

The Big Picture

Issue 15

7th November 2008

"News to use & amuse"

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www.abetteraustralia.com

A peek at our polities

Community cabinet in Launceston. CC08 security badges, kits, passes and, common sense - no strip searches, no security, no metal detectors. Good to see the Rudd team recognise that Launceston doesn't need heavy handed security.

Soporific music from a live band, Cabinet members in a row, Kevin Rudd in the centre. Someone sang Advance Australia Fair and someone else did a welcome to country turn.

An amusing and personable chat from the PM, a couple of quick jokes, a long list of wonderful things that his government had done in 'just 11 months' and into questions from the audience, all facilitated by the PM. Good for him.

As expected, most of the 'answers' were political statements that included a couple of key words from the questioner. [The Mercury](#) reported it well...

10 yr old Matthew "Kaeo" Landon Lane from Exeter Primary School said he had listened to the Prime Minister explain that the most important thing for any government was to make sure its people had jobs and secure employment.

"But what is the point of having the jobs if there are not forests left or places to go?," said little Kaeo, admitting he had been to lots of pulp mill rallies.

As the crowd exploded in cheering, Mr Rudd squirmed. He replied that the minister responsible for the pulp mill, Mr Garrett, was a "very good man and an honest man" who would diligently and thoroughly look at the pulp mill.

"Because this man, like you, believes in this planet," Mr Rudd explained.

Kaeo looked unconvinced. And not a little troubled.

Lots of applause to for Pete Godfrey who challenged tree MIS. Mr Burke could only respond that there were 'people in favour and people opposed' to MIS. He didn't mention that those in favour were those receiving the money and the benefits.

One person queried the pulp mill assessment process only to be told, somewhat worryingly, that 'we were a nation of laws and the government has to obey those same laws.' I struggled to resist shouting '*we want a government that changes things for the better...not just one that obeys the laws!*'

Worrying because when laws are antithetical to the people's needs, we might expect leadership from the government to change them. After all, they're quick to create new laws to advantage particular groups.

Despite the flaws, hats off to the Cabinet for coming and listening to locals. I can't imagine John Howard doing any of it.

Private meetings

The Canberra crew had 'granted me an interview' with John

Faulkner, Special Minister of State, a well respected Labor stalwart who had explored difficult issues like party donations. Each of us had 10 minutes with our chosen Minister...just enough time to gabble our concerns.

The Mins were all sat at different tables in a large room, with various minders and bureaucrats in attendance.

I asked Mr F to regulate the total amount of our income that governments could take – in other words to put a cap on governments plundering our pockets. I also asked for performance guarantees to control waste and errors, and for public service incentives to be paid for successful community outcomes, rather than on bringing in money or cutting services.

He responded well, understood my points and committed to get me an answer to what he called 'a comprehensive proposal'. I'll keep you posted.

The need is clear

If the 'financial crisis' is as dire as predicted, and government needs to make cutbacks, the most important place to cut back is on waste, error and duplication. In Australia, governments have regulated milk, newspapers and eggs but have completely failed to regulate their own performance and expenditures.

In NSW as services collapse, business rents soar by up to 200%, businesses close losing jobs, the NSW government wants to raise taxes, sell the power system and cut services. Where do they think people are going to get the money from? Meanwhile they continue to hit people with new taxes and [penalties](#) such as taking people's driving licences for minor infractions.

Now that brand Government is pretty much equivalent to brand Labor, Kevin Rudd's team needs to control our governments and cause them to stop wasting money and learn to manage with what they've got instead of taking it from us.

If governments stopped waste, error and duplication we'd save tens of billions each year! If we cut regulation we could save more tens of billions. We can no longer afford wasteful government. We need effective government that can accomplish real results within a reasonable total tax & charges regime.

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In case you missed it

Financial mess

NSW deficit threatens national recovery [TheAustralian](#)

The Fed as central bank to the world [FinancialPost](#)

Governance, fear, economy

Ex-Minister lied to get \$1 m grant [TheAustralian](#)

Call for an end to gov't report pile up [TheAge](#)

Answers fail to impress [TheMercury](#)

Tasmanian planning system on the nose [ABC](#)

States blamed for federal failures [NewsLtd](#)

AFP security breach exposed [TheAge](#)

Reactor ready for second try [SMH](#)

Foul water probe stalls [TheMercury](#)

Tas Forestry

PM told 'act now or see timber jobs axed' [TheAustralian](#)

CFMEU – acting for members or industry? [TasTimes](#)

Bank blow to another pulp mill [TheAustralian](#)

Forest truce plan rebuff [TheMercury](#)

Food/water

Water trading row hits farmers [TheAge](#)

Vic water prices to skyrocket [HeraldSun](#)

Hospital and industrial waste for drinking [TheAustralian](#)

Red tape prevents sustainable water use [ABC](#)

Health & education

Health chief out of loop on recycling water [TheAustralian](#)

AMA blasts doctor bottleneck [TheMercury](#)

Sickness ravaging a great hospital [TheAge](#)

Communications/transport

Aircraft safety problems soaring [TheAge](#)

Connex blames events for Oaks Day chaos [HeraldSun](#)

FreightLink in voluntary liquidation [TheAustralian](#)

Sydney's M5 tunnel 'world's worst' [CanberraTimes](#)

Telstra dodges broadband debate [TheAustralian](#)

Broadband woes go on [TheMercury](#)

Telstra warns of network pullout [TheAustralian](#)

The Paradox Of Thrift

A common topic of discussion in the media is the *paradox of thrift* — a term coined by [John Maynard Keynes](#) to describe the negative effect of increased savings on consumption. When threatened by recession we tend to consume less and save more. Keynes argued that the decrease in consumption has the effect of lengthening the recession. While accepted by many economists, this reasoning has a basic flaw. It assumes that savings and investment are independent of each other. In an ideal market-driven financial system, the two are directly linked, with savings financing new investment. An increase in savings would mean that interest rates are likely to fall. Falling interest rates would encourage new investment, more than offsetting the initial reduction in consumption.

Even with Keynesian-style intervention, where interest rates are set by the Federal Reserve (or central bank), savings and investment may be divorced, but are not independent. As [Paul Krugman](#) points out: a fall in consumption caused by an increase in savings would lead the Fed to slash interest rates, stimulating consumption and investment.

Government Spending Programs

Keynesian-style [government spending programs](#) are also being promoted by election candidates and in the media. We should not forget that, while governments are reasonably efficient at extracting money from taxpayers, they are highly inefficient when it comes to spending that money. Recently, an economist discussing stimulus packages suggested that about 30 percent of money spent by governments is wasted. I am sure many of you would agree: that estimate seems way too low.

Paying someone to sit at a desk doing nothing or building a bridge to nowhere may make GDP figures look better, but there is no real benefit to the economy. I can already hear the snorts of derision: "What about the benefit generated when those extra wages are spent?" This misguided thinking is evident in many government programs. There is no benefit. All that is done is remove money from the pocket of one person (the taxpayer) and placed it in the hands of another. [Henry Hazlitt](#) offered the analogy of smashing shop windows. This no doubt generates more employment and income for glaziers. But shopkeepers have to bear the additional expense — and are likely to pass this on to their customers. Shopkeepers and their customers are therefore deprived of the opportunity of spending that money for their own benefit.

The more public-spirited amongst us may be prepared to forego that additional benefit in order to employ more glaziers, but there is an additional consideration. We have now reduced the surplus (of income over consumption) that is normally used to save and invest. That means that there will be less investment in plant and machinery and new retail facilities; less employment generated in manufacturing these assets; and less employment in operating them. While we have created a new job for one glazier, we have done so at the expense of two or more manufacturing jobs. And exchanged productive plant and machinery for a broken shop window — or a bridge to nowhere.

The bottom line is that government spending programs intended to boost employment are generally ineffective and deplete private investment in new productive capacity. They are a *lite* version of Mao's [Great Leap Forward](#) — which eventually resulted in the death by starvation of up to 40 million Chinese.

The irony is that China now enjoys unparalleled prosperity as it opens its economy to free market forces — while western governments slide ever closer toward socialism.

From Colin Twigg's Newsletter

Dreamliner screws Qantas

© [New Matilda](#) Ben Sandilands writes:

Some very bad news about the Boeing 787 Dreamliner project has been let slip under the radar of the US election day.

It has been improperly riveted or "screwed" in about 3% of the metal fasteners used to link some sections of the four incomplete test flight jets and two static test units at Everett near Seattle.

And they will have to be "unscrewed", which is not something easily done to a composite jet comprising many crisscrossing layers of glued and oven baked reinforced carbon fibre.

Removing the "fasteners" as Boeing calls them involves drilling them out of the structure. They are supposed to stay in place forever. The process can damage and weaken the panels involved.

This means the original Dreamliner 1, that Boeing falsely claimed could fly as early as late September 2007, will now be unscrewed and rescrewed at least twice, the first time being after the sham rollout on 8 July 2007, where it had been deliberately cobbled together with the wrong screws to meet a public relations deadline.

Boeing now has no first flight date, nor first customer delivery date, for the 787, pending what is described as a full assessment of the program.

Qantas was supposed to have received its first 787s, for Jetstar, by the end of this year. In the original hype, they were going to be capable of non-stop services to America.

Then it was promised 15 would be delivered by the end of 2009, and now it is pretty clear Qantas, with 65 on firm order and options or purchase rights for a further 50, mightn't get any until 2011.

And there are no performance figures for the jet anymore, other than the guarded concession that it won't fly non-stop to the US. The jet is heavy, late, and looks uncompetitive beside its nearest Airbus equivalent currently in service, the A330-200. Jetstar was supposed to have been able to use its 787s to develop much needed Qantas coverage to European cities, such as Rome, Athens and Amsterdam, that are no longer viable for the full service multi class Qantas product.

But not if the Dreamliner has to stop twice instead of once to carry its intended payload of 330 passengers all the way.

Qantas trusted Boeing and has been left in the lurch, although compensated so far by \$291 million in liquidated damages which assisted its record profitability in the year to 30 June.

There are some really serious issues here that Boeing keeps ducking. Why was all the hype about the Dreamliner so far removed from the actual realities of the design? Where did the performance figures come from? Will it have to scrap the prototypes and start again with jets that have been correctly manufactured and assembled? Is it a victim of the same culture

of lying that pervades the behaviour of other and failed major American corporations like Enron or in the finance sector?

Is there a parallel in the so far disastrously late and costly Wedgetail project which is supposed to deliver a sci-fi like radar and surveillance capability to the ADF?

As has become its habit, Boeing has chosen to publicly reveal the latest bad news about the biggest selling airliner in history firstly to a plane spotting blogger, [John Ostrower](#), rather than face up to its responsibility to make detailed and timely disclosure all to its shareholders and customers.

Doing so on election day is especially insulting.

Oh and there is a problem with some 737s too...

How government cares for kids

By Alex Mitchell 4 Nov 2008 © [NewMatilda](#)

Last year the number of children who died while known to the NSW Department of Community Services rose to 156 — that's three per week. Alex Mitchell takes a hard look at new Minister Linda Burney's daunting task

This year's annual report from NSW Ombudsman Bruce Barbour contains the horrific statistic that the number of children who died while known to the Department of Community Services (DOCS) has risen to a sickening 156.

In other words, every week in 2007-08 three children who were officially on DOCS's radar died.

The information was barely reported by the mainstream media. In today's news selection, the antics of TV celebrities, corporate high-flyers and sports jobs rates higher than kids dying in impoverished homes within dysfunctional, violent and abusive families.

In his annual report to parliament, the Ombudsman repeated an earlier criticism that he had "significant concerns about the number of reports that do not receive the recommended level of assessment and are closed by local DOCS offices because of competing priorities."

That's a polite and bureaucratic way of saying that the department isn't doing its job properly or it is incapable of doing it properly. Either way, it's an indictment of the department and the careless loss of 156 short lives in one of the richest nations on earth.

The new Minister for Community Services is Linda Burney. She was the Minister for Fair Trading, a lightweight portfolio, during Emma's administration but was promoted to DOCS by Premier Nathan Rees eight weeks ago.

In March 2003 Burney made history when she became the first Aboriginal person elected to the NSW Parliament, and only the fourth Aboriginal woman elected anywhere in Australia.

She had been director general of the NSW Department of Aboriginal Affairs from 2000 and stepped down to win the Labor heartland seat of Canterbury, home of the Bulldogs. In her inaugural speech to the Legislative Assembly she told her fellow MPs:

"I am a member of the mighty Wiradjuri Aboriginal nation. Wiradjuri country embraces the Lachlan, Macquarie and Murrumbidgee rivers. The Wiradjuri, like the Eora, were the first of the inland nations to experience the brutality of British occupation.

"The mighty Wiradjuri leader, Windradyne, and his warriors' resistance were so fierce that martial law was declared in Bathurst in 1823. It is estimated that two-thirds of the Wiradjuri were dead after that four months of martial law. Many of the most brutal recorded massacres in the colony's history happened to my ancestors.

"I was born in 1957. For the first 10 years of my life, like all indigenous people at that time, I was not a citizen of this country. We existed under the Flora and Fauna Act of NSW."

The speech made a significant impact on those MPs who bothered to stay in the chamber to listen. They were chiefly members of her own left-wing faction and included the then Deputy Premier, Dr Andrew Refshauge, and the current Deputy Premier Carmel Tebbutt, who had played a critical role in recruiting her to parliament.

On the day the Ombudsman's chilling report was published, Burney was asked a "Dorothy Dixier" — a soft, pre-arranged question — by one of her Labor colleagues, Diane Beamer:

"I address my question to the Minister for Community Services. What does the annual statistical report show about the reporting of children under the age of one to the Community Services Helpline?"

It was a gift which gave Burney the opportunity to read onto the record a long, tedious and self-serving answer which applauded the work of her department:

"I thank the member for the question, and I appreciate this opportunity to inform the House about protecting children — in this case, very young children. The Department of Community Services 2006-07 report reveals some significant and worrying trends. The report shows a 41.2 per cent increase in the number of children under one who were reported to the Community Services Helpline between 2004-05 and 2006-07. While this is a concern, the increase in reports shows that we are now finding out about more problems. This enables us to help more children."

It wasn't until she was well into her windy reply that she arrived at the Ombudsman's Report:

"As members will be aware, the Ombudsman released his annual report today. The Ombudsman has highlighted many issues that the Department of Community Services agrees must be addressed if we are to strengthen protection of children. I welcome the scrutiny of the Ombudsman and I respect the role his agency plays in revealing systemic problems. It is only through careful review and analysis of these cases that the necessary changes can be made."

And she added: "We recognise, as the Ombudsman has pointed out today, there is still room for improvement."

It was classic language of a bureaucrat/politician. Read carefully, it means almost nothing. It is the kind of empty spin crafted by cynical government minders to get the minister off the hook.

She finished with a flourish: "We are strengthening families through the Brighter Futures early intervention program, providing much needed services and, most importantly, preventing the escalation of problems, avoiding the acute

situation of children needing to be taken into care."

When she refers to "avoiding the acute situation of children needing to be taken into care", she means the increasingly prevalent DOCS practice of taking children from mothers, black and white, and putting them into the hands of carers.

In the whole of her reply, Burney did not make reference to the 156 children who had died in the previous financial year while on DOCS alert files. Extraordinarily, she was not pursued by the Opposition either.

Just imagine if this statistic had been produced under a Coalition Government — what would Labor have done? The ALP's spinmeisters would have generated front-page headlines, talkback shock-horror, screaming editorials in the metro media, calls for the Minister to be sacked and demands for a royal commission.

But the Coalition has decided to play by old-fashioned rules of etiquette and decency. It does not want to be seen beating up on Burney when she is only a few weeks into a new job.

The Coalition's shadow minister Katrina Hodgkinson, National MP for Burrinjuck, is also a mild-mannered and good-natured politician who doesn't have the malevolence of her colleagues. It means that she is more inclined to sympathise with the problems at DOCS rather than use them as political attack points.

Burney's ministerial appointment places her in harness with an old colleague from the NSW left, Jennifer Mason, the department's director-general.

Nine years ago, DOCS minister Faye Lo Po' and DOCS director-general Carmel Niland, shared responsibility for the department and it all ended in tears. The two women fell out in spectacular fashion and Lo Po' was removed from the portfolio in 2002 before quitting parliament at the next election. But Niland didn't survive either: former premier Bob Carr took her out of DOCS after bizarre reports that she had conducted staff meetings with senior officers sitting around on the floor with fairy dust being sprinkled. She was eventually transferred to the unattached list at the Premier's Department before quietly retiring.

The party is now over for many Americans

6th November 2008, 15:00 WST [TheWest](#)

On the night of August 21, 2001, my husband and I checked into a motel in Miles City, Montana. Once settled, we poured ourselves a glass of wine and turned on the television in order to relax after a long day's drive. I've never forgotten that night. It has haunted me ever since.

An economist on the evening news was discussing the economy, then in the midst of a serious slump. He looked into the camera and said: "If the American consumer packs it in, the entire global economy is in jeopardy. The American consumer better hang tough or we're in real trouble."

I don't think I had ever before quite understood in such stark terms just what beasts of burden we'd become. What the economist said made me realise something I'd never considered — that the entire global economy, as he put it, depended on Americans continuing to consume.

Over the years, that phrase — "the American consumer better hang tough" — has passed through my mind many times. And each time, what those words conjure is a great herd of donkeys so loaded down with goods that they're staggering under the weight.

Three weeks later, four planes piloted by terrorists flew into the World Trade Center, the Pentagon and a field in Pennsylvania, leaving almost 3000 Americans dead and the rest of us in shock. The reaction of our president to these events was to advise us to go out and keep shopping — to continue our "participation . . . in the American economy" were his exact words. Not even the worst terrorist nightmare could deter the beasts from being asked to carry more — hanging tough, in the words of that economist. Not even in the midst of national mourning were we allowed to give our frantic consumption a rest.

I had been in Miles City as part of a trip with my husband through Wyoming, Montana and North and South Dakota. He's a photographer and was taking pictures of thrift stores throughout the West. Thrift stores are where the poorest of the poor do their shopping. Many people rely on the inexpensive, recycled goods just to get by.

Over time, on that trip and others, I've witnessed events in thrift stores that surprised and moved me. The frail, elderly woman, for instance, whom we observed stealing a \$US2 (\$2.88) blouse from a thrift store in Reno by shoving it into her purse. Or the young couple in Jerome, Idaho, who had just got married and were carefully picking out plates and silverware, trying to find items that matched.

There was the young man in Butte, Montana, who put \$US1 down in order to take advantage of a layby plan and buy \$US10 worth of clothes, with a month to pay off his bill. And the father in Winnemucca, Nevada, who bought oversized shoes for his boy, even though the dejected kid could hardly walk in them. "They'll last you two years instead of one," the father said encouragingly. "Don't worry, you'll grow into them."

But perhaps one of the most poignant moments occurred in a Salvation Army thrift shop in Billings, Montana, during that August 2001 trip. A woman and her children were discussing some items they wanted to buy and the woman was explaining to her kids that they had to wait because she didn't have the money

right then. The mother said: "Well, if we can make it till September, we'll come back and get some things." Her son, a boy of about eight, frowned, obviously disappointed, then looked up and said, "When is September, Mom?"

Thrift stores are places where not only the poorest of the poor shop but where one can also see the incredible turnover in the products Americans have consumed and then discarded, often perfectly good items that simply don't get used any more. In thrift stores, you see the evidence of our gluttony.

Now, of course, we're all thinking differently. It's time to pull back. The beast of burden simply can't carry any more. Few Americans have much in the way of savings. Many of us have lived beyond our means. The typical American carries credit card debt of more than \$US8000 and credit is tightening. The party is over and for many Americans it wasn't even that much fun.

There may be a good side to this. It's as if the consuming fever has broken, if only temporarily. We're disinclined to carry more debt or keep shopping, even if we could, even knowing that the entire global economy might depend on us getting and spending. We're all wondering where this economic meltdown is headed and how long it might last — how long till September? And will there be a time when we can hope to be relieved of our burden of hanging tough? Can there be some different kind of engine to drive the world economy other than the endless, often mindless consumption by ordinary Americans?

Judith Freeman is the author of *The Long Embrace: Raymond Chandler and the Woman He Loved*, published in paperback later this month.