

How the rich prospered from the Telstra sale

Mike Head
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One revealing feature of the Australian *Business Review Weekly's* Rich 200 list is the extent to which the top 200 benefitted from the Howard government's sale of one-third of Telstra, the state-owned telecommunications conglomerate.

Between them, the 200 richest individuals took up nearly 18 million shares in last November's float. With the shares now valued at more than \$65 million, they have made a 53 percent paper profit on their original investment at \$1.95 a share.

When he announced the \$40 billion selloff of the final two-thirds of Telstra last March, Prime Minister John Howard declared that the completed sale would be a gain for "mums and dads" and "ordinary Australians" who would supposedly benefit by purchasing thousands of shares.

Yet the figures compiled by the *BRW* show that the super-rich took a large slice of the promised bonanza. Nearly 80 percent of those on the magazine's rich list secured a Telstra shareholding. Michael Darling headed the table. He bought more than 2.9 million shares valued at \$10.5 million through his family's private investment company, Caledonia Investments.

The Telstra purchase helped push his worth to \$95 million. Darling, a son of an Establishment family, that once owned much of BHP, has made most of his fortune through share speculation, funds management and other investment.

Next came the Myer family, whose retail empire and investment interests are worth \$840 million. It took 2.4 million Telstra shares. John and Timothy Fairfax, who jointly head a \$860 million media business, snapped up 1.5 million shares.

Another pillar of the Melbourne Establishment, the Baillieu family (worth \$160 million), took 480,200 shares, valued at about \$1.7 million, while Angliss meatworks heir Diana Gibson purchased 305,000.

According to the *BRW*, the holdings of the Rich 200

amount to a mere 0.4 percent of Telstra's share register, but this only takes into account their private purchases. A hefty chunk of the Telstra float went to the big banks, superannuation funds, insurance companies and other financial giants. They act on behalf of the same elite social layer, as well as controlling the life savings of millions of working people.

These statistics help dispel some of the myths surrounding the privation process in Australia and worldwide. Howard said his goal was to make Australia the "greatest share-holding democracy in the world," echoing Margaret Thatcher's 1980s claim to be creating "people's capitalism" in Britain.

In reality, big investors, finance houses and major companies stand to reap billions of dollars -- at the direct expense of the jobs and conditions of Telstra workers; the services provided to household phone and computer users; and the meagre investments of ordinary people. Far from signalling a new dawn of democracy, the ever growing disparities in wealth are incompatible with genuine democracy.



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