

Who profits from our foreign aid? From cattle company to global aid

[Wendy Bacon and Flint Duxfield from The Australian Centre for Independent Journalism \(AJIC\) write: AUSAID, FOREIGN AID, FRANK PACKER, JAMES PACKER, WHO PROFITS FROM OUR FOREIGN AID?](#)

**Yesterday, we kicked off our Who profits from foreign aid? series with a breakdown of GRM's corporate structure; today we report on how it grew from a cattle company to a big player in global aid delivery.**

Until Christmas last year, if you visited [GRM International](#) in Lennox Tower in Brisbane's CBD, you were greeted by large photos of smiling brown faces, signalling the company's interest in international development. What was not obvious was that you were also at the headquarters of one of Australia's biggest agricultural export offices, Australian Rural Exports Pty Ltd or [AUSTREX](#) as it is known.

Austrex describes itself as a "leading Australian exporter of agricultural products, specialising in the supply of livestock, genetic products, meat, dairy ingredients, grains and seeds to all major markets around the world" with [global operations](#) including in China and the United Arab Emirates.

GRM and Austrex not only shared the same office but they were intertwined in other ways. The registered offices of both companies were at Packer headquarters in Park Street, Sydney. They also share several common directors including current GRM managing director Kim Bredhauer and pastoralist Ken Warriner, managing director of 17 massive cattle properties held by Consolidated Pastoral Holdings.

GRM International Pty Ltd was also a shareholder in Austrex and they were both owned by another GRM company in London, which reported on their activities jointly in the one lot of company accounts.

When James' father Kerry Packer purchased both companies in 1993, GRM was an agricultural company managing rural investments and thousands of cattle in Queensland. Someone who knows better than anyone just how important the Packer connection was to GRM and Austrex is National Farmers Federation president David Crombie. A former managing director of GRM, Crombie is still on the GRM board.

During a speech he delivered to the Australian Association of Agricultural Consultants in April last year, Crombie spoke about the impact of the Packer family takeover:

"GRM had the capacity to take on more ambitious projects, projects from which we were previously precluded on account of the performance guarantees and bonds required, our properties were absorbed into the Consolidated Pastoral Group and the exporting company (Austrex) expanded its reach."

As aid delivery shifted from large NGOs and government partnerships to "for-profit" companies after the mid-1990s, GRM grew rapidly, especially from 2003 onwards.

GRM had long been involved in the Middle East and was quick to see the business opportunities provided by Australia's involvement in the war in Iraq. In a rare media mention of Kerry Packer's involvement in the company, *The Financial Review* reported in 2003 that GRM owner Packer and CEO Bredhauer had a meeting with the then Minister for Trade, Mark Vaile, to lobby for contracts in Iraq.

Bredhauer told the ABC that GRM was confident enough to set up an office in Iraq anyway: "There will be imports of cattle and possibly sheep into Iraq, their agricultural sector including their dairy, sheep and cattle sectors have been run down ... There would hopefully be some prospect for our trading company, but certainly the possibility of being involved in helping to build and run an abattoir or repair something that's already there."

In January 2004, Vaile announced that GRM had won a USAID contract to advise the Coalition Provisional Authority in Iraq on how to shift the controversial "oil for food program" to normal distribution.

Back in the Asia-Pacific region, GRM won contracts to deliver major projects for an Agricultural and Development project and Targeted Training in PNG, policing and education in Vanuatu, capacity building in East Timor basic education in the Philippines and a large agricultural project in Cambodia. In 2005, GRM was

ranked fourth in income received from Australian government aid contracting and moved to top ranking after it took over another big contractor [Melbourne Development Institute](#) (previously part of Melbourne University private). A key to its success was the huge contracts to manage RAMSI Australia's ongoing intervention in the Solomon Islands.

With so much publicly funded business, it was not surprising that Bredhauer developed close government links. He accompanied the then Queensland Premier Peter Beattie on a trade mission to the Middle East and was appointed to the then Minister for Foreign Affairs and Trade, Alexander Downer's [Aid Advisory Council](#), which the Rudd government disbanded.

As aid developed into a competitive global market, GRM took over an agricultural consulting company in Sweden, a meat company in the Netherlands, an agricultural company in the UK, and [set up a joint operation with a landscape development company](#) in Dubai. In the UK, they have been a pioneer in "for-profit" aid delivery, winning a UK Department for International Development (DFID) 20 million contract to develop democratic governance in Nigeria and another for supporting investment in the meat and leather industry, also in Nigeria. GRM is now involved in DFID projects in Southern Afghanistan, a 70 million project to strengthen law, justice and financial accountability systems in the Congo, justice and policing in Yemen and a number of European Union agricultural projects in Southern Africa.

GRM has claimed to be working in 60 countries employing a 1000 people on more than 100 projects ranging from animal exports to improve genetic standards in Sri Lanka to resorts with their partner Green Concepts in Kuwait.

So how does a company with such interlinked activities keep its aid business interests separate from its other global export operations? While it's true that most of the money is used for subcontractors with specialist skills, many aid contractors are now dependent on big companies such as GRM for ongoing work.

The ACIJ asked AusAID if GRM has ever declared potential conflicts of interest in countries in which it conducts agribusiness or its associated companies operate businesses.

AusAID replied that it was "unable to respond to this question without undertaking extensive research, involving reviewing all tenders submitted by GRM International Pty Ltd over many years". The ACIJ followed up with questions about whether AusAID kept records of conflicts of interest and asked if GRM had declared any conflict of interest in relation to specific agricultural contracts. No answer has yet been received.

GRM's most recent takeover was of the [Effective Development Group \(EDG\)](#), a company that specialises in the monitoring and evaluation of aid projects. Some of EDG's contracts appear to involve the evaluation of projects conducted by GRM itself. The ACIJ asked AusAID about these and was told that these projects were not for monitoring and were not "independent evaluations". The ACIJ also asked about another EDG project for education in Vanuatu but was told it had been incorrectly attributed to EDG on the tender database and was actually for GRM International.

### **James Packer takes over**

Until October 2008, all was going smoothly for GRM International under the new Rudd government. It won \$187 million in new AusAID contracts in the 2008 /2009 financial year.

By then Kerry Packer had died and son James had taken over. James was reported to have splurged on a \$50 million yacht, a \$60 million private jet and \$38 million London flat. The difference between GRM aid recipients and its owners was vast.

In 2007, James Packer spent \$3 billion on five US casino properties, just as the global financial crisis was beginning to bite.

By October 2008, Brisbane's [Courier Mail](#) reported that Jamie Packer's private interests were reported to be losing \$6000 a minute. CPH was shedding assets including its interest in Challenger Financial services. A \$50 million yacht was sold and a private jet was put on hold. CPH held onto its casino interests in Australian, UK, Macau and Las Vegas although they too were losing hundreds of millions of dollars. Consolidated Press

International Holdings pulled out of another big casino deal on the grounds that it did not want to disclose information about its secret family trusts in the Bahamas. Crown Casino shares were falling.

In March 2009, to the regret of his father's old friend Consolidated Pastoral Holdings and GRM director Kenneth Warriner, Packer sold the huge land holdings to British private equity firm [Terra Firma](#) for \$425 million. At the time, it was falsely reported by the London-based *Financial Times* that GRM was also to be sold to Terra Firma. In a rare media mention of the company, the *Financial Times* notes: "CPC owns 17 properties totaling five million hectares, and following the 1993 purchase of the international agricultural consulting and management company, GRM International, CPC became responsible for the management of more than 300,000 cattle across north Australia." No media outlet mentioned GRM's role in aid delivery.

If this report had been correct, not only had a massive junk of Australian land but also hundreds of millions of AusAID, EU, DFID and World Bank aid contracts would have ended up with Terra Firma, which is owned in the Cayman Islands tax haven and owns EMI records and lots of property in Germany. As it happens the reports were wrong and GRM and Austrex remained Packer companies until the end of 2009.

For GRM, however, 2008/9 financial year was a good one with \$187 million worth of new AusAID contracts rolling in. How much of that is profit, however, it is not possible to say as the accounts of the [GRM Unit trust](#) are not published.

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**[Who profits from our foreign aid?](#)** is a joint investigation between the [Australian Centre for Independent Journalism](#) and Crikey. *This week we'll profile the big players of Australian Foreign Aid - GHD, Cardno and Coffey, speak to aid workers in the field and run expert commentary on the state of Australia's foreign aid.*