

# Channel Ten stake a mine game

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**FEW people have yet worked out what Gina Rinehart is suddenly up to, or the fear that's driving her.**

That explains the stunned reports this week, like this, in The Australian:

"Australia richest woman, Gina Rinehart, has shocked the media industry by taking a 10 per cent stake in Ten Network Holdings."

Shocked is right. Why would Lang Hancock's daughter, who became a billionaire by vastly expanding the iron ore business her father founded, want to own a share of a TV station, too?

It is because the shares are cheap? Because there's big money in Simpsons re-runs? Because Channel 10 is going places now that James Packer has an 18 per cent share, to be split with friend Lachlan Murdoch?

If that were all, I wouldn't bore you. But my strong and not entirely uninformed hunch is that much bigger issues are at play involving our country's future and threats to the wealth we've taken for granted.

I can't disclose just why I suspect that, but read for yourself a clue in the terse statement put out by Rinehart's Hancock Prospecting on Monday: "Our company group is interested in making an investment towards the media business given its importance to the nation's future and has selected Channel 10 for this investment."

Rinehart is on a mission. Channel 10 is just the vehicle.

In fact, I believe this deal may be the start of an attempted shakeup of one of the three big free-to-air TV stations, by a woman rightly alarmed that people in the eastern states have got complacent, living fatly off industries they despise and in their ignorance now threaten.

This smug and deadly mindset is one you might find any week on Ten's 7PM Project from the likes of eyes-of-fire green activist Todd Sampson, but is best symbolised by actor Toni Collette.

A horror-struck Collette once told the ABC she had gone to the Pilbara, Rinehart country, and the Mt Newman mine there near the iron ore deposits Rinehart's father discovered.

"That's a disgusting mine where they actually shot a huge explosion while we were there and I just felt sick about it," she moaned. "Let's all rape the earth."

Meanwhile, the builders are moving in on one of Collette's houses for a \$2.5 million revamp that I'll bet will involve iron or steel made from Pilbara ore.

I have no idea what Rinehart hopes now to do to Ten, if anything. Nor could I guess what chances she'd have of turning it into, say, an Australian Fox News, even if she wanted to.

What would Packer say? What would Murdoch, son of the Fox News owner?

But I do have an idea of what worries Rinehart about our future.

The fact is that even in these green times 40 per cent of all we earn through exports comes from mines.

That includes more than \$50 billion a year from iron ore, and \$55 billion from the coal trade that the Greens vow to phase out for being "dirty".

Not that many city folk seem to know or care. Our dependence on our mines is easy to ignore when almost every scrap of iron ore we export is dug up in out-of-sight Western Australia.

Oh, but we enjoy the cash, though. WA loses a third of the GST it's entitled to for its size because the rest of Australia considers it's rich enough from mining and other states must have that money instead. And so WA mines pay for services to Greens voters in Sydney and Melbourne.

Now the Gillard Government is hungry for even more, hitting miners with a new Mineral Resources Rent Tax, most of it to be ripped out of the West.

And here's where you should start worrying. Like it or not, your lifestyle is propped up by stuff dug from the ground and shipped overseas - mainly to ever-booming China.

But suddenly we have tougher competition than we'd ever expected, just when we're making it tougher for miners than they expected, too.

Check out Rio Tinto. One the biggest three miners here has now sunk \$600 million into developing what it boasts is "the single best undeveloped source of high-grade iron ore" in the world. It's not in Australia, but at Simandou, in the West African country of Guinea.

This one mine alone is expected to produce as much iron ore each year as all Australia's mines produce in three months. And next door to this mine will be more.

BHP also has interests in Guinea, as does the Brazilian supergroup Vale, not satisfied with the new mine it plans to open in 2013 back home in Serra Sul. This, Vale claims, is "the largest iron ore project in the world", and will produce close to what Simandou will.

Just the new mines in Africa and Brazil should warn us Australia, long the world's biggest iron ore exporter, now has unprecedented competition for both export markets and investor dollars.

But the story has just got worse.

These new mines have better ore than the Pilbara and pay much less for workers. Workers are so scarce in some Pilbara mines that even a kitchen hand can earn \$100,000, but Guinea is the world's second-poorest country, with workers earning an average \$500 a year.

Until now we've at least had the edge on political stability and especially on freight costs. To ship each tonne of ore to China, Brazil, our biggest competitor, must pay about \$40 to \$60 more than we do.

Now this advantage may all but vanish, too. Brazil has ordered the first 36 new Chinamax ore carriers, 400,000 tonne behemoths tipped to help slash charter rates by up to 75 per cent.

Ian Shirreff, chief executive of Zodiac, which brings iron ore to 20 of China's biggest steel mills, said last month this one move would "have the biggest effect on the market we've seen in 30 years".

HE added: "They're planning 80 to 100 vessels to drive the market down so low that the differential between Brazil-China freight and Australia-China is minimal."

And, unlike Australia, Brazil is not short of the deep-water ports to handle these giants.

No one says our mining industry is now on its last legs. Almost all the big miners plan to lift production, and prices are still very high.

But our future is being decided today, and the currents run against us.

More unforgivable, the Gillard Government has chosen this very moment to give investors one more reason to look to Africa instead, imposing a new mining tax sure to drive off long-term investment. And then there's its plans for a new "carbon tax".

Rinehart this month tried to sound the alarm when opening a new Queensland coal mine in front of an audience that included Resources Minister Martin Ferguson.

"Expensive sources of energy lead to expensive power, and expensive power impacts everything," she said.

"We must never forget, that there is a world of minerals outside Australia, and so we must be cost competitive."

Indeed, 300 Australian companies were now investing in West Africa:

"This needs to be addressed in the interests of our country and our future."

Not a single newspaper or television station reported her warning, or checked to see what the problem was.

But now Rinehart may hope that next time one will.