Discussion Document

Infringement fees

Regulations under the Anti-Money Laundering and Countering Financing of Terrorism (Omnibus) Amendment Bill

September 2026

MINISTRY OF JUSTICE
Tāhū o te Ture

Te Kāwanatanga o Aotearoa
New Zealand Government

Contents

About this consultation

The Ministry of Justice (**the Ministry**) is seeking feedback on a proposal that is part of the wider programme of anti-money laundering and countering financing of terrorism (AML/CFT) legislative reforms.

This consultation seeks views on the setting of infringement fees for specific infringement offences under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (AML/CFT Act).

The Ministry wants to ensure the fees are proportionate, dissuasive and appropriate in New Zealand's context.

How to make a submission

The consultation period is from 1 September to 30 September 2026. Submissions must be received **by 5pm on 30 September 2026.**

To make a submission please include your name, organisation (if applicable), and contact details. There are several ways you can make a submission:

- make a submission online through the Ministry of Justice consultation hub https://consultations.justice.govt.nz/;
- email your submission to aml@justice.govt.nz (Subject: Infringement fees submission);
- post your submission to AML/CFT policy, Ministry of Justice – National Office, DX SX10088, Wellington.

The Official Information Act 1982 and proactive release of submissions

Submissions are official information and may be requested under the Official Information Act 1982 (**OIA**). The OIA specifies that information is to be made available to those who request it, unless there is a good reason for withholding it.

Information from submissions may be referred to in publicly available documents, including summary of submissions. If your submission contains information that you consider should be withheld, please clearly identify it and explain why.

We will consider any such request in accordance with the provisions of the OIA and may contact you if further information is required. Decisions on the release of information are subject to review by the Ombudsman.

Privacy Act 2020

Personal information provided in the submissions will be managed in accordance with the Privacy Act 2020 and used for the purpose of administering and considering submissions received through this consultation.

Next steps

Consultation closes: Submissions will close on 30 September 2026.

Feedback analysed: All submissions will be reviewed to identify the most appropriate infringement fees for specific offences.

Ministry's consideration: The Ministry will prepare a summary of submissions, highlighting key themes and perspectives, and will use this feedback to inform final policy advice.

Regulations developed: Regulations will be developed following consultation, taking into account the evidence and decisions made.

Legislative context and overview

The AML/CFT Act is the foundation of New Zealand's system for preventing and detecting money laundering, terrorism financing, and other forms of serious financial crime, such as proliferation financing.[1] The AML/CFT Act helps protect the integrity of New Zealand's financial system and supports law enforcement agencies to identify, investigate, and disrupt organised crime activity.

A well-functioning AML/CFT system is important for maintaining New Zealand's reputation as a safe and trusted place to do business. As a member of the international community, New Zealand is expected to align our AML/CFT settings with the recommendations of the Financial Action Task Force (FATF).[2]

To support these objectives, the Ministry has been progressing a programme of legislative reforms (through a series of Amendment Bills) to provide regulatory relief for businesses, support law enforcement to detect and deter financial and organised crime and align our AML/CFT system with international expectations.

The Bill

The Anti-Money Laundering and Countering Financing of Terrorism (Omnibus) Amendment Bill (the Bill) amends the AML/CFT Act. The purpose of the Bill is to create a more effective and balanced AML/CFT system that:

- reduces unnecessary costs and paperwork for businesses by allowing them to focus their efforts on higher-risk situations;
- keeps New Zealand's AML/CFT system in line with international expectations; and
- gives regulators and law enforcement agencies stronger tools to identify and disrupt organised crime.

The Bill also allows businesses (known as reporting entities) to take a more practical approach when checking customer information. Businesses can apply different levels of checks depending on the level of risk and decide what information is needed to manage that risk.[3] This helps reduce unnecessary compliance requirements while maintaining safeguards.

[1] Means providing money, funding, or financial services to help create, obtain, transport, store, transfer, or use nuclear, chemical, or biological weapons, or the materials and technology needed to make them. This includes goods or technology that can be used for both legitimate and prohibited purposes.

[2] FATF is an international organisation that sets global standards for preventing money laundering, terrorism financing, and other financial crimes. Countries, including New Zealand, are assessed against these standards to ensure their anti-money laundering and countering financing of terrorism systems are effective.

[3] For example, applying the correct level of due diligence (simplified, standard, or enhanced) according to the risk.

To strengthen New Zealand's compliance with international obligations, the Bill:

- requires groups of related businesses to have a group-wide anti-money laundering compliance programme; and
- introduces a supervision framework for the implementation of targeted financial sanctions.

The Bill gives the Department of Internal Affairs (DIA), the New Zealand Police Financial Intelligence Unit (NZFIU), and law enforcement agencies stronger powers to investigate and combat organised crime. It increases penalties for non-compliance and gives the NZFIU greater ability to collect information and temporarily freeze assets and accounts when needed.

Regulation-making powers

The Bill also establishes an infringement regime and allows regulations to set infringement fees up to $20,000. Before any regulations are made under these powers, the Government is consulting with businesses and people that may be affected. Feedback received through this consultation will help inform the development of the regulations.

The following section explains the proposal that we are seeking feedback on.

Infringement fees

Purpose

Amending the AML/CFT Act to establish an infringement scheme will better support the AML/CFT supervisor to respond to minor misconduct and low-level offending.

The purpose of this consultation is to share our proposed approach for setting the fees and seek views on how the fees should be set for the specific offences.

Infringement offences are strict liability offences intended to capture low-level offending. Because infringement offences do not require proof of *mens rea* (intent) to break the law, we want to ensure the fees for the infringement offences are set at the right level. This means that the infringement fees should be fair and proportionate to the corresponding offences.

No decisions have been made on the specific fees. Feedback received will inform the final design of subsequent regulations.

What feedback are we seeking

We are interested in:

- your views on our approach to setting the fee levels;
- what impacts the proposed fees may have;
- your views on proposed fees and options; and
- any other information or perspectives you would like to share.

What is out of scope for this consultation?

This consultation does not cover the design of the specific offences that the fees are attached to, nor the introduction or removal of any other infringement offences.

Why the Ministry is consulting

Context

What are infringement offences?

Infringement offences are a subset of criminal offences that do not result in criminal convictions. They usually involve low-level infringement fees and are often imposed by the issuing of an infringement notice (e.g., a parking infringement ticket). The group of infringement offences, their associated fees, and the framework for serving infringement notices collectively make up an infringement scheme.

The purpose of infringement offences is to deter conduct that is of relatively low seriousness and does not justify the full imposition of the criminal law. Infringement offences prevent the courts from being overburdened with a high volume of relatively straightforward and low-level offences. Without them, the law may not be enforced because it is unlikely a prosecution would be in the public interest.

Why is an AML/CFT infringement scheme necessary?

The Ministry reviewed the AML/CFT Act between July 2021 and June 2022 to assess how it had performed since 2017 and whether any amendments were necessary (the Statutory Review).[4] The Statutory Review identified that the AML/CFT system requires graduated enforcement tools to respond to a range of non-compliance.

The decision to establish an infringement scheme responds to the recommendations made in the Statutory Review. This work is part of broader offence and penalty reforms that will provide for better responses to both low-level and high-level breaches of the AML/CFT Act. See Appendix Two for the list of infringement offences.

The problem

Reporting entities have core obligations under the AML/CFT Act that are designed to protect the integrity of New Zealand's financial system and to disrupt money laundering and terrorism financing. Effective compliance with these obligations depends on the AML/CFT supervisor having access to proportionate, graduated, and dissuasive sanctions that reflect the seriousness of non-compliance and the risks posed.

The AML/CFT Act does not currently enable the AML/CFT supervisor to efficiently and appropriately respond to minor misconduct and low-level offending.

For less serious and straightforward instances of non-compliance, available responses are often limited to formal warnings or resource-intensive civil or criminal proceedings, which can be disproportionate and may discourage timely intervention. As a result, the AML/CFT supervisor faces an enforcement gap for instances where a warning may be ineffective, but court proceedings would be excessive.

[4] Statutory Review of the Act: Report on the review of the Anti-Money Laundering and Countering Financing of Terrorism Act 2009

The following case study is an example of non-compliance that falls into the enforcement gap for less serious non-compliance:

Case study **Failure to file an annual report by the specified deadline** 	The annual report is a strict requirement for all reporting entities under the AML/CFT Act. This is an important information source for the AML/CFT supervisor to develop an understanding of the risks across its sectors and reporting entity population. A reporting entity must file their annual report by a specified deadline under section 60 of the AML/CFT Act. An annual report is a clearly defined requirement for reporting entities. The supervisor typically provides reminders that the annual report is due before and leading up to the deadline. For those reporting entities that do not submit, there may be a further reminder after the deadline has expired. For those that still do not submit, a formal warning may be insufficient. However, the next available option for the supervisor to address this non-compliance would be to take civil proceedings for a civil liability act under section 78 of the AML/CFT Act. This would result in expensive court proceedings for both the supervisor and reporting entity, and a potentially significant pecuniary penalty. The Ministry considers such action an inappropriate use of court resources and while the penalty may be dissuasive, we do not consider that the penalty level is proportionate to this type of non-compliance.

To remedy this enforcement gap, the Government has agreed to establish an AML/CFT infringement scheme. This will provide the AML/CFT supervisor with a tool to respond to minor misconduct and low-level offending in a way that is proportionate, timely and reduces burden on Court resources.

Please note that AML/CFT infringement notices will only be served to reporting entities. We are not proposing to develop a separate set of fees for individuals.

Risks

We consider that there are two key risks associated with the proposals.

1. If the fees are set too low, they may not be effective or provide enough deterrence. This could limit the usefulness of the infringement scheme as a tool for the AML/CFT supervisor to address minor misconduct and low-level offending.

2. If the fees are set too high, infringement notices are more likely to be challenged. This could undermine the main purpose of the scheme, which is to deal with minor misconduct and low-level offending quickly and efficiently, without involving the courts or adding to the burden on the legal system.

Fee proposal methodology

We have developed an initial draft list of fee proposals for the approved infringement offences.

To determine the proposed fees, the Ministry made comparisons with domestic and international infringement offence regimes.

- Domestic comparisons were primarily made to the infringement offences and fees in the Financial Markets Conduct Act 2013 (FMCA) and the Financial Markets Conduct Regulations 2014. The FMCA infringement scheme was selected because it provides the framework for a regulatory system of similar, and in some instances overlapping, businesses as the AML/CFT framework.

- International comparisons relied primarily on the infringement offences and fees specified in Australia's Anti-Money Laundering and Counter-Terrorism Financing Act 2006. However, it was considered that the infringement offences and fees in the FMCA and Financial Markets Conduct Regulations 2014 were more appropriate for comparison when setting the specific fee levels.

Australia's Anti-Money Laundering and Counter-Terrorism Financing Act 2006 has a uniform fee of approximately NZD $24,000 for every infringement. The Ministry does not consider this appropriate for New Zealand. In the New Zealand context, infringement fees are typically designed for each specific infringement offence as opposed to a one-size-fits-all approach. This acknowledges that infringement schemes often capture a broad range of misconduct that each carry their own harms and risks.

Based on the above, we have decided that the FMCA infringement scheme is a better model for making sure the fees are set at the right level.

We then developed a fee matrix[5] which considered and used the fees of similar offences in the FMCA infringement scheme, projected volume of offending, and severity of the individual offences.[6]

We also considered additional contextual factors in our substantive analysis, including the cost of compliance compared to the cost of non-compliance, the complexity of complying with each requirement, and how straightforward it is to establish that an offence has been committed.

From this matrix we established four tiers of offences (Tier 1 being the least serious offences and Tier 4 being the most serious offences), with fees for each tier as set out in the proposal table on the next page.

There are four levels of fees for the infringement offences in the FMCA: $5,000, $7,500, $12,500 and $20,000. These fee levels provided the modelling for Option One.

For Option Two, fee levels were reduced by approximately half to bring the fees more into line with New Zealand's broader infringement scheme landscape. This is to reflect the fact that there are limited

[5] A visual rendition of the fee matrix has been provided in **Appendix One**: Infringement Scheme Decisions Matrix.

[6] Severity was broadly applied to mean the likelihood of harm arising from the misconduct (including, but not limited to, the likelihood that this offending could facilitate or leave a reporting entity vulnerable to exploitation for money laundering or terrorist financing), proximity of the offence to core obligations set out in the Act, and other contextual factors.

instances in New Zealand's domestic context of infringement fees being set as high as the proposals in Option One.

However, most infringement schemes in New Zealand are distinguishable from the AML/CFT infringement scheme in that they were not designed to apply to large financial institutions that are closely supervised by a dedicated regulator. This means that the typical design of an infringement scheme may not be sufficiently proportionate and dissuasive in this instance.

Fee options

This table sets out **two proposals** of infringement fee levels for each infringement offence proposed to be introduced under the AML/CFT infringement scheme.

Infringement offences[7]	Projected volume of offending	Severity of offending	Tier	Option One (modelled off comparable domestic legislation)	Option Two (adjusted fees aligned with general domestic context)
115H(1)(a)	Low	Low	Tier 1	$5,000	$2,500
115H(1)(b)	Low-Medium	Low	Tier 1	$5,000	$2,500
115H(1)(c)	Low-Medium	Low	Tier 1	$5,000	$2,500
115H(1)(d)	Low	High	Tier 4	$20,000	$10,000
115H(1)(e)	Low	Medium-High	Tier 3	$12,500	$7,500
115H(1)(f)	Medium-High	Medium	Tier 2	$7,500	$5,000
115H(1)(g)	High	Low-Medium	Tier 2	$7,500	$5,000
115H(1)(h)	Medium	Medium	Tier 1	$5,000	$2,500
115H(1)(i)	Medium	Medium	Tier 1	$5,000	$2,500
115H(1)(j)	Medium	Medium	Tier 1	$5,000	$2,500
115H(1)(k)	Medium-High	Low	Tier 2	$7,500	$5,000
115H(1)(l)	Medium	Medium	Tier 2	$7,500	$5,000
115H(2)	Low	High	Tier 4	$20,000	$10,000

[7] The list of infringement offences can be found in **Appendix Two**: Infringement Offences.

Questions for submitters

The questions below are intended to gather evidence to compare the proposed fee options and inform where the final fees should be set:

1. *Do you agree with the assessment criteria for the fee matrix in Appendix One? Are there any factors that should be included or weighted differently from the matrix in Appendix One?*

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2. *Given the offences involved, do you think the proposed fees are proportionate to the seriousness of the conduct?*

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3. *Do the proposed fees provide an effective deterrent for the offences they are attached to? Please explain why or why not.*

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4. *What is your preferred option? Why?*

   Option 1: Modelled off comparable domestic legislation

   Option 2: Adjusted fees aligned with general domestic context

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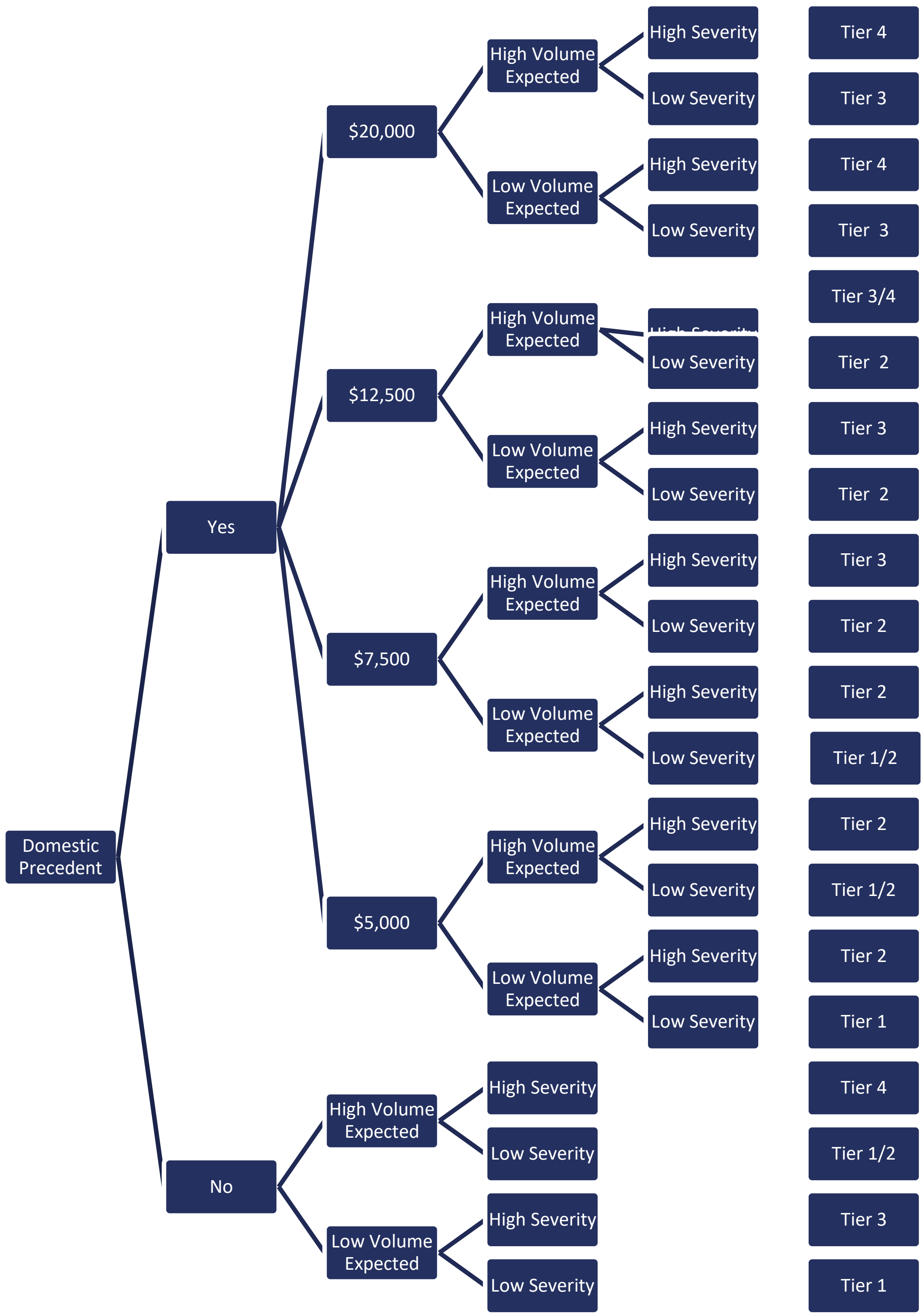
Glossary

AML/CFT	Anti-Money Laundering and Countering Financing of Terrorism
AML/CFT Supervisor	The Government agency responsible for regulating reporting entities and supporting them with understanding and complying with their obligations.
AML/CFT Act	The Anti-Money Laundering and Countering Financing of Terrorism Act 2009.
Customer due diligence	Is the process required under the AML/CFT Act where a reporting entity must identify and verify customers, and beneficial ownership of its customers, and persons acting on behalf of its customers.
FATF	Is an international organisation that sets global standards for preventing money laundering, terrorism financing, and other financial crime. Countries, including New Zealand, are assessed against these standards to ensure their anti-money laundering and countering financing of terrorism systems are effective.
Reporting entity	A person, business, or organisation that is required to comply with AML/CFT Act requirements.
Statutory Review	The review of the AML/CFT Act conducted in 2022 that made recommendations for changes in New Zealand's AML/CFT system and legal framework.

Appendix One: Infringement Scheme Decisions Matrix



Appendix Two: Infringement Offences

Offence section	Infringement offence description
115H(1)(a)	Fails to notify the AML/CFT supervisor within 30 days of the formation of a mandatory reporting group under section 31A of the information required by section 31B(3).
115H(1)(b)	Fails to notify the AML/CFT supervisor within 30 days of the formation of a voluntary reporting group under section 31C of the information required by section 31D(3).
115H(1)(c)	Fails to notify the AML/CFT supervisor, within 30 days and in writing, of the information required by section 31B(4) or 31D(4), as applicable.
115H(1)(d)	Fails to designate an appointed AML/CFT compliance officer as required by section 56.
115H(1)(e)	Fails to undertake a risk assessment in writing as required by section 58 before conducting customer due diligence or establishing an AML/CFT programme.
115H(1)(f)	Fails to provide a copy of an audit of a risk assessment or AML/CFT programme when required under section 59B(5).
115H(1)(g)	Fails to provide an annual report at the time appointed by the AML/CFT supervisor as required by section 60.
115H(1)(h)	Fails to produce records relating to a transaction required to be kept by section 49(1) when required to do so by notice given under section 132(2)(a).
115H(1)(i)	Fails to produce identity and verification records required to be kept by section 50(3) when required to do so by notice given under section 132(2)(a).
115H(1)(j)	Fails to produce records relating to a business relationship required to be kept by section 51(a) or (c) when required to do so by notice given under section 132(2)(a).
115H(1)(k)	Fails to provide a copy of an audit of a risk assessment or AML/CFT programme when required to do so by notice given under section 132(2)(a).
115H(1)(l)	Fails to provide information that the AML/CFT supervisor reasonably requires for the purposes of an on-site inspection conducted under section 133(2).
115H(2)	A reporting entity (excluding high-value dealer) fails to have an AML/CFT programme in writing as required by sections 56 and 57(1)

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