

# Australian elite seek to divert Russia's \$9b 'dirty money' to Ukraine

[Rob Harris](#), April 9, 2024, Sydney Morning Herald/The Age

Billions of dollars in Russian assets frozen by Australian authorities should be confiscated and put towards financial support for Ukraine, a group of prominent Australians say, as they urge the federal government to join other allies of Kyiv to boost aid for the war-torn nation.

The group, which includes former prime ministers, business, union and military leaders and former diplomats, has written to Treasurer Jim Chalmers urging him to consider several options to divert billions in "dirty money" held in Australia since it sanctioned Russian oligarchs and others deemed to have aided and abetted the invasion and the occupation of Ukraine.



Prominent Australians in the Supporters of Ukraine Network are calling for frozen Russian assets to be sent to Ukraine. *CREDIT:STEPHEN KIPRILLIS*

Discussions on using Russian assets have intensified as President Vladimir Putin's forces gain momentum on the battlefield, its air force pounds Ukrainian forces and towns, and the US Congress holds out on approving a multibillion-dollar aid package.

Amid growing criticism of Australia's lack of military and humanitarian aid, the Supporters of Ukraine Network has asked the government to join other nations in developing legal options for the use of sovereign Russian assets for the nation's recovery and reconstruction and to update its own laws to ensure that Russian assets can be utilised.

“We make this plea because Australia can punch well above its weight at no cost to the Australian taxpayer,” says the letter, whose signatories include former prime minister John Howard, health industry leader Dr Tanya Dus and Reverend Bill Crews, a Uniting Church minister and humanitarian.

“Nine billion dollars in Russian assets now held in Australia can make an immense difference in Ukraine’s recovery and reconstruction. It would effectively fund the reconstruction of half of Ukraine’s educational infrastructure.”

Sanctions imposed by much of the West since Russia’s invasion in February 2022 are estimated to have frozen about \$US300 billion (\$455 billion) of Bank of Russia foreign exchange reserves in G7 countries, the EU and Australia. It is estimated that two-thirds of these assets are located in EU countries, and held mostly in cash.

Australia has no domestic mechanism for seizing frozen assets. The current domestic legal framework prevents the government from being able to seize or apply for forfeiture of them. The Proceeds of Crime Act does not apply to assets frozen due to sanctions.

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“There’s current major global action on accessing sovereign Russian assets for Ukraine’s rebuild,” said Ukraine’s Ambassador to Australia Vasyl Myroshnychenko.

“In Europe – whether it’s in terms of armed support or accessing frozen assets – leaders are seeing that they need to act with resolution when it comes to the Russian threat.



A Ukrainian serviceman prays in a church damaged in the Russian air raid in the town of Orikhiv, Zaporizhzhia region, Ukraine. *CREDIT:AP*

“We would very much welcome Australia’s participation in those processes as it’s just and practical for an aggressor to pay for the immense damage they have done to an innocent nation.”

Current rules dictate that when sanctions are lifted in the future, the owners of the assets must receive them back in full, plus the interest owed as agreed contractually before the sanctions were imposed, but minus the costs of handling these assets during the sanctions period.

The US and Britain have been pushing G7 allies to seize the central bank assets outright, but some European members, especially France and Germany, are opposed to the move over legal concerns and worries that it could set a dangerous precedent.

In addition to sovereign assets, more than 40 Russian oligarchs have been sanctioned by the Australian government since the invasion began, with an estimated \$9 billion in cash and assets frozen by wealthy businessmen viewed as allies of Putin. That is more than nine times the amount that has been pledged by the federal government for military and humanitarian aid.

A UN-backed study published last month estimated post-war reconstruction and recovery in Ukraine is projected to cost \$US486 billion over the next decade, up from \$US411 billion estimated a year ago.

Analysis from the Kiel Institute, which monitors countries’ aid to Ukraine, found Australia has contributed just 0.04 per cent of its GDP to helping. Only New Zealand, Taiwan and Turkey – of the 41 countries that have given Ukraine money – have provided less.

Among the 26 signatories to the letter is Tony Abbott, a vocal critic of the faction of US Republicans holding up aid; former defence minister Marise Payne; former NSW premier and diplomat Barry O’Farrell; Shop Distributive and Allied Employees Association national secretary Gerard Dwyer; author and academic Michael Lawriwsky; and Australian Chamber of Commerce and Industry chief executive Andrew Mackellar.

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While opponents say such a move could weaken international confidence in the euro, and they have questioned the legal basis for seizing the assets, the letter points to the comments of several allies who believe a legal route to seize Russian state assets could be found.

“Other countries are acting in this respect and Australia should, too, further bolstering its substantive support to Ukraine to date and re-emphasising its commitment to Ukraine and the rule of law.”

A spokesperson for the Department of Foreign Affairs and Trade said Australia’s goal was to “empower Ukraine to end the war on its terms”.

“We will continue to provide targeted assistance to Ukraine and impose costs on Russia,” they said.