

THE NATIONAL BUSINESS REVIEW

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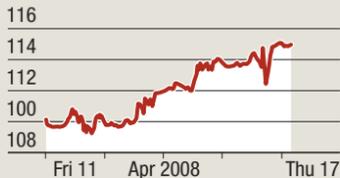
Editor's Choice

April 18, 2008 / \$9.50

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Oil price

Brent crude Nymex, \$US per barrel



Unhappy ending

The film company that produced *The Chronicles of Narnia* goes to court over a collapsed marquee

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Musical chairs

State-owned Orcon picks up 1600 rural customers as Telecom hands over its wireless broadband

Page 10

Battle for Omaha

Omaha Beach's future is being fought out in court over a computer entrepreneur's plans for an 800-home village

Page 38

Trading places

China's sorted – now it's time for Japan and Korea to start talking seriously about trade with New Zealand

Page 47

Finance success

Commerce Minister Lianne Dalziel might not have sung a song but the annual Infnz awards was a good laugh all the same. Find out who won what

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NBR Online Exclusive

News: Fisher & Paykel closes Dunedin factory

www.nbr.co.nz/article/430-jobs-go-fps-dunedin-factory

Seccom awakes from its slumber

www.nbr.co.nz/seccom

Turkey steps into the Pacific

www.nbr.co.nz/pacific

NBR Special Report

Transport and Logistics



Super union targets kids with tax money

Union trio plans merger and recruitment drive

Ben Thomas

A new militant "super-union" covering the service sector wants government funding for teaching workplace rights in schools, as part of a push to unionise a new generation before it even gets to the workforce.

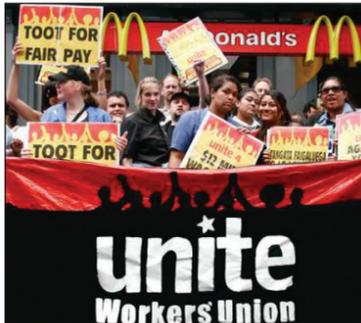
The established Service and Food Workers' Union (SFWU) and National Distribution Union (NDU), and the upstart Unite union are jointly applying for cash from the Employment Relations Education fund, a \$2 million fund for unions and business groups to access to provide training in workplace relations.

Employers and Manufacturers' Association (Northern) employment relations manager David Lowe said the fund was meant to be for existing employees and the EMA would be surprised if funding approval was granted by the minister.

Usually the training is provided to members, although the scheme provides that it must be made publicly available.

The three unions are expected to merge later this year into a single union with over 55,000 members. That will make it the largest private sector union, and expand the influence of the militant Unite union.

Unite boss Matt McCarten, who



UNITED UNION: The merger is likely to expand Unite chief Matt McCarten's influence

represents many teenaged employees of recently unionised fast food outlets, has been busy establishing workers' clubs at high schools around Auckland.

He previously signalled to *NBR* that he intended promoting a kind of portable union membership that young people retain even when they are not working in the industry.

NDU secretary Laila Harre has made similar statements since the unions began negotiating.

And by merging with NDU and SFWU, members of each union will find they can remain active within the union as they change jobs in the high-turnover service sector.

It's a move the unions hope will increase union density, which gives them more power to bargain favourable terms for members.

The name of the game for unions is numbers.

Unite has been especially successful at bringing new blood into the union movement by moving into new areas like fast food and



call centres. Mr McCarten claims the union signed up 1000 new members in 10 days in March, after concluding a new collective agreement with Restaurant Brands.

The merger will also eliminate turf disputes between the unions, particularly the SFWU and Unite, which previously clashed over casino staff at Sky City.

There is some nervousness in the Labour party about the impending merger.

The SFWU is one of five unions affiliated to the Labour Party, but it's understood Mr McCarten and Ms Harre, former co-leaders of the Alliance party, are opposed to the new union having such formal ties.

That would cost the Labour party around \$16,000 of the roughly \$50,000 it receives each year from union affiliation fees. The SFWU also made a donation of \$20,000 to Labour for the 2005 election but its more important role is as a source of organisation and activists for the party in campaigns.

Fund seeks big changes at Satara

Sarah McDonald

The board of NZX-listed kiwifruit co-operative Satara is under siege as a disgruntled shareholder pushes for a host of radical changes.

Fund manager Elevation Capital has called for Satara's long-serving chairman Andrew Fenton to resign and wants the board to investigate the possibility of selling the company.

The resolutions were included in agenda notes for Satara's next annual meeting, to be held on April 29.

Elevation said it was unimpressed with Satara's hefty capital expenditure programme and poor performance in the past financial year.

The kiwifruit packing house operator posted a weak result in 2007, with its earnings before interest, tax and rebate falling 17% despite an increase in both kiwifruit trays packed and revenue.

The rebate to growers fell from 28c per tray to just 10c and the dividend for "investor shareholders" – the shareholders who are not growers – dropped from 5c to 3c per share.

The most controversial resolution is likely to be Elevation's call for Mr Fenton to step down in the next year. He has been chairman for 16 years.

Mr Fenton said he welcomed Elevation's contribution and had no problem with what it was trying to achieve.

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ECONOMICS

Overlooking inflation

Much of the debate about housing affordability confuses basic facts about the true cost of mortgage finance, according to public policy researcher Andrew Coleman. He says standard measures of housing affordability based on headline mortgage rates overstate the true financing cost by about 50%. The miscalculation stems from "hidden" savings due to the effect of inflation, recognised by economists as "mortgage tilt."

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FINANCE

Hanover flexes muscle as \$30m tug of war goes to court

An acrimonious relationship between Hanover Finance and a US-based property developer is back in the High Court this week as the parties wage war over a \$30 million debt.

Expatriate Kiwi Mark Cooper has received funding from Hanover for more than five years to develop a series of property projects in California. Three went off without a hitch but the last two are now the subject of a stoush, involving legal action in both New Zealand and the US.

Mr Cooper filed a statement of claim in the High Court at Auckland on Wednesday alleging a long list of transgressions including breach of contract; breach of fiduciary duty; misrepresentation and interference with contractual relations.

Hanover chairman Greg Muir said the allegations were completely without merit and Mr Cooper was attempting to use the media to sway Hanover into a settlement.

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