

## Explanatory Statement

Issued by the Authority of the Minister for Trade

*Autonomous Sanctions Act 2011*

### **Autonomous Sanctions (Designated Persons and Entities and Declared Persons – Libya) List 2012**

The *Autonomous Sanctions Regulations 2011* (the Regulations) commenced on 15 December 2011. The purpose of the Regulations is to facilitate the conduct of Australia's relations with certain countries, and with specific entities or persons outside Australia, through the imposition of autonomous sanctions in relation to those countries, or targeting those entities or persons.

Paragraph 6 (1) (a) of the Regulations authorises the Minister for Trade (the Minister), by legislative instrument, to designate a person or entity on the basis that the person or entity is mentioned in an item of the table in regulation 6. The purpose of such a designation is to subject the designated person or entity to targeted financial sanctions. The designated person or entity becomes the object of the prohibition in regulation 14 (which prohibits directly or indirectly making an asset available to, or for the benefit of, a designated person or entity, other than as authorised by a permit granted under regulation 18). An asset owned or controlled by a designated person or entity is a "controlled asset", subject to the prohibition in regulation 15 (which requires a person who holds an asset that is owned or controlled by a designated person or entity to freeze that asset, by prohibiting that person from either using or dealing with that asset, or allowing it to be used or dealt with, or facilitating the use of or dealing with it, other than as authorised by a permit granted under regulation 18).

Paragraph 6 (1) (b) of the Regulations authorises the Minister, by legislative instrument, to declare a person for the purpose of preventing the person from travelling to, entering or remaining in Australia on the basis that the person is mentioned in an item of the table in regulation 6.

Each person listed in Schedule 1 of the *Autonomous Sanctions (Designated Persons and Entities and Declared Persons – Libya) List 2012* (the Libya List) is designated by the Minister for the purposes of paragraph 6 (1) (a) of the Regulations on the basis that he or she is mentioned in Item 6 of the table in regulation 6; that is,

- (a) A person who the Minister is satisfied was a close associate of the former Qadhafi regime
- (b) An entity that the Minister is satisfied is under the control of one or more members of Muammar Qadhafi's family
- (c) A person or entity that the Minister is satisfied has assisted, or is assisting, in the violation of:
  - (i) Resolution 1970 or 1973 of the United Nations Security Council; or
  - (ii) a subsequent resolution relevant to Resolution 1970 or 1973
- (d) An immediate family member of a person mentioned in paragraph (a) or (c)

The new legal framework for the imposition of autonomous sanctions by Australia, of which the Regulations and the Libya List are part, have been the subject of extensive consultation with governmental and non-governmental stakeholders since May 2010.

This consultation included public and industry consultation sessions in mainland capital cities in May 2010, in advance of the *Autonomous Sanctions Bill* being first tabled in the House of Representatives and again in August 2011, before the Autonomous Sanctions Regulations were released for public comment. It also included briefings for state and territory Government agencies, as well as industry-specific sessions for the financial services sector, the freight forwarding and customs brokering sector and to the tertiary education sector.

On 27 September 2011 the Regulations were published on the Department of Foreign Affairs and Trade website as an exposure draft for three weeks for public comment. The Department received nine submissions from a range of organisations in the financial services sector, the tertiary education sector and the legal community. Seven organisations and individuals agreed to the publication of their submissions on the Department's website. The Government's response to the issues raised by these submissions was also published on the Department's website.

In order to meet the policy objective of prohibiting unauthorised financial transactions involving the persons and entities specified in the Iran List, the Department is satisfied that wider consultations beyond those it has already undertaken would be inappropriate (sub-sections 18(1) and (2)(e) of the *Legislative Instruments Act 2003*).

### **Statement of Compatibility with Human Rights**

Prepared in accordance with Part 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*

Autonomous Sanctions (Designated Persons and Entities and Declared Persons – Libya) List 2012

The *Autonomous Sanctions (Designated Persons and Entities and Declared Persons – Libya) List 2012* (the Libya List) is compatible with the human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

A person or entity subject to designation or declaration under regulation 6 of the Regulations may apply to the Minister for the revocation of those decisions (regulation 11 of the Regulations). Decisions under both regulations 6 and 11 of the Regulations are judicially reviewable.

The targeted financial sanctions imposed on persons and entities designated under paragraph 6 (1) (a) of the Regulations do not affect the title to any asset owned or controlled by the designated person or entity. A designated person or entity may continue to draw on his or her frozen assets, or receive assets from other sources, to meet basic expenses, including for foodstuffs, rent or mortgage, medicines or medical

treatment, taxes, insurance premiums, public utility charges, reasonable professional fees, reimbursement of expenses associated with the provision of legal services, or fees or service charges that are in accordance with a law in force in Australia for the routine holding or maintenance of frozen assets (regulations 18 and 20 of the Regulations).

Similarly, a designated person or entity may draw on frozen assets they own or control to satisfy any pre-existing judicial, administrative or arbitral lien or judgement awarded to another (non-designated) person or entity, as well as to make payments required under contracts, agreements or obligations made before the date on which those assets became frozen.

Regulation 19 authorises the Minister to waive the operation of a declaration under regulation 6 so as to allow the person to travel to, enter or remain in Australia, either on the grounds that it would be in the national interest or on humanitarian grounds.