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As a managing director and senior computer consultant, I would like to submit my analysis of current problems associated with the Australian financial system, with particular regard to the Terms of Reference Specifics 2.(a), 4.(d), 3.(b) and 1.(c) in that order, to highlight the anomalies within the financial system today which prevents Australia from becoming a truly "clever" country with resulting benefits for rich and poor alike.

2.(a) & 4.(d) While financial organisations today utilise new technology at great expense, little thought is given to the just as great depreciation benefits accrued from this same new technology.

In any ideal Information Technology system, accrued depreciation benefits from current new technology assets would be correctly utilised by directly offsetting the new technology expenditures (hardware and software) for the current financial year, with a natural expansion component, at no real expense, for the continuing maintenance of this ideal system. Unfortunately depreciation is not regarded as a component of Operational breakdowns and only appears in the end of year Financial Statements.

3.(b) While "User Pays" becomes the common philosophy for today's financial institutions, the original intention of depreciation (compensation for loss of value of an asset) becomes lost in the rush to provide greater returns to shareholders, at the expense of the generosity of the Australian Taxation system and the people who have no other option, but to support it.

1.(c) Fifteen years ago you could calculate how long it would take an initial deposit of \$5.00 to reach \$100.00 at a fixed rate of compound interest. Today you can calculate how long it takes for a deposit of \$100.00 to become \$5.00. It is not very difficult to see how the introduction of "User Pays" bank fees has widened the gap between rich and poor over this same period. The term "Savings Account" becomes a misnomer in the most morally reprehensible manner.

In conclusion, I feel that there are two major anomalies which must be corrected before efficiency, integrity and fairness can be reconciled with our current financial system.

1. A new technology Depreciation Component must be introduced to any "User Pays" fee calculation equation.

2. Unexpended depreciation credits must be used to offset future new technology expenses and must not be regarded as a quick and easy way to profit.

It is really up to the custodians of our financial system to determine whether Australia becomes a "Clever Country" or allows its future to be subverted by a bunch of amoral and mediocre "Clever Accountants".

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