

AN IDEAL TRUST STRUCTURE FOR THE BENEFICIARIES: AN EXAMPLE FROM AN AUSTRALIAN SUPERANNUATION FUND AND A BANK

Introduction

From a historical and related scientific management perspective, industry superannuation funds, to which workers, employers and government contribute primarily to provide the workers with an income in their old age, may be conceived as new and better coordinated forms of insurance, taxation and banking. In the traditional insurance company, the fund owners and beneficiaries of the business are the stockholders, not the premium purchasers who are seeking to protect themselves against some kind of risk. Elected governments collect and direct taxes separately, on behalf of taxpayers. Banks take deposits from citizens and companies and lend money to their customers for home or business purchase and all related development. Industry superannuation service management is ideally now designed so fund managers can achieve not only contributor savings, adequate pension provision and housing loan assistance but also regional investment for sustainable development more scientifically and cost-effectively. Many regional planning and management processes are ideally conducted by government in cooperation with relevant communities, industries and related fund managers. An ideal trust structure is considered later in this context. It is structured to enhance competition through better service coordination, related cost cutting and more openness. Openness is vital for all scientific work, including management. Perfect information is necessary for a perfect market. The ideal trust promotes this development.

The main reason current financial institutions do not work as effectively as they should in the interests of the financial service customers, is that financial service providers and governments remain adherents of management expectations belonging to a feudal management era, which existed prior to the more scientific assumption that perfect information is necessary for a perfect market. The scientific management expectations of welfare state capitalism are even newer still. In the early insurance model there are few injury prevention or rehabilitation structures or services to reduce the risk of injury or its consequences for the client or the surrounding environment. The cost of the risk of injury occurrence, on the other hand, may be offloaded to innocent premium holders or taxpayers, or sold to other market participants. This adds to the eventual risk of market collapse rather than providing a mechanism for risk prevention. UniSuper indicates that for the financial year ending in June 08, cash investments performed best with returns of 5.89% and 'socially responsible high growth assets' performed worst at -17.49%. In 2006-2007 the latter assets returned 19.60%, while cash returned 6.68. This comparatively unstable investment performance is a major concern in relation to the introduction of carbon trading in 2010, to achieve pollution reduction.

Australian national sustainable development goals must be achieved primarily through seeking the prevention of injury in the environment and rehabilitation after injury occurs. Industry cannot drive sustainable development effectively alone, because its primary

goals are making money for stockholders or accessing support or other compensation when this fails. More broadly scientific approaches to management are necessary to achieve more sustainable development. More broadly linked management partnerships between industries, governments and other communities, driven by social and environment goals, which include commercial goals, are necessary. Recommendations of recent Treasury and other government reports are considered in this context.

More Scientific Financial Management is Necessary but Treasury Cannot Lead

This discussion first provides a short historical and theoretical background for Australian superannuation fund management. It also focuses on the evidence to support a central example of ideal managed trust relationships between Australian superannuation fund members, bank customers, and related broader communities with similar interests. These collective and individual interests principally lie in better and cheaper fund management for superannuation members and bank customers, in order to achieve related and more broadly identified community goals or directions more effectively. The evidence supporting the discussion of the ideal trust structure is also provided with the aim of maximising the interests of the beneficiaries most concerned with the example provided. They are contributing members of UniSuper and loan customers of MembersEquityBank.

However, the current financial crisis is also a good time to explore potentially matching trust relationships between many industry superannuation funds and bank managers, or with other institutions. Such institutions may have assisted saving, lending, taxing, pension provision or related financial service and investment functions. Such services may be better defined, designed and coordinated to serve the interests of industry superannuation fund members, bank customers, taxpayers and other customer or related community groups more effectively than at present. Supporting discussions of Australian constitutional problems, education for sustainable development, and the management structures to achieve the government Green Paper on Carbon Pollution Reduction (2008) objectives are provided in attachments. Tax needs to be conceptualised in this context.

Later discussion of ideal trust structures and relationships additionally aims to promote effective financial service provider competition through describing a more consistent and scientific approach to financial services structure, management and delivery to achieve more clearly identified social goals. This process ideally begins with clarification of financial definitions, more consistent use of financial terms, clearer financial, social and environmental aims, and the improved design of related service management structures and administrative procedures. This is necessary to promote the financial service managers' capacity to compare service outcomes and to continually improve them through competition. I assume the Australian and New Zealand Standard Industrial Classification (ANZSIC) should provide useful guidance in this context and that the following Services Industry categories should be of primary interest:

- Finance and Insurance
- Property and business services
- Construction

The above industries ideally serve many related industries as scientifically as possible. Yet Treasury does not refer to any ANZSIC categories in its publications discussed later.

According to Popper (1972), science aims to be objectively grounded in the outcomes of experiment and test. Although honesty is not a scientific concept, all science depends upon it. Scientific, democratic and customer service management processes also depend on communication. Effective communication, rather than tests, grades or related numbers, are the essential measure of much scientific discourse. Written communication requires a level of logical thought development which cannot be matched in cultures which are primarily oral or numerical and so less open to organized development or criticism. Naïve academic or professional ‘experts’ may also be taught to equate numbers with science and the written word with law or imagination. This is not the case. Ideally, scientific managers know and encompass the value of all through good communication. Science ideally emulates a more careful, carefree God than the deity of feudal cultures.

The Australian government must understand the necessary conditions for effective comparative administration before it can create them. I have little confidence that many so-called legal or financial experts understand them well because they are largely uninterested in historical and related structural development. They hide behind laws and numbers. When legal or financial experts write they often omit definitions of terms, because they are not in legislation. The courts rule but seldom define. Theirs is prescientific treatment. I used Rubin’s Dictionary of Insurance Terms, published by Louisiana State University (1991), to define key terms used later. The Financial Services and Credit Reform Green Paper (2008) produced by the Australian Treasury and entitled ‘Improving, Simplifying and Standardising Financial Services and Credit Regulation’ does not even define a trustee. However, it defines TRUSTEE CORPORATIONS as:

Corporations licensed under State and Territory Government Trustee Companies Acts for the purposes of providing personal trustee and estate administration services.

One wonders what other functions such trustee corporations normally have. The Treasury report on the architecture of Australia’s Future Tax System (2008) has no glossary. In Table 2.9, entitled Australian government taxes as at 1 July 2008, the heading ‘Trusts’ refers to ‘*Trustee of trust (other than public trading trusts, corporate unit trusts and FHSA trusts)*’ (p. 59). FHSA is not even in the listed acronyms. All the above management concepts and structures, whatever they are, require consideration in the light of current Treasury and related government reports’ shortcomings and the argument made later. This indicates that poor service administration is related to bad choice of a trustee in the case of the MembersEquityBank choice of Perpetual Ltd. All trust related concepts should now be defined and treated appropriately. Treasury seems unwilling to do the job of analysis properly. Why not give the Productivity Commission and the Australian Tax Office a go, on behalf of Australian consumers and taxpayers? Law which operates without aims, key definitions or related classifications, makes scientific management impossible and the latter is not valued at all in such authoritarian,

feudal and unstable environments. Courts collect little or no management data which can be used for better injury prevention. They are the root of an evil far from public service.

The Treasury report on the architecture of Australia's Future Tax System appears to take little interest in issues concerning the potential broadening of the income tax base. (What planet do they live on?) In a brief discussion entitled 'How taxes affect savings and investment decisions (2008, p. 248) the report provides a misleading chart, entitled 'Savings and Investments in an Open Economy. In it, 'resident savers' and 'non-resident savers' face 'holding entities' which surround 'financial structures', which surround 'assets'. The 'holding entities' are 'banks, companies, superannuation funds or trusts'. None of these vital entities are defined in the Treasury report on Australia's Future Tax System or in the Treasury Green Paper (2008) on Financial Services and Credit Reform. Treasury overlooks such 'holding entities'. However, banks, companies, superannuation funds and trusts do much more than holding. They are trading entities, which may trade increasingly opaquely valued financial products with unexpected outcomes, as the current US and related global financial crisis is currently showing. I assume that 'foundations' were missed out by Treasury because their doings are ideally considered philanthropic. Charitable activities may be unclear but may also escape tax implications. Financial services need greater scrutiny. Treasury appears not to have the stomach for it.

The Consumer Friendly Nature of the Modern Superannuation Magic Pudding:

In feudal times, the trader's family, banker and insurance premiums were his main financial protections. In the case of catastrophe, a man might call his lawyer and attempt to get lost money back from another supposedly guilty party or an insurance company, via the courts. In a later historical period, the flowering of science and technology was strongly driven by the development of capitalist organization and related competition. Even later, the development of capitalism drove welfare state growth and all its related public service provision, such as pensions, funded through taxation. However, the earlier feudal management structures continued to dominate later bureaucratic management expectations, through the continuing and dominating power of feudally structured courts, lawyers and all related commercial in confidence expectations. The current result of this is dysfunctional overregulation which only works to profit lawyers and their acolytes by driving everybody else increasingly into professional and related darkness. The current US crisis shows the cumulative effect of financial secrecy and consequent ignorance. This is the opposite of increasingly open markets. Americans are kidding themselves.

The desire for financial compensation or revenge, rather than for injury prevention or rehabilitation drives the feudal approach to management. Risk may be parcelled up and sold to others as a financial investment service, and as if this process were also related to stopping a ship from sinking, or a sea wall from breaking and flooding houses, in the real world. It is not. Lawyers and their acolytes are used to following many ancient rules, in which self-blinding ignorance may be equated with more effective management. For example, under the heading, 'Robust institutional arrangements are needed' Garnaut provided the following warning in his Interim Report on Climate Change:

‘Care would need to be given to the design of the institutional arrangements for administering the allocation and use of permits. Variation in the number of permits on issue or the price would have huge implications for the distribution of income, and so could be expected to be the subject of pressure on Government. There is a strong case for establishing an independent authority to issue and to monitor the use of permits, with powers to investigate and respond to non-compliance ‘(Garnaut, 2008, p.65).

The Australian government is elected to govern and by giving away a major governing power to any body established at arm’s length from itself, government only makes itself more ignorant and unaccountable than it would otherwise have been. This is a common kind of problem. Everybody needs to know more about what is going on, not less.

In the case of industry superannuation, as in the case of NSW workers compensation insurance, the managed funds are owned by the contributors to the funding pool, who are also the fund customers. This fund management model ideally services its stakeholders – the ideal beneficiaries of the fund - rather than a completely different group of stockholders, as is usually the case with management of insurance companies and banks. Like premiums paid to an insurer, deposits placed in a bank or taxes paid to government, superannuation funds are ideally invested by the fund managers to achieve adequate returns to the fund owners. In superannuation the latter are also the main contributors to the fund, its customers and related beneficiaries. This stakeholder management model is the most recent, scientific and democratic form of capitalist development, which can ideally be effectively coordinated with the broader management aims of governments and with the related interests of industry and communities in sustainable development. Older ways of operating now merely add layers of foolish regulatory costs to all transactions. British government purchase of interests in banks may assist better Australian direction.

Consider the recommendations of the Select Committee of Senate on State Government Financial Management (2008) in this context. Recommendation 1 is for a Charter of Budget Honesty. In the current US financial meltdown, all those who have always striven to be honest, may now be forgiven for wondering what they are expected to be doing differently. This is now the major financial puzzle conceptually - a little like the Chinese, cultural, revolution. Recommendation 2 suggests the Charter should include requirements that financial reporting ‘be fully consistent with all relevant financial reporting standards’, (etc. etc. etc.). The necessary trick, however, is deciding which financial reporting standards continue to be relevant if one properly understands the nature and requirements of ideally related national and international capitalist, democratic and sustainable development enterprises (to say nothing of the ideas of Marx, the champion of scientific materialism.) Recommendation 3 of the Select Committee of the Senate refers to the necessity to maintain the integrity of the tax system, among many other fine things. Having read ‘Australia’s Future Tax System’ (2008) I think Treasury is probably unwilling or unable to explore what integrity might mean, let alone act on it.

The recent article on Frank Lowy entitled ‘The quiet benefactor: Lowy’s dedication to Israel’ in the Sydney Morning Herald (SMH 29.9.08, p.1) states that a foundation is not a

company or a trust. In regard to the integrity of the tax system, the same article notes that the Australian Tax Office has trouble applying Australian taxation laws to non-common law entities, such as the Lichtenstein foundation operated on Mr Lowy's behalf. It seems that more effective bank regulation is necessary in many tax havens to ensure that Australian and other governments can tell the difference between illegal and legal activities when Australian money goes to banks offshore. This may also be part of the route to coordinating sustainable development more effectively through triple bottom line accounting. The latter is primarily concerned with establishing the bank project aims from commercial, social and environmental perspectives and documenting their progress.

One wonders in this international context how the leaders of failed or failing states other than the US, such as Burma and Nepal, think their countries' situation is ideally managed in the light of the impact of the global financial crisis and all related requirements for sustainable development, which are partly driven by ideal systems for carbon pollution reduction. One also wonders how the governments of failed states ideally perceive their populations and any related foreign workers to be protected when natural or man made emergencies arise. The secondary trading markets appear largely to have toxic purposes in this global context in that they offload the cost of financial risk to other market players, rather than reduce all risk through risk prevention, rehabilitation and related development programs funded effectively from common pools. US attempts to provide good health services via market mechanisms failed, why should carbon trading be any different?

From the international sustainable development perspective, which governments, industry superannuation funds and related managers ideally now support, good governance normally requires clear separation of government policy from its administration, with the former driving competitive, transparent, service provision (Rich, 1989; Hilmer, 1993) so all may identify a range of economic, social and environment related outcomes. Program budgeting, as partially implemented in the public service by Wilenski (1982; 1986), is central to this approach. Managers start with program and related project aims which have been consultatively developed and prioritized in the light of national and regional community goals. They establish strategies to meet them and prepare related budgets. The direction is important to establish early and openly, rather than fighting about the supporting amounts of money and their sources over the long term. Arguments about the latter go on forever. If there is a clear policy direction and worries are about the real world consequences of action, its potential problems can be more easily seen and reduced. Key fund management activities are monitored and their outcomes are measured in the light of the overall identified aims of the related projects and institutions.

Australia has been blinded by an outdated Constitution and financial administration which reflects a British governance model in which elected politicians, administrators, and the judiciary are seen as separate, independent governance pillars, which try to keep each other and those lower, ignorant. The Senate Committee report of inquiry into transparency and accountability of Commonwealth public funding and expenditure (2007) ignored program budgeting. It recommended complex additions to the existing Australian budget process which add to current budget opacity and all related cost. The committee concluded its recommendations were designed to restore the Parliament's

historical and constitutional prerogatives. This is undesirable in an era where open partnerships with industry and communities are required to achieve national and regional health and sustainable development effectively, through fair and efficient competition.

In Recommendation 8 of the Senate committee on State Government Financial Management (2008), the committee suggests the Council of Australian Governments (COAG) consider the costs and benefits of input controls compared to output controls in the development of Special Purpose Payments (SPPs). Input controls and output controls are not defined. The recommendation followed discussion of Commonwealth-state and territory fiscal relations in Chapter 2. The committee notes the major overhaul of the SPP framework currently being undertaken by the COAG. It also notes the National Audit Office (NAO) has identified this topic as possibly warranting a future performance audit, which the committee supports. One assumes the NAO will naturally operate secretly. Government needs to understand and implement open program budgeting, not forget it.

Prioritization of projects for the \$20 billion Building Australia Fund, the National Rental Affordability Scheme and related project coordination is now being undertaken and management partnerships must be considered in this context. An openly planned approach to investment should allay opposition concern that these funds ‘will just be used as a slush fund to bail out failing state Labor governments, who have got infrastructure problems that they have all allowed to accumulate’ (Sydney Morning Herald (SMH) 4-5.10.08, News 4). I assume current NSW Government policy in regard to the procurement of **infrastructure, information technology, property and goods and services** requires consideration in the same context. For example, the NSW Treasury Gateway Review Workbooks comprise:

- Strategic Review Workbook
- Business Case Review Workbook
- Pre-Tender Review Workbook
- Tender Evaluation Review Workbook
- Pre-Commissioning Review Workbook
- Post Implementation Review Workbook

I believe that few could go through the current voluminous Treasury processes outlined in the above workbooks without being driven to drink. I do not know how these Treasury expectations relate to anything expected by the NSW Department of Planning, councils, recommendations of the Senate Report on State Government Financial Management (2008), or construction to be undertaken under the National Rental Affordability Scheme draft guidelines (2008). The latter superficially seem reasonable to me. (This is rare.)

Rationale for Construction of an Ideal Trust Structure and Relationships

In the Dictionary of Insurance Terms, Rubin (1991) states:

A TRUST is a legal entity that provides for ownership of property by one person for the benefit of another. The trustee receives title to the property, but does not have the right to benefit personally from the property. The trustee has a legal obligation to manage the property and invest its assets solely for the BENEFICIARY OF TRUST (sic).

There are basically two types of trusts: LIVING TRUST (established during the life of the GRANTOR) and TESTAMENTARY TRUST. For example, a trust may be established by a parent to hold assets for the benefit of a child.

Logically, under Rubin's definition of TRUST, my claim relates primarily to a living trust which exists between me and UniSuper. I am one of many UniSuper members. Under the above definition of TRUST, I am the beneficiary of a trust in which UniSuper (the trustee) undertakes to manage my superannuation savings and related investment account. If I seek a loan, MembersEquityBank may be my loan service provider and mortgage related trustee. Members Equity advertises itself as 'The Super Funds Bank'. I took out a loan and have now paid it off. My Super Funds, my Bank! I had naively thought. However, I had to undertake transactions which should have been simple and largely free of cost, but which were made extremely complex and costly. The aim appeared to be to extract money by forcing me to use lawyers, have property valued, have mortgages and certificates of title dealt with, and related state taxes paid, in order to have some of the latter reimbursed. At the time, many organizations were on TV nightly seeking to lend money to people with much less credit worthiness. I recommend that the Treasurer invite Australia's leading industry superannuation funds and Members Equity Bank to design a better system from the perspective of the superannuation fund contributor, loan consumer and the national interest. Related suggestions appear below.

According to Rubin:

FIDUCIARY - holding of property or otherwise acting on behalf of another in trust. The fiduciary must exercise due care in safeguarding property left under personal care, custody and control. Insurance coverage is available for this exposure. (One wonders why the insurance should be necessary).

MembersEquityBank is the ideal fiduciary of UniSuper. UniSuper is also the ideal trustee for MembersEquityBank. The interests of the beneficiaries of UniSuper savings and investment account management and the customers for MembersEquityBank loans and related property services appear best served if MembersEquityBank becomes the housing loan manager for UniSuper funds. However, Perpetual Ltd. currently interferes in this ideal trust relationship. Perpetual Ltd should not be considered as the trustee of MembersEquityBank, 'The Super Funds Bank' as is currently the case. Perpetual Ltd must operate in the interests of shareholders in Perpetual Ltd, who are neither UniSuper members nor MembersEquityBank customers. Perpetual Ltd shareholders represent a third set of interests which milk the other two sets irrationally, opaquely and very annoyingly. Perpetual Ltd has something worse than a conflict of interest. It should never have been the trustee of MembersEquityBank. UniSuper fund managers are the ideal MembersEquityBank housing loan underwriters. Who chose Perpetual and why?

The manner of treatment of any mortgage and certificate of title on any loan related property being considered in the above context should be clear and exclude as many costs as possible. The current MembersEquityBank loan management and related service

system is unnecessarily complex, adversarial and expensive. If MembersEquityBank managers could know how much superannuation a consenting member had in a UniSuper account, one wonders how the circumstances of the attachment of any MembersEquityBank loan, however small, to property and its related mortgage or certificate of title, should be carried out. This now requires consideration.

According to Rubin:

Since the trustee is required to manage the property and its assets in a prudent manner, if he or she fails to perform in accordance with the PRUDENT MAN RULE the trustee becomes personally responsible for any lost funds or profits incurred by the trust

From the above perspective, I believe that whoever made Perpetual Ltd. the trustee of MembersEquityBank or UniSuper failed to perform in accordance with the PRUDENT MAN RULE. From my perspective, what they did was more like the application of the STUPID, HORRIBLE OR EXPEDIENT MAN RULES. In my experience this often involves the continuing application of feudal legal principles, while mixing them up even more irrationally than was probably the case in the 14th century. In Australia, the more scientific concept of duty of care, which is found in state Occupational Health and Safety Acts, may be usefully extended by consistent regional management with coordinated duties of care to customers, communities, the land, water, air, and related biodiversity. Market operations which are driven by money managers will not produce effective competition to solve real world problems, as indicated by the current US financial crisis. A more scientific management approach is suggested in the attached article entitled 'Health and education for sustainable development and the Australian carbon pollution reduction scheme'. Taxation matters also require consideration in coordinated regional industry and community contexts, where the common aims are increasingly related to sustainable development – to achieving economic, social and environmental goals.

According to Rubin:

A trust agreement is: A legal document setting out the roles to be followed by a TRUSTEE in administering assets of a TRUST. The trust agreement may limit investment of trust assets to specified types of securities, for example, or provide for distribution of the trust principal or earnings to a BENEFICIARY OF TRUST only under certain circumstances

Rubin does not include a definition of SECURITIES in his dictionary. He includes dictionary definitions of a number of different bodies with the word 'security' in the title, but never explains the word itself. (I assume this Freudian slip follows the common feudal courtesy of lawyers to their judges. Increasing confusion over terms costs money.)

The concepts of UniSuper 'rebalancing and strategic tilting' which were discussed in recent member training, should logically be undertaken in the above context, in cooperation with those charged with achievement of government and industry regional planning objectives related to sustainable development and carbon pollution reduction, as

discussed in articles attached. If UniSuper is convinced of the material value of the housing or related portfolio held (for example, by going out and patting the housing stock) fund managers should not switch financial holdings from moment to moment to achieve some concept of numerical, market and risk related equilibrium as markets move, especially if this concept of value is fictitious, as appears to be the case. Related standards appear false and a means for traders to make more money for themselves.

In Recommendation 2 of the Parliamentary Joint Committee on Corporations and Financial Services Report (2007) entitled 'The structure and operation of the superannuation industry', the writers suggest that treasury should conduct a review of laws and regulations governing superannuation to identify how they may be rationalised and simplified. Key assumptions, definitions and industry descriptions and relationships still need to be logically addressed before effective discussion of the simplification of superannuation law is possible. For example, any future inquiry should address the aim and related rationale of requirements that a superannuation fund or any other financial institution should be managed by a trustee, 'at arm's length'. When is the separate trustee necessary and why? What exactly should the trustee role entail? The report constantly refers to 'the industry'. This and other key terms and relationships need clearer definition. I do not recommend treasury for the task. However, consistent with the recommendation of the above report, it would be good if UniSuper publicly tenders its key service provision agreements for consideration. It would educate the market.

The above issues require further consideration in the light of national competition policy which was supposedly implemented after Hilmer's report to Australian Heads of Government in 1993, following an independent committee of inquiry. Hilmer defined competition as, 'striving or potential striving of two or more persons or organizations against one another for the same or related objects' (1993, p.2). This definition would have led to triple bottom line accounting (financial, social and environmental), which is necessary for sustainable development, if it had ever been implemented properly. It was not. The earlier Trade Practices Act (TPA) 'interpretation' of competition was retained in spite of Hilmer, which states that, 'competition includes competition from imported goods or from services rendered by persons not resident or not carrying on business in Australia'. The TPA does not define key terms, but 'interprets' them instead.

In spite of Hilmer, Australian competition legislation still follow the US Sherman Antitrust Act of 1890 which stated that all 'unfair' business 'monopolizations' and 'combinations' are against the national interest. As JK Galbraith pointed out, 'To suppose that there are grounds for antitrust prosecution whenever three, four or half a dozen firms dominate a market is to suppose that the very fabric of American capitalism is illegal' (1952, p.68). He also pointed out that this has never discouraged the briefless lawyer. The Australian TPA has developed on a similar basis of early legal assumptions about the market being composed of traders whose interactions, when ideally free from government interference or other monopoly influence, naturally benefit the whole society. This is a highly questionable economic proposition, unsuitable for legal reification. The consumers (customers) are not recognized as a sub-set of traders in this theoretical framework. The comparatively recent concept of the 'consumer', suggests that many such traders may need

special protection because of their comparative lack of information about their purchase, or for other reasons such as their comparative lack of money, opportunity or related bargaining power. After the Hilmer report, consumers were specifically addressed in a new section of the TPA. This and state fair trading acts now have long, inconsistent and narrow definitions of a consumer. Lawyers' logic is awful because their views are feudal.

UniSuper Fund Management Ramifications

Recently in the Australian Financial Review (AFR 30.9.08, p.69) Lohr discussed the current US financial legislation which will allow the Secretary of the US Treasury to make decisions regarding the purchase of mortgage-related assets up to the value of \$700 billion. In the legislation, the term mortgage-related assets apparently means residential or commercial mortgages and any securities, obligations or other instruments that are based on or related to such mortgages, that in each case was originated or issued on or before September 17th, 2008. Lohr quotes a former senior researcher at the International Monetary Fund (IMF) saying:

Key tasks are overseeing the workings of the rescue plan, helping to guide the contraction and recapitalisation of the banking industry, assisting home owners who face mortgage defaults and in general shaping policy for a nation that will be less accustomed to easy credit and overspending. (AFR 30.9.08, p.69)

Australian development is ideally coordinated effectively in a global context. However, on the basis of current reading I do not trust Treasury officials in the US, Australia or the state of NSW to resolve key problems rather than increase them as a result of following their past rules and more recent ones which they make up as they go along in conditions which have become increasingly opaque. This has now caused many disasters in financial services provision and results. The past Australian treasurer's concern about whether government buying securities is supposed to raise or lower the cash rate also requires consideration in this context. His confusion and that of treasury about this is recounted in his Memoirs (Costello, 2008 p. 114).

In the current, extremely unclear financial situation, it seems a good idea to start any accounting processes with current material realities, such as housing stock, on which loans are often based. In this context I cannot understand how it is possible to have a non-financial dependant, which was referred to in recent UniSuper training. The Treasury reports are very scrappy but neither they nor Rubin's Dictionary of Insurance Terms, which looks a more scholarly account, allude to any such category of being. Are we about to revive the concept of 'emotional dependence', as in my youth? How delightful. I'd be grateful for any further information you provide on any of these issues.

Thank you for the opportunity to make this submission.

Yours truly
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