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Attached is the NCWNZ Submission on the Anti-Money Laundering and Countering Review

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Convenor Parliamentary Watch Committee

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15 December 2021

S21.30

Submission to the Ministry of Justice on the Anti-Money Laundering and Countering Review

Introduction

1. The National Council of Women of New Zealand, Te Kaunihera Wāhine o Aotearoa (NCWNZ) is an umbrella group representing over 200 organisations affiliated at either national level or to one of our 14 branches. In addition, about 450 people are individual members. Collectively our reach is over 450,000 with many of our membership organisations representing all genders. NCWNZ's vision is a gender equal New Zealand and research shows we will be better off socially and economically if we are gender equal. Through research, discussion and action, NCWNZ in partnership with others, seeks to realise its vision of gender equality because it is a basic human right.
2. This submission has been prepared by the NCWNZ Economic Independence Action Hub and the Parliamentary Watch Committee.

Summary

3. NCWNZ supports the aim of the Anti-Money Laundering and Countering Financing Act 2009 (the Act) to prevent organised crime from profiting from criminal activities. We recognise the value of being part of a worldwide system to tackle this issue and the responsibilities that come from this. We also appreciate the need to respond to the recent evaluation by the Financial Action Task Force and to make changes where appropriate.

General concerns

Additional Costs

4. In NCWNZ's submission on the original Bill that became the Act¹ (NCWNZ, 2009), we stated that we would be very concerned if there were additional costs on New Zealand businesses that were passed on to the banks' customers. This concern is still relevant, both for the Act as it was implemented, and for any additional costs that might be incurred from proposed changes.
5. Some businesses have experienced negative economic consequences because of COVID-19, creating flow-on effects for communities, families, and individuals. As a disproportionate number of the total population who live in poverty are women, this is likely to have had a disproportional effect on women². While the pandemic is on-going the full impact of COVID-19 cannot be fully assessed, either financially or in terms of the social cost. What is known, however, is that women are being directly impacted on many fronts³. NCWNZ would be very concerned if additional costs from any proposed changes resulted in further economic pressure for businesses, communities, families, and individuals. These costs may vary from business to business, depending on the size and nature the business. Many small businesses are run by women, and the cost of compliance for such businesses maybe disproportional to any risk under the Act.
6. We recommend that an analysis of costs incurred by business to date from the implementation of the Act, as well as modelling of costs that could arise from any proposed changes, be shared as part of this review.

Privacy

7. NCWNZ's current policy supports the protection of privacy in relation to electronic information and the upholding of Article 12 of the United Nations Declaration of Human Rights, which states that no-one should be subjected to arbitrary interference with their privacy and that everyone has the right to protection of the law against such interference. Although personal information may need to be shared to safeguard business and individuals, we have concerns about the appropriate sharing of data required under this regime, and its protection⁴, and the risks that may arise from any changes.

¹ NCWNZ. 2009. *Submission to the Foreign Affairs, Defence and Trade Committee on the Anti-Money Laundering and Countering Financing of Terrorism Bill*. S09.19. <https://ncwnz.org.nz/wp-content/uploads/2013/06/S09.19-Submission-to-the-Foreign-Affairs-Defence-and-Trade-Committee-on-the-Anti-Money-Laundering-and-Countering-Financing-of-Terrorism-Bill.pdf>

² NCWNZ. 2020. *A Sustainable Future – Free of Gender Discrimination*. https://d3n8a8pro7vhmx.cloudfront.net/ncwnz/pages/18/attachments/original/1593417398/2020_05_NCWNZ_Areas_of_Gender_Inequality_FINAL_%281%29.pdf?1593417398.

³ NCWNZ. 2020. *Rebuilding Together – will this reduce gender inequality? Rebuilding Together – will this reduce gender inequality?* https://www.ncwnz.org.nz/rebuilding_together_will_this_reduce_gender_inequality

⁴ NCWNZ. 2012. *Submission to the Justice and Electoral Committee on the Privacy (Information Sharing) Bill 318-1*. S12.06. <https://ncwnz.org.nz/wp-content/uploads/2013/06/Privacy-info-sharing-Bill-S12-06.pdf>

Financial inclusion or exclusion

Identity

8. There are certain restrictions and challenges with the regime established by the Act in relation to the type of identification and proof of address required. These can present a barrier to people and organisations, such as not-for-profit organisations, establishing and maintaining bank accounts. This can make it difficult for some people to access financial support and assistance, for example from the Government's welfare system. People involved in not-for-profit organisations, or other organisations, may also be excluded or face other challenges which may have a flow on effect for not-for-profit and other organisations. We are concerned that vulnerable people, including women, may be at risk of exclusion by these requirements, while the ability of organisations to operate efficiently may also be impacted.
9. We recommend that the review addresses this issue and provides an equitable solution that is commensurate to the risks the regime is endeavouring to counter.

Joint accounts

10. A possible unintended consequence of the regime may arise if someone in a partnership, for example a husband or wife or someone in a de facto relationship, was under surveillance, or subject to the enforcement procedures under the Act. Such a relationship may impact on the other partner, who may be an innocent party. For example, if charges were made, such as fines required, this could impact on the other partner's share of the funds in the bank account funds, which could have a serious effect on the partner's ability to pay their bills or provide for their family.
11. Although we are not aware of such unintended consequences occurring, it is a possible scenario which should be contemplated within the wider scope of the review.

Conclusions

12. Thank you for the opportunity to contribute to the review of the Act.



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