

In Confidence

Office of the Minister of Police

Chair, Cabinet Social Wellbeing Committee

## **Report back on the organised crime work programme**

### **Proposal**

1. This paper provides an overview and update of the Government's organised crime work programme by identifying a strategic framework for community-led initiatives, identifying opportunities to build agencies' intelligence capability, and proposing that the legislative settings be strengthened to combat organised crime.

### **Executive Summary**

#### ***A comprehensive response to organised crime***

2. Tackling gangs and disrupting organised crime is a priority area for our government and is part of the Coalition agreement. We have a significant, cross-government work programme already underway to respond to the full spectrum of organised crime and to address its harms. It combines diverse enforcement action with tailored social intervention, and targets local, national and transnational criminal activity as well as the social determinants that lead to the establishment of, and recruitment to, gangs.

#### ***Immediate and next steps***

3. Work is already underway or about to commence in the immediate future, including:
  - appointing dedicated staff to work with communities in Hawke's Bay and Tairāwhiti to support development of community-led responses to the harms of organised crime;
  - Ministers allocating Proceeds of Crime funding for four additional roles that are being established to advance the Social Wellbeing Committee Organised Crime (SWC OC) and Transnational Organised Crime (TNOC) work programmes;
  - locally-led proposals for Provincial Growth Fund (Te Ara Mahi) and Proceeds of Crime, seeking funding to respond to locally identified needs and priorities, with intended wellbeing outcomes agreed with Ministers and a funding proposal being provided to myself and the Minister for Regional Economic Development in March 2020;
  - \$3.1 million agreed by Proceeds of Crime Fund Ministers for mental health and addiction treatment services in Tairāwhiti and Hawke's Bay for five additional clinicians and kaiāwhina to work with individuals and whānau impacted by addiction and/or mental distress;

- the imminent deployment of an additional Gang Focus Unit (GFU) Detective into Wairoa;
- ongoing work to identify communities to partner with, to design local responses to the harms of organised crime and strengthen community resilience, with Bay of Plenty, South Auckland and Southland identified as possible next locations;
- submission of the TNOC Action Plan to the Security Intelligence Board in March 2020;
- the public launch of the TNOC Strategy<sup>1</sup> planned for April 2020;
- research and analysis to better understand the current environment relating to gangs, drugs, firearms and future risks, and how New Zealand can better respond; and on the harms of methamphetamine as a driver of crime and its impacts on individuals and communities;
- examining opportunities to further strengthen existing intelligence capability by creating an end-to-end intelligence function that brings together the Gang Intelligence Centre (GIC), the National Drug Investigation Bureau (NDIB) and the TNOC function;
- exploring mechanisms to further enhance our legislative framework to prosecute the leaders and facilitators of organised crime (Crimes Act 1961), and to seize illicit profits by amending the Criminal Proceeds (Recovery) Act 2009 (CPRA);
- s 9(2)(f)(iv) [REDACTED]  
[REDACTED]  
[REDACTED]  
[REDACTED]

### ***Report back on Social Wellbeing Committee organised crime work programme***

4. This paper provides an update on the SWC OC work programme agreed by Cabinet in September 2019 [SWC-19-Min-0135]. I will provide a further report back in May 2020. I seek Cabinet endorsement of a strategic framework to assist with organising activity in communities to co-design responses to the harm caused and compounded by organised crime.
5. I also update Cabinet on a funding proposal to the Provincial Growth Fund for Hawke's Bay and Tairāwhiti for specific initiatives in the short and medium term. A funding proposal will be provided to myself and the Minister for Regional Economic Development in March 2020.
6. The paper also outlines immediate action to respond to organised crime in Hawke's Bay and Tairāwhiti. In response to growing issues with gangs in the region, a number of enforcement activities have been initiated.

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<sup>1</sup> The TNOC Strategy was agreed by Cabinet in November 2019.

## ***Government's strategic response to organised crime***

7. Our response to organised crime includes two complementary strategic cross-government work programmes that tackle different ends of the organised crime spectrum:
  - 7.1. **TNOC strategy and action plan** – focusing on strengthening cross-system capability and improving understanding and awareness across relevant government agencies and other partners, including the private sector to prevent, detect and respond to TNOC.
  - 7.2. **SWC OC work programme** – a strategic, evidence-based approach to address the harm and drivers of organised crime. The work combines community development, prevention, and law enforcement, and is tailored to address the particular problems each community is facing.
8. A strong evidence base is necessary to support the strategic and operational work currently underway. This informs where and how to best target responses locally. Police has two pieces of research underway to increase the evidence base to support Police's and the wider government's response to organised crime. Insights from this work are expected to be provided in the first half of this year.

## ***Opportunities to improve our response to organised crime***

9. Existing law enforcement and regulatory activity can be more focused and coordinated. This paper directs Police, and other agencies involved in our key strategic work streams, to work together to provide advice on opportunities to improve and align intelligence capability across transnational and domestic organised crime to enable effective, end-to-end intelligence coverage. I intend to report back to Cabinet in May 2020 on options.
10. There are opportunities to strengthen the legislative toolkit to target organised crime leaders and facilitators, to contribute to making New Zealand the hardest place for organised crime to do business. § 9(2)(f)(iv)
11. In addition, the Minister of Justice, in consultation with myself will also report on progress of work to identify further legislative and other policy mechanisms to better target leaders and facilitators of organised crime.

## Background

### *The problem*

12. Addressing the harm caused by organised crime is a Government priority and a part of the Coalition Agreement.<sup>2</sup> Our Government is committed to improving the wellbeing of New Zealanders by increasing access to education, providing better health outcomes, and developing quality employment opportunities. As a significant driver of social, financial, mental and physical harm, organised crime is an obstacle to this goal.
13. 'Organised crime' is a broad and complex term. The characteristics of an organised criminal group are shaped by the history, geography, culture, and social conditions, from which the group arose, including, for example, the impacts of diaspora and colonisation. As a result, organised criminal groups exist across a spectrum of sophistication in terms of the different roles and 'professionalism' of its members,<sup>3</sup> the types of criminal activities a group engages in, and the diverse harms that flow from those activities.
14. Local, national or transnational groups and networks work together in a range of illegal activities using violence, financial systems, and technology to commit crime such as: illicit drug manufacture and supply; money laundering; human trafficking; labour exploitation; and counterfeit goods. They also establish and draw on legal entities to launder money and invest profits.
15. The impact from these illegal activities flows into our communities, undermining our economy and financial systems, and causing harm to wellbeing and community cohesion and resilience. Common harmful tools of organised crime include intimidation, exploitation, violence, and the illegal use of firearms. Organised crime also feeds addiction and mental health issues through the supply of illicit drugs, and drives dishonesty offending to fund addiction. These activities can compound family harm, sexual violence and child neglect, gambling, and the inability to sustain a job, leading to poor health, education and employment outcomes, and entrenched poverty.
16. Socio-economic conditions in New Zealand can also increase vulnerability to gang recruitment, particularly where there is poverty, few jobs, disaffectedness, and inadequate access to health and social services. Where these conditions are present, gangs can fill a void in familial and social support and seem like a reasonable career path.
17. An increasing number of sophisticated TNOG groups now operate in New Zealand, and local gang membership is growing. Between February 2016 and December 2019, recorded gang membership in New Zealand increased from 4,303 to 7,027 (a 63 percent increase).<sup>4</sup>

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<sup>2</sup> Coalition agreement between New Zealand Labour Party and the New Zealand First party, page 4, Law and Order: Strive towards adding 1800 new Police officers over three years and commit to a serious focus on combatting organised crime and drugs.

<sup>3</sup> Including, and increasingly, professional facilitators such as lawyers and accountants.

<sup>4</sup> This increase includes both new gang members and newly identified members.

18. The international market for methamphetamine has changed over the last five to six years. The high retail price and profits to be made in New Zealand have significantly increased international cartels' interest in, and focus on New Zealand as a significant market. This, combined with changes in the sophistication and global connectedness of domestic organised crime groups, and recently arrived deportee groups (see below) has increased the scale and nature of methamphetamine imports.
19. Though changing, this problem is not new. Successive Governments have tried to address the growth in organised crime through enforcement tools and some social approaches. We know that to effectively address this problem and its associated harms requires sustained effort across government, communities and private sector stakeholders, and must include ongoing work nationally and locally to address the social determinants that influence engagement in criminal behaviour and poor wellbeing outcomes.

### ***Proposed actions***

20. Budget 2018 funded the Coalition Agreement clause of adding 1800 new Police officers. Since the Coalition Government took office in October 2017, 2023 officers have been deployed on the front line; that is a 13 percent growth in total numbers, 1142 extra and greater diversity: 32 percent more women; 20 percent more Māori; 38 percent more Pasifika and 79 percent more Asian officers since the start of the 17/18 Financial Year. New Police constables have been deployed to Districts as follows:

Northland	103
Waitemata	226
Auckland City	206
Counties Manukau	316
Waikato	178
Bay of Plenty	160
Central	180
Eastern	76
Wellington	242
Tasman	29
Canterbury	186
Southern	121

21. To complement the additional resources, we are putting in place a comprehensive response investing in prevention and enforcement. Our Government has a significant work programme underway to respond to the full spectrum of organised crime and address its harms. The work programme combines diverse enforcement action with tailored social intervention, targeting local, national, and transnational criminal activity, as well as the social determinants that lead to the establishment of, and recruitment to, gangs.
22. Cabinet agreed in September 2019 that Police lead work on a strategic, evidence-based approach to address harm to wellbeing caused by organised crime and the

associated methamphetamine trade [SWC-19-Min-0135].<sup>5</sup> Cabinet agreed that this response to the harms of organised crime must be coordinated across government, combining community development, prevention, and law enforcement, and be tailored to address the particular problems each community is facing. Cabinet has agreed that the initial focus is on Hawke's Bay and Tairāwhiti [SWC-19-MIN-0135].

23. This work programme builds upon previous and existing community-based inter-agency initiatives that have combined enforcement action and community wellbeing responses to organised crime. One example is Te Ara Oranga in Northland – a drug harm reduction partnership between Police and the Northland District Health Board that provides targeted and community-based addiction, employment, housing, and social support to those experiencing drug harm. A second was Operation Notus in Kawerau (summarised in Appendix A).
24. Cabinet invited me to report back on:
  - 24.1. a strategic framework and monitoring framework;
  - 24.2. an intervention model that can be adapted by local communities;
  - 24.3. further locations where agencies propose to intervene;
  - 24.4. cross-agency governance for the work programme;
  - 24.5. options for Cabinet's consideration on providing the resource and capability for the Gang Intelligence Centre (GIC) to drive the analysis on potential locations and at-risk groups connected to organised crime [SWC-19-MIN-0135].
25. This paper is an interim report back on the SWC OC work programme, seeking decisions on key elements that will support the strategic and operational work currently underway. I intend to provide a further report back in May 2020.
26. In September 2019, I noted the opportunity to use the GIC to drive the analysis on potential locations and at-risk groups connected to organised crime. In this paper I discuss the opportunities to improve and align intelligence capability across transnational and domestic organised crime to enable end-to-end intelligence coverage. I intend to report back to Cabinet in May 2020 on options for this intelligence capability, including options for the GIC.

## **Report back on Social Wellbeing Committee organised crime work programme**

### ***Strategic framework for community co-design***

27. To support the strategic and operational work described in this paper, I seek Cabinet endorsement to a strategic framework to support communities to partner with government agencies to deliver responses to the harms of organised crime. This framework is consistent with Te Huringa o te Tai (New Zealand Police's refreshed

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<sup>5</sup> As noted in September, methamphetamine creates significant harm in New Zealand [SWC-19-MIN-0135]. Methamphetamine is the primary commodity of organised crime, feeding addiction and a range of other harms.

crime prevention strategy) and the role that te ao Māori perspectives need to have in measuring wellbeing.

28. Cabinet provided a mandate for agencies, including Police and the Ministries of Social Development, Health, Housing and Urban Development, and Oranga Tamariki, to collaborate with iwi, whānau, and local groups to co-design responses to the harms caused to local communities, improve community wellbeing, and build resilience [SWC-19-MIN-0135].
29. Through the development of the strategic framework, it became clear that the approach must be co-designed with local communities and agencies to ensure we deliver, measure and monitor the things that matter most for communities. This approach recognises that regions are diverse. While the foundations for a strategic framework should remain the same, the co-design approach is expected to lead to varying and localised responses.
30. The strategic framework must be flexible to enable communities to adapt it to fit their issues and particular context, recognising local strengths and resources. The strategic framework is therefore in the form of a template that together, agencies and communities can use as a foundational tool for tailored co-design and partnership. I am seeking Cabinet endorsement to the strategic framework template attached at Appendix B.
31. Government's role as a co-design partner with communities requires a commitment to overcome systemic barriers, and share knowledge, resources, and data to achieve change. Critically, the template is designed to support local leadership, including iwi and whānau to participate in co-design, and aligns with Te Arawhiti's Engagement Guidelines. Co-design and the local interventions will put whānau at the centre of the response and give meaningful voice to their experience, skills, and knowledge of what works, what is needed and what matters to them.
32. Co-design means decisions will be made jointly through local governance, within the broad direction set by Cabinet. This devolved decision-making is consistent with the strategic approach to empower communities.
33. As agencies support Hawke's Bay and Tairāwhiti to design local interventions, a monitoring framework and intervention model will be developed. These are best designed with the local community and then used as a model for other regions, adapting and scaling where necessary. I will report back on local interventions in May 2020.

#### ***Further locations for intervention are becoming clearer***

34. Cabinet invited me to report back on further locations where agencies propose to intervene. The approach to identify potential locations has included:
  - 34.1. Using data to identify the regions with high or growing organised crime activity and harm, including areas with high methamphetamine use;
  - 34.2. Indicators of deprivation and harm, such as high unemployment and high numbers of burglaries and family harm;

- 34.3. Identifying the key people and groups that agencies can partner with to deliver initiatives and identifying the initiatives already in place that can be scaled up or supported.
35. A number of regions may be appropriate and there is promising work on the ground to address the issues. These regions include:
- 35.1. Bay of Plenty – heightened gang tensions and violence; use of Tauranga port for importation of illicit drugs by organised crime groups; high methamphetamine consumption; high levels of deprivation, with initiatives being developed to address the harm of methamphetamine;
- 35.2. South Auckland – a spate of violence (mostly gang-related shootings) in 2019, reflecting an increase in recruitment into established gangs and the impacts of deportees with active gang and organised crime associations; work by the place-based initiative - the South Auckland Social Wellbeing Board;
- 35.3. Southland – emerging gang issues through the expansion of the Mongrel Mob and other organised crime groups into the region and the opportunity to intervene before gangs are entrenched in communities.
36. Agencies have had initial discussions with these regions to explore the potential to extend the SWC OC work programme into these areas. Officials will continue to advance these discussions and support the development of initiatives. However, in the short term, it is key that we maintain our focus on Hawke's Bay and Tairāwhiti to ensure we provide the necessary support for the local community and learn from this experience before expanding into other areas. I intend to report back to Cabinet in May 2020 with a further update.

***Governance will be provided by the Social Wellbeing Board***

37. The Social Wellbeing Board (SWB) has agreed to provide governance of the SWC OC work programme. SWB will provide high-level oversight and ensure strategic alignment of the work programme with the Government's priorities. The Police Commissioner is now a member of SWB.

***Work is progressing in Hawke's Bay and Tairāwhiti***

38. Cabinet agreed that the initial focus for the SWC OC work programme is on Tairāwhiti and Hawke's Bay [SWC-19-MIN-0135]. A range of work is underway in communities in Hawke's Bay and Tairāwhiti, led by local governance groups (Hawke's Bay Matariki Governance Group, Wairoa Community Partnerships Group, and Manaaki Tairāwhiti). The groups include representatives from agencies, iwi, and local council.
39. The recent series of incidents involving gang members in the region speak to the need for government's response to be multi-faceted, combining enforcement with social interventions, targeting the criminal activity as well as the social determinants that lead to the establishment of, and recruitment to, organised criminal groups. While these gang tensions do not all relate to organised crime, they do demonstrate the complexity of the circumstances we are dealing with.

40. Together with the immediate enforcement action taken by Police, work is progressing on developing community-led responses to the harms of organised crime in the region. Police has appointed a dedicated resource to support the SWC OC work programme in Hawke's Bay and Tairāwhiti, starting imminently. Proceeds of Crime Funding has also now been agreed to fund four additional roles to advance the SWC OC and TNOC work programmes. These staff will help ensure obstacles are overcome and action is coordinated across the local and national levels. These roles will help drive the work across agencies and the local community, as well as build the necessary learning and system improvements in local areas that can be transferred to other Districts. The bid is currently being considered by Ministers.

***Significant enforcement action has been delivered by Police***

41. A Gang Focus Unit (GFU) was established in Hawke's Bay in May 2019, and an additional GFU Detective will be deployed into Wairoa once the current appointment process is complete. Following our significant investment in frontline Police numbers, GFU staff are likely to be deployed into Gisborne in the 2020/21 financial year.
42. Since May 2019, results from the Hawke's Bay unit have included:
- more than 100 arrests resulting in 215 charges (including offending involving Class A drug dealing, firearms, and serious violence);
  - more than 50 Traffic Offence Notices issued;
  - seven illegal firearms and ammunition seized;
  - \$250,000 in cash and \$50,000 in assets seized and restrained;
  - recovery of several stolen motor vehicles and \$80,000 in jewellery.
43. The recent conflict is a highly visible consequence of decades of gang tension and competition. The immediate Police response to recent events in Hawke's Bay and Tairāwhiti includes assistance from other Districts and deploying Armed Response Teams into Hawke's Bay and Ruatoria. The National Intelligence Centre (NIC) provided intelligence capability, including deploying staff from the Gang Intelligence Centre to Hawke's Bay and Tairāwhiti.
44. The situation in the community is subject to daily review and this shapes deployment decisions, with staff directed into a range of locations where there is risk that further issues may emerge. Temporary routine arming of local Police officers has been part of the response. Investigative teams have executed a series of search warrants, seizures of firearms, and arrests. A large number of suspects have been identified, particularly regarding the Taradale incident, and work is continuing to locate those who remain in the community.
45. The immediate response to the situation in Hawke's Bay and Tairāwhiti is supported by national operations, including:
- Operation Piano – a national operation incorporating short term targeting operations on organised crime and a cannabis flying phase. The operation specifically targets methamphetamine dealers, methamphetamine cooks,

firearms and psychoactive substance dealers. The cannabis flying phase targets large volume supply of cannabis plants;

- Operation Notus – provides the model for how Police plans and terminates operations involving drug dealing by gangs into communities (Appendix A).

### ***Community prevention and building resilience is necessary to a sustainable solution***

46. Multiple government agencies have been working collectively to respond to the broader social context that has contributed to the current situation. This work includes feeding into regional plans such as Matariki (Hawke's Bay) and Manaaki Tairāwhiti (Tairāwhiti). These regional plans take a five Pou approach, with Police sitting within the Wellbeing Pou. Senior Police staff have been involved in a number of hui with organisations and the community as part of reassurance and consultation activities. Briefings with local authorities and agencies have also been ongoing.
47. There has also been engagement with gang leaders and agency partners to reduce and better manage tensions between gangs in the short term. Further discussion is underway to identify what is needed to support individuals to leave gangs and to reduce recruitment. This work is expected to form part of the SWC OC work plans in Hawke's Bay and Tairāwhiti.
48. On 4 February, government agency Deputy Chief Executives (DCEs) went to Hastings to meet with representatives from the local governance groups in Hawke's Bay and Tairāwhiti. The local governance groups, together with the regional social and economic leads, provide the structure and systems for leadership and coordination of responses. The governance groups are demonstrating a high level of commitment and leadership to collectively address the harms and the relationships are in place to enable this. The regional leads are well placed to support the co-design of community-led initiatives.
49. The hui enabled DCEs to hear from local leaders about what is happening in their communities, particularly in response to the heightened gang activity. It also provided a further opportunity to discuss how central government could support local responses through the SWC OC work programme.
50. The key issue regional leaders identified was the need to ensure longevity of central government funding contributions. They noted the issues of time-limited funding in the context of the sustained effort required to address complex social problems and improve wellbeing within communities. They also noted the complex processes for applying for government funding, and that the criteria for determining success (and therefore ongoing funding) often do not align with achievable local outcomes and needs.

### ***A funding proposal is being prepared***

51. Representatives from the local governance groups are preparing a broad funding proposal covering the types of responses they need locally and the outcomes sought. The proposal will seek funding through a broad range of discretionary funding, including through the Te Ara Mahi investment within the Provincial Growth Fund (PGF) and the Proceeds of Crime Fund. It will also be necessary for agencies to consider existing or planned initiatives in the region and what in-kind resource is in

place to contribute to the proposal. DCEs will ensure that central initiatives already underway, such as work on family harm, child wellbeing, and housing, line up to support the local proposal.

52. Regional governance representatives have worked with the local community to identify appropriate types of initiatives that meet the following locally identified needs:
  - 52.1. whānau planning, advocacy, and navigation, including building on the '50 families' work of Manaaki Tairāwhiti;
  - 52.2. increasing local counselling capacity including scaling up existing drug addiction services delivered by NGOs and iwi providers;
  - 52.3. community based drop-in centres and spaces, and community programmes, including community hubs for whānau to access core services;
  - 52.4. initiatives that combine residential and addiction treatment, as well as training and skills, with initial work already underway on scoping these initiatives.
53. The Ministry of Business, Innovation, and Employment is working with government agencies to develop a process for ensuring that applications for Te Ara Mahi funding are streamlined and that central government supports the application process to reduce the burden on local groups. Outcomes will be agreed with local governance groups using wellbeing outcomes at a qualitative individual and whānau level, and quantitative level such as social deprivation and drug consumption measures.
54. A funding proposal will be provided to myself and the Minister for Regional Economic Development in March.
55. These initiatives will complement \$3.1 million already agreed by Proceeds of Crime Fund Ministers for mental health and addiction treatment services in Tairāwhiti and Hawke's Bay. This funding will provide for five additional clinicians and kaiāwhina in the region to work with individuals and whānau impacted by addiction and/or mental distress.
56. In addition, but targeted to other regions and nationally, Proceeds of Crime Ministers have also approved funding for the following initiatives:
  - drug, alcohol, and mental health whānau support workers
  - Rotorua whānau harm and drug harm reduction programme
  - anti-corruption work programme (Phase 2).

### **Government has a broader response to organised crime**

57. Together with the SWC OC work programme there is broader work to target organised crime, covering transnational organised crime (TNOC), operational activity, and intelligence. The diversity of the work that together forms the organised crime work programme is outlined in Appendix C. I am leading the two key pieces of work in the strategic stream, which are the TNOC Strategy and Action Plan, and the SWC OC work programme. These two strategies tackle different ends of the organised crime spectrum and are intentionally complementary.

### ***Transnational Organised Crime (TNOC) Strategy and Action Plan***

58. The TNOC Strategy brings together an Inter-Agency Working Group of 15 agencies to tackle organised crime. It primarily focuses on the sophisticated global networks that target New Zealand for drug supply, money laundering and other offences. The Strategy has a strong focus on strengthening cross-system capability and improving understanding and awareness across relevant government agencies and other partners, including the private sector to prevent, detect and respond to TNOC.
59. The TNOC Strategy was endorsed by Cabinet in November 2019. A supporting Action Plan is under development and will be submitted to the Security Intelligence Board in March. I intend to launch the Strategy in April this year at a Police-led conference to be held at Te Papa in Wellington. The conference is discussed below and will include international participants and representatives from the business sector as well as a range of government agencies. This conference also provides opportunities for other Ministers to attend and demonstrate our broader support for the work.
60. The Strategy is designed to be staged to address different key focus areas over time, starting with the governance and coordination across agencies and partners. This first step is designed to ensure that the system is joined up and effectively governed and led. It will also map the system and identify gaps and opportunities to improve. Priority action areas to deliver the TNOC strategy include:
  - improving cross-agency coordination
  - building a robust evidence base
  - measuring the scale and impacts of organised crime (and the TNOC component within it)
  - enhancing information-sharing between agencies, and prioritising action to priority risks and threats
  - delivering a system-wide intelligence and knowledge base function across the full scope of known TNOC risks.

### ***The National Organised Crime Group***

61. The National Organised Crime Group (NOCG) works with the 12 New Zealand Police Districts, domestic and international partner agencies and local communities to help make New Zealand as resilient as possible to national and international organised crime, including financial crime. This work includes a focus on helping to prevent and reduce social harm to vulnerable communities from organised crime.
62. In the 2018/19 year, for example, NOCG commenced 40 operations, a number of which involved significant complex organised crime groups and professional facilitators. Operation Nova, which targeted the Comanchero Motorcycle Gang (MC), is a good example of this sort of operation. The Comanchero MC had a minimal presence in New Zealand until 2016, when an amendment to the Australian Migration Act 1958 (section 501 – character grounds) saw a substantial increase in the number of people being deported to New Zealand, including senior members of gangs.

63. The influence of deportees has seen new gangs being established in our communities, such as the Comanchero MC, the Mongols MC, and the increased presence of other gangs, such as Finks MC and Lone Wolf MC. These new gangs display an increased sophistication in their criminal business models, and a level of violence not previously seen in our communities. This includes an increase in competition for control in drug markets, and territory conflict.
64. As a result of Operation Nova, seventeen offenders were charged, more than 10kg methamphetamine was seized in New Zealand, 40kg cocaine seized in Fiji and more than \$13m of social harm was prevented in our local communities.
65. Many of the 40 operations mentioned above are still in the prosecution phase or investigations are ongoing so the prosecutorial outcome is not yet known. However, some of the key results include:
- 17 transnational crime operations commenced
  - 4 transnational organised crime cells identified (operating in NZ)
  - 73 firearms seized
  - \$11 million assets restrained or forfeited, which equates to a Proceeds of Crime Disruption Index value of \$50 million removed from the criminal offending cycle
  - \$408 million social harm prevented
  - 131kg of methamphetamine seized (some of this in joint New Zealand Customs Service/Police operations). In 2019, total of 1769kgs of methamphetamine was seized at the border and domestically
  - 197 kg of cocaine seized.
66. An additional 18 positions were allocated to NOCG as part of the Government programme to roll out an additional 1,800 police staff including 700 to organised crime, and:
- A new investigation team was established in Tauranga
  - A Project Manager position was added to the Wellington team
  - A new investigation taskforce of six FTEs was established in Auckland to focus on methamphetamine manufacture
  - Four staff were placed into existing investigation teams.
67. In addition to these staff, a further 88 staff will be allocated to NOCG over the next four years.
68. In 2019/20 five new staff will be allocated to establishing a Pacific Transnational Organised Crime investigation team.
69. NOCG works closely with national and international law enforcement partners and agencies to combat organised crime, including providing assistance to the Pacific Liaison Officer Network. In 2020 the Drug Enforcement Administration is establishing

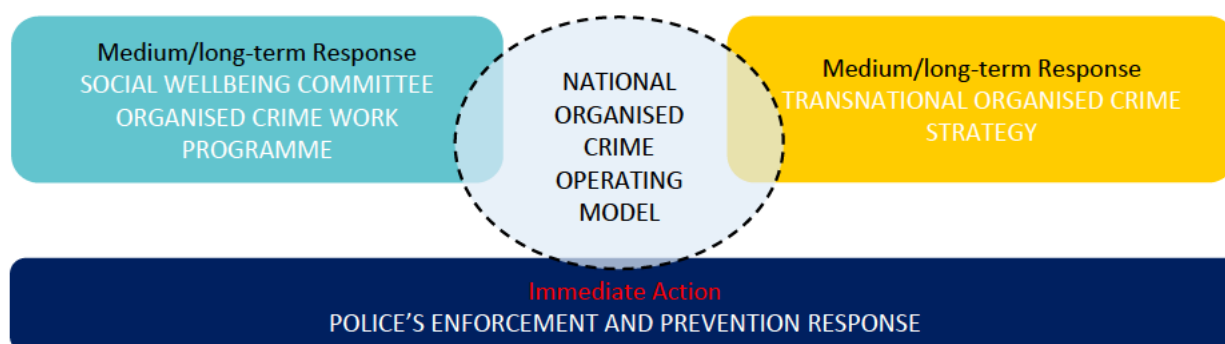
two liaison officers in New Zealand, which will further enhance our ability to target transnational and organised crime networks.

### ***Organised Crime Disruption Conference***

70. NOCG is hosting a three day Organised Crime Disruption Conference at Te Papa in Wellington from 29 April to 1 May 2020. The conference is designed to bring together senior level representatives working in the organised crime area across a broad spectrum of government, private sector, academia and international partner organisations.
71. This is the second organised crime disruption conference hosted by New Zealand Police. The first conference, held in 2018, successfully brought together government and the private sector. The conference theme is: 'Improve system resilience to make New Zealand the hardest place in the world for organised criminal groups and networks to do business'. The agenda is comprehensive and aims to:
  - Provide the most current information about the organised crime environment and how it impacts on New Zealand
  - Identify opportunities and develop levers to disrupt organised crime, and
  - Help participants work in a more connected way across government agencies, non-government and the private sector.

### ***Police's operational response***

72. Police's immediate frontline enforcement action supports national operations, and falls within the two medium/long-term SWC OC and TNOC strategies (see diagram below). To best coordinate action and ensure full alignment, Police is revising its current strategic approach and bringing its existing work into an agreed National Organised Crime Operating Model that can be nationally coordinated and locally delivered and monitored. Police provides an enforcement lead in this work, but aligns with both enforcement and wellbeing agencies to ensure a coherent and balanced response.



### ***Strengthening our intelligence and evidence base***

73. To support the strategic and operational work currently underway, a strong evidence base is necessary to understand where (and how) to target responses locally. Together with the work identified in paragraphs 59-61 under the TNOC strategy, Police is leading two key pieces of analysis to increase the evidence base and

support the Government's response to organised crime. These are expected to provide insights in the first half of this year.

74. The first is a strategic assessment focussing on the current environment of gangs, drugs, and firearms and the future risks. This will look at how New Zealand as a system can respond to impending risks and will identify the short/medium term impact of these risks. This will build on the TNOC risk assessment updated in 2019 and further inform the SWC OC and TNOC work programmes.
75. The second piece is research by Police's Evidence Based Policing Centre on the harms caused by methamphetamine on New Zealand communities. The research will examine (and seek to quantify) the extent to which methamphetamine is a driver of crime, particularly regarding family harm, dishonesty crime, traffic related offending and the subsequent justice impacts. It will also consider personal and social impacts, such as effects on mental health, including suicide and the subsequent calls for service.
76. Police's activities are also informed by National Wastewater testing produced by the Institute of Environmental Science and Research and the National Drug Intelligence Bureau. The testing results for August to October 2019 show that methamphetamine remains New Zealand's most commonly detected illicit drug. The results also show a decrease in the average weekly consumption of methamphetamine (from around 15kg a week to just over 13kg), likely a demonstration of the impact of Police and Customs collectively seizing more than one tonne of methamphetamine during that same three month period. The testing results indicate that Eastern District has the second highest methamphetamine consumption annually per capita, after Northland.
77. Further research opportunities will be considered in the future. These could include more detailed research about effective interventions to combat the particular nature of organised crime in New Zealand.

## **We are pursuing opportunities to improve our response to organised crime**

### ***An opportunity for end-to-end intelligence capability***

78. The Government's overall organised crime work programme needs high quality intelligence, and data that provides insight, understanding and predictive assessment of the entire organised crime spectrum. The need for this capability has been prioritised in the SWC OC and TNOC work programmes.
79. An end-to-end intelligence capability bringing together Police and other agencies' intelligence capability across the spectrum of organised crime will enable accurate targeting of community support, as well as investigations and enforcement interventions domestically and internationally. Strategic capability is also required to support more effective detection of emerging threats and responses to the international environment.
80. Police's internal change programme, Transforming Intelligence 2021, establishes a new 'Fusion manager' with oversight across existing intelligence capability. This change provides an opportunity to ensure resources, data and capability are

organised to better support government's response to organised crime. This will include a focus on the resourcing and functioning of the GIC.

81. Established in 2016 and staffed by multiple agencies, the original intent of the GIC was to enable shared intelligence across agencies that would enhance data driven intervention to reduce associated social harms. Latterly, resourcing of the GIC has limited its functions to largely a domestic enforcement focus, or tactical/operational intelligence, which, while critical, does not deliver the GIC's agreed mandate or full potential. There is an opportunity to build on the GIC's existing Approved Information Sharing Agreement (AISA) which enables the 12 GIC agencies to share information to advance our Government's response to organised crime and its social harms.
82. Moving rapidly to establish this fusion capability may require additional resourcing in partner agencies (not necessarily for Police) to ensure appropriate allocation of the capability needed. There may be an opportunity to use the Proceeds of Crime Fund to provide kick-start funding for agencies to get this off the ground before moving to ongoing funding through agency baselines.
83. I propose that Cabinet direct Police and other agencies involved in the Government's key strategic work streams to work together to provide advice on opportunities to improve and align intelligence capability across transnational and domestic organised crime to enable end-to-end intelligence coverage. I will report back progress on this work in May 2020 when I report back on the SWC OC work programme.

### ***We can enhance our legislative toolkit***

84. The aim of the TNOC Strategy is to make New Zealand the hardest place in the world for organised crime to do business. In order to support this we need to be able to bring the leaders, facilitators, transnational operators, money launderers and cyber-criminals to justice, and to seize their illicit profits. This is a key plank in the suite of interventions required to disrupt organised crime activity.

### ***Criminal Proceeds (Recovery) Act 2009***

85. Organised criminal activity generates a significant amount of money. Along with prosecution, restraint of assets is a powerful deterrent to any profit-motivated crime; reduces the 'career appeal' for potential members, and prevents investment of profit in future criminal enterprise.
86. Internationally, organised crime law enforcement strategies are increasingly incorporating a focus on ensuring legislation provides the tools needed to restrain assets that are not readily explained by legitimate earnings ('unexplained wealth'). The Minister of Justice and I have assessed New Zealand's legislation in this light. We want to ensure New Zealand's asset recovery system protects our financial and property system against the movement of organised crime funds into, within, and out of New Zealand.
87. At the same time, we will ensure there is natural justice for people who hold assets legitimately. Some tools in other countries enable assets to be targeted on the sole basis that a legitimate origin is unclear. Such tools can be criticised on human rights

grounds and are frequently subject to legal challenge. To maintain the integrity of New Zealand's principles of justice, we consider that any asset recovery tools should still link 'assets presumed illicit' to significant criminal activity (but not a specific crime), and this work will proceed on that basis.

88. Under the Criminal Proceeds (Recovery) Act 2009 (CPRA) any asset generated from significant criminal activity is potentially susceptible to restraint and forfeiture. While there has been considerable success using existing CPRA provisions, I am aware that there are two key areas where the deterrent impact of CPRA is not being fully realised.
89. Organised crime leaders are able to provide the structure within which criminal activity takes place and derive financial benefit from it, but insulate themselves from involvement or direct knowledge of specific criminal activity. This complicates illicit asset recovery under CPRA.
90. In addition, we know that people are bringing significant assets derived from criminal offending overseas into and through New Zealand. Illicit funds are a threat to New Zealand's financial and property markets, and to our international reputation.
91. We want to deter people from participating in organised criminal groups, and deter transnational groups from bringing illicit assets to New Zealand. The Minister of Justice will bring proposals to amend CPRA for Cabinet consideration in April 2020.
92. The proposals are expected to include new powers for the Courts to order the restraint and forfeiture of property connected to organised crime without having to point to a connection between the property and a specific crime. This power would be particularly useful in relation to organised crime group leaders who tend to insulate themselves from criminal activity but nevertheless derive benefit from it.

#### *Targeting leaders and facilitators of organised crime*

93. Leaders and facilitators (such as lawyers and accountants) of organised criminal groups often orchestrate or facilitate criminal activity from the background, separating themselves from the hands-on criminal activity. This can make successfully prosecuting organised crime leaders/facilitators for the offences they have enabled (or commissioned from the group) extremely challenging.
94. Justice and Police officials will undertake further work to identify legislative and other policy mechanisms that would better target leaders and facilitators of organised crime. As part of this work officials will consider the application of section 98A of the Crimes Act 1961, which is designed to enable criminal prosecution of individuals for participating in organised crime, with a particular focus on leaders and facilitators. The Minister of Justice, in consultation with the Minister of Police, will report back to Cabinet on the progress of this work in April 2020.

#### *Adequacy of the penalty regimes for TNOC*

95. An additional outcome of the Cabinet External Relations and Security Committee (ERS) consideration of the TNOC Strategy was a request for advice on the adequacy of the current penalty regimes in relevant legislation. Police is consulting with Justice and members of the TNOC Interagency Working Group to produce initial advice for

me by the middle of the year. Significant advice will be part of the TNOC report back to ERS in December 2020.

### *Firearms Prohibition Orders*

96. Firearms Prohibition Orders could provide an additional tool to improve public safety, prevent firearms from ending up in the wrong hands, and help disrupt organised crime, given the links between organised crime groups, violence, and illegal firearms.
97. In November 2019, Cabinet approved public consultation on Firearms Prohibition Orders to seek the public's views on the concept and possible design parameters. Submissions closed in January 2020. Submitters expressed a range of views about the concept of having a Firearms Prohibition Order regime itself, and its potential design and impacts.
98. Firearms Prohibition Orders have the potential to impact on the rights and freedoms, not just of the subject person, but also their friends, family and communities. Such impacts are most likely to fall on Māori and rural communities. The Attorney-General, in 2018, highlighted a number of concerns with a Firearms Prohibition Order regime proposed by a Private Member's Bill, and found that it unjustly limited both section 17 (freedom of association) and section 25(c) (right to be presumed innocent) of the New Zealand Bill of Rights Act 1990. A similar Private Member's Bill was drawn in February this year which is likely to attract a similar Bill of Rights assessment. Given this background, any Firearms Prohibition Order regime needs to be carefully designed to suit the New Zealand environment.
99. s 9(2)(f)(iv)  
[Redacted text block]

### **Consultation**

100. The following agencies were consulted in the development of this paper: Ministry of Business, Innovation, and Employment; Ministry of Social Development; Department of Corrections; Ministry of Health; Ministry of Justice; Oranga Tamariki–Ministry for Children; Ministry of Education; Te Puni Kokiri; Ministry for Pacific Peoples; Te Arawhiti; New Zealand Customs Service; Inland Revenue Department; Ministry of Housing and Urban Development; Department of Internal Affairs; Accident Compensation Corporation; Ministry for Primary Industries; State Services Commission; Ministry for Women; Statistics New Zealand; the Department of Prime Minister and Cabinet (Policy Advisory Group); the Treasury.

## **Financial Implications**

101. There are no direct financial implications arising from the SWC OC strategic framework. Interventions could be funded through a combination of agency baselines, existing initiatives, initiatives funded through Budget 2019, and through applications to the Provincial Growth Fund (PGF) and Proceeds of Crime Fund (PoCF) [SWC-19-MIN-0135]. Work programmes will take every opportunity to identify efficiencies and streamline resources.
102. Cabinet has agreed to between \$25 million and \$40 million of funding through the Te Ara Mahi investment within the PGF to support initiatives addressing methamphetamine harm [DEV-19-MIN-0259]. A funding proposal is discussed at paragraphs 52-55 that will seek funding through the PGF.
103. Resource implications for agencies will be clearer once co-design in the regions is underway. Ministers have recently allocated funding for Police from the PoCF for two roles to coordinate and help implement the SWC work programme, initially in Tairāwhiti and Hawke's Bay. The roles will work across local agencies and community groups and provide a liaison point with agencies at a national level. Two further coordination roles were funded to further develop the cross agency TNOC Strategy and Action Plan.

## **Legislative Implications**

104. This paper seeks Cabinet agreement that the Minister of Justice, in consultation with the Minister of Police, will take policy proposals to Cabinet on amendments to the Criminal Proceeds (Recovery) Act 2009 in April 2020; and report on progress of work to identify further legislative and other policy mechanisms to better target leaders and facilitators of organised crime.

## **Impact Analysis**

105. A Regulatory Impact Assessment is not required.

## **Human Rights**

106. The proposals in this paper are consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

## **Te Tiriti o Waitangi**

107. Cabinet has directed a co-design approach with local iwi and whānau. The strategic framework provides space for local leadership, including iwi and whānau, to participate in co-design, and aligns with Te Arawhiti's Engagement Guidelines. Co-design with iwi and whānau is consistent with the principles of Te Tiriti o Waitangi.

## **Gender Implications**

108. The work programme will positively impact women who are connected to gangs, by addressing issues such as family harm, improving health outcomes, boosting skills and employment opportunities, and connecting women with the wider community.

## Disability Perspective

109. Organised crime harms all members of a community, both disabled and non-disabled. Disability may be acquired from birth or it may be acquired as a result of harm or injury. It is likely that communities with high social and economic deprivation will have a disproportionate presence of disabilities (both congenital and acquired), including learning disabilities, fetal alcohol spectrum disorder, and mental illness. Facilitators and perpetrators of organised crime may target disabled people to exploit their increased vulnerability. Identifying vulnerable people in target locations will help indicate where support is needed.
110. By working with disabled people, the work programme will connect vulnerable disabled people to social and health services to improve their wellbeing and increase resilience. In addition, perpetrators of organised crime may have disabilities. The SWC OC work programme also aims to provide alternative pathways (away from crime) through joined up employment, education, and mental health and addiction treatment services.

## Publicity

111. No publicity is proposed for this paper.

## Proactive Release

112. I propose to proactively release this paper within 30 business days of decisions by Cabinet. The released paper will be subject to redaction as appropriate under the Official Information Act 1982.

## Recommendations

The Minister of Police recommends that the Committee:

### ***Organised crime in New Zealand***

1. **note** that organised crime is a broad and complex term, with criminal groups existing across a spectrum of sophistication, professionalism and activity, including illicit drug manufacture and supply, money laundering, and human trafficking;
2. **note** that the impacts from these illegal activities undermine our economy, financial systems, and cause harm to the wellbeing of individuals, whānau and communities by contributing to mental health and addiction issues, dishonesty offending, family harm, sexual violence, child neglect, and poor health, education and employment outcomes;
3. **note** that socio-economic conditions can increase vulnerability to gang recruitment, particularly in the context of poverty, poor access to support services and limited alternative employment opportunities;

### ***Government's broader response to organised crime***

4. **note** that our Government has a significant work programme underway to respond to the full spectrum of organised crime and address its harms, combining diverse enforcement action with tailored social intervention, targeting local, national, and

transnational criminal activity as well as the social determinants that lead to the establishment of, and recruitment to, gangs;

5. **note** that this work is driven through our Government's recently agreed Transnational Organised Crime Strategy, and the Social Wellbeing Committee's organised crime work programme;
6. **note** that a significant amount of action is already underway including additional resource into the recently established Gang Focus Unit in Hawke's Bay, placing dedicated resource into Hawke's Bay and Tairāwhiti to support community-led response to the harms of organised crime, the pending launch of the Transnational Organised Crime Strategy and development of the associated Action Plan, and action to strengthen our intelligence capability;

### ***Report back on Social Wellbeing Committee organised crime work programme***

7. **note** Cabinet agreed on 25 September 2019 that Police lead work on a strategic, evidence-based approach to address harm caused by organised crime [SWC-19-MIN-0135];
8. **endorse** the strategic framework that will assist with organising activity in communities to determine responses to the harm caused and compounded by organised crime;
9. **note** there are no direct financial implications from endorsing the strategic framework, and the work programme will be scoped for costs to be met through baselines or subject to the outcome of funding initiatives;
10. **note** the establishment of cross-agency governance through the Social Wellbeing Board, providing a national mandate to enable co-design between central agencies and local communities, and ensuring oversight of the work programme;
11. **note** that Police, the Ministries of Business, Innovation and Employment, Health, Social Development, and partner agencies are working with Hawke's Bay and Tairāwhiti to develop a funding proposal for specific initiatives in the short and medium term;
12. **note** the funding proposal will be provided to the Ministers of Regional Economic Development and Police in March;
13. **note** the Minister of Police will provide a further detailed report back in May 2020 on:
  - 13.1. further potential locations for intervention;
  - 13.2. the development of an intervention model and monitoring framework developed with Hawke's Bay and Tairāwhiti that could be adapted in other regions;
  - 13.3. options for providing the resource and capability for the Gang Intelligence Centre to drive the analysis on potential locations and at-risk groups connected to organised crime;
  - 13.4. decisions regarding the funding proposal in recommendation 11.

***Opportunities to improve our response to organised crime***

14. **direct** Police to work with partner agencies to provide advice on the opportunities to improve and align intelligence capability across transnational and domestic organised crime, including strengthening the role of the Gang Intelligence Centre, to enable end-to-end intelligence coverage and report back to Cabinet in May 2020 on options;
15. **note** there are further opportunities to strengthen the legislative toolkit to target organised crime;
16. **agree** that the Minister of Justice, in consultation with the Minister of Police, will take policy proposals to Cabinet on amendments to the Criminal Proceeds (Recovery) Act 2009 in April 2020; and report on progress of work to identify further legislative and other policy mechanisms to better target leaders and facilitators of organised crime.

Authorised for lodgement

Hon Stuart Nash

Minister of Police

## Appendix A: Operation Notus

1. In March 2018, Police terminated a large-scale operation across Kawerau in the Bay of Plenty. Operation Notus was developed in response to the Mongrel Mob who, through their distribution of methamphetamine, had a significant negative impact on the town. The Kawerau community was experiencing increased volumes of drug use, violence, intimidation, and social deprivation across the community, including children going without food, adequate clothing and school supplies as household incomes were being used to fund methamphetamine use.
2. Police found a high proportion of local residents were affected by methamphetamine, including a significant portion of Kawerau's Māori population. Over the course of the six months prior to the operation, methamphetamine worth more than \$2 million was sold to the small Kawerau community. Local Police had insufficient resources to address the size and scale of the gang and methamphetamine problems.
3. Early engagement and genuine partnership with agencies, local iwi and community leaders was key to the operation's success. A collaborative plan was developed to understand and manage the operation's impact on the community, both during and after termination. Police placed a special emphasis on engaging with Ngāi Tūhoe, Ngāti Tūwharetoa and community leaders, who were sensitive to Police actions as a consequence of Police's actions in Operation 8.
4. Partnering with iwi before the termination of the operation was important to ensure affected communities would have immediate support. It enabled Tūhoe to operate holistic services in a whānau-centric manner that focused on the wellbeing of community members, particularly women and children connected to those targeted in the operation.
5. As a result of the investigation, 42 people were arrested and approximately \$3 million of assets were restrained, including residential properties, vehicles, and boats. Thirty nine firearms were located as well as quantities of methamphetamine and other drugs. The Mongrel Mob's drug dealing activities were substantially curtailed. There was a 31% reduction in overall crime compared to the three months prior, as well as increased community resilience and intolerance of methamphetamine.
6. There were no arrests made solely for drug use or possession. Officers encouraged users of methamphetamine to engage with support and treatment services. An increase in referrals (predominantly self-referrals) indicated a strong willingness by users to seek help and break their cycle of addiction. Bulk text and pamphlet drops post-termination created another opportunity for residents to seek help. Sustaining positive outcomes over the longer-term requires coordinated input from a range of agencies, including capacity in addiction services and job opportunities.