

To: Select Committee into the Abbott Government's Commission of Audit

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IMPROVE AUDIT AND FUND MANAGEMENT IN STRATA TITLE: SUBMISSION TO THE SELECT COMMITTEE INTO THE ABBOTT GOVERNMENT'S COMMISSION OF AUDIT

The housing rent-seekers constant squawking, and exploitation of the peculiarly Australian obsession with property, means reform of the sector has become the third rail of Australian politics. (Paul Howes, national secretary, Australian Workers Union, 'Super and property, a heady mix'. Australian Financial Review (7.1.14, p. 38)

OVERVIEW AND REGIONAL DIRECTION FOR HOUSING, INSURANCE AND AUDIT

This submission deals mainly with audit for more affordable housing and insurance and for better risk management practices. Many related regional service and equity matters are addressed in relation to the following commission of audit terms of reference:

- (v.) funding infrastructure and enhancing Australia's human, economic and natural capital;
- (vi) improving the public service; (l) any matters the committee considers relevant

Related submissions attached deal with housing, communications and power for all.

The common dictionary defines audit as *formal examination or settlement of accounts*. One assumes it is expected to be an independent check, where independence is also judged, according to a common dictionary, as *'not subject to others; self-directing; free; unconnected politically, of no party'*. Independent audit is free statement of judgment. For example, a modern wife or child expects to speak reasonably freely in her search for honest advantage.

Independent judgment of accounts (audit) ideally depends on reliable financial support whoever funds the exercise and whatever judgment one makes, secretly or not. In contrast, at the turn of the 20th century, the Australian Practical Home Physician outlined the common expectations of marriage, which appear to be those of a trading business, when it stated:

With a true wife a husband's faults should be sacred.....A wife's bosom should be the tomb of her husband's failings, and his character far more valuable in her estimation than his life.

In this continuing business context of support, advice normally appears secretly tailored to suit key clients and/or oneself, as depicted in the recent movie 'Blue Jasmine', or in the lies international ratings agencies dished out and local government and charities bought before the global financial crisis in 2008 and all needed more lawyers. Openness and honesty depend upon each other. They are far cheaper than anything else and scientific advance

also depend upon them. Secret practices can stink very expensively easily and often. From this perspective, many forms of insider trading may seem to be a top norm discussed later.

The glossary in the NSW White Paper leading to the Planning Bill (2013) stated '**strategic planning**' *'tells the story about a **place**, (sic.) including where it has come from, what it is like now, the vision for an area and what will need to change over time to achieve that vision. It provides structure to this story by identifying the long term goals and objectives and then determining the best approach to achieve the goals and objectives'*. Seeking to speak in the public interest one agrees with this statement about place. Governments ideally co-operate openly with sectional and individual service goals and interests critically to advance the lot.

To call this the 'Abbott Government's Commission of Audit' suggests its operations and findings might be strongly challenged by the next Labor government. This was formerly the history of workers compensation insurance, which Liberal governments managed with private sector insurance underwriters while Labor governments owned and administered the fund. The development of the Accord period of government under Prime Minister Hawke, plus the development of WorkCover and Medicare, provided 'universal' health care insurance and support based on better joint understanding of the nature of competition designed in the public interest, as distinct from in the interests of lawyers, financial planners and other comparatively narrow, secretive, unstable, expensive and adversarial managers of money.

This change to fund stability and comparative cost reduction is addressed again later. The recommended housing direction follows the Australian government lead in occupational health and safety, workers compensation and rehabilitation insurance, Medicare, its top-up private health insurances and superannuation matters. Since the 1980s these schemes have increasingly focused on treating persons and actions in identified places, as the most effective means of putting downward pressure on tax or premium prices, while controlling cost drains on the funds and providing more direct ways to assess outcomes beside price.

Anthony Roberts, Minister for Fair Trading, states in the first NSW Government Strata and Community Title Law Reform Position Paper '**Strata Title Law Reform**' that within 20 years half of the State's population is expected to be living or working in a strata or community scheme (2013 p. 2). Problems in the strata title position paper in regard to roles of the strata manager, the owners' corporation, its 'executive' committee, and mandated insurances are considered in the attached submission to the current Financial System Inquiry and to related Commonwealth and state inquiries into more affordable housing. Fix housing insurance as its cost is reflected in housing and rental costs, undermining services like tertiary education, research and other potential investment from individuals and communities across the world.

Related insurance practice and audit under strata title housing are also discussed later in this context. It is found that coordinated and place based, organizational and individual management approaches are necessary for stable insurance and good audit practice to improve regional land, housing and maintenance while reducing the comparative cost.

Audit in strata title does not shed light for the owners' corporation on the nature of the relationships between common ownership, strata levies and the related risk management practices and insurance costs contained in quarterly levy payments.

Audit and related insurance and administrative practice under strata title seem comparatively poor and so likely to be costly. They do not give the comparative data to understand and improve performance, whilst also accounting for risk.

Open these webs of ownership and expectation up and ground them to the place with others, so more open comparison of performance outcomes can be made to reduce risks and costs. Otherwise lawyers in great multitudes of competing adversarial systems will drive costs up while distorting or suppressing better information on the nature of the place and its inhabitants that could otherwise improve all related service. Those controlling or supporting insurance price interests are currently driving instead.

Key Australian government and industry reform has shown the way forward through person, place and industry based health and work related rehabilitation and disability insurance, superannuation legislation and related welfare services that government has made more broadly available since the 1980s. Build on this state direction in strata title insurances and housing audit, in cooperation with government and others.

The comparative immunity of Australian business to the global financial crisis of 2008 is partly related to the Australian history, since the 1980s, of increasingly shared government recognition about the way to provide health care, rehabilitation support and related insurance more effectively, broadly, fairly and cheaply than would have been possible using the more feudal and fault based insurance norm. This more cooperative change has been achieved through public, industry and individual ownership of funds which also provide for claims administration, treatment, data gathering and fund investment services through approved and competing insurers or others linked into more open state systems. The National Disability Insurance Scheme requires related approaches to places of living and work to be built.

Construction is a globally powerful, large and vital service industry in which to advance this discussion of services design and management in the public interest. All Australians need somewhere to live as well as food and exercise to keep them healthy. At the basic level, these are not ideally construed conceptually as choices but as universal necessities of secure and healthy life. The development of insurance from fault based to no-fault treatment of loss and development of education and health care, have been designed in this primarily political, as distinct from purely market based context of exchange. (It's the politics, Stupid?)

Many more broadly and openly informed, democratic and place based management contexts are necessarily also coordinated through funding schemes to implement many UN directions and related regional approaches to trade and investment effectively, and to avoid corruption. The latter may also be the perceived cause of periodic violence which may also accompany voting. Even if the details of any payment between transacting parties can ever be detected, it is hard to know when a particular sum changing hands may be an example of corruption; service above and beyond the norm; or merely easy and harmonious collegiate behaviour,

(like Bob Carr employing Paul Keating's daughter or conditions for the rise of Michael Kirby, given that homosexuality was a crime for much of the time he was rising to the judicial top.)

Given this reality, it is right that people should be strongly encouraged to act openly and may also be asked to explain themselves and should readily do so. It only suits lawyers if you bottle everything up. 'You have to tell them, so that they know', as I said to our grounds man. (They shot the gamekeeper last week.)

Nevertheless, the attached submission to the Financial System Inquiry discusses competitive quotes, in response to the NSW government Strata Title Law Reform paper, Chapter 2, 'Managing the Built Environment'. It notes plans for collective sale or renewal of a strata scheme may be more effectively applied after coordinated action to improve insurance design and practice, to increase land, project and management stability and effectiveness, while reducing cost all round. It should also be noted that what is good or bad management practice ideally relates to more rational treatment of clearer evidence than to ignorant voting.

Any system and its practices must be sensibly opened up more broadly to discuss and judge them well. Under current legal conditions where privacy is the expected business norm, all that is certain is that legal action will often be expensively stupid as it is narrowly adversarial in design. Directions in Chapter 4 on By-laws and Chapter 5 on Managing Disputes appear to lead in many more clearly related and open directions which can resist unnecessary instability and cost better. Audit required in strata title is discussed in relation to this later.

Earlier, the Inquiry into Construction Industry Insolvency in NSW drew potentially related attention to the suggestion of Craigs Coastal Landscaping Pty. Ltd. in Wollongong, for a proposed construction industry trust:

- The developer or owner has to have the funding for the project approved and money should be set aside in a trust
- A percentage amount for variations should be part of the trust arrangement
- As the builder makes claims, the owner and developer verifies that the work has been done and that payment to subcontractors and suppliers has been made before the next payment is made

The above may ideally be part of the structure for openly shared regional and non-profit fund and related project management, to which further work, education, audit (checking) and certification may be attached, as part of the contract and settlement process, to gain quality management and better outcomes. Risk and audit are ideally part of overall management.

Construction, like driving, is common and dangerous. The Australian Financial Review noted 52 construction workers died at the Barangaroo development site in Sydney in 24 months (AFR 10.1.14, p. 33). Death is much cheaper than chronic injury if a person then requires long term support. Ideally, study of factors leading to death or injury is openly empirical not adversarial. Whatever the real situation regarding events in the article 'Building unions took bribes' (AFR 28.1.14 p.1), the responsibilities for safety under the Occupational Health and Safety Act appear to be badly neglected. From the perspective of the normal community and taxpayers, this should be the main situation of concern to which bribery allegations may be attached. You can bet lawyers will not even do the reverse but will treat these matters as if they are completely separate from each other – social law versus economic law, with the

latter always seen as more important. It seems that these people cannot see themselves except as some pale reflection of a God they think they embody. These liars can get stuffed.

Anyhow, as government is ideally expected to serve all its people, it would be foolish to think insurance or related fund or audit preferences should vary according to the political stamp of government. This only encourages business uncertainty and constant roting of the fund by the worst managers of affairs from the perspective of the public interest – adversarial lawyers and related purveyors of complex secret financial business many people may fear for good reason. Key service funding and performance issues are not whether a cat is black or white (private or public) but whether it catches mice to throw to the kids. The issues are relatively simple. Do Australians want expensive silences, costly confusion and lies or better data?

In comparison with the US or Britain, where top leaders like Clinton (Bernstein 2007) or Blair (2010) appeared highly unwilling or else unable to explain their plans for improving health and related care while supposedly reducing its comparative cost, Australian governments have increasingly gained more open insight into how they can use competitive forces comparatively well to support broader wellbeing and related fund ownership better. Perhaps this is more evident in US and British government at the local and regional levels. If not, the future of Australia seems more likely to be badly driven by plagues of Anglosphere lawyers and all the girls and boys they marry and get on with best. Baby, they want you to be nice.

Bernstein's account of the Clinton presidency (2007) suggests US politicians must be secretly bought so they have the money to run and must support those who bought them, so others may charge them with corruption by insider trading in futures, land deals, etc. This may also pale into insignificance in the public imagination in comparison with marital infidelity which we all know is a riot. The number of lawyers and amount of energy that may have to be paid for to launder the concealing exercises boggles the mind. Don't let that stop you?

Australia, lucky little battler, has been comparatively successful in avoiding the growing instability, inequality and wholesale destruction of trust engendered by the global financial crisis of 2008 and the secretive liars who drove it. Do not lose this comparative legal trading strength in market induced amnesia, build it up. The US has the worst health record and the most expensive and inequitable care of many OECD nations. The Sydney Morning Herald (25-26.1.14, News 9) states Pew research released last month showed income inequality in the US is higher than at any time since 1928. One wonders what Blair wanted to follow.

Tell Julie and Tanya to take this message to the Matriarch of Islam instead. I guess George Brandis knows who she is, what she represents and where to find her. (I don't care much. Just ask her what she and her brothers want and why.) Tell her I am one who has been radicalised on three floors - in the bedroom, the lounge room and the office. A youth spent learning in WorkCover is like the Catholic Church. As Santa said, it never lets you go.

Carpe Diem, Venceremos! – with staff and students at Tepapewa High in NZ, the Saudi Arabia of milk, and beyond. (She looks up and sings with Rod and the Auditors:

Now you ask me if I'm sincere. That's the question I always fear. The first seven it's never clear. But I'll tell you what you want to hear'.

THE AUDIT NITTY-GRITTY AT ST JAMES COURT WITH RELEVANCE BEYOND

In regard to St James Court, where I live as a member of the owners' corporation, one asks, **'Whose auditor is this?'** as the relationship isn't working well for us. **Why was he chosen?**

A total of around \$75,000 is collected yearly in strata management levies from owners of 18 town houses comprising St James Court. However, the Yearly Statement of Receipts and Payments and the Annual General Meeting (AGM) papers prepared by the strata manager for 2013 and in previous years, do not relate to these levy payments clearly enough to judge their effective management. For example, the biggest of our management costs, which is insurance premiums and claims, was not mentioned in the AGM 2013 papers and does not appear in the yearly statement of receipts and payments. The effective management of insurance and risk are ideally intimately connected by geographic, historical and related analysis of the place and persons, globally, regionally and locally. We are in no position to manage this well from the position of the owners' corporation or any other. I often find it offensive that the fiction is that we do so while key information is so obviously withheld.

The total cost of the St James Court insurance premium in 2012 was **\$15,872.41**. The next largest expense was cleaning at **\$5290**. Which do you think is likely to be better spent? The papers prepared by the strata manager for the AGM (13.11.2013) state eight forms of insurance are required by the owners' corporation in compliance with the Strata Schemes Management Act 1996 and the Financial Services Reform Act. These are: building; common contents; loss of rent; legal liability; personal accident; fidelity guarantee; office bearers and catastrophe insurance. She suddenly jumped up and tried to ram workers' compensation insurance down our necks at the 2007 AGM, on the basis of an article on asbestos in a trade magazine written by a lawyer. Shortly afterwards her plumbers claimed to find asbestos on the property so she then claimed we needed an asbestos audit all over the place. Whether or not asbestos is in the ground it should be left there as its removal is hazardous, it has to be disposed of somewhere, and there are many more urgent cases of asbestos blowing around the bush. In 2008 the property had a number of other unexpected problems and expenses.

I expect our strata manager is better than many under extra duress when markets turn down and my sympathies are also with builders and others forced to live in insanely destructive competitive environments over which they have little or no control, at the hands of those who can hold out longer or get out of a market while passing their costs to others before a crash.

Nevertheless, the position of a building and/or strata manager requires more effective oversight and comparison of performance. As a member of an owners' corporation, one mainly asks in regard to the size of levies, 'Has our particular common been comparatively unfairly or inefficiently overgrazed and are we just sheep'? This is a key management question. Collectively and individually, however, we usually don't have the time, expertise, information, experience, interest or money to find out, as distinct from whinging over whatever upsets us. This matter is ideally addressed at the commanding heights first, as those who introduced Occupational Health and Safety Acts saw was necessary in regard to the prevention of work related death and injury and in rehabilitation after the fact. In Glebe we could do with simple Lord Mayor's maintenance and waste management programs. (Bugger the stuff with worms and buckets. We've had more than enough on compost. Move on.)

When the managing agent (the strata manager) presented an **'Independent Audit Report'** by accountants David Fisher and Co. to the 2012 Annual General Meeting (AGM)

(7.11.2012) it was dated (9.10.2012) and stated that **the managing agents are responsible for the preparation of the financial accounts and have determined:**

'the accounting policies used are consistent with the financial reporting requirements of the Strata Plan 10775 constitution and are appropriate to meet the needs of the members'. (I'm here to tell you it isn't so.)

As I have never seen this constitution, despite asking, I can only question it. One also wonders who is on the strata roll and who gets the auditor's report. In the light of discussion here and attached, one wonders if the auditor has knowledge of the relevant insurance practices – by far our biggest expense. The auditor's letter (9.10.12) goes on:

'We have conducted an independent audit of the financial report to express an opinion on it to the members of Strata Plan 10775.

However, he states later in the same letter (9.10.12) that:

'No opinion is expressed as to whether the accounting policies used are appropriate to the needs of the members'. (Jesus, what good is that?)

For insurance and related clarity, veracity, risk management and cost reasons addressed here and attached, the accounting policies are NOT appropriate. If the auditor can't work that out and tell us when I can, he should be shot. An owners' corporation just stumbles ignorantly along. This appears to be yet another example of something which is supposed to be in our interests which is actually used against us.

The auditor goes on to state (9.10.12) that the financial report:

'presents fairly in accordance with the accounting policies used in the preparation of the financial statements to ascertain the financial position of Strata Plan 10775 as at 30th September 2012, and the results of its operations for the period then ended'

Are there other members of Strata Plan 10775 beside the owners' corporation? I can only assume the auditor was chosen by the strata manager. One wonders how the auditor is chosen and if he/she has oversight or knowledge of any related insurance practice, by far the biggest yearly expense for the owners' corporation. How is it managed? (Not well, Narelle.)

The paper entitled **Minutes of AGM for Strata Plan 10775, held 13.11.2013** was prepared by the strata manager for St James Court after an AGM without prior presentation of any of these motions or voting. She wrote:

MOTION 7: *'It was resolved that the Owners Corporation Insurances are in accordance with the Act and that the Managing Agent as an (sic.) General Insurance Distributor for Honan Insurance Brokers in accordance with the Financial Services Reform Act renew the insurance policy to maintain office bearers' liability insurance and Fidelity Guarantee insurance'. (What happened to the six other insurances?)*

Members of the owners' corporation do not have the information to judge the above as not even the cost of insurance premium and claims appeared in the papers for the AGM 2013. The meeting was in no position to judge if the Owners Corporation Insurances are in accordance with the Act or with good management, whatever the managing agent might write in Motion 7. This reality cannot be changed by voting or some new appointment.

The strata manager also wrote: **MOTION 8:** *It was resolved to appoint an auditor.*

I cannot speak for other members of the owners' corporation, but in the absence of evidence to the contrary, I see the auditor's report as mainly fit to wipe one's bottom with expensively.

Many related land, housing, insurance and related fund management problems were pointed out to the Financial System Inquiry in the attached submission, including in examination of the NSW government Strata and Community Title Law Reform Position Paper 'Strata Title Law Reform. The submission points out why an owners' corporation cannot and therefore should not be held responsible for key strata manager actions she presents at AGMs, etc.

The concept of independent audit is ideally based not on some concealed or perhaps lying sectional loyalty which remains generally unknown, but on the assumption of common searches for truth which are ideally conducted in the open to spread the values of honesty, knowledge, fairness, empathy and thus trust as widely as possible. From this modern view, legal acolytes appear tied and tainted by increasing multitudes of narrowly adversarial rules and stupidly confusing suppositions drummed into them for centuries. The auditor's report in strata management ideally serves comparatively in regional contexts. This needs to be fixed.

The owners' corporation or members of it have neither the knowledge nor power to manage any business but their own as individuals and so do this poorly because of their lack of key knowledge, facility and time. Sadly the history of workers' compensation, Medicare, private health insurance and industry superannuation findings, policy and fund management directions are also poorly understood by much of government while lawyers and most academics find reality beneath them. Thus voting Australians can usually understand politics better than financial operations as business and lawyers keep the latter close to their chests and may feel the need to conceal and lie about anything if loyalty, prestige or money calls.

WHO OWNS THESE COMMONS? WHOSE MONEY IS IN THE QUARTERLY LEVY PAYMENTS AND RELATED INSURANCE FUNDS? HOW ARE THEY HANDLED?

As a member of the owners' corporation at St James Court, I want to know who **owns** all our common land, all the quarterly levies we pay to the strata manager under strata title; how they are invested and on whose behalf. How does the management of these levies relate to the unknown management cost of eight forms of property insurance the owners' corporation is regularly told it has to pay? An owners' corporation is in no position to meet the requirements of the occupational health and safety act if only because it does not have data to link claims of any injury to particulars of the place. Who owns or lays claim to our property besides the owners' corporation, for example through the property owner's mortgage?

The owners' corporation appears to have little or no idea of actual or ideal fund ownership and strata management accounts or the relationships between strata levies, insurance premiums, brokers, underwriters and other funds. As members of the owners' corporation,

do we play a role unknown to us elsewhere, as living or dead souls, posing as another organization or organizations' collateral or assets? If so, what does this mean for us as members of the owners' corporation at St James Court (Strata Plan 10775) and others? These are not idle questions for good management of a fund. Open up and stop pretending.

I ask the above questions as I have so often been told that other members of the owners' corporation and I are managing affairs when we clearly do not have the information to let us do so well. We are blindly led by the nose. The papers prepared by the strata manager for the Annual General Meeting (AGM) held 13.11.1013 are thus addressed in the perhaps related context described by Jonathan Shapiro in the article 'Central Banking in the Dark'. In it Shapiro discusses the paper 'Economics of Shadow Banking' by International Monetary Fund (IMF) economist Manmohan Singh for the Australian Financial Review (AFR 6.1.13). One also speaks largely as an old woman who has led a simple, happy, sheltered life, locked largely in stable state arms. (Frankie, Baby, don't let it stop.)

One also reeled, for example, to see that Chapter 3: 'Budgets and Levies', is by far the shortest chapter in the NSW government Strata and Community Title Law Reform Position Paper entitled '**Strata Title Law Reform** - 3 pages of big spaced writing. Surely NSW government is kidding us and knows more about it than this. On the other hand, from reading the article 'Central Banking in the Dark' it seems more powerful others also have no idea whose puppets anyone may be, including at many Australian government and related international tops. Quoting from Singh at the IMF, Shapiro states, for example, that at the centre of the shadow banking system are banks that shuffle 'collateral' or secured assets:

The role of collateral, which is used as pledged security, is important but not widely appreciated. It effectively allows credit to be sourced from the asset management complex of pension funds, insurers, mutual funds and money markets. It is then recycled, usually by broker/dealers, to be used for financial markets transactions such as short-term funding, prime brokerage or as security for over-the-counter derivative contracts (AFR, 6.1.13, p. 30).

It seems that it is not only the lowly member of a Glebe owners' corporation who may be expected inside and outside an AGM, to agree to significant amounts of bullshit without knowing any of the related repercussions of doing so. How do we all fit in better together?

In an article entitled 'Big powers need to follow up QE with reform', Christine Lagarde, managing director of the IMF stated that the challenge now is to agree on medium-term fiscal adjustments and implement the structural reforms – including deregulation of product and service markets and measures to boost the share of women in the workplace – that are need to give growth a firm foundation and finally banish the spectre of deflation. She also states the international community needs to complete the regulatory reforms required to create a safer financial system that better supports the needs of the real economy (AFR 6.1.14, p. 39). This is easier said than done, especially if one wants to avoid arousing men or lawyers.

In this age of multiple services and communications production, many manufacturing and related wholesale and retail products have been competitively globalised already to their producers cost. Others may have found some mutually closed niche markets through their government, professional or family associations, as JK Galbraith pointed out could also happen. Whether the latter is corrupt or just lucky may depend who is writing the rules. (Like me, they don't sing 'We're up all night to get lucky' just for fun either, but perhaps they could.)

However, to read the Business Council of Australia (BCA) Action Plan for Enduring Prosperity makes one wonder how BCA members and related parts of government theoretically conceptualize services and so justify their delivery. One also seeks to put this question to **Family Offices** who I first heard about in the article entitled 'Behind the dynasty billions', in the good old AFR SmartInvestor 29.1.14. (I have been chasing Pratt concerns to find out more about waste management for many years. No doubt this would have been more successful had I worked in a massage parlour. Maybe others have had more luck.)

Anyhow, as Jews who have all read their Engels will know, mass services and related communications which were traditionally produced mainly by women in the home have been monetized with the development of capitalism as the feudal warfare state has inexorably also lead to a global military industrial complex and its modern production. The nature of the BCA report is addressed on www.Carolodonnell.com.au. It seems a bit like fascism with Jews.

However, they don't call them **Family Offices** for nothing and this could appeal to the PM and President Obama. The latter pointed out in his State of the Union Address last night that if the Congress wasn't going to be more sensible he would start acting alone. Don't blame him but treat this as a shy invitation, perhaps in the farm bill contexts, which the traditional Republican/Democrat divide smotheres. In retirement I saw PBS Newshour on SBS TV for the first time. Any government that cares about democracy and cutting waste should not trash content of honestly attempted news and documentary media. There isn't much left. This can be blamed on the strength of professional interests and financial associations.

Related problems are discussed in the attached submission on the Australian Communications and Media Authority (ACMA) Contemporary Community Safeguards Inquiry Issues Paper (2013), with key recommendation on future regional directions for perhaps Australia's greatest accounting strength – its comparatively broadly and honestly informed global and local news reporting, discussion and related information and entertainment. In relation to services, as Narelle Hooper pointed out in the Australian Financial Review (AFR):

Just as we've been asking 'where are the women' of our corporate role models, we should be asking 'where are the men' in the discussions over the cost and tax treatment of caring. (AFR 24.1.14 p. 35)

The National Disability Insurance Scheme presents a chance to get on board with Stephen Duckett in explaining services better. Balancing the quality and cost of services, including from the perspective of their risks, has become increasingly important since Australians learned a little about the causes and supposed remedies of the global financial crisis in 2008. In its actions, however, the BCA seemingly washes its hands for business as usual, as if amnesia had set in again. In doing so it contributes to the risk of injury again. This leads to more unfair inequality through the costs of business and regulation failure. We should not forget.

One notes that at a recent Australian Local Government Area Conference, representing 560 councils across Australia, the first strategic priority was '**Strengthening local finance**'. This

is not surprising given how much public money councils lost in what ratings agencies told them were safe investments before the global financial crisis in 2008 showed they were holding rubbish instead. In this context one wonders how land and marine parks (our global and related commons) are ideally valued and seeks guidance on this matter so that they are more likely to be enhanced and extended rather than destroyed in the short and longer terms through the normally confusing and lying secret development trajectories that also appear obsessed with the importance of ignorant voting. Don't do anything you can't explain. Unlike Jobs we adore Powerpoint. Key points are great for the non-English speaking background.)

It is also important to get better understanding of tax and its influence on land and housing. Saul Eslake claims it is difficult to think of something that would do more to improve affordability of conditions for would-be home buyers than the abolition of negative gearing (AFR 22.1.14, p. 39). I question this as I guess I'm like most ordinary Australians, in having preferred to buy a unit rather than shares as an investment. I guess we do this as we think markets are always out of our control and we don't trust them. I also guess many people made bad investments in Queensland property, which nearly happened to me as a result of highly aggressive selling and a contract which included trailing commissions. I didn't sign it and highly commend the fact that Westpac head office put big red warning stickers on it. (Thereby hangs a tale of the importance of meeting and writing to nice men in the industry.)

However, distrust of financial advisers has always propelled me to investment in local bricks and mortar as I've never understood the tax ramifications of anything I did and these investments never brought me much of a tax windfall or reduction. People who poured money into their superannuation just before their retirement and the global financial crash in 2008, as they were urged to do by the lousy financial press, must rue the day because if a big chunk of the retirement capital is suddenly gone it's very difficult to get sufficient back while also drawing on it for a living. I lent my daughter money to buy her first home instead.

Whether management is good or bad depends on goals and achievements, not ideology. We are told we are in control. We know we aren't. We are scared and ruled by lawyers. Under these circumstances it hardly surprises if police become cynical at best. (I'm always with Dirty Harry without the gun as the US has by far the highest murder rate in the OECD. Under the circumstances it takes a supreme effort of self-deception to see guns as defence. As is the right not to be breathalysed at an accident, US freedom is a right to kill the innocent. (That's a fact, Jack.)

Before the reformed design of workers compensation insurance in NSW in 1987, it was shown in Australian states that if employers provided premium to insurance underwriters the ensuing insurance competition on premium price generates increasing business instability and cost without any capacity to control either. This is mainly because both are driven by the actions of adversarial lawyers, courts and related fund managers and their agents who may produce no useful data in lieu of some price which they can extract for their boss or a client. That is what we in the unequal trade call a market, which is a wrong and nasty view of us all. (Australians care about love. Ask Abbott and Costello. Tony said it again on Boxing Day.)

Because of the capacity of employers and trade unions to address each other's concerns comparatively broadly, it was possible for government to reform key aspects of the insurance system so premiums were put into jointly owned industry funds, instead of given to insurers, who then owned and managed the funds secretly on their own behalf. In the new insurance model twelve competing insurance companies were contracted to provide data on injury claims and related rehabilitation and employment practice outcomes and costs, while insurers invested the premium funds on behalf of fund owners, rather than on the insurers' own behalf. This industry fund ownership and competitive service model relates better to broader public funds administered through Medicare and private insurance arrangements.

One can see why this new model of fund ownership and competition is better for those who seek to manage honestly and well, as distinct from those who seek to make a killing and to offload the cost. This more stable and reliably productive pattern of state operation was also pioneered in the development of industry superannuation funds. Related models are needed for the insurances in land and housing. Otherwise the Draculas may constantly rip us off.

For example, when the insurer NRMA demutualised, I got my first and only shares as a gift. When the Insurance Australia Industry Group recently sent out a Share Purchase Plan I took this as a sign it would be a good time to sell my shares, which had gone up from half their value in 2008. I wanted to get totally out of the market, which I consider is no place for a simple old woman such as myself. I also made this judgment partly because I'd watched Macquarie Bank touting for custom every night on TV before the crisis in 2008, and then saw the top of Macquarie walking away rubbing its hands having screwed as many bottom end mugs as possible. They also gave a bit to their best friends and to charities to shut them all up. (Could this ever be seen as a type of bribery and corruption? Gee, Baby, I guess not.)

Anyhow, I rang and then emailed Paterson's stockbrokers telling them I wanted to get out of the market and never come back. I was nevertheless sent a 16 page form entitled a Client Application Form Agreement (CAFA). This is called a Private Client Agreement in Paterson's accompanying correspondence. I don't regard it as private but I bet lawyers do. Anyhow, the CAFA states on the front page: 'Thank you for requesting a Client Application Form and Agreement'. This was confusing and clearly untrue as were other things I may have appeared to agree to by filling in the required 16 page form and signing it. This new experience at the age of 67 shocked me to the core. It seemed like police verballing. (I had never been verballled before and had found my ASIO file to be correct, and even informing.)

I had stated by phone, in a letter and by email that I wish to quit the market entirely after a single simple sale of shares, having no further contact ever with Paterson's or other stockbrokers. The CAFA states the reverse – that I desire an ongoing relationship with them. Fortunately they saw the merit of my case and sent me a Sell Confirmation/Tax Invoice with a settlement date of 23.1.2014, just for signing the form without filling it in. Then I got money. (As an old woman I don't pay tax and have no idea what franking credits involve. Have you?)

YES, VIRGINIA, THERE IS A RIGHT TO KNOW (IT GOES WITH THE DUTY OF CARE)

Expected loyalty and secrecy are the good old trumps still being put together for trust. In the post Nuremburg world, however, after the boys had ripped everything apart and built it up

again while women continued to produce the human fodder for the driving and killing exercises involuntarily or not, the Universal Declaration of Human Rights outlined a new way forward based on more openly and fairly shared accounts of comparative regional situation, standards and behaviour. Australian media and multicultural services like SBS or NI TV, etc. can support this best. Don't ruin this potential for more honest communication as it has been lost in Britain or the US, according to Clinton and Blair accounts of the media. (In my travels to London and New York I've seen a lot of their rubbish too. With the honourable exception of PBS Newshour, there appears nothing but 40 channels of cheap lying trash in New York. (One wonders if the BCA has any theoretical view of the outcome of races to the bottom.)

From the ideal global perspective, independent judgment ideally comes in various audits. These ideally depend on seeking truth openly by openly balancing and judging key claims on any matter, competing or not, in a more broadly inclusive public interest. Ideally this practice may also express the highly variable context or individual situation to improve the common or related sectional or individual lots over time. From this perspective, any apparent conflict of interest may be turned by openness into the finding of broader identities of interest through greater understanding of the other and their comparative motives. Give it a go for a change.

From this perspective, SBS TV and related media and translation services are ideally the jewel in Australia's trading crown because they are comparatively rich and trustworthy global media in seas of silence, ignorance, comparatively meaningless figures and harmless drivel. From this global perspective on Australian service strengths, SBS and government should undertake appropriately directed open discussions with many media and sports enthusiasts like Rupert Murdoch and Frank Lowy. Global history suggests that if any more engaged and aggressive men at any level start shifting their money away from murdering others, if only by casual oversight or neglect, it's a good sign for the rest. (As a woman I tend to be simple.)

Although races and cultures may live on, as individuals we are all going to die. From this coarse autodidact view, where age may or may not necessarily define interests best, the live business of collecting, transporting, storing and dying in places may be set in opposition to the dominant market and related intellectual traditions that the only way is up or the norm, with everything else blocked out of view. Openly start policy and risk management with death, as is often done in health risk management, as distinct from in a gambler's rigged reading of the odds to himself or others. Let's profit from death as the ultimate experience rather than running away from truth so leaving the field for others to profit. (Say this to Tony.)

The assumption good public management lies in the pretended separation of all key knowledge about related public and/or private matters seems crazy but hardly ever questioned. I guess that the norm of separation is believed in (like Santa Claus) as the idea that insider trading is not a business norm must be swallowed first. I assume insider trading is constant, as those with more information use it to their own advantage one way or another directly or by powerful secret association. Face it and open up. The alternative is for Australia to become a global loser driven by top global market interests in family, firm and occupational closures, supported by secrecy, ignorance and related lies (spin) and lawyers.

These feudal legal drivers (read about accounts from Blair and Clinton) cannot offer the necessary reform to create trust but it seems can only add comparative cost and confusion. Instead see the discussion attached on the Australian Communications and Media Authority (ACMA) Contemporary Community Safeguards Inquiry Issues Paper (2013) and key

recommendation to media on future regional directions. It argues that increasingly broad, varied and deep knowledge and expression are concomitant with the march of history, science, imagination and democratic wellbeing. More honest information provision is what good communication is about. (Tell this to Murdoch, Lowy, Boris and the boys.)

A related submission to the recent Australia China business forum on development pointed out that feudal, patriarchal and tribal ideas naturally express each other in brotherhoods entrenched in our legal and development directions which are essentially anti-democratic. China knows so much more than most about this direction as the Chinese Communist Party led a world revolution in health, which is wellbeing. Understanding this risk management direction is necessary for protection in any environment. It would be a shame to go back to capitalism because of inability to understand and work with the pricing systems effectively. Europe, Bill and Melinda Gates and the IT and movie crowd would understand. Open the work place up. This is surely what Chinese wanted in the 1970s and should want today.

Discussion on Newshour on SBS TV suggests new head of the US Federal Reserve bank, Janet Yellen and Administrator of the US Environmental Protection Authority, Gina McCarthy, will support job growth and promote cleaner energy. Global and regional planning for land and housing are discussed locally and in this broader context in the attached. Promote this direction, including through the IMF, so fewer children and adults end up homeless or poor through natural disaster, violence, desertion, business failure, illness or accident or death.

Consider how safety net aspects of taxation, insurance and levies are ideally also related to gaining more competitive production through data gathering according to classifications of the Australian and New Zealand Standard Industrial Classification (ANZSIC) and other reputable scientific and evidentiary classifications, in recognition of the fact that there is more to life than the particular prices by which a market is pushed. From this broader regional and planning perspective, one wonders if managers in the Land and Housing Commission in Family and Community Services or other state portfolios, or the Australian Local Government Association (ALGA), the Business Council of Australia (BCA), or universities should openly cooperate with the UN Advisors Group on Inclusive Financial Sectors Key Messages for Governments, Regulators, Development Partners and the Private Sector. If not why not?

CONCLUSION

Regional and related place and person based management perspectives, ideally designed in the public interest, also include the sectional one, however diverse. Audit and related service matters ideally also appear linked comparatively broadly, openly, and informatively. This is necessary to treat the results of audit more effectively as comparative empirical findings, rather than as multiple, comparatively closed, potentially adversarial financial matters.

Audit in strata title is ideally supported by open and clear accounting design for insurance practice in the public interest and based on seeking security and/or rehabilitation for a place, its persons and activities. The scheme and management may include and cooperate openly with many sectional, competitive and individual interests approved to work and/or deliver its outcomes, whether these are voluntary, government or commercial services.

One needs to know about who is affected by any matter to judge if anyone acting in relation to it has improperly exercised an interest which is against any particular organizational or

related public interest. For example, as a member of the owners' corporation under strata title one does not know enough about the relationships between the strata manager, insurance brokers, insurance companies and auditors to judge their performance. Insurance is by far the largest cost to the owners' corporation and is dealt with opaquely in strata accounts. In this context one wonders what the current Prime Minister meant when he said, 'You can either be a powerbroker or a lobbyist but you can't be both', according to an article entitled 'Jobs figures looking good for Coalition's new lobbyists' in the Sydney Morning Herald (SMH 27.1.14, p. 3). What do these people do that the rest of us can't? Tell us.

From the competing concepts of audit and trust outlined above – feudally based on secrecy on one hand or more openly and broadly enlightened on the other – courts and their brethren are anathema as rulings are bound by the past to be feudal rather than more broadly informed and democratically informing. Much Australian media claims to be independent and like politicians it can be questioned. To cut business costs it must get better still to become the centre of more honest news, documentary, education and culture. Steadying democratic potential appears lost in the driving and fatally flawed US capitalist model as a result of multitudes of market races to the bottom. Spins secretly driven by lawyers appear to be all that is left. In this land of the free and brave it seems insane that elections appear so stuffed.

Thanks for the opportunity to make this submission. (She sings with Rod and the Auditors:

Softly now, let me turn a page. Act twenty's over without costume change. The principal has had to leave the stage. The crowd don't understand. (Don't let that be Tony's problem.)

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