



TRANSPARENCY INTERNATIONAL AUSTRALIA

Affiliate of Transparency International, the Coalition against Corruption

Mixed report for Australia in fighting bribery

Sydney, June 26, 2006: Australia has received a mixed report card on its role in the world-wide battle against bribery and corruption from the world's leading anti-corruption agency, Transparency International.

The agency, in its 2006 *Progress Report on the Enforcement of the OECD Convention*, praises the Australia Government's involvement in anti-bribery awareness programs involving the overseas aid body AusAID; the Department of Foreign Affairs and Trade, the anti money-laundering body AUSTRAC; and the Attorney General's Department.

However, it notes that Australia's recent corporate law amendments gave no effective corporate whistleblower protection as they did not provide anonymity.

The Chairman of the local body, Transparency International Australia, Mr Frank Costigan QC, said the Report was sizing up how major trading nations were taking up the enforcement action laid down under the OECD Convention on Combating Bribery of Foreign Public Officials,

He said that the Report notes positively that the Australian Government had issued a warning to all major companies to comply with the nation's anti-bribery legislation.

"However, there was an urgent need for the Australian Tax Office to immediately investigate the claiming of tax deductions by corporations and their overseas subsidiaries operating in countries where bribe paying to officials was notorious."

The Report also advised Australia to investigate tax deductions claimed by corporations and their overseas subsidiaries operating in countries where bribe paying to officials was notorious and to set up better complaint procedures such as hotlines in the public sector.

It welcomed indications to revise the limited reporting obligation imposed by the government on diplomats staffing overseas posts, so they reported straight to Canberra rather than to the Head of Mission.

TI's Report singles out five countries that play a major role in world – Canada, Italy, Japan, the Netherlands, and the United Kingdom – where the lack of enforcement is a particular concern. It found that only a third of OECD member states have taken significant enforcement action under the Convention since it came into force in 1999.

The Reports states that 12 of the 31 countries surveyed have taken significant enforcement action, compared to eight of the 24 surveyed last year. Prosecutions have substantially increased in the United States and France compared to 2005, and prosecutions were also underway in Belgium, Bulgaria, Denmark, Germany, Hungary, Korea, Norway, Spain, Sweden and Switzerland.

TI believes that because most major multinational companies have their headquarters in OECD signatory states, more effective enforcement of the Convention would help close the tap on the supply-side of international corruption. Signatory countries account for about two-thirds of world exports of goods and services.

TI believes the OECD must maintain a strong and fully funded monitoring program beyond 2007. Without monitoring, the Convention would unravel as there would be no pressure on governments that now take little or no enforcement action. This would be a serious setback in the fight against international corruption.

The Report lists other actions to promote enforcement including:

- centralisation of responsibility for foreign bribery enforcement; (Australia has not prosecuted anyone so far)
- adequate staffing and resources; (Australia was reported to provide sufficient staff and resources in relation to caseload and volume of foreign trade)
- greater public awareness-raising; (Australia was praised for its efforts over the last year to create public awareness that foreign bribery has become a crime and was reported to have adequate public access to information about foreign bribery prosecutions, but made unsatisfactory efforts to provide publicly-known and accessible procedures for reporting foreign bribery allegations.)
- whistleblower protection; (Australia has an unsatisfactory level of whistle blower protection in both the public and private sectors, including insufficient anonymity for whistleblowers.)
- improved accounting and auditing standards. (Australia has satisfactory accounting and auditing requirements intended to prevent practices for hiding foreign bribery, but an unsatisfactory level of assessment of the effectiveness of corporate anti-bribery compliance programmes.)
- adapting law enforcement systems to the growing complexity and transnational nature of corruption. (Australia had an unsatisfactory level of coordination and supervision of foreign bribery law enforcement)

Transparency International believes that government officials responsible for promoting international trade must more strongly convey to national companies that bribing foreign government officials is not a business strategy, it's a serious crime.

The OECD Convention was developed to combat the widespread belief among officials and companies that all possible means for obtaining market share, including corruption, are legitimate in a global business world.

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Transparency International Australia is the national affiliate of Transparency International which is a global civil society organisation leading the fight against corruption.

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For the Report see: www.transparency.org

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Transparency International is a global civil society organisation which leads the fight against corruption. It brings people together in a powerful worldwide coalition to end the devastating impact of corruption. Transparency International's mission is to create change towards a world free of corruption.