

Anti-Money Laundering and Countering Financing of Terrorism: Levy Proposals

Consultation Document

March 2026



MINISTRY OF
JUSTICE
Tāhu o te Ture

Te Kāwanatanga o Aotearoa
New Zealand Government

Contents

What does this consultation cover?	iii
How to make a submission.....	iv
Next steps	iv
The Official Information Act 1982 and proactive release of submissions	iv
Goods and Services Tax	iv
1. Introduction	1
The levy	1
Why are levies needed?	2
Previous consultations	2
2. Strategy and Work Programme	3
Purpose of the Strategy and work programme	3
3. Cost recovery approach	6
Public service cost recovery principles	6
What type of costs may be recovered under the levy?	6
What are the reporting requirements?	8
How would the levy be reviewed?	8
4. Costs	9
Agency costs.....	9
2026/27 costs.....	14
Initial assessment against cost recovery principles	15
Questions for submitters	15
5. The levy.....	16
Design of the levy.....	16
Who should pay the levy?	16
Questions for submitters	18
How much should each sector pay?	18
All questions for submitters	33



Appendix A: previous consultations	34
Consultation on levy design.....	34
Consultation on Strategy and work programme.....	36
Appendix B: cost principles diagram	37
Appendix C: costs.....	38
Department of Internal Affairs.....	38
Financial Intelligence Unit	38
Ministry of Justice.....	39

What does this consultation cover?

This consultation document proposes levies to apply to specified reporting entities within the Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) system.

This document sets out:

- the background to these proposals including the status of legislation providing for a levy, see Chapter 1
- the need for levies and its connection to the AML/CFT National Strategy 2026-2030 (the Strategy) and work programme, see Chapter 2
- the proposed cost recovery approach, see Chapter 3
- the costs that are proposed to be recovered via a levy or levies:
 - these are identified club good provided by the Department of Internal Affairs (the 'AML/CFT supervisor'), the New Zealand Police's Financial Intelligence Unit, and the Ministry of Justice (the 'Ministry') to deliver statutory functions, see Chapter 4, and
- the design of the levy or levies, see Chapter 5.

The proposals in this document align with well-established principles for cost recovery. They were informed by consultation with industry (in April 2025).

The Ministry prepared this document in close consultation with the Department of Internal Affairs, New Zealand Police and its Financial Intelligence Unit, and the Treasury. The Ministers of Finance, Police, Internal Affairs, and the Associate Minister of Justice have approved these proposals for consultation.

The Ministry seeks feedback on all aspects of the levy proposals made in this document. Questions have been provided to assist in eliciting information, but this should not limit submitters from commenting on other aspects of the levy proposals.

The Strategy and work programme should inform submissions. The Strategy and work programme is available at: www.justice.govt.nz/justice-sector-policy/key-initiatives/aml-cft/national-strategy-2026-30/. The Strategy and work programme will come into effect as statutory tools when the Bill is passed.

What is out of scope of this consultation?

The Strategy and work programme along with the levy provisions in the Anti-Money Laundering and Countering Financing of Terrorism (Supervisor Levy, and Other Matters) Amendment Bill (the Bill) are out of scope of this consultation.

How to make a submission

There are several ways you can provide 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: Levy submission), or
- post your submission to AML/CFT policy, Ministry of Justice – National Office, DX SX10088, Wellington.

Please send your written submission by **5.00pm on Friday 10 April 2026**.

Next steps

Submissions will be analysed and considered in preparation of final policy proposals for Ministers and Cabinet. Subject to the passage of the Bill and Cabinet decisions, we anticipate that regulations establishing a levy would commence in the second half of 2026, and the collection of levies would commence from 1 July 2027.

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.

Additionally, Cabinet papers and cost recovery impact statements are typically proactively released. These documents generally contain summary information about submissions including who submitted and what the submissions said. Sometimes, a fuller summary of submissions document will be published.

You may wish to suggest reasons for withholding specific information in your submission, such as if information is commercially sensitive or if personal information should be withheld. We will consider these requests in accordance with the provisions of the OIA and will contact you if needed. The Ministry's decisions, including the withholding of information, are reviewable by the Ombudsman.

Goods and Services Tax

The fees and levies in this document are GST exclusive. GST exclusive levies ensure that regulated charges will remain valid in the event of any changes to the GST rate.

1. Introduction

This consultation document sets out levy proposals to fund specified activities under the AML/CFT system. The establishment of a levy is proposed in the Bill. The Bill is currently being considered by Parliament¹. The levy proposals in this document are made in anticipation of the Bill being passed in 2026. The Government will decide the final form of the levy, which will be included in regulations and anticipated to commence in the second half of 2026, but the collection of levies would commence from 1 July 2027.

The levy

The Bill proposes levies that are payable by reporting entities. The levies should meet a portion or all the costs²:

- incurred by the Ministry, the AML/CFT supervisor, and the Commissioner of New Zealand Police (the Financial Intelligence Unit (**FIU**)) in performing or exercising their functions, powers, and duties under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009 (**the Act**)
- associated with giving effect to the Strategy and associated work programme, and
- required to collect the levy money.

The Minister responsible for the Act³ determines whether ***the whole or a portion***⁴ of the costs will be met by levy. Before the Minister recommends the making of levy regulations, they must:⁵

- have regard to the Strategy and work programme, and
- consult on the levy proposals.

¹ <https://bills.parliament.nz/v/6/ea81ee71-f6e8-4a84-3f2a-08ddc3f5fe43?lang=en>.

² Proposed section 155A(3).

³ Minister means the Minister who is, with the authority of the Prime Minister, for the time being responsible for the administration of this Act. See section 5.

⁴ Proposed section 155A(4).

⁵ Proposed sections 155C and 155D.

Why are levies needed?

The Financial Action Task Force (FATF) Mutual Evaluation⁶ Report for New Zealand in 2021⁷ and the Ministry of Justice Statutory Review in 2022⁸ concluded that the AML/CFT system was not sufficiently resourced to deliver its functions. Insufficient resourcing was impacting how responsive the AML/CFT system is to the needs of the industry. The statutory review found that:

*... insufficient resource levels, along with an absence of mechanisms to ensure appropriate resource allocation across the regime, is likely contributing to the operation of the Act not being sufficiently risk based...The net outcome... is that the regime is not as effective as it could be, and it is harder (and likely more expensive) than it needs to be for businesses to comply with the Act. Ultimately this undermines efforts from businesses to detect and deter money laundering and terrorism financing.*⁹

To ensure the AML/CFT system is sufficiently resourced and efficiently delivered, the Government agreed to a hybrid funding model, where some costs will be met by a levy. This consultation document proposes the overall public/club funding split and the distribution of costs to be recovered by the levy across reporting entities. The levy will fund activities that would benefit reporting entities, and these are highlighted in the chapter on costs.

Previous consultations

The Ministry has completed two targeted consultations in relation to the levy:

- *Initial levy design* consultation in April/May 2025, and
- the *Strategy and work programme* consultation in August 2025.

Feedback received from these consultations informed the design and structure of the levy proposals in this consultation document. In addition, the public has had an opportunity to provide feedback to the Select Committee on the levy proposals during the Select Committee stage of the Bill. For more detail of these consultations and how the feedback has been taken on-board, see Appendix A.

⁶ A mutual evaluation is an international, peer-review process where countries assess each other's systems for combating financial crime, focusing on compliance with global FATF Standards and the effectiveness of their measures against money laundering, terrorist financing, and weapons proliferation financing. These evaluations, conducted by the FATF and FATF-Style Regional Bodies (FSRBs), produce detailed reports with recommendations for strengthening national frameworks, assessing both technical compliance (laws and regulations) and the real-world effectiveness of outcomes, using a standardised methodology. Further information can be found [here](#).

⁷ <https://www.fatf-gafi.org/en/publications/mutualevaluations/documents/mer-new-zealand-2021.html>.

⁸ <https://www.justice.govt.nz/assets/AMLCFT-Statutory-Review-Final-Report.pdf>.

⁹ <https://www.justice.govt.nz/assets/AMLCFT-Statutory-Review-Final-Report.pdf>, page 7.

2. Strategy and Work Programme

Purpose of the Strategy and work programme

The Bill introduces a requirement for the Minister responsible for the Act to adopt a Strategy and issue a supporting regulatory work programme. The purpose of the Strategy is to *direct* the AML/CFT supervisor, the FIU, the Ministry, and other public service agencies in performing or exercising their functions, duties, and powers under the Act to give effect to the purpose set out in section 3 of the Act. The purpose of the work programme is to set out *how* the Supervisor, the FIU, the Ministry, and any other relevant public service agency will give effect to the Strategy.

AML/CFT Act

Section 3: Purpose

(1) *The purposes of this Act are—*

- (a) *to detect and deter money laundering and the financing of terrorism; and*
- (b) *to maintain and enhance New Zealand’s international reputation by adopting, where appropriate in the New Zealand context, recommendations issued by the Financial Action Task Force; and*
- (c) *to contribute to public confidence in the financial system.*

(2) *Accordingly, this Act facilitates co-operation amongst reporting entities, AML/CFT supervisors, and various government agencies, in particular law enforcement and regulatory agencies.*

The proposed levy is aligned to the Strategy and work programme, informing the level of funding needed to achieve the agreed outcomes. As the system is co-funded, not all actions within the work programme will be funded via the levy.

The Strategy sets out the Government’s vision to create a world class AML/CFT system for New Zealand that makes it easy to do business and hard to commit crime.

A world class AML/CFT system that makes it easy to do business and hard to commit crime.

He pūnaha ārai whakapai moni me te kaupare pūtea whakatuathea ikeike rawa e ngāwari ake ai te mahi pakihi, e uaua ake ai te mahi taihara.

The Strategy:

- ensures resources are coordinated towards achieving the stated vision, purpose and strategic outcomes
- provides transparency and certainty to industry by setting out the outcomes and objectives being sought for the AML/CFT system
- creates the foundation for collaboration amongst government agencies and the private sector, and
- ensures the associated work programme sets out the activities that government agencies will undertake during the period of the Strategy to bring it into effect.

Cabinet has endorsed the Strategy. It is a key enabler of the AML/CFT reforms that are well underway, and focuses on providing regulatory relief to low-risk businesses, improving the effectiveness of the system and providing better law enforcement tools for tackling organised crime.

This Strategy addresses system deficiencies and gaps identified by the FATF Mutual Evaluation Report 2021 and the Ministry's Statutory Review 2022. These deficiencies and gaps have been translated into six objectives, each designed to deliver clear benefits across the system. To support accountability and ensure the benefits are realised, each objective includes measures to track and assess progress. The objectives as set out in the Strategy and expected benefits are:

1. ***The regulatory framework is effective and efficient.*** This objective focuses on ensuring the AML/CFT system operates as a genuinely risk-based system, supporting reporting entities to apply their obligations in accordance with, and proportionate to, their risks. This will help to reduce over compliance and deliver cost savings.
2. ***High quality data, information and intelligence drives risk-based decision making.*** This objective focuses on enhancing intelligence capability. Better intelligence will support reporting entities to understand their risks, building confidence to apply the risk-based approach.
3. ***The single supervisor model is successfully implemented.*** This objective focuses on supporting the establishment of the new single supervisor model, which will create a more effective and responsive supervisor. A single, well-resourced supervisor will be better placed to guide and support reporting entities to meet their obligations.
4. ***The right tools are in place to detect and deter financial crime.*** This objective focuses on ensuring agencies have modern, effective tools that enable them to identify, investigate and disrupt financial crime more quickly and accurately. Strengthening these capabilities will improve the system's responsiveness, reduce harm, and increase confidence in the financial system knowing that criminal activity is being detected and stopped.
5. ***Targeted financial sanctions are embedded into the AML/CFT system.*** This objective focuses on integrating targeted financial sanctions into the AML/CFT system. This ensures New Zealand remains aligned with international standards, maintaining our international reputation and ease of access to the global system. At the same time, it

ensures reporting entities are supported to meet new obligations efficiently and in a cost-effective manner.

6. ***The AML/CFT system is aligned with international standards and best practice.***

This objective focusses on meeting our international obligations, so that New Zealand's financial system remains trusted and accessible for global commerce and New Zealand businesses have easy access to global markets. It is also about strengthening our ability to influence international standard-setting, ensuring that New Zealand and Pacific contexts are understood and reflected in the global standards, and we are not simply passive recipient of global rules.

To support delivery of the Strategy, a work programme outlines the actions for government agencies. Each work programme action is aligned to an objective in the Strategy. The work programme contains 40 total actions to:

- prepare New Zealand for the next mutual evaluation – ensure the system is well-coordinated, aligned, and geared to support a successful mutual evaluation
- implement legislative reforms (including providing regulatory relief) – to enable regulatory changes needed to create an effective and efficient system enabling cost-effective implementation of obligations
- support the implementation of a new single supervisory model – being the largest reform to the AML/CFT system since its establishment in 2009, ensure the new supervisor is supported to carry out its functions
- uplift system capability – ensure agencies have the right tools and expertise to support an effective system, and
- ensure agencies are sufficiently resourced to carry out statutory functions – enable agencies to carry out their duties effectively and efficiently.

3. Cost recovery approach

This chapter sets out the overall approach to the proposed AML/CFT levy. It discusses the cost recovery principles used to assess the levy proposals, what type of costs are proposed to be recovered under the levy, and how the levy would be regulated and reviewed.

Public service cost recovery principles

Well-established principles¹⁰ guide Public Service Departments when making cost recovery proposals. The principles are:

- *Transparency* – enough information to understand and assess whether the basis for setting the levy is appropriate, costed fairly, and revenue and expenditure is correctly accounted for.
- *Justifiability* – costs should be collected only to meet the reasonable costs (including indirect costs) for the provision or exercise of the relevant functions, power or duties.
- *Efficiency* – costs should generally be allocated and recovered to ensure that maximum benefits are delivered at minimum cost.
- *Equity* – funding for a particular function, power, or service should generally, and to the extent practicable, be sourced from *beneficiaries* or *risk exacerbators* that have given rise for the need of the relevant function, power, or service.

These principles build on each other with Transparency and Justifiability providing a foundation to the consideration of, and sometimes trade-offs between Efficiency and Equity. The figure in Appendix B summarises the relationship between the principles.

The principles are used to assess the levy proposals and underpin advice provided to Ministers on setting the levies.

What type of costs may be recovered under the levy?

The Bill, once passed, enables the Government to recover costs, with regulations setting out which reporting entities would be levied and by how much. The relevant provisions in the Bill are proposed new sections 155A to 155D of the Act.

The Bill enables the responsible Minister to recover the whole or a portion of the costs for:

¹⁰ These principles can be found in [Setting and administering fees and levies for cost recovery: Good practice guide](#) Controller and Auditor General August 2021; [Guidelines for Setting Charges in the Public Sector](#) The Treasury April 2017; and [Ministry for Primary Industries Cost Recovery Policy Guidance](#) Ministry for Primary Industries August 2018.

- costs for incurred by the Ministry, AML/CFT supervisor and Commissioner (FIU) to perform or exercise their functions, powers, and duties under the Act, and
- any additional costs associated with giving effect to the Strategy and work programme.¹¹

The Bill provides for the full costs of collecting the levy money to be met from the levies. In determining which costs are recovered by the levy, the Ministry has considered the economic characteristics of a good or service – whether the good/service is a public good or a club good.¹²

Public goods

Generally, *public goods are those that benefit everyone*. An example is national security. Economically, a public good is when excluding people from its benefits is either difficult or costly, and its use by one person does not detract from its use by another. Sometimes excluding other users is not only impractical, but undesirable. There is a good case for recovering the costs of a public good from the community as a whole via general taxation or, if the benefits are localised, from local government revenue.

Club goods

Generally, *club goods benefit a limited set of individuals or entities*. Economically, a club good is where people can be excluded from its benefits at a low cost but its use by one person does not detract from its use by another. The ability to exclude means that it is feasible to charge for the use of a club good. A common way to charge for the use of a club good is a levy applied to a group of users, such as members of an industry group. The costs of providing club goods should generally be fully recovered from the beneficiaries (those individuals or entities that benefit from the system) or risk exacerbators (those individuals or entities that create the need for the system). An example would be levies collected at the border by arriving passengers to fund the work of customs and biosecurity.¹³ In an AML/CFT context this would apply to all reporting entities, however, *please see Chapter 5 on the levy for proposals that set out which reporting entities we propose to be levied*.

With club goods, there is some degree of cross-subsidisation of costs between beneficiaries and risk exacerbators. While effort should be made to ensure that costs are recovered from where they arise, it is not always clear with club goods. In the AML/CFT system, the risk to the system is a critical consideration in identifying club good contributors.

The costs of the AML/CFT system are generally club goods as a well-functioning system benefits the regulated entities. There are also public good elements to the AML/CFT system, but as the Treasury guidelines state:

¹¹ See section 155A(3).

¹² See section 3.2 in *Guidelines for Setting Charges in the Public Sector* The Treasury April 2017.

¹³ In a customs and biosecurity context, arriving passengers are viewed as the risk exacerbators.

[I]n practice, pure public goods are very rare. However, many Government-provided outputs share the characteristics of public goods to some extent. Although such goods or services might have some elements of a public good, there still might be justifications for recovering costs.¹⁴

Further discussion on which costs are deemed public or club goods are set out in the Costs section.

What are the reporting requirements?

The Bill requires the Ministry to report annually to the Minister on the regulatory work programme and levy.¹⁵ The report to the Minister must be within 12 months after the end of each financial year. The annual report must include details of the total amount of levies collected, how the levies were used, and future projections of cost and revenue. The report must be published within six months of it being provided to the Minister.

How would the levy be reviewed?

The Bill makes provision for the levy to be reviewed every three years from when levy regulations are made or significantly amended.¹⁶

Agencies will review levy expenditure and revenue annually. Material surpluses and deficits are to be avoided. The levy regulations may be amended earlier than the three-year period if a material surplus or deficit arises that cannot be addressed by reprioritisation or other cost reduction measures. The Ministry, with the approval of the Minister, would consult with affected parties on any proposed changes.

¹⁴ Ibid, page 19.

¹⁵ New section 149E.

¹⁶ New section 149F.

4. Costs

This chapter sets out the costs that are proposed to be recovered via the levy. It discusses the costs for each government agency including for 2026/27 to deliver statutory functions and deliver the work programme.

Table 1 sets out the proposed costs that would be recovered via the levy. These costs are assessed as statutory functions that are club goods or a combined club/public good. Please note that all estimates in the next two chapters are rounded to closest \$1,000.

Table 1: Costs proposed to be recovered via the levy

2026/27	2027/28	2028/29	2029/30
\$22.549 m	\$22.481 m	\$23.000 m	\$22.971 m

Agency costs

The costs proposed to be met by the levy are the AML/CFT statutory functions of government agencies and work programme. The estimated costs have a 2% CPI adjustment from 2027/28 onwards. A full breakdown of agencies' costs proposed to be met by the levy is set out in Appendix B.

Each government agency's statutory functions are assessed on whether they are club or public goods to determine whether they are cost recoverable, or Crown funded. Therefore, the cost recovery model proposed is a hybrid model and not a full cost recovery model. As noted earlier in this document, pure public goods are very rare.

Department of Internal Affairs – the AML/CFT supervisor

DIA's estimated costs to be met by the levy primarily cover its new statutory functions as the AML/CFT supervisor (including collection of the levy), and to deliver its actions under the work programme.

The Bill proposes that DIA will become the single supervisor from 1 July 2026.¹⁷ Subject to the passage of the Bill, DIA will absorb the AML/CFT functions of the Reserve Bank of New Zealand (RBNZ) and the Financial Markets Authority (FMA). The estimated cost to exercise new single supervisor functions is **\$5.900 million per annum** and would be recovered by the levy. This cost includes salaries and associated costs to supervise reporting entities that currently report to the RBNZ and the FMA, and the collection of the levy.

¹⁷ New section 131.

To implement the work programme, DIA estimates it will need **\$8.587 million in 2026/27**. From 2027/28 to 2029/30, the additional funding needed to deliver the work programme reduces to approximately **\$6.150 million per annum**. These costs cover salaries, indirect personnel costs, training, and operating costs. Costs for 2026/27 are higher than subsequent years to allow DIA to undertake the work of embedding the reforms to the AML/CFT system and develop its operating model as a single supervisor.

DIA is responsible for several tasks in the work programme, which include:

- preparation for implementation of Targeted Financial Sanctions requirements. Development and implementation of an ongoing risk-based supervisory programme, including guidance, outreach and inspections within the existing supervision framework
- preparation of new *Code of Practice for Simplified Customer Due Diligence*, supported by guidance and outreach, enabling reporting entities to self-determine circumstances in which the money laundering and terrorism financing risks are low and reduced, or minimal customer due diligence is required, and
- conducting regular offsite and onsite supervision of the five major banks¹⁸ due to their materiality in the financial system, in accordance with a risk-based approach. All other banks are subject to offsite and onsite supervision as required, with an onsite inspection no longer than every five years.

DIA will receive Crown funding for its remaining statutory functions under the Act.

Table 2 sets out the proposed levy funding for DIA to deliver its AML/CFT functions and work programme actions.

Table 2: Estimated DIA costs to be recovered by the levy 2026/27 to 2029/30

Item	2026/27	2027/28	2028/29	2029/30
Levy funded – single supervisor model	\$5.900 m	\$5.900 m	\$5.900 m	\$5.900 m
Levy funded – work programme	\$8.587 m	\$6.147 m	6.149 m	6.149 m
Total levy funding required	\$14.487 m	\$12.047 m	\$12.049 m	\$12.049 m

Rationale

DIA’s AML/CFT functions, powers, duties, and work programme responsibilities are club goods, and could be fully cost recovered via the levy. However, because there are also public good elements to these functions, a hybrid model is applied. A well-functioning AML/CFT system does have public good qualities such as New Zealand being a safe place to do business, but there are direct benefits for reporting entities. Within the international

¹⁸ ANZ, ASB, BNZ, Westpac NZ, and Kiwibank.

system, a successful mutual evaluation by the FATF¹⁹ would ensure that reporting entities have continued access to global financial markets.

The funding will be used for the development of guidance and other material to assist reporting entities to meet reporting entities' obligations. In the medium-to-long term this would assist in reducing reporting entities' compliance costs. As discussed, levy funding would be used to support work programme activities which would benefit reporting entities. This includes:

- Better quality and timely guidance, and analysis of risk to support reporting entities to implement risk-based AML/CFT obligations more efficiently and effectively.
- Better training and outreach to reporting entities to ensure they understand their risks and obligations.
- Support and guidance for the implementation of the new Targeted Financial Sanctions obligations to make it as easy, efficient, and risk based as possible.
- An accessible and well-resourced supervisor that can support reporting entities to meet their obligations and proportionate to their money laundering and terrorism financing risks.
- More streamlined identity verification processes for customers, while also having assurance that AML/CFT requirements are being met. This will include simplified processes in circumstances when the risk is low.
- Reform and improvements to the AML/CFT requirements being made by the Ministry of Justice. As these are implemented, there will be better support from the supervisor to ensure the reforms are understood and implemented effectively. This includes not imposing compliance burden where it is not necessary

New Zealand Police – Financial Intelligence Unit

The FIU's estimated costs, to be recovered by the levy, cover personnel and operational costs including software licenses. The costs cover activities in the work programme and enhance some existing functions, including for example additional intelligence analysts and new software to better process prescribed transaction reports and suspicious activity reports and meet increased demand.

The FIU receives Crown funding to deliver its statutory functions under the Act.

The FIU estimates that levy money of **\$6.337 million** for 2026/27, **\$7.337 million** for 2027/28, **\$7.794 million** for 2028/29, and **\$7.756 million** for 2029/30 is required to deliver functions that meet the club good definition. These estimated costs cover salaries, indirect personnel costs, training and operating costs, and software and licences.

The proposed costs cover tasks in the work programme and enhancing FIU's functions. These include:

¹⁹ New Zealand next FATF mutual evaluation round starts in 2028/29.

- intelligence analysts to address a backlog of prescribed transaction reports and suspicious transaction reporting²⁰
- implementation of the targeted financial sanctions regime
- scope the feasibility of, and procurement requirements for, a system-wide intelligence platform and crypto analysis tool
- uplift the Financial Crime Prevention Network Secretariat function, and
- establish an ongoing risk assessment work programme with at least two new strategic thematic risk assessments delivered each year.

Table 3 sets out FIU’s proposed costs to be met from the levy to fund the AML/CFT system from 2026/27 to 2029/30.

Table 3: Estimated FIU costs to be recovered by the levy 2026/27 to 2029/30

Item	2026/27	2027/28	2028/29	2029/30
Total levy funding required	\$6.337 m	\$7.337 m	\$7.794 m	\$7.756 m

Rationale

The FIU’s proposed costs are for functions that are club goods and will be fully cost recovered by the levy. The FIU’s activities support a risk-based and well-functioning AML/CFT system. New and improved capabilities will lead to improved intelligence and sharing of information with stakeholders, and efficient processes through software to process reporting.

These capabilities will assist reporting entities with compliance. Reporting entities’ compliance activities would benefit from a new Targeted Financial Sanctions Risk Assessment and guidance on reporting related Suspicious Activity reports, improved intelligence products which would be beneficial to banks, and other activities set out in the work programme.

Ministry of Justice

AML/CFT costs for the Ministry of Justice include its functions under the Act and activities tasked to it under the work programme. The Ministry administers the AML/CFT Act and provides leadership across the AML/CFT system including leading New Zealand’s mandatory participation in the FATF.

The Ministry proposes to recover some AML/CFT costs and excludes policy advice. These costs total **\$1.725 million** in 2026/27, **\$3.097 million** in 2027/28, **\$3.157 million** and **\$3.166 million**.

²⁰ The average backlog over the last 18 months is six weeks for suspicious transaction reporting.

Table 4 sets out the Ministry’s proposed costs to be met by the levy to fund the AML/CFT system from 2026/27 to 2029/30.

Table 4: Estimated Ministry costs to be recovered by the levy 2026/27 to 2029/30

Item	2026/27	2027/28	2028/29	2029/30
Total levy funding required	\$1.725 m	\$3.097 m	\$3.157 m	\$3.166 m

Rationale

Policy advice and implementation of the Government’s decisions are considered a public good and will not be covered by the levy.

System leadership functions under the Act and tasks under the work programme are considered club goods and the Ministry proposes they be levy funded. This includes:

- monitoring and evaluation of the AML/CFT system including annual reports on the work programme and levy reporting
- establishing a whole of system industry advisory group (and providing resource for a secretariat)
- contracting a third party to develop the evidence base to understand the issues around prescribed transactional reporting, and to inform a detailed cost benefit analysis, and
- preparing for New Zealand’s next mutual evaluation.

These functions are defined as club goods because they support a well-functioning AML/CFT system in the form of governance, leadership and coordination, monitoring and reporting. The preparation for the next FATF mutual evaluation will have a direct impact on reporting entities because an adverse report would impact New Zealand’s reputation as a safe place to do business. A negative outcome may make it difficult for New Zealand based financial institutions to access the global system. As such, the Ministry considers these activities to be club goods and the costs to deliver them should be recovered from the levy.

One of the key benefits from the Ministry’s work would be to increase engagement with reporting entities and the development of the annual reports with measures assessing the performance of the system. These activities would facilitate entities to actively engage to help shape the performance and direction of the AML/CFT system.

The international AML/CFT work by the Ministry has characteristics of both club and public goods. This includes participation in FATF and Asia-Pacific Group²¹ plenaries and related forums as well as membership fees for these groups. The Ministry proposes that half of these costs be recovered from the levy.

²¹ The regional grouping for the global AML/CFT system.

2026/27 costs

If proposals are accepted for the levy, regulations would come into effect by the second half of 2026, but levies will not be collected until 1 July 2027. The delay in collection of costs is to give levy payers as much notice as possible between the introduction of the levy and its collection.

A memorandum account²² for the AML/CFT levy would accumulate a deficit to fund activities for 2026/27. To recover this deficit, there are two options:

1. the deficit is recovered over a period of five years (which is the maximum period allowed by the Bill), or
2. the deficit is recovered in the 2027/28 financial year.

Five-year recovery of deficit

Under the Bill, deficits can only be recovered over five years. This would add approximately **\$4.510²³ million per annum** to the levy from 2027/28 to 2029/30. Table 5 sets out the amounts the levy would recover if the 2026/27 were to be repaid over five years.

Table 5: adjusted levy amount to recover 2026/27 deficit over five years

Item	2027/28	2028/29	2029/30	Three-year average
Total levy amount collected	\$26.990 m	\$27.510 m	\$27.481 m	\$27.327 m

This is the Ministry's preferred approach as it provides reporting entities sufficient time to repay the deficit.

Deficit is recovered in 2027/28

Under this option, from 1 July 2027 reporting entities would be invoiced for 2026/27 costs, and later they would be invoiced, for e.g. by April/May 2027 for the 2027/28 financial year. In a single year the levy would collect **\$45.030 million**.

This is not the Ministry's preferred approach as this may place an unreasonable financial burden on some reporting entities.

²² See section 6.3.7 of [Treasury Instructions 2024 - August 2024 - The Treasury](#). A memorandum account will be used to track expenditure and revenue for the proposed levy.

²³ This figure was arrived at by dividing \$22.549 m over five years - \$22.549 m/5 years.

Initial assessment against cost recovery principles

The relevant cost recovery principles in terms of costs are transparency, justifiability and efficiency.

Sufficient information has been provided in this chapter on **transparency** for stakeholders to understand and assess costs, and to make an informed submission on the proposals.

The costs are **justifiable** as the proposed costs are reasonable to complete the actions in the regulatory work programme, and other statutory functions under the Act.

On the principle of **efficiency**, agencies have presented the lowest cost options possible to fulfil the tasks set out in the work programme and to enhance the implementation of statutory functions that will improve the AML/CFT system. However, there is no measure that can advise that costs are **efficient**.

The Bill requires annual reporting on the work programme, levy and future projections of cost and revenue. This will enable agencies and industry to understand whether costs are being used efficiently and/or set out a path for improving efficiency.

Questions for submitters



1. Do you agree with how we have categorised costs to be club goods? If not, why?
2. What is your preferred period to recover the deficit from 2026/27, and why?

5. The levy

This chapter sets out the proposals for the design of the levy, the likely levy rates for reporting entities, and an initial assessment of the proposals against the cost recovery principles. Table 6 sets out the costs used to calculate the levies for regulated entities. The figures include the recovery of the deficit from 2026/27 over five years.

Table 6: Estimated costs recovered via levies for the AML/CFT system

2027/28	2028/29	2029/30	Yearly average
\$26.990 m	\$27.510 m	\$27.481 m	\$27.327 m

Design of the levy

The levy proposals are assessed with the cost recovery principles set out in Chapter 3. The levy proposals:

- take a risk-based approach to the AML/CFT system
- consider the ability to pay given differing scale and profitability of reporting entities, and
- include options to exclude smaller businesses.

The design has been kept as simple and predictable as possible for reporting entities.

The Ministry worked closely with the current AML/CFT supervisors to design the levy proposals. The first step was to determine who would pay and the second step is how much each sector would pay.

Who should pay the levy?

The regulation-making power in the Bill provides for the Minister to specify the class or classes of reporting entities that are required to pay a levy.²⁴ For reasons of administrative efficiency, it may not be feasible or reasonable to levy every reporting entity such as small or low-risk businesses. In April 2025, when the Ministry consulted on the initial design of the levy, submitters said they wanted a risk-based approach in the design of the levy.

²⁴ Proposed sections 155A(1), (2), and (6)(a).

The proposal is that the levy will be payable by reporting entities in sectors assessed as high-risk or medium-high risk by the Sector Risk Assessments (**SRA**)²⁵ and the 2024 National Risk Assessment (**NRA**).²⁶ This aligns with the cost recovery principle of equity, where beneficiaries or risk exacerbators have given rise for the need of the relevant function, power or service.

Table 7 sets out the reporting entities that fall under the high and medium-high risk categories.

Table 7: List of high and high to medium risk reporting entities

High risk	Medium-high risk
Banks	Casinos
	TAB
Virtual asset service providers	Real estate agents
Money remitters	Accountants
Trust or company service providers	Law firms/lawyers (excluding barrister sole)
Derivatives issuers	Payment providers
	Currency exchanges
	Conveyancers
	Provider of client money or property service

For the levy we categorise reporting entities into three groups:

1. Banks
2. Casinos and the TAB, and
3. Other high and medium-high risk Financial Institutions, and Designated Non-Financial Business or Profession (**DNFBP**). (We have used these terms to group financial institutions and DNFBPs as these are terms defined in the Act).

²⁵ <https://www.dia.govt.nz/Guidance-Updates-Sector-Risk-Assessments>, and <https://www.fma.govt.nz/library/reports-and-papers/amlcft-sector-risk-assessment/>.

²⁶ <https://www.police.govt.nz/about-us/publication/national-risk-assessment-nra>.

Questions for submitters



3. What are your views on our proposal for who should pay the levy and why?
4. Would the introduction of a levy incentivise reporting entities to take steps to reduce their risk to the AML/CFT system?

How much should each sector pay?

This section sets out our proposals for how much each of the identified sectors should pay.

Banks

It is proposed that banks pay **85% of the total estimated costs**. This is approximately **\$23.228 million²⁷ per annum**. We propose that most of the costs be recovered from banks, for equity and efficiency reasons.

In particular, the Ministry has applied the principal that from an equity perspective risk exacerbators should pay their portion of costs. The NRA also states that the banking sector remains the highest risk. The NRA states that over \$58 trillion²⁸ of financial transactions are processed through the banks. Well over 90 percent of monetary transactions include the banking system. Even where other regulated entities (such as real estate agents and lawyers) are engaged in transactions, banks are almost always involved. As most payments go through banks there is a nexus between all other money laundering and banks.

Due to the risks that banks pose to the system, their supervision costs will increase over time. The work programme includes an increase to regular offsite and onsite supervision of the five major banks due to their materiality in the financial system. Also, they would likely consume a large proportion of the intelligence resources produced by the FIU.

Value of bank assets to determine levy

The value of reported bank assets will determine each bank's levy contribution, based on a bank's most recent full year disclosure statement at the time the levy is set. **Banks with less than \$1.5 billion in reported assets would be exempt from the levy.**

²⁷ This is 85% of \$27.327 million as set out in Table 6.

²⁸ This accounts for almost 99% of gross value of transactions in New Zealand.

A band would be set out in regulations and the exact levy rate for banks would be subsequently published in a notice. The band would be between **0.001% and 0.005%** of reported bank assets. The rationale for a band is to provide flexibility when setting the levy rates to account for fluctuations in the value of assets.

Using the Reserve Bank of New Zealand’s Bank Financial Strength Dashboard, and bank disclosure statements for total assets, we estimate that a levy of **0.00322% of reported bank assets raises approximately \$23.380 million a year**. The estimated levy rate for each bank is set out in Table 8.

Table 8: Estimated annual levy for each bank at 0.00322% on total reported assets over 2026/27 to 2029/30

Bank	\$m
ANZ Banking Group (New Zealand) Ltd	6.762
ASB Banking Ltd	4.457
BNZ	4.366
Westpac Banking Corporation	4.130
Kiwibank	1.331
Rabobank	0.534
TSB	0.306
SBS	0.216
HSBC	0.210
MUFG Bank	0.207
Heartland Bank	0.181
JP Morgan Chase	0.142
Bank of China	0.130
Citibank	0.120
The Co-operative Bank	0.120
Industrial and Commercial Bank of China	0.087
China Construction Bank	0.083

As of January 2026, we estimate the levy would cost just over 0.2% of banks' cumulative pre-tax profits.²⁹ Each bank will decide whether to absorb costs or pass them to their customers via fees and charges. However, we expect that this would be negatable given the size of the sector. A similar levy has been implemented in Australia without noticeable impact on consumers.³⁰

In late 2028, all deposit takers will be regulated under the Deposit Takers Act 2023. This will remove the distinction between a bank and a non-bank deposit taker (NBDT). Proposals for the levy period exclude NBDTs. The exclusion of NBDTs from the levy will be reconsidered in 2028, alongside an assessment of risks to the AML/CFT system. However, the proposed \$1.5 billion threshold should exclude current NBDTs.

Initial assessment against the cost recovery principles

The proposal is **transparent**, because sufficient information has been provided to enable submitters to understand and assess the basis for setting the levy. The costs are **justifiable** and **efficient**. The method of levying the banks based on a bank's reported asset base is an administratively efficient method because banks are required to report their asset values annually in an audited disclosure statement. The proposal to levy banks the largest share of costs is **equitable**. As stated in the NRA, banks remain the highest risk in the AML/CFT system and most financial transactions involve a bank. However, as banks have controls in place, the proposal is to only recover 85% of costs.

Questions for submitters

	<ol style="list-style-type: none">5. What are your views on the proposals made for banks and why? What would be your alternative approach?6. What impacts would the levy proposals have on banks, and what implications would there be for their customers? Please explain the rationale and impact on individual customers of banks.
---	--

Casinos and the TAB

The proposal is to recover **9% of costs** from casinos and the TAB. This is around **\$2.484 million per annum**. Casinos and the TAB's share of gross transactions is towards the lower end in the NRA, and their overall risk is medium-high in the SRA. However, DIA's view is that there continues to be sufficient level of risk in the sector to the AML/CFT system (as per recent breaches at Christchurch Casino), that the sector's portion of the levy should be set higher than other non-banking Financial Institutions and DNFBPs (discussed below). This would also reflect the level of supervision the sector is expected to need over the levy period.

²⁹ This is based on the latest available full-year disclosure statements.

³⁰ AUSTRAC, Australia's AML/CFT regulator/supervisor collects approximately AUD\$130 million from their reporting entities. Banks pay the largest share.

Calculation of the levy rate would be based on **Expenditure/Player Loss data** that casinos and the TAB provide annually to DIA. As with banks, the proposal is that a band would be set out in regulations and the exact levy rate for casinos and the TAB would be published in a notice. The proposal is for the band of **between 0.125% and 0.5%** of expenditure/player loss data. The rationale for a band is to provide flexibility when setting the levy rates if the reported data were to fluctuate.

Based on 2023/24 expenditure/player loss data, we estimate **a levy set at 0.258% raises \$2.487 million**. The estimated levy for each casino and the TAB is set out in Table 9.

Table 9: Estimated levy for Casinos and TAB at 0.258% of 2023/24 reported expenditure/player loss data

Reporting entity	\$m
SkyCity Group	1.357
Christchurch Casino	0.131
Dunedin Casino	0.040
TAB	0.958

If new online casinos begin to operate, the proposal is to levy online casinos the same way as the three established casinos. Once online casinos are established, the next levy round may take a different approach.

Initial assessment against the cost recovery principles

The proposal is **transparent**, because enough information has been provided for submitters to understand and assess the basis for setting the levy. The costs are **justifiable** and **efficient**. The method of levying the casinos and the TAB is administratively efficient method as they are required to report to DIA their expenditure/player loss data. The proposal to levy them the second largest share of costs is **equitable**. This is based on their ability to pay and the level of risks they pose to the AML/CFT system.

Questions for submitters



- 7. What are your views on the proposals made for casinos and the TAB and why? What would be your alternative approach?
- 8. What impact would the proposals have on your business?

Other Financial institutions and Designated non-Financial Business

We propose that other high and medium-high risk financial institutions (**FI**) and the Designated non-Financial Business or Profession (**DNFBP**) would cover **approximately 6% of total levy costs of the AML/CFT system**. This is around **\$1.615 million of costs to be recovered** from the levy. For these FIs and DNFBPs, the Ministry proposes three options:

1. A flat levy rate for every reporting entity required to submit an annual report (except for banks, casinos and the TAB)
2. A flat levy rate for all entities in a sector, based on the number of compliance assessments a supervisor has made in that sector, or
3. Costs are apportioned to each sector based on the number of compliance assessments (as per option 2) and the individual entity levy determined on either value of transactions or estimated number of customers they have conducted customer due diligence on (the Ministry's preferred option).

All rates stated in the options are on a per annum basis.

In the development of options, we have not considered each sector's risk levels (high or medium-high) to make a distinction when apportioning costs, as we did not have consistent information or metrics that could enable us to do so.

Option one: a flat rate

The first option is to apply a simple flat levy rate of approximately **\$404 per reporting entity (excludes banks, casinos and the TAB)** that is required to submit an annual report to the supervisor. According to the current supervisors, around 4,000³¹ FI and DNFBP reporting entities were required to submit an annual report (**AR**). The calculation for the flat fee is set out below.

$$\frac{\$1.615 \text{ m}}{4,000 \text{ entities required to submit an AR}}$$

This option is simple, affordable, and it would be efficient to administer. However, this option does not satisfy the equity principle as it does not consider the different levels of risk of each sector compared to the other. Also, there is a diverse mix of entities within this group that have their value of transactions under \$1 million and some as high as over \$50 million, therefore it could be viewed as not meeting the equity principle.

³¹ This is an average as the number of reporting entities could vary, as there are situations where some reporting entities may need to be supervised in one year but may not the other.

Initial assessment of option one against the cost recovery principles

Option one is transparent with enough information provided to understand and assess the basis for setting the levy. The costs are justifiable and efficient. The method of levying is administratively efficient and simple. While high and medium-high risk entities are being levied, this option does not sufficiently factor the risk exacerbators that raise the need for the supervisor to act. Therefore, it does not meet the equity principle.

Option two: flat rate based on number of compliance assessments

The proposal under this option is to use the number of compliance assessments a supervisor has made as a proxy for the level of risk a sector may pose to the AML/CFT system. It also is an indicator for where effort has been made by supervisors and therefore a general indicator of where costs are arising from.

The calculation for the flat fee for a sector is set out below.

$$\frac{\left(\left[\frac{\text{no. assessments}}{\text{total no. of assessments}} \times 100 \right] \times \$1.615 \text{ m} \right)}{\text{No. of supervised entities in the sector}}$$

Table 10 sets out the flat fee for each sector based on the number of compliance assessments made by the supervisor. The table sets out the number of supervised reporting entities in each sector, the number of assessments made, the sector's percentage share of total assessments, the proposed share of the \$1.615 million of costs, and the levy rate per reporting entity for that sector. The number of compliance assessments is from 2023/24 to 2024/25.

Table 10: Flat levy rate option based on number of compliance assessments

Sector	No. of supervised entities	No. of assessments	% share of total assessments	Proposed share of costs	Levy rate per entity ³²
Accounting service providers	1283	74	18.00%	\$0.291 m	\$230
Conveyancing practitioners	22	3	0.73%	\$0.012 m	\$540
Currency exchanges	22	4	0.97%	\$0.016 m	\$720
Barrister and Solicitor	122	6	1.46%	\$0.024 m	\$190
Law firms	1123	172	41.85%	\$0.676 m	\$600

³² The levy rates have been rounded to the nearest \$10.

Sector	No. of supervised entities	No. of assessments	% share of total assessments	Proposed share of costs	Levy rate per entity ³²
Payment providers	74	11	2.68%	\$0.043 m	\$580
Real estate agents	869	52	12.65%	\$0.204 m	\$240
Remittance	102	31	7.54%	\$0.122 m	\$1,200
Trust and company service providers	141	12	2.92%	\$0.047 m	\$340
Virtual asset service provider	22	18	4.38%	\$0.071 m	\$3,220
Derivatives issuers	12	5	1.22%	\$0.020 m	\$1,640
Provider of client money or property services	77	23	5.60%	\$0.090 m	\$1,170
Total	4029	411	100%	\$1.615 m	-

Initial assessment of option two against the cost recovery principles

The proposal is transparent because sufficient information has been provided for submitters to understand and assess the basis for setting the levy. The costs are justifiable as the proposed levy rates cover the costs of the work programme and functions under the AML/CFT Act and are efficient.

To a certain extent, this option does meet the equity principle by factoring in risk and likely cost drivers. As with option one, this approach does not consider the difference between entities that may have a few customers, or a lower value of transactions when compared to entities with larger numbers of customers and higher value of transactions. Although, there may be circumstances within a sector that this option may be appropriate where customer numbers or value of transactions are not too dispersed. This option does add a level of complexity but would be administratively efficient.

Option three: Tiers based on value of transactions or customer numbers (preferred)

The third option continues to use the compliance assessment approach, but instead of setting out a flat fee, it proposes a tiered approach to the levies within sectors. The tiers are

determined either by the value of transactions or the number of customers³³ that are reported in the annual reports by the reporting entities. The data on value of transactions and customer numbers is from 2024/25 annual reports. These reports are self-reported by reporting entities.



The amounts recoverable from each sector under **option three** are the same as those set out in Table 10 **for option two**, therefore some sectors will have higher costs than others.

Under this option, it is proposed that those with lower numbers of customers or lower gross value transactions would not pay the levy. We have used this as a proxy for smaller businesses. This does mean that the levy rates for each sector would vary significantly depending on the number of reporting entities that have a higher number of reported customers or gross value of transactions.

This option is the Ministry’s preferred option as it accounts for the risk that a sector poses to the AML/CFT system and distributes costs among larger entities, and it may be administratively efficient as well.

All the levy rates in the proceeding sections have been rounded to the nearest \$10. All gross value transactions and customer/client data have been taken from the annual reports provided by reporting entities to their supervisors.

Real estate agents

For real estate agents, the estimated recoverable amount is \$0.204 million – see Table 10. The proposal is to have three bands based on reported value services transactions — **\$1 to \$9.999m to be exempt, \$10.000 million to \$49.999 million with a proposed levy of \$351 per reporting entity, and \$50.000 million and above with a proposed levy of \$678 per reporting entity (RE).**

Table 11 sets out the proposed bands and levy rate for real estate agents. According to the annual reports, it is estimated there are 204 REs that reported having provided services with transactions valued between \$10.000 million and \$49.999 million, and 196 reported having transactions over \$50.000 million.

³³ On which customer due diligence has been conducted on.

Table 11: Proposed bands and levy rate for real estate agents per RE

Band	Estimated no. of REs	Levy rate for band
\$1 to \$9.999 m	246	-
\$10.000 m to \$49.999 m	204	\$351
\$50.000 m and above	196	\$678

Currency exchanges

For currency exchanges, the estimated recoverable amount is \$0.016 million – see Table 10. The proposal is to have three bands based on reported gross value of transactions — **\$1 to \$9.999m to be exempt, \$10.000 million to \$99.999 million** with a proposed levy of **\$1,348 per RE**, and **\$100.000 million and above** with a proposed levy of **\$3,144 per RE**.

Table 12 sets out the proposed bands and levy rate for currency exchanges. According to the annual reports, it is estimated there are seven REs that reported having transactions valued between \$10.000 million and \$99.999 million, and two reported having transactions over \$100.000 million.

Table 12: Proposed bands and levy rate for currency exchanges

Band	Estimated no. of REs	Levy rate for band
\$1 to \$9.999 m	12	-
\$10.000 m to \$99.999 m	7	\$1,348
\$100.000 m and above	2	\$3,144

Payment providers

For payment providers, the estimated recoverable amount is \$0.043 million – see Table 10. The proposal is to have three bands based on reported gross value of transactions — **\$1 to \$9.999m to be exempt, \$100.000 million to \$999.999 million** with a proposed levy of **\$1,272 per RE**, and **\$1.000 billion and above** with a proposed levy of **\$3,603 per RE**.

Table 13 sets out the proposed bands and levy rate for payment providers. According to the annual reports, it is estimated there are 17 REs that reported having transactions valued between \$100.000 million and \$999.999 million, and six reported having transactions over \$1.000 billion.

Table 13: Proposed bands and levy rate for payment providers

Band	Estimated no. of REs	Levy rate for band
\$1 to \$99.999 m	37	-
\$100.000 m to \$999.999 m	17	\$1,272
\$1.000 b and above	6	\$3,603

Remittance

For money remitters, the estimated recoverable amount is \$0.122 million – see Table 10. The proposal is to have three bands based on reported gross value of transactions — **\$1 to \$9.999m to be exempt, \$100.000 million to \$999.999 million** with a proposed levy of **\$3,481 per RE**, and **\$1.000 billion and above** with a proposed levy of **\$9,747 per RE**.

Table 14 sets out the proposed bands and levy rate for money remitters. According to annual reports, it is estimated there are 21 REs that reported having transactions valued between \$100.000 million and \$999.999 million, and five reported having transactions over \$1.000 billion.

Table 14: Proposed bands and levy rate for money remitters

Band	Estimated no. of REs	Levy rate for band
\$1 to \$99.999 m	57	-
\$100.000 m to \$999.999 m	21	\$3,481
\$1.000 b and above	5	\$9,747

Virtual asset service providers

For virtual asset service providers, the estimated recoverable amount is \$0.071 million – see Table 10. The proposal is to have two bands based on reported gross value of transactions — **\$1 to \$9.999m to be exempt, \$10.000 million and above** with a proposed levy of **\$10,107 per RE**.

Table 15 sets out the proposed band and levy rate. According to annual reports, it is estimated there are seven REs that reported having transactions valued over \$10.000 million.

Table 15: Proposed band and levy rate for virtual asset service providers

Band	Estimated no. of REs	Levy rate for band
\$1 to \$9.999 m	10	-
\$10.000 m and above	7	\$10,107

Derivative issuers

For derivative issuers, the estimated recoverable amount is \$0.020 million – see Table 10. The proposal is to have two bands based on reported gross value of transactions — **\$1 to \$9.999m to be exempt, \$10.000 million and above** with a proposed levy of **\$3,930 per RE**.

Table 16 sets out the proposed band and levy rate. According to annual reports, it is estimated there are five REs that reported having transactions valued over \$10.000 million.

Table 16: Proposed bands and levy rate for derivative issuers

Band	Estimated no. of REs	Levy rate for band
\$1 to \$9.999 m	7	-
\$10.000 m and above	5	\$3,930

Providers of client money or property services

For providers of client money or property services, the estimated recoverable amount is \$0.090 million – see Table 10. The proposal is to have three bands based on reported gross value of transactions — **\$1 to \$99.999 million to be exempt, \$100.000 million to \$999.999 million** with a proposed levy of **\$1,507 per RE**, and **\$1.000 billion and above** with a proposed levy of **\$2,191 per RE**.

Table 17 sets out the proposed bands and levy rate for providers of client money or property services. According to annual reports, it is estimated there are 12 REs that reported having transactions valued between \$100.000 million and \$999.999 million, and 33 reported having transactions over \$1.000 billion.

Table 17: Proposed bands and levy rates for providers of client money or property services

Band	Estimated no. of REs	Levy rate for band
\$1 to \$99,999	32	-
\$100,000 m to \$99,999 m	12	\$1,507
\$1,000 b and above	33	\$2,191

Accountants

For accountants, the estimated recoverable amount is \$0.291 million – see Table 10. The proposal is to have four bands based on reported customers — **1 to 99 customers to be exempt, 100 to 499 customers with a proposed levy of \$777 per RE, 500 to 1,000 customers with a proposed levy of \$5,988 per RE, and 1,001 and above with a proposed levy of \$9,695 per RE.**

Table 18 sets out the proposed bands and levy rate for accountants. According to annual reports, it is estimated there are 206 REs that reported having customers between 100 to 499, 17 having between 500 to 1,000 customers, and three reported having over 1,001 customers.

Table 18: Proposed bands and levy rates for accountants

Band	Estimated no. of REs	Levy rate for band
1 to 99 customers	912	-
100 to 499 customers	206	\$777
500 to 1,000 customers	17	\$5,988
1,001 customers and above	3	\$9,695

Barristers and Solicitors

For barristers and solicitors (excluding barrister sole), the estimated recoverable amount is \$0.024 million – see Table 10 above. The proposal is to have four bands based on reported customers — **1 to 99 customers to be exempt, 100 to 499 customers with a proposed levy of \$564 per RE, 500 to 1,000 customers with a proposed levy of \$1,965 per RE, and 1,001 customers and above with a proposed levy of \$2,358 per RE.**

Table 19 sets out the proposed bands and levy rate for barristers and solicitors. According to annual reports, it is estimated there are 23 REs that reported having between 100 to 499

customers, three REs reported having 500 to 1,000 customers, and two reported having over 1,001 customers.

Table 19: Proposed bands and levy rates for barristers and solicitors

Band	Estimated no. of REs	Levy rate for band
1 to 99 customers	75	-
100 to 499 customers	23	\$564
500 to 1,000 customers	3	\$1,965
1,001 customers and above	2	\$2,358

Law firms

For law firms, the estimated recoverable amount is \$0.676 million – see Table 10. The proposal is to have three bands based on reported customers — **1 to 499 customers to be exempt, 500 to 1,000 customers** with a proposed levy of **\$1,779 per RE**, and **1,001 customers and above** with a proposed levy of **\$3,094 per RE**.

Table 20 sets out the proposed bands and levy rate for law firms. According to annual reports, it is estimated there are 133 REs that reported having between 500 to 1,000 customers, and 142 REs reported having over 1,001 customers.

Table 20: Proposed bands and levy rates for law firms

Band	Estimated no. of REs	Levy rate for band
1 to 499 customers	316	-
500 to 1,000 customers	133	\$1,779
1,001 customers and above	142	\$3,094

Trusts and company service providers

For trusts and company service providers, the estimated recoverable amount is \$0.048 million – see Table 10. The proposal is to have four bands based on reported customers — **1 to 99 customers to be exempt, 100 to 499 customers** with a proposed levy of **\$2,162 per RE**, **500 to 1,000 customers** with a proposed levy of **\$4,716 per RE**, and **1,001 and above** with a proposed levy of **\$5,896 per RE**.

Table 20 sets out the proposed bands and levy rate for trusts and company service providers. According to annual reports, it is estimated there are 12 REs that reported having customers between 100 to 499 customers, two REs reported having 500 to 1,000 customers, and two reported having over 1,001 customers.

Table 21: Proposed bands and levy rates for trusts and company providers

Band	Estimated no. of REs	Levy rate for band
1 to 99 customers	99	-
100 to 499 customers	12	\$2,162
500 to 1,000 customers	2	\$4,716
1,001 customers and above	2	\$5,896

Initial assessment of option three against the cost recovery principles

The proposal is transparent, sufficient information has been provided for submitters to understand and assess the basis for setting the levy. As discussed in the chapter on costs, the costs are justifiable, i.e. the proposed levies are for the purpose of covering the costs of the work programme and functions under the AML/CFT Act. Administratively this option is more complex and relies on self-reporting from reporting entities. Therefore, this option may not be as efficient as the other options, but DIA (who will be administering the levy) has the systems and processes for it to be sufficiently efficient. However, as levy calculation is reliant on self-reported data, there may be costs to verify how much each RE may be required to pay. Therefore, the efficiency of this option may be neutral. On the principle of equity, this option factors in risk, and distribute costs among those who are likely to be dealing in higher number of transactions and value.

Table 22: Summary of options analysis for financial institutions and DNFBPs

Principle	Option 1	Option 2	Option 3
Transparency All three options: sufficient information has been provided on costs and method of calculating the levy under each option.	✓	✓	✓
Justifiability All three options: the costs being collected are to meet the reasonable costs to complete the work programme and to exercise functions, powers or duties under the Act.	✓	✓	✓
Efficiency	✓ ✓ Administratively efficient.	✓ Administratively efficient with some complexity.	○ Neutral. Has complexity to it. DIA has the capability to keep it administratively efficient, but there may be costs to verify REs are paying the right amount
Equity	✗ Not equitable as it does not factor in risk or likely effort.	○ Neutral. Considers risk and likely effort, but costs stay the same for small and large reporting entities.	✓ Equitable. Considers risk, effort, and makes a distinction between medium and large entities.

Flexibility on options

While options two and three are presented as separate options, the Ministry is open to considering an approach that combines them.

Questions for submitters



9. Between the three options which one do you prefer and why? Or do you have an alternative approach?

10. What is the likely impact of the options on your business? How likely is it to change any business practices?

All questions for submitters

Cost recovery principles

1. Do you agree with how we have categorised costs to be club goods? If not, why?
2. What is your preferred period to recover the deficit from 2026/27, and why?

The levy

3. What are your views on our proposal for who should pay the levy and why?
4. Would the introduction of a levy incentivise reporting entities to take steps to reduce their risk to the AML/CFT system?

Banks

5. What are your views on the proposals made for banks and why? What would be your alternative approach?
6. What impacts would the levy proposals have on banks, and what implications would there be for their customers? Please explain the rationale and impact on individual customers of banks.

Casinos and the TAB

7. What are your views on the proposals made for casinos and the TAB and why? What would be your alternative approach?
8. What impact would the proposals have on your business?

Financial Institutions and DNFBPs

9. Between the three options which one do you prefer and why? Or do you have an alternative approach?
10. What is the likely impact of the options on your business? How likely is it to change any business practices?

Appendix A: previous consultations

Consultation on levy design

In April 2025, the Ministry carried out a targeted consultation on the ‘initial levy design’. The purpose of this consultation was to seek feedback on the design of the levy. The consultation sought feedback on four areas.

Levy design principles

We proposed the following principles:

1. proportional and equitable;
2. simple, predictable and verifiable;
3. cost-effective and efficient; and
4. avoid unintended consequences

In that consultation, we wanted to identify gaps and receive feedback on how the principles are prioritised.

Submissions received were generally in agreement with these principles. Most submitters considered that proportionality and equity should take priority in the principles. While risk was considered as a component of the proportionality and equitable principle, several submitters suggested placing greater emphasis on the level of risk as a design principle. Submissions were equally divided in support and in objecting to having the ability to pay as a consideration under the proportional and equitable principle.

Options for levy metrics

Five types of measures were considered for determining the levy:

1. financial scale metrics;
2. activity metrics;
3. risk metrics;
4. cost metrics; and
5. base levy for each reporting entity.

Under financial scale metrics, we consulted on the use of profit before tax, depreciation and amortisation (PBTDA). For activity metrics, feedback was sought on the use of prescribed transaction reports.

Feedback themes

- Submissions indicated that metrics should be considered on an industry or sector-by-sector basis. The National Risk Assessment and Sectoral Risk assessments were highlighted as critical inputs into decisions on allocating levy amounts between sectors.
- Submitters who supported a financial metric preferred pre-tax profitability as the metric. However, pre-tax earnings were not supported by industries that considered themselves to have a low risk profile or minimal involvement with captured activity.
- A variable rate option was preferred by several submitters who sought a broader base for payment of the levy, to reduce the maximum and minimum levy spread across participants.
- The appropriateness of Prescribed Transaction Reports (PTRs) varied considerably between submitters. However, there was more support for the use of PTRs to differentiate a component of a levy within sectors as PTR requirements, due to varying levels of supervisor guidance.
- Submissions from industries without a captured activity³⁴ as a core business purpose highlighted the importance of a levy being proportionate to AML/CFT regulated activity rather than total revenue. If this could not be determined, the levy should be capped or low.

Structure of the levy

Three options were consulted on for structuring the levy rates: fixed rates, variable rates and stepped charges. Feedback was also sought on whether to include a levy cap for reporting entities (businesses with compliance obligations under the Act).

Most feedback supported placing a cap on the total annual levy collected, ideally at a sector-wide level, rather than focusing on limits for individual entities. Support for a cap on levy paid by an individual entity was for situations where the metrics skewed the levy heavily towards a limited number of levy payers.

Most submitters were in support of a fixed rate as opposed to stepped charges.

³⁴ A captured activity refers to specific services or transactions that, when performed by certain businesses (like lawyers, accountants, real estate agents, casinos), trigger mandatory compliance obligations under AML/CFT laws, requiring them to implement risk programs, conduct customer due diligence (CDD), and report suspicious activities to prevent illicit fund movement. These activities are deemed high-risk for money laundering because they involve managing funds or creating legal structures that criminals could exploit.

Options for excluding reporting entities from the levy

Due to the vast variation in size and complexity of reporting entities, options were considered to exclude reporting entities from levy liability. Feedback was sought on setting a minimum levy threshold against the different metrics such as pre-tax earnings, and whether there are any classes of reporting entities that should be explicitly excluded.

Overall, there was general support for excluding some reporting entities with most submissions favouring different thresholds being applied at industry or sub-sector level. A levy on smaller-medium entities (SMEs) was highlighted as having the potential to result in the withdrawal of captured services from smaller markets, or where their services were only marginally profitable.

On the other hand, some submitters highlighted that the exclusion of SMEs may not be equitable as larger firms invested more in their AML/CFT systems, and therefore posed a far lower mitigated/residual risk level than SMEs. Some felt SMEs in high-risk area should not be exempt.

There was minimal support for exemptions except for the following groups: not-for-profit, community law practices, designated business groups, insurance premium funders and commercial leasing (income and industry).

Consultation on Strategy and work programme

The Ministry, DIA and New Zealand Police undertook a targeted consultation of the Strategy and work programme in August 2025. The participants were generally in support of the Strategy, including the direction set by the draft goals. Participants noted the tension between enabling business and making it difficult for criminals to move illicit money, which provides a balance or equilibrium in the system.

The draft Strategy had eight shifts, which the participants noted as too many. They also recommended a change in language. These shifts have been reduced to six objectives with measures. Participants wanted to see the AML/CFT system move from a 'tick-box compliance' exercise to a more intelligence-based approach. This has been reflected in the Strategy by having an objective that directly provides for this. Intelligence driven has also been added as one of the four principles that will underpin how agencies operate.

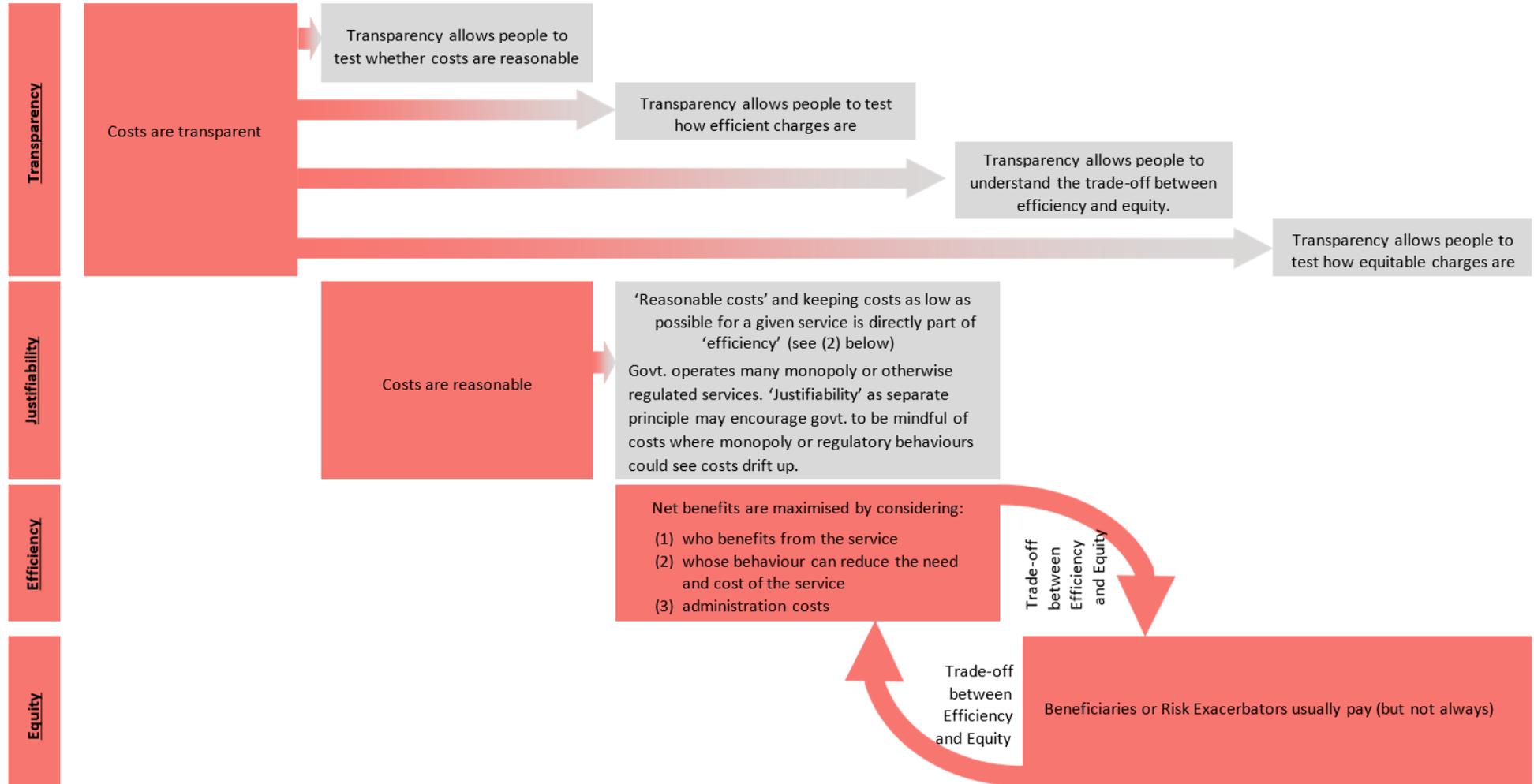
Participants noted that the work programme was ambitious, and it would be challenging for the industry to absorb and the Government to implement. Suggestions were made to sequence and implement the changes in a more predictable cycle to minimise disruptions. This has been reflected in the Strategy by adding 'predictable and planned change' as one of the principles, requiring Government agencies to take these into consideration as part of their operations.

In addition, participants recommended prioritising actions, such as PTR obligations, and changing PTRs to reduce regulatory burden in preparation for the next FATF mutual evaluation. Such actions have been prioritised to commence in the 2026/27 financial year.

Appendix B: cost principles diagram

Reproduced with permission from the Ministry for Primary Industries

Figure 1: Relationship between the Cost Recovery Principles



Appendix C: costs

Department of Internal Affairs

Item	2026/27	2027/28	2028/29	2029/30
	<i>(excludes baseline – Crown funding)</i>			
Personnel expenses	\$5.619 m	\$3.966 m	\$3.966 m	\$3.966 m
Indirect personnel costs	\$2.200 m	\$1.595 m	\$1.595 m	\$1.595 m
Training budget	\$0.075m	\$0.050 m	\$0.050 m	\$0.025 m
Operating costs	\$0.693 m	\$0.535 m	\$0.538 m	\$0.563 m
Single levy operator & levy collection	\$5.900 m	\$5.900 m	\$5.900 m	\$5.900 m
Total	\$14.487 m	\$12.047 m	\$12.049 m	\$12.049 m

Financial Intelligence Unit

Item	2026/27	2027/28	2028/29	2029/30
	<i>(excludes baseline – Crown funding)</i>			
Personnel expenses	\$2.727 m	\$4.600 m	\$5.097 m	\$5.097 m
Indirect personal costs	\$0.265 m	\$0.239 m	\$0.070 m	\$0.014 m
Training budget	\$0.150 m	\$0.100 m	\$0.050 m	
IT and Operational costs	\$3.195 m	\$2.398 m	\$2.577 m	\$2.654 m
Total	\$6.337 m	\$7.337 m	\$7.794 m	\$7.756 m

Ministry of Justice

The Ministry’s estimated costs in the table below are for Levy funded costs.

Item	2026/27	2027/28	2028/29	2029/30
Personnel expenses (includes overheads)	\$1.456 m	\$3.087 m	\$3.138 m	\$3.137 m
International travel	\$0.118 m	\$0.118 m	\$0.118 m	\$0.117 m
APG membership fees	\$0.079 m	\$0.083 m	\$0.087 m	\$0.092 m
FATF membership fees	\$0.072 m	\$0.078 m	\$0.084 m	\$0.090 m
Total	\$1.725 m	\$3.364 m	\$3.427 m	\$3.436 m

**Ministry of Justice
Te Tāhū o te Ture**

justice.govt.nz

info@justice.govt.nz

0800 COURTS
0800 268 787

National Office
Justice Centre | 19 Aitken St
DX SX10088 | Wellington | New Zealand



Te Kāwanatanga o Aotearoa
New Zealand Government