



Companies are operating in high-risk areas.

Business corruption risks rising

Regulation Georgia Wilkins

Australian companies remain heavily exposed to the risk of corruption due to their strong presence in bribery-prone countries, according to global corruption watchdog Transparency International.

The Berlin-based group on Tuesday released its latest corruption perception index, which ranks 177 countries based on their perceived level of public sector corruption.

South-east Asian countries including Vietnam, Cambodia, Laos, Myanmar and the Philippines ranked poorly on the list, as did African countries such as the Democratic Republic of the Congo and Mozambique. Mongolia and Kazakhstan, where several Australian mining companies including Rio Tinto operate, also ranked poorly, at 83 and 140 respectively.

Transparency International spokesman Tom McLeod said companies operating in these regions put themselves at greater risk of fraud or misconduct, particularly miners that operated global supply chains across a number of high-risk jurisdictions.

'We are starting to have global jurisdiction in corruption.'

Tom McLeod

"Miners take resources out of the ground in West Africa and sell it to western China," he said.

"You're on a boat going through the Middle East. You're pretty much ticking every box of high-risk transaction."

Somalia, Iraq and Afghanistan were among the lowest-ranked

countries on the index. New Zealand and Denmark were ranked the highest.

China, where Australian companies increasingly do business, was ranked at 80.

Fairfax Media revealed in October that senior executives inside construction company Leighton allegedly oversaw multimillion-dollar bribes in Iraq, Indonesia, Malaysia and other countries.

The company alerted authorities to problems in Iraq and is currently being investigated by the Australian Federal Police and the Australian Securities and Investments Commission.

Mr McLeod said Australian companies needed to prepare for greater regulation in the area of foreign corruption and bribery.

"We are starting to have global jurisdiction in corruption," he said.

"That's the way it is heading."