

Explanatory Statement

Issued by the Authority of the Minister for Foreign Affairs

Autonomous Sanctions Regulations 2011

Autonomous Sanctions (Designated Persons and Entities and Declared Persons – Iran) Continuing Effect Declaration 2018

Section 28 of the *Autonomous Sanctions Act 2011* (the Act) provides that the Governor-General may make regulations prescribing matters required or permitted by the Act to be prescribed, or necessary or convenient to be prescribed for carrying out or giving effect to the Act.

The *Autonomous Sanctions Regulations 2011* (the Regulations) facilitate the conduct of Australia's relations with Iran, and with specific persons or entities outside Australia, through the imposition of autonomous sanctions in relation to Iran, and through targeting those persons or entities.

The Regulations permit the the Minister to designate a person or entity for targeted financial sanctions and/or declare a person for the purposes of a travel ban, if they satisfy a range of criteria, as set out in regulation 6.

The purpose of a designation is to subject the designated person or entity to targeted financial sanctions. There are two types of targeted financial sanctions under the Regulations:

- 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); and/or
- 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 a controlled asset 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).

The purpose of a declaration is to prevent a person from travelling to, entering or remaining in Australia.

Designated and declared persons, and designated entities, in respect of Iran are listed in the *Autonomous Sanctions (Designated Persons and Entities and Declared Persons – Iran) List 2012*.

The persons listed in Schedule 1, and the entities listed in Schedule 2, of the *Autonomous Sanctions (Designated Persons and Entities and Declared Persons – Iran) Continuing Effect Declaration 2018* (the Iran List) were originally designated and (where relevant) declared pursuant to subregulation 6(1) of the Regulations on the

basis that the person or entity met the criteria mentioned in the table in subregulation 6(1) of the Regulations for Iran (as it was then drafted); that is, a person or entity that the Minister is satisfied has contributed to, or is contributing to, Iran's nuclear or missile programs, and/or has assisted, or is assisting, Iran to violate Resolution 1737, 1747, 1803, or 1929 of the United Nations Security Council, or a subsequent resolution relevant to one or more of the resolutions mentioned above. In 2016, these criteria were amended to add Resolution 2231 of the United Nations Security Council to the criteria.

Sections 4 and 5 of the Iran List contain the Minister's declaration under subregulation 9(3) of the Regulations that the designations and (where relevant) the declarations of the persons and entities in Schedule 1 and Schedule 2, respectively, continue to have effect. The majority of these persons and entities were originally designated and/or declared in 2012 and last renewed in 2015. Ten of these persons and entities were originally listed in 2013 and last renewed in 2016.

One entity, Neda Industrial Group, was incorrectly listed twice when it was originally designated in 2012 and renewed in 2015. Although the entity remains designated, the duplicate listing has been removed.

The Iran List renews targeted financial sanctions and, where relevant, travel bans that would otherwise lapse on 23 persons and 67 entities, each of which the Minister is satisfied is mentioned in Item 4 of the table in subregulation 6(1) of the Regulations.

The legal framework for the imposition of autonomous sanctions by Australia, of which the Regulations and the Iran List are part, was the subject of extensive consultation with governmental and non-governmental stakeholders between May 2010 and January 2012 when the Regulations were first introduced.

The Department of Foreign Affairs and Trade (the Department) conducts public consultations, including with the Australian financial services sector and broader business community, in relation to sanction measures. Relevant Commonwealth Government departments were consulted prior to and during the drafting of this legislative instrument.

The Department undertook public consultation through its website seeking submissions from interested parties and to afford natural justice to those persons and entities whose designations and (where relevant) declarations were being reviewed. No submissions were received in response to these consultations.

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 – Iran) Continuing Effect Declaration 2018

The *Autonomous Sanctions (Designated Persons and Entities and Declared Persons – Iran) Continuing Effect Declaration 2018* (the Iran 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.

The Department of Foreign Affairs and Trade (DFAT) undertook public consultation through its website seeking submissions from interested parties and to afford natural justice to those persons and entities whose designations and (where relevant) declarations were to lapse and were being reviewed. No submissions were received.