

Letters

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Banks: better umpires, not rules

The fundamental role of a bank is to collect short-term deposits from widely diversified sources in order to provide long-term loans to businesses and individuals. Jeffrey Carmichael in "Ex-APRA head slams useless rules" (May 6) says the more economically elegant phraseology: banks are in the business of maturity transformation.

Basel III will force banks worldwide to substantially increase the maturity term of their liabilities through larger holdings of longer-term deposits and bonds thus reducing funds available to lend to customers as well as pushing up the cost of borrowing as banks seek to offset revenue lost on lower-yielding liquid assets.

So far as the global financial crisis is concerned, the regulators, having comprehensively botched their task in the lead-up to the global financial crisis, now want us to believe the problem was really that the rules were not strict enough.

But in their more introspective moments, the regulators must surely realise that they were simply asleep at the wheel.

Peter McGhie
Yarralumla ACT

Budget transparency essential

Brian Toohy's "Clever spending better than wild cuts" (Capital Idea, May 7-8) is spot on. The budget should be about the targeted use of government funds. The government's financial management framework provides the very tools to help achieve that targeted or proper use of funds.

The government's policy, referred to as Operation Sunlight, is aimed at enhanced budget transparency. Central to the framework is the use of outcome statements as a way of explaining and controlling the purposes for which appropriations are approved by the Parliament, and non-financial performance

indicators to measure and assess agency and program performance.

An objective of Operation Sunlight was to "tighten" the use of outcomes and performance information. While this objective has been set, much of the evidence to date is that the outcomes and performance information have not been "tightened".

The Joint Committee of Public Accounts and Audit (JCPAA) highlight in its Report 419 Inquiry into the Auditor-General Act 1997 that more than a third of agencies identify that none of their indicators addressed the effectiveness, quality or cost of their

programs. The JCPAA recommends "enhancing the auditor-general's role in reviewing the adequacy of agencies' performance indicators."

It will be interesting to see if any of the budget announcements today are framed in terms of "tight" outcomes statements and performance indicators, so successful programs can be demonstrated and to highlight where ineffective programs need to be fine-tuned or abandoned. This would help in meeting improved accountability and transparency.

Kevin Riley
Giralang ACT

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Keeping it simple: the art of giving

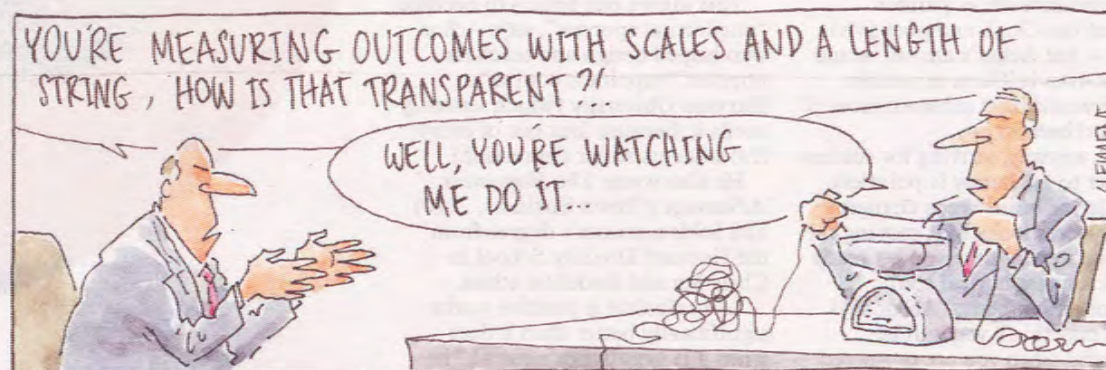
Further to Peter Winneke's letter (May 9) I think that while Australia may have a long way to go before we match the levels of giving in the United States (which has a very different wealth profile and taxation regime) we should celebrate the significant shifts in giving by Australians over the past decade.

As an example, I cite national research conducted by the Australia Business Arts Foundation that reveals that giving to the arts has increased by around 135 per cent since 2000 and that trend continues.

In part this has been stimulated by new taxation mechanisms to encourage giving (such as Private Ancillary Funds) and by the very active relationship building by arts organisations and cultural institutions. ABAF's unique Australia Cultural Fund, through which donors can make tax-deductible donations to artists and emerging arts groups, has granted almost \$7.4 million through gifts from individuals, many of them very modest.

I think Australians are generous, as is evident in the alacrity with which they respond to Australian and international crises. They just need to know their gift will make a difference and to have a simple and straightforward way to give.

Jane Haley
Chief executive
Australia Business Arts Foundation
Melbourne Vic



Why we should take a carbon tax more seriously

The financial analyses of such a spectacular investor as Jeremy Grantham — the US company he

essentially limitless and must come to terms with the need to price them realistically

therefore, we should all take seriously his optimism about Australia's "magnificent idea" for a carbon tax

Rising, it was "We're not waiting for the world" which, the former Liberal prime minister says, was "based on

SUBMITTING LETTERS