MONSANTO WINS ROGER AWARD

For Worst Transnational Corporation in NZ in 1998
Tranz Rail, Fletcher Challenge, Business Roundtable Also Win

The dubious distinction of the annual Roger Award is made to the transnational corporation (TNC) which the judges assessed, on the evidence before them, had 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; pursuing an ideological crusade; impact on women, and health and safety of workers and the public.

An excerpt from the judges' report reads: "This US corporate giant (Monsanto) is not only seeking to control and monopolise the production of agricultural produce in the global economy, it is also responsible for promoting research and development on a wide range of genetically engineered products that have the potential to irreversibly alter and damage the ecosystem of the planet and the food supply of future generations. This threat needs to be taken seriously by New Zealanders as Monsanto is already petitioning the Environmental Risk Management Agency (ERMA) to grow genetically modified canola over several hundred hectares on North Canterbury and Southland farms to produce seeds for the Canadian market.

"Perhaps more worrying is the establishment of a Crown Institute/Monsanto quango, Gene Pool, with the backing of the Royal Society (representing the scientific establishment) to campaign for New Zealand to become a site in the development of genetic engineering. Such a strategy is also backed by Federated Farmers of New Zealand.

The judges also gave Fletcher Challenge a Dishonourable Award because of the negative impact (Continued on Page 3).

CAFCANZ's 25TH ANNIVERSARY
We're Planning A Bit Of A Do

CAFCANZ (as we started out) was founded in 1974, to organise the 1975 South Island Resistance Ride. We're still on the bus. So, we're 25 years old.

To celebrate this auspicious event, and as our contribution to the godawful New Millennium, we're planning a birthday party sometime in the first couple of months of 2000. We haven't found out the details yet (beyond the fact that it will be in Christchurch). We'll keep you posted.

If you're interested in attending, or have ideas on the best way to celebrate it, let us know.
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for permanent residency in May 1999 and "eventually" reside permanently in Aotearoa. They visit "frequently" and intend converting the property "from one of non-productive use into a forestry investment and small vineyard... the applicants intend to apply for an lease"...
EQUUSLOCO Ltd. owned by Mr J.E. Loudermilk and Ms G.W.I. Doll of the USA, has approval to acquire 21 hectares of land at Waitarua Bay, Kenepuru Sound, RD, Havelock, Marlborough, for $225,000. Both Mr Loudermilk and Ms Doll have New Zealand permanent residency status, with Mr Loudermilk resident in New Zealand and Ms Doll intending to move here in April once she has completed the sale of her American assets. They intend to reside on the farm. In December 1998, they gained approval to acquire 220 hectares which adjoins this land. They intended to "build a new house for themselves on the property and renovate the existing building to provide accommodation for up to eight guests, which then will operate as a dude ranch." It is also intended to operate a horse riding and training school on the property as Ms Doll has particular qualifications in that field. Ms Doll would also use the property as a base in which she would hope to generate a consultancy business in respect of horse training throughout the country."
RIVERSLEIGH Partnership, owned by William Bruce Cameron Stapleton and Geoffrey Sprot, both of the UK, has approval to acquire 20 hectares of land at Condors Bend, Renwick, Marlborough for $1,507,500. They "have been frequent visitors to New Zealand in recent years" and are "combining their extensive business and viticulture background" to establish what they hope will be the beginning of a successful vineyard and wine investment focusing on quality wines for export, predominantly to the UK.

People are becoming increasingly worried. All the foreign investment in this country. IS THE GOVERNMENT GOING TO DO SOMETHING ABOUT IT?

I DON'T KNOW.

"YOU'LL HAVE TO ASK THE GOVERNMENT."
which emanates from Russia and will come out to New Zealand via the USA. Two years of super high production, but on account of New Zealand’s quarantine requirements, will take at least five years to be able to be properly introduced to New Zealand. The proposed acquisition will enable the applicant to develop its expertise in sheep farming during the intervening period.

Australian owners of Waikato duck farm restructure

Guiseppi Bonaccordo of Australia, through his company Bonenzo Pty Ltd, has approval to acquire another 12.5% of a Cambridge, Waikato duck breeding and processing facility he owns with two other Australians, Mark Keith Forster (through Ilenzio Pty Ltd) and Lloyd Richard Iliet (Forsenzio Pty Ltd). The ownership was formerly 75.5%, 12.5%, 12.5%; it will now be 87.5%, 6.25%, 6.25%.

The joint venture owns eight hectares of land at 346 Orepunga Road, Horahora, RD2, Cambridge, Waikato. In July 1998 we reported the acquisition of the land. It was the result of the falling out of a 50/50 joint venture approved by the OIC in September 1997 between Australian and New Zealand partners. "Rather than embarking upon protracted litigation" after "substantial disputes", they agreed that the Australian syndicate or its nominee would purchase the remaining 50% interest in the business.

Netherlands company buys land to grow capiscum for export

A joint venture equally owned by Alexander Cropping Ltd of Aotearoa and J.M. Levarti and Sons (which is owned by the Levarti family of the Netherlands), has approval to acquire 21 hectares of land at Woodcocks Road, Streamlands, Warkworth, Northland for $116,750. Initially a 2.5 hectare greenhouse will be built on the land, which is two minutes drive away from Alexander Cropping’s current one hectare greenhouse. The greenhouse will be used to grow capsicum, mainly for export.

"These markets are very large on the world scale and New Zealand has the opportunity to use its advantages of southern hemisphere location to slot into Levarti’s world-wide distribution chain. It is claimed that this type of development is the future for New Zealand horticulture by combining New Zealand’s ability to grow product and using an international company to market our products."

Which is exactly what our dairy industry has successfully avoided to ensure the producers don’t lose their returns to marketers and traders.

"Currently the export season for Levarti ceases as soon as the Dutch growers stop their yearly production. By having production facilities in New Zealand, Levarti can continue their exports during the Dutch winter."

Other rural land sales

* In another Warkworth sale, Rosalie and Wayne Barnes of the USA have approval to acquire 33 hectares of land at Kaipara Flats Road, approximately 1km north of Warkworth, Northland, for $200,000 from Nevill Properties Ltd of Aotearoa. The Barnes currently reside in Hawaii but plan to apply (Monsanto: From Page 1) of the company’s forestry and pulp and paper operations in the Central North Island which have inflicted so much damage on indigenous communities... Despite the company’s persistent failure to address the appalling safety record, for which it received the inaugural 1997 Roger Award. The other finalists were Independent Newspapers Ltd (INL), Carter Holt Harvey, and Telecom.

Leigh Cookson, a spokeswoman for the Roger Award organisers, said: "In the year that the Government hosts APEC (Asia Pacific Economic Cooperation), it is well worth noting that Monsanto actively participates in APEC’s Agricultural Technical Cooperation Experts’ Group Committee, especially in its biotechnology workshops. APEC is just one of the tools being used to expand the rights of corporations like Monsanto to maximise their profits regardless of the costs to peoples and the environment. The Roger Award is one way to hold Big Business accountable and generate some much needed debate about the role of transnational corporations in New Zealand."

The three organisations behind the Roger Award have also created a new Collaborator’s Award for the New Zealand individual or organisation which has collaborated most with transnational corporations. "The inaugural award goes to the local mouthpiece for the interests of global capital in New Zealand, the Business Round Table, for its ongoing political interference and its advocacy of profit-first, people-last policies at national and local government level,” said Ms Cookson.

The panel of judges for the Award was: Sukhi Turner, Mayor of Taranaki; Vette Sykes, Ngati Pikiao lawyer and Treaty activist, Moana Jackson, Director, Nga Kaiwhakamaru I Nga Ture (Maori Legal Service), and Treaty activist, Moana Jackson, Director, Nga Kaiwhakamaru I Nga Ture (Maori Legal Service), and Maxine Gay, President, NZ Trade Union Federation.

Monopoly

Monsanto is now the world’s largest agrochemical corporation and second largest seed company, reputedly controlling over 10% of the global seed market. The corporation’s total 1996 revenues were US$9.26 billion. Along with seven other transnational corporations, Monsanto controls world trade of 20 food crops that account for 90% of food consumption. Four of these crops alone account for 50% of food grown in the world (potatoes, rice, wheat and maize).

(Continued on page 4)
Not satisfied with their virtual monopoly over the production, distribution and exchange of food crops, the same transnationals have increasingly focused their attention on gaining control over the world’s seedstocks. Their strategy has been a simple, yet alarmingly ruthless one in its novelty and design. The approach has been for agrochemical and biotech corporations to take over or buy out seed companies. However, their control does not stop there. Once they have taken control over a seed company, these corporations have then begun to systematically “genetically improve” (i.e. alter) the gene line of the seed and, therefore, the crop. This enables companies such as Monsanto to then apply for the patent right over the “improved” seed and the crop that grows from it, effectively removing control over a food source that had been in the public domain for hundreds, if not thousands, of years.

Monsanto has proved itself to be particularly adept at pioneering enforcement strategies for protection of its plant patents. Much of this work has been centred on its genetically altered soya beans that have the ability to withstand spraying with the company’s leading herbicide, Roundup Ready. In 1996 the company set a new precedent requiring farmers buying its Roundup Ready soya beans to sign and adhere to the terms of the 1996 Roundup Ready Gene Agreement. As the Canadian Centre for Policy Alternatives has documented, the terms that the Agreement set were as follows:

A $5 per bag ‘technology fee’ was levied. Farmers had to give Monsanto the right to inspect, monitor and test his/her fields for up to three years. Only Monsanto’s brand of glyphosate herbicide (Roundup Ready) could be used. Farmers’ rights to save and replant the patented seeds had to be transferred to Monsanto. Farmers must agree not to sell or otherwise supply the seed to “any other person or entity.” A final clause stipulated that if the farmer terminated the agreement he/she would be liable to pay Monsanto “100 times the then applicable fee for the Roundup Ready gene, times the number of units of transferred seed, plus reasonable attorney’s fees and expenses” (CCPA, 1998).

The company has used a similar licensing agreement for its genetically engineered cotton. Monsanto has also made it known that it intends to apply similar agreements to all of its genetically engineered seedstock that will be available to the market in the future. Such agreements would no doubt eventually apply to farmers using Roundup Ready canola seeds if ERMA allows Monsanto’s trial to proceed in the Canterbury and Southland regions. No doubt other agrochemical corporations, such as Cargill, which has monopoly control over New Zealand’s wheat supply, would soon follow the precedent set by Monsanto.

Monsanto is the largest TNC among the newly emerging “life sciences industry.” During 1997 the life sciences industry was extremely active in consolidating its power over the world’s biological resources. As a direct result of this process of consolidation, in 1996 the top ten life sciences industries accounted for 82% of global agrochemical sales. The top ten seed corporations controlled 36% of the global market. By the end of 1997 the top ten veterinary medicine corporations controlled 63% of the world market. In all of these sectors of the life sciences industry, Monsanto is either the leader or one of the top ten.

In relation to genetically engineered seed, crops and foods, Monsanto claims that the push toward the production of these products is necessary to feed a growing world population to eradicate hunger, starvation, and ultimately famine. The corporation argues that recent biotechnological breakthroughs in this area present a unique opportunity to boost world food production through residential subdivision, for $480,000 from D.B. and E.H. Broomfield. The Syndicate was then comprised of B.E. Washer of Aoteaora, The Broomfield Trust, a family trust of Andersons, The Trotman Trust, the beneficiaries of which are Mr Clough a New Zealand citizen, Mrs Clough of Hong Kong and her immediate family who are all overseas persons, Mr D. Salmon of Indonesia and Mr W. J. Frost a citizen of the USA residing in Indonesia.

In November 1997, says the OIC, the Syndicate sold the land to Quall Point Ltd “as part of an agreed rearrangement while the proposed development was subject to development and planning hearings.” It is not clear why such a sale was required. They now wish to return the land by selling the company back to the original syndicate except that W.J. Frost has sold his interest to Salmon.

The Quall Rise subdivision is at Franklin near the Lower Shotover Bridge. It is divided into 31 sections from 1,000 sq. m. to around 6,000 sq. m., priced at around $89,000 each. A number are selling to Asian investors seeking to place their money in a safe haven (National Business Review, 2011/06, “Southern sectors sell like hot cakes”, by Chris Hutching, p.73).

Several of the parties are involved in Woodlot Farm Ltd, which is a Singapore/Indonesia owned company involved in a golf course and housing development near Queenstown. It is owned by Shotover Golf Estate Ltd which owns 35% by P. Fong of Singapore, 35% by D. Salmon of Indonesia, 15% by D. and E. Broomfield of Aoteaora, and 15% by B. Washer of Aoteaora. Shotover owns approximately 81 hectares of land near Queenstown (see for example our commentary on the September 1993 decisions). Salmon also is involved in developing and selling off part of the Closeburn Station near Queenstown (for the latest such sale, see December 1998).

Land for forestry

- Mica Mountain Pines Ltd, owned by Steven and Jeanie Marie Henderson of Idaho, USA, has approval to acquire 103 hectares at Rangitata West Road, Dipton, from Pennlath Farm Ltd of Aoteaora, for $360,000. It is already “extensively planted in trees”. Mica also owns approximately 408 hectares of land in Longacre Road, 20 km from Wangangaro, for which it gained approval in June 1997 to buy for $820,000.

Ilex Replanted Forestry Ltd, which is owned by Mrs Liff Kristina Rolandsdotter Marriot and Mr Colin James Dickson, has approval to acquire 141 hectares of land at Judgeford, Porirua, Wellington for $800,000. The buyers have an interest in four woodlands in the UK, as well as forestry interests in Estonia and have “over 25 years experience of farm forestry in the UK”. They wish “to make long term investments in forestry in various parts of the world, including New Zealand”. This is their first in Aoteaora. The land is being sold by Judgeford Forests Ltd which is 65.8% owned in Aoteaora, 28.2% in Malaysia, and 6% in Singapore. The main (22.2%) Malaysian shareholder is Idris Hydraulic (Malaysia) Berhad, which also owns Pacific Capital Assets Ltd, the principal behind the controversial Brompton transport development in central Auckland (see the September 1998 OIC decision).

Outland Ltd owned by David and Janet MacLean of Australia has approval to acquire 68 hectares of land at Waimakariri Gorge, Canterbury for $290,000. They intend to use 65 hectares in pine radiata over four years, and farm the rest either under the management of neighbours or themselves. Ostrich farming is being considered.

US resident with “fetish” for new breeds buys third block of Taihae land

Willow Bay Company Ltd, owned by David Dean Smith of Oregon, USA, has approval to acquire a 315 hectare farm at Kaweka Road, Taihae, King Country for $400,000.

Smith obtained consent to buy his first farm in Aoteaora in April 1998 for $375,000. He stated that he intended to run the 86 hectare property “as a sheep/cattle farming unit running approximately 850 stock units” and to develop it to carry at least 900 stock units. “Mr Smith has extensive knowledge and expertise of the Simmental pedigree, Arabuc Stud and Brahman Cross cattle breeds” which he intended to develop. He would employ a farm manager for the day to day management and operation of the property.

In July 1998, Smith gained approval to acquire a nearby property in order to keep mating bulls apart and thereby enhance their mating “efficiency and productivity”. He bought 11 hectares of land at the corner of Paeranga and State Highway One, Taihae, for $128,000. Included is a house “which is able to be utilised in conjunction with the 86 hectare cattle farming unit” about 1.1 km away.

The present acquisition is because “the carrying capacity of these existing properties is only 1,000 stock units and even with a nil debt it is impossible to make those holdings an economic venture”. The new property, which is a sheep farm, adds up to 2,600 stock units, and “facilitates the diversification” of Smith’s farming business. While “recognising that sheep farming is probably at its lowest economic return ever, but having a fetish for introducing new breeds, the applicant is enthusiastic to become fully involved in the breeding of existing breeds and also exotic sheep”. He wants to “introduce East Friesian Rams with the Romney ewes on the property.”

*also wishes to introduce an exotic breed known as Romanov ram,

(Continued on page 78)
manage the harvesting and marketing of forest products and associated administration activities on its behalf. All other management, forest re-establishment activities and future harvesting and marketing will be performed by the Trust.

GMO Renewable Resources bought the historic S.999 herd of 435 Merino Station in May 1998, amid considerable controversy. In that decision, GMO was described as "an investment fund which is currently being organised to make investments in timberland and related businesses and assets. The limited partners of "the Fund" are expected to be large United States based institutional investors, including corporate pension funds, charitable foundations and university endowment funds along with certain natural persons who possess a high net worth". It is a subsidiary of Grantham, Mayo, Otterloo and Co., LLC, which is a major shareholder in Tasman Properties Ltd (Rural News, 20/7/98, "New Zealand for sale", by Ross Annable).

Rayonier is the third largest plantation forest owner in Aotearoa, according to the New Zealand Forest Owners Association, with 98,000 hectares in June 1998 (NZ Forest Facts & Figures '98, p.5).

Waahi Gold buys further land to "buffer" extended Martha Mine

Waahi Gold Company Nominees Ltd, which is 67.06% owned by Normandy Mining Ltd of Australia and 32.94% by AUAG Resources Limited (equally owned in Australia and Aotearoa) has approval to acquire a further 0.7 hectares of land at Baxter Road, Waahi, Coromandel for a swap with another property of the same area plus $3,712. The land is being purchased from Arthur Farms Ltd of Aotearoa.

"The company is proceeding with an extension to the Martha Mine that will have the effect of extending the life of the mine for about an additional seven years beyond the current estimated life of the mine of 1999. This extension involves enabling access to be obtained to ore below the level of the currently licensed pit. To reach this ore it is necessary to bench back (or extend) the perimeter of the existing pit, and the additional land is required for this, and to provide a sufficient buffer between the extended mine and surrounding residential uses. Previous consent has been granted by the Commission for the acquisition of such land. The land subject of this application is currently used for dairying. It is directly adjacent to the extended Martha Hill mine licence area, and will be required as a buffer for the extended project."

The last such purchase of land for the mine was in February 1999.

Trevone of the USA buys Takianini land from Carter Holt

In a decision unusual for the material that has been suppressed it, Trevone Holdings Ltd, which is owned by the USA, including 80% by the Craig Corporation, has approval to acquire six hectares of land on the corner of Great North Road and Walters Road, Takianini, South Auckland. The land is being purchased from Carter Holt Harvey Ltd, 51% owned by International Paper Company of the USA, for $6,000,000. The business activity involved, some details of Trevone, and the rationale for the approval have been suppressed.

Reorganisation of ownership of Queenstown residential development

Quail Point Syndicate, which is owned 40% by David Salmon of Indonesia and 20% each by G.J. Clough and family of Hong Kong, and David Benjamin Broomfield and B.E. Washer of Aotearoa, has approval to acquire Quail Point Ltd which owns 17 hectares of land at Tucker Beach Road, near Queenstown, Otago. The price is "to be advised". They have approval for a residential subdivision of the property. The transaction is largely a rearrangement of ownership, the vendor being David Broomfield (80%) and the Broadhaven Trust (20% - the Broomfield family).

In the August 1996 decisions we reported that the syndicate had received approval to buy the land for the introduction of its new pesticide/herbicide technologies (such as Roundup) in combination with GE crops. However, evidence from this country and around the world suggests that this is a purely commercial, not a humanitarian one. On the contrary, this evidence clearly shows that the secret agenda of Monsanto and the other life sciences corporates is aimed at controlling the production of 20 major crops that account for 50% of world consumption. Six of these crops have already been genetically engineered and patented, and are now in commercial production.

Consequently, the real dynamo driving Monsanto's GE research and operations around the globe is the desire to privatise the world's food gene lines through International Patent Rights (IPRs), and the genetic manipulation of agricultural seeds and crops. This accounts for the company's takeovers of seed companies over the last few years. For example, between 1996 and 1997 Monsanto invested nearly US$2 billion in seed company acquisitions alone. As a result it now controls 30% of the Brazilian seed market and is positioning itself to capture a large share of the US seed industry through its recent US$1.2 billion take over of Hoidens Foundation Seeds which is likely to give the company a 25-30% share of US maize acreage. These and its other corporate activities (e.g. pharmaceuticals) generated US$9.2 billion in revenues in 1996 for the company.

With the reforms that Rogernomics bequeathed to the New Zealand economy coming to fruition in the 1990s it is already evident that Monsanto views this country as a training ground for its Roundup-codakia trials from the Government it might well begin to increase the inevitable consequences for trade relations between the two countries. A tit-for-tat trade war was the implication.

Another example of how the US Ambassador has attempted to muzzle public debate on the proliferation of GE foods in New Zealand can be seen from his ordering an anonymous complaint from the Environmental Pollution Agency (EPA) who dared to raise some awkward questions about the use of Genetically Modified Organisms (GMOs) in food during an interview on National Radio's Kim Hill programme on November 1998. Apparently tipped off by the New Zealand-based representative of Monsanto about the interview, Beeman made a complaint to the EPA via the US State Department. According to the listener (6/11/99), "Beeman accused her of representing herself as the voice of the EPA - which regulates genetically engineered plant pesticides and micro-organisms used to produce chemicals - and also of trying to muzzle potential criticism over the introduction of GE foods. At the time of the visits, Kiton remembered that "I was struck dumb by the aggression shown by him - the bullying tactics he used". So much for US diplomacy. Although the Ambassador refused to comment on this, he did make it clear during his interview for Assignment (which was repeated on TV One's 10p.m. News) that if the New Zealand government did make labeling a requirement, this would have inevitable consequences for trade relations between the two countries. A tit-for-tat war was the implication.

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Although not immediately apparent but nevertheless working behind the scenes orchestrating this political
chicanery is Monsanto. It is clear from the “bullying” tactics of the US Ambassador to the public about the very real dangers that GMOs represent to the environment, humans, and other species. Consequenly, when Wyatt Creech calls for a “balanced debate” on GMOs in New Zealand (as he did in Assignment), he should remember that the scales of the balance have for some time been deliberately tipped in Monsanto’s favour. Perhaps this explains why it has been suggested that 60% of the foods on supermarket shelves already contain GMOs?

Environmental Damage

Before its nomination and “success” in the 1998 Roger Award, Monsanto had already established what can only be said to be a truly appalling record of widespread damage and destruction to the environment across the globe. A recent edition of the British magazine, The Ecologist, well documents the corporate negligence that Monsanto has displayed toward the environment since its founding in 1901. The Ecologist’s “Monsanto Files” make grim reading. What the “Files” reveal is that, before its most recent move into the production of GMOs, the company had been responsible for the manufacture and production of a long line of chemical and pharmaceutical agents that have had severe detrimental effects on the environment, the company’s workers, and consumers who have used them. The list is too long to reproduce for this report, however, Monsanto’s products and their effects have included: styrene/polystyrene (rated fifth by the EPA for the hazardous waste material that is a by­product of their manufacture); PCBs (a highly toxic carcinogen, compromises the human immune system); dioxin (a highly toxic carcinogen, compromises the human immune system, causes birth defects); and the infamous Agent Orange that was used by the American armed forces to defoliate Vietnamese forests. Exposure to Agent Orange, as subsequent court cases against Monsanto have revealed, has left many American - not to mention New Zealand - soldiers exposed to it suffering from a wide range of long term health disorders.

In recent years Monsanto has increasingly focused its operations on agrochemicals and biotechnology products. Several of its products have achieved notoriety in the last decade. They are:

Roundup Ready herbicide
Genetically modified seedstock “Terminator” seeds

Each of these biotechnologies represent a major threat to the environment. Monsanto advertises Roundup Ready as the world’s leading herbicide. It claims that it can be safely used on anything from lawns and gardens, to agricultural crops and even forests. In New Zealand it is regularly used in the Hawkes Bay, Manawatu, Canterbury, and Southland on Monsanto’s Roundup canola crops. Spraying these crops with the herbicide kills native weeds without harming crop plants which have been genetically modified to be resistant to the effects of the chemical. There is accumulating evidence from around the country and from abroad that the extensive and repeated use of Roundup Ready is already having a serious negative impact on the environment. First, it appears that prolonged use of the chemical (after three years) can render soil sterile by killing off worms and other biota which sustain fertility. Second, there is a growing body of scientific research on Roundup Ready’s active compound (glyphosate) which suggests that the chemical can compromise the immune systems of significant numbers of chemical-sensitive individuals and that it should not be used in close proximity to either people or animals. This is of particular concern given that research has shown that Roundup canola has levels of herbicide 200 times above that of canola grown using traditional farming methods. Last, little research has been conducted on the possibility of herbicide resistance, particularly via pollen transferred to the same or related crops. Despite the evidence, Monsanto continues to promote the herbicide widely to urban and rural local authorities, gardeners, and farmers as a safe and effective chemical.

Monsanto has also pioneered the development of genetically engineered seedstock. It is now the world’s leading supplier of GE seeds and dominates the US market, where 50% of all commercial crops will be derived from GE processes this year. Genetic engineering of seedstock has been developed by Monsanto to increase the dependence of farmers and growers on its chemical-intensive, industrial approach to agriculture. For example, Monsanto has genetically modified canola, cotton, maize, and soya beans so that its herbicide, Roundup Ready, can be used on these crops. The company has also sponsored more arithmetical research in which genes from a bacteria (bacillus thuriengenesis or Bt) are spliced into Monsanto’s seed New Leaf Superior potatoes, rendering them toxic to the Colorado potato beetle. As it happens, Bt is regularly used (but sparingly) in a powdered form by organic farmers as a natural pesticide of last resort. Consequently, insects have not developed resistance to Bt. However, the development of Monsanto’s New Leaf Superior increases the possibilities of resistance given that Bt is present in the potato and insects are continuously exposed to it. As Peter Montague of the (American) National Writers Union has noted: ”Not every potato beetle will be killed eating Monsanto’s pesticidal potatoes. A few hardy beetles will survive. When those few resistant beetles mate with other resistant beetles, a new variety of potato beetle will spring into being...At that point, the bacteria will have lost its

In December 1995, we reported that Inghams had approved to acquire 67 hectares of land for manufacturing at Waitoa, Waitako, "to extend their present processing plant at Waitoa. Inghams view the expansion as a necessary part of their investment in the poultry industry in New Zealand which they have expertise. Inghams estimate that the expansion of the plant will provide for employment of a further 30 people".

In July 1997, Inghams gained approval to acquire 67 hectares of land at Leslies Road, Putaruru, Hamilton, Waitako, for $580,000. Inghams intended to "utilise the property as an extension of their existing poultry operations". In September 1998, Inghams received approval to acquire 234 hectares at Whakamaru, near Taupo, Waitako for poultry farming. At that stage, Inghams owned approximately 184 hectares of land throughout New Zealand.

“an Australian takeover of the poultry group Harvey Farms. Inghams Enterprises Pty Ltd is taking over all the assets of Harvey Farms Consolidated Ltd, Mount Grain Driers Ltd and J. M. Thomas Ltd. These were being sold off by Equi­corp as part of its liquidation. According to the OIC application, the Inghams Group is ‘the largest producers of meat and layer chickens, turkeys and ducks in Australia, with excess of 50% of the market. Inghams is not currently in the business of poultry production, processing, marketing and distribution in New Zealand and sees this acquisition of assets as an opportunity to expand its core business’.”

In October 1998 the company also signed a supply deal with Auck­land-based Fernz Corporation to market glyphosate.

GMO, Rayonier buy 5,537 ha forestry rights, Te Awahohonu Forest, Napier

An unincorporated joint venture between GMO Renewable Resources LLC and Rayonier Inc, both of the USA, has approval to acquire 5,537 hectares of forestry right at the Te Awahohonu Forest, approximately 70 km north west of Napier, Hawkes Bay from the Te Awahohonu Forest Trust which “represents the interests of approximately 560 Maori shareholders”. The price has been suppressed.

The forest, which was planted in pinus radiata between 1972 and 1984, is currently subject to a lease agreement with the Crown, whereby the Te Awahohonu Forest Trust owns the land and is also the beneficial owner of a 25% interests in the pinus radiata plantation...the Trust will use part of the proceeds from the sale of the interest in the trees to buy out the Crown’s interest under the lease.

"It is proposed that the Trust will sell to the GMORR/Rayonier Joint venture an undivided 50% share of its interest in the Te Awahohonu Forest’s pinus radiata plantation and grant to the GMORR/Rayonier Joint Venture a forestry right in respect of that 50% share in the trees. The GMORR/ Rayonier Joint Venture will then form an unincorporated joint venture with the Trust for the purpose of harvesting and marketing the trees. The GMORR/Rayonier/Trust Joint Venture will appoint Rayonier to..."
The East Coast region is about 700km running and about 150m wide, with about half of it offshore. It extends out to ocean depths of 1500m to 2000m.

The Waitea have a vineyard on the property, which will be continued under contract to Montana Wines.

Westec is owned 44.58% by John and Julie Mork, 12.6% by Frank Cullough, and 11.04% by Ken Brill, all of the USA. The remainder is held by the US public.

The parent company, Westec Energy Corporation, is based in Denver, Colorado.

**Davidson buys out two shareholders in Wharekauhau Station**

James Davidson of the USA has acquired 100% of Wharekauhau Holdings Ltd, the owner of the 867 hectare Wharekauhau Station at Wharekauhau Roads, South Wairarapa.

He purchased the property for his company, but is buying the farm for a further $2.83 million, including 21.68% from Andrew Miller and John Sevo of the USA. It appears the 28.31% will be purchased as follows:

- **Andrew Miller (USA)** – 38.5%
- **John Sevo (USA)** – 38.5%
- **Michael Baybak (USA)** – 9.34%
- **James Blanchard III (USA)** – 6.59%
- **Annette Shaw (Aotearoa)** – 2.44%
- **William Shaw (Aotearoa)** – 2.44%
- **Lord Rees Mogg (UK)** – 1.76%

**Sir Roger Douglas (Aotearoa)** – 0.41%

Davidson is paying $954,894 for the shares. For further details on these characters, see our commentaries on previous decisions in November 1995, June 1996, August 1996, and January 1999, and the "Intriguing story of Roger Douglas and his unpleasant friends at Wharekauhau Lodge", Foreign Control Watchdog, no. 84, May 1997, p.6-14. These associations provide evidence of Douglas's links with the far Right (including Davidson) in the USA and UK.

**Inghams of Australia extends Waikato poultry farm**

Inghams Enterprises (NZ) Pty Ltd of Australia has approved to acquire eight hectares of land at 7481 State Highway 27, Matamata, Waikato for $1,200,000. The land, which neighbours Ingham's existing poultry hatchery, will be used to expand its hatcheries.

In March 1990, we reported the East Coast had big potential, but it remained unexplored because there is less risk for oil companies to drill in proven regions such as the North Sea and the Middle East.

"The acquisition reflects Weatherford's intention to expand its current product line and business in the Pacific Rim regions, including New Zealand. The acquisition will benefit Weatherford's existing New Zealand operations through the introduction of further technology and technical skills to the oil and gas industry".

Westec was owned 44.58% by John and Julie Mork, 12.6% by Frank Cullough and 11.04% by Ken Brill, all of the USA. The remainder is held by the US public.

Monsanto has recently added to its arsenal of GE products the so-called "Terminator" seed. The principle of the Terminator biotechnology is quite simple. Genes from one species (Bt) are inserted within a seed that programme the plant to sterilise any seeds it may produce. This prevents farmers from saving their own seed, forcing them to go back to the seed supplier to purchase a fresh consignment for the following season.

"Over the last three years... conducted an extensive petroleum exploration programme in the northern Wairarapa area. High quality gas deposits were found at the Kauhauara-1 well. This well sits directly to the north of the Waitea property. A number of appraisal wells are now planned, including on the Waitea property." The gas discovery was seen as a breakthrough for the Waitea Helicopters from other exploration companies. Chris Ursuki of the New Zealand Institute of Geology and Nuclear Sciences Limited was "excited" at the find and stated in a news release (15/9/98, "Geologists excited about East Coast oil and gas prospects", http://www.ncs.cri.nz/news/release/may1998.html) that "...the recent land-based gas find 10km north of Wairau by Enero and American-based Westec Energy was likely to be the start of exploitation companies showing increased interest in the East Coast. He said offshore structures were generally bigger than those on land."

"Geologists has always suspected effectiveness as a pesticide. Then Monsanto will start marketing some new "silver bullet" to control the Colorado potato beetle. But what will the nation's organic farmers do? Monsanto will destroy a public good - the natural pesticidal properties of Bt, Monsanto scientists acknowledged to the New York Times that the Bt-containing potato will create Bt-resistant potato beetles. They know exactly what they are doing. They are hoping to make a mint selling Bt-laced potatoes and, in the process, depriving their competitors (organic farmers) of an essential, time honoured tool. The strategy is brilliant, and utterly ruthless."

Such a strategy undermines Monsanto's claim that it's inventions are "advancing GE biotechnology". Quite clearly, in the case of the New Leaf Superior potato, the company is wilfully manipulating the gene pools of two totally unrelated "species" (Bt and a potato) to eradicate competition from organic farmers for purely commercial purposes. The possible development of insect resistance that these technologies pose for the environment in New Zealand must be a negative consideration in their adoption and use here. Despite this obvious concern, in November 1998 ERMA allowed Roundup Ready canola to be trialed in Canterbury and Southland. If accepted, planting will commence in the spring of 1999.

Monsanto has also recently added to its arsenal of GE products the so-called "Terminator" seed. The principle of the Terminator biotechnology is quite simple. Genes from one species (Bt) are inserted within a seed that programme the plant to sterilise any seeds it may produce. This prevents farmers from saving their own seed, forcing them to go back to the seed supplier to purchase a fresh consignment for the following season. The effect of this technology is to transfer control over a food source from the land/farmer to the HQ of Monsanto in St Louis. Aside from the legal and regulatory monopoly that is being negotiated by the World Trade Organisation, on international patent rights, the company's often repeated justification for the development of its GE related products is that it aims to "feed the world". As the company's CEO Robert Shapiro writes in the introduction to Monsanto's 1996 Genome Project, "Monsanto is conducting an ideological crusade to hoodwink the public into believing its products are not only harmless but life enhancing. For example, the public good - the natural pesticidal properties of Bt, Monsanto scientists acknowledged to the New York Times that the Bt-containing potato will create Bt-resistant potato beetles. They know exactly what they are doing. They are hoping to make a mint selling Bt-laced potatoes and, in the process, depriving their competitors (organic farmers) of an essential, time honoured tool. The strategy is brilliant, and utterly ruthless."

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These and other images of a beneficent corporation battling to expand the world’s food supply constitute the central messages of Monsanto’s public relations effort aimed at assuaging public opinion that GE foods are safe. To placate and pacify public anxiety over GE, Monsanto and other GE corporates employ the services of Burson-Marsteller, a multinational public relations agency that specialises in the GE industry. A visit to its global website (www.burson-marsteller) is very revealing of the hidden agenda that Monsanto and other GE corporates seek to promote. As Burson-Marsteller boldly claim, “Perceptions are real, they color what we see ... what we believe ... how we behave. They can be managed ... to motivate behavior to create positive business results”. And this is the rub of what is really at stake for Monsanto, quite simply, commercial gain and private profit.

Despite the mask of greenspeak, sustainable development, and wild promises to feed the world, the GE corporates like Monsanto are engaged in a systematic media campaign aimed at placating and placating public anxiety over GE, Monsanto is clearly engaged in an ideological crusade to win the hearts and minds of the public over to its view of GE in industry. This explains why, despite the efforts of many ecologists and political activists, public opinion in New Zealand has been relatively quiescent on issues surrounding GE until recently. However, reports (TV One, 22/4/99) recently showed, there are signs that ordinary people here are no longer prepared to uncritically accept the placating messages of Monsanto’s public relations campaign. The Wisconsin Farmers Union released a study of Wisconsins farmers’ experiences with the drug. [The research] found widespread reports of spontaneous deaths among BGH-treated cows, high incidences of udder infections, severe metabolic difficulties and calving problems, and in some cases an inability to successfully wean treated cows off the drug. Many experienced farmers who experimented with BGH suddenly need to replace large portions of their herd. Instead of addressing the causes of the farmers’ complaints about BGH, Monsanto went on the offensive, threatening to sue small dairy companies that advertised their products as free of the artificial hormone, and participating in a lawsuit by several dairy industry trade associations against the first and only mandatory labeling law for BGH in the United States. Still, evidence for the damaging effects of BGH on the health of both cows and people continued to mount (The Ecologist, October 1998).

Impact On Women, Health And Safety Of Workers And The Public

The impact of GE food on New Zealanders’ health is still as yet unknown. Studies on the long term effects of this type of food have, significantly, rarely been conducted by the GE corporates such as Monsanto. One such study, by a UK scientist on rats given genetically modified potatoes found it to stunt their growth and seriously compromise their immune systems. Follow-up studies on the experiment found that “there was something in the process of genetic modification that was causing damage” that the scientists little understood (The Press, 22/2/99). For his efforts, the scientist who discovered this connection was promptly sacked from his position by the company that employed him (the Rowett Research Institute) - a common response of GE companies to scientists whose research does not support the official line that GE foods are harmless, even beneficial. This is the crux of the matter: research that is gradually trickling out is adding to a growing body of counter-evidence that strongly suggests that the long term effects of GE foods on public health are not only unknown at present, but are potentially damaging. Such lack of research should give the New Zealand public pause for concern given that an estimated 60% of foods sold here are GE modified.

A case in point is Monsanto’s BGH or Bovine Growth Hormone, a GE hormone that increases the milk yields of dairy herds. As the Ecologist’s “Monsanto Files” notes “Monsanto’s 14-year effort to gain approval from the US Food and Drug Administration (FDA) to bring recombinant BGH to market was fraught with controversy, including allegations of a concerted effort to suppress information about the hormone’s ill effects. One FDA veterinarian, Richard Burroughs, was fired after he accused both the company and the agency of suppressing and manipulating data to hide the effects of BGH injections on the health of dairy cows”. The report goes on to document that after Monsanto gained FDA approval to market the hormone in 1994:

[the ‘Wisconsin Farmers Union released a study of Wisconsin farmers’ experiences with the drug. [The research] found widespread reports of spontaneous deaths among BGH-treated cows, high incidences of udder infections, severe metabolic difficulties and calving problems, and in some cases an inability to successfully wean treated cows off the drug. Many experienced farmers who experimented with BGH suddenly need to replace large portions of their herd. Instead of addressing the causes of the farmers’ complaints about BGH, Monsanto went on the offensive, threatening to sue small dairy companies that advertised their products as free of the artificial hormone, and participating in a lawsuit by several dairy industry trade associations against the first and only mandatory labeling law for BGH in the United States. Still, evidence for the damaging effects of BGH on the health of both cows and people continued to mount (The Ecologist, October 1998).]


TransAlta and Australian Gas Light have cohabitation arrangements in Australia. In November 1998, TransAlta became the second biggest generator in Western Australia when it formed a partnership with Australian Gas Light called Southern Cross Energy. The company, in which TransAlta has 85%, bought four gas-fired power stations, nearly 5,000 km of transmission lines and 16 diesel generators from WMC Resources Ltd, a mining company, which will continue to buy the plants’ output. The other half of the gas will be supplied by the Goldfields Gas Transmission Pipeline, in which TransAlta has also owned a share since October 1999 (Globe and Mail, 28/11/98, “TransAlta takes No. 2 spot in Western Australian market”).

See the detailed article on the electricity deforms elsewhere in this issue. Ed.

Pacific Hydro, Todd Energy buy Bay of Plenty Electricity’s generators, retail

Pacific Hydro Ltd of Australia and the USA, and Todd Energy of Aoteaore have approval to acquire the electricity retail business and generating assets of Bay of Plenty Electricity Ltd for $100,000,000.

See the detailed article on the electricity deforms elsewhere in this issue. Ed.

Lend Lease of Australia takes 25% of Morrison & Co, manager of infralit

Lend Lease Corporation Ltd has approved to acquire 100% of H.R.L. Morrison and Co Group Ltd for a suppressed amount. H.R.L. Morrison is the holding company for a group that manages – and hence substantially controls – the real estate, and financial services, Infrastructure and Utilities NZ Ltd. In fact, according to an announcement to the Stock Exchange, Lend Lease is buying only 25%, but has a right to increase its shareholding to 100% over a five year period (4/3/99, “Lend Lease invests in infralit manager”).

For more on the infralit group, Morrison and Co, and Lend Lease, see the detailed article elsewhere in this issue. Ed.

Sandhurst of Australia buys Eastgate Shopping Centre, Christchurch

Sandhurst Trustees Ltd of Australia has approval to acquire the Eastgate Shopping Centre (formerly Linwood Mall) in Christchurch, including the six hectares of land on which it is built and will be expanded on to. The land includes some bought from the Christchurch City Council that is part of Cuba and Cranley Streets, which will be closed as roads. The remainder, on the corner of Linwood Avenue, Buckleyes Road and Breezes Road, is from Southway Properties of Aoteaore. The price has been suppressed.

Sandhurst’s current owns approximately A$387.7 million of syndicated property, where MCS Property Ltd is the manager. These properties are principally shopping centres located throughout Australia. MCS will manage Eastgate.

This approval “includes acquisition of the land and all fittings and fixtures, plant and equipment and chattels” on the land held by the New Zealand company, but also “a mixture of residential properties and vacant land” for future development. Sandhurst is buying the property “for the purposes of creating an investment opportunity for growth in both Australia and New Zealand”. A float of Sandhurst is proposed in both Australia and Aoteaore.

Argent of the UK buys remaining 18% of New Zealand Light Leathers

Argent Group New Zealand Ltd, a subsidiary of Argent Group Europe Ltd of the UK has approval to acquire the 17.95% of New Zealand Light Leathers Ltd it does not already own. The Timaru-based company manufactures leathers for jackets and coats at the top of the market. Over half its output goes to the USA. It employs 150 staff in the busy season.

The OIC puts the price for the shareholding at $2,747,880. However, this was based on the original offer price of 255 cents a share (compared with trading at 230 cents). An independent report released last week led to it being raised to 275 cents a share, making the price for the takeover $2.96 million. Independent directors and the chairman recommended accepting the offer saying prospects were not rosy. “It was difficult at the moment to secure a good supply of quality leather, the market was volatile and forecasts were hard to make”, according to the chairman, Spencer Hagen. The company was “one of the few listed firms in an industry in a downturn”, according to the company’s managing director, and publishing its trading reports gave commercially sensitive information to competitors.

Argent has seven other subsidiaries in the UK, Europe, Turkey and the USA. Argent Europe was formed in 1997 as a management buyout of a listed group UK, Hillsdown Holdings. A large UK venture capital company, Cinvan, also has a major shareholding. Argent Group New Zealand Ltd is part of Argent’s Strong and Fisher Holdings, through which it holds its leather, hides and skins interests.


Weatherford of the USA buys business of Austin Technology

(Continued on page 74)
The effects of the drug on dairy herds and the reaction of Monsanto to farmers concerns in this case should be a warning to New Zealand dairy producers, particularly as Monsanto has applied to the New Zealand National Animal Welfare Advisory Committee for its Posilac brand of BGH to be approved for general use among dairy farmers here. New Zealand dairy farmers should take note of the high levels of opposition recorded among Canadian farmers and public to the use of BGH in dairy produce. As a direct consequence of this opposition, the Canadian Federal government, in 1998, refused to grant Monsanto a licence to market BGH until further research had been reviewed on its effects on both cows and humans. The New Zealand government should also take note of its own Dairy Board which strongly opposes the use of BGH among herds here.

Public health in New Zealand is also compromised by Monsanto’s pharmaceutical products. In particular, its artificial sweetener aspartame which is sold under the brand names of Nutrasweet and Equal have been linked to an alarming range of chronic health conditions. The include: brain cancers, diabetes, epileptic seizures, Alzheimer’s disease, multiple sclerosis as well as other neurological conditions that have shown a marked increase since the introduction of aspartame in the early 1980s. Given the widespread use of the chemical in everything from soft drinks (e.g. diet Coke and Pepsi) to processed foods as a sweetener, aspartame represents a serious health threat to all sections of the New Zealand population.

1999 ROGER AWARD

Nominations for the 1999 Roger Award are open until October 31, 1999. A nomination form is included with this Watchdog. The winner will be announced in early 2000. You can nominate previous winners, but nominations must be based on the transnational corporation’s record in Aotearoa. Its international record will only be considered as background.

Send your completed nomination form to: CAFCA, Box 2258, Christchurch.

PSST! WANT TO BUY AN ISLAND?

Very Cheap, 1930s Prices

We were reading Time (5.7.99), specifically the weekly ‘Traveler’s Advisory’ (you never know when their cutey little tips for American tourists might come in handy), when we came across reference to Hamburg-based Vladi Private Islands, which rents out islands around the world. We thought “that name rings a bell” and sure enough, here is the reference from the April 1992 Overseas Investment Commission decisions (the only one we could find):

"Another tourist farm is proposed by Euro Confiteries Aktiengesellschaft, a Liechtenstein registered company owned by Mr Vladi of Canada. He will acquire a 760.8464 hectare property known as Forsyth Island in the Pelorous Sound for $1,500,000 and proposes to ‘promote the island in Europe as a resort with the resultant benefits to New Zealand’.

Intrigued we checked out the website, to see if Mr Vladi currently has any New Zealand islands to sell or rent. He divides the world into regions. Here’s ours:

Region 8: Australia/New Zealand
The coast of Queensland and Tasmania belongs to one of the most beautiful island regions in the world. And despite its remoteness, which is ever decreasing, New Zealand is an especial island paradise. Here, the social, political and topographical structures are ideal, the legal situation is clear and this country has one very special advantage - foreign ownership has been permitted in New Zealand since only 3 years. Therefore, the prices are still at what we would consider the level of the 1930’s - a special tip for island purchases. We offer islands between US$500,000 and US$2,000,000.

So get in quick, all you island grabbers. What a blow to our freemarketeers who would have us believe that NZ leads the world. 1930s prices! Wasn’t that during the Depressions? They sold anything to make a quid then, so maybe it is entirely appropriate.
ANOTHER KLEPTO OWNS SOUTH ISLAND REAL ESTATE

For the past several years, Watchdog has exposed and attacked the ownership of Lilypad Lodge (in the Mackenzie Country) by Tommy Klepto. We led the field on this - the mainstream media only started to take an equally critical stance when Indonesia’s ruling Klepto family was overthrown, in 1998. But, in 1999, it has emerged that Tommy is not the only one of the rapacious Klepto off springing to own prime South Island real estate. And, ironically, the revelation has come from Australia.

The source, as always, is the indefatigable George Aditjondro, the Indonesian dissident in Australian exile, the world’s leading expert on Suharto wealth. He was approached by Time to help research its epochal cover story (24/5/99; “Suharto’s Billions. Luxury homes, fine art and private jets - our special investigation uncovers the fonner Indonesian leader’s staggering family fortune”). In the course of his ongoing investigation into the Kleptos’ plunder, he came across Queenstown property owned by one of Tommy’s sisters. New Zealand research was mainly done via the East Timor Independence Committee, in Auckland. CAFCA was able to help with what we could find in our database of Overseas Investment Commission (OIC) approvals.


“Hidden deep in New Zealand’s Southern Alps, far from the political uncertainty of Jakarta, sits an outpost of the Suharto dynasty coupled with a private retreat for an extremely rich and private family - our special investigation uncovers one massive alpine mansion to cater for servants but was stymied and forced to buy two interconnected lodges. She ended up with a seven bedroom, four bathroom, two kitchen property off Goldfield Heights Road. She has reportedly grown tired of her three level snow country retreat of late.”

“At least one local was approached by a broker to buy the modern alpine style property earlier this year. She tried to sell it six months ago. She was looking for offers ... no price was mentioned, she just wanted to cash it up quickly,” said the Queenstown local who spoke to The Australian Financial Review on condition of anonymity ... “Ironically, the name of the offshore holding company is Peacehaven (registered in the tax haven of Jersey, and untraceable from New Zealand).

The Queenstown paper, Mountain Scene, took the story, a whole lot further with a front page lead (24/6-30/6/99; “Seize Suharto Property”... “Mackenzie Country”) by Tommy Klepto. We led the field. We contacted George Aditjondro, in Australia, who urged the NZ government to seize the property. It also quoted from a letter from Maire Leadbeater, writing on behalf of the Mountain Scene, to establish that Siti bought her two units in 1993. They are currently kept free for the owners’ friends. Siti visited in 1998, being described as “just a fairly small, plump woman who was extremely polite”. The paper spoke to Firdaus Siddik, who has up to 40 Goldfield Heights sections currently for sale. The poor man has had to spend more time in Jakarta and less in Queenstown...

“the agricultural area of the property”, approximately 56.9 hectares, for combining with adjoining land the family already owns, and will be used for dairy development. The remaining 49.1 hectares will be sold to The Eire Cattle Company Ltd (also owned by the Cleary family) and subdivided for lifestyle units which are in “significant demand ... given its proximity to both Auckland and Hamilton.

Mr Cleary has been granted New Zealand citizenship and “has extensive experience and success in farming in both Indonesia and New Zealand”.

In February 1998 we reported that Clearwood Developments Ltd, owned 66.6% by E. J. Cleary and family of Ireland, and 33.3% by the K.B. and R.B. Lockwood family trusts of Aoteaora, has approval to acquire a 114 hectare dairy farm on Sauberty Road, Hamilton, Waitakor, for $2,000,000 for residential subdivision. They intend to convert ten hectares of it to “3 farm park” residential lots, each with power, telephone and water, and sell the rest as a dairy farm.

In July 1997 we reported that Eire Cattle Company Ltd, owned by the Cleary Family Trust, had approval to acquire 50 hectares of land on Plants Road, Te Kauwhata, Waitakor, for $422,500 for dairy conversion and merging with the company’s adjoining property. The Trust’s trustees were Mr Eamon Joseph Cleary of Ireland and Mr J. Henderson of Aoteaora. The beneficiaries of the trust were Mr Cleary, his children, and “remote issue”. The Cleary family also had other significant investments in New Zealand.

The company is proceeding with an extension to the Martha Mine that will have the effect of extending the life of the mine for about another seven years beyond the current estimated life of the mine of 1999. This extension involves enabling access to be obtained to ore below the level of the currently licensed pit. To reach this ore it is necessary to bench back (or extend) the perimeter of the existing pit, and the additional land is required for this, and to provide a sufficient buffer between the extended mine and surrounding residential uses. Previous consents have been granted by the Commission for the acquisition of such land. The land the subject of this application is currently in residential use, but is directly adjacent to the extended Martha Hill mine licence area, and will be required as a buffer for the extended project.

The Eamon Cleary Family Trust (benefitting the Cleary Family of Ireland) is buying a company Luhun Holdings Ltd which owns a 201.567 hectare property on Hall Road, Te Kauwhata for $1.5 million. The family have applied for permanent residence in Aoteaora, but will be employing a local farm manager and a farm consultant. Mr Cleary is experienced in intensive beef fattening in Ireland.

Waihi Gold buys land to “buffer” extended Martha Mine

Waihi Gold Company Nominees Ltd, which is 67.06% owned by Normandy Mining Ltd of Australia and 32.94% by AUAG Resources Limited (equally owned in Australia and Aoteaora) has approval to acquire a further 1.6 hectares of land at Grey Street, Waihi, Coronadel for $114,000.

The company is proceeding with an extension to the Martha Mine that will have the effect of extending the life of the mine for about another seven years beyond the current estimated life of the mine of 1999. This extension involves enabling access to be obtained to ore below the level of the currently licensed pit. To reach this ore it is necessary to bench back (or extend) the perimeter of the existing pit, and the additional land is required for this, and to provide a sufficient buffer between the extended mine and surrounding residential uses. Previous consents have been granted by the Commission for the acquisition of such land. The land the subject of this application is currently in residential use, but is directly adjacent to the extended Martha Hill mine licence area, and will be required as a buffer for the extended project.

(Continued on page 72)
Swiss lodge buys further lake front land in Rotorua

Swiss Lodge Ltd, owned by Mr and Mrs Schweizer of Switzerland, has been approved to acquire 6.0976 hectares of land at 207A Kawaha Point Road, Rotorua, for $275,000. The land is on the northwestern side of Lake Rotorua.

In March 1998, we reported that Swiss Lodge Ltd had approval to acquire "approximately 0.1163 hectares" adjoining Lake Rotorua, at 207 Kawaha Point Road, Rotorua for $370,000. This is the primary address of the operation. The OIC now tells us that Swiss Lodge also bought a further 0.3733 hectares at 209 Kawaha Point Road, though we have received no decision approving that. The company has upgraded the house at number 209 and constructed "a substantial home made from Lockwood component and design" on the property. It has also built a small jetty on the lakeshore of 209 to enable boat owners and enable trout fishing. The acquisition of 207A will allow further development of this tourist operation.

Abel Real Estate of Japan buys Mangapapa Lodge, Havelock North

Abel Real Estate (H.K.) Co., Ltd, a subsidiary of Abel Real Estate International Ltd of Japan, has approved to acquire the Mangapapa Lodge, including six hectares of land, at Napier Road, five kilometres north of Havelock North, Hawkes Bay, for $2,250,000. The property is being sold by Garland and Wagner Holdings Ltd/Mangapapa Lodge Ltd.

The lodge is described as "one of New Zealand's finest small luxury hotels". So-Con Co., Ltd, which is associated with Abel, bought the Waimarama Estate Winery in 1998 (though we have no OIC decision relating to this). The winery is in River Road, Havelock North, about five kilometres from Mangapapa Lodge. It currently exports to Japan all of its production and the wine is sold in Japan to parties known to So-Con Co. Ltd and associated companies. These parties will visit New Zealand from time to time as tourists and will spend time at Mangapapa Lodge and Waimarama Estate Winery. The Lodge will still continue for the most part to derive its income from overseas visitors and New Zealanders seeking world-class lodge accommodation.

Abel Real Estate (H.K.) Ltd is "involved in the business of property investment, leasing, property development and property consultancy".

New Zealand Forestry Group sells further land in Hawera to Taiwanese

Cheng-Chi Sung of Taiwan has approval to acquire 23 hectares of land at Tangahoe Valley Road, Hawera, Taranaki, for $111,746. Similarly, Yi-Chin Chen and Yang Chen jointly have approval to acquire 32 hectares in the same locality, for $154,800. Both purchases are from the New Zealand Forestry Group. For the first time the ownership of the New Zealand Forestry Group is reported: it is owned 76% by W. Garratt of Aoteora, and 24% by J. Hong of Taiwan.

All three purchasers are members of the Hawera Forest Owners Association, which buys land from the New Zealand Forestry Group, contracting it to manage and develop the property. In August 1998 we reported that four members of the Association, which consists of 43 members, of which 21 are "overseas persons", received approval to acquire a total of 99 hectares of land at Tangahoe Valley Road, Hawera, Taranaki for $423,990 for forestry. Each "member" is two to five people, or, in one case, a limited liability company, Greens Trading Co. Ltd. All are domiciled in Taiwan. The seller of the land in each case was New Zealand Forestry Group Ltd.

The OIC states that "In essence the proposal is a joint venture between overseas persons who are providing capital for development purposes as the New Zealand forestry company which is providing the necessary expertise to the operation.

The New Zealand Forestry Group appears to specialise in these modus operandi, and has been selling land in Paparangi, Wanganui and elsewhere.

Clarey's of Ireland buy 626 ha. more land in Southland and 106 ha. in Waikato

The Clarey Family of Ireland, through their company, Athlumney Farms Ltd, have approval to acquire five properties in Southland, totalling 626 hectares, which they intend to convert to dairying. The total price for the properties is $4,692,000. They are:

- 266 hectares at Lochiel-Bransholme Road, near Invercargill
- a further 49 hectares at Lochiel-Bransholme Road
- 15 hectares at Horon Road, Makara, near Invercargill
- a further 143 hectares at Horon Road
- 154 hectares at Gap Road West, Winton.

The first property "represents the best property in Southland that is yet to be converted into dairying". All properties are currently sheep and cattle operations.

They also have approval to acquire 106 hectares at Rodda Road, Te Kauwhata, Waikato for $675,000. Their company, Athlumney Farms Ltd, will purchase

since the Asian Crisis knocked the stuffing out of Indonesia in 1997. Siddik is still chairman of the Indonesia-NZ Business Council and led a trade delegation to NZ as recently as June 1998. He pooh poohed George Adjidjo's assertion that Queenstown could be a bolt hole for the Kleptos: "I think that's a bit ridiculous. Why would they buy a small chalet? It's peanuts compared to what these people can own. If you see the type of houses these people buy in London, Los Angeles and all these other places, why would they have chalets which are worth $250,000 at the most?" (ibid).

In case you're wondering why you've never heard of any of this previously from Watchdog, there's a simple answer - the OIC does not need to approve foreigners buying individual houses, that is simply a real estate transaction. Secondly, the name Siddhy Haryadi does not appear in our OIC database, which covers a decade. But once George Aditjondro approached us, we checked that it was an educated guess that any rich Indonesian buying property, apart from Lilybank, had to be connected to the Kleptos. Nor is it a surprise to see the type of houses these people can own. If you compare the price tag. Like other business ventures of the family and associates of the former Indonesian president, Libybank has gone into the red.

"Developed at a cost of $4million, the lodge comprises eight spacious rooms plus a trophy room housing sheep, deer and Himalayan goat heads. It has since closed. Tommy reportedly paid about $1 million for the property in 1992 and previously ran it as an exclusive game reserve. Tommy's hunt especially for non-alcoholic drinks.

"But Libybank is now reportedly a deer farm producing meat and deer antler velvet, which is sold for traditional Asian herbal remedies. The lodge opened in 1995, but its manager, Mr Gerard Olde-Olthof, says it never turned a profit. The lodge, near Mount Cook at the head of the glacier fed by Lake Tekapo, will be sold repellete with furnishings, eight hectares of freehold land and the rights to an additional 9,500 hectares."

In July 1999, the Press reported that Libybank has sold, subject to approval by the Commissioner of Crown Lands, to the "Singaporean" Tommy Klepto. "Singaporeans have the most interesting interests"; the price confidential. Olde-Olthof will stay on at the lodge and the deer farming operation will be expanded (14/7/99).

Time estimates 35 year old Tommy's wealth at $US800 million. He owns 60% of Humphuss Group, which has 60 subsidiaries ranging from construction to pharmaceuticals. He is a major shareholder in Libybank (invariably described as a "ranch") which includes an 18 hole golf course in England and a luxury yacht moored at Darwin. He is a big time gambler, "thinking nothing of losing $US1 million in a single sitting. One gaming partner says he used to leave Jakarta on his plane with millions of dollars to wager in European casinos and stop in Singapore on the way home to deposit what was left. Abel has apparently been "involved in property and financial interests"; the price confidential. Olde-Olthof will stay on at the lodge and the deer farming operation will be expanded (14/7/99).

Tommy Klepto

To conclude the Australian Financial Review story: "Siti is obviously following family real estate trends. Brother, Tommy Suharto, has listed for sale Libybank Lodge, a luxury hotel built on the banks of Lake Tekapo and framed by snow capped peaks, with a $10 million price tag. Like other business ventures of the family and associates of the former Indonesian president, Libybank Lodge has gone into the red.

"Developed at a cost of $4million, the lodge comprises eight spacious rooms plus a trophy room housing sheep, deer and Himalayan goat heads. It has since closed. Tommy reportedly paid about $1 million for the property in 1992 and previously ran it as an exclusive game reserve. Tommy's hunt especially for non-alcoholic drinks."

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Another Klepto: From page 11)

moving in...” (Time, ibid).

The Time investigation concluded that, over the 32 years of dictatorship, the Kleptos’ amassed more than $US73 billion. It has shrunk considerably, but is still a breathtaking $US15 billion, including 3.6 million hectares of real estate (an area bigger than Belgium) and hundreds of companies. The richest of the six children is Bambang Trihatmodjo, worth $US3 billion; the “poorest” is Siti Hutami Endang Adiningsih, with a mere $US30 million.

For his part, Daddy Klepto has denied all and sued Time for defamation. Now that will be an interesting trial.

Of course, the Kleptos are guilty of far worse than grand larceny. Consider East Timor - Klepto interests own nearly 40% of it. They have personally profited from the quarter of a century of genocides there. All New Zealanders should see the film “Punitive Damage”, which is about the murder of New Zealander, Kamil Barrahadji, by the Indonesian military, during the 1991 Dili massacre; and the battle of his mother, Helen Todd, for justice. Her court case targeted an Indonesian general (who has never paid a cent of the multi-million dollar damages awarded to her by a US court) but the real criminals are the Kleptos and their cronies. A family of thieves presiding over a system of mass murder and institutionalised looting - they are the ones who should be in the dock, for crimes against the people of Indonesia, and for crimes against humanity.

WASTE MANAGEMENT

Canterbury Rural Communities Fight Back

Since 1995, Watchdog has been chronicling the trundle of Waste Management’s increasingly ubiquitous wheelie bins throughout New Zealand. At first, it was largely based in the North Island. That has now changed. In 1998, it was announced that Waste Management is one of two corporate partners (the other being EnviroWaste Services) in a joint venture with Canterbury local bodies, headed by the Christchurch City Council, to build, own, and operate (BOO) a regional super dump. This landfill will have a 30-50 year life, and will be Christchurch’s last one. The City Council aims to eliminate the need for a landfill by 2020, by policies of waste minimisation and recycling (it launched a weekly kerbside recycling collection service, in 1998).

Lobbying The Council

CAFCA saw this as a major penetration into Christchurch local government assets and services by a transnational corporation (the City Council had already awarded the city’s rubbish collection contract to a French TNC, Onyx). And not just any old TNC, but Waste Management - a TNC with an appalling record in the US and elsewhere (see Watchdogs 79, 80, 84, 86, & 87. Ed.). 1998 was local body election year. We had organised the highly successful conference Taking Control: The Fightback Against Transnational Corporate Power, at the beginning of 1998, and that conference had identified TNC takeover of local government assets and services as a key campaign for people to work on from one end of the country to the other. We set about lobbying the Christchurch City Council. This is the letter we sent them:

Watson said that “synergies with Blue Star had attracted him to Pacific Retail. One of these is that together they are the largest lessees of mall space in New Zealand” giving them negotiating strength at a time of high mall rents.

The 130 cent offer, well up on the 80 to 90 cent trading range at the time, valued Pacific Retail at $58.5 million: $7 million less than what WAL later offered. National considered the offer unfair. So did merchant bankers, Grant Samuel and Associates, who valued the shares at between 149 and 160 cents, and said it could not understand why Murray International had accepted the offer for its 19.9% shareholding. While it pointed out Watson’s offer was only 5.6 times forecast earnings for 1999, compared to the seven times earnings that most publicly listed retailers traded at, that may in itself explain Murray International’s acceptance. Pacific Retail under its control had consistently failed to meet profit forecasts.

Independent directors, on advice from Credit Suisse First Boston, advised shareholders to accept Watson’s offer. By mid January, he was claiming that more than 70% of shareholders had indicated they would accept his offer, and by early February, he had received unconditional acceptances for 70% of shares, making it impossible for WAL’s bid to succeed without his co-operation. He stuck to his word despite rumours of the WAL bid and market prices rising to 140 cents.

WAL’s bid came on 10 February at 145 cents (still under the Grant Samuel valuation), which would have given Watson a quick profit of $5 million. But it was too late. Uncharacteristically, Watson didn’t take the easy course, even when the Farmers Dekka offer was raised 160 cents a share (valuing Pacific Retail at $72.1 million) ten days later. When his offer finally closed – at an extended date in March – WAL had thrown in the towel, withdrawing its bid, and Watson had 73.9% of the company and declared it unconditional despite originally targeting 50%. National Mutual stood firm, refusing to sell.

While the sale does return the company to local ownership, Watson cannot be counted the owner of choice. At the same time, he was making his initial offer for Pacific Retail, the Securities Commission issued a rare critical report, saying that he may have committed a serious breach of the law on substantial security holder disclosure. The finding was in relation to shares he bought in McCollam Printers before its purchase by US Office Products, the owner of Blue Star. The report says Watson and his friends Richard Johnston and Craig Joynt bought 10.13% of McCollam’s shares on their own account between 23/10/96 and 16/9/97, at the same time (mid-November 1996) as Watson, as head of Blue Star, was negotiating to buy the company. The three showed their pride in local ownership by holding 7.16% of those shares in the tax haven of the British Virgin Islands. The Securities Commission concluded that there were “reasonable grounds” to suspect that Watson and friends had breached the law by failing to disclose their holding.

In May 1998 it was announced that Canterbury local authorities, spearheaded by the Christchurch City Council, were considering a major joint venture with two companies to operate the proposed new regional landfill.

One of those companies is Waste Management. We have a number of serious concerns about this particular American transnational corporation, and in the recent past, city councillors have not hesitated to be forceful in their views about it. In 1995, Waste Management NZ very clumsily offered to withhold threatened court action if the City Council entered into a joint venture with it. Cr David C lose said then it was "inappropriate for a private investor to be "making the running" over the city's future landfill needs" (Press, 16/3/95). Cr Garry Moore said: "I believe that we are being subjected to the threat of litigation to get a commercial advantage. Anyone who threatens a city council with that should be told to go to hell" (Christchurch Star, 22/3/95). What has happened since to change councillors' minds?

C A F C A believes that before getting involved with a transnational corporation, local bodies should be aware of its record - that the public should know the bad along with the good, the reality as well as the PR hype. And the fact is that Waste Management is different in NZ. Obviously the American parent company has a ruling interest in its global operations. To give just one New Zealand example reflecting our concern - in May 1995 an Auckland judge fined USA Waste $25,000 in relation to the death of one of its operators, censuring it for sticking with "inadequate" US safety standards. Any one who threatens a city council with that should be told to go to hell. To give just one American example reflecting our concern - in November 1994 a Tennessee judge ordered Waste Management to pay more than $US90 million. He said: "...fraud, misrepresentation and dishonesty apparently became part of the operating culture of the Defendant company".

The enclosed material should not be dismissed as "just one jolly Christmas at the Subic Bay Yacht Club". Villavicencio built the yacht club in the area of the former huge US Subic Bay naval base in 1972. Subic Bay Freeport has since been developed as an industrial zone, along with hotel, golf club, and other "leisure investments", attempting to attract foreign investment which had been going to Hong Kong. We urge you to carefully read the enclosed material and to ask your councillors if they have seen it. Some are as recent as 1997. If you wish to read more, we have the transcripts of several US court cases and the full report from the San Diego District Attorney. We urge you to read it carefully. It is a worthwhile precedent for Canterbury local bodies, and specifically the Christchurch City Council, to follow.

Earlier in 1998, Waste Management merged with a smaller rival, USA Waste. This involved a major change in ownership and was the culmination of years of bungling and upheaval. A senior investment officer at the (George) Soros Foundation, a major shareholder in Waste Management, described WM as "probably the worst managed company I have ever seen" (Washington Post, 12/3/98). But WM's shareholders still own 60% of the combined company, and USA Waste has its own depressing record of violations and court cases.
Mayor Moore is Not Too Sure About It All

We also lobbied virtually all candidates for the City Council, Christchurch's community boards, and some candidates for the Canterbury Regional Council. We sent them a fact sheet on Waste Management (along with fact sheets on Onyx; the impact of the Multilateral Agreement on Investment [MAI] on NZ local government; and our Corporate Code of Responsibility, which we publicly launched in 1998). Vicki Buck did not stand again for Mayor or Council; the new Mayor elected was the very same Councillor Garry Moore who was so critical of Waste Management's heavyhandedness back in 1995. We wrote to him again, essentially the same letter, but with a couple of additions:

"... There is another reason why you should be wary about getting involved with transnationals. The global economy is in recession and 'cost cutting' and 'divesting non-core assets' are the catchcaries. This is already happening with other transnationals that have New Zealand subsidiaries (eg International Paper, the huge American company which owns Carter Holt Harvey). NZ is just one tiny expendable speck on a map in a faraway corporate head office. Waste Management itself is already shedding non-core businesses amongst its more than 1,300 subsidiaries worldwide. Be warned that the Council and other local bodies could be left holding the baby if the overseas partner decides to pull the plug...

(We also sent him our Code. On that subject he replied: "... the Code is a very useful statement of the principles all companies, especially transnationals, should follow. It provides a useful checklist to use when agreements are being negotiated"; letter to CAFCA, 26/1/99).

Unlike his longserving predecessor, Mayor Moore gave us a thoughtful and lengthy reply on the Waste Management joint venture. His letter betrayed plenty of misgivings about both the company and the landfill deal:

"... You are right to point out that both Cr Close and I expressed strong opposition to their (Waste Management's) tactics when they attempted to use an objection lodged with the Environment Court to pressure the Council into accepting a joint venture deal for a landfill. We were aware of Waste Management's bad track record in the United States and saw this threat to the City Council as an example of their local use of strong-arm tactics. We acknowledge the dangers of the loss of local control, loss of profits and sometimes loss of jobs when transnationals take over contracts to supply city services (emphasis added, Ed.). For the most part the City Council has resisted the pressure to move in this direction. You deserve an explanation as to why an exception has been made for the development of the landfill...

"The first decision made was to act in partnership with other local authorities. The second decision - to seek joint venture proposals from the private sector - flowed from the first decision. The representatives on the joint committee had a preference for the local authorities themselves to develop the landfill (emphasis added, Ed.), the representatives of the other local authorities had a preference for contracting with a private company to build, currency. Lyttelton Marina director, Mark Truscott, was looking for a financial backer. "The original project financing is not there anymore, and it has fallen on us", the Christchurch Mail quoted him as saying (22/9/98, "Marina company for sale", p.5). He was "negotiating a new financial package". While the OIC has never mentioned another party to the development, the Christchurch Mail says that "after a collapse share float scheme, Pacific Smith Marina Holdings Ltd became the developer of the marina project in a joint venture between McConnell Smith and Pacific Marina International Ltd, a big developer of marinas on the east coast of Australia". Work on the "$6 million" marina project had started the previous year.

Journalist Chris Hutching also reported at about the same time that "from the outset the scheme to replace the decaying Magazine Bay tyre breakwater has been dodged with resistance from local boaters". He quoted Truscott complaining there had been only about 20 berth sales over the past 12 months. Fellow director, Martin Ford had left, having spent "the best part of 18 months trying to float the marina" [sic]. Truscott was the major shareholder in the construction company for the project, Saltwater Marinas. He was trying to develop a "mixed-use commercial building" on the leased land adjacent to the marina, and we will be seeking support from chandlers, restaurant operators and "retailers" who he hoped would help fund the marina.

"The biggest hurdle to the marina is the relatively small number of high wealth individuals in Christchurch who use it", wrote Hutching. "Many of them simply don't have or aren't prepared to commit the significant birth investment, which is often equal to the value of their boats". Hard times all round!

Nonetheless, the OIC has apparently been advised that Villavicencio is continuing to back the marina.

Villavicencio has substantial interests at home in the Philippines, including marinas and other waterfront developments, restaurants and fast food chains. One glowing report on improvements in eating out in the Philippines describes his place in the food chain as follows:

"Some of the most popular dining fads have been started by local food entrepreneurs, notably the chain of restaurants owned by Victor Villavicencio. With his familiarity of Filipino taste, Villavicencio started the 'eat all you can buffet selections' at his Dad's, Saisai, and Kamayan restaurants, which were soon copied by many other restaurants in town. His other restaurants include Triple V Express, Foodome, Islands Fisherman, and the most recent one, 8 Treasures" (http://www.ninetynine.com.ph/~mbc/zine/phillipus/feat8/agenda.htm, "Fast Food", by Anna Katharina Morran). His status in the upper reaches (or should that read "riches")? of Philippines society, as president of the Subic Bay Yacht Club, is implicit in this description of a party inspecting a proposed underwater glass tube connecting Subic Bay to Grande Island as a tourist attraction:

"The biggest attraction for local tourists, and even for foreigners, would be the construction of a 500 metre glass tube that would cross underwater from the main point of Subic Bay to the Grande Island. Subic Bay Maritime Authority (SBMA) administrator Payumo discussed the project while we were having cocktails and yachting off Subic Bay, courtesy of Vic-Vic Villavicencio, president of the worldclass Subic Bay Yacht Club (SBYC). The affair was organized by Mrs. Daisy Payumo, wife of SBMA administrator Payumo. House Speaker Manuel Marinas and the guests composed of House representatives..." (http://www.mbc.com.ph/9107/09d444894509.htm, Manila Bulletin, "Construction of underwater glass tube between Subic and Grande island set", by Leonardo Bellen.)

According to the Manila Bulletin, the yacht club itself (the SBYC)

"... glitters with an aura of royalty as conceptualized by the worldclass interior design firm Hirsch Bedner and Associates...

"The 39 elegant rooms in the guest accommodations easily outclass even Metro Manila's five star hotels. The Main Clubhouse, mega-Recreation Center, Boathouse, five international fine dining restaurants, and a 300 berth marina, among other premier facilities, provide the exciting glimmer of Monaco and the family oriented entertainment of Disneyland this side of Pacific."

It is not just a place where "the movers of modern society, the powerful, the wealthy, and the famous" relax, but also (perhaps primarily) an investment.

(Continued on page 68)
The Peasants Are Grizzling - Waipara

Site Selection:
Waipara, in north Canterbury, by confirming that their years ago, your neighbours the Crosbies, entered into a interesting admission in itself). It transpired that the Canterbury Waste Services Ltd (the Waste Management! done with this dog, you're going to get up with fleas. somewhere to dump the big city's rubbish. When word they didn't want a bar of it. Waste Management was getting on with the job of finding Menwhile, far away from Council chambers, Waste Management to purchase, or have option to purchase, any other land in Canterbury or anywhere else in the country.

Waste Management and Envirowaste had carried out a huge amount of investigation of suitable sites in Canterbury and obtained options to purchase a number of sites. In entering a joint venture with both companies the local authorities were obtaining access to some of the best sites in Canterbury. At the same time they were limiting the exercise of corporate muscle by a private sector partner...

For our part, CAFCA said: "...it's not too late to pull the plug on this deal... We say to the City Council - if you lie (emphasis added. Ed.)"

"The form of the joint venture agreed to is not what I originally approves" (letter to CAFCA, 26/1/99). This letter was deemed sufficiently newsworthy to warrant its own story in the Press (9/2/99; "Landfill firm tactics worry Chch mayor").

The joint venture first enraged the people of Omihi, near Cattle Peaks, had been bought by and a British deer farmer complain bitterly that an even bigger, and much nastier, American landowner is going... (Continued on page 16)
to ruin their businesses by building a bloody great rubbish dump in their neighbourhood. The Press, to its discredit, been sitting on a critical story on Waste Management since CAFCA first supplied them with the material, way back in 1998. Spurred on by the imminent Assignment programme, the Press published one day before TVNZ - "If that landfill goes ahead, zero, you are going to destroy what could be one of the biggest wine-growing areas in New Zealand. The Council should resign if this landfill goes ahead in the Hurunui" (Press, 28/6/99). Assignment featured Wyllie advising the Council to put themselves in a large plastic rubbish bag and throw themselves into the tip. That programme also revealed that all the councils in the joint venture had signed away all their rights to object to the proposal. CAFCA said: "...we urge the people of Canterbury to once more rally..."

The issue has become mainstream in Canterbury now, with regular Press coverage in the letters to the editor, news, features, opinion and editorial pages. "Dump The Dump" became the slogan seen everywhere in and around Darfield. Waipara’s public meeting attracted hundreds; Darfield’s, in July 1999 attracted several hundreds of whom had to stand outside on a frosty, midwinter night. MPs who spoke ranged from the Green’s Rod Donald to ACT’s Owen Jennings; Shipley couldn’t go but sent a National MP to read her speech. Murray Horton and Reg Duder handed out all 500 of CAFCA’s leaflet on Waste Management, and could have handed out hundreds more. People queued to take them, while Murray and Reg painfully fumbled with frozen fingers. The only opposition came from a couple of fellows who thought that our brave lads were there on behalf of Waste Management and nothing else. Shipley advised the Council to put themselves in a large plastic rubbish bag and throw themselves into the tip. That programme also revealed that all the councils in the joint venture had signed away all their rights to object to the proposal. CAFCA said: "...we urge the people of Canterbury to once more rally..."

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Executives sold most of their shares at prices between $US57.6 and $US56. After the market closed on Tuesday, the Commerce Commission had seen things the way it wanted them to go. But in the US, the greed of Waste Management executives and directors has sparked allegations of insider share trading. The stock worth $US16.6 million, according to the company said it would miss earnings forecasts, setting the stage for a decline in share price. Rodney Proto, Waste Management's president and chief operating officer, sold stock worth $US250,000,000 below forecast and the growth in future quarters would be much lower than previously forecast. This lawsuit has been filed by lawyers with substantial experience in representing investors in securities fraud class action lawsuits such as this... (Whittington, von Sternberg, Emerson & Wilsher, press release, Business Wire, 8/7/99)

We conclude with a wonderful quote from a New Zealand story. In April 1999, out of the blue, CAFCA received an e-mail entitled "Florida mom sees article about fraud - HELP!". After placing "fraud and Waste Management" into my search engine, I came across an article you put out on March 31, 1998 titled 'City Council Should Use $120 million to Pay for Landfill', in which you described the criminal behavior of the Waste Management Co. (interestingly, this CAFCA statement, which you can find in Watchdog 77, was never published by any NZ media. But the internet is a wonderful cyber space and came down to Earth in Florida, Ed.).

"Well, this same company has built a horrid landfill 1,000 feet from our lovely country home and has been polluting our air with Hydrogen Sulfide gas which creeps down the hill and into our homes at night. Our public officials were only too happy to send her, electronically, great material' about the US illegal activities referred to in your article? I know it is a lot to ask but perhaps if you are able, you could send me some links? We are desperate as this legal action is coming up... and they have been very menacing towards my husband".

"My husband has written numerous letters of complaint because of its limited relevance here. Of course, all of it came from US groups and sources in the first place. It doesn't it? The biggest garbage TNC in the world doesn't need to "no" and said it would try again, claiming it has lots of competitors: "It's easy to start a rubbish business. All you need is a truck and a few bins". Perhaps they plan to sue him for libel, I don't know. Can you tell me how to access some of that' bulging file of material' about the US illegal activities referred to in your article? I know it is a lot to ask but perhaps if you are able, you could send me some links? We are desperate as this legal action is coming up... and they have been very menacing towards my husband."

Waste Management of course. In May 1999, it won the three year operational services contract for the Kaipara District Council (Dargaville), after undercutting the incumbent local contractor. At least 25 jobs were jeopardised. It will maintain the Council's water, wastewater and stormwater supplies. It will also look after parks, reserves, community buildings and public buildings. Ironically, neither rubbish collection nor disposal is part of the contract.

In April 1999, CAFCA received an e-mail entitled "Florida mom sees article about fraud - HELP!", which tracks executive buying and selling. The value put on WorldChange via this transaction is $5,700,000. However, the total assets of the company "exceed $10 million".

Belgian owner for Dutch horse meat company in Gore Meramist Pty Ltd, owned by the Narwelaers family of Belgium, has approval to acquire Clover Export Ltd from Exim Meat International BV of the Netherlands for $250,000. The company has six hectares of loosehold land (on 21 year leases with two rights of 21 year renewal) at River Street, East Gore, Gore, Southland on which it operates a horsemeat processing plant for export. The plant involves meat slaughtering and processing is also carried out for the local market.

"Meramist’s sole business is the operation of an export horsemeat processing plant (one of two in Australia) at Caboolture north of Brisbane”. It has "periodic difficulty in meeting customer demands and the ability to direct New Zealand product to these customers will prove beneficial to both companies”. There will be no additional capital expenditure in the short term.

Apparently the former overseas owners were not good for the company.

“The viability of the plant has been under stress because of the unloading their carpeps of export coal at Canterbury’s port of Lyttelton. “We have to look at everything, even taking other people’s rubbish” (Press, 1/7/99).”

Canterbury is not the only NZ focus for Waste Management, of course. In May 1999, it won the three year operational services contract for the Kapipara District Council, after undercutting the incumbent local contractor. At least 25 jobs were jeopardised. It will maintain the Council’s water, wastewater and stormwater supplies. It will also look after parks, reserves, community buildings and public buildings. Ironically, neither rubbish collection nor disposal is part of the contract.

This, in turn, has sparked a securities fraud class action lawsuit, filed in Houston, Texas, on behalf of all purchasers of all Waste Management securities between 31/3/99 and 6/7/99. "This lawsuit asserts that, during the Class Period, certain officers and directors of WMI issued false statements and/or failed to disclose material adverse facts." It alleged that Waste Management common stock to trade at artificially inflated prices... Further, the lawsuit asserts that senior named officers and directors of WMI sold shares of their stock before the revelations of July 6, 1999 occurred and Waste Management stock collapsed.

"After these sales were made, however, WMI issued a press release revealing that sales in the June quarter would be $US250,000,000 below forecast and the growth in future quarters would be much lower than previously forecast. This lawsuit has been filed by lawyers with substantial experience in representing investors in securities fraud class action lawsuits such as this...”

(Watchdog 77, von Sternberg, Emerson & Wilsher, press release, Business Wire, 8/7/99)

The Shaw's are the former owners of Wharekaahu Lodge Station, and became one third owners of Wharekaahu when it was purchased in 1996. They manage the stations and luxury lodges, described in 1995 as intended to be "one of the best and most exclusive lodges in the world, competing on the international scale", of Wharekaahu, Wharekaahu was intended to be "an exclusive retreat for diplomats and visiting heads of Government... a corporate retreat/conference centre for the Southern North Island;... a high class tourist facility". The New Zealand Herald reported (14/7/98), "A taste of being idle rich", p E3) that a one night stay/weekend stay at Wharekaahu cost $473 a person.

Perhaps the price and the owners led to Wharekaahu Lodge's free advertising in the super glossy Government publication selling Aotearoa to overseas investors: "Invest in New Zealand: the right choice", in both its 1998 (p. 19) and 1999 (p. 47) editions. It describes the lodge as an "exclusive country estate catering to the discerning traveller and business person. Hosting guests mainly from the US, the UK and Europe, it offers unique, high quality accommodation as part of a working sheep and cattle station".

Ownership restructuring of WorldChange Ltd, telecommunications company A complex restructuring of the ownership of WorldChange Ltd, which is engaged in telecommunications, has been approved. Via an exchange of shares, the shareholders in WorldChange, R. B. Abbott and R.M. Abbott (29.2% each), Edward F. Soren (29.1%), and Eric G. Liljenblad (10%), all of the USA, and Richard A. D. Vincent of Australia (2.5%), will take a controlling 79% shareholding in Communication Telesystems International, with the remainder held publicly in the USA. Communication Telesystems International will then own all of the shares in WXL International New Zealand Inc, which will own all the shares of WorldChange. The individual shareholder in Communication Telesystems International will be the Abbotts 51.4% jointly, Soren 26.93%, Lipoff 0.36%, and Vincent 0.9%. The value put on WorldChange via this transaction is $5,700,000.

(Listener)
A BEGINNERS GUIDE TO FOREIGN CONTROL

Murray Horton's Paper 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 regularly updated. But at 42 pages it is 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; the MAI; and what we can do about it.

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

According to Tyco's web site, "Tyco International Ltd., a diversified manufacturing and service company, is the world's largest manufacturer and installer of fire and safety systems, the largest provider of electronic security services in North America and the United Kingdom and has strong leadership positions in disposable medical products, packaging materials, flow control products, electrical and electronic components and underwater telecommunications systems. The Company operates in more than 80 countries around the world and has expected fiscal 1999 revenues in excess of $17 billion (http://www.tycoint.com/cmpinfo/cmpinfo.asp).

One of its subsidiaries, Simplex Technologies, "is the only US owned producer of undersea fiber optic telecommunications cable". It manufactures cable and cable assemblies for, among others, the US Navy. Tyco's Electrical and Electronic Components "segment", of which Simplex is a member, also manufactures multi-layer printed circuit boards for military, telecommunications, and computer applications.

In July 1997, we reported Tyco's takeover of Armouguard, bought from Freightways Ltd when it was broken up by its owner, Tappenden Holdings, headed by Alan Gibbs and Trevor Farmer. It was purchased for $32,999,999. Armouguard is the largest security firm in Aotearoa.

Tyco was number 288 in the 1995 Fortune 500, its main business being metal products. It had 34,000 employees and revenues of $US4.5 billion on assets of $US3.4 billion that year. In addition to Wornom, Armouguard and Rhino, it owns several manufacturing operations in Aotearoa (Fortune; Press, 25/7/97, "Armouguard sold", p.26).

Most of Wharepapa Station to be sold and leased back

The controversial owners of the Wharepapa and Wharekahau Stations in Wairarapa are selling off some of Wharepapa to "up to 21" overseas investors, mainly in the USA. Most of the station will then be leased back. The current owners include well known warriors of the Right, Sir Roger Douglas, Lord Rees-Mogg, James Davidson, Michael Baybak, and James Blanchard III. Based on information from Time magazine, the New York Times and elsewhere, CAFCA wrote to the OIC in 1997 asking if the backgrounds of two of them were consistent with the "good character" requirements in the Overseas Investment Act. After checking their records with the police, rather than affirm that it was confident of their good character, the OIC simply took the expedient of asking them to sign affidavits to the effect that they were indeed of good character. That was apparently sufficient for the OIC, under the principle "they are innocent: they admit it themselves". For further details, see our commentaries on previous decisions in November 1995, June 1996, and August 1996, and "The Inquiring story of Roger Douglas and his unpleasant friends at Wharekahau Lodge", Foreign Control Watchdog, no. 84, May 1997, p.8-14. These associations provide evidence of Douglas's links with the far right in the USA and UK.

There are two related decisions this month. In the first decision, Wharekahau Holdings Ltd has approval to acquire 495 hectares of leasehold land at Western Lake Road, South Wairarapa, part of Wharepapa Station from the yet-to-be-established "21 Investor Company" of "United States of America, Unknown Overseas Investors". The price is "to be advised". In the second decision, "Unknown Overseas Investors of United States of America" are given approval to acquire 516 hectares of Wharepapa station for $21,000,000 from Wharepapa Station Ltd. It is not made clear how the OIC can be sure that these "unknown" investors are of the required good character.

When purchased in 1996, Wharepapa Station covered 503 hectares. In these decisions, 516 hectares is being sold to the 21 investors ("21 Investor Company"). The 21 are then leasing 495 hectares back to Wharekahau Station Ltd for 20 years, with two further rights of renewal. The purpose is to "repay debt owing in respect of the Wharekahau development to date and to provide working capital for the continued development of the Lodge facilities and the Station's farming operations". Each of the 21 investors will acquire a one hectare "homesite let" in Wharepapa Station, and approximately 4.8% of "21 Investor Company" that will own the balance of the property (495 hectares if 21 investors subscribe). "The Commission is advised that the proposal is in the national interest as it will provide working capital to fund the further development of Wharekahau and Wharepapa Stations".

A similar structure was used for Wharekahau station, as reported by the Independent (7/9/97, "Who's Who list of backers for luxury lodge", by Fiona Rotherham). That had three classes of shares with different voting rights:

- the Shaw's retained control of Wharekahau Holdings Ltd without being on call if any extra funds were needed for the lodge;
- "general partners", including Douglas and Rees-Mogg, were required to finance any cost over-runs if necessary; and
- "limited partners" invested $750,000 each in the company, but had little say in the management or development of the lodge. They received shares in the company and a one acre site on the farm, for
OBITUARY
Bruce Jesson

-Murray Horton

Bruce Jesson’s tragically early death in 1999 (he was only 54, and had had cancer for four years) has robbed New Zealand, not merely the New Zealand Left, of one of its most incisive analysts, a trenchant and extremely well researched critic of capitalism, and a Marxist who was unaburdened by all the usual baggage that comes with that title. Most unusually, Bruce was an intellectual who came from a working class background, and one who didn’t chase the comfy life of an academic (thus avoiding the wholesale sellout and bandwagon jumping of most of the nation’s so-called “intellectuals”).

Unusually also for a Lefty intellectual, his life, death and funeral were given major coverage by the capitalist media, even featuring the 1,000 strong crowd of mourners singing (badly, inevitably) “The Red Flag”. It wasn’t all po faced-leader Bruce also made sure his funeral music included Queen's old warhorse, “Bohemian Rhapsody” (at least it wasn’t “Another One Bites The Dust”). The best coverage came in the Listener (May 1) — how appropriate — 1999: “The Republican”, Camille Guy. All quotes come from her article, unless otherwise stated.

Bruce was the son of a freezing worker and unionist and grew up in working class Christchurch in the 1950s. He went to Christchurch Boys High, where he “loathed cadets and dodged assembly”, but became an avid reader. He was a devout Baptist until he was 14, at which he read Charles Darwin’s “Origin of Species”. Like many others of our generation, Bruce was the first member of his family able to go to university (tertiary education was then virtually free). He graduated in law from the University of Canterbury, but never practised it, because he refused to take the oath of allegiance required of lawyers (and other professions). At the “politically inert” Canterbury in the 1960s, Bruce had become a committed and active republican. He was a founder of the Republican Movement; Camille Guy. All quotes come from her article, unless otherwise stated.

Bruce married Jocelyn and shifted to Auckland, spending most of the 1970s as a househusband in rural Pokeno while Joce taught. It was in the mid 1970s that Bruce founded the Republican, which was thus of similar vintage as Watchdog. We exchanged publications from the outset — both were triumphs of gestetner printing, and consequently a regular eyesight test for loyal readers. Both built circulations in the same 500-600 range; both were triumphs of gestetner printing, and consequently a regular eyesight test for loyal readers. In the late 1980s/early 90s, well known journalist and writer, David Robie, stepped many needed journalistic discipline (such as meeting publication deadlines) and the Republican became a much more presentable publication. Watchdog has followed the same path. In 1995, the Republican merged with Chris Trotter’s Political Review, with Bruce and Chris as co-editors (Trotter was initially in Dunedin, but has since moved to Auckland).

The Republican Movement didn’t fare so well, only lasting a few years. By the early 1970s “I was finding it draining. This republican movement was failing to pieces in madness and frenzy and attracting an oddball fringe”. Republicanism has never attracted anything like the popular support in New Zealand as it enjoys in Australia, where it is a central political issue. It’s not an issue to which CAFCA has ever devoted any attention, primarily because it seems so bloody obvious. And the versions of republicanism on offer in both Australia and NZ are all so boring and status quo. They offer zero threat to capitalism, simply replacing the Queen with a President.

Bruce was a firm proponent of a people’s republic, a radical Left wing New Zealand republican. He was a Marxist, and has been rightly called our greatest Marxist intellectual. He had no time for any of the communist parties, calling them “authoritarian in structure, apologetic for mass murder and with no feelings for the New Zealand situation... I was at odds with the rest of the Left because I never believed in the Marxist revolution. I never had any faith in a messianic communist movement and had no sense of dogmatic certainty. I felt no sympathy with Russia and after the Cultural Revolution in China I turned right off (but his Mao cap was amongst his most valued possessions to be placed in his coffin with him, Ed.). But Marxism did provide a philosophical, analytical way of looking at the world. It was a model that teased out logical complexities. I believed that the radical movement had to have New Zealand origins as a defining feature that had the nationalistic view that overseas stuff was frippery. I also saw the New Zealand Left as moralistic, and hopeless on economics - their eyes glaze over.

So Bruce was that great rarity on the New Zealand Left — a nationalist, and a Marxist one to boot. CAFCA shares...
the political columnist for startlingly at odds with the rest of that glossy monthly said that it can surprise. Its 1992 feature on Waste… Zealand" was published only weeks before his death, transnational; when CAFCA did a 1990 mahout around capitalism was Bruce's speciality. The snideness in… mainstream reviews by economists and "experts" showed… criticism of New Labour and the Alliance was because… his work. I suspect that his increasingly trenchant view with which I agree. He was an individual, a very… unprepossessing appearance and staccato mumble earned him the cruel nickname of Robert the Frog. Nor did he have much time for his…”pompous, ego-driven fruitcakes”. He didn’t run again in 1995; the Alliance have never again held such real power in our biggest city. Bruce returned to… making. It was not a hobby. He played it straight... But he also provided an intellectual legacy - a feasible alternative model to New Right economics. He demonstrated it.

Bruce was not a natural politician. He was a much better writer than a speaker. There was one particularly disastrous countless TV appearance, which flopped wretchedly. Although his appearance and presence was the Auckland water crisis (you know, the one before the Auckland Harbour power crisis). His unproposing appearance and staccato mumble earned him the cruel nickname of Robert the Frog. Nor did he have much time for his… I only had to mention the names of Bruce Jesson and Chris Trotter to get a fairly explosive response from Jim Anderton, on one occasion. My major criticism of Bruce would be that of excessive pessimism and negativity. He described New Zealand as a "shallow, inferior, hollow country with no texture of its own", not a…he also went on to write a book on banking... We have longstanding excellent working relationships with individuals and groups on several continents. It is vital also that we look for new friends to look after. He played it straight... But he also provided an intellectual legacy - a feasible alternative model to New Right economics. He demonstrated it.

Other rural land sales: * Corbins Wines Ltd, owned by the DB Group Ltd, has acquired 45 hectares of land on State Highway 50, Ngatarawa, Hastings, Hawke's Bay for $1,230,000 from the Donnelly Family Trust of Aoteaora. The land is currently used for growing asparagus, which will be converted to commercial vineyard. "Corbins intend to employ 3.5 full time persons together with casual employees responsible for the day-to-day management/operation of the property". DB Group is owned 23.36% by Heineken NV of the Netherlands, and Fraser, Neave Ltd of Singapore, and 11.68% by other Singapore residents. The remaining 41.61% is held in Aoteaora. Corbins bought 11 hectares and half share in another 0.5 hectares nearby in Ngatarawa in November 1998, and has been purchasing other blocks of land for expansion all year. * Craggy Range Wines Ltd, owned by Mr Terry Peabody of Australia, has approval to acquire three blocks of land for developing vineyards "capable of producing top quality premium wines available for domestic and international markets". Mr Peabody is involved in developing a chain of restaurants in British Columbia "through which he intends offering New Zealand wines". The land involved is 15 hectares at Waimarama Road, Hawke’s Bay, for $350,000 from Mrs Maling Eve Dillon, on which he proposes planting five hectares of grapes and developing a restaurant and retail outlet; 42 hectares at Kereru Road, Hawke’s Bay for $530,000 from S. Tankersley, P.A. Stuck, J.M. Green, and M.R. Hook; and 167 hectares at Te Muna Road, Martinborough, Wairarapa, for $2,850,000 from the Trustees of the Dryland Trust.

The Jessons had moved back into Auckland in the 1980s and Bruce achieved another great rarity for a Lefty - he made a living as a writer. For well over a decade, he was the… Those sentiments exactly. To quote from my "A Beginner’s Guide To Foreign Control": "I personally, and CAFC as a group, was an intellectual and scientific internationalist. We saw absolutely no contradiction. We have longstanding excellent working relationships with individuals and groups on several continents. It is vital also that we look for new friends to look after. He played it straight... But he also provided an intellectual legacy - a feasible alternative model to New Right economics. He demonstrated it.
Bay, for $518,300. Their company, Tutira Forest LLC, is paying Guthrie Smith Trust Board (a charitable trust board of Aoteaoro) $518,300 for the land and forestry rights, and is employing Geoff Redington Ltd to develop the land for radiata pine forest. The land includes or adjoins land that is held for conservation purposes and is a heritage or historic site. The family members are Garry Doust Cuming, Liam Charles Doust, Dr Matthew Webb Doust, Richard Webb Doust and Joan Stewart Doust, all of whom own 25% of Tutira Forest, except for Richard and Jo who own 25% jointly.

- USNZ Forest Group Ltd, which is 66% owned by residents of the USA, has approval to acquire 107 hectares of land at Waikanae Downs, Waikanae, Wellington, for $325,000 from Biroc Holdings Ltd of Aoteaoro. Two of the shareholders and directors of Biroc, Stuart Edward Prichtch and David Kennedy Pritchard, are each retaining a 7% shareholding in the purchaser. The US shareholders are David K. Hedren (32%), Lee C. Winter (17%), and Edmund Taylor [sic] Buckman Jr (17%).

- In two similar decisions, the applicants' identity, including nationality, has been suppressed, along with the price and other details. Both are at Clinton, Southland, involving conversion of land to forestry. In both cases the applicant claims they will invest some $1.4 million developing the forest, and "has identified New Zealand as a good place to make forestry investments. The purchase of this farm and its conversion into a forest is part of the applicant's growing commitment to forestry investment in New Zealand". The two farms are:
  - 1,081 hectares at Davidson Road East, and
  - 1,135 hectares at Slope End Hill Road.

Kenepuru Sound, Marlborough, farm sold to USA for dude ranch

Equusloco, owned by Mr J.E. Loudermilk and Ms G.W.I. Delgatto of the USA (and who are "seeking New Zealand permanent residency"), has approval to acquire 220 hectares at the head of Waitaria Bay on the northern shores of Kenepuru Sound, Marlborough Sounds, for $630,000. They say the property, which they intend to be their place of residence, has been allowed to degenerate over the last five or more years. They will continue grazing but also carry out remedial and development work to increase stocking rates and develop the forestry operation on the property. They "also wish to build a new house for themselves on the property and renovate the existing building to provide accommodation for up to eight guests, which then will operate as a dude ranch. It is also intended to operate a horse riding and training school on the property as Ms Doll has particular qualifications in that field. Ms Doll would also use the property as a base in which she would hope to generate a consultancy business in respect of horse training throughout the country."

Gourmet Paprika buys land at Woodhill, Northland for hydroponic peppers.

Gourmet Paprika Ltd, 25% owned each by A. Botman and T. Zweitslof of the Netherlands, has approval to acquire 11 hectares of land at 29 James Mackie Road, on the corner of State Highway 16, Woodhill, near Heiwalwena, Northland for $600,000 from Aad Johannes Bloom of Aoteaoro. The other 50% of Gourmet Paprika is owned by P. Martin (33.4%) and C.M. Martin (16.6%), both of Northland.

Gourmet Paprika is "in the business of growing peppers hydroponically for export, particularly to Japan". It acquired land in 1994 and 1995 near Heiwalwena to establish the operation, which has now grown substantially and needs to expand. The land in this application is "in close proximity" and is at present "bare, grassed land with a farm building on it". Gourmet Paprika intends "to conduct earthworks on the land and create a level building platform, to enable the construction of a seven hectare glasshouse for the production of peppers hydroponically".

The establishment of the business, including a lease of Heiwalwena land, was first approved in June 1994. The company then had 1,000 shares owned by Paul Martin of Aoteaoro (334), and Adt Botman and Ton Zweitslof of the Netherlands (333 each), with a total capital of $600,000. By December 1995, the current shareholding was in place, though C.M. Martin was then resident in the USA. At that date it gained approval to buy six hectares of market gardening land at Woodhill for $400,000 from Paul Martin. The company proposed to erect a three hectare greenhouse and packing shed on the land.

Hauraki District Council sells 3 ha. of legal road in Waialph to expand Martha Mine.

Waialph Gold Company Nominees Ltd, which is 67.06% owned by Normandy Mining Ltd and 32.94% by AUAG Resources Limited, both of Australia, has approval to acquire 3.4 hectares of land at Waialph to expand its Martha Mine. The land is a legal road and is owned by the Hauraki District Council, but it is anticipated that the roads will be stopped and the land sold by the Council. The price is "to be advised".

The extension to the mine "involves gaining access to ore below the level of the currently licensed pit. To reach this ore, it is necessary to bench back (or extend) the perimeter of the existing pit, and

alternative to the Rogernauts' "New" Labour. Bruce's greatest legacies are his practical achievements at the Trust and, of course, his writings. He was a long-time kindred spirit of CAFCA. We agree with his analysis that New Zealand is "a branch economy completely owned overseas". We didn't know Bruce personally - I only ever met him a few times, most recently during a flying 1997 visit to Auckland to address a handful of people at a single meeting. He and Joce went miles out of their way to drive me to my next destination so that we could talk. For a period of several years, I was a Republican columnist; more than once, Bruce praised CAFCA in his Metro column (doubtless causing puzzlement among the yuppies. "CAFCA? Is it a new type of coffee? Cafcacino?"). He wrote: "I don't know what it is about Christchurch that it produces groups of people like this. Christchurch is my home town and I remember it as flat, monocultural and colonial. Despite this, or perhaps because of it, Christchurch has an honourable tradition of freethinking and radicalism... Take Watchdog as an example. Its contributors have excellent research skills, a hard-case sense of humour, and a relaxed style of writing. Murray Horton is better than most of the Gallery, and should have a political column somewhere. Watchdog carries better and more informative articles on its areas of interest than you will find in the mainstream media"... (Metro; August 1990; "Going against the grain"). To which I can only say, good on you, Bruce, flattery will get you everywhere. In the interests of balance, I should report that Jesson said, in that same column: "Although CAFCA wins the occasional battle, it has basically lost the war". Less of that sort of talk, thank you!

Our closest cooperation was in 1991 when Bruce wrote the excellent TV documentary, "Sale of a Nation" (Bill Rosenberg fronted it for CAFCA). It's worth seeing alone for the quote by leading business journalist, Fran O'Sullivan (now with the Herald) that what happened in NZ was "Chile without a gun" (and it's still available for hire from CAFCA for $10, including postage, for one week. Ed.).

Bruce's life was cut tragically short by cancer, but he didn't wallow in self pity. He overcame the pain of terminal cancer and produced his best book. We have too few intellectuals, let alone Marxist progressive nationalist ones, to afford to lose one of his stature. Bruce was first and foremost a New Zealander (he hardly ever left the country), and one who cared passionately about his country. Our challenge is to build on the clarity of his incisive analysis and to learn from his example. "Know thy enemy" is as relevant now as it ever was. Bruce fixed them as clearly in our gaze as a possum caught in headlight's. The task is to work out the best way to skin them.

THE DEFORMATION: "REFORMS" CONTINUE TO WRECK THE ELECTRICITY INDUSTRY

Bill Rosenberg

In the last Watchdog ("Power Frenzy: the takeover of the electricity industry", no. 90, April 1999) I pointed out that the prices that were being paid for electricity assets - especially retail operations - were so inflated that price rises were inevitable. The only surprise has been that it has happened so quickly. The result has been chaos. Not only has the Government been made to look utterly foolish over its failed objectives for the "reforms", but it has been forced to react by regulating, creating a split with its coalition partner, ACT - and in the eyes of most people, regulating the wrong part of the industry.

But while the court jesters perform in Parliament, tragedy continues in the real world, with the continuing sale overseas of much of our electricity sector (see accompanying table). In this case, it really does mean "our" sector quite literally - most of it was central or local government owned, or owned by community trusts. Not only will it mean further unnecessary price rises for consumers, but it is likely to lead to power shortages in politics: "Going against the grain"). To which I can only say, good on you, Bruce, flattery will get you everywhere.
future as companies fail to invest in generating capacity due to heightened competition and voracious extraction of profits.

While Edison of the USA, which has gained notoriety in other operations overseas, bought Contact for an extraordinary price, TransAlta of Canada, which failed in its bid, is trying to recover by buying up any generating capacity it can lay its hands on and hiking its retail prices. The third major foreign purchase of our electricity assets, Utilicorp of the USA, is amassing lines operations and charging some of the highest prices in the main centres. And those are only the headlines.

The continuing story...

Edison Buys 40% Of Contact Energy - With Approval For100%

The Big One of the electricity deformation. In March 1999, Edison Mission Energy Taupo Ltd, a 79% subsidiary of Edison Mission Energy Company of the USA (the other 21% is owned by "unknown third party shareholders" of the USA) gained Overseas Investment Commission (OIC) approval to acquire 100% of Contact Energy Ltd from the Crown of New Zealand. Note that, though it has only been sold 40% of Contact, as the "cornerstone" shareholder, Edison has OIC approval for a full takeover. It paid $1,208,000,000 for the 40%. The remainder was sold through a public offering, of which more below.

The sale is controversial for a number of reasons:

First there is the failure of the electricity deformation, of which it is an integral part, and that includes loss of control of substantial parts of our electricity resources.

Second, the price that Edison paid was so high that further power price rises seem highly likely. It also raises concerns as to whether there will be sufficient investment in future for required increases in generating capacity.

Third, the public offering became effectively a handout to some of the wealthiest New Zealanders and overseas investors.

Fourth, Edison is surrounded by scandal in its operations elsewhere.

Fifth, the OIC decision highlights a largely overlooked side effect of the sale: it includes almost nine thousand hectares of land - most of it rural, and often sensitive either environmentally or in terms of its location.

Before going into these, what did Edison buy? (Unless otherwise stated, the following information comes from Contact’s “Investment Statement” or prospectus for the public offering of its shares.)

Edison's Prize: What Is Contact?

Contact was the first splinter from Electricity Corporation of New Zealand (ECNZ). It was broken off in 1996 with the intentions of creating competition, and eventual privatisation. It was given a number of generation plants, plus ECNZ’s gas purchase contracts. Since then it has bought further assets in Australia and has been a major competitor in the race to buy retail customers after the split of lines networks and electricity supply in the Electricity Reform Act. It is the largest electricity generator in Aotearoa (following the more recent split of ECNZ), and has the largest number of gas customers of any gas retailer.

In the year ended September 1998, Contact generated approximately 26% of the country’s electricity and owned about 25% of its generation capacity. Its stations and their capacities are:

Hydro:
- Clyde (432 megawatts)
- Roxburgh (320MW)

Geothermal:
- Ohaua (104MW)
- Wairakei (165MW)

Thermal:
- Otahuhu A (85MW, Gas Turbine)
- Otahuhu B (865MW, Combined Cycle Gas Turbine, to be commissioned)
- Te Rapa (144MW, Co-generation at the Te Rapa Dairy Factory, under construction)
- Whirinaki (162MW, Gas Turbine)
- New Plymouth (580MW, Gas)
- Stratford (198MW, Gas)

In Australia it owns 28% of the Southern Hydro partnership, which bought a privatised hydro generator in Victoria. It operates stations at Dartmouth (160MW), Kiewa (135MW), Rubicon (14MW), Eldon (120MW) and Cam Curran (2MW). However, it may have to divest itself of this interest because Edison also has interests in Victoria that may give rise to “regulatory issues” – presumably lessening competition. In addition, Contact owns 17% of a 222MW distillate and gas-fired power plant under construction at Oakey in Queensland. Contact is managing its construction, and when it is completed in November 1999 it will operate and maintain the station.

It also has bought up retail customers in a big way. These include the retail operations of (to date):

- Alpine
- Counties Power
- Dunedin Electricity
- Eastland
- Electra
- Electricity Invercargill
- Eneco (gas only)
- Hawkes Bay Power
- Kaiapoi

Edison Buys 40% Of Contact Energy - With Approval For100%

Westside Properties Ltd, a subsidiary of Sovereign Ltd, in turn now owned by ASB Life Assurance Ltd, part of the ASB Bank, has approval to acquire Hurstmere on Strand Ltd which owns a 0.6 hectare property at Hurstmere Road and Channel View Road, Takapuna, North Shore City, Auckland, for $11,100,000. The vendors are J.A. and B.A. Wiltshire and D.H. Rishworth of Aotearoa. ASB is 75% owned by the Commonwealth Bank of Australia (CBA) and 25% by the ASB Bank Community Trust. Approval for its takeover of Sovereign was given by the OIC in November 1998.

Sovereign intends to build a new corporate headquarters on the site, including car parking, retail space, restaurants, commercial and office space.

Wairarapa’s Dunolly Station sold for forestry with Craige Lea Station

Four residents of the Netherlands have approval to acquire the 634 hectare Dunolly Station, on Craige Lea and Douglas Roads, Carterton District, Wairarapa for $1,012,000. They are all members of the Van Bergen family. The vendors are Warren and Judy Tucker.

Mr Renatus Van Bergen has been the co-ordinator of the development

... 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 forestry purposes using the services/expertise of New Zealand forestry consultants."


Other land for forestry

- Fleetwood Forest Partnership, which is 35% owned in the USA, 18.5% in Germany, and 46.5% owned in Aotearoa, has approval to acquire 373 hectares of land on Tiniroto Road, State Highway 36, Waerenga-o-kuri, near Gisborne for $566,242. The contact for the applicant is forest manager, Roger Dickie (NZ) Ltd and the property can be viewed as a joint venture with necessary development capital required to develop the property into a viable commercial forestry operation being provided from both onshore and offshore investors and the necessary expertise/management being sourced from an established New Zealand forestry management company. The forestry management company is presumably Roger Dickie. The land was planted in radiata pine plantings and seedlings in 1997. A total of $2,759,256 will be paid by the investors over a 27 year period.

- Members of the Doust family of the USA have approval to acquire three hectares of forestry rights, and 263 hectares of freehold land at State Highway 2, approximately 30 km north of Napier. Hawkes (Continued on page 60)
The Home Mortgage Co Ltd, a subsidiary of Westpac Banking Corporation Ltd, has approval to acquire a mortgagee from the Housing Corporation of New Zealand for a suppressed amount. It has previously bought mortgages from the Housing Corporation, for example in September 1999 and gained retrospective approval for purchases in October 1998. In all cases, the price paid has been suppressed.

Tip Top Ice Cream of Australia completing 1996 purchase of New American

Tip Top Ice Cream Company Ltd of Australia has approval to acquire two hectares of leasehold land at 50 Luke Street, Otahuhu, Auckland for $1 from Country Foods Ltd of Christchurch. The company is a subsidiary of New Zealand Co-operative Dairy Company Ltd. The land includes or adjoins a reserve or public park, and the foreshore.

“On 5 November 1996, Tip Top entered into an agreement (the Asset Agreement) with United Dairy Foods Ltd (UDF, a subsidiary of New Zealand Co-operative Dairy Company Ltd) to purchase the assets of UDF relating to its existing business in manufacturing a range of frozen novelty and scoop ice-cream products. Consent was subsequently sought and granted by the Commission on 7 March 1997.

“The transfer of the leases is the second stage to the transactions outlined in the applicants’ initial application for consent to the Commission in 1997.

“A provision of the Asset Agreement required Tip Top to obtain consent of the Commerce Commission to the purchase of certain assets of UDF’s business of manufacturing take home ice-cream products sold under the brand ‘New American’. If Commerce Commission approval was obtained, then UDF could require Tip Top to purchase the assets of the ‘Take Home Business’. The leasehold land, the subject of this application, forms one of those assets of the ‘Take Home Business’. The consent of the Commerce Commission has now been obtained in relation to the sale to the applicant of the assets of the ‘Take Home Business’.

In March 1997, Peters and Brownes Foods Ltd of Australia received OIC approval to acquire Tip Top Ice Cream Company Ltd and Tip Top Investments Ltd from their owner, the Hein Group of the USA. Tip Top is the Alexcan brand leader in ice cream and ice cream products. Hein decided that it no longer fitted with its line of business, having acquired it as part of its takeover of Watts in 1995.

Heinz put Tip Top up for sale (along with Tegel Foods) in November 1996. Tip Top then held about 80% of the national ice cream market (New Zealand Herald, 14/11/96, “Tip Top, Tegel go up for sale”, by Geoff Senesac). This followed an attempt by Tip Top to take over competitor New American Ice Cream which was quashed by the Commerce Commission saying that it would give it a dominant market position. It left open the possibility of tipping over only the “take home” products to dilute the frozen novelty, dairy desserts and scoop ice cream operations (Press, 25/10/96, “Tip Top trims bid for New American”, p.19).

SEA Holdings gets approval to increase shareholding in Trans Tasman to 60%

SEABIL (NZ) Holdings Ltd, owned by SEA Holdings Ltd of Hong Kong (but registered in Bermuda) has approval to acquire up to 60% of Trans Tasman Properties Ltd, and retrospective approval to acquire the 48.4% it actually has. It had approval only for 45%, and increased from 44.04% to 48.39% in May 1999 due to it taking up 8,000,000 shares in a shortfall from a 1.5 share issue (“Trans Tasman Rights Issue Results” notice to the New Zealand Stock Exchange 14/5/99, and “Trans Tasman Change of Substantial Shareholder Notice” 6/5/99). To increase from 45% to 60% (due to a notes conversion) would cost SEA approximately $137 million for 108.3 million mandatory convertible notes and 26.9 million ordinary shares acquired during the 1995 Trans Tasman rights issue. Trans Tasman is currently 54.78% overseas owned (including approximately 8% in the USA), and the change approval would make it to 66.9%.

Trans Tasman’s properties include the Fletcher Challenge complex at Great South Road, Auckland, the Finance Centre at the corners of Queen, Albert, Durham and Victoria Streets, Auckland, and a property of six hectares at 196-208 Middleton Road, Johnswell, Wellington.

Kinki of Japan buys more land for car sales in Auckland

Kinki Company Ltd of Japan has approval to acquire a one hectare car sales yard at 1120 Great South Road, Mt Wellington, Auckland for $2,295,000 from The Melanesian Mission Trust Board. It adjoins reserve land.

“KCL is able to source good quality

low cost vehicles in Japan which in turn will become available to consumers in the car retail market higher than the prospectus estimated. However, the higher rate may well not be sustained, being inflated by the damages payments.

According to Mark Reynolds, “Edison paid about 17 times the value of Contact’s earnings before interest, tax, depreciation and amortisation (ebits) for the holding – internally, a company could be expected to pay 12-13 times ebitea for a company such as Contact – but that would usually be to secure full control, not just a 40 per cent holding” (NZ Herald, ibid).

There is little surprise then that Contact will plough very little of its profits back into investment: it has announced a dividend policy of paying out an avuncious 80% of its profits dividends with a maximum of 40% going to a league for reinvestment. A major concern here interacts with another significant long term problem with the deformation. If electricity generators compete as the Government hopes, prices may be cut to the extent that there are insufficient funds or incentive to build new generating capacity in time for when it is needed. That will continue until a supply crisis forces up prices – but that may well hit consumers very hard and suddenly, and bring insecurity of electricity supply while the market waits for new capacity to be built. Contact’s policy of minimal reinvestment of profits adds to the risk of this occurring.

A Government Handout To Wealthy New Zealanders And Overseas Investors

Edison must sit on its current shareholding for six months before either selling or (as is expected) buying more shares on the market to increase its holding past 50%. That will presumably hold the price of shares higher than they would otherwise be. On the other hand, to the extent that the prices remain considerably under the $5 that Edison paid, purchasing more shares gives it an opportunity to dilute the price it has paid per share, lowering the pressure for higher profits.

The high price Edison paid put the Government in a dilemma. It had indicated a public issue price of $2.40-$3 for the remaining 60% of the company. At $2.40 it would give away the opportunity for literally doubling the price it would receive for the 60% “that works out at $936 million less available for debt repayment. At $3 the loss would be “only” $720 million. In the end it offered the shares at $3.10. The issue was heavily oversubscribed, implying a higher price could easily have been obtained. Effectively the Government robbed the rest of the country – those who could not buy shares – of $860 million it could have obtained by selling the whole company at Edison’s $5 per share.

Those who did buy shares had a handy windfall- 12.9% or 40 cents a share after the first four days of trading, by 40/5/99, “Contact holders realise 13% gain”, by Gerald Press (NZ Herald, 15/5/99). Contact holders realise 13% gain”, by Gerald Press.
The Deformation: From page 23

Raymond, p.21) valued the paper gain at about $36 million in the first week. Though shares fell below issue price a month later, these shareholders may well have a greater windfall when Edison enters the market.

According to Brian Gaynor (New Zealand Herald, 15/5/99, “Govt. should encourage local investing”, p.E2), overseas institutions bought 18% of the company, and “New Zealand/Australian institutions” a further 14.4%.

Assuming 25% of the latter's allocation went to Australian investors, Gaynor estimated that Contact was nearly 62% overseas owned on the day after the float. He estimates that half, or 65 million, of those overseas owned shares were sold to make a quick profit in the first three days. A further 39 million were also traded. The overseas investors' windfall would have been $21 million—and some were sold before the institutions had even paid for them.

The price was defended in terms of allowing thousands of New Zealanders to buy shares in what was formerly their—and everyone else's—company. Those who responded did so with huge enthusiasm: Contact ended up with 227,346 shareholders according to its web site. Of these 99.87% or 227,040 had less than 5,000 shares, and were therefore likely to be individuals rather than institutions, who owned less than 1% of the company. Yet this 6% minority of the population is likely to come from the well off to wealthiest sections of our community. Why should they be favoured with a handout worth about $300—the windfall profit on most share parcels after the first week's trading—at a time when we are told cuts in government spending—which inevitably hit the poorer parts of our community hardest—are essential to reduce debt? That does not seem a sensible or equitable reason to reduce the selling price of the shares. It is money that should be benefiting the public purse.

Neither will the lower price prevent the power price rises that are heralded by the share price that Edison paid: Edison still wants a good return on its high price investment, and is in the driving seat. The small shareholders may well benefit from its desperation to raise the return on its $5 shares, as Gaynor says rather obtusely, “the price/earnings ratio and low yield will make public before the OIC released its censored decision on 29/11/1999. $99.9 million (Press, 20/11/99, “NGC pays $99m for supply firm”, p.27).

See detailed article on electricity decons in this issue.

Natural Gas Corporation buys BP out of Liquigas
Natural Gas Corporation of New Zealand Ltd has approval to acquire up to 35.25% of Liquigas Ltd from BP Oil New Zealand Ltd, and BP’s wholesale LNG business, paying $24,000,000 for the acquisition.

The purchase gives Natural Gas Corporation 60% of Liquigas Ltd already owned (25%), and buys it the rights to supply LNG to BP's stations in Aotearoa (Press, 5/12/98, “Nat Gas in Liquigas”, p.25).

St Lukes manager, Westfield of Australia, buys out Bankers Trust

Westfield Trust, manager of St Lukes Group Ltd, the major owner of shopping malls, has approval to buy out St Lukes' controlling shareholder, BT Funds Management (Bankers Trust) owned in the USA, though its parent company is currently going through a very messy US$1.0 billion forced marriage with Deutsche Bank of Germany—messy because, before the marriage was completed, Deutsche Bank is having to settle up for its financing of concentrated camps and profiting from their victims’ slave labour and expropriation of their assets during WW11. A takeover was reportedly more or less forced on Bankers Trust because of its losses in speculation during the Asian financial crisis—there is a reputation for being one of the more aggressive and risk-taking of the large US banks. See our commentary in November 1998 for its exploits in this country.

Westfield managed St Lukes' ten malls (nine in the North Island and one in the Auckland Mall in Counties Ltd) for $54,968,125. St Lukes has been berated by retailers, including Underground Fashions, Michael Hill Jewellers, and Hockenbein Glasses, for its rent increases and its turnover based rents. In 1996, “Michael Hill’s joint managing director, Howard Brethren,加州, called St Lukes a carnivore which did not care about its tenants”. Some accused St Lukes of trying to bring Sydney scale rents to Aotearoa.

Brambles, major transport company, has a division called “Randall Total Information Management”, which manages and stores documents and information. It requires “good secure high tech warehouse for physical records”. Brambles will lease the purpose built facility from Building Solutions for its Wellington operations, consolidating four warehouses on to one site.

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WATCHDOG 91 August 1999 PAGE 57
"Wasted Energy: How US Companies And Suharto's Free Share In The Project. The company got President for it, including former Vice President, Dan Quayle, from the Edison-GE plant in 1999. The US government, whose agencies provided loans for it, has been pressuring Suharto to personally approve its high prices. His country's first private power station. A joint venture 30% dearer than Indonesia's only competitively bid private corruption clause in the contract.

The Indonesian venture was the construction of the country's first private power station. A joint venture between Edison Mission Energy and General Electric (GE) eventually won the deal after securing crucial contacts within the then ruling Suharto family and their close associates to get the project approved. Deals with the Suharto family and associated senior government figures included commitments to purchasing excessively priced coal supplies and boilers from companies associated with them, and giving some a basically free share in the project. The company got President Suharto to personally approve its high prices. Its successor, B.J. Habibie, then Research and Technology Minister, personally intervened to rescue the deal at one stage.

There was no competitive bidding, and there is evidence that Edison overruled its partner, GE, to waive a requirement that its Indonesian partners sign a "no corruption" clause in the contract.

The result was that the project, Paiton One, is one of the most expensive power deals of the decade, anywhere in the world. Adjusted for local purchasing power, Indonesia's privately supplied electricity is 20 times the price of the USA, 60% higher than the Philippines, and more than all the commercial fishermen in southern California.

Edison Mission's Chief Executive, John Bryson helped start a law firm that lobbied US corporations to adopt clean air and water laws, and co-authored a book criticising the way in which US nuclear power plants handled their nuclear waste. He joined Edison in 1990. But the Sierra Club describes the company's San Onofre nuclear power plant as "the worst, most destructive marine industrial facility ever constructed. It's killed 20% of all the fish in the Southern California Bight — more than all the commercial fishermen in southern California". Sierra Club's Coastal Campaign Coordinator told the New Zealand Herald, "If I was New Zealand I wouldn't let this company anywhere near my country" (emphasis added. Ed). A coal-fired power plant in the Mojave Desert of Nevada has also been attacked for its pollution of the air around the Grand Canyon, and the company had to write off US$18 million in Mexico after pollution from a power plant in Chihuahua caused problems (New Zealand Herald 6/4/99, "Image of power greenie queried", by Peter Huck, p. A11).

Huck also quotes consumer groups in the US describing sister company, Southern California Edison, as being "overly aggressive in hunting market share", and "defending their desire to milk as much money from consumers as possible". Its "modus operandi has always been to use its resources, its size and its political influence to beat up anyone who gets in the way." The companies have benefited to the tune of several billion US dollars through handouts given by the State government in a deregulation process in California.

Almost Nine Thousand Hectares Of Land Sold

Finally there is the issue of the several thousand hectares of land sold as part of the privatisation. There are 8,631 hectares of freehold land handed over as part of the sale. These include areas surrounding major rivers, such as the Clutha, and lakes, such as Hawea, which are treated for recreational and environmental reasons. The long term issues of access and environmental effects have not been addressed in the sale.

The deal was consummated during the 1994 APEC Leaders' Summit, in Indonesia, personally overseen by President Clinton. And then there is Edison's carefully nurtured environment-friendly image. Its Chief Executive, John Bryson helped start a law firm that lobbied US corporations to adopt clean air and water laws, and co-authored a book criticising the way in which US nuclear power plants handled their nuclear waste. He joined Edison in 1990. But the Sierra Club describes the company's San Onofre nuclear power plant as "the worst, most destructive marine industrial facility ever constructed. It's killed 20% of all the fish in the Southern California Bight — more than all the commercial fishermen in southern California". Sierra Club's Coastal Campaign Coordinator told the New Zealand Herald, "If I was New Zealand I wouldn't let this company anywhere near my country" (emphasis added. Ed). A coal-fired power plant in the Mojave Desert of Nevada has also been attacked for its pollution of the air around the Grand Canyon, and the company had to write off US$18 million in Mexico after pollution from a power plant in Chihuahua caused problems (New Zealand Herald 6/4/99, "Image of power greenie queried", by Peter Huck, p. A11).

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In addition, there are 785 hectares of easements and licences at Ohaaki Road, Broadlands, Reporoa, State Highway 1, Te Rapa, Hamilton, Waikato. Finally, 189 hectares of easements and licences at Aokautere, Manawatu are included.

**Meanwhile TransAlta Tries To Consolidate Its Position With Generator Grabs And Price Hikes**

Under the 1998 electricity industry deformation, TransAlta (67% owned by TransAlta Energy Corporation of Canada) chose to sell its lines operations and concentrate on power generation and retailing. In doing so, it was counting on being the successful bidder for the “cornerstone” shareholding in Contact Energy in order to have a guaranteed electricity supply and price. It lost out to Edison’s extraordinary bid (see above), so it is trying to amass generation capacity by other means.

By December 1998, it claimed it had 12% of generation capacity, including Power New Zealand’s stake in the 24MW Rotokawa power station, Stratford (see below), and 47.5% of the 122 megawatt gas-fired Southdown plant in Auckland, which it operates. It gives it 50 megawatts of generating capacity, and it also has two small generating plants at Silverstream landfill and the Upper Hutt Leisure Centre. Since then it has purchased the small (32MW) and old (Second World War) Cobb hydro power station in Golden Bay, Nelson, for NZ$4.1 million from Meridian Energy, the predominantly South Island slice of ECNZ (TransAlta media release, 27/5/99, “TransAlta buys Cobb Power Station”).

In March, the OIC gave approval to TransAlta’s subsidiary, TransAlta Generation Ltd, to acquire Stratford Power Ltd from MEL Stratford/Fletcher Challenge Gas Power Ltd. Stratford Power Ltd owns the Stratford combined cycle power station at Taranaki, which TransAlta/Fletcher Challenge Gas Power Ltd is owned equally by the Auckland Energy Consumer Trust (the owners of Mercury Energy’s lines operation, now called Vector) and Fletcher Challenge Ltd. NZ Press Association (NZPA) reported that TransAlta paid $80.3 million: $37.4 million to Fletcher Challenge and $42.9 million to Mercury Energy’s lines operation, now called Vector. Manchester City Council, which owns the station, was counting on being the successful bidder for the “cornerstone” shareholding in Contact Energy in order to have a guaranteed electricity supply and price. It lost out to Edison’s extraordinary bid (see above), so it is trying to amass generation capacity by other means. However, even with these purchases, TransAlta’s operations are still out of balance with its status as the largest electricity retailer, where it claims “approximately 55,000,000 electricity and gas customers. The electricity load of TransAlta’s customer base is approximately 8,000 gigawatt hours (GWh) per year, equivalent to approximately 29% of energy sales and 50% of customers in the retail electricity market.” (http://www.transalta.co.nz/about/default.htm)

Of these customers, 530,000 buy electricity in Auckland, Wellington and Canterbury, and 25,000 buy gas in Wellington (http://www.transalta.co.nz/industry/services.htm). Also in March, it sold its Wellington gas network to the Australian Gas Light Company of Australia for NZ$122,000,000. Australian Gas Light at the time owned one third of Natural Gas Corporation Holdings Ltd and has since acquired it. This means that it will be putting the pressure on the Government for further privatisation of the electricity generating capacity present in the three splinters of the still-State-owned ECNZ.

The degree of imbalance is seen in the fact that while the company’s customers use 8,000 GW/h per year, it generates only 4,200 GW/h annually. It therefore must buy around half its electricity on the spot market or by contracting with competitors. This means that it will be putting pressure on the Government for further privatisation of the electricity generating capacity present in the three splinters of the still-State-owned ECNZ.

Adding these factors to the enormous prices TransAlta paid for its customers outside Wellington must mean the company cannot survive in its present form without forking up prices. And force up prices it did. In April it announced increases to the annual 1.5 million tonnes of carbon dioxide emissions that would come from the station. The protests were aimed at disrupting the construction of the station.

TransAlta had pre-emptive rights to the purchase of the two other partners’ shares (as with Mercury’s share of the Southdown station). It grabbed the opportunity in its bid to become a significant electricity generator:

> “From TransAlta Group’s perspective the proposal assists in the formation of a national base of generation assets for the TransAlta Group. The acquisition will augment TransAlta’s acquisition of Capital Power and Energy Direct in two electricity facilities as well as TransAlta’s existing generation assets”. However, even with these purchases, TransAlta’s operations are still out of balance with its status as the largest electricity retailer, where it claims “approximately 55,000,000 electricity and gas customers. The electricity load of TransAlta’s customer base is approximately 8,000 gigawatt hours (GWh) per year, equivalent to approximately 29% of energy sales and 50% of customers in the retail electricity market.” (http://www.transalta.co.nz/about/default.htm)

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- Westech Energy buys Wairoa land for gas discovery appraisal: 74
The SIS Amendment Bill was duly rushed into law, in March 1999. Labour’s Michael Cullen said it was always Parliament’s understanding that SIS officers had the right of entry. “It’s hard to understand how any intelligence agency anywhere in the world could operate without some limited form of entry right. It’s in the nature of the work they do” (Press, 29/3/99). But substantial doubt was cast on that retrospective assertion by David Small, the man who had caught the SIS agents at Aziz’s house, back in 1996. David wrote to the Crown Law Office asking for the earliest dated legal opinion that an interception warrant empowered agents to break into private homes. Back came the answer — September 18, 1996 ie after the Choudry break in, and nearly 20 years after the 1977 SIS Amendment Act cited throughout as the legal justification for SIS break-ins.

The Government obviously had misgivings about the whole thing, too. In March 1999, it introduced the SIS Amendment Bill (No.2), once again with Labour’s full support. Submissions were heard in May, with No. 2 to come into effect in midyear (only a limited number of submissions were actually heard; CAFCA’s was not amongst them). It changes a number of things — for instance, the PM can no longer solely authorise interception warrants against New Zealanders in the domestic context. These warrants have to be co-authorised by the newly created Commissioner of Security Warrants, who must be a retired High Court judge (just what the country needs, more warrant officers. The Inspector General of Intelligence and Security is or was a High Court judge — his performance in the Choudry case fills us with no confidence that yet another one will make any difference). But, in a huge loophole, the PM can solely authorise warrants against New Zealanders with “foreign” connection, whose activities “endanger New Zealand’s international wellbeing”. The new Bill tightens up the definition of “thing” used throughout the original Bill and claims to bring in safeguards to warrant procedures. Aziz Choudry accurately described it as weasel words and “window dressing”. Shipley assured protesters against APEC that they would have nothing to fear from the SIS. To which, Aziz replied: “Why would anyone expect me to believe them?” (Press, 17/3/99).

Chirstchurch people produced a wonderful little booklet entitled: “The Whoppa Book of SIS Fairy Tales: The Gospel According to Jenny and Helen”. It was read aloud by David Small (good practice, as he’s recently become a father) at a March protest outside the Chirstchurch office of the SIS. The demo also featured the delivery to the SIS of a large bag of house keys, to save them the trouble of breaking in. The book of fairy tales concluded about the No. 2 Bill that:

- The SIS will still be given the power to break into people’s homes.
- This power will still be backdated to legitimise the SIS’s history of illegal activities, even before 1977.
- The inadequate complaints procedures remain untouched.
- The definition of security to include the country’s ‘international or economic well-being’ remains.

As long as the SIS alleges foreign influence, the Prime Minister alone can still sign interception warrants.

Individual New Zealanders can still be placed under SIS surveillance at the discretion of the Director of the SIS.

- Devices and equipment other than listening devices can still be planted in people’s houses (press release, 23/3/99).

The No. 2 Bill came back into the House, in July 1999, with some changes eg the SIS will have to produce a more detailed annual report to Parliament (for the past several decades, its annual reports have been textbook models of brevity). But the obvious lesions remained.

The Crown has never revealed the target of the 1996 SIS break-in, its legal strategy has been to “keep everybody guessing”. As Aziz told the Herald (7/7/99): “We still don’t know if it was me, my cat or anybody else.” But once, while starting to appear in the Wall of official secrecy. Helen Clark, Leader of the Opposition, told North and South (April 1999) that the SIS broke into Aziz’s house not to spy on him but “foreign visitors”. The only foreigner he had staying with him at the time was Dr Alejandro Villalmar Calderon, a Mexican speaker at the 1996 Tracing With Our Lives conference. One problem with Clark’s story — the warrant used to authorise the break-in was dated September 1995. Aziz didn’t meet Alejandro until November, and it wasn’t until December 1996 that GATT Watchdog invited him to NZ. The New Zealand Herald ran a front page headline: “Secretory slip by Clark has SIS fuming” (18/3/99). We’re sure there are plenty more juicy revelations to come in this most fascinating of stories.

Copies of our submission on the SIS Amendment Bill No 2 can be obtained from CAFCA, P O Box 2258, Christchurch leben of 3 to 10% in Auckland, 5 to 10% in Wellington, and 13% in Chirstchurch (Press, 7/4/99, “Govt. queries power charges”, p.1). It also introduced substantial new charges for previously free services, including reconnection, disconnection, and final reading fees. It also transpired that Southpower, under TransAlta’s ownership, had been switching off hot water cylinders over summer and autumn, not for the well-accepted reason of managing peak network loads in winter, but simply to save itself money.

Particularly in Chirstchurch the news of the price rises received universal condemnation from all parts of the political spectrum, editorial writers, letters to newspapers, and community groups. The price rise even spawned new protest groups — though at least one in Chirstchurch, Price Us, was of dubious credentials. It used its public support to join TransAlta in criticising Orion (the CityCouncil-owned lines company which was retained from the sale of Southpower), and to castigate the Council for not handing out the profits from the Southpower sale to reduce rates or power charges. It effectively wanted the Council to subsidise TransAlta’s prices.

TransAlta initially blamed its price rise in Chirstchurch on Orion’s pricing. (Company preliminary result announcement, 14/6/99. For more on TrustPower, Alliant and Infratil, see the article on Infratil elsewhere in this Watchdog.)

The only public figures taking pressure off TransAlta were Government spokespeople. The Minister of Energy, Max Bradford, who had predicted in December 1998 that wholesale prices should fall 10% by April, remained sublimely confident that if consumers waited long enough, prices would begin to fall. He implicitly backed TransAlta by focusing his criticism on the lines companies, and particularly on Orion — happily ignoring the price rises by retailers throughout the country. He was even “prepared to wager a small bet” that prices would come down within a year. He didn’t say whether they would come down below their pre-deforestation levels.

Confronted with responsibility for what was rapidly becoming a major re-election killer, instead of attacking TransAlta, he desperately tried to divert the debate by attacking Orion for profiteering, even though its target rate of return at 7% was lower than the Government’s for its transmission company, Transpower. He was not helped by fellow senior Cabinet member, John Luxton, Minister of foot in mouth diseases, blurting out that “it was not promised that prices would have no effect on residential customers”.

Orion offered to abandon its peak/off-peak pricing scheme. TransAlta changed its line to blaming Orion for not dropping prices when it no longer had the cost of South power. It launched an aggressive campaign to encourage consumers to switch from TransAlta to other, cheaper suppliers. These include the state owned Meridian, and First Electric which offered power 15% cheaper than TransAlta. Orion responded by pointing out TransAlta knew all about the same was true elsewhere. Orion also increased its average prices had dropped by 1%, and produced Ministry of Commerce data to show its prices were below the national average, and in particular below Wellington and Auckland. He pointed out that TransAlta knew all about the price rises by retailers throughout the country. He didn’t say whether, if Orion was to blame, he did not explain why, if Orion was to blame, prices would begin to fall. He implicitly backed TransAlta by focusing his criticism on the lines companies, and particularly on Orion — happily ignoring the price rises by retailers throughout the country. He was even “prepared to wager a small bet” that prices would come down within a year. He didn’t say whether they would come down below their pre-deforestation levels.

As I have already modestly pointed out, we predicted price rises in our commentary on the OIC’s October 1998 decision to allow TransAlta to buy Southpower — though 43.74% jointly owned by Infratil and Alliant International of the USA according to a company announcement on 12/4/99 also raised its prices saying:

“Less fortunate feature of the purchases we made is that they were from local trust owned power distributors with very low rates of return on their assets.

In a number of cases this left unsustainably low energy margins which did not cover the cost of servicing the customer. TrustPower has moved quickly to correct this problem and reduce the price rises, however even if from a low base, are not what the Government has promised…”

(Company preliminary result announcement, 14/6/99. For more on TrustPower, Alliant and Infratil, see the article on Infratil elsewhere in this Watchdog.)

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top managers resigned, and given that another left had

We expected a decent interval to elapse to allow the

was not in immediate trouble financially. Organisationally

wanted to force the Government to regulate the lines

A more Machiavellian explanation is that TransAlta

consolidate its position before it raised its prices. It is

adjusted return on shareholders' funds fell a quarter to

company's increased shareholders' funds and asset base

actually enabled it to payoff debt. It received considerably

terms the dealing due to the electricity deformation

their prices. It was in the knowledge that the Government

hand to take profits. This is consistent with TransAlta's

unbelievable public explanation for its price increases:

As mentioned above, in December 1998, Power New

To Consumers

Utilicorp Expands Its Lines Operations – At A Cost To Consumers

Although the only substantial privately owned lines company, Utilicorp-owned United Networks (formerly Power New Zealand), claims to have lowered its prices, it stands out as having the highest prices in the five main
centres. In the continuing battle of words with Bradford, Orion quoted Netherlands-owned bank, ABN Amro, to
show that, once the transmission charges of national grid operator, Transpower, were excluded, for a typical
domestic consumer using 8,000 kWh a year, United Networks in Auckland had the most expensive line
charges at 4.70c per kWh. It was followed by WEL Energy (84% owned by the WEL Energy Trust) at 4.85c,
Vector in Wellington (where it bought TransAlta’s network) at 4.41c, and Orion (majority owned by the
Auckland Energy Consumer Trust) in Auckland at 3.82c, and Orion at 3.71c. By far the cheapest was

Dunedin City Council owned Delta Utilities Services (formerly Dunedin Electricity) at 2.39c.

Government Does A Number Two On Us

The question of access to documents was one of two
preliminary legal matters argued before Justice
Pankhurst, in 1998. The other one was whether the SIS
had any legal right to break into Aziz’s house. Panckhurst ruled that they did have such a right, Aziz appealed.
In December 1998 the Court of Appeal ruled that the break-in was illegal, and this really set the cat
among the pigeons. The Court accepted the argument of the SIS that, in view of the New Zealand law is
explicitly stated to be something, the Court is for all practical purposes, whatever is specifically permitted
by law, then it is illegal. The judges could find nothing in the 1968 SIS Act and subsequent
amendments that permitted break-ins. Justice Thomas, in his July 1999 Court of Appeal dissenting opinion, said:

"I consider that it should not be overlooked that the entry
of 470,000 of Mr Choudry’s house which the Service
undertook on 13 July 1996, and which is central to his
claim, was illegal. This is the effect of the Court’s previous
judgment. Consequently, the Service has every reason
to believe that it was illegal and will be liable to damages
and that its image will be seriously damaged"

The Government, with the full connivance of Labour,
decided not to appeal this, and allowed for the SIS Amendment Bill, retrospectively legislating all such

(Continued on page 54)
The original sale of local body owned power companies to TransAlta roused bitter local opposition and a series of interlocutions. New Zealand said the nationalities of the companies' owners was a last remnant of local influence, but one that seemed irrelevant. It made a commitment to hold lines to the trust - and this had not happened. Power New Zealand charges for consumers for three years the assets of Bay of Plenty Electricity Ltd for $1,000,000. This is extraordinary: most electricity assets have been sold at substantial discounts. This price was less than the book value of the assets. Colin Holmes, described the price as a "very good result to have been outmanoeuvred once more."

TransAlta's sale was opposed by the Hutt Mana Energy Trust, which represents 83,000 people in the Hutt Mana region and has 12% ownership of TransAlta New Zealand. It has been "pushed by TransAlta into bidding for the lines business with a partner suggested by them", but had been unsuccessful. The Trust sought a High Court injunction to stop TransAlta from holding a shareholders' meeting to vote on the sale, including full page advertisements in Wellington newspapers saying the power would be delivered by Canadians over lines owned by Americans. It is understood that TransAlta's sale of lines was "pursuant to an agreement that required TransAlta Canada to consult the Trust - and this had not happened. Power New Zealand said the nationalities of the companies' owners was a last remnant of local influence, but one that seemed irrelevant. It made a commitment to hold lines to the trust - and this had not happened. Power New Zealand charges for consumers for three years the assets of Bay of Plenty Electricity Ltd for $1,000,000. This is extraordinary: most electricity assets have been sold at substantial discounts. This price was less than the book value of the assets. Colin Holmes, described the price as a "very good result to have been outmanoeuvred once more."

"The Prime Minister is the Minister in charge of, and responsible for, the Service. She is not independent of the Service in the sense that Parliament and the Courts are independent of it. Further, as I have previously observed, your perception of the secrecy which is required. Nor, by virtue of the secrecy which attaches to the Service's advice, can the Minister in charge look elsewhere for assistance or verification. The Minister is very much dependent on the Service.

"It should not be overlooked that the Service is a covert intelligence agency. It is by definition not an open organization accustomed to outside scrutiny. It will not welcome that scrutiny. Its officers are by virtue of their occupation practised in the art of deception. The Service, as with any covert intelligence agency, will strive under the cloak of secrecy to protect this country from perceived subversive interests and hostile forces. There is no reason to suspect that its officers will not, perhaps passionately, in the interest of their task or that they will be anything other than assiduous in carrying it out. Once it is accepted that the trust necessary to accept the certificate on its face is in reality a trust reposed in or embracing the covert intelligence agency itself, the manifestation of such abiding judicial trust seems strangely out of place..."
energy to 2.9 million customers. Of these 16 are hydro electric plants with a combined capacity of 834 MW including 552 MW of pumped storage... AEP has investments in the United States, the United Kingdom and China. Wholly owned subsidiaries provide engineering, consulting and management services around the world with offices in Columbus; Ohio; Beijing; China; Toronto; Canada; London; England; Singapore and Sydney, Australia' (company announcement, 6/2/98).

...And Natural Gas Corporation Buys Waikato Electricity's Retailing Business

In December 1998, the Natural Gas Corporation of New Zealand Ltd gained OIC approval to acquire the WEL Energy Group Ltd's electricity retailing business for a suppressed amount. WEL Energy Group is owned (94.17%) by the WEL Energy Trust, and the remainder in public shareholdings.

The OIC suppressed the amount paid, even though it was made public before the OIC released its censored decision on 29/1/99: $89.9 million (Press, 20/1/99, "NGC pays $89m for supply firm", p.27).

The Trust has fought desperately to maintain local control of its electricity resources, first to get rid of Utilicorp's "cornerstone shareholding" (one of the first overseas investments in electricity in the country), then to distance itself from the battle between Mercury, Power New Zealand, and Utilicorp for control over electric power distribution in the northern North Island. Having finally achieved those aims, its has found itself with a pyrrhic victory - undermined by the Electricity Reform Act, which forced the sale of part of its assets.

The purchase includes WEL's customer base, meters and metering equipment, billing system, debtors, call centre, staff, meter reading contracts, and "certain existing electricity hedge contracts". It also includes a licence over the WEL brand.

Natural Gas Corporation has not been a large contender in the scramble to control electricity assets, though it was clearly relishing the concept. In a sense it was forced to enter the market by Contact Energy, at time of writing one of the big three in electricity retailing. Contact purchased the Enerco gas retail operation from Southpower shortly before Southpower's electricity retail operation was itself sold to TransAlta. Contact is therefore competing head on with Natural Gas Corporation, but with a much larger number of customers. (Natural Gas Corporation had 42,000 customers in 1996; Contact 430,000 at the end of 1998). Paradoxically, Enerco is Natural Gas Corporation's largest wholesale customer.

The Corporation is the biggest wholesale gas supplier in the North Island.

Nonetheless, Natural Gas Corporation is no stranger to electricity. It jointly owns a 25MW co-generation plant at Kapuni with Bay of Plenty Electricity. Its controlling shareholder, Australian Gas Light (AGL), which has managed the company's gas retailing operations since 1993 and bought TransAlta's Wellington gas network (see above), has significant electricity interests in Australia, where it is Australia's largest publicly listed utility. Indeed AGL sought Commerce Commission clearance to buy 40% of Contact Energy, and in February 1999, took 15.6% of TrustPower with a view to forming a "strategic alliance".

Natural Gas Corporation is also working quickly to accumulate more of the gas retail market, including those operations of Powerco (New Plymouth), and EPN's share of Liquigas. In a move that paralleled the electricity deformation, the company planned to split its operations into three: gas processing and co-generation (tentatively called Tararaxi Production Services), gas transmission (TransGas), and energy marketing and distribution (NZ Gas Light). However this was discarded as too complex and expensive when Australian Gas Light bought out Fletcher Challenge's share.

"It has led directly to the dismantling of the Welfare State and the creation of a user pays substitute. The aim is to get the State out of Business. John Luxton, the Government's leading ideologue, is very keen to get rid of the State per se. The catch phrase is 'regulatory creep'..."

"The Concise Oxford Dictionary's definition of 'reform' is 'make better by removal or abandonment of imperfections, faults, or errors'. This is so obviously inappropriate in the present context that I hesitate to use the term. Under 'deformation', the dictionary notes that it has a meaning of 'change for the worse', and was used as an opponent's name for the Reform. Without entering into a debate into that particular historical era, it seems entirely appropriate here."
Employment safety conditions are now as bad as 100 years ago. 56 workers were killed on the job in 1998, a 43% increase since 1993. Making us ‘attractive’ has led absolutely to massive institutionalised unemployment. As one of the more than 80% of Railways staff declined surplus to requirement since the mid 80s. Unemployment is growing again, currently sitting at 7.9%. More than 13,000 workers were made redundant in 1997/98 alone.

It has led to moves to put the burden of unemployment on the unemployed by cutting the dole and suggestions of a time limit of how long you can be on it. New Zealand First’s big idea for the former Coalition Government was to introduce the American scheme called welfare to make beneficiaries, not just the unemployed, work for their benefits. The 1997 Budget took it further, institutionalising a code of social responsibility for beneficiaries, namely to impose conditions for them to continue to receive benefits. The 1998 Budget (Winston Peters’ swansong) institutionalised this beneficiary bashing, requiring them all, even the chronically sick and disabled, to be work tested, and was accompanied by the ‘dub in a bludgeon’ TV ads encouraging people to anonymously inform on beneficiaries. Workfare started in 1998, complete with benefit cuts for those who are 15 minutes late for an interview or cancellation of the benefit for 13 weeks for persistent non-cooperation. Already, this kind of campaign has led to individual horror stories. A Tory Christchurch City Council has described welfare and its ilk as ‘neo-Nazi, purist, Aryan theories that this Government is pushing’ (Press, 11/9/99). The Government has stopped collecting welfare data, because it doesn’t want the devastating impact of its ‘reforms’ to be officially tabulated.

‘Employers are campaigning against both ACC and the judicial system, claiming the Employment Court is ‘pro-worker’. The Government attacked the Holidays Act, seeking to allow employers to buy off workers’ annual holidays and one of their three weeks annual leave. Public opposition forced a temporary halt to that.

‘Previously unheard of foodbanks now play a vital role in every city - Christchurch alone has nearly 50 of them and the number of people receiving their services is growing steeply. Not just beneficiaries either, lowpaid workers are increasingly to be found at foodbanks. New Zealand has the worst figures in the developed world for diseases of poverty, such as rheumatic fever, which is impairing the learning ability of up to one third of children in the Porirua area. Cerebral meningitis, a feared and deadly disease of poverty, is present in epidemic proportions and no end is in sight to its spread. TB is back and despite Government attempts to blame it on Pacific immigrants, doctors firmly point the finger at poverty as the cause (I have personally been exposed to it and had to be tested. The exposure took place in Wellington Hospital. Fortunately I was not infected). A Ministry of Health report concluded that life expectancy
Electricity company ownership changes

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Much of this information, other than ownership, comes from The Marketplace Company’s Web site, at http://www.m-co.co.nz/changes.htm. Ownership where not stated was not readily available to me. In most cases it is a mixture of local bodies and consumer trusts, with some public shareholding.

Note: The ownership of TrustPower is complex and changing. Alliant (U.S.A.) and Infratil have a joint beneficial interest in 43.7%; Australian Gas Light (Australia) has 15.6%; and the Tauranga Energy Consumer Trust owns 29.9%. A further 10.0% owned by the Tauranga District Council is in dispute between Alliant and AGL.

Not only have we lost Bruce Jesson, one Auckland icon of the New Zealand Left (see his obituary elsewhere in this issue, Ed.), but now we’ve also lost the Auckland Unemployed Workers Rights Centre (AUWRC). The contrast couldn’t be greater - Bruce was a writer, intellectual, theoretician, but one who had also been chairman of the Auckland Regional Services Trust, in charge of a billion dollars worth of assets. AUWRC was always into action, of the most direct kind - it built a well earned reputation for being at the cutting edge of the radical Left. It was also heavily into practicality, being an integral part of the super city Auckland People’s Centre, offering a huge range of services for the unemployed and working poor. AUWRC also had its own publication, the much appreciated Means Times, which went free to the several thousand members of the People’s Centre, and on an exchange basis with publications such as Watchdog. It might have lacked the sophisticated political analysis of a Jesson, but it got straight to the point - my favourite regular section was its “Maggot of the Month”.

Sadly, AUWRC hasn’t closed because its work is done. When it opened, in 1983, unemployment stood at 100,000. Now it has doubled. AUWRC closed because of dwindling financial and human resources, an all too common problem in the Left. The rest of us should be thankful that it lasted 16 action packed years. The People’s Centre (there are three of them in greater Auckland) are continuing, and AUWRC’s key people, including Sue Bradford, have certainly not been lost to the movement (Holmes Show obituaries notwithstanding, reports of Sue’s retirement are greatly exaggerated). They are key organs in the campaign opposing the APEC Leaders Summit (this September, in Auckland). Sue herself is the Green candidate for Rodney this election (the Bradfords live near Wellsford).

AUWRC were the militants, who took a very in your face approach to their targets, banging their heads figuratively and literally against the palaces of the mighty (in Sue’s case, all too often having her head banged against any nearby solid object by the hirelknuckled of the mighty). You name it, AUWRC had a full on demo against it - the unemployment bureaucracy. Governments both Labour and National, the Business Round Table, Jenny Shipley, the Asian Development Bank, the Commonwealth Heads of Government Meeting, the Beyond Dependency conference, conferences to attract foreign investors. Their demos were always accompanied by wonderful songs and street theatre (in 1997 they toured the country with “property” and very good it was too). They paid a fearsome price for this militancy - police bashings to serious injury in some cases, immovable arrests, court cases and imprisonment. They never gave up - on Holmes, Sue couldn’t remember how many times she’d been arrested and/or roughed up by the cops.

The media always personified AUWRC as Sue, but she was far from alone - there was her husband Bill, their kids (so, no all of children of radicals grow up to be bank managers), Caroline, Kate, Karen Davis, Ivan Sowry, and many, many others too numerous to mention.

CAFCA was proud to be their comrade in arms. They never took the soup kitchen approach to unemployment; they resolutely condemned the charity model and welfare in general. Both AUWRC and the Peoples Centres demonstrated how the poor and unemployed could proudly stand on their own two feet (Shipley and co want them to do that too, but only so that they can sell off the chair fromunder them). AUWRC always said that the root cause of the problem is our old mate - capitalism - and set about sticking it up the capitalists with gusto.

I never met Sue nor visited the downtown People’s Centre until 1992. Since then I’ve made up for lost time, making it home away from home when in Auckland and AUWRC has been CAFCA’s key contact in Auckland, as recently as my March 1999 North Island speaking tour (Continued on page 56)
Lyonnaise and Lend Lease into bitter conflict, deep embarrassment and real losses. At stake are political and corporate reputations, the jobs of highly paid executives and a long running marketing campaign that hyped Sydney's tapwater as among the world's best - good enough to bottle, too good to waste. So how could one of the biggest and newest water filtration plants in the world, built for one of the biggest water utilities in the world, fail to insulate against a water scare of the size Sydney has just experienced?”

Hogarth shows that the risks of contamination were well known, and that evidence for the problems had been around since at least 1993. He reports:

“The old board’s project manager for Prospect, Bill Johnson, recalls that gardia and cryptospordium were always on the agenda with the water treatment plant design team. They even designed a simple, inexpensive particle-size monitoring system to give an early warning if filtration was failing.

“This stuff was thoroughly researched,” Johnson says. But he says that when it became a commercial deal “it all became very secret after that”. So secret that the early warning system disappeared altogether and has resurfaced only this week as one of the possible urgent improvements to make Prospect safe in the future.”

While a subsequent Royal Commission of Inquiry into the Sydney water debacle found that the selection of AWS as the successful tender for Prospect “was done with honesty and without influence from any inappropriate source”, it made clear that cost cutting led to low water standards:

“As it happened, AWS offered the lowest price for the Prospect plant. When assessed appropriately, it offered a price which, over the 25 year term of the contract, had a net present value that was $440 million less than the nearest tender price, which was offered by the Wyuna consortium. At the time AWS was selected as the preferred tenderer, it had not proved its treatment process to the satisfaction of the Board’s technical assessment team. This problem was dealt with by AWS offering a guarantee to provide an alternative filter medium if its proposed sand medium could not meet the Board’s specified filter run times. In adopting this approach, the Board took a significant risk but, as it happens, no problems emerged. AWS was ultimately able to prove its technology. However, the process of selection was concerned more with obtaining the lowest price rather than ensuring the highest quality technology”.

AWS insisted that, in terms of its contract, it did not have to treat for gardia and cryptospordium to the intended standards of removing 99.9% of pathogens. The inquiry found that “there are indications that on occasions the plant will not achieve this level” (from fourth report of the Commission of Inquiry, http://www.premiers.nsw.gov.au/publications/pubs_dload/sydwater/reg4/chapt1.html).

Suzanne Lyonnaise des Eaux of France is one of the two largest water transnationals in the world, and owner of Waste Care in Aoteaora (see our commentary on the OIC’s March 1998 decisions. Waste Care is in the process of being bought by our old mate, Waste Management, of the US. Ed.) It claims its expertise as the reason that central and local governments should privatise their water supplies. Clearly, Lend Lease’s partner is unwilling to apply that expertise if costs get in the way. And Lend Lease is happy to play along.

FREE TRADE FANTASIES


-Dennis Small

“Free trade” is often misleadingly interpreted in a very narrow sense, especially by the corporate media, it is worth reminding ourselves of its wider, deeper meaning: “At its purest, capitalism minimises the role of the State in economic policy, encouraging FREE TRADE” (“Reader’s Digest Family Encyclopedia of World History”, 1996, p.111). Thus free trade means unfettered capitalism and Moore’s role as ideologue has to be put in this context.

Mike’s book is written with all the grace and unction that one would expect of him at his greasy, ingratiating best. There are plenty of obsequious, crawling quotes for his powerful American mates to appreciate. How about this one, quoting US Secretary of State, Madeleine Albright: “If we choose to hide behind walls rather than tear them down, our products will face higher tariffs ... we will be remembered as one of the great heroes of world globalisation and in this sense the book is a sort of self-obituary, Mike’s personal dedication to his anticipated future glory in the advancing annals of capitalist civilization. He warmly celebrates what he believes is the triumph of Western capitalism over its enemies, and the safety of “strategic resources” like Middle Eastern oil upon which his own affluent, globe trotting lifestyle depends (p.117).

“Free trade” is often misleadingly interpreted in a very narrow sense, especially by the corporate media, it is worth reminding ourselves of its wider, deeper meaning: “At its purest, capitalism minimises the role of the State in economic policy, encouraging FREE TRADE” (“Reader’s Digest Family Encyclopedia of World History”, 1996, p.111). Thus free trade means unfettered capitalism and Moore’s role as ideologue has to be put in this context.

Mystical Musings Of Mad Mike

Mike’s latest book, “A Brief History of the Future”, with its coyly unassuming title modelled on Stephen Hawking’s famous depiction of Time and the Universe, sets out to rally the recently somewhat rattled ranks of the free trade/free investment brigade. As usual, Mike is self-deprecatingly modest about his achievements: he has “contributed” to New Zealand and to his party by being the person “to lead the charge for this kind of economic internationalism” over the last decade or so (p.46). Indeed, there is no doubt that he would like to...
Mike Moore: From page 33

have no success at all in promoting higher environmental values throughout the world, Mike is a dedicated and fawning agent of this process whatever the exact style in which he chooses to portray it (see e.g., p.43).

When Moore was Trade Minister the then Labour government, arm in arm with the corporate media, was assiduous in systematically suppressing open discussion on the Uruguay Round GATT negotiations, something that National did its best to emulate. There was continual, cargo cult hype orchestrated by the Government and a pervasive, conspiratorial blanket of silence over any dissent. In the late 1980s, so far as I am aware, I was the only individual in the country researching GATT from an explicitly critical perspective. I challenged Minister Moore on this point on a number of occasions, the prevailing censorship relaxed as a token gesture. Later, at a Labour Party fundraising fair in Christchurch, where the organisation for which I was working had a stall, Moore came seeking me out to contest my criticisms. He was obviously keen to try and stamp out any such dissidence. We had a brief exchange. When I pointed out the dominance in the NZ Business Round Table of transnational corporations (TNCs), he walked away and that was the end of what face-to-face debate I have ever had with Mike.

Moore's general approach aptly reflects his acknowledgement and acceptance of the "realities" of power (p.73), an attitude that indeed permeates his book(s) and his own political career. Ultimately, Moore is the extreme conformist, desperately eager to conform to the market forces which dominate what he sees as the shape of the future. For Mike, our living standards "are frequently beyond our control" (p.50). Indeed, "even what we believe" is also beyond our control. He frankly declares: "Like it or not, the world economy will always drive us; we will never drive it" (p.49). The great visionary leader of free trade, riding one of the "great waves of changes in world history" (p.13), is most certainly a driven man. He wants to present a new, updated deterministic philosophy of "freedom" for the planet's peoples. In an ideological spec of the new global capitalism, Mike has a Calvinist-style gospel to impart, a new Protestant ethic; and as a representative of the "world economy", he ardently desires to damn his critics and any awkward unbelievers.

Moore believes in the divine and benign hand of the Market weaving its magic in the creation of a glorious new Information Age, yet another advance in the progress of civilisation following the Industrial Age. It is always inevitably on and upward for Mad Mike as we are blindly swept forward to our rampant eternal consumerist destiny by economic/technological determinism. There is clearly a kind of Business Round Table mysticism about all this. Well, almost always inevitably on and upward. The nasty recurrting problem is that there are doubters and heretics like the reviewer who stir people up even against the great visionary and helmsman himself and this in turn causes problems for the Inevitable.


"The story behind the crisis presently surrounding the biggest treatment plant of all, the $320 million Prospect facility owned and operated by Australian Water Services (AWS), is a cautionary tale.

"The old Water Board signed a secret contract late in 1993 for AWS to build the plant, which is being paid off over 25 years at a cost of more than $32 billion to water consumers. Despite expectations that the plant would stop 99.9% of glaria cysts and cryptosporidium octocies, any duty to target the bugs was specifically excluded from the contract.

"Confidential papers reveal that early in 1993 the old board was being asked that it faced rising costs, legal action for damages and severe embarrassment for itself and the Fahey (State) government if the controversial private water deals were delayed. At that time the board held the powerful position of being both the proponent for the plants and the determining authority for its own environmental impact statements.

"There also was excessive secrecy based on claims of commercial confidentiality. The board later refused to give a Parliamentary inquiry access to all information about the contracts and top secret government guarantees to the private bidder.

"The latest inquiry is likely to be told that AWS, a joint venture between the multinational private water company Suez Lyonnaise and the powerful Australian group Lend Lease, originally wanted to build a bigger and better plant. But that would have cost more, and insiders say Treasury was already upset.

"Treasury kept saying "we do not want to build the treatment plants", says Bob Wilson, the board's managing director from December 1987 to April 1993. "The Treasury was more interested in being a shareholder only meant dividends. It did not understand that we were about to grow the company."

"As a compromise, Wilson says, Prospect and the other plants were designed to be easily upgraded. However, it has been dramatically increased knowledge of the threats from cryptosporidium, in particular since 1993, there has been no upgrading.

"Now a microscopic pre-millennium bug in the city's water has plunged the Carr (State) government, its Coalition predecessors, and Australian Water Services into Suez".

(Continued on page 48)
Lend Lease Taking Control

In March 1999, the Overseas Investment Commission gave Lend Lease Corporation Ltd of Australia approval to acquire 100% of HRL Morrison and Co. Group Ltd for a suppressed amount of money, according to an announcement to the Stock Exchange. Lend Lease is buying only 25%, but has a right to increase its shareholding to 100% over a five year period (4/3/99, "Lend Lease invests in Infrail manager").

Lend Lease Corporation is owned 74.72% in public shareholdings in Australia, 13% by Li (Lend Lease) Employee Holdings Custodians Pty Ltd, 7.56% by The Capital Group, Inc, of the USA, and 4.72% by Merrill Lynch Asset Management of the USA. Until this purchase, HRL Morrison and Company Group Ltd was owned 73.3% by the HRL Morrison Family Trust (whose beneficiaries are members of Lloyd Morrison's family) and 26.7% by JML Trust (whose beneficiaries are members of Libetato Patangga family).

The purchase is not simply a passive investment for Lend Lease. The announcement says that "Lend Lease will acquire a significant stake in the activities of the current major shareholder of the Infrail group of companies. The purchase will enable Lend Lease to participate in the future growth of the Infrail group." (p.33).

Lend Lease is described on Infrail's web site as "an Australian based international real estate and financial services group operating in Australia, New Zealand, North America, Europe, Asia and South America. Established in 1958. Lend Lease Corporation is listed on the Australian and New Zealand Stock Exchanges and is one of Australia's top twenty listed companies. It has a market capitalisation of approximately A$11.1 billion...

Funds under management total A$7.1 billion, with A$4.2 billion in property assets under management on five continents (as at 31 December 1998). Lend Lease's global real estate investment management ranks as one of the largest in the world".

Lloyd Morrison, Executive Chairman of Morrison & Co, describes the advartages Lend Lease would bring as "Lend Lease will enable Morrison & Co and the Infrail companies to become involved in the water and waste water sector, in rail and in greenfield infrastructure developments. Lend Lease was a successful co-developer of the Ordi River Hydro scheme and the Tower & Appin coal seam methane power project. It is currently co-developing the BP co-generation project in Brisbane and is the preferred co-developer of the extension of Sydney's Eastern Suburbs rail link to Bondi beach.

Lend Lease also has several joint ventures with Suez Lyonnaise des Eaux in the water and waste water sectors. These include the development, ownership and operation of Sydney's Water Filtration Plant - one of the largest plants in the world - which supplies 80% of Sydney's drinking water. Lend Lease is also the "city builder" and will be co-operator of the Manukau waste water plant in Auckland".

Lend Lease, Gladiola, Cryptosporidium, Suez Lyonnaise, & The Sydney Water Scandal

What Morrison does not mention is the controversy surrounding the Prospect Water Filtration Plant in Sydney. In August and September 1998, Sydney was hit by giardia and cryptosporidium infections in its water supply. For several weeks, all Sydney residents were advised by public health authorities to boil their water before use. The situation unsurprisingly caused a public uproar, with views expressed not unlike those during the boodle riots in Auckland earlier that year. In commercialisation of Sydney's water supply, creating the Sydney Water Corporation (with subsequent profit gifts by the State government), and privatisation of the operation of the filtration plants, were important elements in the controversy. The Sydney Morning Herald, for the one hand for Mike, such stirrers are swimming hopelessly against the inexorable tides of History/ The Future; on the other, they still somehow might succeed in upstaging the whole apocatastrophe. He repeatedly inveighs against resistance to his version of evolutionary progress - "There's no going back on the changes that are upon us" (p.12). Quoting TNC guru, Peter Drucker, he declares that change is "inseparable" and affirms his message that "it is the world economy in control" (p.49). The supposed alternative model is North Korea or Albania? Instead of fruitlessly gnashing our teeth, we must instead make the transition to Alvin Toffler's "Third Wave" society as best we can.

Yet, as indicated, it could all come unstuck because, "History is never a straight line" (p.36). If only we would all gratefully accept the inspired leadership of people like Mike himself... As well, despite his predominantly (confused!) deterministic version of History/The Future, he persists in offering the parody of free choice: "A new solution is required. That solution lies in economic internationalism, based on rules decided upon by sovereign governments" (p.14). Ministers, governments and taxpayers will "have to take more control... as the impact of globalisation reaches into every facet of domestic life" (p.68).

Democratic Demolition

It might seem a long road from Moore's seeking me out for personal reprisals at a Labour Party fair to the 1996 SIS break-in at Aziz Choudry's Christchurch home under the auspices of the current National Government but there is a constant, overall pattern of censorious, official investigative "corporate image, nothing is sillier than his self-portrait as the great democrat Moore shares with Sir Roger Douglas, Richard Prebble and some others the notoriety of those Labour/National politicians who have done most damage to NZ democracy over the past 15 or so years. The odum of Labour's notorious "fish and chip" gang that ushered in "Rogernomics" has imploded a deeply disturbing imprint on his mindset. Mike facilitates TNC-takeover of Aotearoa/NZ even as he postures about a constitution to safeguard liberties and cynically calls for the transition to Alvin Toffler's "Third Wave" society as best we can.

If Moore is long versed in efforts at fashioning his own corporate image, nothing is sillier than his self-portrait as the great democrat. Moore shares with Sir Roger Douglas, Richard Preeble and some others the notoriety of those Labour/National politicians who have done most damage to NZ democracy over the past 15 or so years. The odum of Labour's notorious "fish and chip" gang that ushered in "Rogernomics" has imploded a deeply distorting imprint on his mindset. Mike facilitates TNC-takeover of Aotearoa/NZ even as he postures about a constitution to safeguard liberties and cynically calls for more transparency on the international treaty-making process (p.83).

He holds that democracy has a "competitive advantage" - it now has a "dollar value" (p.75); and yet at the same time he declares that: "governments everywhere are incapable of controlling the changes that are being thrust upon us" (p.107). Nevertheless, again, says Mike: "We need not lose our faith in a democratic purpose. It's the type of response that must change" (p.107). So he is striking a balance point to the way ahead for us all, to chart a response tailored to the demands of the TNCs to which he is so subservient.

These days Mike is pretty testy about his rather tattered image. As he says, "a decade ago I saw myself as a patriot in my campaign for freer trade and a more open global economy" - but now he has been "caught in a backlash. We are being set on a course to selling out our country and even accused of trying to abolish the nation State. The opposite is the truth" (p.9). More modest than Mike, I would like however to lay a claim for a key role in helping reduce him from rooster to feather duster. Ever since my first public attack on his policies, I have documented and analysed them in various publications over the years starting with numbers 327 and 328 of the New Zealand Monthly Review around the turn of the decade. So Mike's ten years of decline and fall in public opinion would be a fair time estimate. From small beginnings...
he simply resorts to abuse, e.g. critics of the World Bank and International Monetary Fund (IMF) are “deranged misfits ... people who tuck their shirts into their underpants ...” (p.71). Opponents of the Multilateral Agreement on Investment (MAI) are “deranged nationalists”. Moore really starts to slobber at the mouth on these occasions and should be treated as he so richly deserves. Originally, he says of his book that he was going to call it, “No Shins Unkicked” (Press, 3/9/98).

When Moore kicks you in the shins the idea is to kick back twice as hard and aim higher. His general style is aggressively ad hominem - indeed, he is a self-avowed “shin kicker”. He enjoys political brawling. It is then most amusing that he continually shoots, or rather kicks himself in the foot, throughout his book!

Corporate Captive

It is an indication of the present parlous state of the NZ Labour Party, and more generally of democratic socialism in Aotearoa/NZ today, that the foremost ideologue of this party has been a partisan capitalist parroting the corporate propaganda of the New Right. Mike has clearly been prime material for cultivation by this globalist ideology, and although he may occasionally preen and plume about its “intellectual extreme” (e.g., p.92), he has been in practice one of its most active agents, all the more so since he acts under the Labour banner. Moore’s performance, in fact, is an eloquent testimony to Labour’s co-optation by the processes of TNC takeover, by globalisation. Labour is now very much a committedly bourgeois party. Like National, it depends on the largesse of Big Business and more than ever this means TNC business.

The sources that Moore quotes in his book are often vague, often uncited with regard to actual publication, and he scarcely ever gives page references. However, one has only got to look over his page and a half of “Bibliography and Further Reading” at the end to see his heavy dependence on conservative (especially American) literature. Mike is clearly proud to display this. Well known Right-wingers like Peter Drucker (three citations), Patrick Moynihan (two), Samuel Huntington, Stephan Schmidheiny, Adam Smith (two), Julian Simon, Alvin Toffler (three), and naturally enough, Mike Moore himself (five!) dominate the sources of his inspiration.

Moore draws a lot on popular trendy social projections as in Toffler (“the profound and prolific American futurist”, p.55). John Nash (author of the book on Nash equilibrium). Overall, the influence of the US corporate line is very evident and certainly informs the text of his book. He is strongly influenced by "megatrends" like "the triumph of the individual"; "the market socialism" (whatever that could possibly mean); and "the privatisation of the Welfare State" (pp.26,27).

Undoubtedly, the oddest and most revealing source that Mike uses is a book by James D. Davidson and Lord William Rees-Mogg called “The Sovereign Individual” (1997). This is a socially obscene publication鼓outing in the creation through globalisation of the ruling 10% of the world’s population that will enjoy freedom and wealth at the expense of the rest, i.e. it predicts the coming power of the sovereign individual and how to thrive as one in the new Information Age. It is an unashamed Social Darwinist stuff and could justly be described as the expression of an evil political philosophy.

Although CAFCA is diametrically opposed to the philosophy expounded in “The Sovereign Individual”, there is yet another confirming indicator in connection with what we continually warn and fight against. However, Moore is happy to draw on this book to support his own views on the positive benefits of globalisation! Davidson and Rees-Mogg specialise in financial/investment advice to the super-rich and unlike Moore can take a very apocalyptic view of the future (see also their earlier book, “The Great Reckoning”, 1992). Their main concern is all about how to make maximum profits in those wild, tumultuous times when blood runs in the streets.

Sovereign states are reduced to sovereign individuals maximising their interests as members of an international elite, disintegrating societies are the playground of those enterprising few effectively employing competitive computerised systems for personal gain. Capitalist competition/greed and barbarism go hand in hand in a rather more realistic portrayal of the new Information Age than Moore’s fond fancies.

Mike cites “The Sovereign Individual” in the course of his text on several occasions. A particularly ironic quote is that Moore uses in connection with his grievance of being catapulted from “hero to traitor in a decade” when - so sadly maligned - he was working for jobs in New Zealand and also in the course of his text on several occasions. A particularly ironic quote is that Moore uses in connection with his grievance of being catapulted from “hero to traitor in a decade” when - so sadly maligned - he was working for jobs in New Zealand and also to “help transfer wealth according to a company announcement on 14/6/99, and 400 megawatts (MW) of generating capacity, producing 1,900 gigawatt hours (GWh) of electricity from 37 hydro stations, and a fish farm (according to Datax, Infrati and the above company announcement). Infrati and Alliant are continuing to increase their shareholding in TrustPower in early June 1999. Infrati announced it was increasing its shareholding to give the two companies about half of TrustPower, and Alliant was trying to buy 14.98 million convertible notes from the Tauranga District Council. Infrati was willing to pay up to $6 a share, compared to the price of the time of $4.10 and an issue to Australia Gas Light (AGL) at $2.80. However, AGL also claimed the District Council’s shares, and Alliant and AGL are having it out in court (Press, 9/6/99, “Infrati seeks TrustPower”, p.29; 25/6/99, “Infrati answers TrustPower”, p.31).

The statement announcing the joint venture with Alliant described the U.S. company as follows: “Alliant Energy Corporation was last year through the merger of three neighbouring US energy companies – IES Utilities serving Iowa, Interstate Power Company serving northern Iowa, southern Minnesota and Illinois, and Wisconsin Power & Light Company, serving Wisconsin and parts of Illinois. “Alliant Corporation manufactures and markets electric energy from 18 generating facilities with a total output of nearly 5,000 megawatts, enough to light 1.5 million homes. It has more than 850,000 electricity customers and 360,000 natural gas customers and approximately 6,000 employees. Assets to year-end 1997 exceed US$ billion” (18/2/99, “Infrati signs JV agreement with Alliant”).

We described IES, when it first received OIC approval to enter Aotearoa in April 1996, as “probably looking at being another TransAlta or UHL Corp, planning to buy some electricity generation or supply assets in Aotearoa. It could even be planning to build its third nuclear power station”. We weren’t too far wrong.

Infrati’s stake in Wellington International Airport is through the holding company, NZ Airports Ltd which owns 66% of Wellington International Airport. NZ Airports was originally owned 40% by Alliance Life Common Fund Ltd of the UK, 20% by Foreign and Colonial Special Utilities Investment Trust Plc of the UK, and 40% by Infrastructure and Utilities NZ Ltd. The NZ Airports consortium was put together to satisfy New Zealand First demands that the airport be majority New Zealand owned. With the Wellington City Council owning the other 33%, that was briefly achieved, assuming Infrati remained a New Zealand company.

Infrati has now bought out its two partners in NZ Airports, exchanging their consortium interests for convertible bonds and warrants in Infrati (statement by Infrati Chairman to Special Meeting, 19/3/99). Infrati is now controlled by an overseas company, and has entered commitments making it likely that the overseas ownership and influence will increase. So even New Zealand First’s modest gains – over which it broke up the coalition government and, in short order, itself – have been reversed.

In Australia

Infrati Australia’s main assets according to its web site are:

- Perth International Airport (49.5% owned);
- Southern Hydro (50.2%; 484MW hydro in Victoria);
- Northern Territory Airports (51%; Darwin, Alice Springs and Tennant Creek airports);
- Port of Portland (100%; bulk port in Southern Victoria);
- StateWest (50%; supplies gas and diesel fuelled generators to the mining industry in Western Australia).

International

Infrati international has been less successful. The company’s web site lists Infrati international’s holdings as:

- Airport Group International (11.8%); US headquartered international airport owner and operator;
- Sea-Land (Australia) Terminals Services (50%); joint venture to establish a new container terminal at

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INFRAFL:
Privatiser For Hire
- Bill Rosenberg

If you have been following the still trotting (if not galloping) privatisation of our assets, you will have noticed the name of Infrafl. It was set up with the purpose of taking shareholdings in "infrastructure and utilities" (to give it its full name). Since most of these in Aotearoa have historically been Government created and owned, that means it is making most of its money out of privatisation.

Infrafl is a somewhat unusual company. For one thing, it was, until quite recently, substantially New Zealand owned and controlled. For another, it is operated in an unusual way: it is managed and largely controlled by HRL Morrison & Co Group Ltd, founded and run by Lloyd Morrison, the man behind Infrafl.

The company has most recently been brought to our attention by its increasing overseas control. Lend Lease, an Australian giant with at least one skeleton in its cupboard – involvement in the 1996 Sydney water supply scandal – is starting to take over Morrison & Co. We have also noticed its role in the current electricity buying frenzy. But those are only the latest signs of its activities.

Who Is Infrafl?

The Infrafl group of companies consists of:
- Infrafl Australia, which operates in Australia;
- Infrastructure & Utilities NZ, which invests in utilities in Aotearoa; and
- Infrafl International, which invests in international utilities.

All are listed on the New Zealand Stock Exchange although Infrafl Australia is also listed in Australia.

Through its focus on utilities, Infrafl, through Morrison, has, in effect, specialised in privatisations. Though Morrison claims expertise in a wide range of utilities, the skills it details are largely in takeover advice and financial management of these companies: valuations, pricing and the like. It describes itself on Infrafl's web site (http://www.infralfl.co.nz/index.html) as follows:

"Morrison & Co is a specialist infrastructure advisory house established in August 1988. The firm operates from key offices in Brisbane, London and Wellington with additional staff based in Melbourne and Sydney."

"Morrison & Co is a specialist advisor to major infrastructure industries including electricity, airports, ports, gas, railroads, water and waste water. The firm has developed substantial technical expertise in the areas of restructuring and industry reform, utility-based corporatisation and privatisation, utility regulation and competition pricing policy, wholesale electricity market design and electricity contracting, utility pricing theory and project structuring and finance."

For example, the company boasts of advising unsuccessful companies in the privatisations of Papakura's water supply and New Zealand Rail, negotiating an agreement between Infrafl NZ and the Rodney District Council to jointly investigate and assess the viability of a toll bridge/road project at Wairarapa, north of Auckland ("if I sold the project would be the first privately owned and operated road project in New Zealand"); and working with New Zealand Post on a tender for managing the privatised Australasian postal service.

In Aotearoa

Infrafl is a growing power in the transport and utilities sector in Aotearoa: Datex lists the following holdings for Infrastructure & Utilities NZ (April 1999):
- TrustPower (Rotorus energy supplier, 25.8% interest, but see below);
- CentralPower (Palmerston North/ New Plymouth energy supplier, 21.5%);
- Port of Taupong (21.7%); and
- Wellington International Airport (66%).

It also has 10% of Pukanihki Holdings (New Plymouth City Council owns the other 90%), which owns 59.4% of PowerCo and 9% of CentralPower (New Zealand Herald, "Shareholders demand details on power bids", 18/5/99, p.C1). It recently sold shareholdings in Auckland International Airport, Ports of Auckland, Lyttelton Port Company and Eneco (company announcement 17/5/99, "Infrastructure & Utilities Preliminary Result!).

In TrustPower, Infrafl is playing a "Trojan horse" role. It and Alliant of the US (which directly owns 10.1% of Infrafl, according to an Infrafl announcement on 17/5/99) have the same parent company in Alliance. Between them they now have 43.74% of TrustPower, effectively giving Alliance control of the fourth largest electricity retailer after TransAlta of Canada, Contact of the USA, and ECNZ fragment, Mighty River. TrustPower has 210,000 customers (as of March 1999, to poorer countries in the Pacific) (p.89). In saying he was driven "in part" to write his own book because of that most unkind and undeserved perception, Mike appeals to a prediction in "The Sovereign Individual" that "reactionary losers" and "demagogues" will respond in this sort of resentful manner against the heroic leaders of globalisation. According to Moore's quote, Davidson and Rees-Mogg go on to say that such people will torment "countries that have been at the forefront of reform and stand to benefit disproportionately from 'market-friendly globalism' like New Zealand" (p.69). Mike certainly prefers the company of winners like his financier friend "Winebox" Sir Michael Fay than these ingrates.

Rees-Mogg and Davidson are two very unpleasant characters who seek to profit from the sufferings, milking, hunger and poverty of most of humankind. How then can they possibly be Moore's soul mates and fellow spirits? Of course, one might take a charitable view and consider Mike to be a political clown, a buffoon who doesn't even understand some of the publications he quotes. Either way - be warned!

It is worth noting here that the Davidson/Rees-Mogg connection to NZ's experience of the free market runs significantly deeper than so far indicated. In November 1995, Davidson and Rees-Mogg were listed as among the owners, along with various other unprepossessing types, of the exclusive Wharekahau Lodge in the Wairarapa, a resort venue touted by the Ministry of Foreign Affairs and Trade for jet-setting overseas investors (see elsewhere in this review) - can in truth boast of impeccable credentials. Indeed, a former US Agriculture Secretary, Earl Butz, once bluntly and brutally signalled the reality of America, and to be independent in its "views" (Press, 8/12/98). Moore, in fact, was seen by certain Western interests as a compromise candidate for the "two powerhouse camps of Europe and the US" which really run the WTO. Whatever the exact nature of Moore's own motivations, he has effectively run then as an agent for these interests, especially the US, in his role as US Agriculture Secretary. Of course, one might take a charitable view and consider Mike's potential only too well!

Mike, whatever the flannel he tries to put across in his book - e.g. supposedly promoting better prices for Third World agricultural exports (p.55 - refer also to start of this review) - can in truth boast of impeccable credentials in the US plan to use food more systematically as a weapon against the world's poor. He has been a member of the so-called Eminent Persons' Group which was closely linked with the US Multilateral Trade Negotiations Coalition, a TNC grouping that pushed the American agenda in the Uruguay Round. Among Mike's other TNC-linked interests, especially the US, in his role as US Agriculture Secretary. He has been a member of the company of winners like his financier friend "Winebox" Sir Michael Fay than these ingrates.

Another of Mike's mates has been John Block who, when he was US Agriculture Secretary, blatantly called on the NZ government on its influence in the US plan to use food more systematically as a weapon against the world's poor. He has been a member of the so-called Eminent Persons' Group which was closely linked with the US Multilateral Trade Negotiations Coalition, a TNC grouping that pushed the American agenda in the Uruguay Round. Among Mike's other TNC-connected links have been those with the London-based Trade Policy Research Centre.

For his work in the Labour government on GATT issues, Moore was regarded as "one of America's best allies" by the US special trade negotiators in agricultural matters (Christchurch Star, 3/10/1988). Indeed, a former US Ambassador to NZ, Paul Cleveland, congratulated the NZ government on its influence in pushing Third World nations to "economic reform" (Christchurch Star, 3/10/1988; my emphasis & italics).

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Food was a "weapon" - it was "a powerful tool in our..." (page 37).

The Muddled Mind

To be sure, Moore was effusive in his praise for the US had claimed the "moral high ground" (Press, 11/8/90). This, as we have noted, was right in line with US objectives to. To be sure, Moore was effusive in his praise for the original US free trade proposal for agriculture, even saying that the US had claimed the "moral high ground" (Press, 2/9/88). Mike really specialises in giving an Orwellian gloss to neo-imperialism.

In 1987 Moore was to the fore in accusing Brazil and India, which were leading the Third World opposition to the GATT Uruguay Round, of giving NZ its problems in international trade negotiations. However, Mike could be openly cynical while at the same time claiming the moral high ground himself. Among all his flowery rhetoric he could come out with the ready admission that the NZ government would use any argument "it could to achieve its perceived self-interest". But, mind you, this self interest was the world's too... (see NZ Listener, 21 March 1987, pp.22-25). The same old stuff is paraded again in 1998 without a hint of embarrassment (e.g. see p.56 of his book).

The Muddled Mind Of Mike Moore

Moore constantly strives in his book for the deep generalisation or even profound paradox resonant in incisive insight but instead only winds up deeper in his capitalist contradictions, which reflects a truth of a different kind. Confusions are rife throughout, along with misleading generalisations. Some of his errors are "howlers": e.g., once when supposedly quoting the 'World Population, 1976', p.16). Moore has been an eager operative in... (see p.56 of his book).

Early on in the book Moore claims, citing the WTO Director General, that "Over one and a half billion people's living standards have doubled in the past decade and a half" (p.9). What is not mentioned is what is happening to the rest. Mike's whole perspective can be pertinent contrasted with that expressed in another book by a recent visitor to Aoteaorea/NZ - Professor Michel Chossudovsky of the University of Ottawa, and Research Fellow at the Centre of Developing Area Studies, McGill University, Montreal. He is presumably one of the few "denigrated misfits on the edges of obscure universities" (allegedly too with shirt tucked into his underpants) that we saw earlier included by Moore among his opponents of the World Bank/IMF (p.71).

Chossudovsky has taught as Visiting Professor at academic institutions in Western Europe, Latin America and Southeast Asia, has acted as economic adviser to governments and director of developing countries as a consultant for several international organisations. His latest book is titled "The Globalisation of Poverty: Impacts of IMF and World Bank Reforms" (Zed Books, 1997) and he charts the effects of international capitalist "reform" across the globe with an array of country case studies. The title of his book speaks for itself. A quote can give the flavour: "In the developing world the burden of the external debt has reached two trillion US dollars: entire countries have been destabilised as a consequence of the collapse of national currencies, often resulting in the outbreak of social strife, ethnic conflicts and civil war" (p.16). Meanwhile, some 750 global corporations dominate the world economy and continue to force fundamental changes in the patterns of production and distribution. As can easily be anticipated, Mike never comes to grips with his critics at this level of analysis. At one point, Moore does actually recite some familiar facts about TNCs, including that TNC's "have almost twice the economic power of the poorest 80% of the world's people", and that they control more than 25% of the world's economic activity, with a third of all international trade taking place within TNCs, i.e. between branches of the same TNC (p.47). But he is quite incapable of drawing some of the obvious implications about the nature and likely use of such economic power. Having totally rejected any Marxist/socialist analysis, Moore has no ability to interpret the workings of economic structures into forms of political power, other than in inconsistent ways or in the most mundane of observations. Anyway, as we have already seen, he openly identifies with the world's "powerful elite" and now as a great global leader, refers to his distant unionist/social work origins in a very furtive, cute fashion - past, "Let me now admit..." (p.54). It is all so very conveniently self-serving stuff. Again, Moore's "theoretical" stuff has been drawing on his brief union background, wherever it might appeal, in the fight for the WTO job. Mike is ever the practised political poseur.

When Mike does make a really pertinent observation, he usually misapplies it. For instance, he dec aims that: "Vested interests will always conspire against the rest of us to protect themselves. It's when they combine to control both the market and the politicians that we have to fear" (p.41). What is he talking about here? - the GATT/ WTO?; the Asia Race for Trade White; the Rogernomics cabal? No, none of these: he is still attacking old style capitalism, not the free market elite. He is very critical of "cosy, cronk capitalism and the moral hazard created by the expansion of the power of the TNCs" (p.56). Yet Rogernomics implemented crony capitalism of the most blatant, banana republic sort with a few, well known (Mike Moore: From page 41)

rules!

As emphasised in this review, Mike repeatedly points to certain trends while demonstrating his innate incompetence to comprehend obvious meanings and implications. One very significant trend that he warns about is the likelihood of increased violence; and he says that, in response to threats like terrorism, "security will soon be the fastest-growing industry outside technology and entertainment" (p.28). Goodness, Mike, this looks suspiciously like the Marxist theory of class warfare on a massive scale, somehow smuggled back into your wonderful new Millennium.

In sum, Moore's book is much more than just the confused views of one man - its significance lies in its expression of the mounting contradictions/problems at the heart of free trade and globalisation in general. At the end, Mike appeals for "trust and faith" to be learned by the masses (p.184). It is "the greatest challenge for today's leaders". Sorry, Mike, you flunk the test along with your free market mates.

"RIO TINTO: BEHIND THE FACADE 1998 STAKEHOLDERS REPORT"


Reg Duder

This annual Report - while being solely about Rio Tinto's worldwide reach from its London HQ - I have to wonder who could do so thorough a report on such a titanic of a transnational as this. The inside cover lists addresses and websites of ten other voices for information but I must confine myself to reviewing this Report. The first thing one notices when reading this is the compactness and nicely rounded style of the writing, offering neither too much nor too little readin material (one has to feel they have got it about right. This Report, of only 30 pages from cover to cover, is simply full of facts and well researched information.

Two subjects immediately come to mind to illustrate this. The first is that Rio Tinto's company earnings fell by 43% in 1998. The company's directors seemed to snap their fingers at that; their response to the news was to hike up their own incomes by 27%, whilst Rio Tinto's aggressive campaign continues against collective bargaining by employees.

The second is that the authors claim that Rio Tinto itself, by its very corporate behaviour and drastic decline in earnings, has joined the list of its own victims. There is plenty more, of course: Rio Tinto's leadership in wrecking international laws; total disregard for International Labour Organisation and United Nations treaties; legal talk mining in Australia (which led to the sudden subsidence of that mine, in 1998, killing ten men, and the decision by the Austrian government to prosecute the Rio Tinto subsidiary which operated the mine).

This report is well worth reading, whether mining is your interest or not. This is a good publication of its type - get it if you can.

Rio Tinto is the owner of Comalco, hence this Report is directly relevant to New Zealanders. It analyses the following areas: economic performance; principles, policies and public relations; health, safety and the rights of workers; indigenous people: their land rights; and the environment.

The Report can be obtained from the Mining and Energy Division of the Construction, Forestry, Mining and Energy Union (CFMEU), 3rd Floor, 361 Kent Street, Sydney, NSW 2000, Australia; ph (61 2) 92361101; fax (61 2) 92621258. Or you can download it directly from the Internet at: www.icem.org. You can learn about the international union campaign against Rio Tinto at: www.icem.org or www.cemeu.asn.au/mining-energy
NZ's wealthiest man and a pillar of the Business Round Table, gained handsomely on the merger deal. Yet Myers is also one of those operatives of globalisation about which Mike so often reminds us is now a theory through which the IMF since the fund's inception has been packed not only in full but with interest" (p. 58). This US/IMF intervention is seen as part of the free trade system. Compounding problems temporarily clustered over do not really worry Moore if they benefit the big boys (and their hangers on). The global contradictions/contradictions of free trade may multiply but Mike soldiers on, his faith unshaken.

Weird And Wacky

On the very exceptional occasion, Mike can make an unusually profound observation like the rather sudden declaration at the end of his chapter on “Future-proofing New Zealand” - “We are in deep trouble” (p. 109). Whereas he welcomes international competition as the creator of jobs (p. 54), he still ironically elsewhere acknowledges that: “Productivity has become uncoupled from employment... New technologies and the international competitive drive mean downsizing to seize and maintain a competitive cost advantage” (p. 104). Gosh, is there a momentary inkling there of the competitive race to the bottom and the erosion of standards, protections and safeguards? What of his beloved MIA?

But Moore dismisses the lowering of standards through the constant, predatory search by TNCs for cheap labour as an “economic casuistry” which particularly ignores the “labour property” question (p. 103). His diagnosis also applies to other aspects of the TNC search to reduce costs. Again, he dutifully cites Madeleine Albright who has claimed: “The evidence is clear that globalisation is not lowering standards anywhere. It is raising them” (p. 52). However, later on, Mike pondered the vexed issue of wage rates in developing countries: “Wealthy companies often appear keen to take advantage of lower environmental and labour standards in the developing countries in order to increase profits which could be seen as exploitative” (p. 74). Furthermore, he draws attention to the fact that: “Part-time jobs have burgeoned in all Western countries... Women and women workers have eroded” (p. 104) - gee, Mike! Next, in light of such considerations, he calls for “new forms of public works” even though his free market policies would eventually either disallow or subvert these (p. 108).

Along with all this stuff, Moore has an interesting gallery of minor heroes of globalisation for NZ. For instance, there is the “old Marxist”, Ken Douglass, who recently joined the honours list. Ken can certainly now “see beyond the battle cry of the last class war” as Mike so deliberately puts it (p. 102). One of his disciples the “New Zealanders” is: “A brewer who has opened plants in Australia and China... and is bold enough to form a global brewing power and merge with a Japanese producer” (p. 108). Mike must know how to grease up to the rich and powerful this Brewer. Douglas Myers,

Contradictions Galore

Mike’s contradictions mirror his fall from grace. He enters into his book which is “a method of understanding true contradictions in the greatest and most simplistic manner, e.g. his statement that “the powerful elite of business people, politicians and intellectuals are out of touch with the general populace” as if these people have our best interests at heart (p. 9). You can hardly get more Orwellian than that. “Orwellian”, moreover, is a term that Mike picks up and misuses in his book. Ironically enough, however, he can even warn of Orwellianism and tactics in the context of describing how democracy thrives on information and the competition of ideas (p. 44). Apparently, he stands by his own record!

Privatisation and the free market are geared to suppress public rights to information and so eliminate collective participation in policy decision making, whether under the pretence of commercial secrecy, or because of the prohibition of actually getting access to information; and, without the free flow of information any democratic participation is cut off at the windpipe. Mike’s basic guru is Alvin Toffler and the supposed transition to a New Age civilisation where the world’s population, or at least some of them, can supposedly thrive on the exchange of commercialised information and more or less ignore modern day issues like the “democratic deficit” while pushing the “democratic deficit” while pushing information and the competition of ideas (p. 44).

Yet even Mike’s interpretation of Toffler’s thesis is revealingly selective. For instance, in his bibliography he does not cite Toffler’s “Power Shift. Knowledge, Wealth and Security: The New World Order” (Pan Books, 1990). In this particular book, Toffler points to what he sees as deepening division between the information “fast” and the information “slow”, and to “a significant shift of power from individual to the general public rights to information and so eliminate collective participation in policy decision making, whether under the pretence of commercial secrecy, or because of the prohibition of actually getting access to information; and, without the free flow of information any democratic participation is cut off at the windpipe. Mike’s basic guru is Alvin Toffler and the supposed transition to a New Age civilisation where the world’s population, or at least some of them, can supposedly thrive on the exchange of commercialised information and more or less ignore modern day issues like the “democratic deficit” while pushing the “democratic deficit” while pushing information and the competition of ideas (p. 44).

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This basic contradiction runs through so many of his arguments. He asserts that his "book advances the doctrine of independence through interdependence" (p.170). He has no concept of power, only "internationalism". This is not a contradiction" (p.38). In this regard, his favourite sleight of hand is to simply identify "internationalism" with what he understands as "globalisation" (pp.164 and previous paragraphs). These terms are defined by Moore. Internationalism can refer to a vision of cooperation and sustainability very different to the version that he promotes.

Occasionally, Mike comes up with a few really humorous lines. For instance, he wants to "try democracy"; to "see the bigger picture" (he should read GATT Watchdog’s quarterly publication, The Big Picture); to "try to make better sweet dreams and fairytales" which are "easier to sell to anxious voters" [hark to the GATT propagandist!] (pp.10,11). There are even some outstanding "Mooreisms", e.g. "We all treasure ancient and new literature. Shakespeare and Mickey Mouse . . . " (p.38).

Struggling in his coils, Mike continually falls into some big holes. Probably the deepest one is his praise for the internet as the expression of a vibrant new form of democracy. "The new Information Age means that electronic-based grassroots pressure groups and the media, who are potentially more powerful than politicians" (p.12, 13). He is certainly truthful to some extent about the possible power of the internet although the threatened powerful "vested interests" to which he refers in this paragraph are not only political, monetary, or of the democratic medium too. The biggest irony is that it was the unprecedented international mobilisation of NGO resources which the Internet blew apart the Organisation for Economic Cooperation and Development (OECD)-orchestrated campaign to foil Mike’s beloved GATT on to the globe. My, my, Mike, real internationalism at work! "God bless the Internet", says Mike (p.82; Amen!

An article in The Independent on Sunday (UK, 10/1/99) was aptly titled, "How the Web Saved the World", and exhibited how "modern man’s most clandestine treaty has been exposed" on the Internet. Mike’s argument that the secret treaty turned out to be a political Dracula which simply could not survive the light of day . . . . So the MAI was a vehicle of globalisation that was detailed by concerted international democratic action - at least for the moment. A great triumph of people power.

For Moore, however, MAI is the fulfilment of all his dreams (pp.50-52). Fact, as usual, is certainly not allowed to get in the way. He gives the same old, worn clichés about the benefits of foreign investment that were exposed in Watchdog 89 (September 1998) - along with all CAFCAs’ publications! e.g. his claim that only 10% of profits are remitted offshore (see p.50 of his book). Incidentally, the Treasurer, Bill English, has admitted to Boeing representatives by telephone to companies TV1, One Network News, 30/6/99), completely contradicting the claims by Trade Minister, Lockwood Smith.

Mike tout’s the MAI as completely harmless and asserts that it would not change any domestic legislation here in Aotearoa/NZ. Both the Overseas Investment Corporation and the Business Round Table would serve as protections anyway. Given the TNC threat to Maori values and CAFCAs’ ongoing exposure of the farcical, open-door OIC, Moore’s words are as silly as ever, aside from perpetuating other damaging revelations about the meaning of the MAI.

It is very important to monitor what happens to the MAI proposals in the activities of politicians like Moore. In December 1998 the life of the WTO’s trade and investment working party was extended indefinitely, enabling it to incorporate some of the MAI proposals into the new WTO Millennium Round negotiations (starting in Seattle, USA, in November 1999). It was the Clinton Administration, “whose civil servants dreamt up the MAI”, with lots of inducements and help from the TNC brigade, and the US will be determined to achieve its goals wherever the opportunity arises (Independent on Sunday, 10/1/99).

Mad Mike maintains that “Far from weakening the integrity of a nation’s State and allowing the great multinationals to ravage the world, I believe the GATT and the WTO do the opposite” (p.72). As usual Mike misses the point. He is just repeating his case already undermined by many of his own statements. His strongest point is the alleged success in a couple of instances by small countries against large corporations in the courts. But the outcomes to accommodate his own contradictory outcomes to accommodate his own contradictory contradictions at work in capitalism today.

Back in the early ‘70s Drucker’s slogan was “...we need to defend the nationalist monster” and replace it with TNCs’ ("Global Reach: The Power of the Multinational Corporation", Richard & Ronald Muller, p.55). Mike got the term the “global shopping centre” from Drucker ("Global Reach", p.14). Indeed, Mike willingly flags away "economic sovereignty" (p.164) and rejects governmental "control" over economic "outcomes" (p.171). At the same time, he still bilfully burlies on about how: "Market forces, controlled and encouraged, which can work" (p.170; my italics). This is deliciously ironic when various New Right ideologues, including some Ministers, Simon Upton and John Luxton, along with the Business Round Table, have made clear that the grand ultimate design is a country where pretty well the only remaining function for government is the openly coercive function, i.e. the operation of the poer and army to keep the masses in line. A power is supposed going to devolve according to “the principle of subsidiarity” - i.e. “decision-making power should be devolved to the lowest level of power consistent with the nation State, Mike’s counter-arguments only wrap him in the corporate-led campaign against citizen participation in democratic decision making on the use of local facilities and resources with the threat of privatisation of everything from waste to water; and we can only marvel for the rich to become even richer and the poor to become even more desperate” (pp.60, 61). But the fact that a deepening divide between rich and poor is precisely what is happening, both within Aotearoa/NZ and the world, Mike does not faze Mike at all - he simply denies fact. He badly misunderstands the logic of unfettered capitalism, which is hardly suprising. Instead, Mike indulges in empty, pious homilies, e.g.: “An open market without a conscience or compassion is like a truck without a driver. It can accelerate the trend for the rich to become even richer and the poor to become even more desperate” (pp.60, 61). But the fact that a deepening divide between rich and poor is precisely what is happening, both within Aotearoa/NZ and the world, Mike does not faze Mike at all - he simply denies fact. He badly misunderstands the logic of unfettered capitalism, which is hardly suprising.
The basic contradiction runs through so many of his arguments. He asserts that his "book advances the doctrine of independence through interdependence" (p.10). Given that this is his major preoccupation, it is not an internationalist. This is not a contradiction" (p.38). In this regard, his favourite sleight of hand is simply to identify "internationalism" with what he understands as "globalism." There are many other factors - from overall context to particular circumstances and policies - involved in these trade/investment relations that Moore is silent about which Moore is silent.

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NZ's wealthiest man and a pillar of the Business Round Table, gained handsomely on the merger deal. Yet Myers is also one of those operatives of globalisation about which Mike is so critical: “The irony, to my mind, is that the IMF, since the fund's inception has been paid back not only in full but with interest” (p.58). This US/IMF intervention is seen as part of the free trade system. Compounding problems temporarily overshadowed is that “real New Zealanders” (p.100). Globalisation is sure confusing, ain’t, Mike?

Moore is incapable of distinguishing between the autarchy model and self-reliant alternatives. He even gives examples of colonisation by the spread of European diseases in the Americas and also Aotearoa as arguments against self-reliance. In his view, this all goes to show that the "self-sufficient" State is doomed to fail (p.33). Accept our exports - and accept our diseases too!

He says that the "march of civilisation has been a story of vibrant, often violent, internationalism." (p.30). Mike, of course, is a strong supporter of the US war on Iraq and securing the Western supply of oil and other strategic resources. However, for him the "argument that the rich are consuming too much of the world’s resources" is wrong (p.180). Why? Basically because Mike says so. We all can get rich and consume as much as we want - it is called "sustainable development", or rather the same sustainable development and consumption model as "sustainable fishing" (p.180). And despite the well documented decimation of NZ’s fisheries he points to them as a "world first", a model of "sustainable fishing" (p.180).

Most tellingly, Moore constantly draws attention to growing problems of globalisation for which on his own premises he can offer no solutions. For instance, he quotes Drucker about the remarkable mobility of money in the "financial marketplace" - of "virtual money" which serves "no economic function": in other words, "sustainable free market" (p.166). Somehow the market and consumption can both grow and not grow with increased affluence all round (compare pp.161 & 166). And while Moore is keen to dismiss the unprecedented potential for the sort of financial speculation that has rocked the world of late and threatens even greater instability in the future (pp.22, 23). But Mike has no answer to this. Indeed, he goes on to quote Drucker to the effect that since business will live in a borderless world the "tax base will shrink dramatically" (p.23). So much for the survival of good government. Meanwhile, the New Right keeps up its attack on taxes to run down, indeed eliminate, the Welfare State and thus increase inequality - something that Mike buys into as well (p.93).

He is gung ho about the new biotechnology, criticising the "Luddites" who want to try and control it. While he recognises on the one hand that it might be outstripping our capacity to deal with the ethical issues involved, we will just have to learn somehow to cope with it (p.27). Of the very real question as to whether democracy can survive biotechnology Mike is silent yet once more. Despite the mounting corporate charge against beneficiaries. On the very same page Moore actually gives a quote from the Round Table about how NZ sovereignty has purportedly been enhanced by the opening up of the economy through trade agreements like the GATT/WTO and Asia Pacific Economic Cooperation (APEC). Interestingly enough, he repeats here National Party propaganda about how the Government is "the hiding hand" of the country's actual debt burden is greater than ever. Mike never misses an opportunity!

In his tortuous conflicts with the challenges of globalisation, Moore tries early on for the deeply profound paradox:

"At first glance these twin movements of globalisation and localisation, even tribalism, look like a clash of contradictions. Not so: they are opposite sides of the same coin. As people experience globalisation, they will want more and more to assert their individuality, independence and cultures." (p.15).

This is a good thing says Mike. However, he is worried too: "The world today is therefore less certain, more unstable, less predictable and less safe..." (p.119, and, in fact, "The nation state is everywhere under siege by tribal impulses" (p.142). Oh dear, what then can the matter be? Well, Mike tells us that: "a powerful worldwide moving up of the economy through trade agreements with lots of unsettling bids for "indigenous" independence (p.143).

He draws no distinction here between the struggles of "first nation" peoples and other ethnic conflicts although his term implies the latter's form as subversive. In early 1998 it was the causes of ethnic groups like the Kosovo Albanians and the Kurds (long repressed with Western collaboration) which caught the world's attention. Most ominous of all are conflicts with a potential nuclear dimension as in the India-Pakistan confrontation over Kashmir. Mike's coin seems to be almost near the point of spinning dangerously out of control.

While he says that the indigenous worldwide movement is a good thing, Moore goes on to warn that: "the situation is fraught with problems as the most mischievous and extreme among these groups argue that self-determination and sovereignty mean separate governments, a separate state" (p.143) - cynical Nato allies with regard to the Kosovo Albanians perhaps?" Instead, contends Moore, cultural sovereignty should be distinguished from political sovereignty (p.151). Fortunately, "international trade" will somehow "provid[e] the security and economic growth" needed for the future (p.132). But maybe these groups have no answers. Given the failures of the IMF and World Bank, there are no real solutions. Mike is silent yet once more. He is only happy when he can say: "the IMF rescue package for Mexico helped maintain jobs in the US by propping up the demand for American exports" (p.54).

Indeed, says Mike, "the cutting of the IMF since the fund's inception has been paid back not only in full but with interest" (p.58). This US/IMF intervention is seen as part of the free trade system. Moore is gung ho about the new biotechnology, criticising the "Luddites" who want to try and control it. While he recognises on the one hand that it might be outstripping our capacity to deal with the ethical issues involved, we will just have to learn somehow to cope with it (p.27). One of the very real questions as to whether democracy can survive biotechnology Mike is silent yet once more. Despite the mounting corporate charge against indigenous peoples, especially first nation peoples, are so often responding to further exploitative inroads upon their lands and values.
American intentions (and practice) when he declared that food was a "weapon" - it was "a powerful tool in our "New World Order" to "starve" the "poor" and drive them "out of power" ("Half Draft Proposal: The Real Reasons for World Hunger"). Susan George, Penguin, 1976, p.16). Moore has been an eager operative in helping foster this capacity and so undermine Third World food security.

In August 1990, Moore, in his role as Minister of External Relations and Trade, advocated a deal whereby the northern economies got "changes giving international investment, services such as shipping, intellectual property and copyright. But NZ has determined the cost will be an agricultural agreement" (Press, 1/8/90). This, as we have noted, was right in line with US objectives too. To be sure, Moore was effusive in his praise for the original US free trade proposal for agriculture, even saying that the US had claimed the "mental high ground" (Press, 2/9/88). Mike really specialised in giving an Orwellian gloss to neo-imperialism.

In 1987 Moore was to the fore in accusing Brazil and India, which were leading the Third World opposition to the GATT Uruguay Round, of giving NZ its problems in international trade negotiations. However, Mike could be operating while at the same time championing the moral high ground himself. Among all his flowery rhetoric he could come out with the ready admission that the NZ government would use any argument it could achieve its perceived ends. "For you, this is the world I'm talking about..." (see NZ Listener, 21 March 1987, pp.22-25). The same old stuff is paraded again in 1998 without a hint of embarrassment (e.g. p.56 of his book).

The Muddled Mind Of Mike Moore

Moore constantly strives in his book for the deep generalisation or even profound paradox resonant in incisive insight but instead only winds up deeper in his capitalist contradictions, which reflects a truth of a different character indeed..." (p.61). Early on in the book Moore claims, citing the WTO Director General, that "Over one and a half billion people's living standards have doubled in the past decade and a half" (p.9). What is not mentioned is what is happening to the rest. Mike's whole perspective can be perfectly contrasted with that expressed in another book by a recent visitor to Aotearoa/NZ - Professor Michel Chossudovsky of the University of Ottawa, and Research Fellow at the Institute of Development Studies, McGill University, Montreal. He is presumably one of the few "deranged misfits on the edges of obscure universities" (allegedly too with shirt tucked into his underpants) that we saw earlier included by Moore among his opponents of the World Bank/IMF (p.71).

Chossudovsky has taught as Visiting Professor at academic institutions in Western Europe, Latin America and Southeast Asia, has acted as economic adviser to governments of developing countries as well as a consultant for several international organisations. His latest book is titled "The Globalisation of Poverty: Impacts of IMF and World Bank Reforms" (Zed Books, 1997) and he charts the effects of international capitalist "reform" across the globe with an array of country case studies. The title of his book speaks for itself. A quote can give the flavour: "In the developing world the burden of the external debt has reached two trillion dollars: entire countries have been destabilised as a consequence of the collapse of national currencies, often resulting in the outbreak of social strife, ethnic conflicts and civil war" (p.16). Meanwhile, some 750 global corporations dominate the world economy and continue to force fundamental changes in the patterns of production and distribution. As can easily be anticipated, Mike never comes to grips with his critics at this level of analysis.

At one point, Moore does actually recite some familiar facts about TNCs, including that TNCs "have almost twice the economic power of the poorest 80% of the world's people", and that they control more than 25% of the world's economic activity, with a third of all international trade taking place within TNCs, i.e. between branches of the same TNC (p.47). But he is quite incapable of drawing some of the obvious implications about the nature and likely use of such economic power. Having totally rejected any Marxist/socialist analysis, Moore has no ability to interpret the workings of economic structures into forms of political power, other than in inconsistent ways or in the most mundane of observations. Anyway, as we have already seen, he openly identifies with the world's "power elite" and now as a great global leader, refers to his distant unionist/social work origins in a very furtive, cute fashion - past, "Let me remember a secret..." (p.34). It is all so very conveniently self-serving stuff. Again, we are only given a glimpse of Moore having been drawn on his brief union background, wherever it might appeal, in the fight for the WTO job. Mike is ever the practised political poseur.

When Mike does make a really pertinent observation, he usually misappplies it. For instance, he declares that: "Vested interests will always conspire against the rest of us to protect themselves. It's when they combine to control both the market and the politicians that we have to fear" (p.41). What is he talking about here? - the GATT/ WTO, the Asian Flu?" (p.56). "The Roedromen Cabal? No, none of these: he is still attacking old style protectionism, not the free market elite. He is very critical of "cosy, crony capitalism and the moral hazard created by the deregulation of the power of old style free market capitalism. However, Mike has not even noticed that the Roedromen implemented crony capitalism of the most blatant, banana republic sort with a few, well known

Environmental legislation, both on the domestic level here and on the international scene, he can pose as a defender of environmental protection through greater commercialisation..." (p.71). As a typical Rightist, Moore blames the bulk of environmental damage on population growth and poor people (p.162). On the other hand, he does recognise that the wealthiest nations "consume the most resources, release the most pollution, and have the greatest capacity to make the necessary changes" (p.166). Mike is positively brimming with inconsistent platitudes.

Finale

The book is composed then of the rambling thoughts of Chairman Mike on this and that, liberally interspersed with plenty of quotations from his favourite writers, and riddled with repeated moralistic exhortations to trust him and his corporate mates, and everything will turn out okay. His mind can skip from point to unrelated point like a grasshopper which in turn reflects his magpie-like, ill-digested gathering of information. Disorganisation rules!

As emphasised in this review, Mike repeatedly points to certain trends while demonstrating his innate incompetence to comprehend obvious meanings and implications. One very significant trend that he warns about is the likelihood of increased violence; and he says that, in response to threats like terrorism, "security will soon be the fastest-growing industry outside technology and entertainment" (p. 28). Goodness, Mike, this looks suspiciously like the Marxist theory of class warfare on a massive scale, somehow smuggled back into your wonderful new Millennium.

In sum, Moore's book is much more than just the confused views of one man - its significance lies in its expression of the mounting contradictions/problems at the heart of free trade and globalisation in general. At the end, Mike appeals for "trust and faith" to be learned by the masses (p.184). It is "the greatest challenge for today's leaders". Sorry, Mike, you flunk the test along with your free market mates.


- Reg Duder

This annual Report - while being solely about Rio Tinto's worldwide reach from its London HQ - I have to wonder who could do so thorough a report on such a titan of a transnational as this. The inside cover lists addresses and websites often further sources for information but I must confine myself to reviewing this Report. The first thing one notices when reading this is the compactness and nicely rounded style of the writing, offering neither too much nor too little for most readers' taste. I feel they have got it about right. This Report, of only 30 pages from cover to cover, is simply full of facts and well researched information.

Two subjects immediately come to mind to illustrate this. The first is that Rio Tinto's company earnings fell by 43% in 1998. The company's directors seemed to snap their fingers at that; their response to the news was to hike up their own incomes by 27%, whilst Rio Tinto's aggressive campaign continues against collective bargaining by employees.

The second is that the authors claim that Rio Tinto itself, by its very corporate behaviour and drastic decline in earnings, has joined the list of its own victims. There is plenty more, of course: Rio Tinto's leadership in wrecking international laws; total disregard for International Labour Organization and United Nations treaties; illegal talc mining in Austria (which led to the sudden subsidence of that mine, in 1998, killing ten men, and the decision by the Austrian government to prosecute the Rio Tinto subsidiary which operated the mine).

This report is well worth reading, whether mining is your interest or not. This is a good publication of its type - get it if you can.

Rio Tinto is the owner of Comalco, hence this Report is directly relevant to New Zealanders. It analyses the following areas: economic performance; principles, policies and public relations; health, safety and the rights of workers; indigenous people: their land rights; and the environment. The Report can be obtained from the Mining and Energy Division of the Construction, Forestry, Mining and Energy Union (CFMEU), 3rd Floor, 361 Kent Street, Sydney, NSW 2000, Australia; ph (61 2) 92621011; fax (61 2) 92621928. Or you can download it directly from the Internet at: www.icem.org You can learn about the international union campaign against Rio Tinto at: www.icem.org or www.cfmeu.asn.au/mining-energy
Infratil is a somewhat unusual company. For one thing, it was, until quite recently, substantially New Zealand owned and controlled. For another, it is operated in an unusual way: it is managed and largely controlled by HRL Morrison & Co. Group Ltd, founded and run by Lloyd Morrison, the man behind Infratil.

The company has most recently been brought to our attention by its increasing overseas control. Lend Lease, an Australian giant with at least one skeleton in its cupboard – involvement in the 1998 Sydney water supply scandal – is starting to take over Morrison & Co. We have also noticed its role in the current electricity buying frenzy. But those are only the latest signs of its activities.

Who Is Infratil?

The Infratil group of companies consists of:

- Infratil Australia, which operates in Australia;
- Infrastructure & Utilities NZ, which invests in utilities in Aotearoa;
- Infratil International, which invests in international utilities.

All are all listed on the New Zealand Stock Exchange although Infratil Australia is also listed in Australia.

Through its focus on utilities, Infratil, through Morrison, has, in effect, specialised in privatisations. Though Morrison claims expertise in a wide range of utilities, the skills it details are largely in takeover advice and financial management of these companies: valuations, pricing, and the like. It describes itself on Infratil’s web site (http://www.infratil.co.nz/index.html) as follows:

"Morrison & Co is a specialist infrastructure advisory house established in August 1988. The firm operates from key offices in Brisbane, London and Wellington with additional staff based in Melbourne and Sydney.

Morrison & Co is a specialist advisor to major infrastructure industries including electricity, airports, ports, gas, railroads, water and wastewater. The firm has developed substantial technical expertise in the areas of restructuring and industry reform, utility-based corporatisation and privatisation, utility regulation and competition pricing policy, wholesale electricity market design and electricity contracting, utility pricing theory and project structuring and finance".

For example, the company boasts of advising unsuccessful companies in the privatisations of Papakura’s water supply and New Zealand Rail, negotiating an agreement between Infratil NZ and the Rodney District Council to jointly investigate and assess the viability of a toll bridge/road project at Weiti River, north of Auckland (“if completed the project would be the first privately owned and operated road project in New Zealand”); and working with New Zealand Post on a tender for managing the privatised Argentine postal service.

In Infratil

Infratil is a growing power in the transport and utilities sector in Aotearoa: Datex lists the following holdings for Infrastructure & Utilities NZ (April 1999):

- TrustPower (Rotorua energy supplier, 25.8% interest, but see below);
- CentralPower (Palmerston North/ New Plymouth energy supplier, 21.5%);
- Port of Tauranga (23.7%);
- Wellington International Airport (66%)

It also has 10% of Pukenaki Holdings (New Plymouth City Council owns the other 90%), which owns 59.4% of PowerCo and 9% of CentralPower (New Zealand Herald, “Shareholders denied details on power bids”, 18/5/99, p.C1). It recently sold shareholdings in Auckland International Airport, Ports of Auckland, Lyttelton Port Company and Eneco (company announcement 17/5/99, “Infrastructure & Utilities Preliminary Result”).

In TrustPower, Infratil is playing a “Trojan horse” role. It and Alliant of the US (which directly owns 10.1% of Infratil, according to an Infratil announcement on 17/5/99) have formed an alliance. Between them they now have 43.74% of TrustPower, effectively giving Alliant control of the fourth largest electricity retailer after TransAlta of Canada, Contact of the USA, and ECNZ fragment, Mighty River. TrustPower has 210,000 customers (as of March 1999, to poorer countries in the Pacific” (p.89). In saying he was driven “in part” to write his own book because of that most unluck and undeserved perception, Mike appeals to a prediction in “The Sovereign Individual” that “reformation losers” and “demagogues” will respond in this sort of resentful manner against the heroic leaders of globalisation. According to Moore’s quote, Davidson and Rees-Mogg go on to say that such people will torment “countries that have been at the forefront of reform and stand to benefit disproportionately from ‘market-friendly globalism’ like New Zealand” (p.68). Mike certainly prefers the company of winners like his financier friend “Wirebox” Sir Michael Fay than these ingrates.

Rees-Mogg and Davidson are two very unpleasant characters who seek to profit from the sufferings, misery, hunger and poverty of most of humankind. How then can they possibly be Moore’s soul mates and fellow spirits? Of course, one might take a charitable view and consider Mike to be a political clown, a buffoon who does not even understand some of the publications he quotes. Either way - be warned!

It is worth noting here that the Davidson/Rees-Mogg connection to NZ’s experience of the free market runs significantly deeper than so far indicated. In November 1995, Davidson and Rees-Mogg were listed as among the 27 owners, along with various other unprospecting types, of the exclusive Wharekauhau Lodge in the Wairarapa, a resort venue touted by the Ministry of Foreign Affairs and Trade for jet-setting overseas investors (see also “Another annual meeting”, 23 May 1991, for the original story). One of the owners has even apparently had close links with overseas terrorists, although not the sort of terrorists that our SIS or the Overseas Investment Commission (OIC) works against. ACV’s founder, Sir Rodney Douglas, is also listed as an owner of the Lodge (see elsewhere in this issue for the latest ownership details of Wharekauhau, Ed.). This revelatory finding by Bill Rosenberg neatly confirmed our anticipation of the growing links between the international free Right and the privatisation of government in NZ. Moore’s keen appreciation of “The Sovereign Individual” seems to reflect these subtle connections, whatever might be his own understanding of it all.

Hustling Hunger

One of the most glaring contradictions in the book, given the author’s record, is Moore’s explicit premise that his approach can encompass benefits for poor countries and NZ. A public seminar in December 1998 by Helen Tunnah, of the NZ Press Association, on Moore’s application to be the Director General of the WTO actually claimed that Moore fits the requirement for the job to go to “a person from a developing nation” (Press, 8/12/98, my italics & emphasis. D.S.). The NZPA article observed at the time that: “The WTO has essentially agreed the job should not go to a candidate from a developed country. . . ." (Press, 8/12/98, my italics & emphasis again) Hence, of course, much of the resistance by a number of Third World countries to Moore’s candidacy as they firmly rejected the US/NZ line for the gross garbage that it was (s).

According to NZ official propaganda then, “NZ fits the mould” of a developing country, “not being a world economic superpower but power enough to now to be respected in its own right by Europe and America, and to be independent in its views” (Press, 8/12/98). Moore, in fact, was seen by certain Western interests as a compromise candidate for the “two powerhouse camps of Europe and the US” which really run the WTO. Whatever the exact nature of Moore’s own motivations, he has effectively run them as an agent for these interests, especially the US, in his effort to keep control of the TNC-driven liberalisation agenda, and, in particular, force “agricultural reform” and other demands on developing countries. However, as he has turned out, even some very influential developed countries like Britain and Japan have proved unsupportive of Moore’s bid as his candidacy sharpened capitalist rivalries and particularist agendas. Near neighbour, Australia, has backed the Thai candidate. Perhaps it knows Moore’s potential only too well?

Mike, whatever the flannel he tries to put across in his book, has raised no expectations for Third World agricultural exports (p.55 - refer also to start of this review) - can in truth boast of impeccable credentials in the US plan to use food more systematically as a weapon against the world’s poor. He has been a member of the so-called Eminent Persons’ Group which was closely linked with the US Multilateral Trade Negotiations Coalition, a TNC grouping that pushed the American agenda at the Uruguay Round. Mike has a long history of his friendship with leading American strategists of the time like Clayton Yeutter and Bill Brock. As Minister of External Relations and Trade, Mike proclaimed inspiration for the NZ government from the Multilateral Trade Negotiations Coalition. Among Mike’s other TNC-connected links have been those with the London-based Trade Policy Research Centre.

For his work in the Labour government on GATT issues, Moore was regarded as “one of America’s best allies” by the US special trade negotiators in agricultural matters (Christchurch Star, 3/10/1988). Indeed, a former US Ambassador to NZ, Paul Cleveland, congratulated the NZ government on its influence in pushing Third World nations to “economic reform” (Christchurch Star, 3/10/1988, my emphasis & italics).

Another of Mike’s mates has been John Block who, when he was US Agricultural Secretary, blandly called on “developing countries” to “go to the Soviet Union” (press, 8/12/98, my italics & emphasis - again). D.S. The NZPA article observed at the time that: “The WTO has essentially agreed the job should not go to a candidate from a developed country. . . . “ (Press, 8/12/98, my italics & emphasis again) Hence, of course, much of the resistance by a number of Third World countries to Moore’s candidacy as they firmly rejected the US/NZ line for the gross garbage that it was (s).
according to a company announcement on 14/6/99), and 409 megawatts (MW) of generating capacity, producing 1,900 gigawatt hours (GWh) of electricity from 37 hydro stations and a wind farm (according to Datex, Infratil and the above company announcement). Infratil and Alliant are continuing to increase their shareholding in TrustPower in early June 1999, Infratil announced it was increasing its shareholding to give the two companies about half of TrustPower, and Alliant was trying to buy 14.98 million convertible notes from the Tauranga District Council. Infratil was willing to pay up to $6 a share, compared to the price at the time of $4.10 and an issue to Australia Gas Light (AGL) at $2.80. However, AGL also claimed the District Council's shares, and Alliant and AGL are having it out in court (Press, 9/6/99, "Infratil seeks TrustPower", p.29; 25/6/99, "Infratil answers TrustPower", p.31).

The statement announcing the joint venture with Alliant described the U.S. company as follows:

"Alliant Energy Corporation was formed last year through the merger of three neighbour US energy companies – IES Utilities serving Iowa, Interstate Power Company serving northern Iowa, southern Minnesota and Illinois, and Wisconsin Power & Light Company, serving Wisconsin and parts of Illinois. Alliant Corporation manufactures and markets electric energy from 18 generating facilities with a total output of nearly 5,000 megawatts, enough to light 1.5 million homes. It has more than 850,000 electricity customers and 360,000 natural gas customers and approximately 6,000 employees. Assets to year-end 1997 exceed $US5 billion" (18/2/99, "Infratil signs JV agreement with Alliant").

Undoubtedly, the oddest and most revealing source that Mike uses is a book by James D. Davidson and Lord William Rees-Mogg called "The Sovereign Individual" (1997). This is a socially obscene publication鼓melling in the creation through globalisation of the ruling 10% of the world's population that will enjoy freedom and wealth at the expense of the rest, i.e. it predicts the coming power of the sovereign individual and how to thrive as one in the new Information Age. It is an unashamedly Social Darwinist stuff and could justly be described as the expression of an evil political philosophy.

Although CAFCA is diametrically opposed to the philosophy expounded in "The Sovereign Individual", there is yet an interesting confirmatory crossover in this that here we have some ultra-Rights who openly point to, indeed embrace, the sort of outcome about which we continually warn and fight against. However, Mike is happy to draw on this book to support his own views on the positive benefits of self-designation, how foreign investment to the super-rich and unlike Mike can take a very apocalyptic view of the future (see also his earlier book, "The Great Reckoning", 1992). Their main concern is all about how to make maximum profits in those wild, tumultuous times when blood runs in the streets.

Sovereign states are reduced to sovereign individuals maximising their interests as members of an international elite, disintegrating societies are the playground of those enterprising few, effectively employing competitive computerised systems for personal gain. Capitalist competition and greed and barbarism go hand in hand in a rather more realistic portrayal of the new Information Age than Moore's fond fancies.

Mike cites "The Sovereign Individual" in the course of his text on several occasions. A particularly ironic quote is a reference that Moore uses in connection with his grievance of being catapulted from "hero to traitor in a decade" when -- so sadly maligned -- he was working for "jobs in New Zealand" as well as to "help transfer wealth according to a company announcement on 14/6/99, and 409 megawatts (MW) of generating capacity, producing 1,900 gigawatt hours (GWh) of electricity from 37 hydro stations and a wind farm (according to Datex, Infratil and the above company announcement). Infratil and Alliant are continuing to increase their shareholding in TrustPower in early June 1999, Infratil announced it was increasing its shareholding to give the two companies about half of TrustPower, and Alliant was trying to buy 14.98 million convertible notes from the Tauranga District Council. Infratil was willing to pay up to $6 a share, compared to the price at the time of $4.10 and an issue to Australia Gas Light (AGL) at $2.80. However, AGL also claimed the District Council's shares, and Alliant and AGL are having it out in court (Press, 9/6/99, "Infratil seeks TrustPower", p.29; 25/6/99, "Infratil answers TrustPower", p.31).

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We described IES, when it first received OIC approval to enter Aotearoa in April 1996, as "probably looking at being another TransAlta or UtiliCorp, planning to buy some electricity generation or supply assets in Aotearoa. It could even be planning to build its third nuclear power station". We weren’t too far wrong.

Infratil’s stake in Wellington International Airport is through the holding company, NZ Airports Ltd, which owns 66% of Wellington International Airport. NZ Airports was originally owned 40% by Alliance Life Common Fund Ltd of the UK, 20% by Foreign and Colonial Special Utilities Investment Trust Plc of the UK, and 40% by Infrastructure and Utilities NZ Ltd. The NZ Airports consortium was put together to satisfy New Zealand First demands that the airport be majority New Zealand owned. With the Wellington City Council owning the other 33%, that was briefly achieved, assuming Infratil remained a New Zealand company.

Infratil has now bought out its two partners in NZ Airports, exchanging their consortium interests for convertible bonds and warrants in Infratil (statement by Infratil Chairman to Special Meeting, 19/3/99). Infratil is now controlled by an overseas company, and has entered commitments making it likely that the overseas ownership and influence will increase. So even New Zealand First’s modest gains – over which it broke up the coalition government and, in short order, itself – have been reversed. (Listener, 15/5/99)

In Australia
Infratil Australia’s main assets according to its web site are
- Perth International Airport (49.5% owned);
- Southern Hydro (50.2%-468MW hydro in Victoria);
- Northern Territory Airports (51%; Darwin, Alice Springs and Tennant Creek airports);
- Port of Portland (100%; bulk port in Southern Victoria);
- StateWest (50%; supplies gas and diesel fueled generators to the mining industry in Western Australia).

International
Infratil international has been less successful. The company’s web site lists Infratil international’s holdings as
- Airport Group International (11.8%): US headquartered international airport owner and operator;
- See-Land (Australia) Terminals Services (50%): joint venture to establish a new container terminal at the
Port of Brisbane.

However, both of these are in trouble. In May 1999 it announced that it would have to sell out of the Airport Group - thwarting its aim of having investments in airports worldwide - because the Los Angeles-based company had agreed to sell its assets to British property and airports company, TBI. It would make a small loss on the sale. In addition, its Sea-Land project in Brisbane “was continuing to incur start up losses” (Press, 24/5/99, “Infratil rethinks future after AGI sale”, p.33).

**Lend Lease Taking Control**

In March 1999, the Overseas Investment Commission gave Lend Lease Corporation Ltd of Australia approval to acquire 100% of HRL Morrison and Co. Group Ltd for a suppressed amount. In fact, according to an announcement to the Stock Exchange, Lend Lease is buying only 25%, but has a right to increase its shareholding to 100% over a five year period (4/3/99, “Lend Lease invests in Infratil manager”).

Lend Lease Corporation is owned 74.72% in public shareholdings in Australia, 13% by LL (Lend Lease) Employee Holdings Custodian Pty Ltd, 7.56% by The Capital Group, 1(1C, of the USA, and 4.72% by Merrill Lynch Asset Management of the USA. Until this purchase, HRL Morrison and Company Group Ltd was owned 73.3% by the HRL Morrison Family Trust (whose beneficiaries are members of Lloyd Morrison’s family) and 26.7% by JML Trust (whose beneficiaries are members of Liberato Patanga’s family).

The purchase is not simply a passive investment for Lend Lease. The announcement says that “As a result of the purchase, Morrison & Co and the Infratil companies will become involved in the water and waste water sector, in rail and in greenfield infrastructure developments. Lend Lease was a successful co-developer of the Ord River Hydro scheme and the Tower & Appin coal seam methane power project. It is currently co-developing the BP co-generation project in Brisbane and is the preferred co-developer of the extension of Sydney’s Eastern Suburbs rail link to Bondi beach.”

Lend Lease, Gladiata, Cryptospordium, Suez Lyonnaise, & The Sydney Water Scandal

What Morrison does not mention is the controversy surrounding the Prospect Water Filtration Plant in Sydney. In August and September 1998, Sydney was hit by giardia and cryptosporidium infestations in its water supply. For several weeks all Sydney residents were advised by public health authorities to boil their water before use. The situation unsurprisingly caused a public uproar, with views expressed not unlike those during the blackouts in Auckland earlier that year. Morrison, all is part an attempt to overcome the lack of understanding by us plebeians - to "overcome this democratic deficit" as he puts it. He will graciously explain to us why is what is happening to us is for our own good. There are several things here that typify Moore’s grossly superficial and simplistic style: the bombastic, egotistical arrogance; the fundamentalist elitism; and his potted, and potty, garbled understanding of both history and contemporary times.

Perhaps what shines through most of all is the persistent, pretentious hogwash. Journalist Ian Wishart was once a Cabinet press secretary to Mike Moore and he has admitted to having “talked part in a cynical but highly effective manipulation of the news media. We might be getting too much heat on an issue, so we contrive to release something else to distract attention. Everytime we did that, the media fell for it... The agencies of which the chief you see in the news has been set by corporate and Government PR people” (Watchdog 83, December 1996, p.3).

If Moore is long versed in efforts at fashioning his own corporate image, nothing is siller than his self-portrait as the great democrat. Moore shares with Sir Roger Douglas, Richard Prebble and some others the notoriety of those Labour/National politicians who have done most damage to NZ democracy over the past 15 or so years. The odum of Labour’s notorious “fish and chip” gang that ushered in “Rogormics” has implanted a deeply disturbing imprint on his mind. Mike facilitates TNC-takeover of Aotearoa/NZ even as he postures about a constitution to safeguard liberties and cynically calls for more transparency on the international treatymaking process (p. 83).

He holds that democracy has a “competitive advantage” - it now has a “dollar value” (p.75); and yet at the same time he declares that: “governments everywhere are incapable of controlling the changes that are being thrust upon us” (p.107). Nevertheless, again, says Mike: “We need not lose our faith in a democratic purpose. It’s the type of response that must change” (p.107). So he is strong enough to point the way ahead for us all, to chart a response tailored to the demands of the TNCs to which he is so subservient.

These days Mike is pretty testy about his rather tattered image. As he says, “a decade ago I saw myself as a patriot in my campaign for freer trade and a more open global economy” - but now he has been “caught in a backlash. We are not about to be selling out our country and even accused of trying to abdicate the nation State. The opposite is the truth” (p.9). More modest than Mike, I would like however to say a claim for a key role in helping reduce him from rooster to feather duster. Ever since my first public attack on his policies, I have documented and analysed them in various publications over the years starting with numbers 327 and 328 of the (now-defunct) New Zealand Monthly Round Review around the turn of the decade. So Mike’s ten years of decline and fall in public opinion would be a fair time estimate. From small beginnings...
As a compromise, Wilson says, Prospect and the other plants were designed to be easily upgraded. However, despite dramatically increased knowledge of the threats from cryptosporidium, in particular since 1993, there has been no upgrading.

"Now a microscopic pre-millennium bug in the city's water has plunged the Carr (State) government, its Coalition predecessors, Sydney Water, Suez... (Continued on page 48)"
Lyonnaise and Lend Lease into bitter conflict, deep embarrassment and real losses. At stake are political and corporate reputations, the jobs of highly paid executives and a long running marketing campaign that hyped Sydney's tapwater as among the world's best – good enough to bottle, too good to waste. So how could one of the biggest and newest water filtration plants in the world, built for one of the biggest water utilities in the world, fail to insure against a water scare of the size Sydney has just experienced?

Hogarth shows that the risks of contamination were well known, and that evidence for the problems had been around since at least 1993. He reports:

"The old board's project manager for Prospect, Bill Johnson, recalls that giardia and cryptosporidium were always on the agenda with the water treatment plant design team. They even designed a simple, inexpensive particle-size monitoring system to give an early warning of filtration was failing.

"This stuff was thoroughly researched," Johnson says. But he says that when it became a commercial deal 'it all became very secret after that'. So secret that the early warning system disappeared altogether and has resurfaced only this week as one of the possible urgent improvements to make Prospect safe in the future."

While a subsequent Royal Commission of Inquiry into the Sydney water debacle found that the selection of AWS as the successful tenderer for Prospect "was done with honesty and without influence from any inappropriate source", it made clear that cost cutting led to low water standards:

"As it happened, AWS offered the lowest price for the Prospect plant. When analysed appropriately, it offered a price which, over the 25 year term of the contract, had a net present value that was $440 million less than the nearest tender price, which was offered by the Wyuna consortium. At the time AWS was selected as the preferred tenderer, it had not proved its treatment process to the satisfaction of the Board's technical assessment team. This problem was dealt with by AWS offering a guarantee to provide an alternative filter medium if its proposed sand medium could not meet the Board's specified filter run times. In adopting this approach, the Board took a significant risk but, as it happens, no problems emerged. AWS was ultimately able to prove its technology. However, the process of selection was concerned more with obtaining the lowest price rather than ensuring the highest quality technology".

AWS insisted that, in terms of its contract, it did not have to treat for giardia and cryptosporidium to the intended standards of removing 99.9% of pathogens. The inquiry found that "there are indications that on occasions the plant will not achieve this level" (from fourth report of the Commission of Inquiry, http://www.premiers.nsw.gov.au/publications/pubs_down/ sydwater/rep4/chap1.htm).

Suez Lyonnaise des Eaux of France is one of the two largest water transnationals in the world, and owner of Waste Care in Aotearoa (see our commentary on the OIC's March 1998 decisions. Waste Care is in the process of being bought by our old mate, Waste Management, of the US. Ed.). It claims its expertise as the reason that central and local governments should privatise their water supplies. Clearly, Lend Lease's partner is unwilling to apply that expertise if costs get in the way. And Lend Lease is happy to play along.
OUT OF A JOB
Auckland Unemployed Workers Rights Centre Closes

- Murray Horton

Not only have we lost Bruce Jesson, one Auckland icon of the New Zealand Left (see his obituary elsewhere in this issue, Ed.), but now we’ve also lost the Auckland Unemployed Workers Rights Centre (AUWRC). The contrast couldn’t be greater - Bruce was a writer, intellectual, theoretician, but one who had also been chairman of the Auckland Regional Services Trust, in charge of a billion dollars worth of assets. AUWRC was always into action, of the most direct kind - it built a well earned reputation for being at the cutting edge of the radical Left. It was also heavily into practicality, being an integral part of the superb central city Auckland People’s Centre, offering a huge range of services for the unemployed and working poor. AUWRC also had its own publication, the much appreciated Mean Times, which went free to the several thousand members of the People’s Centre, and on an exchange basis with publications such as Watchdog. It might have lacked the sophisticated political analysis of a Jesson, but it got straight to the point - my favourite regular section was its “Maggot of the Month”.

Sadly, AUWRC hasn’t closed because its work is done. When it opened, in 1983, unemployment stood at 100,000. Now it has doubled. AUWRC closed because of dwindling financial and human resources, an all too common problem in the Left. The rest of us should be thankful that it lasted 16 action packed years. The People’s Centres (there are three of them in greater Auckland) are continuing, and AUWRC’s key people, including Sue Bradford, have certainly not been lost to the movement (Holmes obituaries notwithstanding, reports of Sue’s retirement are greatly exaggerated). They are key organisers in the campaign opposing the APEC Leaders Summit (this September, in Auckland); Sue herself is the Green candidate for Rodney this election (the Bradfords live near Wellsford).

AUWRC were the militants, who took a very in your face approach to their targets, banging their heads figuratively and literally against the palaces of the mighty (in Sue’s case, all too often having her head banged against any nearby solid object by the hired knucklemen of the mighty). Younameit, AUWRC had a full on demo against it - the unemployment bureaucracy. Governments both Labour and National, the Business Round Table, Jenny Shipley, the Asian Development Bank, the Commonwealth Heads of Government Meeting, the Beyond Dependency conference, conferences to attract foreign investors. Their demos were always accompanied by wonderful songs and street theatre (in 1997 they toured the country with “proper” theatre and very good it was too). They paid a fearsome price for this militancy - police bashings (leading to serious injury in some cases), innumerable arrests, court cases and imprisonment. They never gave up - on Holmes, Sue couldn’t remember how many times she’d been arrested and/or roughed up by the cops. The media always personified AUWRC as Sue, but she was far from alone - there was her husband Bill, their kids (so, no, not all children of radicals grow up to be bank managers), Caroline Hatt, Karen Davis, Ivan Sowry, and many, many others too numerous to mention.

CAFCA was proud to be their comrade in arms. They never took the soup kitchen approach to unemployment; they resolutely condemned the charity model and welfarism in general. Both AUWRC and the Peoples Centres demonstrated how the poor and unemployed could proudly stand on their own two feet (Shipley and co want them to do that too, but only so that they can sell off the chair from under them). AUWRC always said that the root cause of the problem is our old mate - capitalism - and set about sticking it up the capitalists with gusto.

I never met Sue nor visited the downtown People’s Centre until 1983. Since then I’ve made up for lost time, making it my home away from home when in Auckland and AUWRC has been CAFCA’s key contact in Auckland, as recently as my March 1999 North Island speaking

(Continued on page 50)
Tour (when I spoke at two of the Centres in one day). I’ve spoken at AUWRC several times: CAFCA committee member, Dennis Small, wrote to say that AUWRC was a key Auckland contact for many number of other groups too. For example, when the Philippines Solidarity Network of Aotearoa brought Leonor Briones to NZ in 1995, AUWRC was the Auckland host and organiser, despite being in the whirlwind of protest that accompanied the Auckland Development Bank meeting. I have vivid memories of my 1994 talk there — before I’d uttered a word, and broke in the audience keeled over with a heart attack. He was saved by Caroline Hatt and the People’s Centre doctor, and rushed to Wellington First’s big idea for the former Coalition Government was to introduce the American scheme called ‘workfare’ to make beneficiaries, not just the unemployed, work for their benefits. The 1997 Budget took it further, institutionalising this beneficiary bashing, rearing them all, even the chronically sick and disabled, to be work tested, and was accompanied by ‘the dob in a bludger’ TV ads encouraging people to anonymously inform on beneficiaries. Workfare started in 1998, complete with benefit cuts for those who are 15 minutes late for an interview or cancellation of the benefit for 13 weeks for ‘persistent non-cooperation’. Already, this punitive campaign has led to individual horror stories. A Tory Christchurch City Councillor has described workfare and its ilk as ‘neo-Nazi, purist, Aryan theories that this Government is pushing’ (Press, 11/5/99). The Government has stopped collecting welfare data, because it doesn’t want the devastating impact of its “reforms” to be officially tabulated. ‘Employers are campaigning against both ACC and the judicial system, claiming the Employment Court is ‘pro- worker’. The Government attacked the Holidays Act, seeking to allow employers to buy off workers’ public holidays and one of their three weeks annual leave. Public opposition forced a temporary halt to that. ‘Previously unheard of foodbanks now play a vital role in every city - Christchurch alone has nearly 50 of them and the number of people needing their services is growing steeply. Not just beneficiaries either, lowpaid workers are increasingly to be found at foodbanks. New Zealand has the worst figures in the developed world for diseases of poverty, such as rheumatic fever, which is impairing the learning ability of up to one third of children in the Porirua area. Cerebral meningitis, a fearsome and deadly disease of poverty, is present in epidemic proportions and no end is in sight to its spread. TB is back and despite Government attempts to blame it on Pacific immigrants, doctors firmly point the finger at work poverty as the cause (I personally have been exposed to it and had to be tested. The exposure took place in Wellington Hospital. Fortunately I was not infected). A Ministry of Health report concluded that life expectancy of 80 workers were killed on the job in 1998, a 43% increase since 1993. Making ‘us attractive’ has led deliberately to massive institutionalised unemployment, I speak as one of the more than 80% of Railways staff declared surplus to requirement since the mid 80s. Unemployment is growing again, currently sitting at 7%. More than 13,000 workers were made redundant in 1997/98 alone.

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The Corporation is the biggest wholesale gas supplier in the North Island.

Nonetheless, Natural Gas Corporation is no stranger to electricity. It jointly owns a 25MW co-generation plant at Kapuni with Bay of Plenty Electricity. Its controlling shareholder, Australian Gas Light (AGL), which has managed the company's gas retail operations since 1993 and bought TransAlta's Wellington gas network (see above), has significant electricity interests in Australia, where it is Australia's largest publicly listed utility. Indeed AGL sold Commerce Commission clearance to buy 40% of Contact Energy, and in February 1999, took 15.6% of TrustPower with a view to forming a "strategic alliance".

Natural Gas Corporation is also working quickly to accommodate more of the gas retail market, including those operations of Powerco (New Plymouth), and BPs share of Liquigas. In a move that paralleled the electricity reform, the company planned to split its operations into three: gas processing and co-generation (tentatively called Taranaki Production Services), gas transmission (TransGas), and energy marketing and distribution (NZ Gas Light). However this was discarded as too complex and expensive when Australian Gas Light bought out Fletcher Challenge's share.


1 The Concise Oxford Dictionary's definition of reform is "made better by removal or abandonment of imperfections, faults, or errors". This is so obviously inappropriate in the present context that I hesitate to use the term. Under "deformation", the dictionary notes that it has a meaning of "change for the worse", and was used as an opponent's name for the Reformulation. Without entering into a debate into that particular historical era, it seems entirely appropriate here.

in New Zealand has fallen, in relation to other OECD countries and said: "There is a strong correlation between the incidence of ill health and low income, high unemployment, inadequate housing, and low educational achievement" (Press, 7/1/97). A UN Committee on the Rights of the Child review of New Zealand concluded that the 'reforms' had seriously impacted on the resources available to support children. The Commissioner for Children, the late Laurie O'Reilly, called it a "critical and damning report" (Press, 27/1/97).

The cult of restructuring for restructuring's sake costs lives - the Department of Conservation has been restructured several times in a decade. Outcome - tragedies such as the 1995 Cave Creek disaster, which cost 14 young lives.

"It has led directly to the dismantling of the Welfare State and the creation of a user pays substitute. The aim is to get the State out of Business. John Luxton, the Government's leading ideologue, is very keen to get rid of the State per se. The catch phrase is 'regulatory creep'..."
The story so far. In July 1996 Security Intelligence Service (SIS) agents were caught breaking into the Christchurch home of GATT Watchdog’s Aziz Choudry, during activities to counter the APEC Trade Minister’s Meeting. Aziz sued the Crown for $300,000 and the first preliminary legal questions came before the Christchurch High Court, in 1998. It was at that point that the SIS admitted that it was their agents, but claimed that the break-in was legal, as they were authorised by an interception warrant.

In August 1998, Justice Panckhurst ruled that he was not prepared to accept a blanket defence of “national security” as good enough reason to withhold from Aziz a large number of documents (including the interception warrant) needed to pursue his civil damages claim against the Crown. Panckhurst had specifically rejected a certificate signed by Jenny Shipley, Minister in Charge of the SIS (it’s always the PM) asserting immunity from producing the documents. Panckhurst ruled that he wanted to inspect the documents for himself, at the SIS’s Christchurch office, before ruling on their release. The Crown appealed. In December 1998, the Court of Appeal ruled that Shipley be given until February 1999 to produce an amended certificate with more details on why the documents should be withheld; then it would rule on whether or not they should be released. The judges were quite scathing in their opinion of the Crown case. Justice Thomas said: “The Courts today are not prepared to be awestruck by the ‘mantra’ of national security”. The amended certificate was duly produced, along with 20 of the disputed 70 SIS documents (released in full or part) and was the subject of a further Court of Appeal hearing, in April 1999. Once again, decision was reserved.

That decision was delivered in July 1999 and it was a major climbdown by the Court. By a four to one majority, it ruled that judges have no place in matters of “national security”, and that Shipley’s certificate stating the documents needed to be withheld for unspecified reasons of “national security” must be respected, and Shipley herself trusted. The Court accepted that there is an unspecified “ongoing operation” that would be jeopardised (now, isn’t that intriguing?) and that allowing inspection of the documents would endanger the SIS’s operational relationship with the Police and other State agencies, such as the Land Transport Safety Authority. The minority decision, by Justice Thomas, was scathing:

“Like any citizen, Mr Choudry is entitled to access to the courts of law as any other litigant. But to the extent that he is not able to achieve full and proper discovery he is disadvantaged and his right of access to the Courts is correspondingly impaired. He will not be able to obtain the justice to which he is entitled and which other litigants roundly receive. The public interest in the fair and effective administration of justice is not, therefore, an empty slogan. It reflects the rights of every citizen, including Mr Choudry….

“The Prime Minister is the Minister in charge of, and responsible for, the Service. She is not independent of the Service in the sense that Parliament and the Courts are independent of it. Further, as I have previously ob­

served, it is to be realistically appreciated that the certificate is initially prepared by senior officers of the Service who, by virtue of the very nature of their work and their own conscientious performance of their task, may be over-zealous in their perception of the secrecy which is required. Nor, by virtue of the secrecy which attaches to the Service’s advice, can the Minister in charge look elsewhere for assistance or verification. The Minister is very much dependent on the Service.

“It should not be overlooked that the Service is a covert intelligence agency. It is by definition not an open organisation accustomed to outside scrutiny. It will not welcome that scrutiny. Its officers are by virtue of their occupation practised in the art of deception. The Service, as with any covert intelligence agency, will strive under the cloak of secrecy to protect this country from perceived subversive interests and hostile forces. There is no reason to suspect that its officers will not, perhaps, passionately, in the importance of their task or that they will be anything other than assiduous in carrying it out. Once it is accepted that the trust necessary to accept the certificate on its face is in reality a trust reposed in or embracing the covert intelligence agency itself, the manifest obligation of such abiding judicial trust seems strangely out of place...

“TrustPower required UCU (Utilitcorp Limited) to enter into a backup agreement with TrustPower on the same terms as that entered into with Power New Zealand, except that the UCU agreement is not conditional upon UCU shareholder approval. That agreement will only come into effect in the event that Power New Zealand fails to satisfy the shareholder approval condition on its agreement”

TransAlta’s sale was opposed by the Hutt Mana Energy Trust, which represents 83,000 people in the Hutt Mana region and has 12% ownership of TransAlta New Zealand. It had rejected TransAlta’s bid for the lines business with a partner suggested by them, but had been unsuccessful. The Trust sought a High Court injunction to stop TransAlta from holding a shareholders’ meeting to vote on the sale, including full page advertisements in Wellington newspapers saying the power would be delivered by Canadians over lines owned by Americans. It has decided to force TransAlta to negotiate a new deal with Power New Zealand that would give the Trust a 26% stake in a company owning lines in the Hutt and Wellington, to give it some influence to protect consumers. The sale of the lines business was contrary to the terms of a shareholders’ agreement with TransAlta which required TransAlta Canada to consult with the trust – and this had not happened. Power New Zealand said the nationalities of the companies’ owners were irrelevant: what mattered was that it had made a commitment to make line charges for consumers for three years (Press, 10/12/98, “Energy trust seeks help to block sale”, p.28; Dominion, 11/12/98, “TransAlta vows to fight trust”, p.11).

The original sale of local body owned power companies to TransAlta roused bitter local opposition and a series of broken promises from the local authorities. The Trust was the first recipient of the Court of Appeal hearing, in April 1999. Once again, decision was reserved.

And The Sale Of Smaller Operations Continues:

Pacific Hydro And Todd Energy Buy Ba of Plenty Electricity…

In March 1999, Pacific Hydro Ltd of Australia and the USA, and Todd Energy of Aotearoa, gained OIC approval to acquire the electricity retail business and generating assets of Ba of Plenty Electricity Ltd for $100,000,000. This price was less than the book value of the assets. This was extraordinary: most electricity assets have been changing hands at several times book value. The remaining lines company, which remains with Bay of Plenty Electricity’s holding company, Horizon Energy Distribution Ltd, reported a loss of $5.93 million following the sale. This was because the assets were sold at $11.59 million below book value – though the chairman, Colin Holmes, described the price as a “very good result in the current market” (Pacific Hydro announcement, 18/12/98; Press, 12/6/99, “Horizon waits for $100m payout OK”, p.24).

The OIC says that Bay of Plenty Electricity is owned 32.28% by Utilitcorp United Inc of the USA, 25% by the Bay of Plenty Electricity Consumer Trust of Aotearoa, and 42.72% in other shareholdings. However, the Press (11/6/99) puts Utilitcorp’s holdings at 52%. Effective control of the transfer is from one overseas owner to another – but out of the hands of the local consumer trust. The purchase includes 420 hectares at Galatea Road, Black Road, Kopukuri Road and Pakorai Road, Bay of Plenty.

According to Pacific Hydro, its new acquisition, which kept the name of Bay of Plenty Electricity, has a total generation capacity of 264MW. It says the 25MW Kapuni co-generation joint venture, these include the 25MW Anwihenua hydro electric station, the 9.8MW Edgecumbe co-generation plant, and 5.6MW in two geothermal plants. It also has approximately 22,400 retail customers in the Bay of Plenty region (company announcements 16/12/98, and 31/3/99).

Pacific Hydro is a relatively young company, listing on the Australian Stock Exchange in 1993. Its assets include the Or’D River Dam hydro in Australia (completely in November 1997), which has a capacity of 40MW. It also has built three small hydro schemes in Victoria, under incentives provided by the Victorian government. It is involved in two hydro projects in the Philippines: the 70MW Bakun A/C, and the 68MW Tagaloan II. In each case, the Pacific Hydro grants an indenture for the rights to operate the projects in the Philippines and Pacific Corp of the USA (in the case of Bakun the consortium is the Luzon Hydro Corpora­tion). Both schemes are still under construction. Bukun due to come online in 2001. The most recent projects are “Build, Operate, Transfer” projects, in which the private companies operate them for 25 years under preferential conditions and then return them to the Philippines government’s National Power Corporation. The preferential conditions are “take or pay”: the National Power Corporation has to pay for all the electricity generated, even if it cannot use it (from Pacific Hydro’s web site, http://www.pacifichydro.com.au).

Pacific Hydro’s largest shareholders are AMP Nominees (34.08%) and American Electric Power (AEP) of the USA (19.78%) (ref: Pacific Hydro web site: 20 largest shareholders as at 26/3/99, http:// www.pacifichydro.com.au/shareholders.htm and company overview, http://www.pacifichydro.com/ overview.htm). It describes AEP as “a major US power utility with total annual operating revenues of more than $11.5 billion from a generating capacity of approximately 24,000MW at 38 power plants, that produce more than 120 billion kilowatt hours per annum providing electrica...”
This judgement is particularly disturbing coming as it follows the majority’s deprecation of the competence of Judges to assess the sensitivity of the particular documents. The implications of this decision are alarming. The APEC meeting being held in New Zealand will go unchecked because the courts are not prepared to perform this supervisory role. This will be the breaking of the law when it comes to opponents of APEC and is contrary to the nature of a covert security service, it is the only system available to hold the service accountable. If the courts are not prepared to perform this supervisory role, the consequences of the service to claim immunity will go unchecked...

The casualty will be the administration of justice and public confidence in the legal system to ensure that public interest immunity is constrained by law. Judicial inspection may be an imperfect process but having regard to the nature of a covert security service, it is the only system available to hold the service accountable. If the courts are not prepared to perform this supervisory role, the consequences of the service to claim immunity will go unchecked...

There is an apparent inconsistency between the major’s deprecation of the competence of Judges to assess the sensitivity of the documents and the trust placed in the Minister in charge of the Service to do so. Apparently, the nuances and intuitive deductions which form part of the specialist capability required for covert intelligence operations are beyond Judges but will be quickly assimilated by the Minister in charge of the Service. Certainly, the Minister working with the senior officers of the Service may seek and obtain more advice and information emanating from within the Service itself. It is not difficult to perceive that in reality the Minister in charge will be close to and heavily dependent on the Service, and that this closeness and dependency will necessarily impair the objectivity which he or she can bring to bear in assessing the sensitivity of particular documents...

“The casualty will be the administration of justice and public confidence in the legal system to ensure that public interest immunity is constrained by law. Judicial inspection may be an imperfect process but having regard to the nature of a covert security service, it is the only system available to hold the service accountable. If the courts are not prepared to perform this supervisory role, the consequences of the service to claim immunity will go unchecked...”

The implications of this decision are alarming. The APEC Ministerial Group, which is organising the activities to counter all the APEC meetings being held in New Zealand throughout 1999, said:

“This judgement is particularly disturbing coming as it does in the year New Zealand hosts the APEC forum. The Government has already shown its willingness to break the law when it comes to opponents of APEC and its free trade agenda. Given the extreme measures the Government has undertaken on 13 July 1996, and which is central to his decision that the break-in was illegal, and this really set the cat among the pigeons. The Court accepted the argument that the SIS had any legal right to break into Aziz’s house. “I consider that it should not be overlooked that the entry and search of Mr Choudry’s home which the Service authorised on 13 July 1996, and which is central to his decision that the break-in was illegal, and this really set the cat among the pigeons.”...”

After the failure of the Government to establish a legal right to break into Aziz’s house, the Government introduced the SIS Amendment Bill, retrospectively legalising all such break-ins. Jenny Shipley and the SIS are totally unaccountable to Parliament, the judiciary and the New Zealand public, then we should be afraid, be very afraid” (press release, 6/7/99).

Even the New Zealand Herald editorially attacked the Court’s decision: “Times and circumstances are changing, and with them the expectation that the New Zealand public, then we should be afraid, be very afraid” (press release, 6/7/99).

The Government Does A Number Two On Us

The question of access to documents was one of two preliminary legal matters argued before Justice Panckhurst, in 1998. The other one was whether the SIS men, and the break-in had occurred at the Watergate complex, not Choudry’s house. What would our judges have done with the Nixon tapes? Who ordered the illegal break-in? Might this information be contained in the documents Shipley wants to keep secret? Anyone valuing our civil liberties would keep a lot better if Justice Thomas’s dissenting view had prevailed” (14/7/99; “Appeal Court abdicates its role as democratic watchdog”; Warren Berryman).

But Aziz’s case goes on. This is only a preliminary matter, not the substantive affair. This decision makes his case harder but far from impossible. As he told the Herald: “I won’t back down” (7/7/99).

A more Machiavellian explanation is that TransAlta was working to a strict time schedule. The contract with the city guaranteed it a steady stream of profits. The city was willing to pay, but TransAlta was not willing to transport the coal. TransAlta wanted to force the city to renegotiate the contract and to reduce the city’s payments. The city had to accept the terms of the contract or lose the guaranteed supply of coal. In order to force the city to renegotiate, TransAlta had to control the coal and prevent the city from obtaining it from other sources.

TransAlta could have used various tactics to control the coal, such as blocking the mine, refusing to transport the coal, or even destroying the coal. However, TransAlta chose to bribe the city officials with offers of kickbacks. The city officials were willing to accept the kickbacks in exchange for allowing TransAlta to control the coal supply.

The three city officials who accepted the kickbacks were later contacted by the FBI, who investigated the bribery. The FBI found evidence of kickbacks in the documents they were reviewing. In order to avoid prosecution, the three city officials agreed to cooperate with the FBI and to provide testimony against TransAlta.

As a result of the cooperation with the FBI, the public became aware of the bribery and the city officials were forced to resign. TransAlta was also forced to pay a large fine and to change its business practices. The city was able to resume its normal operations and the citizens were able to continue to receive coal from other sources. The bribery scandal also led to stricter regulations for the city and the utility, ensuring that such practices would not be repeated in the future.

In conclusion, the case of TransAlta and the city officials demonstrates the power of bribery to influence decisions and the importance of maintaining ethical standards in business. It also highlights the role of government regulation in ensuring fair and transparent practices in the public sector.

(Continued on page 54)
The SIGS Amendment Bill was duly rushed into law in March 1999. Labour’s Michael Cullen said it was always Parliament’s understanding that SIGS officers had the right of entry. “It’s hard to understand how any intelligence agency anywhere in the world could operate without some limited form of entry right. It’s in the nature of the work they do” (Press, 26/3/99). But substantial doubt was cast on that retrospective assumption by David Small, the man who had caught the SIGS agents at Aziz’s house, back in 1996. David wrote to the Crown Law Office asking for the earliest dated legal opinion that an interception warrant empowered agents to break into private homes. Back came the answer - September 18, 1996 ie after the Choudry break in, and nearly 20 years after the 1977 SIGS Amendment Act cited throughout as the legal justification for SIGS break-ins.

The Government obviously had misgivings about the whole thing, too. In March 1999, it introduced the SIGS Amendment Bill (No.2), once again with Labour’s full support. Submissions were heard in May, with No. 2 to come into effect in midyear (only a limited number of submissions were actually heard; CAFCA’s was not amongst them). It changes a number of things - for instance, the PM can no longer solely authorise interception warrants against New Zealanders in the domestic context. These warrants have to be co-authorised by the newly created Commissioner of Security Warrants, who must be a retired High Court judge (just what the country needs, more warrant officers. The Inspector General of Intelligence and Security is or was a High Court judge - his performance in the Choudry case fills us with no confidence that yet another one will make any difference). But, in a huge loophole, the PM can solely authorise warrants against New Zealanders with “foreign” connection, whose activities “endanger New Zealand’s international or economic well-being”. The only foreigner with “foreign” connection, whose activities “endanger New Zealand’s international or economic well-being” remains.

The SIS Amendment Bill tightens up the definition of “thing” used throughout the SIS’s history of illegal activities, even before 1977. “International or economic well-being” remains.

The No. 2 Bill came back into the House, in July 1999, with some changes eg the SIS will have to produce a more detailed annual report to Parliament (for the past several decades, its annual reports have been textbook models of brevity). But the obnoxious features remained.

As long as the SIS alleges foreign influence, the Prime Minister alone can still sign interception warrants.

Individual New Zealanders can still be placed under SIGS surveillance at the discretion of the Director of the SIGS.

The definition of security to include the country’s “international or economic well-being” remains.

The No. 2 Bill came back into the House, in July 1999, with some changes eg the SIS will have to produce a more detailed annual report to Parliament (for the past several decades, its annual reports have been textbook models of brevity). But the obnoxious features remained.

The Crown has never revealed the target of the 1996 SIGS break-in, its legal strategy has been to “keep everybody guessing”. As Aziz told the Herald (7/7/99): “We still don’t know if it was me, my cat or anybody else”. But chances are starting to appear in the wall of official secrecy. Helen Clark, Leader of the Opposition, told North and South (April 1999) that the SIS broke into Aziz’s house not to spy on him but “foreign visitors”. The only foreigner he had staying with him at the time was Dr Alejandro Villamar Calderon, a Mexican speaker at the 1996 Trading With Our Lives conference. One problem with Clark’s story - the warrant used to authorise the break-in was dated September 1995; Aziz didn’t meet Alejandro until November, and it wasn’t until December 1999 that GATT Watchdog invited him to NZ. The New Zealand Herald ran a front page headline: “Secrecy slip by Clark has exposed SIS fuming” (18/3/99). We’re sure there are plenty more juicy revelations to come in this most fascinating of stories.

The SIS will still be given the power to break into people’s homes.

This power will still be backdated to legitimise the SIS’s history of illegal activities, even before 1977.

The inadequate complaints procedures remain untouched.

The definitions of security to include the country’s “international or economic well-being” remains.

Orion changed its formula to raise prices at times of peak electricity use and lower prices at off-peak times. It insisted that its average prices had dropped by 1%, and produced Ministry of Commerce data to show its prices were below the national average, and in particular below Wellington and Auckland. It pointed out that TransAlta knew the score when it bought Southpower from it; indeed Orion’s managing director asserted that at the time of sale “Orion had consulted TransAlta over pricing to ensure prices would have no effect on residential customers”.

Orion offered to abandon its peak/off-peak pricing scheme. TransAlta changed its line to blaming Orion for not dropping prices when it no longer had the cost of maintaining and reading the meters, which had been bought by TransAlta. Lines companies in other centres personnel on the same rate was true elsewhere. Orion responded by pointing out TransAlta knew all about the meters and Orion’s proposed changes when it bought Southpower. It launched an aggressive campaign to encourage consumers to switch from TransAlta to other, cheaper suppliers. These include the state owned Meridian, and First Electric which offered power 15% below Southpower’s pre-increase prices – and then raised prices 9%, following TransAlta’s lead. Retailer TrustPower (15.6% owned by Australian Gas Light, and 43.74% jointly owned by Infratil and Alliant International of the USA according to a company announcement on 12/9/99) also raised its prices saying: “A less fortunate feature of the purchases we made is that they were from local trust owned power companies with very low rates of return on their assets.

In a number of cases this left unsustainably low energy margins which did not cover the cost of servicing the customer. TrustPower has moved quickly to correct this problem. Price rises, however even if from a low base, are not what the Government has promised…”

(Company preliminary result announcement, 14/6/99. For more on TrustPower, Infratil and Infratol, see the article on Infratol elsewhere in this Watchdog.)

The only public figures taking pressure off TransAlta were Government spokespeople. The Minister of Energy, Max Bradford, who had predicted in December 1998 that whatever the final outcome, the PM, in April, remained substantially confident that if consumer’s waiting long enough, prices would begin to fall. He implicitly backed TransAlta by focusing his criticism on the lines companies, and not Orion. If Orion’s prices rise, it would alienate the price rises by retailers throughout the country. He was even “prepared to wager a small bet” that prices would come down within a year. He didn’t say whether they would come down below their pre-decimation levels.

Confronted with responsibility for what was rapidly becoming a major re-election killer, instead of attacking TransAlta, he desperately tried to divert the debate by attacking Orion for profiteering, even though its target rate of return at 7% was lower than the Government’s target for its transmission company, Transpower. He deserted the claim that the profits from the sale of Southpower should be used to reduce power charges or put aside for future Council debt rather than use, as the Council was proposing, for investment in new ventures. None of this was consistent with his pleas (in another context) for more investment rather than consumption. He was not helped by fellow senior Cabinet member, John Luxton, Minister of foot in mouth disease cabinet. Luxton, who repeatedly stated that the profits from the sale of Southpower would be used to reduce power charges or put aside for future Council debt rather than use, as the Council was proposing, for investment in new ventures. None of this was consistent with his pleas (in another context) for more investment rather than consumption. He was not helped by fellow senior Cabinet member, John Luxton, Minister of foot in month disease cabinet. Luxton, who repeatedly stated that the profits from the sale of Southpower would be used to reduce power charges or put aside for future Council debt rather than use, as the Council was proposing, for investment in new ventures. None of this was consistent with his pleas (in another context) for more investment rather than consumption.
DECEMBER 1998 TO MARCH 1999
OVERSEAS INVESTMENT COMMISSION DECISIONS
Bill Rosenberg

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December 1998 Decisions

More electricity assets sold:

Power New Zealand (Utilicorp) buys electricity lines business from TransAlta ...

Power New Zealand Ltd. 78.65% owned by Utilicorp United Inc of the USA, and 10.84% by Waitomata Electricity Region local authorities, has approval to acquire the electricity lines business of TransAlta New Zealand Ltd, 67% owned by TransAlta Energy Corporation of Canada, for a suppressed amount. The purchase includes 1.6 hectares of land at 36 Bourvier Street, Petone.

Although the OIC suppressed the price paid, the day it gave its approval (9/12/98), NZ Press Association (NZPA) reported that Power New Zealand paid TransAlta $590 million and was borrowing $1.05 billion from a syndicate of banks to pay for this and the Trustpower purchase (see below). The TransAlta business was valued at $340 million in its 1998 annual report (Press, 14/11/98, “TransAlta NZ powers ahead”, p.23; 9/12/98, “Power NZ earnings may double”, p.28).

The purchase is a result of the Electricity Industry Reform Act 1998 which forces companies to choose between electricity supply (power generation or retail sale) and lines networks. TransAlta was one of the few companies that chose to acquire retail sales businesses and generation facilities. Power New Zealand is one of the few that has been aggressively acquiring lines networks outside its home area.

We have covered this extensively in relation to OIC decisions in October and November 1998 where TransAlta acquired the retail businesses of Southpower (Christchurch) and Power New Zealand.

See the detailed article elsewhere in this issue on the electricity defuems. Ed. ... and from TrustPower...

Power New Zealand Ltd and its 78.65% shareholder Utilicorp United Inc (through subsidiary Utilicorp NZ Ltd) of the USA, have approval to acquire the electricity lines business of Bay of Plenty based TrustPower Ltd including Power Construction Ltd, and 1.2 hectares of land at 40 Alach Street, Tauranga, and Te Ngae Road, Rotorua. The price is $485,000,000 – twice book value.

The purchase covers “all the core assets used in TrustPower Ltd’s electricity lines business. Those assets include 17 zone substations, two 33kV switchyards and approximately 8,000 distribution substations, and all lines and cables and all existing customer connections. In addition, fixed assets comprising plant and equipment, motor vehicles and stock used in the lines business will also be acquired.”

See the detailed article on electricity elsewhere in this issue. Ed.

...and Natural Gas Corporation buys Waikato Electrivery’s retailing business

The Natural Gas Corporation of New Zealand Ltd has approval to acquire the WEL Energy Group Ltd’s electricity retailing business for a suppressed amount. WEL Energy Group is owned (94.17%) by the WEL Energy Trust, and the remainder in public shareholders.

Though the OIC suppressed the amount paid, it was Edison Mission is therefore highly indebted itself – creating further pressure for profit taking.

The company is highly active in the growing number of privatised electricity markets around the world. It has investments in the UK, Spain, Indonesia and Australia, with a total 3,724MW outside the USA. It is involved in constructing new projects in Indonesia, Italy, Puerto Rico, Thailand and the Philippines.


The Indonesian venture was the construction of the country’s first private power station. A joint venture between Edison Mission Energy and General Electric (GE) eventually won the deal after securing crucial contacts within the then ruling Suharto family and their close associates to get the project approved. Deals with the Suharto family and associated senior government figures included commitments to purchasing excessively priced coal supplies and boilers from companies associated with them, and giving some of essentially free share in the project. The company got President Suharto to personally approve its high prices. Its successor, B.J. Habibe, then Research and Technology Minister, personally intervened to rescue the deal at one stage.

There was no competitive bidding, and there is evidence that Edison overruled its partner, GE, to waive a requirement that its Indonesian partners sign a “no corruption” clause in the contract.

The result was that the project, Palin One, is one of the most expensive power deals of the decade, anywhere in the world. Adjusted for local purchasing power, Indonesia’s privately supplied electricity is 20 times the price of the USA, 60% higher than the Philippines, and 30% dearer than Indonesia’s only competitively bid private power project, PLN, the State-owned electricity company, says that it doesn’t want to buy any electricity at all from the Edison-GE plant in 1999. The US government, whose agencies provided loans for it, has been pressuring PLN to buy the power at the high contracted price.

Though many Indonesian government advisers, both local and foreign, argued the power wasn’t needed and was too expensive, Edison applied heavy political pressure to get the deal. Current and former US politicians lobbied for it, including former Vice President, Dan Quayle, Clinton’s Treasury Secretary, Robert Rubin, and former Secretaries of State, Warren Christopher and Henry Kissinger, the last two as Edison-GE lobbyists.

The deal was consummated during the 1994 APEC Leaders’ Summit, in Indonesia, personally overseen by President Clinton.

And then there is Edison’s carefully nurtured environment-friendly image. Its Chief Executive, John Bryson helped start a law firm that lobbied US corporations to adopt clean air and water laws, and co-authored a book criticising the way in which US nuclear power plants handled their nuclear waste. He joined Edison in 1990. But the Sierra Club describes the company’s San Onofre nuclear power plant as “the worst, most destructive marine industrial facility ever constructed.” Its killed 20% of all the fish in the Southern California Bight – more than all the commercial fishers in southern California”. Sierra Club’s Coastal Campaign Coordinator told the New Zealand Herald, “If I was New Zealand I wouldn’t let this company anywhere near my country” (emphasis added). A coal-fired power plant in the Mogave Desert of Nevada has also been attacked for its pollution of the air around the Grand Canyon, and the company had to write off US$18 million in Mexico after pollution from a power plant in Chihuahua caused problems (New Zealand Herald 6/4/99, “Image of power grienled queried”, by Peter Huk, p.A11).

Huck also quotes consumer groups in the US describing sister company, Southern California Edison, as being “overly aggressive in hunting market share”, and “defending their desire to milk as much money from consumers as possible”. Its ”modus operandi has always been to use its resources, its size and its political influence to beat up anyone who gets in the way.” The companies have benefited to the tune of several billion US dollars through handouts given by the State government in a deregulation process in California.

Almost Nine Thousand Hectares Of Land Sold

Finally there is the issue of the several thousand hectares of land sold as part of the privatisation. There are 8,631 hectares of freehold land handed over as part of the sale. These include areas surrounding major rivers, such as the Clutha, and lakes, such as Hawea, which are treasured for recreational and environmental reasons. The long term issues of access and environmental effects have not been addressed in the sale.

7,247 hectares in Central Otago, at Lake Hawea, Clutha, Luggate, Lake Dunstan, Cromwell, Clyde, Alexandra, Roxburgh, Queenstown and Tuapeka.

1,264 hectares near Taupo, at Forest road, Mokai, Ohakki Road, Broadlands, Reporoa; and State Highway 1, Wairakei.

82 hectares at Tarawera, Breakwater Road, New Plymouth and East Road, Stratford.

33 hectares in Auckland at 68A Bairs Road, Otara; and five hectares in Hawkes Bay at State Highway 2, Bay View.

(Continued on page 26)
was reportedly more or less forced on Bankers Trust and paid $326,342,729 for the purchase of 47% of St Lukes, Bankers Trust had a 16% stake in what was essentially a total of 53 hectares) until the takeover of the company managed and stores documents and information. It was a carnivore which did not care about its tenants”. Some accused St Lukes of trying to bring Sydney scale rents to Auckland, claiming St Lukes misled him about their landlord was seeking “unrealistic” rent increases (Press, 11/4/97, “Mall tenants could face rent increases”, p.13).

Indeed in 1998, a coffee bar owner filed an action in the Auckland High Court demanding $1.5 million in compensation from St Lukes as compensation for allegedly negligent advice and breaches of the Fair Trading Act. Ivan Heys, Robert Harris franchisee in Auckland, claimed St Lukes misled him about their redevelopment around his cafe, Cuchina’s, in WestCity Centre, Henderson. The café was placed in liquidation shortly before the action in August 1998. The major downfall that he says St Lukes promised but never delivered was downgraded, losing him more than two thirds of the pedestrian traffic he had expected. He said “at [St Lukes] you were just a tenant... you get treated like a nobody” (National Business Review, 11/4/97, “Mall tenants could face rent increases”, p.13).

Brambles leases Wellington warehouse from Building Solutions Ltd Brambles New Zealand Ltd, a subsidiary of Brambles Industries Ltd of Australia, has approval to acquire a total of 8 hectares from under 10%, given that it was being paid a management fee of 5% of gross revenues. Breherton again expressed his concerns, saying Michael Hill was paying similar rents in Auckland as in Australia, and that Westfield was a very aggressive and extremely demanding landlord. Their objective will be to crank up rental prices. Westfield is difficult to deal with and I would say to small retailers to go to arbitration and to join with other retailers to find someone as tough as Westfield to do their negotiating”. Hallensteins commented in March 1997 that St Lukes and other landlords were seeking “unrealistic” rent increases (Press, 11/4/97, “Mall tenants could face rent increases”, p.13).

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Westfield continued that pattern when they took over as manager from May 1997 for a ten year contract. It was expected to lift occupancy costs to about 15% of turnover from under 10%, given that it was being paid a management fee of 5% of gross revenues. Breherton again expressed his concerns, saying Michael Hill was paying similar rents in Auckland as in Australia, and that Westfield was a very aggressive and extremely demanding landlord. Their objective will be to crank up rental prices. Westfield is difficult to deal with and I would say to small retailers to go to arbitration and to join with other retailers to find someone as tough as Westfield to do their negotiating”. Hallensteins commented in March 1997 that St Lukes and other landlords were seeking “unrealistic” rent increases (Press, 11/4/97, “Mall tenants could face rent increases”, p.13).

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The Home Mortgage Co Ltd, a subsidiary of Westpac Banking Corporation Ltd of Australia, has approval to acquire more mortgages from the Housing Corporation of New Zealand for a suppressed amount. It has previously bought mortgages from the Housing Corporation, for example in September 1998, and gained retrospective approval for purchases in October 1998. In all cases, the price paid has been suppressed.

Tip Top Ice Cream of Australia completing 1996 purchase of New American

Tip Top Ice Cream Company Ltd of Australia has approval to acquire two hectares of leasehold land at 50 Luke Street, Otahuhu, Auckland for $1 from Country Foods New Zealand Ltd, a subsidiary of New Zealand Co-operative Dairy Company Ltd. The land includes or adjoins a reserve or public park, and the foreshore.

"On 5 November 1996, Tip Top entered into an agreement (the Assets Agreement) with United Dairy Foods Ltd (UDF, a subsidiary of New Zealand Co-operative Dairy Company Ltd) to purchase the assets of UDF relating to its existing business of manufacturing a range of frozen novelty and scoop ice-cream products. Consent was subsequently sought and granted by the Commission on 7 March 1997.

"The transfer of the leases is the second stage to the transactions outlined in the applicants' initial application for consent to the Commission in 1997.

"A provision of the Assets Agreement required Tip Top to obtain consent of the Commerce Commission to the purchase of certain assets of UDF’s business of manufacturing take home ice-cream products sold under the brand ‘New American’. If Commerce Commission approval was obtained, then UDF could require Tip Top to purchase the assets of the ‘Take Home Business’. The leasehold land, which is subject to this application, forms one of those assets of the ‘Take Home Business’. The consent of the Commerce Commission has now been obtained and it is saleable to the applicant of the assets of the ‘Take Home Business’.

In March 1997, Peters and Brownes Foods Ltd of Australia received OIC approval to acquire Tip Top Ice Cream Company Ltd and Tip Top Investments Ltd from their owner, the Heinz Group of the USA. Tip Top is the Aotearoa brand leader in ice cream and ice cream products. Heinz decided that it no longer fitted with its line of business, having acquired it as part of its takeover of Watkins in 1993.

Heinz put Tip Top up for sale (along with Tegel Foods) in November 1996. Tip Top then held about 80% of the national ice cream market (New Zealand Herald, 14/11/96, “Tip Top, Tegel go up for sale”, by Geoff Senecaille). This followed an attempt by Tip Top to take over competitor New American Ice Cream which was quashed by the Commerce Commission saying that it would give it a dominant market position. It left open the possibility of taking over only the “take home” products: the frozen novelty, dairy desserts and scoop ice-cream operations (Press, 25/10/96, “Tip Top trims bid for New American”, p.19).

SEA Holdings gets approval to increase shareholding in Trans Tasman to 60% SEABL (NZ) Holdings Ltd, owned by SEA Holdings Ltd of Hong Kong (but registered in Bermuda) has approval to acquire up to 60% of Trans Tasman Properties Ltd, and retrospective approval to acquire the 48.4% it actually has. It had approval only for 45%, and increased from 44.0% to 48.3% in May 1999 due to it taking up 8,000,000 shares in a shortfall from a 1.5 share issue (“Trans Tasman Rights Issue Results” notice to the New Zealand Stock Exchange 14/5/99, and “Trans Tasman Change in Substantial Shareholdings” notice dated 9/5/99). To increase from 45% to 60% (due to a notes conversion) would cost SEA approximately $137 million for 109.3 million mandatory convertible notes and 26.9 million ordinary shares acquired during the 1995 Trans Tasman rights issue. Trans Tasman is currently 54.78% overseas owned (including approximately 8% in the USA), and the change approved would take it to 66.9%.

Trans Tasman’s properties include the Fletcher Challenge complex at Great South Road, Auckland, the Finance Centre at the corners of Queen, Albert, Durham and Victoria Streets, Auckland, and a property of six hectares at 196-208 Middleton Road, Johnsonville, Wellington.

Kinki of Japan buys more land for car sales in Auckland

Kinki Company Ltd of Japan has approval to acquire a one hectare car sales yard at 1120 Great South Road, Mt Wellington, Auckland for $2,295,000 from The Melanesian Mission Trust Board. It adjoins reserve land.

"KCL is able to source good quality low cost vehicles in Japan which in turn will become available to consumers in the car retail market higher than the prospectus estimated. However, the higher rate may well not be sustained, being inflated by the damages payments."

According to Mark Reynolds, "Edison paid about 17 times the value of Contact’s earnings before interest, tax, depreciation and amortisation (ebitda) for the holding. Internationally, a company could be expected to pay 12-13 times ebitda for a company such as Contact Energy – but that would usually be to secure full control, not just a 40 per cent holding” (NZ Herald, ibid).

There is little surprise then that Contact will plough very little of its profits back into investment: it has announced a dividend policy of paying out an avascular 80% of its profits, dividends being a key lever for the groups’ joint venture league for reinvestment. A major concern here interacts with another significant long term problem with the definition. If electricity generators compete as the Government hopes, prices may be cut to the extent that there are insufficient funds or incentive to build new generating capacity in time for when it is needed. That will continue until a supply crisis forces up prices – but that may well consumers vary hard and suddenly, and bring insecurity of electricity supply while the market waits for new capacity to be built. Contact’s policy of minimal reinvestment of profits adds to the risk of this occurring.

A Government Handout To Wealthy New Zealanders And Overseas Investors

Edison must sit on its current shareholding for six months before either selling or (as is expected) buying more shares on the market, increase its holding past 50%. That will presumably cost the price of shares higher than they would otherwise be. On the other hand, to the extent that the prices the remain considerably under the $5 that Edison paid, purchasing more shares gives it an opportunity to dilute the price it has paid per share, lowering the pressure for higher profits.

The high price Edison paid put the Government in a dilemma. It had indicated a public issue price of $2.40-
$3 for the remaining 60% of the company. At $2.40 it would be giving away the opportunity for literally doubling the price it would receive for the 60% that works out at $936 million less available for debt repayment. At $3 the loss would be only $720 million. In the end it offered the shares at $3.10. The issue was heavily oversubscribed, implying a higher price could easily have been obtained. Effective in law, the Government had robbed the rest of the country – those who could not buy shares – of $860 million it could have obtained by selling the whole company at Edison’s $5 per share.

Those who did buy shares had a handy windfall – 12.9% or 40 cents a share after the first four days of trading, by which time the share price had dropped to $3.51. (Press, 15/5/99, “Contact holders realise 13% gain”, by Gerald (Continued on page 24)
future as companies fail to invest in generating capacity due to heightened competition and voracious extraction of profits.

While Edison of the USA, which has gained notoriety in other operations overseas, bought Contact for an extraordinary price, TransAlta of Canada, which failed in its bid, is trying to recover by buying up any generating capacity it can lay its hands on and hiking its retail prices. The third major foreign purchase of our electricity assets, Utilicorp of Japan, is amassing large operations and charging some of the highest prices in the main centres. And those are only the headlines.

The continuing story...

Edison Buys 40% Of Contact Energy – With Approval For 100%

The Big One of the electricity deformation. In March 1999, Edison Mission Energy Taupo Ltd, a 79% subsidiary of Edison Mission Energy Company of the USA (the other 21% is owned by "unknown third party shareholders" of the USA) gained Overseas Investment Commission (OIC) approval to acquire 100% of Contact Energy Ltd from the Crown of New Zealand. Note that, though it has only been sold 40% of Contact, as the "cornerstone" shareholder, Edison has OIC approval for a full takeover. It paid $1,208,000,000 for the 40%. The remainder was sold through a public offering, of which more below.

The sale is controversial for a number of reasons:
- First, there is the failure of the electricity deformation, of which it is an integral part, and that includes loss of control of substantial parts of our electricity resources.
- Second, the price that Edison paid was so high that further power price rises seem highly likely. It also raises concerns as to whether there will be sufficient investment in future for required increases in generating capacity.
- Third, the public offering became effectively a handout to some of the wealthiest New Zealanders and overseas investors. Fourth, Edison is surrounded by scandal in its operations elsewhere.
- Fifth, the OIC decision highlights a largely overlooked side effect of the sale: it includes almost nine thousand hectares of land – most of it rural, and often sensitive either environmentally or in terms of its location.

Before going into these, what did Edison buy? (Unless otherwise stated, the following information comes from Contact's "Investment Statement" or prospectus for the public offering of its shares.)

Edison's Prize: What Is Contact?

Contact was the first splinter from Electricity Corporation of New Zealand (ECNZ). It was broken off in 1996 with the intentions of creating competition, and eventual privatisation. It was given a number of generation plants, plus ECNZ's gas purchase contracts. Since then it has bought further assets in Australia and has been a major competitor in the race to buy retail customers after the split of lines networks and electricity supply in the Electricity Reform Act 1994. It is the largest electricity generator in Aotea ora (following the more recent split of ECNZ), and has the largest number of gas customers of any gas retailer.

In the year ended September 1998, Contact generated approximately 26% of the country's electricity and owned about 25% of its generation capacity. Its stations and their capacities are:

- Hydro: 432 megawatts
- Gas: 302 megawatts

Sovereign buys land in Takapuna for headquarters for $11m

Westside Properties Ltd, a subsidiary of Sovereign Ltd, in turn now owned by ASB Life Assurance Ltd, part of the ASB Bank, has approval to acquire Hurstmore on Strand Ltd which owns a 0.6 hectare property at Hurstmere Road and Channel View Road, Takapuna, North Shore City, Auckland, for $11,100,000. The vendors are J.A. and B.A. Wiltshire and D.H. Rishworth of Aotearoa. ASB is 75% owned by the Commonwealth Bank of Australia (CBA) and 25% by the ASB Bank Community Trust. Approval for its takeover of Sovereign was given by the OIC in November 1998.

Sovereign intends to build a new corporate headquarters on the site, including car parking, retail space, restaurants, commercial and office space.

South Waikato District Council sells closed road to Carter Holt Harvey

NZ Forest Products Ltd has approval to acquire a closed road from the South Waikato District Council for $26,000. It is six hectares at Kokako Road, Lichfield, South Waikato which is "a long narrow strip of closed road that protrudes into adjoining forests owned by the Company. For security of the forest the land needs to be acquired". NZ Forest Products is a subsidiary of Carter Holt Harvey Ltd, itself 51% owned by International Paper Company Ltd of the USA.

Wairarapa's Dunolly Station sold for forestry with Craigie Lea Station

Four residents of the Netherlands have approval to acquire the 634 hectare Dunolly Station, on Craigie Lea and Douglas Roads, Carterton District, Wairarapa for $1,012,000. They are all members of the Van Bergen family. The vendors are Warren and Judy Tocker.

Mr Renatus Van Bergen has been the co-ordinator of the development of New Zealand... the proposed acquisition is a continuation of the expansion of KCL and Japan Auto in the New Zealand motor industry. The land is currently a car sales yard comprising a yard, grooming area, and administration offices. KCL state they intend to retain the land as car sales yard. As with the existing properties owned by KCL, the land will be purchased by KCL and leased to Japan Auto... once Japan Auto starts operating from the property, it is anticipated that approximately 30 to 40 motor vehicles will be sold per month from the premises".


Other land for forestry

- Fleetwood Forest Partnership, which is 35% owned in the USA, 18.5% owned in Germany, and 46.5% owned in Aotearoa, has approval to acquire 373 hectares of land on Tiniroto Road, State Highway 36, Waerenga-o-kuri, near Gisborne for $566,242. The contact for the applicant is forest manager, Roger Dickie (NZ) Ltd and the proposal "can be viewed as a joint venture with necessary development capital required to develop the property into a viable commercial forestry operation being provided from both onshore and offshore investors and the necessary expertise/management being sourced from an established New Zealand forestry management company". The forestry management company is presumably Roger Dickie. The land was planted in radiata pine cuttings and seedlings in 1997. A total of $2,759,256 will be paid by the investors over a 27 year period.
- Members of the Doust family of the USA have approval to acquire three hectares of forestry rights, and 269 hectares of freehold land at State Highway 2, approximately 30 km north of Napier, Hawkes... (Continued on page 60)
Bay, for $518,300. Their company, Tutira Forest LLC, is paying Guthrie Smith Trust Board (a charitable trust board of Aotearoa) $518,300 for the property as a base in which she would hope to generate a consultancy business in respect of horses training throughout the country.

Gourmet Paprika buys land at Woodhill, Northland for hydroponic peppers

Gourmet Paprika Ltd, 25% owned each by A. Botman and T. Zweislot of the Netherlands, has approval to acquire 11 hectares of land at 29 James Mackie Road, on the corner of State Highway 16, Woodhill, near Helensville, Northland for $600,000 from Aad Johannes Bloom of Aotearoa. The other 50% of Gourmet Paprika is owned by P. Martin (33.4%) and C.M. Martin (16.6%), both of Aotearoa.

Gourmet Paprika is "in the business of growing peppers hydroponically for export, particularly to Japan". It acquired land in 1994 and 1995 near Helensville to establish the operation, which has now grown substantially and needs to expand. The land in this application is "in close proximity" and is at present "bare, grassed land with a farm building on it". Gourmet Paprika intends to "conduct earthworks on the land and create a level building platform, to enable the construction of a seven hectare glass house for the production of peppers hydroponically".

The establishment of the business, including a lease of Helensville land, was first approved in June 1994. The company then had 1,000 shares owned by Paul Martin of Aotearoa (334), and Adi Botman and Ton Zweislot of the Netherlands (333 each), with a total capital of $600,000. By December 1995, the current shareholding was in place, though C. M. Martin was then resident in the USA. At that date it gained approval to buy six hectares of market gardening land at Woodhill for $400,000 from Paul Martin. The company proposed to erect a three hectare greenhouse and packing shed on the land.

Hauraki District Council sells 3 ha. of legal road in Waikanae to Waihi Gold Company Nominees Ltd, which is 67.06% owned by Normandy Mining Ltd and 32.94% by AUAG Resources Limited, both of Australia. Waihi Gold Company Nominees Ltd, has approval to acquire 3.4 hectares of land at Waikanae to expand its Martha Mine. The latter is a legal road and is owned by the Hauraki District Council, "but it is anticipated that the roads will be stopped and the land sold by the Council". The price is "to be advised".

The extension to the mine "involves gaining access to ore below the level of the currently licensed pit. To reach this ore, it is necessary to bench back (or extend) the perimeter of the existing pit, and alternative to the Rogernauts "New" Labour.

Bruce’s greatest legacies are his practical achievements at the Trust and, of course, his writings. He was a long time kindred spirit of CAFCA. We agree with his analysis that New Zealand is a "branch economy completely owned overseas". We didn’t know Bruce personally – I only ever met him a few times, most recently during a flying 1997 visit to Auckland to address a handful of people at a single meeting. He and Joe went miles out of their way to drive me to my next destination so that we could talk. For a period of several years, I was a Republican columnist; more than once, Bruce praised CAFCA in his Metro column (doubtless causing puzzlement among the yuppies. "CAFCA? Is it a new type of coffee? Caffcino?"

He wrote: "I don’t know what it is about Christchurch that it produces groups of people like this. Christchurch is my home town and I remember it as flat, monocultural and colonial. Despite this, or perhaps because of it, Christchurch has an honourable tradition of freethinking and rationalism. Take Watchdog as an example. It has contributors with excellent research skills, a hard-case sense of humour, and a relaxed style of writing. Murray Horton is better than almost anything of the Gallery, and should have a political column somewhere. Watchdog carries better and more informative articles on its areas of interest than you will find in the mainstream media". (Metro; August 1990; Politics; "Going against the grain"). To which I can only say, good on you, Bruce, I’ll tell you everywhere.

In the last Watchdog ("Power Fraynen: the takeover of the electricity industry", no. 90, April 1999) I pointed out that the prices that were being paid for electricity assets – especially retail operations – were so inflated that price rises were inevitable. The only surprise has been the delay that has happened so quickly. The result has been chaos. Not only has the Government been made to look utterly foolish over its failed objectives for the "reforms", but it has been forced to react by regulating, creating a split with its coalition partner, ACT – and in the eyes of most people, regulating the wrong part of the industry.

But while the court jesters perform in Parliament, tragedy continues in the real world, with the continuing sale overseas of much of our electricity sector (see accompanying table). In this case, it really does mean "our sector quite literally – most of it was central or local government owned, or owned by community trusts. Not only will it mean further unnecessary price rises for consumers, but it is likely to lead to power shortages in

THE DEFORMATION: "REFORMS" CONTINUE TO WRECK THE ELECTRICITY INDUSTRY

Bill Rosenberg

(Continued on page 22)
Investment Commission material, only Metro rang us. The article that resulted won the journalist a prestigious media prize.

But Bruce wasn't just a writer. He had been an active Labour Party member for years, one of the countless many betrayed by the 1984-90 government. He knew it was vital also that we understood the legitimacy of the word, 'nationalism'. Some equate it with Balkan wars or the orgy of triumphalism that followed 'our' America's Cup victory. Crap. We have to start somewhere and the reality is that all of us by country. Yes, we are all workers (or whatever) who have that in common with workers elsewhere. But the first fact is that we are New Zealand workers (or whatever) and we have to deal with the reality of our environment. In countries with considerably more advanced peoples movements than here, nationalism carries no such negative connotations. In the Philippines for example, there is a long and honourable history of a militant and progressive nationalist movement which complements, but is distinct from, the armed communist revolution. But we recognise that there is nationalism and nationalism. We define ourselves as progressive nationalists (as opposed to the all too present reactionary variety). We reject racism. We have no argument with the people of any country.

The Republican Movement may have disappeared into the mists of time, but the Republican lasted a couple of decades, as a much loved institution. It was the country's last respectable public nationalist analysis, casting a critical eye on everything from economics to culture. Long before I could bring myself to even read the Business pages of the Press, Bruce was spending countless hours doing Public Office. His research of specific companies (user charges have since ruled out that particular research method). His theoretical writings on New Zealand politics set the benchmark for clarity of analysis and insight. He started a number of books - "The Fletcher Challenge"; "Behind The Mirror Glass", "Fragments of Labour". His final book, "Only Their Purpose" was to appear in 1992. "Take me to New Zealand" was only published weeks before his death, and its Auckland launch attracted a huge crowd. The ideological coup d'etat that has seen "capitalism" become synonymous in New Zealand with "free enterprise" or "free market", was Bruce's specialty. The snideness in mainstream reviews by economists and "experts" showed that he was right on target.

The Jessons had moved back into Auckland in the 1980s and Bruce achieved another great rarity for a Lefty - he made a living as a writer. For well over a decade, he was the political columnist of the paper sometimes being startlingly at odds with the rest of that glossy monthly (although in defence of the yuppies' Bible, it should be said that it can surprise. Its 1992 feature on Waste Management was an example of the particular transnational; when CAFC did a 1990 mailout around the media, advertising our database of Overseas those sentiments exactly. To quote from "A Beginner's Guide To Foreign Control": "I personally, and CAFC as a group, is both non-nationalists and internationalists. We see absolutely no contradiction. We have longstanding excellent working relationships with individuals and groups on several continents. It is vital also that we understand the legitimacy of the word 'nationalism'. Some equate it with Balkan wars or the orgy of triumphalism that followed 'our' America's Cup victory. Crap. We have to start somewhere and the reality is that all of us by country. Yes, we are all workers (or whatever) who have that in common with workers elsewhere. But the first fact is that we are New Zealand workers (or whatever) and we have to deal with the reality of our environment. In countries with considerably more advanced peoples movements than here, nationalism carries no such negative connotations. In the Philippines for example, there is a long and honourable history of a militant and progressive nationalist movement which complements, but is distinct from, the armed communist revolution. But we recognise that there is nationalism and nationalism. We define ourselves as progressive nationalists (as opposed to the all too present reactionary variety). We reject racism. We have no argument with the people of any country.

In February 1999, a 15m by 40m hole opened up over old workings near the mine. The company has regularly bought up neighbouring properties for mine expansion because the owners got sick of the vibrations, noise and dust and wanted to move out (New Zealand Herald, 13/2/99, "Waihi, lake resort or just the pits", by Melissa Moxon, p.A10).

In another decision this month, it does just that. The company gained approval to acquire two hectares at 2 Savage Road, Waihi, for $240,000 from R.T. Motion and L.E. Holmes "which is directly adjacent to the extended Martha Hill mine licence area". See September for details). This sale is of 4,671 hectares plus a share of the remaining station, for $550,000. The land adjoins Lake Wakitipu and conservation land. The purchasers are Insight Capital Partners 11 LP with 41% of Peace Software, which has developed market leading software, which uses web browsers to access systems that operate on open hardware and relational databases. Mr Peace, former programmer and University of Auckland student, was still the major shareholder, although the OIC reports are held by D. Broomfield of Peace Software, which has developed market leading software, which uses web browsers to access systems that operate on open hardware and relational databases. Mrs Loving is subdividing her land for $2,850,000 to develop as vineyard.

The Jessons had moved back into Auckland in the 1980s and Bruce achieved another great rarity for a Lefty - he made a living as a writer. For well over a decade, he was the political columnist of the paper sometimes being startlingly at odds with the rest of that glossy monthly (although in defence of the yuppies' Bible, it should be said that it can surprise. Its 1992 feature on Waste Management was an example of the particular transnational; when CAFC did a 1990 mailout around the media, advertising our database of Overseas
the telecommunications, information technology and customer service sectors. Their ownership is 75% by J.L. Horing, J. Murdoch, R. Raghavendran, and P. Sobiloff of the USA, 22% by the US public, and 3% by the public of Finland, but the OIC does not make clear which of these owners refer to which company. The price they are paying has been suppressed, but Peace's web site (and widespread media reports) put it at $20 million.

They also get board representation. In a news media statement (unwittingly titled "$20 Million Venture Capital Gives Peace A Chance", http://www.peace.co.nz/public/news.htm), Peace announced "appointments to its Board of Directors, including Jeffrey Horing, partner, InSight Capital Partners; Jake Tarr, managing director, Arete Ventures; and John W. Blend Ill, former president of worldwide sales and marketing and director for Invis International, and a special partner with Insight Capital Partners".

The same statement roped in the support of Max Bradford, Minister of Enterprise and Commerce. "It's deals like this that start to raise New Zealand's profile in international venture capital markets", he is quoted as saying. "The Government is committed to actively promoting the success of internationally competitive products and building a culture which is supportive of innovation and enterprise".

Research and development will remain in Aotearoa according to Peace. It currently employs over 100 people and hopes to expand this considerably as it gains markets in Australia and the US as a result of this share sale.

Insight is acting through two other associated companies, presumably for tax- and risk-avoidance purposes: Insight Venture Associates LLC, and Insight Capital Partners (Cayman) LP. The first is the general partner and manager of the other two Insight companies. Insight "invests in companies in the software-based segments of the information technology industry". It has other investments in North America, Western and Eastern Europe, and Asia – in which it includes Aotearoa (see http://www.insightcorp.com). Peace's web site says "InSight Capital Partners has raised more than $200 million since its founding in 1995 and has rapidly become one of the largest global investors in software and software-related businesses" which can only be true if software firms are disregarded. It says Insight's advisory board includes "prominent industry leaders such as Gartner Group CEO Manny Fernandez and Ray Lane, president and Chief Operating Officer of Oracle Corporation" and Insight's advisory board "will act in an advisory capacity to Peace Software".

Arete "invests in entrepreneurial companies that are expected to grow rapidly as a result of the deregulation of the power utility industry in the USA". Red Herring Magazine listed it as number three amongst US venture capital companies, ranked by the total market value gain in their technology portfolio public offers for the year ("Don't Look Down - The top 25 venture capital firms of 1997", by Stephanie T. Gates, supplement, July 1998: see http://www.redherring.com/maplesue97/look.html). At that time, Arete, based in Maryland, had 12 employees, and had raised $USD 774 million from two public offerings. It had USD 165 million under management. Limited partners included US and international gas and utilities companies. Red Herring reported that it usually invests two funds simultaneously, prefers to invest USD500,000 to USD3 million per transaction and typically invests in four to eight new companies per year.

Peace's web site says that Arete was founded in 1983 and "manages venture funds for 13 US and three European utilities. In addition to the Utility Competitive Advantage Fund, targeted at $100 million in committed capital, Arete also manages the Utech Funds, $95 million in capital. The Utech Funds, now essentially fully invested, made investments in entrepreneurial companies addressing growth markets related to the utility industry".

Tycos the USA takes over Rhino Security
Tycos International Ltd of the USA (but listed in Bermuda) has approved to acquire Rhino Security Ltd from the Owens Group Ltd for $12,000,000

"Tycos entered the New Zealand market in 1990 when it acquired the worldwide operations of Wormald International Ltd. In July 1997 Tycos acquired Armourgaurd Security Ltd.

"Rhino is a recognised provider of security services in New Zealand. The Commission is advised that through its Armourgaurd operation, Tycos currently provides similar security services."

It apparently had no concerns about stifling competition, and the Commerce Commission does not appear to have taken any interest.

OBITUARY
Bruce Jesson

-Murray Horton

Bruce Jesson's tragically early death in 1999 (he was only 54, and had cancer for four years) has robbed New Zealand, not merely the New Zealand Left, of one of its most incisive analysts, a trenchant and extremely well researched critic of capitalism, and a Marxist who was unburdened by all the usual baggage that comes with that title. Most unusually, Bruce was an intellectual who came from a working class background, and one who didn't observe the comity life of an academic (thus avoiding the wholesale sellout and bandwagon jumping of most of the nation's so-called "intellectuals").

Unusually also for a Lefty intellectual, his life, death and funeral were given major coverage by the capitalist media, even featuring the 1,000 strong crowd of mourners singing (badly, inevitably) "The Red Flag". It wasn't all so faced - Bruce also made sure his funeral music included Queen's old warhorse, "Bohemian Rhapsody" (at least it wasn't "Another One Bless The Dust"). The best coverage came in the Listener (May 11) - know appropriate - 1998; "The Republican"; Camille Guy. All quotes come from her article, unless otherwise stated.

Bruce was the son of a freezing worker and unionist and grew up in working class Christchurch in the 1950s. He went to Christchurch Boys High, where he "lost his pigtails and dodged assembly", but became an avid reader. He was a devout Baptist until he was 14, at which time he read Charles Darwin's "Origin of Species". Like many others of our generation, Bruce was the first member of his family able to go to university (tertiary education was then virtually free). He graduated in law from the University of Canterbury, but never practised it, because he refused to take the oath of allegiance required of lawyers (and other professions). At the "politically inert" Canterbury in the 1980s, Bruce had become a committed and active republican. He was a founder of the Republican Movement - it was a controversial cause. One member was gaoled for an incident involving a flag and the Governor General.

Bruce married Jocelyn and shifted to Auckland, spending most of the 1970s as a househusband in rural Pokeno, bringing up his two daughters, Rebecca and Linley, while working as a research assistant. It was in the mid '70s that Bruce founded the Republican, which was thus of similar vintage as Watchdog. We exchanged publications with the outpost - both were triumphs of gestenter printing, and frequently a regular exchange of news and views. Both built circulations in the same 500-600 range; both had an influence far out of proportion to their actual readership. In the late 1980s/early 90s, well known journalists and writers such as David Robie, stepped in to impose some much needed journalistic discipline (such as meeting publication deadlines) and the Republican

So Bruce was that great rarity on the New Zealand Left, a nationalistic, and a Marxist one to boot. CAFCAs shares

(Continued on page 20)
(Waste Management: From page 17)

local officials:

"I want you to know what a great help the information you sent/link to me has been. For one thing, I was able to send copies of the WMX criminal record to elected officials and that cooled off their relationship with WMX considerably. They are now in the process of closing down the class III (yerd waste) dump according to a new, very stringent, public ordinance that Orange County, Florida has just adopted this month (July 1996). Unfortunately, the construction debris portion of the landfill remains open.... At any rate, we feel that they owe you a great debt of gratitude because that info. got for me probably turned the tide in our battle. After all, what elected official wants to be connected with a known criminal and polluting organization in the press?" This family was so grateful that they offered to act as guides should we ever visit Florida, with a trip to Disney World thrown in. Whoopee! We bet there’s no landfills on display in Tomorrowland.

We are delighted to help people, whether Canterbury farmers or Florida moms, to fight this most rapacious and scandal stained of American transnational.

The May 1999 TNZ Assignment programme, "A Dirty Business", about landfills and Waste Management, is available for hire. It costs $10, including postage, for one week. Make cheques to CAFCA.

(A A BEGINNERS GUIDE TO FOREIGN CONTROL'
Murray Horton’s Paper 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 regularly updated. But at 42 pages it is 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; the MAI; and what we can do about it.

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

According to Tyco’s web site, "Tyco International Ltd., a diversified manufacturing and service company, is the world’s largest manufacturer and installer of fire and safety systems, the largest provider of electronic security services in North America and the United Kingdom and has strong leadership positions in disposable medical products, packaging materials, flow control products, electrical and electronic components and underwater telecommunications systems. The Company operates in more than 80 countries around the world and has expected fiscal 1999 revenues in excess of $17 billion" (http://www.tycoint.com/company/compinfo.asp).

One of its subsidiaries, Simplex Technologies, "is the only US owned producer of underwater fiber optic telecommunications cable". It manufactures cable and cable assemblies for, among others, the US Navy. Tyco’s "Electrical and Electronic Components "segment", of which Simplex is a member, also manufactures multi-layer printed circuit boards for military, telecommunications, and computer applications.

In July 1997, we reported Tyco’s takeover of Armourguard, bought from Freightways Ltd when it was broken up by its owner, Tappenden Holdings, headed by Alan Gibbs and Trevor Farmer. It was purchased for $32,999,999. Armourguard is the largest security firm in Aotearoa. Tyco was number 288 in the 1995 Fortune 500, its main business being metal products. It had 34,000 employees and revenues of $US4.5 billion on assets of $US3.4 billion. Tyco was only US owned producer of undersea fiber optic telecommunications systems. The controversial owners of the Wharepapa and Wharekauhau Stations in Wairarapa are selling off most of Wharepapa Station to be sold and leased back. The current owners include well known warriors of the Right, Sir Roger Douglas, Lord Rees-Mogg, James Davidson, Michael Baybak, and James Blanchard III. Based on information from Time magazine, the New York Times and elsewhere, CAFCA wrote to the OIC in 1997 asking if the backgrounds of two of them were consistent with the "good character" requirements in the Overseas Investment Act. After checking their records with the police, rather than affirm that it was confident of their good character, the OIC simply took the expedient of asking them to sign affidavits to the effect that they were indeed of good character. That was apparently sufficient for the OIC, under the principle "they are innocent: they admit it themselves". For further details, see our commentaries to previous decisions in November 1995, June 1996, and August 1996, and "The Intriguing story of Roger Douglas and his unpleasant friends at Wharekauhau Lodge", Foreign control Watchdog, no. 84, May 1997, p.8-14. These associations provide evidence of Douglas’s links with the far right in the USA and UK.

There are two related decisions this month: in the first decision, Wharekauhau Holdings Ltd has approval to acquire 495 hectares of leasehold land at Western Lake Road, South Wairarapa, part of Wharepapa Station from the yet-to-be-established "21 Investor Company" of "United States of America, Unknown Overseas Investors". The price is "to be advised". In the second decision, "Unknown Overseas Investors of United States of America" are given approval to acquire 516 hectares of Wharepapa station for $21,000,000 from Wharepapa Station Ltd. It is not made clear how the OIC can be sure that these "unknown" investors are of the required good character.

When purchased in 1996, Wharepapa Station covered 503 hectares. In these decisions, 516 hectares is being sold to the 21 investors ("21 Investor Company"). The 21 are then leasing 495 hectares back to Wharekauhau Station Ltd for 20 years, with two further rights of renewal. The purpose is to "repay debt owing in respect of the Wharekauhau development to date and to provide working capital for the continued development of the Lodge facilities and the Station’s farming operations". Each of the 21 investors will acquire a one hectare "homesite lot" in Wharepapa Station, and approximately 4.8% of the required good character.

(Continued on page 64)
whichever they had full title and on which they could build homes (under restrictive design covenants). The number of limited partners (18 at the time of the report) was originally intended to be 20 but consideration was being given to increase it to 30.

In all, 66 one acre lots had been subdivided for residential use, of which 40 had been sold.

Wharekauhau Holdings Ltd (WHL) and Wharepapa Station Ltd (WSL) have the same shareholders, but in different proportions:

<table>
<thead>
<tr>
<th>Shareholder Origin</th>
<th>WHL share</th>
<th>WSL share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Michael Baybak USA</td>
<td>20.2%</td>
<td>13.53%</td>
</tr>
<tr>
<td>James Blanchard III</td>
<td>13.2%</td>
<td>8.84%</td>
</tr>
<tr>
<td>James Davidson USA</td>
<td>12.4%</td>
<td>16.48%</td>
</tr>
<tr>
<td>Sir Roger Douglas Aotearoa</td>
<td>1%</td>
<td>0.67%</td>
</tr>
<tr>
<td>Andrew Miller USA</td>
<td>12.3%</td>
<td>8.24%</td>
</tr>
<tr>
<td>Lord Rees-Mogg UK</td>
<td>12.2%</td>
<td>2.95%</td>
</tr>
<tr>
<td>John Sevo USA</td>
<td>12.3%</td>
<td>8.24%</td>
</tr>
<tr>
<td>William Shaw Aotearoa</td>
<td>6%</td>
<td>20.52%</td>
</tr>
<tr>
<td>Annette Shaw Aotearoa</td>
<td>6%</td>
<td>20.52%</td>
</tr>
</tbody>
</table>

The Shaw family are the former owners of Wharekauhau Station, and became one third owners of Wharepapa when it was purchased in 1996. They manage the stations and luxurious lodges, described in 1995 as intended to be “one of the best and most exclusive lodges in the world, while also enhancing the current scenic splendour of Wharekauhau”. It describes the lodge as “an exclusive country estate catering to the discerning traveller and business person. Hosting guests mainly from the US, the UK and Europe, it offers unique, high-quality accommodation as part of a working sheep and cattle station.”

Ownership restructuring of WorldxChange Ltd, telecommunications company

A complex restructuring of the ownership of WorldxChange Ltd, which is engaged in telecommunications, has been approved. Via an exchange of shares, the shareholders in WorldxChange, R. B. Abbott and R.M. Abbott (29.2% each), Edward F. Soren (19.1%), and Eric G. Lipoff (10%), all of the USA, and Richard A. D. Vincent of Australia (2.5%), will take a controlling 79% shareholding in Communication Telesystems International, with the remainder held publicly in the USA. Communication Telesystems International will then own all of the shares in WXL International New Zealand Ltd, which will own all the shares of WorldxChange. The individual shareholders in Communication Telesystems International will be the Abbotts 51.4% jointly, Soren 26.93%, Lipoff 0.36%, and Vincent 0.9%. The value put on WorldxChange via this transaction is $5,700,000. However, the total assets of the company “exceed $10 million”.

Belgian owner for Dutch horse meat company in Gore

Meramist Pty Ltd, owned by the Narwelaers family of Belgium, has approval to acquire Clover Export Ltd from Exim Meat International BV of the Netherlands for $250,000. The company has six hectares of leasehold land (on 21 year leases with two rights of 21 year renewal) at River Street, East Gore, Gore, Southland on which it operates a horsemeat processing plant for export. The operation involves slaughtering and processing and is also carried out for the local market.

“Meramist’s sole business is the operation of an export horsemeat processing plant (one of two in Australia) at Caboolture north of Brisbane”. It has “periodic difficulty in meeting customer demands and the ability to direct New Zealand product to these customers will prove beneficial to both companies”. There will be no additional capital expenditure in the short term.

Apparently the former overseas owners were not good for the company:

“The viability of the plant has been under stress because of the unloading their cargoes of export coal at Canterbury’s port of Lyttelton. “We have to look at everything, even taking other people’s rubbish” (Press, 1/7/99).

Canterbury is not the only NZ focus for Waste Management. In July 1999, it won the three year operational services contract for the Kawape District Council (Dargaville), after under-cutting the incumbent local contractor. At least 25 jobs were jeopardised.

Further, the lawsuit alleges that senior named officers and/or directors of WML sold shares of their stock before the revelations of July 6, 1999 occurred and Waste Management stock collapsed.

“After these sales were made, however, WML issued a press release revealing that sales in the June quarter of 1999 would be $US250,000,000 below forecast and the growth in future quarters would be much less than previously forecast. This lawsuit has been filed by lawyers with substantial experience in representing investors in securities fraud class action lawsuits such as this…” (Whittington, von Stemberg, Emerson & Wilsher, press release, Business Wire, 8/7/99).

We conclude with a wonderful quote to Newfoundland story. In April 1999, out of the blue, CAFCA received an e-mail entitled “Florida mom sees article about fraud: HELLP”:

“After placing "fraud and Waste Management" into my search engine, I came across an article you put out on March 31, 1998 titled ‘City Council Should Use $120 million airport project money for useful public services’”. Perhaps the price and the owners led to Wharekauhau Lodge’s free advertising in the super glossy Government publication selling Aotearoa to overseas investors: “Invest in New Zealand: the right choice”. In both its 1998 (p.19) and 1999 (p.47) editions. It describes the lodge as “an exclusive retreat for diplomats and visiting heads of Government;…. a corporate retreat/conference centre for the Southern North Island;…. a high class tourist facility”. The New Zealand Herald reported (14/7/98, “A taste of being idle rich”, p.E3) that a one night share-twin stay at Wharekauhau cost $473 a person.

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to their businesses by building a bloody great rubbish dump in their neighbourhood. The Press had, to its discredit, been a local stooge for Waste Management since CAFCFA first supplied them with the material, way back in 1998. Spurred on by the imminent Assignment programme, the Press published one day before TVNZ - "If this landfill goes ahead, we are going to destroy what could be one of the biggest wine-growing areas in New Zealand. The Council should resign if this landfill goes ahead in the Hurunui" (Press, 28/4/99). Assignment featured Wylie advising the Council to put themselves in a large plastic rubbish bag and throw themselves into the tip. That programme also revealed that all the councils in the joint venture had signed away all their rights to object to the proposal. CAFCFA said: "...we urge the people of Canterbury to once more rally behind Alex Wylie - he's facing an even more formidable opponent than the 1985 Ruru and Random Shield challenge..." (9/2/99; press statement. For the Rubygilliterate among you - in a legendary 1985 game, Auckland ended the record Ranfurly Shield tenure of the Canterbury team coached by Griz Wylie, Ed.)

Site Selection: The Peasants And The Prime Minister Are Revolting - Darfield

If things were hot in Omahi, they went positively ballistic when the next shortlisted site was revealed - the Malvern Hills, near Darfield, on the outskirts of Timaru. Unlike Waipara, Darfield is close enough to Christchurch to be regarded as an outer commuter suburb. It has been hit hard by the decline in rural services - every bank has closed, every shop has closed. The locals have had to go to Christchurch for banking services. The Malvern Hills site issue split Canterbury's founding family, the Deans (this story prompted a two page Press feature; 26/6/99; "Rubbish roulette", Seth Roberts). And the Darfield campaigners can boast a supporter with a higher profile than Griz Wylie and holding much higher office (that might be temporary, depending on the general election result). Their local National MP for Selwyn is none other than the Prime Minister, Jenny Shipley, and she has come out against the landfill being sited in the Malvern Hills in an extraordinarily forceful fashion.

She wrote, on Prime Ministerial letterhead, to all six mayors involved in the joint venture, saying that she would oppose the proposal with all her "ability and resources". She said the West Coast hills was being considered and that leakages from the landfill into Canterbury aquifers "could have catastrophic consequences" (Press, 26/6/99). The mayors told her to stay out of it and proclaim themselves taken aback by her letter’s "aggressive tone and implied threats" (ibid). Shipley was not alone. The mayors but I did want them to be seized with the importance of the issue" (ibid). I intend to continue to work with my constituents to oppose the site because of the deep roots I have about agriculture. ShipleyCut the North Island of New Zealand will be in a much better position to assist

remoteness of the existing owners and it is anticipated that the new owners with their head offices in Australian and other interests in the North Island will be in a much better position to assist and lead Clover." The company's "other interests in the North Island" are not specified.

In August 1993, the OIC approved Clover buying a further 26 hectares of land at Friend Road, Charlton, RD4, Gore because "the supply of horses is erratic and this hampers the slaughter operation. Clover Export state that the property is being acquired to enable it to establish a buffer stock of horses which will ensure that the plant can operate at its optimum level at all times". The 26 hectares is not mentioned in the current decision. At that time, all the meat was said to be exported, with export receipts expected to be $4 million in a full year's operation.

Lighthouse Hills farm near Moeraki, Otago, sold to US company for $1.4m

The Austin Company Ltd, owned by Joel (49%), Ron (26%), and Isabel Ross (25%) Ogden of the USA, has approval to acquire the 403 hectare Lighthouse Hills farm, near the township of Moeraki on the Otago coast, 40 km south of Oamaru, Otago, for $1,400,000. The property, which was owned by D.G., E.J., and John D. Kemp and White Rocks Farm Ltd, is "used predominantly for farming of sheep and beef, but a backpackers business has been established to supplement the farming operation. The size and diversity of the "Lighthouse Hills" property means that a wide range of tourist activities can be provided." The new owners say they will look at extending accommodation and establishing a fresh seafood restaurant on the property, and market the facilities in the USA. They are "committed to ensuring the farm continues to be successful."

Macraes takes interest in 101 hectare gold licence for $1

Macraes Mining Company Ltd, which is 39% owned by Union Gold Mining NL of Australia, has approval to acquire 101 hectares of mining licence at Macraes Flat, Otago for $1. The licence (32-2304) is being transferred from Barewood Mining Company Ltd of Aotearoa. Macraes' "interest in this mining licence arose from its interest in a joint venture agreement with Barewood Mining Company Ltd (inter alia), which in part provided that should any joint venture partner default under the agreement, in certain circumstances the interest of the defaulting party in the Mining Licence would vest in the remaining party. This in fact happened, and in compliance with the provisions of the agreement Barewood Mining Company Ltd executed a Transfer in favour of Macraes Mining Company Ltd for the Mining Licence". This was approved by the Secretary of Commerce on 11/5/98, and it is not clear why the OIC's approval is so much later. "The acquisition represents part of the ongoing identification of gold resources at the Macraes Gold Project."

Kenyan and Swiss missionaries take $6.4m position in seven Southland farms

Five groups which appear to be Christian missionary organisations, from Kenya and Switzerland, have approval to acquire seven farms totalling 1,670 hectares in Southland for a total of $6,480,000. They are making the purchase through their company, Biofarm Ltd, in which each holds a 20% interest. They are Trinity Fellowship and Stiftung fuer Missionarishe Entwick Lungshilfe of Kenya, and Stiftung Te Amo, Christian Solidaritatswerkstatt, and Aktion Fuer Verfolgte Christen of Switzerland. The farms, which are engaged in a mixture of sheep, cattle, forestry and arable farming, are:

- 643 ha. at Braxton, RD 2, Lumsden (Braxton Stud)
- 115 ha. at Eastern Bush RD 2, Otatara
- 121 ha. at Eastern Bush RD 2, Otatara
- 160 ha. at Eastern Bush RD 2, Coratina
- 168 ha. at Eastern Bush RD 2, Otatara
- 219 ha. at Eastern Bush RD 2, Otatara
- 223 ha. at Otahu Flat

"Some of the properties are adjoining each other, creating a large block making economies of scale. Some of the farms are now reaching the point where they are no longer economically viable in their own right and need to be converted into dairy operations or absorbed into neighbouring farms... While the applicants will continue with the existing land use in the meantime, it is intended to introduce organic farming and more cropping and to ultimately have a mixture of farm uses.... Furthermore, it is intended to enhance and expand the cattle breeding programme at the Braxton Stud Property, by increasing the variety of livestock under the artificial insemination programme to include different varieties of beef cattle as well as dairy cattle. It is also intended to set up a cheese operation, based on organically produced cheeses, in an existing building in one of the neighbouring towns. It is also intended to convert a minimum of 250 hectares of the land to a dairy operation, which will involve a minimum of 600 cows".

(Continued on page 66)
Lyttelton Marina Ltd, a subsidiary of Pacific Marina Holdings Ltd, owned by Mr Victor Villavicencio of the Philippines, has approval to acquire seven hectares of land at Magazine Bay Marina, Lyttelton Harbour, Canterbury for $2,500,000. It is being sold by the Banks Peninsula District Council and the Lyttelton Port Company Ltd for a marina development. The privatisation of the marina was opposed by many locals.

In February 1998, the OIC gave approval for Pacific Marina Holdings Ltd, to acquire Lyttelton Marina Ltd, Lyttelton Management Ltd, and Canterbury Marina Ltd for $600,000. That included approximately seven hectares of leasehold land, with option to purchase. The Council and Port Company "were not prepared to grant anything more than the lease until they were satisfied that the marina development was definitely proceeding and that there was a proposal for the land to be used for marina facilities and related amenities".

At that stage, the OIC reported that "Mr Villavicencio has significant business experience with a leading interest in the Subic Bay marina development at Subic Bay (north of Manila)." The proposal was for the introduction of approximately $5,400,000 in risk capital which would ensure the development of the new Lyttelton Marina. The Commission is advised that the Canterbury area is in desperate need of an upgrade/enhancement to its existing marina facilities. In addition it is stated the proposed development is fully supported by both the Lyttelton Port Company and the Banks Peninsula District Council. The proposal includes a fire protection and management risks. The house will be removed and the land incorporated into the forest.

February 1999 Decisions

OIC Decisions: From page 65

Don't leave much time for evangelising.

Equity for debt swap for undercapitalised Canterbury farm

Algemene Beleggings Maatschapij, owned by Cornelius Koopmans of the Netherlands, has approval to acquire 50% of Riverbank View Ltd, which owns 489 hectares at Rakaia River Road, five kilometres from Methven, Canterbury for $1,300,000. The half share is being sold by Harry Koopman and his wife Dorothy, who originally borrowed $1,300,000 from Harry's brother, Cornelius, to buy the farm. However the farm is "severely undercapitalised" and the loan is being converted to equity in Riverbank View, reducing the farm's debt servicing costs.

The farm has 230 hectares of developed pasture, 50 hectares of "poor" forest and 110 hectares of "quality prime" pinus radiata forest, and 1 hectare of undeveloped land.

Terako Downs, Waiau, Canterbury, sold to US for $420,000

Lindsay Scott Phillips of the USA has approval to acquire the 740 hectare Terako Downs property, at Terako Downs, Inland Road (Highway 70), Waiau, Canterbury for $420,000 from E.S. and J.K. Wilson. The property is about two kilometres south of the entrance to Mt Lyford ski resort. Approximately 525 hectares will be developed into Radiata and Douglas Fir over a four to five year period. The land, currently intensively stocked, is said to be overgrazed. Phillips will make forestry management decisions, with a "consulting forester already retained in Christchurch".

Carter Holt buys land to remove house in Maungataniwha forest

Carter Holt Harvey Forest Ltd, 51% owned by International Paper Company Ltd of the USA, has approval to acquire two hectares of land at Willow Flat Road, Maungataniwha, Hawkes Bay, for $60,000. The land, which includes a house, is "sbraund on three sides by CHH's existing forest" and presents security, fire protection and management risks. The house will be removed and the land incorporated into the forest.

February 1999 Decisions

Philippines businessman buys Lyttelton Marina land

own and operate the landfill (the Redvale model. Redvale is Waste Management's giant landfill north of Auckland, the country's biggest. Ed.) The compromise that appeared possible for a joint venture of local authorities with a private sector company.

"The third decision - to have two companies instead of one on the joint venture - arose from the fact that both Waste Management and Envirowaste had carried out a huge amount of investigation of suitable sites in Canterbury and obtained options to purchase a number of sites. In entering a joint venture with both companies the local authorities were obtaining access to some of the best sites in Canterbury. At the same time they were limiting the exercise of corporate muscle by a private sector partner.

"The form of the joint venture agreed to is not what I originally preferred (emphasis added: Ed.) but I am convinced that the conditions set out in the agreement safeguard the Council's interest. In preparing this reply I have discussed the issues with Mr Close who is a member of the joint committee - he agrees with the views expressed..." (letter to CAFC, 28/1/99). This letter was deemed sufficiently newsworthy to warrant its own story in the Press (9/2/99; "Landfill firm tactics worry Chch mayor"). For our part, CAFC said: "...it's too late to pull the plug on this deal... We say to the City Council - if you lie down with this dog, you're going to get up with fleas. Dump Waste Management, and keep transnationals out of our essential publicly owned utilities and services" (9/2/99; press statement).

Site Selection: The Peasants Are Grizzling - Waipara

Meanwhile, far away from Council chambers, Waste Management was getting on with the job of finding somewhere to dump the city's rubbish. When word leaked out of the shortlist of likely rural Canterbury sites, public opinion didn't like it at all. In fact, they didn't want a bar of it. (At this point, CAFCF should state that we claim no expertise on which is the best way to dispose of rubbish. The landfill, and where it should or should not be sited, is not our issue. Ed.)

The joint venture first enraged the people of Omiti, near Waipara, in north Canterbury, by confirming that their district was on the shortlist of potential landfill sites. Farmers were sent a letter, in December 1998, from Canterbury Waste Services Ltd (the Waste Management/ Envirowaste half of the joint venture). It said: "Several years ago, our neighbours the Crosbies, entered into a sale agreement for their property. The Crosbies were not aware of the identity of the purchasers at that time" (an interesting admission in itself). It transpired that the Crosbies' property, Catleigh Peaks, had been bought by Waste Management with a view to developing it as a
currency. Lyttelton Marina director, Mark Truscott, was looking for a financial backer. “The original project financing is not there anymore, and it has fallen down on us”, the Christchurch Mail quoted him as saying (22/9/98, “Marina company for sale”, p.5). He was “negotiating a new financial package”. While the OIC has never mentioned another party to the development, the Christchurch Mail says that “after a collapsed share float scheme, Pacific Smith Marina Holdings Ltd became the developer of the marina project in a joint venture between McConnell Smith and Pacific Marina International Ltd, a big developer of marinas on the east coast of Australia”. Work on the “$6 million” marina project had started the previous year.

Journalist Chris Hutching also reported at about the same time that “from the outset the scheme to replace the decaying Magazine Bay tyre breakwater has been dogged with resistance from local boaties”. He quoted Truscott complaining there had been only about 20 berth sales over the past 12 months. Fellow director, Martin Ford had left, having spent “the best part of 18 months trying to float the marina” [sic!]. Truscott was the major shareholder in the construction company for the project, Saltwater Marinas. He was trying to develop a “mixed-use commercial building on the leased land adjacent to the marina and he will be seeking support from chandlers, restaurant operators and retailers” which he hoped would help fund the marina.

‘The biggest hurdle to the marina is the relatively small number of high wealth individuals in Christchurch who use it’, wrote Hutching. “Many of them simply don’t have or aren’t prepared to commit the significant berth investment, which is often equal to the value of their boats”. Hard times all round!

Nonetheless, the OIC has apparently been advised that Villavicencio is continuing to back the marina.

Villavicencio has substantial interests at home in the Philippines, including marinas and other waterside developments, restaurants and fast food chains. One gushing report on improvements in eating out in the Philippines describes his place in the food chain as follows:

“Some of the most popular dining fads have been started by local food entrepreneurs, notably the chain of restaurants owned by Victor Villavicencio. With his familiarity of Filipino taste, Villavicencio started the ‘eat all you can’ buffet selections at his Dad’s, Saisaki, and Kamayan restaurants, which were soon copied by many other restaurants in town. His other restaurants include Triple V Express, Foodome, Islands Fisherman, and the most recent one, 8 Treasures” (http://globe.nglobe.com.ph/~mbcom/zine/philippines/96/04/agenda.htm, “Vast Food”, by Anna Katharina Moran).

His status in the upper reaches (or should that read “riches”?) of Philippines society, as president of the Subic Bay Yacht Club, is implicit in this description of a party inspecting a proposed underwater glass tube connecting Subic Bay to Grande Island as a tourist attraction:

“The biggest attraction for local tourists, and even for foreigners, would be the construction of a 500 metre glass tube that would cross underwater from the main point of Subic Bay to the Grande Island. Subic Bay Maritime Authority (SBMA) administrator Payumo discussed the project while we were having cocktails and yachting off Subic Bay, courtesy of Vic-Vic Villavicencio, president of the world-class Subic Bay Yacht Club (SBYC). The affair was organized by Mrs. Daisy Payumo, wife of SBMA administrator Payumo. House Speaker Manuel Villar led the guests composed of House representatives...” (http://www.mb.com.ph/1998/10/30/2448.asp, Manila Bulletin, “Construction of underwater glass tube between Subic and Grande Islet set”, by Leonardo Baten.)

According to the Manila Bulletin, the yacht club itself (the SBYC)

“...glitters with an aura of royalty as conceptualized by the world-class interior design firm Hirsch Bedner and Associates. “The 39 elegant rooms in the guest accommodations easily outclass even Metro Manila’s five star hotels. The Main Clubhouse, mega-Recreation Center, Boathouse, five international fine dining restaurants, and a 300 berth marina, among other premiere facilities, provide the exciting glimmer of Monaco and the family oriented entertainment of Disneyland this side of Pacific”. It is not just a place where “the movers of modern society, the powerful, the wealthy, and the famous” relax, but also (perhaps primarily) an investment.

(Continued on page 68)
In spite of an economic crunch that has dulled a little the glittery Christmas lights in the country, broadcasting company vice president, Lito Balquiedra staunchly expresses his confidence in the SBYC, “I know it’s a good investment because Vicvic V. Villavicencio is the project manager of the place. We always refer to him as the local boy with the Midas touch” (http://www.mb.com.ph/scty/9812/16dc00e.asp, "Spend a jolly Christmas at Subic Bay Yacht Club").

Villavicencio built the yacht club in the area of the former huge US Subic Bay naval base. The “Subic Bay Freeporf’ has been developed as an industrial zone, along with hotel, golf club, and other "leisure investments", attempting to attract foreign investment which had been going to Hong Kong (http://web3.asia1.com.sg/pl/PROPLINK-5/FILES/philippines.html, Property Link, 1996, “Turning A Major Disaster Into An Economic Reality”).

Though the club was not yet completed in October 1997, the Philippine Star (2/10/97, “Subic Bay Yacht Club Has 1,600 Members”, p.22) was reporting that

“In spite of reports of difficulties in the economy, Villavicencio’s project is seemingly insulated as prices of shares continued to appreciate from P750,000 to P1.5 million for individual shares and P1.2 million to P2.2 million for corporate shares, SBYC said in a statement...”

Not all glittered at the yacht club however. The Philippines Securities and Exchange Commission imposed a “cease and desist” order on the club, in June 1998, when it failed to submit quarterly reports and its 1997 annual report. It barred the club from selling membership shares to the public. The order was lifted only when the club paid a 404,840 pesos fine (approximately NZ$21,000). The venture was warned that heavier penalties would be imposed should it fail to fulfill reporting requirements again. The club complained that the order was frightening away prospective buyers, including “some prospective foreign investors who intend to buy SBYC shares in bulk” (Philippine Daily Inquirer, 1/8/98, “SEC Lifts Cease and Desist Order on Subic Yacht Club”)

Farmers Deka gets approval to buy Pacific Retail Group - but loses bid

Farmers Deka Ltd, a subsidiary of Foodland Associated Ltd (FAL) of Australia has approved to acquire all the shares of Pacific Retail Group Ltd for $65,400,000 “subject to any variation of the offer price”. Pacific Retail’s shareholders at the time were Murray International Holdings Ltd of the UK with 58.08%, leaving the “New Zealand public” owning the remainder. Those included former managing director, Greg Lancaster (5%), former chairman Sir Roger Brathnag (7%), and National Mutual (13.1%).

Pacific Retail owns Noel Leeming Ltd, Bond and Bond Ltd, Electric City (1995) Ltd, and Pacific Retail Finance Ltd. The Noel Leeming chain includes the Computer City chain of computer shops. It is the largest appliance and electronic products retailer in the country with 48 Noel Leeming, 40 Bond and Bond, and three Computer City stores, and has about 15% of the appliance market, Farmers Deka has 59 shops (and 10% of the appliance market), but FAL also controls (through its 57.9% ownership) major supermarket owner, Progressive Enterprises, which operates through the Foodtown, Countdown and 3 Guys chains.

In the event, while the OIC approved the purchase, FAL’s bid failed because the ubiquitous and ruthless Eric Watson - Blue Star executive chairman - had the deal already sewn up. The questions the sale leaves are why he didn’t act true to form and take a quick profit by selling on to FAL, and how he sewed the deal up at a price generally thought low and beaten by both FAL and the share market. The good news is that company is now back in local hands and its profits will no longer be a burden on the balance of payments - at least until Watson receives a better offer.

Watson made his bid for Pacific Retail in December 1998 through Logan Corporation, which he controls. Logan Corporation holds 57.9% of the shares of Cullen Investments, which was fresh from a $25 million profit on the purchase and a quick sale of Dunedin’s United Electricity. He offered 130 cents per share, but virtually sealed the deal before it was even announced by coming to an arrangement with Murray International that it would sell 19.9% if the offer for the rest of the shares became unconditional.

In May 1998 it was announced that Canterbury local authorities, spearheaded by the Christchurch City Council, are to form a joint venture with two companies to operate the proposed new regional landfill. One of those companies is Waste Management. We have a number of serious concerns about this particular American transnational corporation, and in the recent past, city councillors have not hesitated to be forceful in their views about it. In 1995, Waste Management NZ very clumsily offered to withdraw threatened court action if the City Council entered into a joint venture with it. Cr David Glead said then it was “bargaining as a private investor to be ‘making the running’ over the city’s future landfill needs” (Press, 16/3/95). Cr Garry Moore said: “I believe that we are being subjected to the threat of litigation to get a commercial advantage. Anyone who threatens a city council with that should be told to go hell!” (Chirstchurch Star, 22/3/95). What has happened since to change councillors’ minds?

CAFCA believes that before getting involved with a transnational corporation, local bodies should be aware of the reality that the public should know the bad along with the good, the reality as the PR hype. And the fact is that Waste Management is one of the most controversial transnationals in the world. We hold bulging files of material about its exploits in the USA, and stress the Auckland landfill plan. Between 1980 and 1992, it paid more than $US10 million in fines, penalties and settlements in criminal and civil cases in the USA. In a more recent court case (December 1996) a Tennessee federal judge ordered it to pay more than $750,000. He said: “...fraud, misrepresentation and dishonesty apparently became part of the operating culture of the Defendant company”.

But don’t take our word for it. We enclose a selection of fully sourced American reports on Waste Management, not only from the media but also from law enforcement agencies and court judgements. Some are as recent as 1997. If you wish to read more, we have the transcripts of several US judgements against WM (including the Tennessee one), and the full report from the San Diego District Attorney. We recommend you closely read this material and review the advice for any local bodies having dealings with WM. One US office is worth highlighting: Carl Miller, an attorney for the city of New Haven, Indiana, remarked that the state “would have to grant a permit to Satan before they could grant a permit to this outfit” (Indianapolis Star, 14/6/97; “Company Loses Bid To Expand Landfill”). One enclosed document is an excerpt from the 1997 Peoples Annual Report, which described it as a “corporate criminal” and named it as one of the first five corporations induted into the US Hall of Shame.

The Indiana report cited above is worth re- emphasising. That state has a “Good Character” law (sometimes called “Bad Boy” laws in other US states, which have a similar approach). It’s very simple - the company has to show character, or lack thereof, is considered to be important in deciding whether or not to allow that company to invest in the state. We suggest that it is a worthwhile precedent for Canterbury local bodies, and specifically the Christchurch City Council, to follow.

Earlier in 1998, Waste Management merged with a smaller rival, USA Waste. This involved a major change in ownership and was the culmination of years of bungling and upheaval. A senior investment officer at the (George) Soros Foundation, a major shareholder in Waste Management, described WM as “probably the worst managed company I have ever seen” (Washington Post, 12/3/98). But WM’s shareholders still own 60% of the combined company, and USA Waste has its own depressing record of violations and court cases.

The enclosed material should not be dismissed as “you can’t change them”. The situation is very different in NZ”. Obviously the American parent company has a ruling interest in its global operations. To give just one New Zealand example reflecting our comparison - a local newspaper contacted the Auckland council’s Environmental Advisor about the WM bid. The council warned him to go ahead with a new collection system, to make sure the WM NZ$25,000 in relation to the death of one of its operators, censuring it for sticking with “inadequate” US safety standards (New Zealand Herald, 31/5/95). WMNZ is 61% owned by the American parent. Waste Management is not just any old transnational, but one with a serious record of offences in the US. We suggest that this is grounds for making the enclosed material with regard to the Christchurch City Council’s involvement with this company (the American material we sent the councillors has been previously published in Watchdog. But if you use your own set, send CAFCA $5 for copying. Ed.).

We got a reply from Christchurch’s then Mayor, Vicki Buck. She said: “...Your letter was referred to the Solid Waste Engineer and the team who are currently finalising the agreement with Waste Management New Zealand and Environwaste Services Ltd. They believe that your concerns, and the concerns of many others, have been addressed in this agreement. Under the current agreement Waste Management NZ Ltd will have only a 25% share in any joint venture regional landfill and will never be able to control more than 50% as the remaining 50% will be controlled by the Territorial Local Authorities in Canterbury, thus giving significant opportunity for input..."
Another Klepto: From page 11)

moving in..." (Time, ibid).

The Time investigation concluded that, over the 32 years of dictatorship, the Kleptos’ amassed more than $US73 billion. It has shrunk considerably, but is still a breathtaking $US15 billion, including 3.6 million hectares of real estate (an area bigger than Belgium) and hundreds of companies. The richest of the six children is Bambang Tirtohardjo, worth $US3 billion; the ‘poorest’ is Siti Hutami Endanghardjini, with a mere $US30 million. For his part, Daddy Klepto has denied all and sued Time for defamation. Now that will be an interesting trial.

Of course, the Kleptos are guilty of far worse than grand larceny. Consider East Timor - Klepto interests own nearly 40% of it. They have personally profited from the quarter of a century of genocide there. All New Zealanders should see the film “Punitive Damages”, which is about the murder of New Zealander, Kamal Barudah, by the Indonesian military, during the 1991 Dili massacre; and the battle of his mother, Helen Todd, for justice. Her court case targeted an Indonesian general (who has never paid a cent of the multi-million dollar damages awarded to her by a US court) but the real criminals are the Kleptos and their cronies. A family of thieves presiding over a system of mass murder and institutionalised looting - they are the ones who should be in the dock, for crimes against the people of Indonesia, and for crimes against humanity.

Watson said that “synergies with Blue Star had attracted him to Pacific Retail. One of these is that together they are the largest lessees of mall space in New Zealand” giving them negotiating strength at a time of high mall rents.

The 130 cent offer, well up on the 80 to 90 cent trading range at the time, valued Pacific Retail at $58.5 million: $7 million less than what FAL later offered. National Mutual considered the offer unfair. So did merchant bankers, Grant Samuel and Associates, who valued the shares at between 149 and 160 cents, and said it could not understand why Murray International had accepted the offer for its 19.9% shareholding. While it pointed out Watson’s offer was only 5.6 times forecast earnings for 1999, compared to the seven times earnings that most publicly listed retailers traded at, that may in itself explain Murray International’s acceptance. Pacific Retail under its control had consistently failed to meet profit forecasts.

Independent directors, on advice from Credit Suisse First Boston, advised shareholders to accept Watson’s offer. By mid January, he was claiming that more than 70% of shareholders had indicated they would accept his offer, and by early February, he had received unconditional acceptances for 70% of shares, making it impossible for the Farmers Deka offer to succeed without his co-operation. He stuck to his offer price, despite rumours of the FAL bid which would have given Watson’s offer was only 5.6 times forecast earnings for 1999, compared to the seven times earnings that most publicly listed retailers traded at, that may in itself explain Murray International’s acceptance. Pacific Retail under its control had consistently failed to meet profit forecasts.

WASTE MANAGEMENT
Canterbury Rural Communities Fight Back

Since 1995, Watchdog has been chronicling the tangle of Waste Management’s increasingly ubiquitous wheelie bins throughout New Zealand. At first, it was largely based in the North Island. That has now changed. In 1998, it was announced that Waste Management is one of two corporate partners (the other being Environment Services) in a joint venture with Canterbury local bodies, headed by the Christchurch City Council, to build, own, and operate (BOO) a regional super dump. This landfill will have a 30-50 year life, and will be Christchurch’s last one. The City Council aims to eliminate the need for a landfill by 2020, by policies of waste minimisation and recycling (it launched a weekly kerbside recycling collection service, in 1998).

Lobbying The Council

CAFCA saw this as a major penetration into Christchurch local government assets and services by a transnational corporation (the City Council had already awarded the city’s rubbish collection contract to a French TNC, Orny). And not just any old TNC, but Waste Management - a TNC with an appalling record in the US and elsewhere (see Watchdogs 79, 80, 84, 86, & 87, Ed.). 1998 was local body election year. We had organised the highly successful conference Taking Control: The Fightback Against Transnational Corporate Power, at the beginning of 1998, and that conference had identified TNC takeover of local government assets and services as a key campaign for people to work on from one end of the country to the other. We set about lobbying the Christchurch City Council. This is the letter we sent them:

Watson and his friends Richard Johnston and Craig Joynt bought 10.13% of McCollam’s shares on their own account between 23/10/96 and 16/5/97, at the same time he was negotiating to buy the company. The three showed their pride in local ownership by holding 7.16% of those shares compared to Watson’s 19.9%.

In McCollam. It said: “The company does not consider that personal trading in these circumstances enhances the reputation and standing of our market”.

Because of doubts about the interpretation of the relevant law, it decided against prosecution. However, because Blue Star is a US company, the US Securities and Exchange Commission is also investigating, under much more stringent laws than New Zealand’s. While Watson blamed an oversight by his advisers, he offered to set up a fund equal to the three mates’ $680,000 profit, to be available for claims by the former McCollam shareholders. It is not clear either, that Watson’s management skills go far beyond wheeling and dealing. Blue Star’s owner, US Office Products was described as “distressed” by Deborah Hill in the National Business Review in March, when it suspended its staff share scheme. Problems centred on the fact that 44% of its assets were its intangible goodwill - largely due to the excessive prices it paid for over 200 acquisitions like Blue Star, which is one third of the US company’s assets (National Business Review, 19/3/98, “Anger sparks as Blue Star parent stops staff share plan”). It sold innovative New Zealand computer assembler and direct marketer, PC Direct, which it had bought in 1996, to US transnational, Gateway. The price made Blue Star a loss of $US7.5 million. It is likely that Pacific Retail staff breathed a sigh of relief when Watson announced he would adopt a “hands-off” approach to the group.

(Continued on page 70)

In 1999, compared to the seven times earnings that most publicly listed retailers traded at, that may in itself explain Murray International’s acceptance. Pacific Retail under its control had consistently failed to meet profit forecasts. Independent directors, on advice from Credit Suisse First Boston, advised shareholders to accept Watson’s offer. By mid January, he was claiming that more than 70% of shareholders had indicated they would accept his offer, and by early February, he had received unconditional acceptances for 70% of shares, making it impossible for the Farmers Deka offer to succeed without his co-operation. He stuck to his offer price, despite rumours of the FAL bid which would have given

Watson’s bid came on 10 February at 145 cents (still under the Grand Samuel valuation), which would have given FAL’s bid to succeed without his co-operation. He stuck to his offer price, despite rumours of the FAL bid which would have given FAL’s bid to succeed without his co-operation. He stuck to his offer price, despite rumours of the FAL bid which would have given

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(Continued on page 70)
Abel Real Estate (H.K.) Co. Ltd, a subsidiary of Abel Real Estate International Ltd of Japan, has approval to acquire the Mangapapa Lodge, including six hectares of land, at Napier Road, Havelock North, for $2,250,000. The land is on the northwestern side of Lake Rotorua.

In March 1998, we reported that Swiss Lodge Ltd had approval to acquire "approximately 0.1163 hectares" adjoining Lake Rotorua, at 207 Kawaha Point Road, Rotorua for $370,000. This is the primary address of the operation. The OIC now tells us that Swiss Lodge also bought a further 0.3773 hectares at 209 Kawaha Point Road, though we have received no decision approving that. The company has upgraded the house at number 209 and constructed "a substantial home property is being sold by Garland and Wagner Holdings Ltd/Mangapapa Lodge Ltd. The OIC states that "in essence the proposal is a joint venture between overseas persons who are providing capital for development purposes and a New Zealand forestry company which is providing the necessary expertise to the operation."

The New Zealand Forestry Group appears to specialise in these modus operandi, and has been selling land in Paperanui, Wanganui and elsewhere.

Clear's of Ireland buy 626 ha. more land in Southland and 106 ha. in Waikato

The Cleary Family of Ireland, through their company, Athlumney Farms Ltd, have approval to acquire five properties in Southland, totalling 626 hectares, which they intend to convert to dairying. The total price for the properties is $4,692,000. They are:

- 266 hectares at洛奇希-布拉恩霍姆路, near Invercargill
- a further 49 hectares at洛奇希-布拉恩霍姆路 15 hectares at荷蒙路, Makarewa, near Invercargill
- a further 143 hectares at荷蒙路 154 hectares at加普路, Winton.

The first property "represents the best property in Southland that is yet to be converted into dairying". All properties are currently sheep and cattle operations.

They also have approval to acquire 106 hectares at Rodda Road, Te Kauwhata, Waikato for $675,000. Their company,Athlumney Farms Ltd, will purchase since the Asian Crisis knocked the stuffing out of Indonesia in 1997. Siddik is still chairman of the Indonesian-NZ Business Council and led a trade delegation to NZ as recently as June 1998. He pooh poohed George Adjinjoko’s assertion that Queenstown could be a bolt hole for the Kleptos: “I think that’s a bit ridiculous. Why would they buy a small chalet? It’s peanuts compared to what these people can own. If you see the type of houses these people buy in London, Los Angeles and all these other places, why would they have chalets which are worth $250,000 at the most?” (ibid).

In case you’re wondering why you’ve never heard of any of this previously from Watchdog, there’s a simple answer - the OIC does not need to approve foreigners buying individual houses, that is simply a real estate transaction. Secondly, the name of the company does not appear in our OIC database, which covers a decade. But once George Adjinjoko approached us, we checked that database, and sure enough the names Prawiro and Siddik do appear. We just hadn’t known who they were. Although it was an educated guess that any rich Indonesian buying foreign real estate during the Klepto dictatorship would have to be connected to the Kleptos. Nor is it a surprise that they should crop up in Queenstown - the resort is very popular with rich foreigners. Tommy Klepto’s only publicly known trip to New Zealand was in the early 1990s, when he met his future fiancée and moved to Queenstown for a skiing holiday.

And who is Siti? According to the Time cover story, she is 40, and her family nickname is “Titek”. Her estimated wealth is $500 million. She is a substantial owner in financial services, power, computers, banking and property (she has a home on London’s “亿万富翁 Square”). She is described as loving “big chunks of jewels, gay, which she brings to parties but often forgets the price tags”. Siti has also bought a $2 million glass boat and a $2.5 million art collection, and has made a personal art collection worth $US million. She is in Boston, where her son goes to high school; her husband, the sacked General Prabowo Subianto, is in exile in Jordan, where his good friend is the King (when in Jakarta she sleeps in one room; he, and his dogs, in another).

Tommy Klepto

To conclude the Australian Financial Review Review story: “Siti is obviously following family real estate trends. Brother, Tommy Suharto, has listed for sale Lyibank Lodge, a luxury hotel built on the banks of Lake Tekapo and framed by snow capped peaks, with a $10 million price tag. Like other business ventures of the family and associates of the former Indonesian president, Lyibank Lodge has gone into the red.

“Developed at a cost of $4million, the lodge comprises eight executive rooms plus a trophy room boasting sheep, deer and Himalayan goat heads. It has since closed. Tommy reportedly paid about $1.9 million for the property in 1992 and previously ran it as an exclusive game reserve. Tommy’s business losses could hurt some of Europe’s best tours on the property and tourists in New Zealand’s hunting fraternity. The healthy tariff of $1,120 a twin per night included four daily gourmet meals of ‘New Zealand cuisine’ and non-alcoholic drinks. But Lyibank is now reportedly a deer farming producing meat and deer antler velvet, which is sold for traditional Asian herbal remedies. The lodge opened in 1995, but its manager, Mr Gerard Olde-Olthof, says it never turned a profit. The lodge, near Mount Cook at the head of the glacier fed by Lake Tekapo, was sold replete with furnishings, eight hectares of freehold land and the rights to an additional 9,500 hectares”.

In July 1999, the Press reported that Lyibank has sold, subject to approval by the Commissioner of Crown Lands but to be run under "Singaporean interests"; the price confidential. Olde-Olthof will stay on at the lodge and the deer farming operation will be expanded (14/7/99). Time estimates 36 year old Tommy’s wealth at $US800 million. He owns 60% of Humpuss Group, which has 60 subsidiaries ranging from construction to pharmaceuticals. He has appointed a new Lyibank (invariably described as a “ranch”) includes an 18 hole golf course in England and a luxury yacht moored at Darwin. He is a big time gambler, “thinking nothing of losing $US million in a single sitting. One gaming partner says he used to leave Jakarta on his plane with millions of dollars to wager in European casinos and stop in Singapore on the way home to deposit what was left. Another says: “He is a very clever guy and a very good partner ’and he always wanted it up front’ (Time, ibid).

But Tommy Klepto is not at present. He is the only Klepto to stand trial for graft (thus far). He has been charged with defrauding a State agency of $US11 million in a real estate scam. If convicted, he faces up to 20 years in prison. Whilst on trial, he is prohibited from leaving the country. Tommy provides an insight into Tommy’s methods of acquiring wealth - in 1996, one of his companies forced Balinese villagers off their land, to build a 650 hectare resort. It had a permit for only 130 ha, which it illegally expanded. Residents who refused to sign an agreement to sell their land were intimidated, beaten and sometimes put in a pond up to their necks. They were brought to court and jailed for six months. Nothing remains of the project now; recession hit just as the bulldozers were (Continued on page 12)
the agricultural areas of the property", approximately 56.9 hectares, for combining with adjoining land the family already owns, and will be used for dairy development. The remaining 49.1 hectares will be sold to The Eire Cattle Company Ltd (also owned by the Cleary family) and subdivided for lifestyle units which are in "significant demand ... given its proximity to both Auckland and Hamilton.

Mr Cleary has been granted New Zealand citizenship and "has extensive experience and success in farming in both Ireland and New Zealand".

In February 1998 we reported that Clearwood Developments Ltd, owned 66.6% by E. J. Cleary and family of Ireland, and 33.3% by the K.B. and R.B. Lockwood family trusts of Aotearoa, has approval to acquire a 114 hectare dairy farm on Saulberty Road, Hamilton, Waikato, for $2,000,000 for residential subdivision. They intend to convert ten hectares of it to 33 "farm park" residential lots, each with power, telephone and water, and resell the rest as a dairy farm. In July 1997 we reported that Eire Cattle Company Ltd, owned by the Cleary Family Trust had approval to acquire 50 hectares of land on Plantation Road, Te Kauwhata, Waikato for $462,500 for dairy conversion and merging with the company's adjoining property. The Trust's trustees were Mr Eamon Joseph Cleary of Ireland and Mr J. Henderson of Aotearoa. The beneficiaries of the trust were Mr Cleary, his children, and "remoter issue". The Cleary family also had other significant investments in New Zealand. In September 1996, Clearwood Developments Ltd received approval to buy seven hectares of land then used as a "residential lifestyle block" on Whatawhata Road, Hamilton for $1,400,000, for residential subdivision. It was given approval to buy seven hectares at Tamahere, Hamilton for $500,000 in April 1996, also for subdivision.

In August 1993, we reported that The Eamon Cleary Family Trust (benefiting the Cleary Family of Ireland) is buying a company Luthien Holdings Ltd which owns a 201.567 hectare property on Hall Road, Te Kauwhata for $1.5 million. The family have applied for permanent residence in Aotearoa, but will be employing a local farm manager and a farm consultant. Mr Cleary is experienced in intensive beef fattening in Ireland.

Waihi Gold buys land to "buffer" extended Martha Mine

Waihi Gold Company Nominees Ltd, which is 57.06% owned by Normandy Mining Ltd of Australia and 42.94% by AUAG Resources Limited (equally owned in Australia and Aotearoa) has approval to acquire a further 1.6 hectares of land at Grey Street, Waihi, Coromandel for $114,000.

"The company is proceeding with an extension to the Martha Mine that will have the effect of extending the life of the mine for about an additional seven years beyond the current estimated life of the mine of 1999. This extension involves enabling access to be obtained to ore below the level of the currently licensed pit. To reach this ore it is necessary to bench back (or extend) the perimeter of the existing pit, and the additional land is required for this, and to provide a sufficient buffer between the extended mine and surrounding residential uses. Previous consents have been granted by the Commission for the acquisition of such land. The land the subject of this application is currently in residential use, but is directly adjacent to the extended Martha Hill mine licence area, and will be required as a buffer for the extended project".

(Continued on page 72)
US couple buy Canterbury land for racing stud

Mr E.A. and Mrs C.S. Wardwell of the USA have approval to acquire G. Dickey (Tavistock) Holdings Ltd for $785,000 from Mr G. E. Dickey, past President of the Canterbury Park Trotting Club. The purchase includes 22 hectares of land at Hoskyns Road, West Melton, Canterbury. The Wardwells owned a standardbred stud and training stable at Aylesbury, Canterbury, which has been sold. They still own nine horses jointly with Mr Dickey. Some of the horses were trained and stabled by trainers Brian and Lynette O'Meara who in 1997 were to be displaced from their training establishment as their lease had expired and the owner wished to sell the property. They could not afford to buy it; instead “It was purchased by Mr Dickey, through G. Dickey, Tavistock Holdings Ltd, with the funds being provided by Mr and Mrs Wardwell as well as Mr Dickey.”

March 1999 Decisions

The decisions this month are again dominated by the sales resulting from the electricity “reforms.”

Edison buys 40% of Contact Energy – with approval for 100%

The Big One of the electricity “reforms”. Edison Mission Energy Co of the USA has approval to acquire 40% of Contact Energy Group Ltd’s gas transmission assets, and delivery point gas meter/regulator assets in the Hutt Valley, Tawa and Porirua for $112,000,000. Australian Gas Light owns one third of Natural Gas Corporation Holdings Ltd.

Edison Mission Energy Co, a 79% subsidiary of Edison Mission Energy Company of the USA (the other 21% is owned by “unknown third party shareholders”) of the USA has approval to acquire 100% of Contact Energy Ltd from the Crown of New Zealand. Note that, though it has only been sold 40% of Contact, as the “cornerstone” shareholder, Edison has OIC approval for a full takeover. It paid $1,208,000,000 for the 40%. The remainder was sold through a public offering.

See the detailed article on the electricity reforms elsewhere in this issue. Ed.

TransAlta buys out partners in Stratford power station

TransAlta Generation Ltd, 67% owned by TransAlta Energy Corporation of Canada through its subsidiary, TransAlta New Zealand Ltd, has approval to acquire Stratford Power Ltd from MEL Stratford/Fletcher Challenge Gas Power Ltd. Stratford Power Ltd owns the Stratford combined cycle power station at Stratford, Taranaki. The station is off East Road, State Highway 43, next to the Kahouri Stream. MEL Stratford/Fletcher Challenge Gas Power Ltd is owned equally by the Auckland Energy Consumer Trust (the owners of Mercury Energy’s lines operation) and Fletcher Challenge Ltd. The OIC records the prices as “to be advised”, but NZP&A reported that TransAlta paid $90.3 million: $37.4 million to Fletcher Challenge and $42.9 million to Mercury.

Australian Gas Light Company buys TransAlta’s Wellington gas network

The Australian Gas Light Company of Australia has approval to acquire TransAlta New Zealand Ltd’s gas transmission assets, and delivery point gas meter/regulator assets in the Hutt Valley, Tawa and Porirua for $112,000,000. Australian Gas Light owns one third of Natural Gas Corporation Holdings Ltd.

The Natural Gas Corporation is doing to itself something similar to what the Government has done to the electricity industry: it is splitting itself into generation, transmission, and distribution/marketing operations. They are gas processing and co-generation (tentatively called Taranaki Production Services), gas transmission (TransGas), and energy marketing and distribution (NZ Gas Light). The latter operator will be “approximately 67%” owned by Australian Gas Light, and wants to add TransAlta’s gas network to that of the Natural Gas Corporation. The Corporation has been working quickly to accumulate more of the gas retail market, including those operations of Powerco (New Plymouth), and BP’s share of Liquigas (see the OIC’s December 1998 decisions).

In our commentary in OIC’s December 1998 decisions, we reported that the Natural Gas Corporation had received approval to acquire the WEL Energy Group Ltd’s electricity retailing business in Waikato. Note that, though it has only been sold 40% of Contact, as the “cornerstone” shareholder, Edison has OIC approval for a full takeover. It paid $1,208,000,000 for the 40%. The remainder was sold through a public offering.

See the detailed article on the electricity reforms elsewhere in this issue. Ed.

The effects of the drug on dairy herds and the reaction of Monsanto to farmers concerns in this case should be a warning to New Zealand dairy producers, particularly as Monsanto has applied to the New Zealand National Animal Welfare Advisory Committee for its Dicamba brand of BHC to be approved for general use among dairy farmers here. New Zealand dairy farmers should take note of the high levels of opposition recorded among Canadian farmers and public to the use of BHC in dairy produce. As a direct consequence of this opposition, the Canadian Federal government, in 1996, refused to grant Monsanto a licence to market BHC until further research had been reviewed on its effects on both cows and humans. The New Zealand government should also be considering the use of its own Dairy Board which strongly opposes the use of BHC among herds here.

Public health in New Zealand is also compromised by Monsanto’s pharmaceutical products. In particular, its artificial sweetener aspartame which is sold under the brand names of Nutrasweet and Equal have been linked to an alarming range of chronic health conditions. The include: brain cancers, diabetes, epileptic seizures, Alzheimer’s disease, multiple sclerosis as well as other neurological conditions that have shown a marked increase since the introduction of aspartame in the early 1980s. Given the widespread use of the chemical in everything from soft drinks (e.g. diet Coke and Pepsi) to processed foods as a sweetener, aspartame represents a serious health threat to all sections of the New Zealand population.

PSST! WANT TO BUY AN ISLAND? Very Cheap, 1930s Prices

We were reading Time (5.7.99) specifically the weekly “Traveler’s Advisory” (you never know when their cutey little tips for American tourists might come in handy) when we came across reference to Hamburger-based Vital Private Islands, which rents out islands around the world. We thought “that name rings a bell” and sure enough, here is the reference from the April 1992 Overseas Investment Commission decisions (the only one we could find):

“African tourist farm is proposed by Euro Confiserie Arikengesellschaft, a Liechtenstein registered company owned by Mr Vladi of Canada. He will acquire a 76,846 hectare property known as Forsyth Island in the Pelorus Sound for $1,800,000 and proposes to ‘promote the is- land in Europe as a resort with the resultant benefits to New Zealand’.

Intrigued we checked out the website, to see if Mr Vladi currently has any New Zealand islands to sell or rent. He divides the world into regions. Here’s ours:

*Region 8: Australia/New Zealand

*The coast of Queensland and Tasmania belongs to one of the most beautiful island regions in the world. And despite its remoteness, which is ever decreasing, New Zealand is an especial island paradise. Here, the social, political and topographical structures are ideal, the legal situation is clear and this country has one of the lowest unemployment rates in the world. The owner who wants to invest has been permitted in New Zealand since only 3 years. Therefore, the prices are still at what we would consider the level of the 1930’s – a special tip for island purchasers. We offer islands between US$500,000 and US$2,000,000.”

So get in quick, all you island grabbers. What a blow to our freemarketeers who would have us believe that NZ leads the world: 1930s prices? Wasn’t that during the Depressions? They sold anything to make a quid then, so maybe it is entirely appropriate.
These and other images of a beneficent corporation battling to expand the world's food supply constitute the central messages of Monsanto's public relations effort to convince public opinion that it is on "their" side. In New Zealand the Monsanto public relations effort has been spearheaded through the co-option of the scientific establishment in the form of the Royal Society. The Gene Pool tour which concluded with a visit to the University of New Zealand in 1997, for instance, prominently featured a Monsanto video extolling the potential of GE. As in other countries around the globe, Monsanto has also been captured in a systematic media campaign aimed at assuaging public opinion that GE foods are safe. To placate and pacify public anxiety over GE, Monsanto and other corporations emulated the services of Bunron-Marsteller, a multinational public relations agency that specialises in the GE industry. A visit to its global website (www.buron-marsteller) is revealing of the hidden agenda that Monsanto and other GE corporations seek to promote. As Bunron-Marsteller boldly claim, "Perceptions are real. They color what we see ... what we believe ... how we behave. They can be managed ... to motivate behavior that will create positive business results". And this is the rub of what is really at stake for Monsanto, quite simply, commercial gain and private profit.

Despite the mask of greenspeak, sustainable development, and wild promises to feed the world, Monsanto is clearly engaged in an ideological crusade to win the hearts and minds of the public over to its view of what the aim of GE industry. This explains why, despite the efforts of many ecologists and political activists, public opinion in New Zealand has been relatively quiescent on issues surrounding GE until recently. However, recently a number of "experts" (TV One, 22/4/99; recently showed, there are signs that ordinary people here are no longer prepared to uncritically accept the placatory messages of Monsanto’s public relations campaign. The latest example of this "expert" scientific opinion, or the present Government’s deliberate silence on the very real and potential hazards that GE crops and food present to the environment and population in New Zealand.

Impact On Women, Health And Safety Of Workers And The Public

The impact of GE food on New Zealanders’ health is still as yet unknown. Studies on the long-term effects of this type of food have, significantly, rarely been conducted by the GE corporations such as Monsanto. One such study, by a UK scientist on rats given genetically modified potatoes found it to stunt their growth and seriously compromise their immune systems. Follow-up studies on the experiment found that "there was something in the process of genetic modification that was causing damage" that the scientists little understood (The Press, 22/2/99). For his efforts, the scientist who discovered this connection was promptly widowed from his position by the company that employed him (the Rowett Research Institute) - a common response of GE companies to scientists whose research does not support the official line that GE foods are harmless, even beneficial. This same suppression of research that is gradually trickling out is adding to a growing body of counter-evidence that strongly suggests that the long term effects of GE foods on public health are not only unknown but existent, but also potentially damaging. Such lack of research should give the New Zealand public pause for concern given that an estimated 60% of foods sold here are GE modified.

A case in point is Monsanto’s BGH or Bovine Growth Hormone, a GE hormone that increases the milk yields of dairy herds. As the Ecologist’s "Monsanto Files" notes, "Monsanto’s 14-year effort to gain approval from the US Food and Drug Administration (FDA) to bring recombinant BGH to market was fraught with controversy, including allegations of a concerted effort to suppress information about the hormone’s ill effects. One FDA veterinarian, Richard Burroughs, was fired after he accused both the company and the agency of suppressing and manipulating data to hide the effects of BGH injections on the health of dairy cows". The report goes on to document that after Monsanto gained FDA approval to market the hormone in 1994:

"[the Wisconsin Farmers Union released a study of] Wisconsins farmers’ experiences with the drug. [The] findings exceeded the 21’ potential health problems that Monsanto predicted based on the promising report for its Posilac brand of BGH. [The research] found widespread reports of spontaneous deaths among BGH-treated cows, high incidences of udder infections, severe udder abnormalities, and sometimes an inability to successfully wean treated cows off the drug. Many experienced farmers who experimented with BGH suddenly need to replace large portions of their herd, hormone levels allowing on the market for over $1 an hour. In addition, some farmers’ complaints about BGH, Monsanto went on the offensive, threatening to sue small dairy companies that advertised their products as free of the artificial hormone, and participating in a lawsuit by several dairy industry trade associations against the first and only mandatory labeling law for BGH in the United States. Still, evidence for the damaging effects of BGH on the health of both cows and people continued to mount (The Ecologist, October 1998)."

(Listener, 10/7/99)


TransAlta and Australian Gas Light have cohabitation arrangements in Australia: in November 1998, TransAlta bought four gas-fired power stations, nearly 5,000 km of transmission lines and 15 diesel generators from WMC Resources Ltd, a mining company, which will continue to buy the plants’ output.

Pacific Hydro, Todd Energy buy Bay of Plenty Electricity's generators, retail

Pacific Hydro Ltd of Australia and the USA, and Todd Energy of Aotearoa have approval to acquire the electricity retail business and generating assets of Bay of Plenty Electricity Ltd for $100,000,000.

See the detailed article on the electricity deforms elsewhere in this issue. Ed.

Argent of the UK buys remaining 18% of New Zealand Light Leathers

Argent Group New Zealand Ltd, a subsidiary of Argent Group Europe Ltd of the UK has approval to acquire the 17.95% of New Zealand Light Leathers Ltd it does not already own. The Timaru-based company manufactures leathers for jackets and coats at the top of the market. Over half its output goes to the USA. It employs 150 staff in the busy season.

The OIC puts the price for the shareholding at $2,747,880. However, this was based on the original offer price of 255 cents a share (compared with trading at 230 cents). An independent report on the offer led to it being raised to 275 cents a share, making the price for the takeover $2.96 million. Independent directors and the chairman recommended accepting the offer saying prospects were not rosy, "It was difficult at the moment to secure a good supply of quality leather, the market was volatile and forecasts were hard to make", according to the chairman, Spencer Hagen. The company was “one of the few listed tanneries in the world”, according to the company’s managing director, and publishing its trading reports gave commercially sensitive information to competitors.

Argent has seven other subsidiaries in the UK, Europe, Turkey and the USA. Argent Europe was formed in 1997 as a management buyout of a listed UK group, Hilldown Holdings. A large UK venture capital company, CinVen, also has a major shareholding. Argent Group New Zealand Ltd is part of Argent’s Strong and Fisher Holdings, through which it holds its leather, hides and skins interests.

(Continued on page 74)

Sandhurst “currently owns approximately A$386.7 million of syndicated property, where MCS Property Ltd is the manager. These properties are principally shopping centres located throughout Australia.” MCS will manage Eastgate.

This approval “includes acquisition of the land and all fittings and fixtures, plant and equipment and chattels” on the land and also “a mixture of residential properties and vacant land” for future development. Sandhurst is buying the property “for the purposes of creating an investment opportunity for investors in both Australia and New Zealand”. A float of Sandhurst is proposed in both Australia and Aotearoa.

Argent for the US business remaining 18% of New Zealand Light Leathers

Pacific Hydro Ltd of Australia and the USA, and Todd Energy of Aotearoa have approval to acquire the electricity retail business and generating assets of Bay of Plenty Electricity Ltd for $100,000,000.

See the detailed article on the electricity deforms elsewhere in this issue. Ed.

Lend Lease of Australia takes 25% of Morrison & Co, manager of Infratil

Lend Lease Corporation Ltd has approval to acquire 25% of Morrison & Co. Group Ltd for a suppressed amount. H.R.L Morrison is the holding company’s managing director, and publishing its trading forecasts were hard to make”, according to the chairman, Spencer Hagen. The company was “one of the few listed tanneries in the world”, according to the company’s managing director, and publishing its trading reports gave commercially sensitive information to competitors.

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(Continued on page 74)
Weatherford US L.P., owned 94.7% by Weatherford International Inc and 5.3% by Franklin Resources Ltd, both of the USA, has approval to acquire the business and assets of Austoil Technology Ltd, owned by Austoil Technology Unit Trust of Australia. The price is $15,755,770 and the assets are in the Taranaki/Wanganui region, involved in machinery and equipment manufacturing.

“The acquisition reflects Weatherford’s intention to expand its current product line and business in the Pacific Rim regions, including New Zealand. The acquisition will benefit Weatherford’s existing New Zealand operations through the introduction of further technology and technical skills to the oil and gas industry”.

Weatherford US buys Wairoa land for gas discovery appraisal

Westech Energy New Zealand Ltd of the USA has approval to acquire 19 hectares of land at Tinotiro Road, Maramarua, Wairoa, Hawkes Bay for $202,500 from Glyn Allan and Della Francis Waite. Westech, in a joint venture with Qest New Zealand Ltd (previously called Enerco New Zealand Ltd and owned by the Christchurch City Council's energy company, Orion), has “over the last three years ... conducted an extensive petroleum exploration programme in the northern Wairoa area. High quality gas deposits were found at the Kauhauroa-1 well. This well site lies immediately to the north of the Waite property. A number of appraisal wells are now planned, including on the Waite property”.

The gas discovery was seen as a breakthrough for the area, and has attracted interest from other exploration companies. Chris Uruski of the New Zealand Institute of Geological and Nuclear Sciences Limited was “excited” at the find and stated in a news release (15/5/98, “Geologists excited about East Coast oil and gas prospects”, http://www.gns.cri.nz/news/release/may15excited.html) that “... the recent land-based gas find 10km north of Wairoa by Enerco and American-based Westech Energy was seen as a breakthrough for the area, and has attracted interest from other exploration companies. 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“an Australian takeover of the poultry group Harvey Farms. Inghams Enterprises Pty Ltd is taking over all the assets of Harvey Farms Consolidated Ltd, Mount Grain Driers Ltd and J. M. Thomas Ltd. These were being sold off by Equiti-corp as part of its liquidation. According to the OIC application, the Inghams Group is ‘the largest producers of meat and layer chickens, turkeys and ducks in Australia, with excess of 50% of the market. Inghams is not currently in the business of poultry production, processing, marketing and distribution in New Zealand and sees this acquisition of assets as an opportunity to expand its core business’.

In December 1995, we reported that Inghams had approval to acquire 59 hectares of land for manufacturing at Waitoa, Waikato, “to extend their present processing plant at Waitoa. Inghams view the expansion as a necessary part of its investment in the poultry industry in New Zealand in which they have expertise. Inghams estimate that the expansion of the plant will provide for employment of a further 30 people”.

In July 1997, Inghams gained approval to acquire 67 hectares of land at Leslies Road, Putaruru, Hamilton, Waikato, for $580,000. Inghams intended to “utilise the property as an extension of their existing poultry operations”. In September 1998, Inghams received approval to acquire 234 hectares at Whakamaru, near Taupo, Waitomo for poultry farming. At that stage, Inghams owned approximately 184 hectares of land throughout New Zealand.

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GMO, Rayonier buy 5,537 ha forestry rights, Te Awahohonu Forest, Napier

An unincorporated joint venture between GMO Renewable Resources LLC and Rayonier Inc, both of the USA, has approval to acquire 5,537 hectares of forestry right at Te Awahohonu Forest, approximately 70 km north west of Napier, Hawkes Bay from the Te Awahohonu Forest Trust which ‘represents the interests of approximately 5000 Maori shareholders’. The price has been suppressed.

The forest, which was planted in pinus radiata between 1972 and 1984, is currently subject to a lease agreement with the Crown, whereby the Te Awahohonu Forest Trust owns the land and is also the beneficial owner of a 25% interests in the pinus radiata plantation... the Trust will use part of the proceeds from the sale of the interest in the trees to buy out the Crown's interest under the lease.

"It is proposed that the Trust will sell to the GMORR/Rayonier Joint venture an undivided 50% share of its interest in Te Awahohonu Forest’s pinus radiata plantation and grant to the GMORR/Rayonier Joint Venture a forestry right in respect of that 50% share in the trees. The GMORR/Rayonier Joint Venture will then form an unincorporated joint venture with the Trust for the purpose of harvesting and marketing the trees. The GMORR/Rayonier/Trust Joint Venture will appoint Rayonier to..."

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manage the harvesting and marketing of forest products and associated administration activities on its behalf. All other management, forest re-establishment and marketing will be performed by the Trust.

GMO Renewable Resources bought the historic 5,899 hectare Glenburn Station in Wairarapa in May 1998, amid considerable controversy. In that decision, GMO was described as “an investment fund which is currently being organised to make investments in timberland and related businesses and assets. The limited partners of the Fund are expected to be large United States based institutional investors, including corporate pension funds, charitable foundations and university endowment funds along with certain natural persons who possess a high net worth”.

It is a subsidiary of Grantham, Mayo, Otterloo and Co., LLC, which is a major shareholder in Tasman Properties Ltd (Rural News, 20/7/98, “New Zealand for sale”, by Ross Annabell).

Rayonier is the third largest plantation forest owner in Aotearoa, according to the New Zealand Forest Owners Association, with 98,000 hectares in June 1998 (“NZ Forest Industry Facts & Figures ’98”, p.5).

Waihi Gold buys further land to “buffer” extended Martha Mine

Waihi Gold Company Nominees Ltd, which is 67.06% owned by Normandy Mining Ltd of Australia and 32.94% by AUAG Resources Limited (equally owned in Australia and Aotearoa) has approval to acquire a further 0.7 hectares of land at Baxter Road, Waihi, Coromandel for a swap with “another property of the same area” plus $3,712. The land is being purchased from Arthur Farms Ltd of Aotearoa.

The last such purchase of land for the mine was in February 1999.

Trevone of the USA buys Takanimi land from Carter Holt

In a decision unusual for the material that has been suppressed in it, Trevone Holdings Ltd, which is owned in the USA, including 80% by the Craig Corporation, has approval to acquire six hectares of land on the corner of Great North Road and Walters Road, Takanimi, South Auckland. The land is being purchased from Carter Holt Harvey Ltd, 51% owned by International Paper Company of the USA, for $6,000,000. The business activity involved, some details of Trevone, and the rationale for the approval have been suppressed.

Reorganisation of ownership of Queenstown residential development

Quail Point Syndicate, which is owned 40% by David Salman of Indonesia and 20% each by C.J. Clough and family of Hong Kong, and David Benjamin Broomfield and B.E. Washer of Aotearoa, has approval to acquire Quail Point Ltd which owns 17 hectares of land at Tucker Beach Road, near Queenstown, Otago. The price is “to be advised”. They have approval for a residential subdivision of the property. The transaction is largely a rearrangement of ownership, the vendor being David Broomfield (80%) and the Broadhaven Trust (20% - the Broomfield family).

In the August 1996 decisions we reported that the syndicate had received approval to buy the land for the introduction of its new pesticide/herbicide technologies (such as Roundup) in combination with GE crops. However, evidence from this country and around the world suggests that this is simply a purely commercial, not a humanitarian one. On the contrary, this evidence clearly shows that the secret agenda of Monsanto and the other life sciences corporates is aimed at controlling the production of 20 major crops that account for 50% of world consumption. Six of these crops have already been genetically engineered and patented, and are now in commercial production.

Consequently, the real dynamo driving Monsanto’s GE research and operations around the globe is the desire to privatise the world’s food gene lines through International Patents Rights (IPRs), and the genetic manipulation of agricultural seeds and crops. This accounts for the company’s takeovers of seed companies over the last few years. For example, between 1996 and 1997Monsanto invested nearly US$2 billion in seed company acquisitions alone. As a result it now controls 30% of the Brazilian seed market and is positioning itself to capture a large share of the US seed industry through its recent US$1.2 billion take over of Holdens Foundation Seeds which is likely to give the company a 25-30% share of US maize acreage. These and its other corporate activities (e.g. pharmaceuticals) generated US $9.2 billion in revenues in 1996 for the company.

With the reforms that Rogermomics bequeathed to the New Zealand economy coming to fruition in the 1990s it is already evident that Monsanto views this country as a trial site for its GE agrochemical technologies. To further its corporate interests here it has already entered into a partnership with Auckland-based Ferriz corporation. No doubt it will advance for its Roundup-canda trials from the Government it might well begin to increase its investments through the same takeover process it has used in other countries.

Political Interference

There is no doubt that Monsanto and the GE industry has attempted to manipulate individual politicians, political institutions, and more broadly, public debate on the introduction of GE products to New Zealand and other countries. Such political manipulation has mostly been indirect and subtle, but nevertheless because of this approach, all the more effective and powerful.

In both Britain and the USA there is clear evidence of a "revolving door" of political interests between government institutions and Monsanto. For example, in the US both the Commissioner of the Food and Drug Administration (FDA) and the US Surgeon General have taken positions at Monsanto at the end of their tenure. In the UK a similar arrangement played out, causing some controversy, where a key adviser to a senior Cabinet Minister (“nuclear” Jack Cunningham) responsible for evaluating genetically modified food took a job with a lobbying firm that advises Monsanto.

A number of recent incidents here in New Zealand have also highlighted the fact that the US has muzzled potential criticism over the introduction of GE foods. Some glaring examples of how this process works was in the broadcast by a TVNZ Assignment programme on the subject of genetically modified food (22/9/96). Interviewed for the programme, former associate Minister of Health, Neil Kitson, claimed that the American Ambassador to New Zealand, Joseph Beerman, brought undue pressure on him and other ministers to ensure that labeling of Monsanto’s GE products would not be imposed on imported American agricultural produce or foods. In an interview with the New Zealand Herald, Beerman has also claimed that Beerman visited him on at least two occasions after he called for labeling of GE food. At the time of the visits, Kitson remembered that “I was struck dumb by the bullying tactics he used”.

So much for US diplomacy. Although the Ambassador refused to comment on this, he did make it clear during his interview for Assignment (which was repeated on TV One’s 10.p.m. News) that if the New Zealand government did make labeling a requirement, this would have inevitable consequences for trade relations between the two countries. A “tit-for-tat” war was the implication.

Another example of how the US Ambassador has attempted to muzzle public debate on the proliferation of GE foods in New Zealand can be seen from his ordering an interview with the Auckland based New Zealand Environment Action group (ENGA) which, in December 1998, was due to take place in November 1998. Apparently tipped off by the New Zealand-based representative of Monsanto about the interview, Beerman made a complaint to the EPA via the US State Department. According to the Listener (6/10-99), “Beerman accused her of representing herself as the voice of the EPA - which regulates genetically engineered plant pesticides and micro-organisms used to produce chemicals - and of trying to "whistle-blow" the EPA without his permission". The transcript from the show reveals quite clearly she did not claim to represent the EPA but had consented to do the interview in a personal capacity. On her return to the EPA, she was told by her supervisor that the State Department had asked for her to be fired. Her position at the EPA is still uncertain until an internal investigation is completed on her interview. Wuethereth’s crime was to merely raise some thorny questions about the possible, and as yet unknown, long-term effect of GMOs on the environment and humans.

Oh yes, and then there was New Zealand without the good ambassador’s permission!

Although not immediately apparent but nevertheless working behind the scenes orchestrating this political (Continued on page 6)
Monsanto has proved itself to be particularly adept at pioneering enforcement of new strategies for the protection of its plant patents. Much of this work has been concentrated on genetically altered soybean plants that have the ability to withstand spraying with the company’s leading herbicide, Roundup Ready (this kills native plants but not the soybean). In 1998 the company set a new precedent requiring farmers buying its Roundup Ready soybean seeds to sign and adhere to the terms of its 1996 Roundup Ready Gene Agreement. As the Canadian Centre for Policy Alternatives has pointed out, the terms of the agreement set were as follows:

A $5 per bag ‘technology fee’ was levied.
Farmers had to give Monsanto the right to inspect, monitor and test his/her fields for up to three years.
Only Monsanto’s brand of glyphosate herbicide (Roundup Ready) could be used.
Farmers’ rights to save and replant the patented seeds had to be transferred to Monsanto.
The farmer must agree not to sell or otherwise supply the seed to “any other person or entity.”
A final clause stipulated that if the farmer terminated the agreement he/she would be liable to pay Monsanto “100 times the then applicable fee for the Roundup Ready gene, times the number of units of transferred seed, plus reasonable attorney’s fees and expenses” (CCPA, 1999).

The company has used a similar licensing agreement for its genetically engineered cotton. Monsanto has also made it known that it intends to apply similar arrangements to all of its genetically engineered seedstock that it will bring to the market in the future. Such agreements would no doubt eventually apply to farmers using Roundup Ready canola seeds if EPA allows Monsanto’s trial to proceed in the Canterbury and Southland regions. No doubt other agrochemical corporations, such as Cargil, which has monopoly control over New Zealand’s wheat supply, would soon follow the precedent set by Monsanto.

Profileering

Monsanto is the largest TNC among the newly emerging “life sciences industry”. During 1997 the life sciences industry was extremely active in consolidating its power over the traditional agricultural and chemical resources. As a direct result of this process of consolidation, in 1996 the top five life sciences industries accounted for 82% of global agrochemical sales. The top ten seed corporations controlled approximately 40% of the world seed market, with a value of $US15 billion. The world pharmaceutical market was worth an estimated $US251 billion. The top ten corporations control 36% of the global market. By the end of 1997 the top ten veterinary medicine corporations controlled 63% of the world market. In all of these sectors of the life science industry, Monsanto is either the leader or one of the top ten.

In relation to genetically engineered seed, crops and fertilisers, Monsanto claims that the push toward the production of these products is necessary to feed a growing world population to eradicate hunger, starvation, and ultimately famine. The corporation argues that recent biotechnological breakthroughs in this area present a unique opportunity to boost world food production through residential subdivision, for $480,000 from D.B. and E.H. Broomfield. The Syndicate was comprised of B. E. Clough of Aotearoa, The Broomfield Trust, a family trust which is owned 35% by P. Fong of Singapore, 35% by Aotearoa, and 15% by B. Washer of Aotearoa. Shotover Bridge. It is divided into 31 sections from 1,200 sq. m. to around 6,000 sq. m., priced at around $89,000 each. A number are selling to Asian investors seeking to place their money in a safe haven while the proposed development was rearmed while the proposed development was subject to development and planning hearings. It is not clear why such a sale was required. They now wish to return the land by selling the company back to the original syndicate, except that W.J. Frost has sold his interest to Salman.

The Quail Rise subdivision is at Frankton near the Lower Shotover Bridge. It is divided into 31 sections from 1,200 sq. m. to around 6,000 sq. m., priced at around $89,000 each. A number are selling to Asian investors seeking to place their money in a safe haven while the proposed development was subject to development and planning hearings. It is not clear why such a sale was required. They now wish to return the land by selling the company back to the original syndicate, except that W.J. Frost has sold his interest to Salman.

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which emanates from Russia and will come out to New Zealand via the USA. The breed is of super high production, but on account of New Zealand's quarantine requirements, will take at least five years to be able to be properly introduced to New Zealand. The proposed acquisition will enable the applicant to develop his expertise in sheep farming during the intervening period.

The joint venture owns eight hectares of land at 346 Orepunga Road, Horahora, RD2, Cambridge, Waikato. In July 1998 we reported the acquisition of the land. It was the result of the falling out of a 50/50 joint venture approved by the OIC in September 1997 between Australian and New Zealand partners. “Rather than embarking upon protracted litigation” after “substantial disputes” they agreed that the Australian syndicate or its nominee would purchase the remaining 50% interest in the business.

Netherlands company buys land to grow capsicum for export

A joint venture equally owned by Alexander Cropping Ltd of Aotearoa and J.M. Levarht and Sons (which is owned by the Levarht family of the Netherlands), has approval to acquire 21 hectares of land at Woodcocks Road, Streamlands, Warkworth, Northland for $618,750. Initially a 2.5 hectare greenhouse will be built on the land, which is ten minutes drive away from Alexander Cropping’s current one hectare greenhouse. The greenhouse will be used to grow capsicum, mainly for export.

“Currently the export season for Levarht ceases as soon as the Dutch growers stop their yearly production. By having production facilities in New Zealand, Levarht can continue their exports during the Dutch winter.”

The panel of judges for the Award was: Sukhi Turner, Mayor of Taranaki; Vette Sykes, Ngati Pikiao lawyer and Treaty activist, Moana Jackson, Director, Nga Kaikawakamarara I Nga Ture (Maxi Legal Service), and Maxine Gay, President, NZ Trade Union Federation. Sukhi Turner announced the Award at a Christchurch function in April 1999. The award ceremony, organised by Corso, GATT Watchdog, and the Campaign Against Foreign Control of Aotearoa (CAFCA), was part of a programme of events opposed to the APEC meetings which took place in Christchurch, in April/May.

Media coverage this year was noticeably less than for the inaugural 1997 Award. The Press gave it two paragraphs and buried that in its weekly farming page. TVNZ filmed Sukhi Turner’s particularly hardhitting speech, but broadcast nothing. Holmes was going to do a story but cancelled on the day. The National Business Review gave it predictably snide coverage (good, we’re annoying the bastards). The Listener (1/5/99) made the modest prediction “Do not be in the least surprised if this event fails to receive major coverage”. Having bit like big fish last year, the corporate PR hacks obviously decided to ignore us this year, in the hope that we’ll go away. No such luck.

JUDGES’ REPORT

The Award for 1998 has been made to the Monsanto Corporation. After a series of takeovers and mergers in the 1980s and 1990s, Monsanto is now the largest transnational biotechnology corporation in the world. This US corporate giant is not only seeking to control and monopolise the production of agricultural produce in the global economy, it is also responsible for promoting research and development on a wide range of genetically engineered products that have the potential to irreversibly alter and damage the ecosystem of the planet and the food supply of future generations. This threat needs to be taken seriously by New Zealanders as Monsanto is already petitioning the Environmental Risk Management Agency (ERMA) to approve genetically modified crops over several hundred hectares on North Canterbury and Southland farms to produce seeds for the Canadian market (Press; 19/4/99). Perhaps more worrying is the establishment of a Crown Institute/Monsanto quango, Gene Pool, with the backing of the Royal Society (representing the scientific establishment) to campaign for New Zealand to become a site in the development of genetic engineering. Such a strategy is also backed by Federated Farmers of New Zealand. It seems that just as the 1980s saw New Zealand become the testing ground for neo-liberalism and Rogernomics, so the country is now account for 50% of genetically engineered organisms (GMOs) in the 21st century, the effects of which could be devastating for the environment, food supply, and population.

The judgement that Monsanto should receive the Roger Award for 1998 rests on a growing body of evidence from across New Zealand (and worldwide) that clearly shows it to be engaged in a broad range of corporate activities which not only pose a serious threat to democratic processes in this country, but a risk to the health and well-being of the population in its pursuit of profit. This Report documents the negative impact of these activities on New Zealanders.

Monopoly

Monsanto is now the world’s largest agrochemical corporation and second largest seed company, reputedly controlling over 10% of the global seed market. The corporation’s total 1996 revenues were US$3.26 billion. Along with seven other transnational corporations, Monsanto controls world trade of 20 food crops that account for 90% of food consumption. Four of these crops alone account for 50% of food grown in the world (potatoes, rice, wheat and maize).
for permanent residency in May 1999 and eventually reside permanently in Aotearoa. They visit frequently and intend converting the property "from one of non-productive use into a forestry investment and small vineyard...the applicants intend to apply their extensive technological knowledge in new and innovative ways in the operation of the farming property",

* Equusloclo Ltd, owned by Mr J.E. Loudermilk and Ms G.W.I. Doll of the USA, has approval to acquire 21 hectares of land at Waitaria Bay, Kenepuru Sound, RD, Havelock, Marlborough, for $225,056. Both Mr Loudermilk and Ms Doll have New Zealand permanent residency status, with Mr Loudermilk resident in New Zealand and Ms Doll intending to move here in April once she has completed the sale of her American assets. They intend to reside on the farm. In December 1998, they gained approval to acquire 220 hectares which adjoins this land. They intended to "build a new house for themselves on the property and renovate the existing building to provide accommodation for up to eight guests, which then will operate as a dude ranch..." It is also intended to operate a horse riding and training school on the property as Ms Doll has particular qualifications in that field. Ms Doll would also use the property as a base in which she would hope to generate a consultancy business in respect of horse training throughout the country."

* Riversleigh Partnership, owned by William Bruce Cameron Stapleton and Geoffrey Sprot, both of the UK, has approval to acquire 20 hectares of land at Conders Bend, Renwick, Marlborough for $1,507,500. They "have been frequent visitors to New Zealand in recent years" and are "combining their extensive business and viticulture backgrounds to establish what they hope will be the beginning of a successful vineyard and winery investment focusing on quality wines for export, predominantly to the UK."

* Georges Michel Ltd, owned by Georges Michel and family of France, has approval to acquire 14 hectares of land at O'Dwyer's Road, RD 2, Blenheim, Marlborough for $1,462,500. Michel operates the Domaine Georges Michel Winery, which expects to have a full production capacity of 20,000 cases of wine, which will be sold both domestically, and exported through the company's French based distribution agency. In October 1998, we reported that the company had approval to acquire a further three hectares of land adjacent to six hectares it already owned in Vintage Lane, RD 2, Blenheim, acquired in December 1997.

* Kekerengu Valley Farm Ltd, which is owned by Mr G. C. Wilson of the UK and his wife, Mrs L.M. Wilson, a New Zealand citizen, has approval to acquire 39 hectares of land at Kekerengu Valley Road, Kekerengu Valley, 50 kilometres from both Blenheim and Kaikoura, Marlborough, for $410,625. The land is currently being used as a lifestyle block but the Wilsons intend to convert it into a visible unit farming truffles and olives, and providing accommodation for tourists. If Mrs Wilson had purchased the property in her own name, no OIC consent would have been required, but they wish to use the jointly owned company for "family financial planning reasons."

E.C. and H.D. Sims of the USA have approval to acquire ten hectares of land at State Highway 6, Gibbston, approximately 25 kilometres east of Queenstown, Otago, for $183,375. They intend to develop the land (currently fallow) into vineyard and eventually live permanently on the property. H.D. Sims has permanent residency status, and "has been involved in the operation of vineyards, orchards and farm management in the USA." E.C. Sims "is in the process of applying for permanent residency."

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.

**People are becoming increasingly worried by all the foreign investment in this country. Is the government going to do something about it?**

**I don't know.**

**You'll have to ask the government's foreign backers.**
LANCE BULLOCK: An Unsung Hero
Send Us Your Local Clippings

Lance Bullock, who lives near Dargaville, is one of CAFCA's unsung heroes. For several years he's written to us weekly, and always stuffs the envelope with meticulously collected clippings, primarily from the New Zealand Herald (but also the Northern Advocate, other Northland papers, plus specialist farming publications we'd never heard of). Lance has oftentimes gone to extraordinary lengths to get these papers, including mounting guerrilla raids on the local dump.

CAFCA can't afford to hire a clippings service, so we rely on our members to keep us abreast of what's going on in your city, town or district. Lance has performed an invaluable service to us for years, and his work deserves our heartfelt thanks. He sets an example for the rest of our members. If you're thinking "What can I do to help?" (apart from the usual sending us money), then clip your paper for local stories of relevance to CAFCA. Look through any Watchdog and you'll see what we're interested in. Make sure you put the date on the clipping, plus which paper it is from. And send it to us. Don't send us stuff that we're already likely to have (eg "PM names date for election"), and stick to fact, rather than opinions, such as letters to the editor. That local knowledge is of great use to us, and its material we otherwise wouldn't see.

NORTHLAND SEEDSAVERS' NETWORK & GE FOOD BOYCOTT

Lance Bullock doesn't spend all his time clipping papers for CAFCA. He has also founded two related campaigns - the Northland Seed Savers Network and a Genetically Engineered Food Boycott. The aim of the former is to keep a pool of seeds in public ownership, in case the seed companies are taken over by the big agribusiness transnationals and GE seeds become the only choice. The aim of the latter is to build up a network of information on GE food, to enable people to know which products to boycott.

Both these campaigns are very relevant to our concerns, and both are a practical response to the likes of Monsanto, which won the 1998 Roger Award for the Worst Transnational Corporation in New Zealand (see full report elsewhere in this issue. Ed.). Roger judge, Sukhi Turner, made a special mention of the seed savers' network when announcing the Award.

Both the Northland Seed Savers Network and the GE Food Boycott can be contacted at Box 184, Dargaville.

CAFCA'S 25TH ANNIVERSARY
We're Planning A Bit Of A Do

CAFCA NZ (as we started out) was founded in 1974, to organise the 1975 South Island Resistance Ride. We're still on the bus. So, we're 25 years old.

To celebrate this auspicious event, and as our contribution to the godawful New Millennium, we're planning a birthday party some time in the first couple of months of 2000. We haven't finalised the details yet (beyond the fact that it will be in Christchurch). We'll keep you posted.

If you're interested in attending, or have ideas on the best way to celebrate it, let us know.

TAKING CONTROL LIST SERVER
New Members Welcome

One of the practical initiatives that came out of the 1998 Taking Control: The Fightback Against Transnational Corporate Power Conference was the creation of the Taking Control list server (electronic discussion group). It took quite a while to set up, but it's now up and running. It serves as a useful (and private) electronic network for circulating and discussing material relevant to the fightback against transnational corporate power. For instance, CAFCA regularly sends out press releases and other material through Taking Control.

If you're interested, then e-mail us at: cafca@chch.planet.org.nz

Membership is free but conditions apply.

And, on the subject of new members, we believe the most effective means of getting our message around is by word of mouth. If you've got friends or workmates whom you think are likely to join CAFCA or be interested in what we have to offer, then put them in touch with us. We're always ready to welcome new members. You, our existing members, are our most effective recruiters.

MONSANTO WINS ROGER AWARD
For Worst Transnational Corporation in NZ in 1998
Tranz Rail, Fletcher Challenge, Business Roundtable Also Win

The dubious distinction of the annual Roger Award is made to the transnational corporation (TNC) which the judges assessed, on the evidence before them, had 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; pursuing an ideological crusade; impact on women, and health and safety of workers and the public.

An excerpt from the judges' report reads: "This US corporate giant (Monsanto) is not only seeking to control and monopolise the production of agricultural products in the global economy, it is also responsible for promoting research and development on a wide range of genetically engineered products that have the potential to irreversibly alter and damage the ecosystem of the planet and the food supply of future generations. This threat needs to be taken seriously by New Zealanders as Monsanto is already petitioning the Environmental Risk Management Agency (ERMA) to grow genetically modified canola over several hundred hectares on North Canterbury and Southland farms to produce seeds for the Canadian market.

"Perhaps more worrying is the establishment of a Crown Institute/Monsanto quango, Gene Pool, with the backing of the Royal Society (representing the scientific establishment) to campaign for New Zealand to become a site in the development of genetic engineering. Such a strategy is also backed by Federated Farmers of New Zealand."

"In the 1980s New Zealand became the testing ground for a set of radical market economic theories now commonly known as Rogernomics. As we move towards the 21st century, the country is now being pressured to become a laboratory for genetically modified organisms, the effects of which could be devastating for the environment, food supply, and population. The sheer power, impact and global reach of Monsanto point to the fact that its activities in New Zealand are inextricably connected with its worldwide operations".

The judges also gave Fletcher Challenge a DISHONOURABLE AWARD because of the "negative impact on the environment (Continued on Page 3)"