

The Big Picture

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“News to use & amuse”



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Editorial

Another week dominated by the totally artificial and unnecessary battle between miners and Rudd/Swan.

There may well be merit in charging the miners more to benefit taxpayers, but the way this was done, coupled with the risks that Rudd is taking, make the entire episode very hard to understand. This is particularly so when we explore the risks to us all from failure...

...all Australians, and particularly those that have borrowed large sums to buy houses, should be aware that we have lost our security blanket. If there are serious global hiccups we are now more vulnerable than we have been for decades. And so is the value of our houses.

The mining industry and the 270 new projects involving investment of about \$300 billion were our security blanket. They gave confidence to global institutions to lend to our banks even though Australia's enormous overseas bank borrowing puts Australian debt into a similar range to Italy and not far behind Spain when related to GDP. In the good times, overseas lenders did not put us in the same basket as Spain and Italy because they were optimistic about Australia.

Overseas institutions view of Australia has changed now that our government has made a serious mistake by incorporating into future budget estimates a tax that makes uneconomic most of those new mining projects and will, therefore, stop bank funding. [BusSpectator](#)

I would argue that governments need to create the conditions under which we all work together to achieve mutually beneficial goals. A competent government would therefore be an expert teacher and coach to the rest of us. Instead they create hoops for us to jump through and stimulate pointless conflict and risk.

In this case, risks occur because loss of mining investments could cause overseas bankers, (from whom Australia borrows over \$1 trillion) could revise their estimates downward of Australia as a secure destination for their money.

It seems that during the good times (e.g. last 30 years) too many governance groups, including company boards, have interpreted the easy times as time for a holiday, time to relax and take as much money as possible.

The passive board — which obeys the law but does not provide meaningful oversight — is a hindrance and handicap for any corporation. In accounting terms, its oversight is mere overhead. Even when boards are more active, their involvement tends to focus on pressuring CEOs for better financial performance; it's not clear that they provide the needed function of overseeing risk and identifying questionable behavior. Conversely, the value of a well-managed board oversight role has never before been so apparent in facilitating a company's own health and longevity. [S+B](#)

Rudd is trying to run everything on his own it seems. Even Bob Brown hasn't been able to see Rudd for over a year! What chance taxpayers...or businesses?

Micromanagement creates two problems, lack of leadership/vision and failures caused by interference with those trying to do the job. Let's see what next week brings.

That Was The Week That Was

Governance + spin

Rudd too busy to meet Greens for last year [Australian](#)
NSW Labor ignores pensioners pleas [SMH](#)

Forestry/Food/Agriculture

Forest roundtable concept ditched [Mercury](#)
Farmer gets \$5 kg, we pay \$69 kg [SMH](#)
Bosses fill power vacuum in forestry (at end of article) [SMH](#)

Climate/water/energy/resources/environment

We stand by meekly as the rich assert their power [SMH](#)

Health & education revolutions/communication/defence

Health 'reforms' under attack [TheAge](#)
Private school fees total \$22 bn/yr [CourierMail](#)
Computers cause attention problems for kids [CourierMail](#)
Vic HealthSmart system blows budget [TheAge](#)

Economy/social/shelter/transport/free speech

OPI and Vic police stoush with paper suspicious [Australian](#)
Fiscal time bomb still to explode [TheAge](#)
Charges for imaginery services anger residents [Telegraph](#)
\$10 trip train subsidy in Qld [CourierMail](#)
NT policy failing the children [TheAge](#)
Qld police to issue fines for public cursing [TheWest](#)
Don't ignore the positives of debt: Davidson [TheAge](#)
When polities fail, people do it for themselves [TheAge](#)
Low budget? Cut firefighters. [TheAge](#)

World

What the end of the oil age looks like [ICH](#)
Economist forecast death of Euro in 5 yrs [UKTelegraph](#)
Massive oil spills are old news in Niger [TheAge](#)