New Zealand ‘Rich List’ dominated by property speculators

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According to the *National Business Review* (NBR) ‘Rich List’ for 2016, released last week, the fortunes of New Zealand’s wealthy elite are increasingly derived, not from productive activity, but various forms of financial parasitism, in particular property speculation.

The NBR, a mouthpiece of the corporate establishment, boasts that outside the dairy sector “it has been another great year for the country’s rich.” Big investors have seen “huge gains” to their share portfolios, while the rampant property boom has “seeded fortunes for astute and opportune investors,” especially in the country’s largest city, Auckland.

To qualify for the NBR’s list, individuals and families need to own at least $NZ50 million ($US36 million) in private assets. The country’s 190 richest people are worth a combined $59.6 billion, an increase in $4.6 billion over 2015. It includes 13 newcomers bringing in a total of $1.6 billion. Adding another four NZ-based international billionaires takes the total to $73.1 billion, a new record.

The NBR crows that most “rich listers” are “self-made people,” while a smaller number remain listed on the strength of family inheritances. “It is very hard to get on the rich list,” NBR editor Duncan Bridgeman declared. “It takes more than winning Lotto.”

The richest individual is Graeme Hart, worth $7 billion despite putting his UCI International, a US auto-parts maker, into bankruptcy. Hart runs a global packaging empire but his investment career began with the 1984–90 Labour government’s public sector privatisation program. Hart purchased the Government Printing Office for less than its capital value in 1990, followed by the Whitcoulls Group bookshops, then on-sold both at considerable profit.

The list of billionaires includes Singapore-based Richard Chandler ($4.2 billion), described as a “value investor” in energy, financial services and health care, the Todd family ($3.3 billion, energy investment), Michael Friedlander ($1.5 billion, property investment), the Goodman family (1.35 billion, property investment and development) and Stephen Jennings ($1 billion, property and urban development in Africa).

Notable longstanding “rich listers,” at equal ninth with an estimated worth of $900 million each, are Switzerland-based NZ merchant bankers Michael Fay and David Richwhite. Like Hart, they are beneficiaries of three decades of plundering New Zealand’s public assets, including buying and on-selling interests in Tranz Rail, Telecom and the Bank of NZ, transactions from which they gained over half a billion dollars.

While dairy, the country’s major export industry, had a horrific year with thousands of farmers facing crushing debt burdens from collapsing milk prices, the wine industry posted a record $1.57 billion worth of exports, up nearly 10 percent. The increase, driven by demand in the US, “has lined the pockets of the wine rich, most of whom posted increases in personal worth,” according to the NBR. This included Jim and Rosemari Delegat whose worth increased by $100 million to $450 million and Peter Yealand with $125 million.

In a commentary headlined “The road to riches is lined with property,” the *Dominion Post* noted on August 2 that most figures featuring in this year’s list got their start in the “property game,” while others have turned to property after making money through their other businesses.

Robert Jones, who owns commercial buildings in Wellington, Auckland and Sydney, along with a newly-opened office in Glasgow, saw his wealth jump by $30 to $650 million last year. John and Michael Chow doubled their wealth after buying troubled Stonewood Homes and completing a reverse takeover of NZX-listed shell company RIS Group. The brothers, who have made a fortune estimated at $75 million from brothels, hotels and property deals, have a property portfolio valued at over $200m. The Chows anticipate owning a $1 billion property empire by 2020.

The Todd family, the country's third wealthiest, has moved into property, which includes Auckland's Long Bay residential complex and the North Canterbury township Pegasus Bay. The Manson family added $100 million to their estimated $550 million wealth with several new central Auckland office buildings. Others on the 2016 list include Auckland real estate dealers, Barfoots, and a number of other property developers.

Prime Minister John Key increased his wealth by $5 million to $60 million, placing him at 175th on the list. Key made his fortune as a currency trader before entering politics. While he is the only politician on the NBR list, Key heads a parliament in which the 121 MPs from across all parties have registered interests in 295 properties between them. Two-thirds own more than one home and three have stakes in seven properties.

The NBR is this year celebrating the 30th anniversary of the Rich List. It first appeared in 1986, during the pro-market restructuring begun by Labour, with 56 individuals and 12 families for a total net worth of $5.3 billion. By 1987, at the height of the 1980s stock market boom, the list grew to 76 individuals and 25 families and a total of $8 billion. Throughout the 1987 and 2000 market crashes, the NBR reported, "the list of survivors was larger than the list of casualties." Following each crash, share prices "bounced back" to above pre-crisis levels.

Following the 2008 global breakdown, rampant speculation in property and shares has been driven by the injection of billions in cheap credit into the financial system by all the major capitalist governments. The vast accumulation of money through property is built on the declining incomes and social conditions of the majority of the population.

While workers suffer under devastating mortgage and rent burdens, landlords and investors are raking in millions. The country's housing affordability crisis, fuelled by out-of-control property speculation, is worsening. The *New Zealand Herald* reported on August 1 that the prospect of buying a home in Auckland for under $500,000 is becoming a "distant dream." Only 12.6 percent of house sales now come in under that figure, while the average house value has risen to $992,207 and is forecast to hit $1m next month. The median weekly rent in Auckland for a three-bedroom house is a record $520, roughly equivalent to the income of a full-time worker on the minimum wage after tax.

Underlining the deepening social divide, a new study has revealed a large proportion of teenagers are living in poverty. The University of Auckland study, published last month in the International Journal for Equity in Health, found almost 20 percent live in poor households, including half of all young Pacific Island people and one-third of Maori youth.

The study used data from the Youth 2012 study of 8,500 secondary school students. Researchers grouped students based on nine indicators of deprivation and respondents had to identify on at least two of the indicators to be declared to be experiencing poverty. The most common indicator of household deprivation was "no family holiday in the last 12 months," followed by "living room or garage used as bedroom"—that is, inadequate accommodation.