



Foreign Affairs, Defence and Trade Committee
Department of the Senate
PO Box 6100
Parliament House Canberra ACT 2600
Via email: fadt.sen@aph.gov.au

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Dear Committee Secretariat,

Transparency International (TI) Australia, as the leading anti-corruption NGO working on sanctions in Australia, welcomes the opportunity to make a submission into the effectiveness of sanctions against the Russian Federation.

As well as promoting human rights and democratic values, sanctions can be a powerful anti-corruption measure to counter the use of the proceeds of crime and corruption and as a complement to Australia's Anti-Money Laundering and Counter Terrorism Financing (AML/CTF) regime. We strongly support this approach and note the recent changes to AML/CTF laws that will require regulated entities to screen for sanctions.

For this approach to be effective, a dedicated independent taskforce that could coordinate law enforcement across government and provide a formal link between the imposition of sanctions and the opening of investigations into possible corruption or other wrongdoing is needed. Sanctions, and particularly thematic corruption sanctions, as they currently operate, do not trigger any action by law enforcement into the origin of the frozen funds. This reduces the effectiveness of the regime including sanctions imposed since the invasion of Ukraine.

There is also a lack of transparency around how sanctions are applied, the financial sanctions imposed, assets targeted, and investigations launched into potentially unexplained wealth or other wrongdoing.

We provide the following comments and recommendations regarding the effectiveness of Australia's sanctions against the Russian Federation so that criminals acting under the Russian regime can be prevented from benefiting from the proceeds of crime during the ongoing Russian war against Ukraine.

Regards,



Clancy Moore

CEO, Transparency International Australia



Recommendations

Russia

1. The Commonwealth Government should increase the alignment and coordination with Australia's allies' sanctions regimes to optimise the impact of sanctions across nations and regions. **This should include first and foremost an immediate move to ban indirect Russian oil imports**, following the lead of the United Kingdom and the European Union.
2. Australian law enforcement agencies should **increase the transparency of identification and location** of Russian assets frozen and seized, as well as the type of assets.
3. The Commonwealth Government should allocate **additional staff and resources to Russian asset identification**, investigation and seizure, both within the Australian Sanctions Office and as full time equivalent (FTE) staffing within the Australian Federal Police (AFP).

General

4. The Commonwealth Parliament must continue to **tighten legislative loopholes on 'enablers'**, including through adequate enforcement of updated AML/CTF legislative requirements.
5. Where appropriate, Australia should **increase the alignment and coordination with Australia's allies' sanctions regimes** to amplify the impact of sanctions internationally.
6. Under the Criminal Assets Confiscation Taskforce (CACT) or related bodies, Australia should **create an asset return or reallocation program** for identification and return of assets where those assets have been stolen from communities overseas, including Russia and Ukraine.



Introduction

Australia's autonomous sanctions regime functions as a matter of foreign policy, separate from but often complementary to the multilateral sanctions imposed under United Nations Security Council obligations. Implemented primarily through the [Autonomous Sanctions Act 2011](#) (the Autonomous Act) and the [Australian Autonomous Sanctions Regulations 2011](#), they are an important foreign policy tool, and one which can have noteworthy impacts when implemented effectively.

Autonomous sanctions against the Russian Federation were first imposed by Australia due to the Russian threat to Ukrainian security and territorial integrity in 2014, with extensions in 2015, 2022 and 2023¹. Restrictions to date include prohibition on a wide range of goods and materiel if exported from or originating in Russia (such as arms, oil, coal and natural gas, and gold), and a prohibition on sales of transfer of these and other goods for the benefit of Russia. Additionally, Australia is a member of the Russian Elites, Proxies, and Oligarchs ([REPO](#)) Task Force, launched in March 2022.

While sanctions can be an important material and symbolic step taken against state aggression or thematic issues of significant international concern as they evolve, so too do circumvention trends². As a result, there are ongoing weaknesses in Australia's regime which currently limit their efficacy.

This submission outlines the key areas in need of reform as highlighted by the implementation and impact of sanctions against the Russian Federation. These gaps, weaknesses and loopholes allow Russian kleptocrats, corrupt officials and criminals to continue to benefit from the proceeds of crime, while the risk that Australians continue to fund Russia's war against Ukraine.

The scope of sanctions imposed by the Commonwealth against the Russian Federation since February 2022

Curtailing the importation into Australia of fuels derived from Russian crude oil

There are significant loopholes that have not prevented the purchase of Russian oil refined in third countries despite sanctions prohibiting the import, purchase or transport of Russian oil. Notably, Australia's sanctions permit purchase via third countries. With neither China nor India party to any autonomous or multilateral sanctions against Russia, they continue to purchase Russian crude, refine it, and sell it on including to Australia, allowing money to flow back to the Kremlin.

The Centre for Research on Energy and Clean Air (CREA) shows that Australia it has imported more than 3 million tonnes of Russian-originating products since 2023. It also reported that in November 2025,

*"Australia was the single biggest export destination for refineries using Russian crude. These refineries exported EUR 150 million of oil products to Australia in November, a 69% month-on-month increase."*³

¹ Department for Foreign Affairs and Trade, [Russia Sanctions Framework](#), accessed 10 December 2025

² Senate Foreign Affairs, Defence and Trade References Committee, (2025) [Australia's Sanctions Regime](#)

³ CREA, [November 2025 — Monthly analysis of Russian fossil fuel exports and sanctions](#), 11 December 2025



The result is that Australian consumers are financially supporting Russia's war machine, lagging behind other nations⁴ and regions⁵ which are tightening regulations. The United Kingdom⁶ and the European Union have both introduced prohibitions on indirect oil imports from Russia, with 90% of EU oil imports from Russia covered by the latter ban.⁷

The 2024 Senate inquiry in Australia's [sanctions](#) recommended that the Government close loopholes which enable Russia to evade the impact of Australian sanctions (4, 3.37);⁸ TI Australia strongly recommends that such steps are taken as a matter of urgency, including inclusion of third nation purchase of sanctioned Russia-derived oil and oil products.

Identifying, seizing, freezing and liquidating Russian financial assets, including Russian central bank assets in Australia

Preventing criminals and kleptocrats from benefitting from the proceeds of crime is an important deterrent, and can be an effective punishment⁹. In the explanatory memorandum to the [Autonomous Sanctions Bill 2010](#), the stated aims of autonomous sanctions were to limit adverse consequences of situations of international concern, to seek to influence those responsible for situations of international concern to modify their behaviour and motivating them to adopt different policies, and to penalise those responsible through travel bans and asset freezes.

However, Australia's sanctions in relation to asset freezing and potential seizure lack effectiveness due to three key structural weaknesses:

1. Limited transparency and coordination challenges across government and with Australia's allies internationally.

There is a gap in information available to the public on the number of individuals or value of assets that have been frozen or seized. The Government has previously estimated that \$100million in Russian assets in Australia had been seized, across public (Central Bank) and private entities. But a lack of data transparency as to how much has been frozen in each category raises questions about the legal basis on which different assets are restrained or confiscated.

Another significant gap enabling Russia to invest and profit off Australians and the economy is Australia's sanctions regime which is ad hoc, lagging behind our allies and is lacking enforcement. Finally, as noted in the section above, the lack of adoption of global best practice on indirect imports prevents adequate understanding of Russian oil flows.

2. Lack of internal capacity to adequately identify and locate assets in Australia belonging to sanctioned individuals or entities.

⁴ UK Government, [Huge blow for Putin's war machine as UK sanctions Russian oil](#), 15 October 2025

⁵ European Commission, [EU adopts new sanctions against Russia](#), 25 October 2025

⁶ UK Government, [UK ban on Russian oil and oil products](#), accessed 13 January 2026

⁷ Council of the European Union, [EU sanctions against Russia](#), accessed 13 January 2026

⁸ Senate Foreign Affairs, Defence and Trade References Committee, (2025), [Australia's Sanctions Regime](#), Chapter 3

⁹ AML Watcher, [Asset Forfeiture as a Key Tool in the Fight Against Financial Crime](#), 29 September 2025



It can be extremely challenging to find the real owners of assets, who may be hiding their wealth behind several proxies, trusts and other opaque corrupt structures. And while ‘asset holders are required by law to provide the Australian Federal Police (AFP) with specific information about controlled assets,’¹⁰ asking holders of illicit financial flows or assets acquired through criminal means to declare them as such is not effective. The limited number of staff in the Australian Sanctions Office and the fact that they have no investigatory powers further hamstrings Australia’s ability to identify and locate assets, or to assess whether frozen assets may also be linked to criminal conduct, or support or contribute to investigation.

The lack of a centralised, accessible, public beneficial ownership register compounds these difficulties and should be rectified as soon as possible.

3. Lack of enforcement of existing sanctions

Sanctions designation has a low evidential bar, far below the civil standard of proof.¹¹ Sanctions assessments are often based on sensitive intelligence which cannot be submitted as evidence in court. Applying such a mechanism through the courts is likely to face considerable challenges in court on human rights and due process grounds.¹² This means that asset freezing under sanctions does not, of itself, provide a sufficient legal basis for confiscation.

However, other nations party to the REPO task force *have* frozen significant financial assets. For example, Canada froze over CAD \$140 million in Russian assets and blocked transactions totalling \$289 million¹³, while the EU froze over €21.5 billion¹⁴.

While Australia has implemented multiple targeted financial sanctions and travel bans since the invasion began in February 2022, the value of Russian assets in Australia that are subject to sanctions remains unclear.

A freedom of information request put to the Australian government by Transparency International in 2023 was rejected by DFAT on the grounds that it “would constitute a substantial and unreasonable diversion of the department’s resources”. TI Australia has also followed up this request but the Commonwealth has not disclosed the value of Russian assets.

The 2024 Senate Inquiry into Australia’s Sanctions Regime Report (2025) recommended the Government identify and locate all Russian assets in Australia currently subject to sanctions and consider what legislative and other changes would be required to enable the freezing of these

¹⁰ Department of Prime Minister and Cabinet, [Australian Government response to the Foreign Affairs, Defence and Trade References Committee report: Inquiry into Australian support for Ukraine](#), accessed 12 December 2025

¹¹ Australian Government (2011), [Autonomous Sanctions Regulations 2011](#), sections 6/6A

¹² Transparency International ‘[Why can’t Western governments tell us what they’re actually doing to sanction Russian kleptocrats?](#)’ 2023

¹³ Canadian Affairs, [How Canada could make Russia pay for its Ukraine invasion](#), 23 October 2025

¹⁴ European Parliament, [Confiscation of immobilised Russian sovereign assets](#), 8 September 2025



assets, and then their seizure should this be appropriate.¹⁵ We strongly urge the Government to take these steps, including by ensuring that frozen assets are systematically assessed for potential confiscation under existing proceeds of crime laws where the necessary legal thresholds are met.

We further recommend that law enforcement agencies increase transparency on the number and amount of assets frozen, and seized (if appropriate), as well as the type of assets, and clearly distinguish between assets frozen under sanctions and assets confiscated following criminal investigation or court processes.

i. Scope of personalised restrictions against specific individuals and organisations

Australia continues to have trade connections with Russia and therefore sanctioned assets are likely to exist in Australia. However, sanctioned individuals, oligarchs and wealthy individuals are unlikely to own assets in their name – and this, critically, warrants improvements to beneficial ownership transparency¹⁶ and increased PEP checks to be able to identify the assets of individuals and entities subject to sanctions. This would further enable Australian law enforcement to track, trace and confiscate the assets of sanctioned individuals. As noted above, increased resourcing for the offices responsible for these processes would also aid in increased enforcement.

An example involves two Russian oligarchs with major business interests in Australia who were the subject of serious international criminal and corruption investigations. They had been sanctioned by the U.S. Government as early as 2018, and yet faced no Australian sanctions until March 2022 when the Government responded to Russia's invasion of Ukraine with a broad package of measures, including targeted financial sanctions and travel bans. The individuals were Oleg Deripaska and Viktor Vekselberg, both well-known for their close ties to Vladimir Putin.

Deripaska, a billionaire industrialist, is the president of the Russian aluminium giant Rusal, which held a 20% stake in the Queensland Alumina Limited refinery in Gladstone, operated by Rio Tinto. Vekselberg, meanwhile, had an indirect interest in Origin Energy's Beetaloo Basin project through his 16% shareholding in Falcon Oil & Gas, a London-listed joint venture partner.

The U.S. Treasury's Office of Foreign Assets Control (OFAC) sanctioned both men in April 2018. Deripaska, who holds a Russian diplomatic passport, has faced a long list of allegations over the years, including money laundering on behalf of Putin, threatening business rivals, wiretapping, extortion, racketeering, bribery, even ordering a murder, along with broader ties to Russian organised crime. Vekselberg was arrested in Russia in 2016 on charges of bribing public officials.¹⁷

¹⁵ Senate Foreign Affairs, Defence and Trade References Committee, [Australia's Sanctions Regime](#), 2025

¹⁶ Transparency International Australia, [Submission to the Multinational tax integrity: public beneficial ownership register consultation paper](#), 16 December 2022

¹⁷ Guardian, [Putin-linked Russian oligarchs with Australian assets escape Morrison government sanctions](#), 17 March 2022



The Intended Effects of Sanctions Imposed

Sanctions can be an influential tool to promote human rights and democratic values, as well as a powerful anti-corruption and accountability tool to counter kleptocracy and corrupt actors using the proceeds of crime and corruption to fund other criminal activities and human rights abuses.

However, as noted above, there are a multitude of ways in which sanctions fail – and furthermore, a lack of transparency in some instances as to how they are implemented. We do note the recent work undertaken by DFAT and the Australian Sanctions Office to strengthen the platform that houses the consolidated list and provide clear guidance on anti-corruption and human rights sanctions.

Without information on how sanctions are being implemented, it is difficult to measure their impact and effectiveness, including whether they target or address behaviour. In the long run this will likely lead to lack of trust in the sanctions regime. Creating a well-resourced unit or joint taskforce across government to coordinate sanctions and provide information on assets frozen or confiscated would greatly increase trust in the regime.

The Effectiveness of Australia’s Sanctions, including in Comparison to Overseas Measures

i. High Risk Professions or Designated Non-Financial Businesses and Professions (DNFBPs)

Australia’s enhanced AML/CTF legislation will require DNFBPs or “Tranche 2” entities including real-estate agents, lawyers, accountants and gemstone dealers, as well as existing regulated entities like banks and financial institutions, to screen for PEPs and sanctions as part of due diligence checks.¹⁸ It is not known (in part due to a lack of transparency and access to relevant reports) the extent to which this is now preventing Australian companies from enabling the illicit activities of sanctioned individuals; however, had this legislation been in place at the start of the Russia-Ukraine conflict, it is likely that fewer sanctioned Russian entities or individuals would have been able to move money into Australia.

ii. Sanctions avoidance

There is also an issue with sanctions avoidance in relation to sanctioned goods. For example, on 10 March 2022 the Minister of Foreign Affairs made the Autonomous Sanctions (Import Sanctioned Goods - Russia) Designation 2022 (Cth), listing coal as an ‘import sanctioned good’ from Russia.

Despite this, ASX listed company Tigers Realm continued to mine, load and sell coal in Russia through its subsidiary. At the time, the ASX listed company shareholders included Russian Direct Investment Fund (RDIF), a sovereign wealth fund ultimately owned and controlled by the Russian state. Investigative research supported by Transparency International also demonstrated that the

¹⁸ [Anti-Money Laundering and Counter-Terrorism Financing Amendment Act 2024](#)



company's Russian subsidiaries were ultimately owned by Russian politically exposed persons (PEPs) with links to the Russian state.

In 2023, the company brought in over \$140 million in revenue extracting a record 1.6 million tonnes of the commodity representing a 56% increase on 2021 levels. Through its subsidiaries the company paid \$13 million in taxes to the Russian government between 2018 and 2021 and set aside millions more in future royalties.¹⁹

The ability of the company to continue trading, profit from extracting a sanctioned good, and financially benefit the Putin regime demonstrates a lack of accountability, highlights a risk of impunity and shows serious weaknesses in Australia's ability or willingness to ensure sanctions are enforced.

Additionally, research from investigative group Arctida using data from corporate disclosure platform, Sayari, suggests Russian diamonds from a sanctioned entity, Alrosa which is part owned by the Russian state, could be being sold in Australia. Specifically, the research shows an Indian company Mohit Diamonds buying diamonds from First Brilliant Company (FBC), a shell company for Alrosa's diamond exports, and that between 2023-2025 Mohit Diamonds actively shipped diamonds to Australian company Rivenlea Investments PTY LTD.²⁰ Alrosa and its CEO, Sergei Sergeevich Ivanov are sanctioned in Australia.²¹ Under amendments made to Australia's AML/CTF laws, gemstone dealers like Rivenlea will be required to screen for PEPs and sanctions from July 1 2026.

The 2024 Senate Inquiry into Australia's sanctions also found that underutilisation of thematic sanctions enables perpetrators of human rights abuses and corruption to continue to act with impunity and recommended that the Government consider ways to ensure greater consistency of application, both to improve coherence and to make sanctions avoidance more complex.²²

iii. Enforcement and Political Will

Notwithstanding the failed legal action taken by *Tigers Realms v the Commonwealth* in 2024, which resulted in the Federal Court declaring the company breach of Australia's sanctions laws, and despite significant public reporting and advocacy in relation to *Tigers Realms* activities in Russia, the Commonwealth chose not to investigate the possible breach of sanctions in this example.

This points to a potential unwillingness by the Commonwealth, via the Australian Federal Police (AFP), to investigate breaches of Australia's sanctions laws and also a gap in the Australian Sanctions Office (ASO) lack of investigatory powers and overall capacity as the regulator. It should be noted that the UK and US's sanctions agencies possess investigatory powers.

¹⁹ *Tigers Realm* [Annual Reports](#)

²⁰ *Data taken from corporate disclosure platform Sayari and analysed in partnership with Arctida and investigative journalists. The data provides details on Russia to India diamond exports from Alrosa to Mohit Diamonds, and India to Australia diamond exports from Mohit Diamonds to Rivenlea.*

²¹ DFAT, [Australian Sanctions Office Consolidated List](#), Updated October 2025

²² Senate Standing Committee on Foreign Affairs and Trade, [Australia's Sanctions Regime Report](#), February 2025



Whilst the ASX listed company has agreed to a sale of the Russian assets to a Russian oligarch and is awaiting approval from the Russian state for sale to be approved, there is still a risk that coal will continue to be extracted and transported by the Russian based subsidiaries during the Russian summer months.

iv. Regulatory gaps

Due to weaknesses in Australia's financial regulatory system, particularly the lack of a beneficial ownership register, individuals can create complex legal corporate and trust structures to avoid sanctions, facilitated by professional service providers both in Australia and overseas.

Australia needs a public beneficial ownership register to be implemented to make the sanctions regime more effective, and as a critical complement to the important steps taken to curtail the ability of 'enabler' professions to facilitate sanctions evasion, as taken in the [Anti-Money Laundering and Counter-Terrorism Financing Amendment Act 2024](#).

v. Comparison

Enforcement actions against professional enabler networks that violate existing laws, and coordinated designations against those that operate in lax jurisdictions, must be increased. The effect of US and UK designations against Cypriot enablers in April 2023 should be replicated: with banks and other entities left unable to trade, an estimated billion lost in tourism, and further millions lost to regulatory penalties, this small nation (nicknamed 'Moscow on the Med'²³) has responded²⁴ by moving closer to UK and other western standards of compliance.²⁵

Further, a recent analysis assessed over 100 relevant investigative reports on Russian and Belarusian individuals and entities by professional service providers in their attempts to circumvent sanctions, as well as official US, UK and EU actions taken against professional enablers since the invasion of Ukraine in 2022.²⁶ The report found that these countries and regions have:

- Coordinated and aligned sanctions efforts, particularly on timing and targets
- A higher volume of designated sanctioned entities and individuals, creating a more comprehensive sanctions net
- In the UK, expanded capacity for the Office of Financial Sanctions Implementation
- Extraterritorial sanctions reach
- Sustained, comprehensive pressure on sanctions designations through multiple successive sanctions packages, including to cover shadow fleets and oil revenues.

²³ Guardian, [Cyprus handed 800-page US dossier on Russia sanctions breaches](#), 10 May 2023

²⁴ Guardian (22 April 2023), [Our credibility must be safeguarded': Cyprus in turmoil after Russia sanctions](#), 22 April 2023

²⁵ UK Government, Press Release, [UK and Cyprus to tackle serious organised crime and Russian illicit finance in closer cooperation](#) 10 December 2024

²⁶ RUSI, [Disabling the Enablers of Sanctions Circumvention](#), 7 May 2024