The Roger Award 2001
for the Worst Transnational Corporation
Operating in Aotearoa/New Zealand

Winner

Carter Holt Harvey

Organised by: CAFCA and GATT Watchdog
Presented in Auckland on 12 April 2002
The judges for the Roger Award for the Worst Transnational Corporation operating in 2001 in Aotearoa/New Zealand had a difficult task. Several other companies could almost as appropriately have made the short list of six, while a strong case could be made for each of the six to win the award - with their poor records spanning some or all of the criteria. These cover areas such as unemployment, abuse of workers, profiteering, political interference, cultural imperialism, and negative impacts on some or all of tangata whenua, women, and the environment.

The finalists this year were Tranz Rail, Monsanto, British American Tobacco, Carter Holt Harvey, Mobil, and United Water. We will discuss each of the six here, working up to the “winner”. We should note with displeasure that the first three on this list were also on the shortlist last year: Tranz Rail has achieved this dubious distinction each year since the Award was started in 1997 and won the Award for the second time in 2000, narrowly beating British American Tobacco. Monsanto is also a past winner for 1998. It is appalling that these recidivists fail to improve their records or take account of bad past publicity and justified public reaction to their behaviour.

Tranz Rail would, sadly, be a worthy winner in any year, as the input of the public to this Award testifies. It received the most public nominations and the judges were sorely tempted to complete their hat trick. However, its bad behaviour is well known, more so than some of the other finalists, so in the end we decided that condemnation rather than another Award was appropriate. Its record in 2001 was no improvement on past behaviour, with disregard of the health and safety of passengers and the few workers who have not been downsized out of the company an ongoing scandal (4,000 left of 24,000 employed in the early 1980s). Cost-cutting staff reductions contribute to the lack of safety of DC locomotives, with 19 of 68 audited engines being found to require repairs; of level crossings where few have been upgraded after collisions; and from unfixed track, with breaches of guidelines continuing. Tranz Rail continues to thumb its nose at environmental concerns, speeding through the Marlborough Sounds and opposing lower limits with pressure tactics. Its single minded pursuit of the bottom line, unconcerned with any resulting withdrawal of basic passenger services to a large proportion of New Zealanders, has led to narrow specialisation in only the most profitable freight and mainline passenger services. Provincial New Zealand, Marlborough Sound residents, and other victims of what one nomination called its “callous disregard for social and economic outcomes” make Tranz Rail an inevitable finalist for the Roger Award.

Monsanto was slightly quieter in New Zealand in 2001 than in some years, with the Report of the Royal Commission of Inquiry into Genetic Engineering (GE) and Government reaction perhaps making it seek a low profile. This is not so overseas, where pressure on farmers over Terminator seeds has intensified, with threats of lawsuits and jail turning into reality. A Canadian farmer was forced to pay $85,000 when a
court ruled that he had stolen Monsanto genetic material despite his contention that GM plants resulted from pollen contamination from neighbours. In New Zealand, Monsanto continues to promote GE and manufacture herbicides while being active in the pressure group, the NZ Life Sciences Network. This organisation pretends to an objective scientific stance but is in fact a lobby group for abandoning controls over GE.

British American Tobacco is a finalist largely because the whole tobacco industry richly deserves opprobrium for its attempts to recruit young people, especially Maori, to smoke an addictive and harmful drug while continuing to downplay its harmful effects. BAT is singled out because of its near monopoly position following the international merger with Rothmans.

Special “Egg On Face” Award: United Water, Assisted by Papakura District Council (Past Councils)

The judges deliberated hard about this award. United Water’s New Zealand impact is for the moment confined to Papakura. Further, its major impact came with its winning the contract to supply Papakura with water back in 1997, and the District Council could be said to have been complicit or at least a major player in that decision - hence the “egg on face” award covers them too. However, United Water’s ongoing policies under the contract, oblivious to popular unrest about its actions, the Audit Report on the management and monitoring of the franchise agreement, and its successful pressure on the Council to reverse a tiny $500 grant to the Papakura Water Pressure Group in 2001 make it a worthy recipient of this special award.

A postcard poll in 2001 with 1160 returns showed that 96.7% were opposed to the franchise, which grants United Water the right to run water services for 30 years, plus a 20 year extension option with no extra fees. Water charges are unaffordable to many, yet some United Water staff intimidate and threaten customers and cut off supply of this essential commodity to those behind with payments. Varied options for charging have been resisted or made unaffordable - charges are unfair to those who use much of their supply for gardening, which makes an assumed 80% of wastewater unreasonable, but a second meter to assess this has been priced way beyond cost. Monopoly power has allowed such exploitation, as well as over pricing to commercial customers. The lessons that must be learned from privatising such an essential commodity, have led the judges to make this special award to United Water. It comes at an important time, when sensible legislation to learn from this episode and make water and wastewater services core council activities, not to be privatised, is under consideration.

Runner Up – Mobil

Mobil, like British American Tobacco, is a representative of an industry in which all firms have questionable practices. The oil industry is highly concentrated, with cost-plus pricing and competition through market share rather than price leading to suspicions of profiteering. The area of greatest current concern is the almost total disregard of environmental damage done by many of the industry’s policies, here and overseas, with lobbying for policies to continue this through ever greater use of motor vehicles. However, Mobil and its parent Exxon in the US stand out in 2001 with its resistance to actions in New Zealand to reduce the proportion of sulphur in diesel. Exxon has also been the company pushing President Bush hardest to resist the Kyoto Protocol, showing a callous disregard of the effects of global warming.
The lobbying activities of the whole oil industry, and Mobil in particular, to force governments to avoid actions detrimental to its interests are well known, with 91% of its political donations, the biggest by any oil company, going to the Republicans. Denying the links between its business and global warming, dismissing the issue as exaggerated, and downplaying renewable energy options, Mobil seeks access to ever more remote and beautiful areas to look for oil, including the Arctic National Wildlife Refuge. Mobil in New Zealand held out against the proposals for Auckland’s low sulphur diesel, when the other three big companies had agreed. All this makes Mobil’s runner up award richly deserved.

**Winner – Carter Holt Harvey (CHH)**

This is Carter Holt Harvey’s second appearance on the short list for the Roger Award. The range of negative impacts on New Zealanders for which it is responsible makes the forestry giant deserved winners. It has unashamedly over many years acted to subdue its workforce and damage their conditions, bringing in scab labour, and destroying the social and economic fabric of small towns dependent on their enterprise. In 2001 its attempts to casualise stevedoring was centred on Nelson, bringing in Mainland Stevedoring workers from Tauranga. Nelson employment was further eroded when the local tree maintenance contractor was replaced by a North Island firm. Maybe North Islanders do not know of CHH’s poor safety practices: CHH Wood Products was fined $6,000 in October 2001 following serious injury to a worker who fell onto a concrete pad while working over six metres up without protection. He had not been warned or given fall-arrest protection. But it’s not only South Island employees who are affected by CHH practices: 2001 saw industrial disputes at Kinleith and Tokoroa over labour practices possibly illegal and certainly anti-worker.

Its plan to save labour costs at the expense of workers is necessitated largely by CHH’s own inefficiencies. CHH instituted a strategy for monopolising the market in logs in order to inflate the price. When this failed, it was left with major problems including rotting trees and reduced profits.

Damage to the environment, physical and social, is also a feature of many of CHH’s activities - from driving logging trucks through residential areas, through erosion and silting up of fishing grounds, to continued use of dioxin producing chlorine bleaching processes. Alternatives are available, and the only pulp and papers mills left in New Zealand using this process are CHH owned. Not surprising when parent company International Paper is known as one of the top polluters in the US. The whole forestry industry is lobbying against New Zealand leadership on Kyoto, arguing that reducing greenhouse gas emissions to reduce the impacts of global warming will be economically costly to the industry and to New Zealand in general, using doubtful models.

CHH’s other unwelcome activities include participation in growing genetically modified pine trees. Arborgen is a joint venture company with Westvaco, another US based TNC forestry company, and Auckland based biotechnology company, Genesis, to fund and undertake research in this area - also involving Monsanto to try to build resistance to Round Up into such trees. The impacts are quite unknown on cross pollination, the insect population, the lignin content that gives trees the rigidity they need to withstand environmental stress, and tree longevity. Some benefits might even result - but the venture is to serve the interests of those involved, and the usual intellectual property ownership issues arise. Finally, CHH’s lack of care for public amenities is shown by its withdrawal of Hanmer’s public forest reserve, a popular local walking area. It is indeed a worthy winner of the 2001 Roger Award.
A Brief History Of The Roger Award:
Finalists And Winners

The Roger Award For The Worst Transnational Corporation operating in New Zealand has run annually since 1997. There are no prizes for guessing whom it is named after. It is organised by the CAFCA and GATT Watchdog, both Christchurch-based groups, who rotate the annual organisation. The Award has attracted considerable interest since its inception, even from the corporate media, and has had a succession of distinguished and completely voluntary judges. Lobbying by finalists is not unknown. The events to announce the winners have become highly memorable in their own right. The last one was held in Wellington.

Nominations are accepted until late in the year.

1997
Tranz Rail, Coeur Gold, INL, Telecom, Comalco, WestpacTrust, Juken Nissho, Lion Nathan, and Brierley's.

_The winner was Tranz Rail._
Coeur Gold and INL were equal runners up.

1998
Monsanto, Tranz Rail, Fletcher Challenge, INL, Carter Holt Harvey and Telecom.

_The winner was Monsanto._
Tranz Rail got a Continuity Award; Fletcher Challenge a Dishonourable Award; and the judges especially created a Collaborator's Award for the Business Round Table.

1999
TransAlta, Tranz Rail, Monsanto, News Ltd (which owns INL), WestpacTrust, Telecom and Waste Management.

_The winner was TransAlta._
Tranz Rail got another Continuity Award; Monsanto was put on the Roger Award Watchlist.

2000
Tranz Rail, British American Tobacco, BP, WestpacTrust, Shandwick and TransAlta.

_The winner was Tranz Rail._
British American Tobacco was the runner up.
Carter Holt Harvey is everywhere. From growing Pinus Radiata to Handee Paper Towels to Treasures Disposables to Pinex Wood. Even a stake in the “new” economy: business electronic solutions and communications. Stevedoring too. It has a firm foothold in the New Zealand economy. Carter Holt Harvey is also the winner of the 2001 Roger Award for the Worst Transnational Corporation operating in Aotearoa/New Zealand.

Sadly Carter Holt Harvey was not alone in its endeavours to be the worst transnational corporation in Aotearoa. The six finalists were all strong contenders for the award. They included incumbent titleholder and two times winner, Tranz Rail, one other previous winner, Monsanto, and a runner up, British American Tobacco. In addition to those four finalists was United Water, a brand new entrant and Mobil, a past finalist. While Carter Holt Harvey was a clear winner, the judges decided that Tranz Rail is in a class of their own and eliminated them. Mobil was chosen as the runner-up and United Water was given the special “egg on face” Award.

Now what of Carter Holt Harvey? Carter Holt Harvey’s monopolistic activities in the South Island came under much criticism by the judges. True to the stereotypical scripting of how transnational corporations operate, Carter Holt Harvey - owned by the US-based polluter, International Paper - showed no regard for eroding the small town economies, being anti-union and anti-worker. Monopoly capitalism being in the stagnant, moribund stage that it is, Carter Holt Harvey’s attempts to monopolise the logging industry was a disaster for both the company and the communities where these operations are based, and allied sectors. In fact the only responsibility that Carter Holt Harvey has shown has been to generate or, more accurately, attempt to generate, profit for its shareholders.

Following the Roger Award Judges’ Statement, we will examine in more detail what made Carter Holt Harvey the winner of the Roger Award for 2001.

Anti-Labour Practices: Cutting Jobs like Trees

Carter Holt Harvey has shown a gross disregard for workers’ conditions and, worse still, no respect for their labour in itself. Even the minimum legal protections afforded by the dithering, Third Wayist Employment Relations Act were sorely tested and compromised. The Roger Award judges identified that Carter Holt Harvey acted without responsibility to its workers and was keen to casualise work.
Safe As … A Carter Holt Harvey Worker?

In an industry where heavy machinery is used and safety provisions are an essential to getting the work completed safely, Carter Holt Harvey has been negligent in meeting those conditions. According to the judges, Carter Holt Harvey shirked when it came to worker safety leading to a $6,000 fine from Occupational Safety and Health (OSH).

The fine was for failing to provide fall-arresting equipment resulting in a worker falling over six metres onto a concrete pad and sustaining multiple injuries, in Nelson, in October 2001. The worker was conducting maintenance work when the jackhammer got stuck on the conveyor belt. While trying to free this, the worker overbalanced and fell. According to OSH, “employers in all industries need to be aware that there is a legal duty to ensure anyone who risks a fall of more than three metres is aware of the risks and provided with the means to prevent a fall” (emphasis added)!

When sentencing, Judge Walker pointed out that this was an obvious risk and that no one should work that height without fall-arresting safety equipment. The worker was not warned of the risk, nor had been made aware of the availability of the safety gear.

For Union-busting, Using Scab Labour, And Casualisation – How Do You Plead?

Guilty. Guilty. Guilty. Of course Carter Holt Harvey would not plead that but according to the Roger Award Judges’ Panel, it was these practices that really entrenched a win for them. Union-busting, using scab labour, and casualisation has all been done under the aegis of the new Employment Relations Act that is supposed to be more worker-friendly! So what happened?

In the South Island, Carter Holt Harvey contracted out the loading of logs from the docks to a third party. This was one part of its strategy, discussed later, to monopolise the log industry in the South Island and in Korea. Mainland Stevedores, from Tauranga, brought in casual workers from Tauranga and the other parts of the North Island to load the ships. These workers, who were flown in by Mainland Stevedores, were on 72-hour contracts and were members of the company “union”! Nelson Stevedoring Services, whose workers are members of the Waterfront Workers’ Union, were unable to contest the tendering process as this was done with no consultation with their employer. Tension between the scab labour and watersiders grew. Support for their actions came from across the community and country. Concern was expressed about the decline of domestic jobs. Even the Maritime Union of Australia and the Korean Transport Workers’ Union came out in support of New Zealand workers with a threat of a ban on Carter Holt Harvey ships.

Waterfront Workers’ Union, whose members were affected, and the Council of Trade Unions have raised concerns about the casualisation of employment and the impact that the disappearance of permanent jobs will have on small towns. Concern was expressed by small town businesses that casual employment and the absence of permanent jobs will introduce even more uncertainty into already shaky economies. While much of the focus has been on Nelson, concerned parties have expressed alarm that this is the start of a much wider trend in the
South Island ports. 20% of the logs that are handled by Nelson, Port Chalmers, and Bluff are from Carter Holt Harvey. This precedent can be used to introduce a new wave of attacks on job security and conditions of employment on the basis of the need to be competitive. The introduction of casualisation means, for Carter Holt Harvey, an increase in profits to be expropriated overseas. For workers in small towns this is bad news.

Carter Holt Harvey’s anti-worker practice has not been restricted to the stevedoring: at the Kinleith Mill in Tokoroa there was an industrial dispute where Carter Holt Harvey workers were forced to take their holidays while production had stopped to increase demand. The matter flared up when Carter Holt Harvey tried to force workers to take Auckland Anniversary Day - a statutory holiday - as part of annual leave. Even the Engineers’ Union boss came out declaring this a breach but with no consultation, as though the trampling of worker’s rights should be consulted about. Workers were advised not to bother with taking leave if it did not conform to production downtime. Other sites where workers’ dissatisfaction was expressed were in Eve’s Valley Mill in Nelson and Browning Street Mill in Tokoroa.

In Nelson, a North Island company replaced the local tree maintenance contractor. At Kinleith Mill workers were subjected to an illegal drugs search with no drugs found.

Amidst all this, it should be noted that the likely lads in blue colluded with the bosses in all instances to trample on workers’ rights. The Police force’s role in Nelson was notably a long-term operation lasting months. Furthermore the Police went beyond the call of duty with major State-sanctioned violence against dissenting voices from both the workers and their communities.

So much for the self-regulation of the free market, hey Roger? Self-regulation is, really, the sheer financial will of big businesses like Carter Holt Harvey.

**Clean, Green Carter Holt Harvey – Not!**

Carter Holt Harvey does not just have no regard for the social environment, it also has no regard for the physical environment. Now for a company that exploits the physical environment, one would not be too generous to expect Carter Holt Harvey to act with more care. But, that is not so. Carter Holt Harvey is only concerned with the bottom line: maximisation of profit.

Carter Holt Harvey’s environmental record included driving heavy-duty logging trucks through residential areas enough to disrupt school lessons, but all this was done with the collusion of city councils. Carter Holt Harvey has also played a significant role in contributing to erosion and the silting of fishing grounds. However there were two aspects that really wound up the Roger Award Judges’ Panel: the continued use of dioxins for bleaching of timber and, that brave, new world of genetic engineering, now in forestry.

**Dioxin – Is That Bad For Me, Doc?**

Dioxin is formed as a by-product from chlorine bleaching of timber and timber products. Carter Holt Harvey mills and processing plants use the chlorine bleaching process extensively. But what is the big deal about dioxin?
Dioxin affects the immune system, causes cancer, reproductive and learning difficulties. According to a draft report from the US Environmental Protection Agency (EPA), there appears to be no safe level contact with dioxin. Dioxin, a fat-soluble substance, accumulates as it moves up the food chain. For example, a fish will have a higher level of dioxin than its surroundings. Dioxin is found in mainly meat and dairy products.

It is not as though there are no other bleaching processes for timber. In fact there are less harmful processes, alternatives that have widespread usage in Europe, but the only pulp and paper mills left in New Zealand that continue to use dioxin-producing chlorine bleaching processes are ... little guess, Carter Holt Harvey-owned mills. Of course, the parent company, International Paper, rated as one of the Top Ten polluters, uses similar dioxin-generating processing. So much so, that the usually lethargic US Environment Protection Agency was forced to engage with the toxicity of dioxins and fine International Paper for contamination.

Despite public criticism, Carter Holt Harvey has continued down this path of dioxin contamination. If it was not for similar environmental transgressions in the US, a skeptic might make the connection between the notorious Lawrence Summers “it-was-a-joke” memo and dioxin being released into the environment here. Summers, as Senior Economist for the World Bank, did a cost-benefit analysis that argued for toxic waste to be dumped in the South were lives were “cheaper”, rather than the North. But we won’t make that point. Dioxin is understood to be a key component of Agent Orange. Gee, thanks Carter Holt Harvey.

**Is It A Tree? Is It A Fish? No, It’s Frankenpine™!**

The Roger Award Judges’ Panel identified that other “unwelcome activities” included involvement by Carter Holt Harvey in a joint venture to grow genetically modified pine trees here in Aotearoa. Understood to be worth about $60 million, ArborGen has united corporate forestry interests. Named were Fletcher Challenge, known for its poor environmental record in New Zealand; Westvaco, US-based forestry corporation; and Auckland-based bio-tech company, Genesis. Monsanto, the shameless 1998 Roger Award winner, 1999 and 2001 finalist (with special Watchlist status in 1999), has been included for GE pest-management and, possibly, Terminator-type technologies for pine trees. It should be noted that the background mover is International Paper, which has controlling shares in Carter Holt Harvey, and specialises in the forestry sector globally.

Unlike other domesticated flora, trees, on account of their slow development, have not yet received much attention from bio-technologists. It can be expected that ArborGen’s bio-tech work will focus on specific areas which have made domestication difficult. These include the speeding up of the tree maturation cycle from 15 years to seven years, as for eucalyptus, with an incentive to halve that time; the inclusion of pest-management; and the introduction of that morally repugnant Terminator technology. However the centrepiece of ArborGen’s work will be on the altering of lignin - the material that makes trees rigid. While a reduction in lignin has implications for ease of processing, but it is unclear what will the implications be in real terms, for example, the possibility of having “wobbly” trees!

As with other GE ventures, breakthroughs for profit-maximising, business-funded research mean that the only concern is to generate more profit and no
concern for society. Not surprising, there is no research on the long-term implications of biotechnology, specifically GE. The use of Terminator technology could be devastating if cross-pollinated with non-GE trees. Similarly, the use of pest-management technology in GE trees could change the diets of insect populations to less vigorous non-GE trees. Even with the lowering of lignin levels, GE trees could become weaker and more susceptible to destruction.

The partners in ArborGen are not really known for their good environmental record, or their social responsibility, therefore the Frankenpine™ enterprise is grounds for concern. As the wisdom of the Royal Commission on GE lets such lunacy prevail, this has been taking place without public knowledge and the sites for Frankenpine™ forests are secret.

... Watching The Trees Rot: Monopoly Capitalism As Moribund

Carter Holt Harvey has a reputation of being a merciless operator when it comes down to monopoly stand-over strategies. With the whiff of another monopoly, in this case the Korean log market (estimated to be worth $150 million), Carter Holt Harvey acted to corner the supply and demand markets. According to the Roger Award Judges’ Panel, Carter Holt Harvey “instituted a strategy for monopolising the market in logs in order to inflate the price”.

In a bid to corner the log market around the South Island, Carter Holt Harvey embarked on an aggressive strategy of buying up logs at inflated prices. Industry analysts estimated that this led to increases in tendering up to 20%. It is further estimated that they bought up an eighth of the total forest pool targeted for Korea. The strategy to create scarcity and keep prices buoyant, followed by suspension of purchases, led to other industry players having to deal with market-distorted pricing. In its wake - rotting trees, excess harvest left on the side of the roads and a complete loss of money. This boom or bust scenario has left the industry in tatters and not quite sustainable.

It was claimed by industry sources that Carter Holt Harvey sold the logs at a loss in the Korea market. Of course, Carter Holt Harvey maintains that this is not wholly its making as Korean markets took a dive. But you’ve got to wonder ... a few years ago, Carter Holt Harvey activities in the building insulation sector left even the limp Commerce Commission gasping as their pricing was set below 40% of cost! In that context, its monopoly strategy did not break the other players but instead led to a complaint about “uncompetitive” activities, Carter Holt Harvey subsequently withdrew from that sector.

Whose Invisible Hand?

International Paper, the US-based corporation, has a 50.1% share in Carter Holt Harvey. IP has a global empire in forestry and its by-products.

International Paper has a reputation for being anti-worker and using stand-over tactics with unions. At times not even abiding by the law. International Paper has a reputation of sharing no responsibility in closing down mills in small towns. This usually means that large-scale unemployment, along with the destruction of the social fabric of those areas. International Paper is one of the Top Ten of US polluters. EPA identified that cancer risk from dioxin at a Georgetown mill to be ten times higher than any US paper mill. Between 1986 to 1988, International Paper was fined $US2.2 million for environmental damage and knowingly mak-
ing false statements. If all that was not bad enough, IP was the second largest employer during the economic boycott on apartheid South Africa.

One is immediately struck by how similar the social and physical environmental transgressions of International Paper are with Carter Holt Harvey. It must give life to the “disposable environment” approach that IP puts out in its advertising material. This invisible hand has been named.

**Conclusion**

If all this was not bad enough, Carter Holt Harvey recently closed down the public forest reserve in Hanmer Springs (North Canterbury), where the walking tracks had been revered by locals and tourists alike.

While the judges have not raised the issue of the Carter Holt Harvey dealings overseas, it is crucial to touch on the fact that on account of “cheaper trees”, Carter Holt Harvey had substantial operations between 1973 to 1990 in Chile, under the fascist Pinochet regime. Awash with planting subsidies and export grants under the dictatorship, and Carter Holt Harvey’s subsequent departure post-Pinochet, the changing opportunism is interesting - disgusting as it is - when contrasted with events at home in Aotearoa. In bringing in scab, casual labour and seeking to corner the log markets, the Carter Holt Harvey bosses saw this as making the best of “free market opportunities”! The irony should not go unremarked.

Shame on you, Carter Holt Harvey.

**Postscript**

In March 2002, the news broke about the restructuring at the Kinleith Mill in Tokoroa.

402 workers, including workers from maintenance, store and production, were to lose their jobs! This reduced the workforce at the mill by half. According to Carter Holt Harvey, they would then contract-out maintenance and expect up to 190 positions to be created but with no guarantees that the affected workers would be included. This was all so reminiscent of Nelson.

The news of the job losses has stunned Tokoroa residents. According to Mayor Blake, “when there is a sniffle at Kinleith the whole of Tokoroa catches a flu”. Tokoroa residents are heavily reliant on work from the mill. The unemployment rate is 10.3% compared with the national average of 7.3%. The loss will therefore impact heavily on the small town economy.

Carter Holt Harvey is, sadly, a deserved winner of the Roger Award.

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The Roger Award is organised by CAFCA (Campaign Against Foreign Control of Aotearoa) and GATT Watchdog. Copies of this report are available from: CAFCA, P.O. Box 2258, Christchurch. It can be accessed on www.cafca.org.nz.