

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, the Associate Minister of Justice gave notice on 17 December 2022 that he has granted the following exemption from the Act:

Ministerial exemption: Social Service Council of the Diocese of Christchurch

Exempting the Social Service Council of the Diocese of Christchurch (SSCDC) from sections 10–71 (inclusive) of the Act, in respect of its following two activities:

- a. The management of the Christchurch City Mission Foundation (“Foundation”); and
- b. The management of the Night Shelter funds.

This exemption is made subject to the following conditions:

- a. SSCDC and the Foundation remain registered charities pursuant to the Charities Act 2005;
- b. The exemption only applies in relation to services provided by SSCDC to the Foundation for the funding of the Christchurch City Mission (“City Mission”), as well as the management of the Night Shelter funds;
- c. The maximum sum deposited at once by a client into the City Mission’s Night Shelter funds account is \$1000; and
- d. SSCDC must inform the Ministry of Justice of any changes that may affect the exemption within 10 working days of when the change occurs.

This exemption has been granted for the following reasons:

- a. The risk of money laundering/terrorist financing (ML/TF) associated with SSCDC’s activities is low;
- b. Legacies and donations cannot be integrated back into the legitimate economy for the benefit of the donor and may only be used for charitable purposes. Unless legacies and donations are refunded to its donor, money laundering cannot take place;
- c. Any investment income derived from the legacies is simply recorded through journal entries debiting the Foundation’s account with SSCDC and applied against the operating expense account of the City Mission, further decreasing the ML/TF risk associated with the Foundation;
- d. The risk associated with SSCDC’s operation of the Night Shelter Funds is also low, one of the reasons being that the value of the funds deposited is low. The proposed condition capping the amount that can be deposited attached to the ministerial exemption further ensures that the overall ML/TF risk remains at a low level;
- e. Because of the low ML/TF risk associated with SSCDC’s management of the Foundation and the Night Shelter Funds, granting this exemption would have little to no impact on the prevention, detection and prosecution of money laundering/terrorist financing offences;

- f. SSCDC, in the absence of an exemption, would be subject to an undue regulatory burden. The effect of this is likely to direct funds away from the charitable purposes of the Foundation, such as the funding of the City Mission. Furthermore, there is often limited information that can be obtained from the Night Shelter clients. Requiring SSCDC to comply with the customer due diligence requirements would therefore be very difficult, and impossible in some cases; and
- g. Granting this exemption is unlikely to affect third-party reporting entities since neither the SSCDC nor the City Mission are commercial enterprises. It is therefore impossible for the exemption to create a commercial competitive advantage for SSCDC.
- h. Due to the low money laundering and terrorism financing risk associated with the Foundation and the Night Shelter, and the significant compliance costs to SSCDC that would arise from not granting this exemption, I consider that any benefits of requiring compliance with the Act are not justified by the associated costs.

This exemption comes into force on 14 November 2019.

This exemption will expire on 31 October 2024.

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.