

The Big Picture

Issue 37

25th April 2009

“News to use & amuse”



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More government - more costs

One of the biggest issues for Australia is the massive cost of government to the community of citizens. Not only does our system of government create massive waste, it creates ever higher costs for us.

A typical example has occurred in NSW recently which has farmers threatening a rate strike – and justifiably.

A MEETING of angry landowners tonight at the Memorial Hall in the country town of Yass outside Canberra will throw the spotlight on another crisis for the beleaguered NSW Labor Government. As with the countless other government initiatives that have antagonised the state's population, this latest crisis is of the Government's making. It involves a now familiar theme: a centralising of bureaucratic control in the name of streamlining costs that has in reality led to higher charges...

It was argued that a new system, which reduced the number of authorities from 47 to 14, would mean administrative savings of more than \$8 million a year, which would be reflected in rate reductions. But within a few months of the new structure being set up on January 1, farmers say they were being told that this was unlikely to eventuate. In fact, in many cases their rates have risen sharply. The problem has been exacerbated by the Government's decision to exempt landowners with properties of less than 10ha from paying LHPA rates. This has cut the state's rateable blocks of land by 5per cent, with the lost revenue being billed to those holding bigger properties...

Tonight's Yass meeting comes as a groundswell builds up across the state to withhold payment of these rates.

NSW parliamentary Speaker Richard Torbay, an independent who holds the seat of Northern Tablelands, says some farmers in the region have been reporting rate increases of between 43 and 120 per cent under the new system. [Australian](#)

The purpose of Australia's taxation system should be to fund governments to enable them to engage in necessary activities. The current systems appears to be a 'drawdown' type that allows governments to increase taxes, rates and charges etc. to fund whatever programs they wish to pursue and to cover any shortfalls created for whatever reason. Without defined responsibilities and defined services, governments can pretty much make it up as they go along it seems. All the rights are with governments, all the responsibilities are with the citizens.

There appear to be no limits on, or regulation of, the affordability of the total amount of taxes taken from the population, little or no consideration given to service type or quality while governments demand more income from the population without even trying to create substantive savings by increasing efficiency.

The overall effect coupled with the lack of integration between the 3 levels of government, is inefficiency and excessive waste, duplication and error coupled with budget blowouts that are placing inordinate pressures on Australian taxpayers and

businesses, putting housing affordability out of the reach of many, and serving to impoverish citizens.

A well designed funding system would focus on collecting what is needed, therefore a definition of need should encompass a charter of services coupled with various guarantees of service quality so that funding needs are clear. Total receipts by government (all 3 levels) should operate within a rational boundary of affordability coupled with service quality and efficiency activities that offer the best services for the least price.

Reversing the dysfunctional aspects of the revenue and funding systems could free up as much as \$100 - \$200 bn per annum.

That's more than enough money to totally reinvigorate Australia, invest in needed infrastructures, deliver a robust health service and solve our education and other problems.

One fundamental reason that we do not have these things is because government is so wasteful and lethargic. They are consuming our efforts and diverting our energies into useless initiatives like MIS payments to industry.

The latest debacle is the [TimberCorp fiasco](#) in which one of the federal government's 'pick a winner' MIS recipients has declared itself bankrupt with net debts of over \$900 million.

Both Liberal and Labor governments supported the MIS schemes, which involve making taxpayers a substantial investor in tree, olive and other types of plantation, thereby stimulating the growth of big agribusiness and drawing in 'investors', many of whom put up their money in order to qualify for MIS tax breaks.

The predictable effect was to create an investment 'bubble' that grew on the basis of tax incentives (easy money) rather than on genuine market demand, so the growth of the MIS 'industry' was largely artificial. The result is huge losses to taxpayers and the erstwhile 'investors' along with the collapse of TimberCorp itself.

Given the excess taxation revenues that Australian governments enjoy and their lack of any real responsibility for outcomes, it's hardly surprising that taxpayers are an easy target for 'entrepreneurs' who'd like to receive the odd billion here and there.

Australia's 'lucky country' approach to taxation and government spending are all likely to come to a similar end as their MIS schemes if the financial news is indeed as dire as it appears.

Good luck.

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In case you missed it

Financial mess

Big US bank profits are bogus [ICH](#)

Governance & spin

Top climate options ignored after industry pressure [TheAge](#)
NSW ALP faces rural revolt with rates up by 120% [Australian](#)
Casino biggest NSW Labor donor [SMH](#)
Minister rejects 'buy Australia' strategy [TheAge](#)
Picking winners strategy fails again with TimberCorp [WTN](#)
Canberra meddling in crime fighting [TheAge](#)
Stressed out troops sent to war zones [SMH](#)
Tas GBE salaries revealed [Mercury](#)

Forestry/Food

Scientist warns on Tas 'regeneration' burns [Mercury](#)
Timbercorp collapses [WeeklyTimesNow](#)

Climate/water

Vic dams pressured [HeraldSun](#)
Forestry Tas not interested in burnoff emissions [Mercury](#)
A scarier, colder vision of climate change future [SMH](#)
Power bosses blasted over brown coal use [TheAge](#)
Greenhouse burial claimed a success [TheAge](#)

Health/education revolution/communication/defence

Drug user guides 'inappropriate' [TheAge](#)

Economy/social/shelter/transport

To censor or protect [TheAge](#)
Lock out invites more disaster [TheAge](#)
Drink lobbyist tactics exposed [TheAge](#)
Vic public transport 'too hard to fix' Connex [HeraldSun](#)
Vic welfare authorities leave kids in squalor [HeraldSun](#)
Vic police numbers cut while crime increases [HeraldSun](#)

World

Is our world a sham? video [ICH](#)

Useful ideas

Surviving disasters [FerrissBlog](#)
Protect yourself from ATM skimmers [CBA](#)

The role of the media

The role of the media in Australia is often said to be something to do with supporting democracy, freedom of speech and an informed public. All highly laudable.

On the other hand it's been accused of being an instrument of propaganda for plutocrats and lickspittle governments, that strives to appear impartial while filling the readers' heads with falsity and fantasy.

A letter in today's [TheAge](#) is instructive

IT WOULD be nice if the mainstream media could provide us with a more informed coverage regarding the issue of piracy off the coast of Somalia. For instance, how did piracy in this region begin?

Fifteen years ago, Somalian fishermen noticed dramatic drops in their fish stocks and an alarming rise in the incidence of severe and previously unreported ailments in the population, such as abdominal bleeding, severe skin ailments and cancer. At the same time, reports were coming in of illegal vessels dumping toxic waste off their coast. This was confirmed in 2004 when the tsunami washed up hundreds of containers leaking toxic waste including uranium, radioactive waste, lead, cadmium and mercury.

Western companies (mainly European) have been illegally disposing of nuclear and medical waste for decades, creating an environmental and health disaster that has mostly been unreported. With their livelihoods dwindling and no help from outside it wasn't long before Somalian fishermen mobilised and took to the seas to intercept these vessels. While Western nations have a right to protect their trade interests, Somalians also have a right to defend their livelihoods and health against an externally imposed ecological disaster. JS

The author implies that we are in large part responsible for the creation of 'pirates' off the coast of Somalia because we've poisoned their fishing grounds with containers of toxic waste. We damage them and their environment, they react and then we accuse them of being 'bad' because we don't like their responses.

This is a stunningly different model of what's happening to the 'gangs of terrorists and pirates' model propounded in our media.

Can the media really be so manipulative and uncaring of the facts of a situation?

Here are the 3 main online headlines from the Australian this week under the heading **Climate**

Sea ice spreading linked to ozone

Climate sceptics ready to storm heaven

People not to blame for climate change

The entire focus of The Australian's front page has been to suggest that global warming is either not happening, or if it is happening then it's nothing to do with we humans.

In the 'sea ice spreading...' article it says...

But the absence of an ice melt overall does put a further question mark over extreme claims that the world faces precipitous rises in sea levels because of the melting polar ice caps. [TheAustralian](#)

...while quotes from an article in the [SMH](#) about the same phenomenon have the same quoted author saying...

A six-metre rise will "disrupt coastal populations" and "if global warming occurs and sea level further rises" worse will follow, he wrote, but there's a bright side, at least after the global mayhem subsides. "Warmer, wetter times have led to great renaissances in human history." [SMH](#)

It's illuminating to read the two articles which deliver an interesting vision of the editorial biases inherent in our media.

A role of the US media in suppressing important stories is also covered by [Salon.com](#)

The main lesson appears to be 'believe nothing without evidence or confirmation'.

Financial crisis news

Is it over?

Where did it go?

It's the 'duck and cover' approach to bad news.

Mainstream media readers could be forgiven for thinking that the crisis was now done and dusted. We've had the Reserve Bank governor giving us soothing news and the crisis has just about disappeared from the pages of The Australian and The Age.

Back to business as usual appears to be the implication. Tough out the job losses etc., shove up taxes to pay for government bailouts and largesse, increase debts and she'll soon be over.

Another glass of Grange old chap?

Back to reality. Mike Whitney reported in [No End in Sight](#) that...

The five (US zombie banks with unpayable debt exposures) are, in declining order of importance: JPMorgan Chase which holds a staggering \$88 trillion in derivatives (€66 trillion!). Morgan Chase is followed by Bank of America with \$38 trillion in derivatives, and Citibank with \$32 trillion. Number four in the derivatives sweepstakes is Goldman Sachs with a 'mere' \$30 trillion in derivatives. Number five, the merged Wells Fargo-Wachovia Bank, drops dramatically in size to \$5 trillion. Number six, Britain's HSBC Bank USA has \$3.7 trillion.

Just JPMorgan's exposure of \$88 trillion totally dwarfs the money borrowed or printed to 'bail out' collapsing economies. The combined total debt for the Eurozone and US combined came to \$52 trillion in 2007.

Yet here is one of the US largest banking groups with \$88 trillion in derivatives that are likely worth next to nothing.

And the rest of them of course, which total \$193 trillion in the US alone!!

If these figures are correct, and they're confirmed by a [report](#) out of the US stating that bank profits are bogus, then we haven't seen anything yet.

Given the doubtful credibility of our media, and the unbelievable nature of political double speak, it would be wise to keep a clear watch on events.

The most likely outcome still appears to be a new world currency that lets the big indebted nations off the hook, creates a whole new tranche of wealth for existing powerbrokers, and turns peoples' savings into waste paper.

Simple lessons remain, invest in yourselves, in tradeable real goods and in useful productive capacities.

Come to think of it that would be a good approach for governments to take. Sadly, federal industry Minister Kim Carr has already rejected the idea that governments should buy from Australian companies ([TheAge](#)), apparently preferring to send jobs offshore and pay taxpayer dollars to overseas companies that contribute nothing whatsoever to Australia or to its costs of governance.