Australia Dossier by Robert Barwick

Lights out in Auckland, Brisbane

God said, "Let there be light," but then along came Satan's Mont Pelerin Society.

In mid-February, the two major Southern Hemisphere cities of Brisbane, Australia and Auckland, New Zealand were plunged into power blackouts caused by equipment and infrastructure failures. In Auckland, all four major cables supplying power to the central business district failed, necessitating an evacuation of most businesses from its five-square-kilometer area. Extra police equipped with flashlights, as well as hundreds of private security guards, patrolled the evacuated area to prevent looting. Some businesses were forced to relocate to Australia, while seven large generators were flown to Auckland from Sydney on a huge Russian Antonov jet, to help provide emergency power.

The Auckland blackout made headlines around the world, as residents were forced to climb the stairs of 30-story buildings, and scavenge for food in Third World-like conditions, as elevators and refrigerators were knocked out. The government told the 6,000 residents of the central business district to evacuate. As of March 3, power had still not been fully restored.

While perhaps not quite as dramatic as Auckland, the power failure in Brisbane, a city of 1 million and the capital of Queensland, was also extremely disruptive. There, generators at four major power stations broke down over a ten-day period. To handle the crisis, Queensland's power authority began "load-shedding," such that most homes and businesses only had power for one hour in every four.

In both cities, the real cause of the crisis is ruthless cost cutting, as the leader of New Zealand's Alliance political party, Jim Anderton, charged on Feb. 22. "Profiteering [was] more important than reliability of service," he said. Mercury Energy, the power utility, "has cut jobs to 596 last year from 1,141 in 1992-93, while directors gave themselves a 36% pay raise last year." The state opposition in Queensland has accused the Borbidge government of looting the state-owned electricity sector of $850 million last year to balance its budget. And, 640 workers in Queensland's power industry have lost their jobs since 1995, of whom 140 were maintenance workers in power stations across the state, who were dumped in just the last three months.

These, and related cost-cutting measures, are part of the "reform" program imposed on Australia and New Zealand by the British Crown's Mont Pelerin Society. Both the Brisbane and Auckland blackouts were caused by one man: Wayne Gilbert, the CEO of Mercury Energy and a hero of the Mont Pelerin Society-founded, savagely anti-labor H.R. Nicholls Society.

New Zealand has been trumpeted as the Mont Pelerin Society's international model of "reform" since 1984 (see *EIR,* June 13, 1997), when the Labor government of Prime Minister David Lange and Finance Minister Roger Douglas began a ruthless transformation of the economy known as "Rogernomics." Rogernomics was run from start to finish by members of the Mont Pelerin Society (of whom there were only four in New Zealand), who were infiltrated into key positions in the government and into key think-tanks, such as the Business Roundtable and the Center for Independent Studies. Meanwhile, in Australia, the Hawke/Keating Labor government oversaw a similar process, albeit more slowly, which was also directed by similar Mont Pelerin think-tanks, including the Institute of Public Affairs, the CIS, and the H.R. Nicholls Society.

The H.R. Nicholls Society was founded in 1986 with a single purpose: to smash unions. Gilbert, at the time the managing director of the South East Queensland Electricity Board (SEQEB), was a keynote speaker at its inaugural meeting. In 1985, Gilbert conducted one of the most spectacular union-busting operations ever seen in Australia, when he sacked the entire unionized workforce of SEQEB, and replaced them with a workforce of half the size, of non-union contractors—an action which led to the Brisbane blackout 13 years later. Later, Gilbert headed the State Electricity Commission in Victoria, where he more than halved its workforce, in preparation for what became the largest single privatization program in Australia's history, worth more than $20 billion.

In 1992, Gilbert was made the CEO of Auckland's newly corporatized power company, Mercury Energy. He also became a member of the New Zealand Business Roundtable, Mont Pelerin's main think-tank in New Zealand, which helped write the script for Rogernomics, and whose members were the major beneficiaries of New Zealand's privatization program. Gilbert slashed Mercury's 1,200-person workforce in half, shed "non-core" activities, and sublet non-union contracts, while making headlines because of his own huge salary. Here it only took six years until the lights also went out. Gilbert savaged Mercury's workforce so badly, that the cable jointers used to repair the four cables, had to be flown in from Australia, because New Zealand's own cable jointers, who used to work for the old Auckland Electricity Board, had all been fired.