Australian billionaires celebrate soaring wealth, while wage case leaves millions in poverty

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Just two weeks after a federal election in which the issue of worsening social inequality was almost totally buried, the annual *Australian Financial Review* Rich List has glorified the growth of the fortunes of the super-rich.

"The so-called 'top end of town' just got richer," the financial newspaper trumpeted on Friday. Its editorial said the Rich 200 List "celebrates this opportunity society in which people can get ahead, and in doing so create wealth, jobs and more prosperous futures for many others."

This was published a day after the federal government's Fair Work Commission ruled that the minimum wage must remain below the poverty line for many working class families. Such are the "prosperous futures."

According to the Rich List: "The 200 wealthiest individuals or families in Australia now control wealth totalling $341.8 billion." That is up by 21 percent from 2018's tally of $282.7 billion. Members of the "top 10" did even better. Some virtually doubled their fortunes in 12 months.

The results illustrate once again the acceleration of social inequality since governments around the world bailed out the financial elite after the 2008 global economic breakdown. The 200 people on the list represent a tiny fraction—0.0008 per cent—of the population.

The newspaper continued: "[T]he 2019 Rich List is one full of records: 91 billionaires, an average wealth of $1.7 billion (up from $1.4 billion), and a cut-off of $472 million—a healthy $85 million higher than last year."

When the Rich List was launched in 1984, the first full year of the Labor government of Bob Hawke, the 200 richest people had a combined wealth of $6.4 billion. There has been a staggering 53-fold increase in wealth for the top 200 in just 35 years. Building on the vast redistribution of wealth carried out by the Labor government from 1983 to 1996, they have more than doubled their share in three decades.

Despite the myth of Australia being a relatively egalitarian society, it now ranks eighth most unequal, in terms of wealth, among the so-called developed nations.

Most of the bonanza has come from speculative and parasitic activity. Of the 200 on the Rich List, nearly a third—63—are "property moguls." Their profits have come from soaring house prices, at the expense of homebuyers. As a result, Australian household debt levels are among the highest in the world.

Another 39 on the list made their money through "investment" or "financial services," reflecting the growing domination of the financial elite. A further 29 "cashed in" through "retail" empires, despite a wave of store closures and job losses. Mining magnates made up 20 places on the list, boosted by a temporary global surge in iron ore prices.

There were 14 technology entrepreneurs listed, led by Scott Farquhar and Mike Cannon-Brookes, the co-founders of Atlassian, an IT software company. The doubling of its Nasdaq-listed shares in recent years meant their combined wealth nearly doubled in 2018, from $10.32 billion to $19.38 billion.

Few industrialists appeared on the list, due to the continuing devastation of basic industry. One exception was Anthony Pratt, described as the "cardboard box king." For the third year in a row, he took the No. 1

spot with an estimated wealth of $15.57 billion, up from $12.90 billion.

In reality, the exception proved the rule. Nearly half of his box-making and recycling operations are now based in the US. President Donald Trump slashed the corporate tax rate and granted instant write-offs for investment, so Pratt's overall pre-tax earnings grew 15 percent to $1.26 billion.

Second on the list was iron ore billionaire Gina Rinehart, worth $13.81 billion, followed by Meriton apartment developer Harry Triguboff, who "defied the property slowdown to lift his wealth from $12.77 billion to $13.54 billion." Hong Kong-based property developer Hui Wing Mau was in fourth spot, on $9.09 billion.

The *Financial Review* presented the extravagance of the wealthy as a necessary part of "being rich." Once they "made it to the top, it's expensive to look the part." It reported: "Through all of the housing turmoil, they have traded, upgraded and extended their mansions and penthouses, seemingly oblivious to the downturn outside their gates."

Last September, Atlassian's Cannon-Brookes bought Fairwater, the biggest private waterfront estate on Sydney Harbour, at Point Piper, for $100 million, breaking all records for an Australian home. The year before, Atlassian's co-founder Farquhar, bought an adjoining harbour-front residence for what was then a record $71 million.

Those buying mansions since the start of 2018 included Jerry Schwartz (Vaucluse, Sydney for $67 million), Richard Scheinberg (Bellevue Hill, Sydney, $58 million), Owen Kerr (South Yarra, Melbourne, $30 million), Prudence MacLeod (Potts Point, Sydney, $14 million), Tony Tartak (Airlie Beach, Queensland, $14 million) and John Kinghorn (Mosman, Sydney, $10 million).

Mining magnate Clive Palmer, who spent an estimated $60 million on an election advertising campaign for his far-right United Australia Party, which advocates for lower taxes on the wealthy, bought four luxury residences around Queensland for $24 million.

These purchases provide only a limited picture of the obscene levels of inequality. A 2017 report, based on previously unavailable data, showed that the top 1 percent owned about 20 percent of total household wealth, and the richest 10 percent had more than half. The poorest 40 percent owned less than 3 percent. The bottom 20 percent had a negative balance of minus 0.2 percent. That is, they owned nothing, or their personal debts exceeded their assets.

The latest *Poverty in Australia* report, released last October, found that there were over 3 million people (13.2 percent) living below an austere poverty line of 50 percent of median income. This poverty line was just for a single adult living alone, or $909 a week for a couple with two children.

Nevertheless, the Fair Work Commission judges rejected calls to raise the minimum wage to a "living wage." They said the increase required "to lift these household types above the relative poverty line would run a significant risk of disemployment and of adversely affecting the employment opportunities of low-skilled and young workers."

Fair Work Australia president, Justice Iain Ross, one of the former high-ranking trade union officials on the tribunal, admitted that many households were below minimum standards for a "healthy living." Among them were part-time working single parents with children and single-income couples, both with and without children.

The tribunal increased the minimum rate by just 3 percent to $19.49 an hour, or an extra $21.60 a week, not even enough for a daily cup of coffee. In effect, the judges gave a green light to the expansion of super-exploitation, absurdly claiming that low-paid jobs could often act as a "stepping stone" to higher-paid employment.