

Ministerial Exemptions Under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009

In accordance with section 157(6)(b) of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (“Act”), the Associate Minister of Justice gave notice on 2 November 2018 that he has granted the following exemption from the Act:

Ministerial exemption: Housing New Zealand Corporation

Exempting Housing New Zealand Corporation (“HNZC”) from the following provisions of the Act in relation to its financial programmes:

- a. Sections 10–71 for its KiwiSaver HomeStart grant and FirstHome grant; and
- b. Sections 10–38 and 48A–71 for its Housing Innovation Fund and Loan Administration Services.

HNZC’s Welcome Home Loan, Kainga Whenua, and Westpac loan administration programmes are exempt by Regulation 12 of the Anti-Money Laundering and Countering Financing of Terrorism (Exemptions) Regulations 2011. This exemption has the effect of exempting aspects of HNZC’s operations that are subject to unintentional capture by the Act.

This exemption is made subject to the following conditions:

- a. HNZC must inform the Ministry of Justice of any changes that may affect the exemption within 10 working days of when the change occurs;
- b. That suspicious activity reports are provided as and when required in accordance with subpart 2 of Part 2 of the Act in relation to the drawdown of the Housing Innovation Fund loans; and
- c. That suspicious activity reports are provided as and when required in accordance with subpart 2 of Part 2 of the Act in relation to the Loan Administration Services.

The exemption has been made for the following reasons:

- a. The risk of money laundering/terrorism financing associated with HNZC’s business is low since HNZC is a Crown entity, and is subject to public accountability mechanisms. Further, HNZC’s financial activities are both restrictive and tightly controlled;
- b. Renewing this exemption would have little to no impact on the prevention, detection, investigation and prosecution of money laundering/terrorism financing offences since HNZC has in place existing policies and procedures to ensure only eligible applicants can apply for and receive a grant or loan;
- c. In the absence of an exemption, HNZC would be subject to an undue regulatory burden, since the extensive compliance requirements imposed under the Act are likely to be disproportionate to the low level of money laundering/terrorism financing risk associated with HNZC’s financial programmes; and

- d. granting this exemption is unlikely to affect third-party reporting entities since HNZN has no business competitors. HNZN's programmes are unique and are used only for specific housing purposes.

This exemption comes into force on 30 October 2018.

This exemption will expire on 30 June 2023.

Any person wishing to provide comment on this notice should contact the Terrorism and Law Enforcement Stewardship Team at the Ministry of Justice by emailing amlcft.exemptions@justice.govt.nz.