

Challenge a \$300 million tax loss, lowering the actual purchase price from \$800 to \$500 million, or an almost 50% discount on the value of assets purchased. (These figures are drawn from F. Sanders, *The Moneychanger*, May 1988.) The actual value of Petrocorp may be much higher because of the fact—a closely held secret—that oil has been found off Chatham Rise in the Pacific Ocean, southeast of New Zealand, which marks this area as one of the richest petroleum reserves in the world.

Sir Ron Trotter, of Fletcher Challenge and the Business Roundtable, has thus been a major beneficiary of the privatization policy of the Labour government. The government formalized their cozy relationship, with two further appointments for Trotter. He was made chairman of one of New Zealand's largest SOEs, the 25,000-employee Telecom Corp., which controls the country's electronic and telephone communications. In addition, Trotter heads up a special task force, assigned to advise Minister of State-Owned Enterprises Richard Prebble, "on assessing their [SOE] performances and asset valuation, laws affecting them and other commercial issues." No doubt Sir Ron will be well positioned there to snap up a few more pieces of Labour's fire sale.

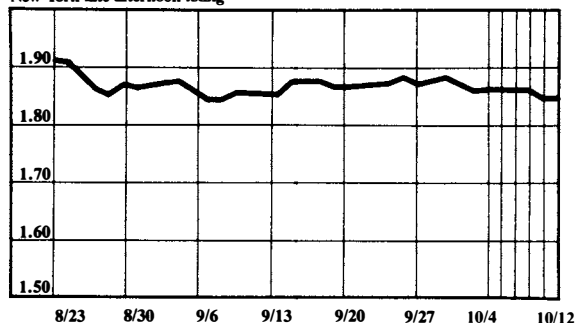
Another gainer from the program is Ron Brierley, a Roundtable kingpin, head of New Zealand's largest company, the asset-stripping Brierley Investments, Ltd., and chairman of the Bank of New Zealand. Before any shares of Petrocorp were offered for public sale, Brierley was given the right to buy up 15% of the company, which he did, while Trotter got the rest at the 50% discount indicated. Next, Brierley's firm is the leading candidate to purchase the Bank of New Zealand, of which he is chairman! Although Brierley for months claimed there was "no conflict" between his two positions, the stink of the whole business recently forced him to take a "holiday" from the BNZ. The BNZ was already "partially privatized" in 1986, after Finance Minister Roger Douglas failed to inform Parliament of the bank's record profits, which, had they been known, might have inspired parliamentary resistance. This July, according to reports in New Zealand, Brierley flew Douglas to Australia in his private jet, to watch the Australia-New Zealand rugby matches. Presumably, there was "no conflict" in that either.

The backers of the "leftist" Labour government's and "right-wing" Business Roundtable's pact for privatization will brook no opposition. In recent weeks, New Zealand's Auditor General, Brian Tyler, had voiced concern, not even about privatization *per se*, but about the manner in which it was being carried out—SOE's being sold to a single large purchaser like Fletcher Challenge, instead of having a public flotation of their shares. In September, a Labour Government-commissioned economist named Alf Kirk recommended to a parliamentary select committee, that Tyler's Audit Office (which reports to Parliament) be closed and its functions taken over by private sector auditors and other government departments.

Currency Rates

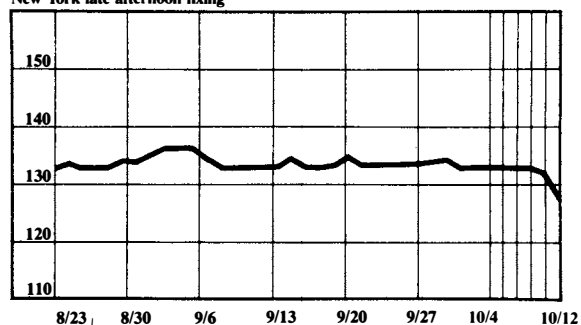
The dollar in deutschemarks

New York late afternoon fixing



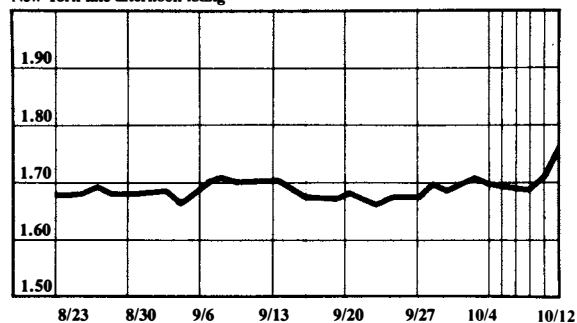
The dollar in yen

New York late afternoon fixing



The British pound in dollars

New York late afternoon fixing



The dollar in Swiss francs

New York late afternoon fixing

