New Zealand "Rich List" reveals deepening social divide

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7 August 2012

New Zealand's wealthiest individuals increased their combined fortunes by 27 percent in the past year, on top of a 20 percent increase in 2010-11. To qualify for the "Rich List", compiled by the *National Business Review (*NBR*)*, representatives of the moneyed elite must have a net worth of at least $NZ50 million ($US41 million). This year, their total wealth has jumped from $42.5 billion to $57.7 billion, while the number of people on the list increased from 151 to 157.

The *National Business Review*'s 2012 rich list included for the first time international investors who are not New Zealand nationals. The NBR said that the international additions were included to reflect the increasing "globalisation" of wealth, with the new identities investing enough to earn New Zealand residency rights. In contrast to the discriminatory regulations faced by ordinary immigrants and refugees, wealthy investors are welcomed with open arms so long as they bring $10 million or more with them.

Topping this year's rich list is Russian steel magnate Alexander Abramov, who is currently building a $40 million luxury waterfront home in the Bay of Islands, in New Zealand's North Island. Ranked 189 on the Forbes' world billionaires list, Abramov amassed his $7 billion fortune exporting metals and coal from the Urals and Siberia following the collapse of the former USSR. He trumped the previous rich list winner, Auckland packaging tycoon Graeme Hart, who has a personal wealth of some $6 billion.

NBR's inclusion of international investors boosted the number of billionaires in the country from six to nine. They include New York arts patron Julian Robertson ($3 billion), listed at number four on the rich list, who owns three luxury lodges in New Zealand. American William Foley ($1.5 billion) is buying up local wineries and owns a luxury lodge in the Wairarapa, close to where Hollywood filmmaker James Cameron ($900 million) built his new home. Cameron was granted Overseas Investment Office approval to purchase two farms following his application for New Zealand residency. British dowager duchess Henrietta Bedford ($1 billion) was included for her extensive property interests.

The new international investors dominating the "Rich List" have injected $13.4 billion into its value. The 152 richest New Zealand citizens saw a small fall in their collective wealth, down 2 percent to $44.3 billion. Tensions are emerging within ruling circles over this development. A layer of the business elite is nervous that growing foreign investment could cut across its own interests.

Resentment over foreign investment and profit-taking is driving the reactionary nationalist "Keep Our Assets" and "Aotearoa [New Zealand] is Not For Sale" campaign, which was launched in response to the National government's plans to sell minority shareholdings in three state-owned power companies, as well as the coal producer Solid Energy and Air New Zealand. The opposition Labour Party, the Greens and the right-wing populist NZ First Party, with the backing of the unions and pseudo-left groups, are posturing as opponents of privatisation while moving to divert widespread popular opposition to the imminent share float into anti-foreigner channels.

The campaign articulates the interests of sections of the capitalist elite and upper middle class, which oppose foreign investors having a significant share of the financial windfall from the forthcoming sales. Among these, Maori tribal business entities, which control $36.9 billion in assets, have begun formal proceedings to delay the sales on the basis that there are indigenous property rights in water and geothermal energy, required for electricity generation, which must be settled first.

The nationalist campaign against foreign investment serves to deflect attention from the widening gulf between rich and poor. The wealthiest New Zealanders have not suffered from the austerity drive being imposed on the working class. Rather, NBR boasted that the assets of the wealthy elite, unabashedly exalted as “national treasures”, had been bolstered by strong returns from property and commercial investments, providing renewed opportunities “for business and pleasure”.

Among the top 10, investment banker Richard Chandler ($5 billion) added another billion to his fortune over the last 12 months, while the Todd family ($2.7 billion) and Chandler’s Dubai-based brother Christopher ($1.5 billion) maintained their wealth. Hotelier families, the Pandey’s and the Jhunjhunwala’s, entered the list, along with Bay of Plenty farmers Colin and Dale Armer. Prime Minister John Key’s personal wealth was just above the $50 million cut-off threshold, down $5 million from last year. Key, who made his money as a currency trader, owns properties in New Zealand and around the world.

A series of recent reports underline the social chasm between rich and poor. According to the *Dominion Post*’s Business Day survey of pay rates, the CEOs of 26 top listed companies were paid an average of 22.5 times more than their employees in the 2011 financial year, up from 21.9 times a year earlier. The average pay for the CEOs, measured by Statistics NZ data, was $1.44 million, an increase of 3.3 percent from 2010 and roughly 26 times the national average income.

By contrast, the *Dominion Post* on July 28 provided details of complaints lodged by workers not being paid the legal minimum wage of $13.50 an hour ($10.80 for “new entrants” and trainees). Figures provided by the Labour Department show 593 complaints were lodged in 2011, and just under half of these upheld. Of 334 complaints not upheld, most were because the employer either eventually paid up, or went out of business. These figures are just the tip of the iceberg. Sweatshop conditions are rife in the service industry and among seasonal workers in horticulture and agriculture. The exploitation of overseas workers is particularly widespread, with instances of slave labour-like conditions coming to light recently in the fishing industry.

A recent quarterly update on vulnerable families by the NZ Council of Christian Social Services highlighted the worsening poverty among low paid workers and welfare beneficiaries since the onset of the global financial crisis in 2008. The most oppressed sections of the working class, predominantly Maori and Pacific Islanders, have seen a sharp rise in unemployment and a fall in median incomes over the past four years.

Maori unemployment rose from 10.2 percent in 2008 to 14.8 percent in March this year, with Pacific Islander unemployment rising even faster, from 8.7 to 14.7 percent. The same period has seen steep drops in median incomes for both Maori, down $40 a week to $459, and Pacific Islanders, down $65 a week to $390. Race Relations Commissioner, Joris de Bres, told a parliamentary select committee last week that of the 250,000 Maori children in New Zealand, a third are living in poverty and hardship.