

Australia's role in money laundering further criticised

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A recently released [report](#) [pdf] from the OECD shows Australia is lagging behind many other developed countries on ending money laundering and illicit financial flows.

Australia's complicity as a tax haven for corrupt PNG elites was a [hot topic](#) last year in the press, with Taskforce Sweep's Sam Koim [pushing hard](#) [pdf] on the issue.

The OECD report measures the compliance of member countries between 2002-2011 against the 2003 Financial Action Task Force (FATF) Recommendations on money laundering, tax evasion, international bribery and stolen asset recovery.

Australia was in the middle of the pack for compliance across the 49 FATF recommendations; but it performed very poorly on customer due diligence and record keeping procedures, being only partially compliant on two recommendations out of seven and non-compliant on the other five.

This included recommendations designed to limit transactions linked to corruption and fraud by identifying politically exposed clients, investigating irregular transactions and closing down avenues for the use of corporations as a cover for illegal transactions.

The Economist [wrote](#) that the report had been significantly delayed due to internal opposition at the OECD, and moves from poorly performing countries such as Australia and Canada to have international comparisons removed. The data in the report for Australia was drawn from an October 2005 Mutual Evaluation Review, and Australia, among other countries, argued that the situation had improved since.

This is not the only report in recent months to criticise Australia on these points. Late last year, the Tax Justice Network's [2013 Financial Secrecy Index](#) ranked [Australia](#) [pdf] 44th out of 82 countries. The report argued that Australia was too lax in helping other countries, including PNG, to address tax evasion and money laundering. It noted that while Australia is a small player in the global market for offshore financial services, Australian bank accounts have reportedly been used by many wealthy PNG citizens to transfer money and buy properties with no questioning from Australian authorities and no automatic sharing of information between police and investigators in the two countries.