

The Big Picture

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“News to use & amuse”



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A pay rise for polliés?

This week's trial balloon, [echoed by a politician](#), was from the Remuneration Tribunal [suggesting that Ministers](#) should each get a pay rise of over \$100,000 per year. (Perhaps the RT Pres John Conde wants some higher appointment for himself?)

This is at a time when the world, and Australia, are entering tough recessionary conditions that are causing [multiple business failures and layoffs](#), when we're all faced with major price rises for [power](#) and [water](#), when we're also faced with the economic unknowns and [price rises](#) of a new carbon tax to create even more uncertainty.

The justification for these massive pay rises is politicians' salaries falling behind senior bureaucrats' salaries.

This growing disparity raises several important questions:-

1. Are bureaucrats worth their salaries & benefits?
2. Do politicians perks offset salary increases?
3. Can we afford these kinds of increases?

From a taxpayer standpoint, senior bureaucrat and political salaries already well exceed average incomes. Bureaucrats have long claimed that they deserve some kind of parity with corporate executives' salaries to 'attract' good people.

Whatever merit may exist in these arguments, there is little doubt that many government departments are wasting huge amounts of taxpayers' money and are producing results that are antithetical to a better Australia.

Degraded outcomes include collapsing public transport systems, outmoded and collapsing infrastructures, depleted and ruined water catchments, failing education systems, collapsing health services, wasted billions and burgeoning costs of government.

Some of these outcomes are the result of structural deficiencies, such as the division of Australia into arbitrary states and council areas, and having government agencies compete with each other for budget and priority instead of working together for common community interest.

The bad outcomes are costing Australia billions in wasted money and more billions in opportunity costs. SA is now [reported](#) to be forced to buy back water – who from? MIS companies? Will they compete with federal buyback schemes? Another dog's breakfast.

With this background, it's very difficult to see how senior bureaucrats are worth their salaries, benefits and the high costs of maintaining them (offices, cars, staff, travel etc).

Value for taxes

The whole question of politicians salaries raises the wider question of whether or not we get value for our taxes in Australia.

We argue that we could have significantly better value for taxes if our governments got out of our way and started to help us to

achieve community objectives instead of creating new hoops for us to jump through.

To get real value for our taxes, we need insightful leadership from Canberra, where the federal government collects and distributes most of our taxes.

The handout of taxes occurs without any strings – just budgetary names and 'aspirations' that are not connected to achievable outcomes. State governments can pretty much get away with whatever they like, within their ability to actually stay in office. In part due to constant blunders, waste and general incompetence, it's often easier and safer for our governments to do nothing. No blame, saves money, no risk.

The result is broadband cables that don't get used and infrastructure money that doesn't get spent and billions of our dollars wasted on suspect [schemes](#).

These dreadful outcomes could all be avoided with good and insightful leadership from Canberra, by creating systems that require tax recipients to conform to particular methods and standards to help assure community outcomes.

Instead governments do what they like and, probably due to the poor talent pool, end up creating one debacle after another.

Tasmania's pulp mill is but one example – equity and fairness abandoned with one industry advantaged over all others with laws/subsidies and favours, communities' interests institutionally ignored, no independent review of the proposal, no socio economic impact studies carried out, government using taxpayers' money to spruik the proposal, unequal access to public services, differential treatment under the law. Just about every distortion and mistake imaginable for one project to advantage one company.

Sadly the same lack of standards and the same lack of care permeate our governments' thinking and actions in other areas as well.

The result is progressive degradation of the things we hold dear. Witness Victoria's police service which has over 160 officers with criminal records. That is the standard of service that the Victorian government is happy to provide to the taxpayers of Victoria.

We need new and decisive national leadership, and we need it NOW!

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Bureaucrats sentence Aussies to suffering and death

In NSW health bureaucrats have [cancelled elective surgery](#) at hospitals to save money, sentencing wait list patients to additional months of pain and medical risk.

In Tasmania, [patients have been forced to wait](#) due to lack of beds or staff, both results of decisions taken by health bureaucrats.

We need to be clear that unelected officials are taking decisions that affect the lives and health of innocent Australians and that those decisions are frequently based on budget.

We know that a significant proportion of our health budget is consumed by [administration](#) instead of going to front line services. We also know that doctors and nurses are in short supply due to poor planning by administrators. We also know that administrative work consumes time needed by front line professionals to deliver services.

It's clear that our administrators have gained absurd powers – the power of life and death, the power to sentence people to more pain and suffering, the power to diminish our ability to survive by failing to plan for our future.

'Shortage of beds' is the result of administrative decisions to reduce beds available below the numbers needed by the population. Shortages of front line staff result from administrative failures to provide the numbers needed. Everything else is excuses.

Once the bureaucratic decisions have been made, it's a simple matter to implicate the Minister. In the case of Tasmanian 'über bogan' Lennon he even insisted a key hospital priority was staying within budget – no reference to the obvious fact that the budget was too low – no acknowledgement of his government's diversions of monies into spruiking pulp mills, building race courses and sponsoring footie teams.

What is clear is that there is no co-ordination of action or priorities by the 3 levels of Australian government. There is no focus on working together to do anything except issue press releases and help each other out of jams by reaching ever deeper into taxpayer pockets.

Can this really be the Australia that we want? Is this really what our governments have in mind for us?

Why cannot our governments commit to treating all equally, why not commit to full health, dental and other vital services? The Japanese can do it...why not us? Instead of raising taxes, why not get out of our way and help us to help ourselves? After all the more we earn, the more taxes we pay.

Why not remove conflicts of interest from public decision making bodies? Why not provide services that help the public to achieve a better community instead of services that check up on us and threaten us with penalties?

I think we need to learn to trust Australians with their own futures – to help them learn to look after themselves. We need to learn to help people be free rather than sentencing them to years in pain while preventing them from leaving their life in a manner of their choosing.

We need to create a system of government that is genuinely by and for all of the people, rather than the expensive mess that we've inherited and are perpetuating.

In case you missed it

Financial mess

Car dealers get \$2 bn bailout [TheAge](#)

Bankruptcy stalking corporate Australia [DailyTelegraph](#)

Governance, fear, economy

168 serving Vic police with criminal convictions [HeraldSun](#)

Query Hydro wage 'elite' [Mercury](#)

\$3 million to fix computer 'glitch' [Mercury](#)

IR a bargain for nobody [TheAustralian](#)

MPs charge taxpayers instead of frequent flyer [HeraldSun](#)

Bill of Rights to rein in parliament [SMH](#)

Leaked files prompt Vic police review [TheAge](#)

Vic police into too many breaches [TheAge](#)

Shelter

Tas low cost housing project in jeopardy [Mercury](#)

Soaring stamp duty impeding house buyers [HeraldSun](#)

Environment/food/water/forestry

Communities sacrificed to carbon sink forests [TheAustralian](#)

Gunns wood deal extended [Mercury](#)

Garrett refuses water to communities/farmers [Mercury](#)

SA forced to buy water [WeeklyTimesNow](#)

Victoria in dangerous environmental decline [TheAge](#)

MIS debacle hurts us all [WeeklyTimesNow](#)

Financial crisis kills off Ag schemes [TheAustralian](#)

MIS in crisis [WeeklyTimesNow](#)

Climate

Farmers ignored on climate change [WeeklyTimesNow](#)

Rudd cools on climate targets [TheAustralian](#)

Health & education revolution

NSW Labor's death wish for hospitals [DailyTelegraph](#)

NSW car crash victim flown to Qld [SMH](#)

Hospitals to get public scrutiny [SMH](#)

Lingering blame game in NSW [TheAustralian](#)

NSW razor gang halts summer surgery [SMH](#)

Whose values in education debate [TheAge](#)

Communications/transport/energy

Wrong way Conroy persists in censorship [TheAustralian](#)

Telstra call centres in crisis [TheAustralian](#)

ISP filtering a pipe dream: Telstra [TheAustralian](#)

Sydney's failing ferries [SMH](#)

World

▶ The great land giveaway [ICH](#)

Bailout – every trick in the book [ICH](#)

Spin Postings

Public Bailout for Private Jets

Source: ABC News, November 19, 2008

The heads of the Big Three U.S. automakers ([General Motors](#), Chrysler, and [Ford](#)), and the president of the United Auto Workers (UAW) went to Capitol Hill to ask for a \$25 billion bailout loan. But they didn't give enough thought to how they got there. Each man flew separately, on private corporate jets, to ask for help from U.S. taxpayers. Even industry-funded groups like [Citizens Against Government Waste](#) think the auto industry honchos are out of touch. "It appears that the senior management of the automakers simply don't get it," said Tom Schatz, CAGW President. Their cavalier attitude was roundly noted, and criticized. Congressman [Gary Ackerman](#) of New York chided them: "As CEOs of your companies, you should set the standard here of what the future looks like." GM's CEO Rick Wagoner's trip cost the company \$20,000, compared to a first-class ticket for the same day that came in at less than \$900. Wagoner also takes a corporate jet from Detroit to his home in Seattle each weekend. "This is a slap in the face of taxpayers," said Schatz. "To come to Washington on a corporate jet, and asking for a hand out is outrageous."

Too Much Information

Source: Columbia Journalism Review, November/December 2008

The [Associated Press](#) recently conducted a study of news consumption by young people which found that participants "showed signs of news fatigue; that is, they appeared debilitated by information overload and unsatisfying news experiences. ... Ultimately news fatigue brought many of the participants to a learned helplessness response. The more overwhelmed or unsatisfied they were, the less effort they were willing to put in." News nowadays, observes Bree Nordenson, "finds us in airport lounges and taxicabs, on our smart phones and PDAs, through e-mail providers and Internet search engines. ... Edward Hallowell, a Boston-area psychiatrist, believes many of us suffer from what he calls an attention-deficit trait, a culturally induced form of attention-deficit disorder." In an environment where people are bombarded with more information than they can possibly absorb, she argues, journalism needs to reinvent itself, not as the place where people simply obtain information, but as a source of "people to assimilate, understand, and make sense of it. ... The most valuable journalism is the kind that *explains*."

Bush Administration Quietly Working to Weaken Clean Air Act

Source: Washington Post, November 19, 2008

The [Environmental Protection Agency](#) (EPA) is working to relax air quality rules and make it easier to build coal-fired power plants, oil refineries and other pollution-emitting enterprises near national parks and wilderness areas, even though half of the EPA's ten regional administrators have formally opposed the plan. The push to weaken the [Clean Air Act](#) involves changing the method used to measure air pollution near national parks so that pollution is averaged over much longer periods, effectively diluting large spikes and protecting polluters from violating the law. Mark Wenzler, who directs clean-air programs for the National Parks Conservation Association, remarked that "The [Bush administration](#)'s staunch commitment to coal is so deep that they're willing to sacrifice our national parks on the way out."

What crisis?

The [Baltic Dry Index](#) has collapsed an incredible 90% since the worst of the volatile bear market started!!! This index traces the changing cost of shipping dry goods such as coal, wheat, and cement around the world. The [Baltic is telling us that international commerce is dying](#) or actually close to dead. Our governments haven't mentioned that at all.



From these trade figures, the Japanese market for wood chips could collapse, putting the Triabunna and Long Reach mills at immediate threat. Gunns contractors are also under threat. The whole sorry structure is a deliberate set up to force government into giving out more sympathy money as things get tougher.

With the [collapse](#) of MIS plantations also well advanced, it's confirmation that forestry backed the wrong horse when it switched its priorities to wood chips and pulp.

There's little doubt that the shift from timber to pulp/paper was driven by Scandinavian pulp & paper mill suppliers like Poyry, who were more interested in selling their multi billion dollar mills than in the business viability of their clients. Their consulting arm recommended plantations and their sales arm recommended their pulp/paper mills. "*We at Poyry have mills all over the world and we can tell you, Mr Graynon, that your operations are truly world class – you deserve a world class pulp mill to add value to your products to get world class returns*".

Simple sales psychology - simple buyers.

Our governments and Gunns fell for the pitch and put all their (and our) eggs into the basket, even describing borrowing to buy a Finnish pulp mill as 'investing in Tasmania'. [\\$6 billion taxpayer dollars](#) were shifted by Howard's government from other uses like health and education, into growing trees that could soon be worth almost nothing. 2 million hectares worth.

And those trees are sucking water from our catchments at a rate of 2 – 4 ML/ha – over 4 million million litres of water, all free of charge. Brilliant! Our governments cannot recognise the problem because to do so would be an admission of guilt.

The risk now is that the federal government will start throwing 'infrastructure money' (ie. our money) to 'rescue' Gunns from their own mistakes. Either that or some Asian country will buy the lot for a knockdown price and use the land to grow food.

Surely Australians deserve better than this? Is it this class of performance that merits a \$100,000 a year pay rise for Ministers?

COAG's billions are a wasted opportunity for health

John Menadue, Director of the Centre for Policy Development, writes © for [Crikey](#) :

Australian governments would be unwise to assume that their multi-billion dollar health funding package will solve the problems in health care.

The COAG package seems to be more about spending more money than the sort of serious reform that's needed. It's very largely going to mean more money to train people to work the same way as they've done for 150 years.

I see no agenda or strategy as yet to address the design and structural problems of what we loosely call our health "system".

The major design problems that are yet to be addressed include:

An archaic workforce where demarcations and restrictive work practices abound. The health sector is the largest and fastest growing sector in the Australian economy, yet its work practices have been virtually unchanged since the 19th Century.

If there is not a 40% productivity improvement to be achieved over 10 years by breaking down professional barriers and in upskilling and multiskilling the health workforce, I would be very surprised.

We have about 300 nurse practitioners in Australia when we should have thousands. Ten per cent of normal births are delivered by midwives in Australia. In New Zealand it is 90%. The medical colleges place barriers on entry. The exemption of retail pharmacies from competition policy, results inevitably in high prices and restricted hours of service.

Quality and safety problems abound but are not addressed in a systematic and concerted manner. Each week we have about 200 avoidable deaths in our hospitals, and I estimate that the cost of avoidable mistakes in our hospitals is over \$6billion pa.

The Federal Government provides a \$6billion annual subsidy to the private health insurance industry when it would be much more efficient and equitable for the money to be paid by a single payer directly to hospitals both public and private, and to not-for-profits. The private health insurance industry has misled us that subsidising financial intermediaries is necessary to ensure private health delivery. Medicare and particularly Veterans' Affairs have shown that it is more equitable and efficient to pay money directly to private providers rather than channel it through high-cost financial intermediaries.

A highly medicalised and sickness model of care. Medical services attract about 95% of government funding at the expense of prevention and public health. Payment on the basis of fee-for-service provides quite perverse incentives. More income is to be made out of treating sickness rather than keeping people well.

Inexplicable variations in clinical practice. Patients with the same condition will be treated very differently, depending on which hospitals or health care provider they seek. In the reviews that I chaired in NSW and SA, very large practice variations were very obvious and across a wide field with no discernible difference in health outcomes. Birth by Caesarean sections is probably the best-known example with some areas notorious for interventions well above the average rate. Medicare has enormous data about clinical practice patterns which it should disclose in the interests of both equity and efficiency.

The introduction of e-health has been glacial despite the potential benefits in patient satisfaction, reduced costs and fewer mistakes with modern information technology. This is not a political or philosophical issue. It is an operational and administrative matter for which government officials must bear the chief responsibility.

There is not only fragmentation between commonwealth and state health programs, but within governments. What real analysis is made of the health benefits of say, spending another \$1billion in Pharmaceutical Benefits Scheme rather than \$1billion in Medical Benefits Schedule? I am not aware of any attempt to integrate these two very large programs to maximise health outcomes at lower cost, particularly in other parts of health care.

The numerous health programs are not focused on patient needs and health outcomes, but on historic producer inputs. In theory, governments have generally abandoned input based funding but not in health. A more integrated system would have programs not based on inputs (PBS, MBS, hospitals) but around classifications of users, e.g. by age, type of service (chronic/acute/occasional) or by region. None of these output classifications will be perfect, but they would be much better than our input-based focus.

Provider-based programs also give great power to the providers -- doctors, drug companies, hospitals and the private health insurance industries to dominate the public discussion and the allocation of resources. The community and patients are largely excluded in major decisions affecting their health and the allocation of scarce health dollars. Those with lobbying power, the media-savvy, and the powerful skew resources in their interests.

A countervailing power of informed community members and patients is essential to break the power of vested interests who will concede incremental change but not structural change in the delivery of health services.

We have very hospital-centric services at the expense of primary care. According to the OECD figures of 2005, the number of acute hospital beds per 1000 of population was 3.5 in Australia, 3.1 in the UK, 2.9 in Canada and 2.2 in Sweden. The public pressure is always for more hospital beds, when we need programs to reduce the pressure on hospitals and treat people in the community or in their homes. At CPD we envisage a rollout of 200 primary health care clinics across Australia with each having an average 100,000 population catchment.

The centres would be as large as possible to provide wide professional multi-disciplinary coverage. These clinics are not only necessary in themselves, but they also offer the best way to address some of the major design problems I have referred to before, eg workforce, prevention and fragmentation. It is hard to reform existing institutions and practices, particularly in hospitals. It is hard to teach old dogs new tricks. A new architecture of primary care provides an opportunity to address long-standing and entrenched design and structural faults.

In short, there should be no more extra money for health without reform.

John Menadue AO is a board director of the Centre for Policy Development. He headed the Department of Prime Minister and Cabinet from 1974 to 1976, working for Prime Ministers Gough Whitlam and Malcolm Fraser. He has recently chaired major health reviews in NSW and SA.

World stability hangs by a thread

The political bubble is bursting. Spreads on geo-strategic risk are now widening as dramatically as the spreads on financial risk at the onset of the credit crunch.

By Ambrose Evans-Pritchard: 7:15PM GMT 01 Dec 2008

UK Telegraph

Whether it is the Indian rupee, the Shanghai bourse, or Kremlin debt, the stars of the credit boom have fallen to earth. Investors are retreating into 3-month US Treasury bills – the ultimate safe-haven. The yield has fallen to 0.02pc, less than zero after costs. You pay Washington to guard your money.

The working assumption of the "Great Boom" is – or was – that we live in a benign era where most societies are converging towards some form of market liberalism; where trade and capital flows are unrestricted; where governments have enough legitimacy to keep order by light touch; where a major war is unthinkable.

This illusion is now being tested.

We should not to read too much into the Bombay carnage. It may or may not be significant that the Deccan Mujahideen – whoever they are – picked India's financial hub to launch their spectacular.

Even so, the love affair with Bombay's bourse was cooling anyway. The Sensex index is down almost 60pc from its peak.

The exodus of foreign capital may now quicken, laying bare the horrors of Indian public finance. The combined federal and state deficit is 8pc of GDP. Plainly, spending will have to be slashed.

If the atrocity now propels the Hindu nationalist leader Narendra Modi into office at the head of a revived Bharatiya Janata Party (BJP), south Asia will once again face a nuclear showdown between India and Pakistan.

Events are moving briskly in China too. Wudu was torched by rioters this month in a pitched battle with police. Violence has spread to the export hub of Guangdong as workers protest at the mass closure of toy, textile, and furniture factories.

"The global financial crisis has not bottomed yet. The impact is spreading globally and deepening," said Zhang Pin, head of the national development commission. "Excessive bankruptcies and business closures will cause massive unemployment and stir social unrest".

We are about to find out whether China has made the wrong bet with a development strategy of vast investment in manufacturing plant for mass export at thin margins to the US and Europe.

The shocking detail in the World Bank's latest report on China is that wages have fallen from 52pc to 40pc of GDP since 1999. This is evidence of an economic model that is disastrously out of kilter, and unlikely to retain popular support.

The Communist Party lost its ideological mission long ago. The regime depends on perpetual boom to stay in power. As the economy sours, there must be a high risk that it will resort to the nationalist card instead.

Tokyo certainly thinks so. When I visited Japan's Defence Ministry last year the deputy minister showed me charts detailing the intrusion of China's fast-growing fleet of attack submarines into Japanese waters. "We see its warships in the Sea of Japan all the time," he said.

Shoichi Nakagawa, the head of the ruling LDP party, was even more explicit. "What happens when China attacks Japan? Will the US retaliate on our behalf?" he said.

As for Europe, it is already fragile. Iceland, Hungary, Ukraine, Belarus, Latvia, and Serbia have turned to the IMF. Russia is a hostage to oil prices. If Urals oil stays below \$50 a barrel for long, we are going to see an earthquake of one kind or another.

It is too early in this crisis to conclude whether Europe's monetary union is a source stability, or is itself a doomsday machine. The rift between North and South is growing. The spreads on Greek, Irish, Italian, Austrian, and Belgian debt remain stubbornly high. The lack of a unified EU treasury has become glaringly clear. Germany has refused to underpin the system with a fiscal blitz.

In the 1930s, it was not obvious to people living through debt deflation that their world was coming apart. The crisis came in pulses, each followed by months of apparent normality – like today.

The global system did not snap until September 1931. The trigger was a mutiny by Royal Navy ratings at Invergordon over pay cuts. Sailors on four battleships refused to put out to sea. They sang the Red Flag.

News that the British Empire could not uphold military discipline set off capital flight. Britain was forced off the gold standard within five days. A chunk of the world followed suit.

Nor was it obvious that Germany would go mad. Brüning persisted with deflation, blind to the danger. The result was the election of July 1932 when two parties committed to the destruction of Weimar – the KPD Communists and the Nazis – won over the half the seats in Reichstag.

We can hope that governments have acted fast enough this time – with rate cuts and a fiscal firewall – to head off such disasters. But then again, the debt excesses are much greater today. If in doubt, cleave to those countries with a deeply-rooted democracy, a strong sense of national solidarity, a tested rule of law – and aircraft carriers. The US and Britain do not look so bad after all.