

Turns out Australians are real stars at cheating

By Janet Albrechtsen, The Australian, 4 April 2018

Now the commotion over ball-tampering has subsided, it's worth asking whether cheating has become a national sport.

Start with revelations at the Hayne royal commission about "liar loans". Couple that with what we know now about the black economy, add in endemic insurance fraud and theft from shops and on it goes, raising a nasty question about our national character. Is Australia becoming a nation of cheats?

Were Steve Smith, David Warner and Cameron Bancroft just doing what millions of us do?

As this newspaper reported last week, just two weeks into its work, the Hayne royal commission has its sight on the rising levels of liar loans, a term made infamous by the 2008 US subprime mortgage crisis.

Senior counsel assisting the royal commission Rowena Orr has started grilling the banks on mortgage fraud, bribery, false information, lax verification systems relating to customer income, failure to assess expenses, failure of internal controls to catch breaches and failures to report wrongdoing to the corporate watchdog too. That's just at the bank and broker level.

The scale is huge. Research published by UBS analyst Jonathan Mott drawing on detailed surveys by UBS Evidence Lab last year found that one-third of mortgage applications were not factual and accurate.

It led UBS to estimate that banks are sitting on about \$500 billion of liar loans on their books, a third of Australia's \$1.5 trillion residential mortgage book.

And let's not just blame shady mortgage brokers for lying on mortgage applications so as to win commissions.

While the level of dishonest applications through brokers is bad, that of applications by individuals through branches is only a little better. In other words, disturbing numbers of ordinary Australians tell lies in order to trick their banks into lending them money they can't afford to repay.

And then, when their dishonesty leads to inevitable loan default, they cry foul, blame the banks and use responsible lending obligations to argue that they don't have to repay their loans.

There is a grave moral hazard here. Responsible lending obligations, in the absence of real sanctions for irresponsible borrowing, inevitably reward fraud. Some will say that makes sense: if big banks allow themselves to be fooled, that's their lookout.

But leave aside the risks to our financial system: what does this level of crookedness by borrowers say about our national character?

Tax fraud by ordinary Australians is another pointer to a national character that is deeply crooked. Black Economy Taskforce chairman Michael Andrew last May said the "thing that really struck me was the size and scale of the black economy and how endemic it is to every sector of the economy".

It's been suggested the black economy is worth \$25bn a year. The tax evaded on that \$25bn could easily be significantly more than the amounts big corporates can sneak through Australian Taxation Office auditors.

Andrew described taking cash payments and not declaring them to the taxman as "almost a national sport". But don't expect Emma Alberici and the ABC to move their passions beyond their "big business is bad" meme to explore fraud in the dark depths of the black economy.

Some of this is remarkably blatant. In a curious coincidence, Bunnings, one of Bancroft's sponsors, also has one of the most quoted Australian Business Numbers in Australia. In the Northern Territory, it's been estimated that 40 per cent of the ABNs that appear on invoices is the Bunnings ABN. Either Bunnings has one heck of a monopoly or there's a lot of fraud going on in the Territory. Other states and territories are not much better.

This is neither innocent nor victimless. In December last year, tax commissioner Chris Jordan pleaded with Australians to "stop paying cash for a discount".

It's cheating the system, he said, and Jordan then said the "billions of dollars" swindled out of the tax system could have gone to schools and hospitals.

Now multiply that with other examples. Over-claiming expenses on your tax, undeclared income (think Uber and Airbnb), using special suppression software to hide small sales from your business records, defrauding your employer (and taxpayers) by claiming drinks and meals as business expenses all happens much more than an honest society should tolerate. Football clubs rot their salary caps and insurance fraud is rife. And theft at supermarkets is so bad that management doesn't even call it theft any more. In an Orwellian twist, it's called "shrinkage".

All this bad behaviour is, remember, by ordinary Australians, the same ones who readily emote over politicians who lie to us and scam entitlements from us. So what accounts for it? Those with their snouts in the black economy trough, by not paying their fair share of tax, will say they're just trying to get ahead. Just like Smith, Warner and Bancroft wanted to get ahead of South Africa using a doctored ball.

A charitable explanation is that we dislike authority, hate rules and barrack for the underdog. The ACTU's Sally McManus, for example, is a proud believer in breaking rules that she deems unjust. Except that we all have rules that are personal favourites which we expect others to obey. Sally wouldn't want bosses who break the rules that she likes. And tradies expect their favourite laws to be followed, too.

Maybe envy and the tall poppy syndrome are important drivers of this Aussie ethos of cheating. We seem to be more relaxed about theft from big, successful corporations or from impersonal governments than we would be about theft from the poor.

Whatever the explanation, we need to start grappling with a spreading national stain. When Greece sank into financial trouble a few years ago, many of us were sniffy and judgmental: unkind comments about Greeks and their tax-dodging national character, their welfare cheats and general indolence abounded. But what if we are the incipient Greece of the South Pacific, rescued only by our vast natural resources?

For a nation founded by scammers and small-time crims, the really tough question we must ask is: how far have we come? How many of us thought the real crime of our three cricket players

was not their plot to tamper with the ball, but that they were daft enough to do it in the full glare of international TV cameras?

janeta@bigpond.net.au