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AUSTRAC Expands Crackdown on Money Laundering Beyond Finance Sector

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Australia's financial crime watchdog, the Australian Transaction Reports and Analysis Centre (AUSTRAC), is intensifying efforts to combat the billions of dollars of illicit drug money being laundered through the economy by widening its focus beyond traditional financial institutions. This strategic shift targets professions like real estate agents, lawyers, conveyancers, and accountants, which have increasingly become conduits for hiding illegal proceeds.

AUSTRAC, traditionally focused on banks and financial services, announced on Thursday that it will now scrutinize entire industries for vulnerabilities, rather than zeroing in solely on individual entities. AUSTRAC CEO Brendan Thomas emphasized that the agency will assess risk and behaviour across sectors to close loopholes exploited by criminals. This broad approach aims to prevent illicit cash from infiltrating legitimate businesses.

Deputy CEO Katie Miller discussed the magnitude of the problem during an interview with Sky News Business Editor Ross Greenwood. Highlighting Australia's \$14 billion annual consumption of illicit drugs such as cocaine, Miller explained that the cash generated requires laundering to integrate it into the formal economy. Similar challenges exist with the illegal tobacco trade. The new measures intend to restrict criminals' ability to disguise this "dirty" money through professional gatekeepers.

Greenwood noted the pressure now on professionals, especially those involved in real estate, to verify the origins of their clients' funds before large transactions, such as property purchases. "A lot of the money that comes through the cocaine trail ends up in houses in very affluent suburbs in Australia," he said. This has become a primary method for laundering proceeds, making it essential for industries to tighten their compliance standards.

AUSTRAC will particularly target cash-heavy businesses and cryptocurrency ATMs, sectors still considered high-risk for money laundering. Miller stressed the need for these industries to improve risk management and adopt stricter controls. The agency's ongoing enforcement actions reflect its commitment: Westpac was fined \$1.3 billion, Commonwealth Bank \$700 million, and Star Entertainment Group faces an expected penalty of about \$300 million for previous breaches related to money laundering.