and bags, automotive fuel and oil additives, to the household market... First Brands see the acquisition as enabling them to increase their presence in the New Zealand marketplace, which at present is very minimal, as well as providing opportunities for exploiting synergies between the business of First Brands and that of Zendel."

Macraes buys 1,592 ha. more land at Macraes Flat, Otago

In a decision originally almost totally suppressed (in keeping with Macraes' practice), **Macraes Mining Company Ltd** has approval to acquire **1,592 hectares** of land at **Macraes Flat, Otago** "as part of the ongoing identification of gold resources at the **Macraes Gold Project**". The land is being purchased for **$2,000,000** from **B. G. O'Connell**. Macraes Mining is "approximately **39%**" owned by **Union Gold Mining NL** of **Australia**.

Morgan and Banks of Australia buys remaining 65% of Aotearoa branch

Morgan and Banks Ltd, an **Australian** public company, and its Aotearoa subsidiary **Maldon Holdings Ltd**, have approval to acquire **100%** of **Morgan and Banks Ltd** of Aotearoa. The Australian company had previously owned **35.5%** of the Aotearoa company through Maldon Holdings. They describe their business as "human resource services". The price was initially suppressed but it was released on appeal: **$8,850,119**. It turns out that the 35.5% the Australian company previously owned was acquired illegally: in April 1997, Morgan & Banks (Australia) got retrospective approval for buying 35.47% of Morgan & Banks Ltd (Aotearoa), for $2,119,125.

February 1997

Macraes buys a further eight ha. land at Macraes Flat, Otago

In a decision originally (in keeping with Macraes' practice) almost totally suppressed, **Macraes Mining Company Ltd** has approval to acquire **eight hectares** of land at **Macraes Flat, Otago** "as part of the ongoing identification of gold resources at the **Macraes Gold Project**". The land is being purchased for **$75,000** from **Messrs G.N., R.W. and E.G. Mills**. Macraes Mining is "approximately **39%**" owned by **Union Gold Mining NL** of **Australia**.

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[1]. All spelling of geographic and company names is as supplied by the OIC unless otherwise it is clear from the context that the source is from elsewhere. Errors are those of the OIC.
Areas are rounded to the nearest whole number.
Information quoted, unless otherwise noted, comes from the "decision sheets" of the Commission.

BANKS

Branch Closures

The foreign owned banks continue to close branches around the country. In August 1997, the BNZ announced that it will close in Featherston and Greytown, leaving the Wairarapa towns without any banks (because ANZ closed its own branches and subsidiary PostBanks in Carterton, Featherston and Greytown earlier in 1997). The ANZ shut 62 branches in the year to September 1997 and plans to close 40 more. ANZ had 536 branches when it took over PostBank in 1989 - it is now aiming to have only about 160. It's not only country towns that suffer. In September 1997, the ANZ closed its ANZ/ PostBank branch in Richmond, Christchurch - it was the last trading bank in the suburb. Residents held a protest picket, joined by their Labour MP, Tim Barnett. They pointed out that the area contained a high number of elderly, beneficiaries, and disabled people, who now faced a taxi ride to the nearest branch.

But while actual branches are being shut down, the banks are investing in money machines and phone banking. The ASB has cut branches from 126 to 123 but has opened BankDirect, NZ's first branchless banking operation. It is aimed at younger people. And if you're wondering who is the fellow on BankDirect's rather robotic TV ads, he is Roland Gift, lead singer in the British rock group Fine Young Cannibals. He has himself featured in a foreign investment controversy in NZ - earlier in the 90s he bought land on the Coromandel and attracted the attention of local environmentalists.

This nonstop policy of branch closures obviously impacts on the jobs of bank staff. For example, BNZ staff numbers have fallen from 10,000 at the start of the 1990s to 5,000 now. Further cuts are planned to reduce the workforce to 4,000 by the new century.. So does the overwhelmingly Australian ownership of the banks. ANZ is moving its Project Global computer facilities to Australia; the BNZ has announced a review to see what functions can be shared with its Australian owner, the wonderfully named NAB (National Australia Bank). The logical end result of that is the BNZ becoming simply an NZ branch of the NAB. The reality is that decisions about New Zealand banking are now made in Sydney and Melbourne.

Profits And Fees Up

But the Australian decision makers ensure that their NZ banks make a profit. The ANZ's profit for the nine months to June 1997 was up 7%, to $127 million. The BNZ, for the year, increased 5%, to $335 million (the parent, NAB, made an $NZ2.5 billion profit for the year). WestpacTrust made $333 million for the year, reflecting its 1996 takeover of TrustBank. The ASB's profit was up 29% for the year ended June 1997, to $92 million (the parent, Commonweath Bank of Australia, made an $NZ1.25 billion profit for the same period).

One way that banks increase their profits is by inventing and increasing a whole raft of fees. That is, you pay for the privilege of a bank storing and allowing you access to your own money. Having closed branches and driven customers to use money machines, banks are now charging a fee (around 50c) for each time you use the machines. There is a charge on cheques too. Nor is this much hyped phone banking immune - the BNZ

(Protest at ANZ branch closure in Christchurch - *Christchurch Mail* 25.9.97)

offered a free service. Now that has been replaced by only five free calls a month; each additional call is 50c. As of October 1997, ANZ is charging 25c for electronic transactions and 50c for manual ones (so they win both ways). Superannuitants and customers with more than $5,000 are exempt. It is charging PostBank customers a transaction fee for the first time ever, and is increasing the account's administration fee to $1. These fees particularly discriminate against the poor, who invariably have small accounts, requiring a lot of transactions. Banks quite blatantly don't want the business of the poor - they're too much bother and bad for the corporate image. Liz Brown, the Banking Ombudsman, points out that banks are not obliged to open an account for everyone, but feels that the onus is on Income Support to ensure beneficiaries receive their benefits if they don't have, or can't open, a bank account.

Banks featured in the nominations for the Roger Awards (*see elsewhere in this issue. Ed*). One read: "...ASB Bank, particularly for their biased, slanted advertising which targets, I believe, scrap metal merchants who must lust to their knee joints to get their hands on that ASB robot thing and wreck him for recycling as scrap". Another one nominated ANZ/PostBank because: "Increased account and transaction fees; disregard for needs of beneficiaries; branch closures - unemployment and inconvenience to customers; interest given on deposits is small but interest charged on loans is larger, however, much of the monies loaned is created by the bank (fractional reserve only); profits made by the bank are phenomenal but they still want to levy account charges on beneficiaries and lowpaid workers..."

CAFCA's Better Late Than Never Award goes to our old friend, the *Press*, which wrote: "Nothing, it seems, is as good as a locally controlled community bank for getting customer priorities right. A pity, then, that New Zealand has hardly any left. In their absence, an inquiry into banking charges may be the only hope customers have. At present many clearly believe they are being ripped off" (14/8/97; "High bank charges"; editorial). Where were they when the battle was raging to save TrustBank from being taken over by Westpac in 1996, nowhere more fiercely than in Christchurch?

Which brings us to our next question.

WHY DOES CAFCA STILL BANK WITH A TNC?

A good question and one that was asked of the committee by a member at our 1997 AGM. In case you don't know, we bank with ANZ/PostBank (dating back to when it was the Post Office Savings Bank). The member who raised the question suggested we move to the Taranaki Savings Bank, the only New Zealand owned bank left (and not a national one at that). A 1997 Consumers Institute survey ranked the TSB as the best bank in the country. So we rang head office in New Plymouth and were told that it only handles personal customers, not businesses or societies. The lack of TSB branches around the country is the problem. The bank was aware of CAFCA, having been told all about us by a number of CAFCA members who have gone over to the TSB. Unfortunately, CAFCA itself (or the CAFCA/ ABC Organiser Account, which is with TrustBank) cannot join them.

Mind you, it might be a good thing. We seem to be the kiss of death for NZ owned banks. In 1996 we were right on the brink of moving to TrustBank (for exactly the same reason) when it announced that it was selling out. Needless to say we stayed with our original TNC.

So the answer is:
NO CHOICE

FORESTRY
There's Trouble At Mill

For years, forestry has been held out as one of the economy's bright shining stars. It is the third biggest exporter (behind dairy and meat products); and all sorts of glittering predictions are made as to its future potential. Lockwood Smith, Minister of Forestry, told the University of Canterbury's School of Forestry that it could create 30,000+ new jobs and earn an extra $5 billion in foreign exchange by 2010 .There is a catch, of course: "More than any other, the forestry industry is dependent on direct foreign investment. Attracting investment of that magnitude, creating those jobs, and getting those foreign exchange earnings, depends largely on how the Government and its economic policies are viewed internationally" (*Press*, 16/10/97).

Well, the forestry industry is already completely dominated by transnationals. Don't worry about the future - let's see how they treat their workers right now.

Fletcher Challenge

How times have changed. In 1982, the managing director of Fletcher Challenge Ltd (FCL), Hugh Challenge (who stepped down in 1997) said that there was no room in New Zealand for overseas owned and managed companies as well as New Zealand owned ones. "New Zealand companies should have matured enough by now to do the job" (*NZ Herald*, 26/4/97; *This Week In Time*). That was obviously then - this is now. In 1996, FCL became the biggest plantation forest owner in NZ when Fletcher Forests, in consortium with Brierley's and Citifor, a Chinese State corporation, bought Forestry Corporation from the Government.

FCL became the owner of ten processing plants in the central North Island and announced a study of all of them, saying only two could be considered internationally competitive. Attention was soon focused on Waipa, the former Forestcorp mill near Rotorua. Fletcher Forests started talking about it being "expensive" and "uncompetitive", having lost $25 million in the last three years. Even its appearance was criticised: "It look like somebody's second hand yard" (Ginny Radford, FCL communications manager; *NZ Herald*, 9/10/97). When FCL bought Forestcorp, it promised to spend $16 million upgrading Waipa. That hasn't eventuated. What has is that word that NZ workers have come to dread - "restructuring". In October 1997, Fletchers offered voluntary severance to all 350 workers, saying that it wanted about 110 to go. Funnily enough, this threat to a third of the Waipa workforce came hard on the heels of Fletchers being unable to negotiate a new contract with them. Alliance leader, Jim Anderton, who had led the 1996 petition campaign to get a citizens initiated referendum to reverse the Forestcorp sale, immediately denounced this as an "outrageous breach of promise...The Forestry Corporation was taken from the New Zealand public on the basis that new jobs would be created. Instead, jobs are being systematically destroyed" (*NZHerald*, 10/10/97).

The Wood Industries Union believes that the offer of voluntary severance is a Fletchers tactic to scare "surplus" workers into leaving, before redundancy is the only option, and that the company's aim is to downsize and re-employ people on less favourable conditions. Nearly all the Waipa workers are on a collective contract, compared with only two thirds of workers at Fletchers' other processing plants. By cutting out the union and going direct to the workers, dangling voluntary severance and making no commitment to Waipa's future, FCL knows that the workers are unlikely to take industrial action. But the omens do not look good - despite the union agreeing to increase daily shifts from two to three, FCL decided instead to cut shifts to one. Max Bradford, Rotorua's National MP and leading Cabinet ideologue, said any long term future for Waipa depends on "...a willing buy in by the workforce to new investment, new work skills and a different industrial attitude" (ibid).

But all is not lost for FCL workers who lose their jobs in the timber mills. FCL has discovered that it has a problem with dope growers in its vast plantations. There are jobs going for security guards.

Juken Nissho

This is a Japanese company which profited from the first wave of sales of cutting rights to State forests, by the Labour government in 1990. Juken Nissho Ltd (JNL) now owns several forests in Northland, the Wairarapa and Poverty Bay, with processing plants in each area. Most contoversially, it bought the Kaitaia Triboard Mill in 1991, despite the strenuous efforts by Mat Rata's Muriwhenua Corporation to secure it as a development project for local Maori (*see Mat Rata's obituary elsewhere in this issue. Ed*). JNL has been singled out by critics of the whole new ownership pattern of New Zealand forestry:

"...True, the result of Japanese interest in our forests is a new mill just out of Masterton. And jobs. But even where there is processing, new owners like the Japanese are doing little more than making plywood or other low

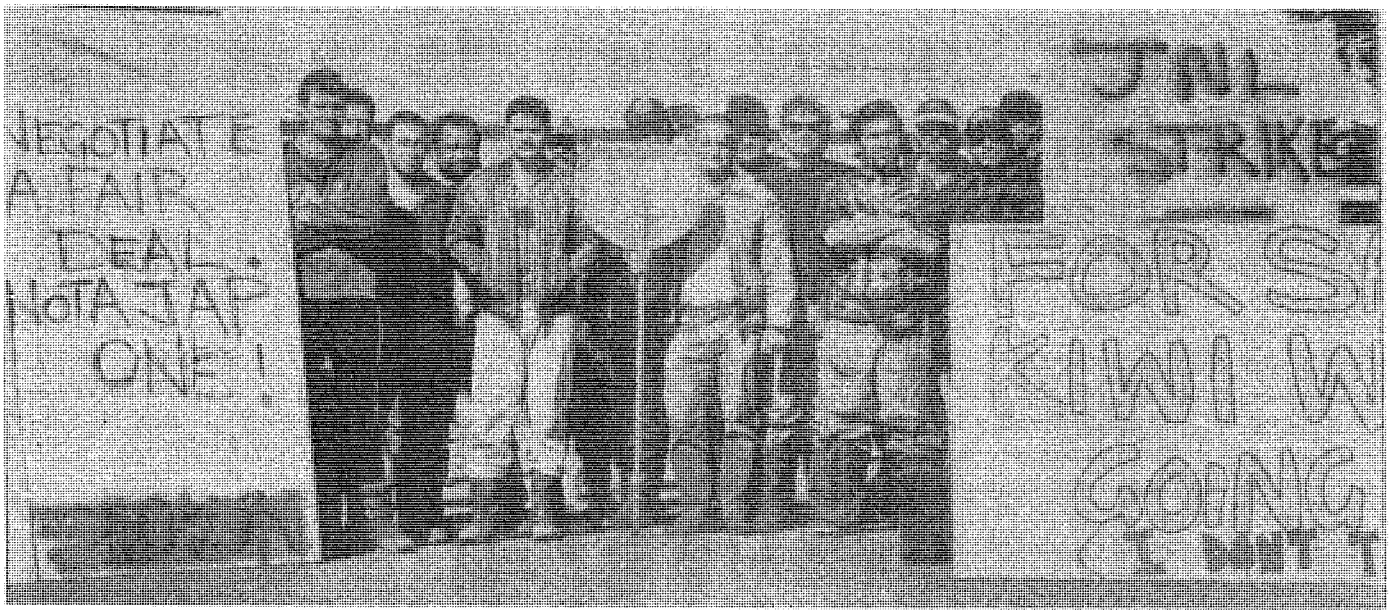
value products...our forests essentially have been bought by people who want only a low cost raw material for their use in Japan. Maximising the value of the wood or of the forest isn't their objective or concern..." (*Independent*, 19/2/93, "Forestry's hollow boom; Chainsaw Massacre", by Bob Edlin).

And its industrial record in that Kaitaia mill is unenviable. In August 1997, the 195 workers, members of the Wood Industries Union, National Distribution Union and the Engineers Union, went on indefinite strike because of JNL's attempt to claw back wages and conditions in a new contract. The unions believed that JNL wanted to use any new Kaitaia contract as a precedent for the workers in its greenfield processing plants near Masterton and Gisborne.

It was one of the longest and most bitter strikes in recent years. The workers were extremely militant and stayed solid. They picketed the mill 24 hours a day, for weeks, and enjoyed strong support in Kaitaia, despite that small town losing the benefit of JNL's $100,000 weekly wage bill (it is the biggest employer in town). The unions were shrewd enough to realise that they needed to win support far from remote Kaitaia. They travelled to Whangarei and, with local supporters, successfully picketed ships trying to load JNL triboard for export. Port workers refused to cross the picket line, the cops were called and there were a couple of arrests. In September they travelled to Auckland to confront JNL management. Doors were locked; the workers took them off their hinges and gave the bosses the message face to face. It was a great media event. The Alliance pledged its support; further afield, Japanese unions backed them, sending critical letters to the parent company, Juken Sangyo.

The strike lasted eight weeks. In October, the workers agreed to go back, having won a return on existing wages and conditions for 18 months. JNL agreed to let workers capitalise accrued leave to allow their families a source of emergency cash (strikes always hit the strikers hardest). New workers will come under this collective contract. In return, they agreed not to take any industrial action for 18 months, and accepted a new redundancy agreement (the interpretation of which could cause further strife). On October 16, they marched back to work en masse, backed by 150 supporters. Jim Jones, national secretary of the Wood Industries Union, claimed victory and urged other unions to fight back against the Employment Contracts Act. "It will send a signal to others that clawbacks are not acceptable" (*Northern Advocate*, 16/10/97).

This is the current reality in the forestry industry, not pie in the sky dreams of tens of thousands of new jobs. What jobs there are now are under threat of redundancy and there is a constant attack by the transnationals on wages and conditions. The Kaitaia workers and their supporters have shown Juken Nissho and the other TNCs that New Zealand unions and workers are not dead yet, despite their best efforts. They have shown that there is everything to gain and nothing to lose by fighting back. It's a great example.



(Juken Nissho workers picket - *Northern Advocate* 21.8.97)

GOVERNMENT KICKS CAR INDUSTRY IN GUTS

Watchdog has traced the decline of New Zealand's (entirely transnational owned) car assembly industry for years. The car TNCs blame it on the policy of allowing massive imports of cheap second hand Japanese cars. The import industry has struck its own massive PR problem with allegations (partially proven) of widespread "clocking" (deliberate winding back of vehicle odometers), to falsely drive up the price of secondhand cars that are considerably more secondhand than what they are purported to be.

Be that as it may, the assembly industry is seen as a sunset one in New Zealand. By 1997, there were only four assembly plants left - Nissan in Wiri, Mitsubishi in Porirua, Honda in Nelson and Toyota in Thames. And those are under threat. In February 1997, Mitsubishi cut 80 jobs at Porirua. By March, it was negotiating with the Manufacturing and Construction Workers Union to close the whole plant (employing 300). It offered to stay open until 2000 if it was economical, but said anything beyond that depends on the scheduled 1998 Government review of tariffs on the car industry.

And therein lies the rub. Tariffs on built up imports (to protect locally assembled cars) have fallen from 55% to 25%, and are scheduled to drop to 15% by 2000. The 1998 review is supposed to announce further reductions. Under APEC, NZ is committed to eradicating all tariffs (in all sectors) by 2010. In his 1997 Budget, the Treasurer, Winston Peters, announced that NZ plans to do it much sooner than that, and 2002 was later given as the operative cutoff deadline. The implications are obvious and drastic. In August 1997, 300 car assembly workers, mainly from Mitsubishi in Porirua, packed the Beehive at a forum on the industry, and called on the Government to stick to the Coalition Agreement ie with a tariff review in 1998 and any changes to be consistent with policies of NZ's trading partners. The forum rejected the unilateral move to zero tariffs, which will finish off the industry. Ged O'Connell, South Island secretary of the Engineers' Union, said that this will directly cost 2,300 jobs, plus another 7,500 in componentry, and flow on into the metal industry, impacting on 20,000 jobs. "It is economic lunacy. Even the Australian Government has decided to maintain tariffs, as it believes in looking after people" (*Press*, 11/9/97).

Australia has taken a much more cautious line and is waiting to see if the Asian "tigers" cut their tariffs as per the APEC deadline (in light of the ongoing currency collapse throughout South East Asia and the share market rollercoaster throughout the region, that's an open question). Australia has bowed to the car TNCs and agreed to freeze tariffs at 15% until 2005, when they'll be cut back to 10%. That's good enough for Toyota, which is significantly boosting investment in its Melbourne assembly plant. Bob Field, the managing director of Toyota NZ, said that the NZ assembly industry is doomed and that it is no longer a question of if it winds up, but when. In August 1997, Mazda unveiled its 626 range - completely built up imports (Mazda had ended its NZ joint venture assembly partnership with Ford earlier in 1997). Peter Aitken, Mazda NZ's managing director, said: "This is a glimpse of the future of the car industry which will eventually be all completely built up imports" (*NZ Herald*, 14/8/97).

"For the Government on the one hand to require welfare beneficiaries to sign...a Code of Social Responsibility to reinforce 'individual responsibility', and on the other hand to advocate a trade liberalisation measure which will result in thousands of job losses in already stressed communities is utterly hypocritical...The basis for this proposal is a myopic blind faith in the global free market. Commerce Minister, John Luxton, claims that abolishing tariffs on cars would amount to an annual $300 million saving for consumers and business. This disguises the fact that car assembly workers who are also consumers will lose their jobs because of the tariff reforms. Communities containing consumers are destroyed by tariff, trade or other economic policy which results in large scale factory closures. Tax payers, who are also consumers, have to pay for unemployment benefits for people who have lost their jobs, and who will lose their jobs due to the tariff and economic policies of the current and previous governments. Workers in many sectors who have been laid off as a result of previous tariff reductions have found it extremely hard to find other employment. In spite of its promises, the Government's retraining packages for workers laid off in industries affected by previous tariff reviews have never eventuated. The move to push on with and speed up tariff reforms smacks of social irresponsibility. It is the Government that should be forced to sign a 'Code of Social Responsibility', not ordinary New Zealanders trying to survive on meagre welfare benefits" (GATT Watchdog; press release; 27/6/97; "Budget 97: Accelerated Tariff Reforms= A Code of Social Irresponsibility").

Thames Fights Back

No community is more threatened than Thames. The Toyota plant, employing over 300 locals, is the biggest employer in Coromandel (much bigger than the higher profile gold mining), providing $10 - $15 million in wages per year. Thames can see the writing on the wall, as

Toyota pours money into Australia and talks about closing in NZ, because of the looming tariff abolition. As it is, Thames Toyota has been running at 50% capacity in 1997. A group was set up - People Against the Closure of Toyota (PACT) - representing local government, unions and local Toyota management, to fight the tariff proposal. The whole town shut down for a stopwork rally in September, where Luxton was given a very vocal reception by the 4,000 strong crowd. He pushed his ideological line, that tariff cuts "benefit" all New Zealanders. "Everybody wants cars cheaper. Cars can be made in Japan in two hours...Thames will survive" (*Press*, 27/9/97). The large number of high school kids present, soon to be job hunters, weren't reassured. They mobbed Luxton. 15 year old Carmel Williams said: "He's taking away our town. All that will be left is a dairy and a pub" (ibid).

Toyota NZ's Bob Field has specific proposals: "If there was a genuine interest from the Government to keep local assembly alive, the industry should be granted a five year moratorium on used vehicle imports, and a freeze on further tariff reductions" (*NZ Herald*, 5/9/97). Fat chance while we have a Government headed by a Prime Minister, Jenny Shipley, who headed a coup against her predecessor, Jim Bolger, precisely to steer National dramatically to the hard Right. But all is not lost for redundant car workers. They can spend their newfound free time going to the movies (if the local cinema stays open) and watch the whole brace of English films about how redundant workers from the Thatcher-destroyed North have coped with long term mass unemployment caused by the destruction of coalmining ("Brassed Off") or steel ("The Full Monty"). Watch out for the emergence of male stripper troupes from Thames or Porirua. Well, it's a job, isn't it? If the Government's going to take the shirt off your back, you might as well take the lot off.

OBITUARY

Matiu Rata

By Murray Horton

CAFCA never had any dealings with Matiu Rata, who was tragically killed in a July 1997 car crash (hit by Asian tourists on the wrong side of the road; the human cost of tourism. They both died too). But there are plenty of reasons why CAFCA should reflect on his life. Personally, he was one of a dying breed - a Labour MP and Minister who had actually been a blue collar worker. He even looked the part, indeed he looked like blokes I used to work with on the Railways. He was ahead of the times on the anti-nuclear issue. Everyone remembers that the 1972-75 Labour govemment sent a Minister on a frigate to protest French nuclear testing at Moruroa. Prior to this, Mat Rata had gone to Moruroa on a protest yacht, as both a politician and a concerned citizen.

He was a Minister in that government, in the days when Maori faces were a rarity in Cabinet and provoked naked racism (Wellington billboards were erected screaming: "Mat Rata Reads Comics"). That was the last Labour government to be even vaguely social democratic (see my obituary of Bill Rowling in *Watchdog* 81 for a critical analysis of that government). CAFCA is overwhelmingly a South Island pakeha organisation - so we need to reflect on the significance of just what Rata achieved as Minister of Maori Affairs. He was responsible for establishing the Treaty of Waitangi Tribunal. Once the 1984-90 Labour government allowed Waitangi claims retrospective to 1840 to be heard, the process that is still ongoing was fully set in motion. Too many pakeha, including CAFCA members who should

know better, have been sidetracked into shouting about "these bloody Maoris wanting to take over the country". There is one central, inescapable fact here - if it wasn't for the Treaty of Waitangi and the Treaty claims process, more of this country would have been sold to foreigners.

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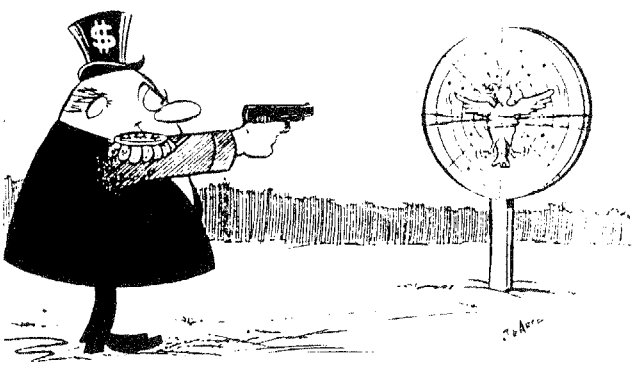
For example, only the cutting rights have been sold to the hundreds of thousands of hectares of State forests flogged off by first Labour and now National. But the land the trees stand on has not been sold, and cannot be sold, because of Treaty claims. Think of that before next reaching to ring talkback.

In 1979 Rata had the courage of his convictions to leave Labour, dissatisfied by its lack of commitment to Maori. In 1980 he founded Mana Motuhake, a Maori party, resigned from Parliament and fought the resulting by election. That was a trip into the political wilderness under the old system (only Jim Anderton and Winston Peters kept their seats, after leaving their parties, under First Past The Post). Rata lost the by-election and several successive general elections, running for Mana Motuhake. He never got back into Parliament. Despite his great personal mana, Northern Maori remained Labour until New Zealand First won it in 1993 (and then swept Labour from all Maori seats in 1996). Rata was instrumental in bringing in Mana Motuhake as a foundation party of the Alliance and he remained a key figure in the Alliance - which is today the only Parliamentary party doing anything about foreign control (New Zealand First jumped off that bandwagon as soon as it entered the coalition with National. See *Watchdog* 84; "Winston's Petered Out" for details). It is ironic that his death came in the same week that Alamein Kopu, one of Mana Motuhake's two Alliance list MPs, walked from the Alliance whilst refusing to resign from Parliament. His significance as a public figure can be gauged from the enormous coverage afforded his tangi by TV One *News*, running it as the lead story for days on end. His was the funeral of the year, until Princess Diana's blew them all out of the water.

Mat Rata played a key role in two sectors of great interest to CAFCA - fishing and forestry. Fishing is one of the very few economic sectors left with any legal protection against foreign control. In 1987 his Far North tribes, Te Runanga o Muriwhenua , were successful in a Treaty of Waitangi Tribunal claim establishing that the Treaty covered the waters and marine resources of Aotearoa as well as the land. This opened the floodgates to the present situation, where Maori interests are a very major presence in the billion dollar fishing industry. Less commendably, he was a key figure in the 1992 Sealord deal, in which Maori interests, in partnership with foreign owned Brierley's, bought Sealord, New Zealand's single biggest fishing company. The deal was controversial, because of the partnership with Brierley's, and because the price for getting Government money to finance the purchase was the surrendering of all Treaty fishing claims. The resulting uproar within Maoridom continues to this day. Rata staunchly defended the deal, as being the best possible - he called the remarks of one Maori critic "tantamount to treason" (*Press*, 14/12/92). For his troubles he was never appointed as one of the commissioners of the Treaty of Waitangi Fisheries Commission created by the deal. It was a very public snub by his colleagues, who have wholeheartedly adopted the extractive capitalist model of fisheries. A small Maori capitalist elite have done very nicely out of the Sealord deal and others like it - ordinary Maori, particularly urban Maori, have seen little or nothing (there is a concise summary in the chapter "The Maori Factor In Fisheries" in my book: "In Deep Water? Fishing In New Zealand"; CAFCA, 1993. But go to the library, don't ask us for copies. We sold out of it years ago).

Rata's role was much more straightforward in forestry. In 1991 Juken Nissho, a Japanese TNC, bought the bankrupt Kaitaia Triboard Mill (see elsewhere in this issue for details of the bitter 1997 strike at that mill). This was a highly controversial purchase, because Mat Rata had led moves to buy it as a local development project for Maori. Muriwhenua had bid millions for it. But it went to the foreign buyer, with ongoing adverse consequences. Rata was more successful with the Far North forests. The 1989 Crown Forest Assets Act (the specific law which prevents wholesale forestry land sales to TNCs) allows for the transfer of Crown forest lands to iwi, if they are successful in their Treaty claims. Juken Nissho bought cutting rights to the State owned Aupouri Forest, in 1990. In 1994, Te Runanga o Muriwhenua asked the Tribunal to return the forest to it immediately before the broader claim was settled because it no longer had any independent source of funding and needed the forest revenue simply to survive. It didn't happen immediately but in 1997 the Muriwhenua got the forest back. It was a crowning achievement.

Mat Rata was a major public figure, firstly with Labour and then with the Alliance. He transcended Parliament and political parties by his ceaseless work over decades for his own people, the Muriwhenua, and Maoridom in general. Some of his projects were regrettable, such as the Sealord deal; others, such as his work on forestry, benefit all New Zealanders, Maori and pakeha. And it's worth repeating - by setting in motion the Treaty of Waitangi claims process, he provided one of the very few defences left to any of us against a complete takeover by the TNCs. For that alone, we owe him profound thanks.



J. Arce Bolivia

COMALCO

New Zealand: Razor Gang At Tiwai Point

1995/96 was a disastrous financial year for Comalco NZ. The result? The first major company review of the Tiwai Point aluminium smelter in 25 years. An Australasian razor gang is spending nine months, at a cost of $4.5 million, reviewing all facets of the smelter's operations, and will recommend big changes (to be phased in over two years). Comalco NZ has already laid off 160 workers - the remaining 1,030 are anxious for their jobs. For his part, Kerry McDonald, managing director of Comalco NZ, blames NZ's monetary policy - and thus places himself at odds with others of his capitalist colleagues who assert that the road to Utopia is via slashed local and central government charges. For his part, McDonald says that adverse exchange rate changes have cost Tiwai Point 25% of its competitiveness and undermined Comalco's $464 million smelter upgrade. He is pressing for a review of all monetary and fiscal policy, saying that New Zealand is lagging behind Australia and languishing with 2% annual growth (McDonald has enough spare time for jobs like heading a review of the Department of Conservation, resulting in yet another upheaval of restructuring and job cuts).

Australia: A Major Industrial Battle

Comalco, the Australian parent, is doing better. Its June 1997 half year profit rose to $A69.6 million (up from $A57.5 million in the comparable 1996 half year). The $A1 billion expansion of its Boyne Island smelter, in Queensland, is complete, ready to cash in on a forecast 1999 global aluminium price of $US2,400 per tonne. That expansion, completed six months ahead of time, nearly doubles Boyne Island's capacity to 490,000 tonnes. It is the largest of Comalco's three Australasian aluminium smelters (the others being Tiwai Point and Tasmania's Bell Bay), and one of the largest in the world. But things are far from rosy in Australia for Rio Tinto, Comalco's British parent, and the world's biggest mining company. Throughout 1997, there has been major industrial strife at Rio Tinto's Hunter Valley No 1 coal mine, in New South Wales.

"Some 470 members of the unions CFMEU, AMWU and CEPU are now on strike at the mine over a breakdown in enterprise bargaining negotiations. The strike action was prompted, and has been continued, by the company's offer of individual employment contracts. The individual employment contracts, called Australian Workplace Agreements under new Australian industrial law, are essentially seen as a way of de-unionising the workforce.

"All three unions are affiliated to the 20 million strong International Federation of Chemical, Energy, Mine and General Workers' Unions (ICEM), which has been targeting Rio Tinto for global union networking. RioTinto is known for its anti-union stance in many parts of the world. John Maitland, CFMEU President and ICEM Vice President, has now written to major funds managers, merchant banks, the Australian Stock Exchange and Asian customers of the Hunter Valley coal mine warning of the threat to supplies and profits. Maitland said the CFMEU had taken this action because of the company's failure to keep financial markets and customers fully informed about the dispute and its likely duration.

"'We have always said we will bargain over what the companies want and what we want," Maitland pointed out. 'We have an enormous range of rosters, working hours and pay arrangements in place across the industry. But the key issue in this strike is that our members will not give up their right to bargain collectively. Companies such as Rio Tinto must learn to respect the rights of their workers or they will continue to suffer poor productivity growth and recurrent industrial disputes'"...

Rio Tinto flew John Maitland to London to meet its chief executive officer, Leon Davies, but to no avail. By October 1997, the Hunter Valley No 1 mine had become a major battleground. Over 8,000 miners at other Rio Tinto mines throughout the Hunter Valley went on strike for 24 hours, and trains were stopped from getting into or out of the mine. The State government got the strike shortened from its original 72 hour length by promising to keep trains away for three weeks and by applying to have Rio Tinto compelled to appear before arbitration (doesn't it all sound quaintly old fashioned to post - ECA Kiwi ears?). Rio Tinto succeeded in getting injunctions against 11 union officials for "illegal obstruction, sabotage and intimidation". It also took legal action against the Public Transport Union for secondary boycotts, affecting big TNCs such as Shell and Exxon.The CFMEU was not intimidated; thousands of miners and other unionists demonstrated in Sydney. A key factor in their struggle was their families:

"Erin Dowse didn't think twice about getting up before dawn yesterday to send a message to her dad's bosses at the mining giant Rio Tinto. According to her mother, Mrs Bronwyn Dowse, Erin, 14, was defiant in her support of her father, Edward, a 16 year veteran at the Hunter Valley No1 Mine in Newcastle. 'This company is treating my dad like scum,' said Erin, one of a group of 100 miners' wives and children who protested in Rio Tinto's Sydney office for two hours yesterday.

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"Erin, her mother and 10 year old brother Joel had set off at dawn from the family's home at Branxton, north west of Newcastle, to join two busloads heading for Sydney in support of the three week strike. Hundreds of coloured balloons reading `My father is fighting for my future' and `United we bargain, divided we beg' filled the Rio Tinto foyer as protesters chanted slogans. Mrs Barbara Archer, whose husband has worked at the mine for 17 years, said: `If Rio Tinto breaks the union, it'll have a snowballing effect on other industries' ".

"Another miner's wife, Mrs Lyn Macbain, said the strike was having a devastating effect on the local community. `All we want is the right for our husbands to go to work without any confrontation and the right for them to have their union represent them and know they've got a job and a secure job,' she said..." (*Sydney Morning Herald;* 2/10/97; "Mine families proudly defiant. Children on the march"; Michael Evans).

Nor is Australia the only country where Rio Tinto's miners are fighting back. Portugal is another. "...Rio Tinto has a 49 percent stake in the Neves Corvo copper mine, where workers struck, (in July 1997). Again, a dictatorial management style is the real problem. The company wants to introduce seven day working at the mine. The Portuguese miners and their union have not ruled out discussions on the idea of Sunday shifts - but they are certainly not going to have them imposed by managerial decree..." (International Federation of Chemical, Energy, Mine and General Workers' Unions [ICEM]; 10/7/97; "Australian And Portuguese Strikes: Rio Tinto Investors Warned").

Papua New Guinea: Sandline Fallout

Watchdog 85 dealt at great length with the 1997 mercenary scandal in Papua New Guinea. Briefly, this involved mercenaries from Sandline International, an offshoot of Executive Outcomes, being secretly contracted by the PNG government to recapture Rio Tinto's Panguna copper mine, which has been closed since the people of Bougainville launched their war of independence (from both PNG and Rio Tinto) nearly a decade ago. It all went horribly wrong for both the mercenaries and the Government - a military revolt, backed by the people, saw the hired killers ignominously chucked out of the country, and the politicians responsible (including Sir Julius Chan, the Prime Minister) voted out in the June 1997 general election.

Despite the official inquiry clearing all concerned (they must have borrowed the Winebox Inquiry script) this affair is far from over. The new PM, Bill Skate, has bowed to public pressure and set up a second inquiry, with 14 terms of reference. Rio Tinto features heavily:

"...ESTABLISH whether there was a relationship between former Jardine Fleming executive Rupert

McCowan and former Finance Minister Haiveta and look into the proposed involvement of Jardine Fleming as financial advisers to the government for the proposed purchase of CRA shares in Bougainville Copper Ltd. (*Until very recently, the mine was run by Conzinc Rio Tinto Australia - CRA. Rio Tinto Zinc and CRA formally merged and renamed itself as Rio Tinto. Ed).*

"ESTABLISH the exact relationship between the former Prime Minister and a Mr Nicos Violaris and what relationship, if any, did Mr Violaris have with the International Monetary Brokers Pty Ltd.

"ESTABLISH whether any PNG leader covered by the Leadershp Code has an interest in the company.

"ESTABLISH whether he or International Monetary Brokers had bought Bougainville Copper Ltd. shares on their own account or on behalf of any other entity.

"ESTABLISH whether Mr Violaris held any discussions in Canada, London, Hong Kong, Singapore or Australia for, or on behalf of, any leader concerning the extraction of minerals from the Panguna copper mine... (*The National*, 11/8/97; & *The Independent*, 19/9/97).

These questions relate to strong suspicions that Government insiders and their mates profited from a jump in Bougainville Copper's share price, before the mercenary scheme to recapture the mine became public knowledge. Obviously they were banking on making a killing once their hired killers got the mine reopened. Unfortunately for them, it all went pear shaped.

Australia, the major regional Power, has no doubt where it stands on Bougainville and the mine. It backs up PNG's refusal to contemplate Bougainvillean independence and wants the mine reopened. The only change is that it has now granted de facto recognition to the Bougainville Interim Government (by officially meeting Moses Havini,

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BIG's Australian representative, for the first time, in September 1997) and by helping the New Zealand sponsored Bougainville peace talks, held at Burnham Military Camp, outside Christchurch.

Bougainville is far from being Rio Tinto's only iron in the New Guinean fire. It owns 17% of, and manages, the Lihir Island gold mine. Ironically, the very same El Nino-caused drought that ravaged PNG throughout 1997 (threatening mass starvation to hundreds of thousands) has helped Lihir dramatically raise its production and increase its estimate for 1998. The drought has stopped other TNC mines in the country - such as the Porgera gold mine and the Ok Tedi copper/gold mine - but the dry weather is ideal for Lihir, giving it a 20% boost. Across the PNG border, in the Indonesian occupied half of the island (Irian Jaya/West Papua), Rio Tinto is a minority partner in the infamous Freeport copper/gold mine, the world's biggest. Appalling human rights abuses have been the order of the day ever since the mine was announced, by both company security and the murderous Indonesian military (garrisoned there to fight the OPM - Free Papua Movement - independence fighters). In August 1997, two tribesmen were murdered by Freeport goons. Hundreds protested at the company town of Timika - the Indonesian military attacked and killed two more of them.

So, whether bashing workers in New Zealand and Australia, or being up to its elbows in blood in PNG and its neighbour, that's all business as usual for Rio Tinto, one of the world's most shameful transnational.

BOUGAINVILLE INDEPENDENCE LEADER TO SPEAK AT CAFCA CONFERENCE

Moses Havini, Australian representative of the Bougainville Interim Government, will be a featured speaker at Taking Control: The Fightback Against Transnational Corporate Power, to be held in Christchurch, February 27 - March 1, 1998. He will speak on the role of Rio Tinto and the Panguna mine in the struggle for Bougainvillean independence, which is one of the best examples anywhere in the world of fighting back (very literally) against the TNCs. See elsewhere in this issue for conference details.

TOXIC TNC ABANDONS GOLDEN CROSS MINE

Watchdog has chronicled the appalling saga of American mining TNC, Coeur d'Alene, which operates the Golden Cross gold mine in the Coromandel's Waitekauri Valley. It has been an unmitigated disaster since Day One - because the tailings dam is located on a landslide, which poses the very real threat of a major environmental catastrophe. Coeur is suing the previous owner, Cyprus Minerals (Coeur bought the mine in 1993), in a US court for misrepresentation. Cyprus is counter suing Coeur for defamation.

Court cases are coming thick and fast. A shareholders' class action suit in the US charging Coeur with misrepresentation was filed in July 1997. That same month, the US Securities and Exchange Commission announced that it was investigating a fraud complaint against Coeur, centring on its actions in New Zealand in 1995/96. The specific complaint is that Coeur was aware of the tailings dam/landslide situation as early as 1995 but did not inform authorities or shareholders that it was likely to affect its financial position. (*CAFCA has a copy of the full 60+ page class action complaint. Send $10 to CAFCA for copying and postage. Ed.*).

Coeur has long since written off its $50 million+ investment in Golden Cross. It has fruitlessly spent $27 million trying to stabilise the mobile tailings dam (which was further destabilised by September 1997's heavy rainfall). It rejected any suggestion of relocating the

tailings dam and has been preparing public opinion for its departure by talking of closing, years ahead of schedule. Now it has named the date - just before Christmas 1997. Some of the 100+ workers will be rehired to "rehabilitate" the mine site, which is estimated to take five years. But the company itself will be back in the US, leaving Coromandel with the headache, which will last centuries.The Govemment has washed its hands of the problem, defining Golden Cross and the like as "orphan contaminated sites". Coeur paid a $12 million bond to local authorities - estimates of the cost of solving the tailings dam problem go as high as $100 million. The Parliamentary Commissioner for the Environment, Dr Morgan Williams, released a report, in August 1997, entitled "Long Term Management Of The Environmental Effects Of Tailings Dams":

"The report recommends that Simon Upton, the Minister for the Environment, introduce special legislation to require increased environmental bonds from existing mining companies, such as Coeur Gold NZ Ltd to require them 'to meet the costs of post-closure environmental effects of existing tailings dams'. 'The Report fully supports Coromandel Watchdog's position', says spokesperson MarkTugendhaft. 'For 18 months we have been calling for special legislation to deal with Coeur Gold's failing tailings dam while Mr Upton and other Government Ministers have tried to pretend it is not their problem, and to duck responsibility by pushing the whole mess onto the regional government'. The report recommends that Government Ministers 'develop a methodology....assess the risks to the Crown, and ..... allocate responsibility' for the serious adverse effects of tailings dams. The Parliamentary Commissioner clearly regards all of these matters as a Crown responsibility'.

"The Report also calls for an amendment to the Resource Management Act to enable local authorities to charge mining companies to set up a trust fund to ensure funds are available for future management of tailings dams. Another recommendation is that tailings dams should be prohibited in some areas - because of a 'instability, or being prone to natural hazards'. 'This is precisely why Coromandel Watchdog has promoted a Prohibition On Mining Bill, on all conservation land on the Coromandel Peninsula from Te Aroha north'".

"The Waikato Regional Council has refused repeated Watchdog calls to review the environmental bond at the Golden Cross mine. The report again backs Watchdog's stance by recommending that regional councils 'regularly review bonds'..." (press release; Coromandel Watchdog of Hauraki, 18/8/97; "Parliamentary Commissioner's Report Backs Watchdog's Calls For Law Change Requiring Miners To Pay For Environmental Cleanup").

But The Coromandel Battle Continues

So Golden Cross is going, but the Coromandel battle is far from over. TNC ownedWaihi Gold is applying for a massive expansion of its Martha Hill goldmine, in the middle of Waihi. This will extend the mine's life from 2000 to 2007, and create a massive tailings dam. A combined Environment Waikato/Hauraki District Council resource consent was scheduled for November 1997, with hundreds of submissions to be heard.

And Coeur is trying to financially ruin Coromandel Watchdog in revenge for relentlessly exposing it. In 1992, Watchdog took Coeur to the Environment Court - it lost and, in 1995, was ordered to pay $20,000 as a contribution to Coeur's $400,000+ costs. It appealed, but Coeur put on the screws in early 1997, demanding payment within seven days or it would move to have Watchdog wound up. Watchdog weathered that storm, but in July 1997, the High Court dismissed its appeal against the $20,000 costs. Watchdog is weighing its options for further appeal. This case is widely seen as an ominous precedent to stop environmentalists taking court action, by hamstringing them with crippling costs.

Macraes: Eco-Vandalism

At the other end of the country, Australian owned Macraes Mining applied to massively expand the Macraes gold mine in Otago. The joint Otago Regional Council/ Waitaki District Council hearing panel approved the $120 million expansion but imposed conditions - such as, the waste rock stacks can be only 45 metres high (half the height sought by the company) and the pit lake must be filled within 20 years, not the 200-250 (!) years sought by the company. It's all academic though - the mid 1997 collapse in the global gold price saw Macraes shelve the expansion, slashing 60 jobs in New Zealand. As well as the Otago mine expansion, Macraes shelved plans to develop a new goldmine in native bush near Reefton. Both projects are on hold until the gold price recovers. That could be a while. By November 1997, it had fallen to its lowest level in 12 years, aided by countries from Australia to Switzerland selling down their gold stocks. Australian gold miners were in particular trouble, and in danger of takeover or outright closure.

Macraes Mining was nominated for the Roger Award For The Worst Transnational Corporation In New Zealand In 1997 (*see elsewhere in this issue. Ed.*). The reasons given were: "Planning to excavate a huge pit in Otago and not backfill, leaving a gaping 'wound' in the landscape, plus a massive new, manmade 'mountain' of debris. Undemocratically silencing locals in the area whose properties the company has purchased. Said 'gagging clause' is a condition of sale/purchase of properties in vicinity of mine. This seems eco-vandalism on a massive scale".

Coeur has also been nominated for the Roger. Coromandel Watchdog of Hauraki can be contacted at 35 Albert Street, Whitianga; ph (07) 8664077; fax (07) 8662900; e-mail: denitegg@wave.co.nz Donations are sought for its legal battle with Coeur d'Alene.

TELECOM

Watchdog has been chronicling Telecom in detail for several years now. It has become obvious to us that a whole newsletter could be devoted to Telecom, let alone the broader telecommunications industry. That being so, and in the interests of space, we will just run highlights from now on. Ed.

Cellphone Towers

Telecom continues on its merry way (along with the other phone TNCs) crisscrossing the nation with cellphone towers. This has provoked opposition from normally placid communities everywhere, and nowhere more fiercely than those involving schools. Telecom is hellbent on putting up towers as close to schools as possible (having earlier been thwarted in its plan to put towers in school grounds). In Christchurch, Telecom and Shirley Primary School have been locked in battle for a couple of years. Telecom plans to put up a tower in the grounds of a Masonic Lodge neighbouring the school; the school's board of trustees, parents and staff have fought it tooth and nail, both by public protest (including threatening to pull out kids and close the school) and by mounting a challenge in the Environment Court. This will be heard in April 1998 and the school is having to raise $30,000 to pay for the case. By November 1997, they had received over $20,000. They've had an excellent response from primary schools all round the country who see this as a test case, and realise that they could very well be next in Telecom's sights.

The most public, and bitter battle, involving a school has been at Green Bay Primary, in Auckland. Same scenario - Telecom plans a tower on a neighbouring garage. Green Bay has decided it doesn't have, and is unlikely to raise, the money to fight it in the Environment Court. So it has gone the way of high profile, public protest. Lots of pickets at the school, involving staff, parents, kids and supporters; and central Auckland protests by the kids. This has attracted major coverage by the mainstream (and Auckland-based) media. The best example is the *Listener* (18/10/97; "Toot If You Hate Spot: Green Bay Primary School v Telecom: David v Goliath... a day at the front line" ; Tim Watkin). Things have got to a more critical stage at Green Bay than at Shirley. Telecom pressed ahead with its site; the school did actually close briefly, in October 1997, with the kids being taught in local halls, etc. This caught the attention of the Government, which has stayed away from the whole mess. And the garage hosting the proposed tower became the focus of protest. At both schools, Telecom tried to erect a "trial" tower during school holidays, just so the community "could get used to it". Uproar in each case squelched the plan. Alliance MP, Pam Corkery, (backed by some Labour MPs) introduced a private Member's bill to ban cellphone towers from anywhere near schools.

The scientific verdict as to whether cellphone tower emissions are harmful is still out, and the protesting parents and teachers publicly acknowledge that. But there is an important principle at stake - the precautionary principle, namely that if there is reason to believe that something may be harmful, do not proceed with it until proved otherwise. Or, in plain English, if in doubt, leave it out. The *Listener* put it this way: "They admit they may be proved fools as science learns more about the effects of electro-magnetic fields and that there may be more risks from a microwave oven. But these are risks they're choosing to take, not risks forced on them by some corporation. Whatever your head might think, at the heart of this debate is a community's prerogative to say no" (ibid). There is a great irony here - Telecom is, with a straight face, sponsoring a programme against bullying in schools. It is, without doubt, the biggest bully of schools in New Zealand.

Telecom is pressing on with the tower networks, as cellphones are the most profitable sector of telecommunications. The latest move is away from the big towers (the focus of the battles) to mini-transmitters on lamp posts and traffic lights (eg, in Auckland's Queen Street). Telecom is not alone in enraging the public - Clear is now looking at setting up its own cellular network; BellSouth has upset residents in Tauranga's Otumoetai suburb by erecting a tower there, and has put up a tower on the roof of the Wellington Town Hall.

Dr Neil Cherry, a Christchurch based scientific expert, has begun a register of people complaining of adverse health effects from using cellphones themselves, after reading of such cases in Britain (including 50 British Telecom engineers). And the Government has set up an inter-agency group to address policy issues on transmission towers, with the aim of establishing a national environmental guideline.

Meanwhile BellSouth has taken the direct route to political influence - in November 1997, it gave away up to 300 cellphone packs (worth up to $300 each) to MPs and journalists. Some of the more scrupulous returned them immediately, describing them as bribes. BellSouth denied this (surprise!), saying any unwanted ones would be given to charity.

Donations for Shirley Primary School's legal battle can be sent to it at 11 Shirley Road, Shirley, Christchurch. Earmark the cheque for the legal costs. It will be held in a trust fund.

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Profiteering

Telecom continues to pile up the profits. It announces them quarterly (rather than just annually), so that the figures don't look so gargantuan. For the first half of the 1997 year, the profit was $398.8 million (an increase on the comparable 1996 half year). This is not good enough, apparently, so $500 million is being cut from capital expenditure before 2000. All this is accompanied by continuing staff cuts - in August 1997, 45 technicians went in Canterbury (31 of them in Christchurch). 93 South Island Telecom workers were to be made redundant. Tony Rimell, Engineers' Union organiser, said: "...in their legendary mean spirited way, Dr Deane and his senior management continue to attack the very people who make their profits possible" (*Press*, 9/8/97). A lot of those made redundant will get jobs with contractors, doing their former work for Telecom. All told, 7,500 former staff now work for contractors. Rex Jones, national secretary of the Engineers Union, said: "The work is still being done, but the workers are not all on Telecom's books. It is a philosophical business move, and it's terrible for workers" (*Press*, 24/7/97). And, of those workers left, 68% are on individual contracts, compared to 10% in 1993.

There are some crumbs for the public - international toll rates are being cut from January 1998; and toll calls between Rangiora and Christchurch are being made cheaper (a Canterbury bone of contention). Residential line rentals reduce by $1.25c per month from December 1997. But, on the whole, charges go relentlessly up. From December 1997, each previously free call to national directory assistance costs 50c; international directory assistance goes from free to $1.50c per call. And even the pampered business users are getting stung - from December 1997, peak time local business rates go up by 28%, and off peak by 80%!

There will be no improvement in service. Telecom is dumping 10% of its design, build and maintenance staff, before throwing their work totally open to competition. This will mean longer delays to fix faults. As one worker said, there is no staff morale " because we've been restructured every year for five years" (*NZ Herald*, 23/7/97). Just to make sure that its repairmen are totally demoralised, Telecom is using private detectives to spy on them. In one case, private eyes followed one repairman to and from his Auckland home for two days, photographing him and recording his location every five minutes.

To add insult to injury, a comparison between the 1990 sale of Telecom and the 1997 partial privatisation of Australian State owned phone company, Telstra, reveals that Telecom was given away. It went for $4.25 billion. The Australian sale (of one third of Telstra, floated to the Australian public) may realise up to $48.5 billion. Telecom is allowed 49.6% foreign ownership; Telstra is restricted to 11.7%. Telecom went for a song and the American owners have been singing all the way to the bank ever since.

SPOT (the Society for Publicly Owned Telecommunications) was formed to focus on Telecom. In Christchurch, it has picketed Telecom on the days of its quarterly profit announcements, in August and November 1997. Nationally it is circulating the petition calling for the return of Telecom to public ownership. Response has been good from around the country. When the "experts" say, by way of proving their case that the "reforms" are irreversible: "Nobody is calling for the renationalisation of Telecom, are they?", the answer, loud and clear, is: "We are".

SPOT can be contacted at Box 2258, Christchurch; e-mail: cafca@chch.planet.org.nz

(Green Bay Primary School picket - *New Zealand Herald* 5.8.97)

OBITUARY

Joe Pounsford

By Murray Horton

Joe Pounsford died in August 1997, aged 69, after a long and debilitating battle with emphysema (a legacy of a decades long smoking habit which started in the Navy during WWII). He died, surrounded by his family, in Richmond. His Christchurch funeral attracted a big crowd. Joe had been a CAFCA member since 1992 and in that time was involved in all our Christchurch activities. He had a lifelong belief in a New Zealand owned by New Zealanders. He was a regular attendee of our public meetings, giving grandstanding politicians and business spokespeople a most vociferous roasting. Despite his very bad health, and the fact that the city was struggling out of a vicious blizzard, Joe turned up at our 1996 world premiere of Alister Barry's landmark documentary "Someone Else's Country". He was too sick and it was too cold for him to attend the actual screening, but he drove acoss town to buy two copies and to personally meet Alister. That video had no greater champion than Joe - his beloved Democrats lured him to a 1996 ceremony under the pretext of it being a showing, then presented him with life membership. Months later, and even sicker (it was impossible to understand what he was saying by then, his lungs were stuffed) he came to the Anti Bases Campaign's (ABC) public meeting for Nicky Hager, to personally meet the author of the bestselling "Secret Power".

(Joe & Tilly Pounsfound [centre & right] Photo - The Guardian)

From its foundation in 1992, Joe was actively involved in the Campaign for Peoples Sovereignty (CPS). He was there throughout the couple of years a sizeable group met monthly on a Saturday afternoon; he stuck with it for the succeeding years when a much smaller group met midweek. He was there for all CPS activities, whether it was attending the Southpower annual meeting or picketing the City Council. 1996 was the last year any of us saw him, but he made the huge effort to come to those monthly meetings, despite his very fragile health and the winter weather. My carpet bore the proof that he had difficulty holding a cup of tea. Difficulty with breathing saw him regularly fall asleep during meetings but he'd struggle awake and play as full part in them as he could.

Joe also actively supported the ABC. He combined his love of touring the country in his campervan with politics in 1994 and brought his wife and a grandson to that year's Waihopai protest camp. They stayed with us on the banks of the Wairau River and came to the demos at the spybase. He and Tilly were greatly moved by the whole experience and told us so in a speech of thanks. He also took an interest in Philippines Solidarity, having visited that country as a cruise liner passenger, during the Marcos dictatorship.

No obituary of Joe would be complete without mention of his extraordinary weekly radio show, *Autumn Years*, on Access Radio Plains FM. This was Joe's personal rave forum and he pulled no punches, only being slightly calmed down at regular intervals by his long suffering technician, Mary. Nobody who went on it as Joe's guest could ever forget the experience. I went on several times - now, I have a reputation as being ever so slightly verbose but on that bloody programme, I was lucky to get a word in edgeways. Other colleagues have told me that they had the same experience. Joe took no prisoners when he was on air - it was a solo tour de force. The

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last time I saw Joe alive was when he invited me on, in late 1996 - his lungs were stuffed, God knows where he got the wherewithal to broadcast at his high octane level, but he did and it was pure vintage Joe. If that was to be my last memory of him, it was an extremely fitting one. Joe took earbashing to a previously unknown level, but it was earbashing of the best possible sort.

There was much more to Joe than CAFCA, however (which only involved the last few years of his life). He joined the Navy and fought in the war as a mere teenager. For 27 years he worked at Canterbury Frozen Meat (CFM) at Belfast - 21 of them as union delegate, and fully 17 years as fulltime secretary of the CFM Belfast sub branch of the then Freezing Workers Union (now the Meat Workers Union). Other CAFCA members who worked there at the time point out that Joe the union secretary was no militant, indeed he was proud that there had been no stoppages in his shed during his years in office. But the mere fact that an outspoken Social Crediter held office for so long in a traditionally Labour stronghold (not to mention the Communist Party and the Socialist Unity Party) speaks volumes for the strength of Joe's personality.

He was best known for his party political work. He earned his life membership of the Democrats - he was a member of first Social Credit and then the Democrats for 43 years. The Alliance had no harder grassroots worker. (Although CAFCA, as a matter of policy, is independent of all political parties, it is no secret that we have a friendly working relationship with the Alliance. We never had any dealings with Social Credit but it's a different story with the Democrats - we have worked with them on campaigns such as foreign debt; they are the only constituent Alliance party to have some branches as CAFCA members; and John Ring, a CAFCA committee member for several years, is best known as a Democrat activist). I am indebted to Joe's longtime friend and colleague, Jim Gribben, who sent the following:

"I first met Joe in 1963 and we speedily became great friends. Jointly our two families spent many hours working on the Social Credit cause. Most Saturdays were spent delivering circulars or knocking on doors around Sydenham seeking new members. Joe loved a pint of beer. Life was before him. There was no better cause to espouse than monetary reform with a pint in one hand and a flourish with the other. He could talk as well as illustrate with his hands and did so to perfection - the end result, an increasing Party membership.

"His family had to put up with many absences, and I remember one story I heard. When first married, he and Tilly lived at Tapawera (near Nelson). He would be out night after night, talking politics and drinking at the local - remember it was after hours drinking in those days (6 o'clock closing). Tilly always kept his evening meal hot, until one night she had had enough. Joe arrived home, took his tea from the oven, removed the cover and lo and behold, one hot, steaming brick" (*I'm sure that if he was a dinkum Kiwi joker, he would have put tomato sauce on it, added a couple of spuds, and eaten the bloody thing without batting an eyelid. Ed).*

Joe stood for Parliament ten times - eight in Sydenham, the other two being Lyttelton and Christchurch Central. He wouldn't run in Sydenham when his future Alliance leader, Jim Anderton, became the Labour MP there. Running for Social Credit, especially in Labour's safest seat in the country (as Wigram, it is now the Alliance's only electorate) was a thankless task - enduring the taunts about "funny money"; struggling against the old system with its two party elected dictatorship. Joe was a Social Credit candidate and activist throughout the many twists and turns of its history - he was a friend and confidant of its first MP, Vern Cracknell; he was there in the heady days of the early 1980s when Socred, led by Bruce Beetham, got 21% of the vote and two MPs - who promptly blew their credibility by backing Muldoon with his Clyde Dam emergency empowering legislation. The party disintegrated, and the survivors emerged, minus Beetham, as the Democrats, which became one of the major parties in the Alliance. And Joe had the satisfaction of seeing his new party win and hold Sydenham.To return to Jim Gribben's reminiscences:

"In the fifties and sixties, Social Credit was perceived by many as a country party but Joe, against the tide for elections, made Sydenham the highest polling metropolitan electorate for Social Credit. His campaigns were always fought on a personal basis. His slogan at that time was 'Put Pounsford in Parliament' and he really worked to achieve this. Ordinary people liked Joe and he liked them".

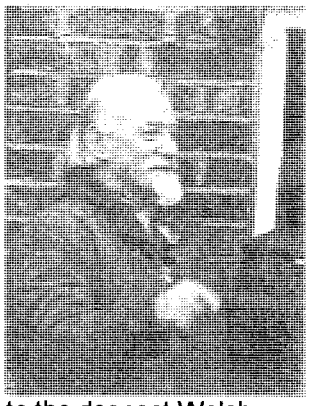
Obviously he was no ordinary Joe. Jim Gribben summed his friend up - "a man who had a vision, of the way he believed our country should develop into a truly caring society - one in which all could live in comfort, and without the financial stresses that are now the norm for many today. He believed that money should be the servant of mankind, and not its master; that the supply of new monies made in New Zealand is one which rightly belongs to the people collectively, who, by their very existence make it possible for that to occur and it should be used to better the lot of all...We will always remember Joe as one who loved his fellow man, and worked hard and strove to make our country a better place to live in for his family and others". CAFCA expresses our deepest sympathy to Tilly and their four children - John, Rerehau, Dorothy and Roy - and grandkids. Joe was definitely of the "once met, never forgotten" variety. We sorely miss our friend and earbasher extraordinaire.

OBITUARY

Keith Buchanan

By Anne Buchanan and Wolfgang Rosenberg

Keith Buchanan, who died in June 1997, had been a CAFCA member since 1986. In that time, he had offered us every support by way of regular letters of support and encouragement. He had also been generous with financial support - he and his wife Anne donated a total of $650 to the CAFCA/ABC Organiser Account, which provides Murray Horton's income. The following obituary is a composite - from Anne's eulogy at his funeral, and one written for us by Wolfgang Rosenberg.



Keith was born in England in 1919. The family knew real poverty during the 20s and 30s - this partly shaped his later beliefs in social justice. Keith won a scholarship to university - and after graduating and working on post WWII reconstruction and planning, he moved into teaching at his old university of Birmingham. In 1940 he married Ruth. They had three children (*his grandson Sam features elsewhere in this issue. Ed.*) After the war, the family moved to Africa, where Keith took up university posts, first in South Africa, and then in Nigeria. The first hand experience of the impact of racism and colonialism profoundly shaped his politics. In 1950 they settled in Wales for three years, from where Keith commuted weekly to the London School of Economics. In 1953 the family came to NZ, and Keith became the foundation Professor of Geography at Victoria University - the post he held until 1975.

With the move to NZ, his teaching and writing increasingly focused on the Third World. He established a reputation as one of the world's leading authorities on modern China and the geography of underdeveloped countries in Asia and Africa (*he travelled widely in China and SE Asia, meeting Ho Chi Minh, amongst others. In 1956 the University Council refused him permission to visit China. Ed*). This work, and his passionate commitment to fighting injustice, produced a stream of books and articles, both scholarly and popular. He published well over 250 papers and reviews, many translated into foreign languages. He was also a tireless writer of letters - to newspapers and MPs, on social issues, the environment, foreign policy - particularly during the Vietnam War, which he strongly opposed (*he played a leading role in Victoria's two teach ins on Vietnam, destroying the pro-war argument presented by the Minister of Defence. Ed*). Keith was an inspired teacher and is remembered by many of his students. He was an uncompromising critic of those who took advantage of the weak. He was often in conflict with established views and, inevitably, with some of his colleagues.

During this period he and Ruth separated. Some years later he met his second wife Anne and they spent the last 25 years together. But Keith didn't just work with his brain. He believed, with William Morris - the socialist writer and craftsman he admired - that you should have balance, work with the head *and* the hands. A strong believer in self sufficiency, he and Anne retired to the deepest Welsh countryside (where he worked as a gardener, woodworker and graphic artist). In 1986, completing one circle, at least, they returned to NZ's kinder climate, due to his deteriorating health *(AB)*.

At a time when "economics" has abandoned any pretence to deal with the real world and has become merely a mouthpiece for transnational corporate interests in the misleading name of "globalism", Professor Buchanan represented those in the discipline of geography who remained interested in human development as the main preoccupation of "social science". His main interest was in development economics, and revolutionary Asia was his main focus. At the same time - having taught for some years in Ibadan (Nigeria) - he also was a world renowned expert on Africa. His interest in revolutionary changes in human relations was illustrated in his book "The Chinese Earth", in which he showed how the need for water in that country of immense rivers and deserts shaped Chinese society - and explained the progress of the Communist Chinese revolution. The ability to deal with water problems collectively led to the creation of communes, which overcame the pre-Liberation inefficiency of agriculture. Return to a degree of private responsibility on the land occurred after Buchanan's book.

Buchanan made frequent contributions to the *New Zealand Monthly Review* (*see Watchdog 84 for its obituary. Ed.*). His prose was always perfect and he would not allow one word to be changed without his authority. During the period of the Vietnam War he was one of the best informed contributors to the anti-war cause and he never changed his scepticism towards US foreign policies, with his last article for *NZMR* devoted to describing American intervention in Nicaragua. His wife Anne also contributed to *Monthly Review* - she was a devoted assistant to Keith...Keith Buchanan is being missed by all of those who knew him as a unique and gifted contributor to the cause of social studies in ther interest of humanity *(WR)*.

ROGER AWARD FOR WORST TRANSNATIONAL CORPORATION IN NZ IN 1997

Ratbags Nominated: Over To The Judges

Nominations have now closed for the first ever Roger Award, organised by CAFCA, GATT Watchdog and Corso. Response was slow at first, because this is a new thing for New Zealand, and it appeared a daunting task to some. But a respectable range of transnationals have been nominated - the organisers disqualified several nominations on grounds of ineligibity (eg that it is a NZ company, or not a company at all).

Nominations came in from all over the country and a whole range of transnationals were nominated - **Telecom, Comalco, TranzRail, Lion Nathan, Brierley's**. Banks are represented by **Westpac, ANZ/PostBank and ASB**; the media by **INL**; forestry by **Juken Nissho**; mining by **Coeur Gold and Macraes**; computer firms by **EDS**; food by **Sanitarium, McDonalds and Monsanto**; manufacturing by **Godfrey Hirst. Fletcher Challenge** carries the flag for "New Zealand" transnationals that meet the legal definition of foreign ownership but are exempt from being so defined (by the Overseas Investment Commission). There were others also, such as **Clear**.

It is now in the hands of the judges: Sukhi Turner, Mayor of Dunedin; Professor Jane Kelsey, author of "The New Zealand Experiment"; Annette Sykes, Ngati Pikiao, Treaty activist; and Chris Wheeler, editor of "Soil and Health". The criteria for judging are by assessing the transnational that has the most negative impact in each or all of the following fields: *unemployment, monopoly, profiteering, abuse of workers/conditions, political interference, environmental damage, cultural imperialism, impact on tangata whenua, running an ideological crusade, impact on women.* Jane Kelsey will make the actual award announcement; collectively they will produce a report explaining why they have picked their winner. That report will be published.

The "winner" will be adjudged the Worst Transnational Corporation in New Zealand in 1997. **The lucky winner will be announced in Christchurch on the night of Saturday, February 28, 1998, as part of Taking Control: The Fightback Against Transnational Corporate Power, a major conference with both national and international speakers** (*see cover story for full details, including costs. Ed*). This will be done at a function at Knox Presbyterian Church Hall (28 Bealey Avenue, Christchurch) at 7.30 p.m. on **Saturday February 28.** The award will be announced by Jane Kelsey, Professor of Law at Auckland University and author of "The New Zealand Experiment". Jane and the other three judges assessed the nominated corporations on a variety of criteria. Nominations have come from all round the country, and there is a wide field to pick from.

Months before the Award is announced, it has attracted keen interest from the mainstream media, including from Australia. We invite you to attend the function in February. Mark it in your diaries and calendars. Don't forget - Saturday's the night for Rogering.

Please book early for this eagerly awaited event. **There will be no door sales. The Roger Award presentation costs $5 to attend for conference participants and $10 for others.**