

Mining boom boosts Australia's ultra-wealthy

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In the past year, Australia's richest 200 individuals have increased their collective wealth by 23 percent, or \$33.1 billion, to a staggering \$167.3 billion. The recently released *Business Review Weekly* (BRW) "Rich 200" points to escalating social inequality. Under conditions where working people are confronting worsening economic hardship, unprecedented levels of wealth are being concentrated in the hands of a tiny elite.

The entry point for the rich list this year is a record \$215 million. In 2008, the previous high point, \$200 million was required to qualify, while in 2009 this fell to \$150 million and in 2010 it was \$185 million. The ultra-wealthy have more than made up for the relatively minor losses they suffered after the global financial crash. "Are the rich getting richer?" the *Business Review Weekly* asked, answering, "Absolutely."

Four out of the top five made their fortunes in the mining sector, underscoring the Australian economy's dependence on mineral exports and also pointing to the growing weight of the major miners within the ruling elite. The wealthiest Australian is now Gina Rinehart with a record \$10.31 billion personal fortune. Western Australia-based Rinehart inherited her father Lang Hancock's in-perpetuity royalties to iron ore in the Pilbara region now mined by Rio Tinto. She more than doubled her wealth in the past 12 months, with her value estimated at \$4.75 billion in 2010.

The others in the top five who made their money in the mining sector are Ivan Glasenberg, a Swiss-based resource commodities trader who recently became an Australian citizen and is valued at \$8.8 billion; Andrew Forrest, West Australia-based iron ore miner, valued at

\$6.18 billion; and Clive Palmer, Queensland-based coal and iron ore miner, with a personal fortune of \$5.05 billion.

The sole manufacturer in the upper tier is Anthony Pratt, with \$5.18 billion made from the cardboard and paper firm founded by his father Richard Pratt. Property and shopping centre investor Frank Lowy topped the rich list last year with \$5.04 billion—less than half of Rinehart's current fortune—but fell to sixth spot this year with a slightly lower fortune of \$4.98 billion.

"It has been an incredible year for the mining industry," *Business Review Weekly* senior editor Kate Mills said. "When we talk about the two-speed economy, what this list shows is that it plays out across the whole economy including right at the top end."

The most immediate factor behind the soaring wealth for the major mining corporations and their CEOs is booming commodity prices. But this is not the only factor at play. A proposed Resource Super Profits Tax was one of the factors behind the ousting of Kevin Rudd as prime minister last year. His replacement Julia Gillard immediately moved to modify the tax that the major mining companies spent \$100 million fighting against. Rinehart, Forrest and Palmer were among the billionaires heading the campaign.

Earlier this month, Gillard was feted by the miners for services rendered (see "Australian prime minister in love fest with mining moguls"). In her fawning speech to the Minerals Council of Australia parliamentary dinner, the prime minister declared that the \$22 billion in cuts and savings announced in the May budget, including vicious cuts to welfare recipients, was

centrally aimed at “leaving room for the mining sector to grow.”

The BRW rich list points to the parasitic character of the Australian bourgeoisie. The wealthiest individuals are those who oversee the extraction of minerals from the earth and their export to Asia. The lone manufacturer in the top ten, Pratt, derives his fortune from his father and his dubious business practices. Richard Pratt, founder of the Visy cardboard manufacturing and recycling conglomerate, was found guilty in 2007 of establishing a cartel with his major rival, Amcor. The cartel netted Pratt an estimated \$700 million.

A further example of the character of this social milieu is the Packer family. James Packer ranks eighth in the Rich 200 list, with a personal wealth of \$4.16 billion. Heir to the deceased Kerry Packer, formerly Australia’s richest man, Packer’s fortune is closely tied to his 40 percent stake in Australia’s largest casino, Crown in Melbourne. Crown’s profits are directly tied to the immiseration of many gamblers, often the poorest and most desperate layers of society.

The rich list indicates the extreme polarisation of Australian society. There are 35 billionaires in Australia, equivalent to 1.6 billionaires for every 1 million citizens. This ratio is among the highest of all advanced capitalist countries—for example, there are 1.3 American billionaires per 1 million people in the US. The mining boom in Australia, which has created wealth for a few, has helped boost the Australian dollar which in turn has had a recessionary impact on many other sections of the economy. The result has been a renewed restructuring drive in manufacturing and service industries, intensifying the assault on wages and conditions.

The BRW Rich 200 magazine features extensive advertising for private jets, luxury cars and Swiss watchmakers. The extraordinarily wasteful activities of the wealthy elite finds expression in the magazine’s description of James Packer’s recent home renovations: “Packer has been busy renovating his \$18 million residence in Vaucluse [Sydney]. He spent \$12.5 million buying adjacent properties ... demolished the two houses, and plans to pour another \$13 million into

building a 13-car garage, 23-metre pool, underground cinema, gym and staff quarters.”



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