100 YEARS OF SERVING THE REAL ESTATE INDUSTRY

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REPORT QUANTIFIES THE HARM OF MONEY LAUNDERING BUT SHEDS LITTLE LIGHT ON ROLE OF REAL ESTATE AGENTS TO BEAT IT

Responding to the research report released today by the Australian Institute of Criminology (AIC) and the Australian Transaction Reports and Analysis Centre (AUSTRAC) on money laundering and the harm from organised crime, the Real Estate Institute of Australia (REIA) says that whilst the report quantifies the link between organised crime and money laundering and the use of real estate in this, it provides little if any practical policy advice on suggestions as to how real estate agents can counter this.

“Using detailed econometric analysis of data on organised crime the report finds, amongst other things that: reducing the amount of money laundered by organised crime groups would limit their ability to reinvest illicit funds in future criminal enterprises; groups involved in money laundering were most likely to target the financial sector – three times as much as real estate,” said Ms Leanne Pilkington, President of the Real Estate Institute of Australia.

“Importantly, the report identified the significant role that professional facilitators play in laundering the proceeds of crime made by organised crime groups with groups with professional facilitators linked with much higher value suspicious transactions.

“Real estate agencies are primarily small businesses and do not have the expertise nor resources to be able to identify such activity. In this regard the report referred to earlier research (Unger and den Hertog (2012)) that found that stricter money laundering regulations had not led to declines in proceeds of crime or in money laundering, as criminals switched markets to less regulated ones.

“The experience in New Zealand with the introduction of reporting money laundering by real estate agencies has been that the costs ranged from $30,000 for a small agency to up to $60,000 for a large agency with extra requirements like having a compliance officer and an auditing process. These are additional business costs incurred across the entire industry for an, as yet, unquantified public benefit.

“REIA has long been calling for a detailed quantification of the costs and benefits of the proposed second tranche of money laundering and with legislation expected this week it is high time we had this and an indication of what assistance will be available in addressing a community benefit,” concluded Ms Pilkington.

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