

Australian mining magnate buys controlling interest in Fairfax Media

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Billionaire mining magnate Gina Rinehart, Australia's richest individual, boosted her investment in Fairfax Media this month to become the company's largest single shareholder. Fairfax owns the *Sydney Morning Herald*, the *Age*, the *Australian Financial Review* and a string of Australian radio stations and regional newspapers, as well as leading dailies in New Zealand.

Along with her 12.6 percent share of Fairfax, Rinehart has 10 percent of Network Ten, an Australian national television broadcaster, and a seat on its board. Although she does not have a seat on the Fairfax board, Rinehart is expected to continue investing in the company until she does.

Rinehart's new investments have little to do with profits from the media. Fairfax has a current market value of only \$1.8 billion, with declining advertising revenue, and is about \$1.5 billion in debt. Rinehart's media strategy is bound up with the reactionary political agenda for which she and her late father, Lang Hancock, are notorious.

Whereas her father called for the state of Western Australia to secede from the federation, Rinehart is demanding the creation of a special "northern economic zone." In 2010 she established the Australians for Northern Development and Economic Vision to agitate for this perspective. The lobby group is backed by the right-wing Institute of Public Affairs and supported by other mining billionaires.

Rinehart's northern zone takes in more than half the Australian land mass, stretching from Queensland's Bowen Basin to Port Hedland in Western Australia, and contains most of the country's mineral resources. Rinehart wants labour productivity driven up, the abolition of payroll taxes, drastic reductions in business

tax rates and other investment sweeteners for corporations operating in the region.

This is necessary, Rinehart argues, so that Australian miners remain competitive against their international rivals in the multi-billion dollar Chinese resources market. She is also seeking to import "competitive," that is cheap, labour to cut costs in building mining projects in the northern zone.

Rinehart's father amassed a fortune after his 1952 discovery of the world's largest iron ore deposits in north-western Australia's Pilbara region—an area as large as Spain. Having inherited a substantial portion of this 'revenue stream,' Rinehart's wealth has expanded exponentially over the past five years, in line with the China-driven mineral boom.

According to *Forbes Asia*, Rinehart had an estimated personal wealth of \$1 billion in 2007, which doubled to \$2.4 billion in 2008 and climbed to \$10 billion in 2011. By 2012, her wealth had almost doubled again to \$18.5 billion. Annual royalties from the Pilbara's Hope Downs iron mine are expected to be about \$2 billion when it reaches full production in the next year or so. She also has significant investments in coal, as well as uranium, lead, gold, diamonds and oil exploration.

Like her father, Rinehart is using this wealth to demand greater control over the Australian political agenda. Hancock's 1979 book *Wake Up Australia* called for the "limiting of government power." This could be achieved, he wrote, by "the big mining groups banding together with a view to taking over one or more of the present giant newspaper chains which control the TV and radio channels."

Rinehart opposes all government limitations on mining. She is a climate change ‘sceptic,’ which is her justification for opposing the government’s carbon tax. In 2010, she was personally involved in the multi-million dollar advertising blitz against the Labor government’s Resource Super Profits Tax (RSPT).

The anti-mining tax campaign was a significant factor in the ousting of Kevin Rudd as prime minister in June 2010 and his replacement by Julia Gillard, who immediately dropped the RSPT. Gillard is replacing it with a watered-down Mineral Resource Rent Tax, which will collect far less from the mining companies than the small impost proposed by Rudd.

Rinehart has sponsored several Australian lecture tours by Christopher Monckton, a leading climate change denialist. Monckton addressed the right-wing Mannkal Foundation last year, calling on Australia’s “super rich” to establish a Fox News-style network. This, he said “would be a breakthrough and give to Australia a proper dose of free market thinking.”

Rinehart is also closely connected with advertising tycoon John Singleton. He owns radio stations 2CH and 2GB, notorious for their right-wing talk-back announcers—Andrew Bolt, Alan Jones and Ray Hadley. Bolt, a favourite of Rinehart, was given his own Fox News style-program on the Ten Network just before she invested in the broadcaster.

Bolt commented last year that Rinehart was “alarmed that people in the eastern states have got complacent, living fatly off [the mining] industries they despise and in their ignorance now threaten.” He claimed that “not a single newspaper or television station” had reported her comments, but with her involvement in the media this would change.

Queensland-based mining magnate Clive Palmer commented earlier this month on ABC-TV’s Lateline program that there could be “an east-west play with Fairfax. Gina could come from the west and buy 15 percent, and we could buy 30 percent from the eastern side of Australia and really get the place humming again.”

Online lobby group GetUp! and other liberal commentators have denounced Rinehart’s shareholding in Fairfax, declaring that it would undermine the media

group’s editorial “integrity” and “independence.” Fairfax, however, has no more integrity or independence than other corporate media groups—at present it simply represents the interests of different sections of the ruling elite.

Prime Minister Gillard has made no official response to Rinehart’s investment in Fairfax. Last December, however, a federal government review of Australia’s media laws recommended that cross-media ownership laws be abolished. Developed in the 1980s, the laws were to prevent any one owner, such as Rupert Murdoch, from dominating all three traditional media outlets—radio, newspapers and television—in any one city or state.

These measures have had little impact on media ownership concentration, which is amongst the highest in the world. Australian newspapers are dominated by two big corporate players—Murdoch’s News Limited, with 70 percent ownership of all the country’s newspapers, and the Fairfax Media with just under 30 percent.

The interim report claimed that the media legislation prevented diversity. It also called for the Australian Communications and Media Authority to be replaced with “a more flexible” regulator. This will open the way for even greater media ownership concentration.

Rinehart’s new found interest in the media will no doubt produce a bigger public profile for her pet project of a low tax special economic zone in Australia’s north. Her purchase of a stake in Fairfax is just one crass expression of the way in which the corporate elites use the media to dictate instructions to governments and manipulate public opinion to suit their own class interests.



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