

Friday, 4 September 2015

The Federal Government ignores the 'massive' Australian 'cash economy' at its peril. 'Step up to the plate' Mr. Hockey

By Gary Morgan, Executive Chairman, Michele Levine, Chief Executive Officer & Julian McCrann, Morgan Poll Manager, Roy Morgan Research



FOR IMMEDIATE RELEASE

The **7-Eleven Stores** and **United Petroleum** scandals confirm what we at Roy Morgan have been saying for years about the 'cash economy' – **it must be stopped by the Federal Government.**

New South Wales Premier Mike Baird is now promoting an **increase** in the GST and Treasurer Joe Hockey is saying that taxes can be cut – but, these reforms can only be made if the 'cash economy' is tackled.

A few years ago I asked Opposition Leader Bill Shorten **if he would tackle the 'cash economy', Shorten's answer – 'too hard'!** (Shorten was Employment and Workplace Relations Minister during the Rudd-Gillard-Rudd Governments).

Recently I asked Treasurer Joe Hockey the same question at the Australian Chamber of Commerce and Industry (ACCI) Business Leaders' Summit. **Hockey avoided the question and spoke to his talking points!** See below transcript of our 'question and answer' exchange.

It's not just the retail workers at 7-Eleven and United Petroleum that 'live in' the 'cash economy' – there are also the hundreds of thousands of Australians in hospitality, retail, trades, building and the like.

Some politicians have confirmed to me personally that they've used the 'cash economy' by receiving lower quotes from tradesman for work on their homes.

Obviously the only viable solution to deal with cash 'rorts' is to declare an amnesty and allow the economy to start afresh – taxes can be cut without putting up the GST.

Unfortunately the issues created by Australia's large 'cash economy' are ignored by politicians and the Fair Work Judiciary – many of whom have reached their current positions following careers and close associations with the unions and the ALP.

As we've stated recently the recent draft Productivity Commission Report is incomplete and essentially irrelevant as it ignores the 'cash economy' and relies on the inaccurate ABS unemployment figures in drawing its conclusions – **Productivity Commission Workplace reform conclusions softened by reliance on inaccurate employment data – Monday August 17, 2015.**

It defies belief that any Government would consider making changes to workplace laws without having reliable figures, and a proper understanding of both the actual numbers of unemployed and under-employed people and the size and operation of the cash economy.

In addition, the conclusions from the **National Reform Summit** sponsored by Fairfax (AFR) & News Corp (The Australian) are just as irrelevant as it focused on tax reform whilst also completely ignoring the 'cash economy' and the true unemployment and under employment figures.

Australian Chamber of Commerce and Industry Business Leaders' Summit Canberra, Monday August 17, 2015.

Gary Morgan, Executive Chairman, Roy Morgan Research:

"Mr Treasurer, I read the Productivity Commission Report and I brought out a paper on it today, I'm Gary Morgan.

"Firstly you took (used in the draft Productivity Commission Report) the ABS unemployment figures (6.3% in July 2015), you didn't refer to our (Roy Morgan) figures which showed there was significantly higher unemployment (8.7% in July 2015) than the ABS showed. And that's a fact.

"The second issue is, you only once referred to the 'cash economy', you had nothing to say about the 'cash economy'. In my opinion the only economy that is booming in this country is the 'cash economy'. What are you going to do about it?"

Treasurer, Joe Hockey:

"Well if it's a 'cash economy' Gary, and it's a good question, I have a great deal of respect for you Gary, as a pollster. If it's the 'cash economy' that is booming and in your words nothing else is, then I'm not sure how we continue to get economic growth. There must be economic growth there and of course economic growth doesn't measure the 'cash economy'. But I'd say to you this, I am confident in the momentum in the Australian economy. I am absolutely confident in that. And I want to emphasise to all of you, I am in constant dialogue with Finance Ministers and leaders overseas, the head of the IMF or the World Bank or others, and at the same time dealing with on a regular basis the leaders in China. Our biggest trading partner is going to continue to grow, China. It is going through a transition, but they say seven per cent, when they say seven per cent it'll be seven per cent..."

Gary Morgan, Executive Chairman, Roy Morgan Research:

"They (China) put the cash tax avoiders in jail, that's the difference, we don't."

Treasurer, Joe Hockey:

"Well, they do put a lot of people in jail, but I'm not really for putting entrepreneurs in jail. I must say someone in the leadership in China when I referred to the fact that Alibaba was one of the great modern success stories, listed for \$200 billion on the New York Stock Exchange, the biggest IPO, and its role is to facilitate the growth of small and medium sized enterprises out of China. When I said that to one of my good friends over there he pointed out they don't pay tax in China. So there are multiple - and I wouldn't call it a cash business really - but I'd say to you there are multiple challenges for us, but all of them are beatable, nothing is insurmountable, and the Australian economy will get better and there will be greater prosperity, and we will get the unemployment rate down. We're going to get the numbers down and we're going to see more jobs created in Australia."

Transcript Link: <http://jbh.ministers.treasury.gov.au/transcript/167-2015>

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Links.

Roy Morgan August Unemployment & Under-employment Estimates

<http://www.roymorgan.com/findings/6427-roy-morgan-unemployment-estimates-august-2015-201509030831>

Roy Morgan v ABS Employment Estimate Comparison (1992-2015)

<http://www.roymorgan.com/morganpoll/unemployment/rmr-vs-abs-estimates>

Roy Morgan Research unemployment estimate is 'closer to reality' than the ABS according to a majority of Australians (June 2013, June 2014, April 2015)

<http://www.roymorgan.com/findings/6189-roy-morgan-abs-unemployment-estimates-april-2015-201504170455>

Productivity Commission Workplace reform conclusions softened by reliance on inaccurate employment data

<http://www.roymorgan.com/findings/6399-response-to-productivity-commission-workplace-framework-reform-draft-report-august-2015-201508140732>

Productivity Commission Workplace Relations Framework

<http://www.pc.gov.au/inquiries/current/workplace-relations/draft>

Productivity Commission Workplace Relations Framework – Draft overview (PDF) 68 pages

<http://www.pc.gov.au/inquiries/current/workplace-relations/draft/workplace-relations-draft-overview.pdf>

Productivity Commission Workplace Relations Framework – Draft Report (PDF) 1,001 pages

<http://www.pc.gov.au/inquiries/current/workplace-relations/draft/workplace-relations-draft.pdf>