

# Australian reports on wealth and poverty: A tale of two countries

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Two reports published in Australia late last month starkly highlighted the growing polarisation between rich and poor. The first, the *Australian Financial Review* magazine's 2015 BRW Rich 200 list outlined the rising fortunes of the country's wealthiest 200 individuals and families. The second, the Salvation Army's Economic and Social Impact Survey, for the fourth year running exposed the dire and deteriorating conditions endured by welfare recipients.

While the livelihoods of these vastly different layers of society are a world apart there is, in fact, a direct connection between them. The conditions of deprivation and poverty imposed on those at the bottom of society are dictated by the corporate boardrooms and company owners of the Rich 200 list, among others, who determine the austerity measures of both Liberal and Labor governments that benefit the wealthy at the expense of the poor.

This process has resulted in the poorest section of the Australian population eking out an existence on an impossible \$43.45 per day, while the average daily income of the richest 200 is an obscene \$2.7 million. The richest six individuals own more wealth—\$55.9 billion—than the bottom 20 percent—1.73 million households.

The top six are Gina Rinehart with \$14.018 billion, Anthony Pratt and family \$10.759 billion, Harry Triguboff \$10.228 billion, Frank Lowy \$7.837 billion, Hui Wing Mau \$6.890 billion, and Ivan Glasenberg \$6.144 billion.

The Rich 200 list reports a record 49 billionaires, up from 39 last year, and reveals the unimaginable wealth of this tiny parasitic layer. Despite a decline of almost \$6 billion in the wealth of Australian's richest person, mining magnate Rinehart, due to the plunge in iron ore prices, the combined wealth of the country's richest 200 individuals increased by 1.2 percent to \$195.6 billion.

The wealth required for entry to the list was also a record \$286 million, up from \$250 million last year. The first Rich 200 report, published in 1983, required a mere \$10 million to make the list, so there has been an almost 30-fold increase in the entry level. Sydney is the preferred city of residence for 18 of the 49 billionaires, with the surrounding state of New South Wales housing 61 of the 200 richest individuals, just beaten by Victoria on 63.

Only six of the top 200 derived their wealth from manufacturing, with Pratt and his family, who control Visy and the US-based Pratt Industries, coming in second on the list, increasing their wealth by a massive 29 percent in one year. According to the *Australian Financial Review*, Pratt's "series of big bets on the comeback of the USA manufacturing sector have paid off." This is, without doubt, attributable in large part to the protracted slashing of American wage levels under the Obama administration.

More than a quarter—53 of the richest 200—derived their wealth from property, with soaring housing prices driving the rapid increase in their stakes. Harry Triguboff, the owner of Meriton, Australia's largest apartment developer, climbed from eighth in 2014 to third this year, almost doubling his wealth to \$10.23 billion. The property price surge that has benefited Triguboff and others on the list so handsomely has resulted in the median house price in Sydney climbing to a staggering \$752,000, followed by Melbourne on \$567,000. This has effectively priced hundreds of thousands of families and young people out of the housing market.

There are 17 newcomers on the list, the calibre of which is highlighted by the prominence given to one, Tony Denny, who made his \$320 million selling used cars in Russia and Eastern Europe following the collapse of the Soviet Union in 1991. Denny was one of the myriad capitalists who flooded into these countries to profit from the cheap labour and opportunities afforded by the

Stalinist bureaucrats who oversaw the destruction of the remaining social gains from the Russian Revolution. The staggering decline in the conditions, living standards and life expectancy of the population in these countries was due to the exploitation and plundering carried out by such individuals.

While the top 10's combined wealth dropped marginally from 2014, due to falling mining export prices, they still owned 37 percent of the total wealth of the richest 200, while the top 20 held 47 percent.

By contrast, the Salvation Army's survey, conducted in February, was based on the responses of 2,406 families and individuals, whose dependents included 2,486 children, who accessed the charity's emergency relief and support services. Of the respondents, 88 percent received income support payments, which means that their welfare benefits did not cover the basic necessities of life.

Three quarters of the respondents had been seeking employment for up to two years. These people "experienced more housing stress (75 percent), a higher level of deprivation (49 percent could not afford 11 or more essential items), and consequently lower satisfaction in life," as measured by a personal wellbeing index.

Significantly 5 percent of the respondents had jobs, but were still forced to seek emergency relief. Of those surveyed, 75 percent were single-parent households, with 53 percent of those with children.

Due to the rising cost of rental accommodation, in which the majority of respondents lived, 59 percent of their total income was spent on housing costs, leaving only \$125 per week or \$17.86 per day for food, utility payments, medical expenses, transport and clothes.

The percentage of income paid for accommodation was twice the commonly-used benchmark of 30 percent that signifies housing stress. Some 78 percent of respondents suffered extreme housing stress. Three quarters of those surveyed said they had cut down on basic necessities, including meals and paying utility bills, because they could not afford them.

No less than 87 percent of the adults and 60 percent of the children reported severe deprivation, which is characterised as having to go without five or more essential items. Essential items included a substantial meal once a day, medical and dental treatment, having \$500 savings in case of emergency and being able to afford a week's holiday away from home. They reported that they had few options to improve their situation.

The Salvation Army report cited statistics from the 2014 OECD report, *Society at a Glance*, which stated that

"relative poverty in Australia (14.4 percent of the population) is higher than the OECD average of (11.3 percent)" and "10 percent of Australians report they cannot afford to buy enough food."

While the charity's report focussed on the most oppressed and vulnerable sections of the working class, the situation is little better for households whose members have jobs. For the 1.8 million workers on the minimum wage of \$656.90 per week, it is a matter of survival from week to week. The illness or injury of one or more in the family can mean the difference between making ends meet and not. The Fair Work Commission last week lifted the minimum wage by a miserable \$16 per week, the lowest rise for years, while the Australian Chamber of Commerce and Industry demanded an increase of no more than \$5.70.

The gulf between the tiny elite at the top of society and the poorest section of the population will only widen following the federal budget released last month. Treasurer Joe Hockey announced that a further \$1.7 billion will be slashed from welfare payments over four years through the relentless persecution of pension and unemployment payment recipients, while providing \$5 billion in tax cuts and concessions for small business.

The Labor opposition's response to the budget was a call for bipartisan measures to impose the further attacks demanded by the corporate elite. This was a declaration that a Labor government would take up where it left off after losing the 2013 election and continue the assault on the working class.

There is no possibility of overcoming the unprecedented gulf between rich and poor through the re-election of a Labor government or the parliamentary system itself. What is required is the overthrow of the capitalist profit system that, as Marx explained, creates "the accumulation of wealth at one pole" and "at the same time accumulation of misery, agony of toil, slavery, ignorance, brutality, mental degradation, at the opposite pole."



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