

Office of the Minister of Police

Chair, Cabinet External Relations and Security Committee

## **Implementation of the Transnational Organised Crime Strategy (2020-2025) - Year Two**

### **Proposal**

- 1 This paper reports on cross-agency success and progress made under the cross-government Transnational Organised Crime Strategy 2020-2025 (the Strategy) [ERS-21-MIN-0027 refers]. Future actions to be undertaken by partner agencies in year three are also discussed.

### **Relation to government priorities**

- 2 The Strategy is consistent with the Government's manifesto commitments to target organised crime and keep communities safe.<sup>1</sup>
- 3 The Strategy is a Cabinet mandated, system-wide, strategic intervention designed to complement and enhance pre-existing agency-led programmes to address harm from organised crime. The Strategy has recently been reaffirmed through significant Budget 2022 investment.
- 4 Transnational and serious organised crime is a National Security Intelligence Priority. The Strategy links to other government system-level strategies, including the Maritime Security Strategy, the Plan of Action against Forced Labour, People Trafficking and Slavery, the Cyber Security Strategy, and the Anti-Money Laundering and Countering Financing of Terrorism Strategy.

### **Executive Summary**

- 5 Transnational organised crime (TNOC) is recognised as a significant risk to New Zealand's national security and continues to grow in scope and scale.
- 6 The Strategy (summary provided at Appendix A) was mandated to improve system-level efficiency, effectiveness, and coherence in combatting TNOC. It sits a step removed from the front line and is designed to inform and enhance existing agency-led initiatives. It is implemented through annual action plans.
- 7 Through the Strategy, agencies have implemented system-level governance and coordination. The resulting model and secretariat are effective structures that have enhanced collective decision-making, and accountability. This has allowed for the identification of risk and vulnerabilities across the sector, enabling the development of cross-agency solutions and collective responses.
- 8 As a result, agencies have improved system-level foresight and insight, deepening our collective understanding of the TNOC landscape and the ways in which our systems are vulnerable to TNOC exploitation.

---

<sup>1</sup> Labour Party 2020 Manifesto, Law and Order Policy Factsheet, pp. 6-7.

- 9 This intelligence-led approach has informed the forward-looking Year Three Action Plan (The Y3 Action Plan) (Appendix C). The Y3 Action Plan contains 20 high priority cross-agency activities, which were reviewed and endorsed by the Security Intelligence Board (SIB), in May 2022.
- 10 **s.6(c) OIA** [REDACTED]
- Engagement with the private sector will cumulate in the 2023 New Zealand TNOC conference.
- 11 Reopened borders have provided opportunities for greater cooperation with international partners during the later stages of year two. Moving forward, agencies will focus on growing capability across government, influencing our international partners and expanding our regional support in the Pacific.
- 12 Agencies continue to address legislative gaps to prevent the exploitation of regulatory settings, and to ensure regulators have the appropriate tools to combat TNOC.
- 13 Efforts under the Strategy continue to bolster evidence-based and intelligence-led efforts to address emerging threats and vulnerabilities. Agencies continue to work together operationally, targeting transnational organised criminal groups collectively and focusing on those who cause the greatest harm.

#### **TNOC is a significant threat to New Zealand's national security**

- 14 TNOC poses a significant threat to our national security, law and order, our financial systems, public safety, and community wellbeing. Its scope and scale is influenced by factors including increased global connectedness, the establishment of new transnational organised criminal groups in New Zealand, and our lucrative domestic drug market.
- 15 Transnational organised criminal groups and networks are involved in a range of illegal activities including corruption, fraud, tax evasion, trafficking in persons, flora and fauna smuggling, money laundering, firearms offending, and illicit drug crime. They operate as agile businesses in pursuit of profit, influence, and power. Social and economic impacts of TNOC groups include violence, social deprivation, reduced community wellbeing, and eroded trust in public institutions.
- 16 New Zealand law-enforcement and regulatory agencies target, disrupt and dismantle organised criminal activities, illicit commodities and proceeds to reduce their effects on our communities, borders, and markets. They work closely with counterpart agencies in the Pacific, and further afield into Asia, South America, North America and Europe.
- 17 The Strategy was approved by the Cabinet External Relations and Security Committee in November 2019 [ERS-19-MIN-0037 refers] and launched in September 2020. It provides the framework for a coordinated, system-wide

response to prevent and combat TNOC, with the vision of making New Zealand the hardest place in the world for organised crime groups and networks to do business. Police leads 18<sup>2</sup> partner-agencies in the implementation of the Strategy.

### **The TNOC Strategy complements other government work programmes**

- 18 The Strategy is a key component of the Government's end-to-end response to organised crime. It targets the supply side and international context of organised crime and complements the Resilience to Organised Crime in Communities (ROCC) work programme. ROCC is a community-led, community driven approach, focused on reducing well-being related harms, addressing social drivers of organised crime, and building community resilience. Together, the Strategy and ROCC seek to address the full spectrum of organised crime.
- 19 The Strategy is targeted toward TNOC more broadly, s.6(c) OIA [REDACTED] However, it supports efforts to reduce gang-related harm by making it harder to engage in organised criminal activity in New Zealand. New Zealand's organised crime landscape is directly influenced by transnational actors, resulting in a complex and dynamic environment.
- 20 Recent investigations have confirmed that organised criminal groups, including some gangs, are actively growing their connections to offshore transnational crime networks, and exploiting vulnerable communities to increase demand for illicit commodities (particularly methamphetamine).
- 21 Shifts in New Zealand's organised crime environment, including the growing presence of transnational outlaw motorcycle gangs in New Zealand and the subsequent increase in intergang tensions, have been the subject of recent operational and Government focus. As a result, Ministers commissioned the Gang Harm Intervention Plan (the Plan), with progress discussed at the Cabinet Social Wellbeing Committee in June 2022 [SWC-22-MIN-0105 refers]. s.9(2)(f)(iv) OIA [REDACTED]

### **The Strategy has resulted in system-level governance and coordination**

- 22 Under the Strategy, agencies have made significant progress in unifying government efforts to prevent and combat TNOC, instituting a collective accountability model which supports a systems approach.
- 23 The Strategy is supported by a dedicated secretariat established in 2020 under a Proceeds of Crime Fund bid to support cross-agency implementation of the

---

<sup>2</sup> Ara Poutama Aotearoa, Department of Internal Affairs, Department of Conservation, Department of Prime Minister and Cabinet, Government Communications Security Bureau, Financial Markets Authority, Inland Revenue Department, Ministry for Primary Industries, Ministry of Business, Innovation and Employment, Ministry of Foreign Affairs and Trade, Ministry of Justice, Ministry of Defence, Ministry of Transport, National Maritime Coordination Centre, New Zealand Customs Service (Customs), New Zealand Defence Force, Reserve Bank of New Zealand, and Serious Fraud Office.



work programme. The secretariat works on behalf of all partner agencies, providing universal support to ensure that the annual action plans are delivered.

- 24 The governance model and associated secretariat functions have been highly effective and are seen as a successful model for the establishment of other system-wide interventions and plans. They have enabled improved collective decision-making and responsibility for prioritised actions, joint resourcing, shared functions, and better coordination.

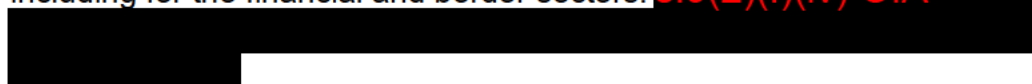
**The Strategy has successfully prompted improved system-level foresight and insight and has driven decision making**

- 25 The Strategy continues to bolster evidence-based and intelligence-led efforts to address emerging threats and vulnerabilities. The TNOC Strategic Intelligence Assessment completed in year one identified key vulnerabilities in the border and financial sectors. **s.6(c) OIA**



**Agencies are targeting vulnerabilities in the financial sector**

- 26 These identified vulnerabilities informed high-level prioritisation and decision-making and prompted improved partnerships with key private sectors under the Year Two Action Plan (Appendix B).
- 27 This included expanding the TNOC governance model to include additional financial supervisors, the Reserve Bank of New Zealand (RBNZ) and the Financial Markets Authority (FMA), and sector specific TNOC guidance including for the financial and border sectors. **s.9(2)(f)(iv) OIA**



- 28 Agencies have further strengthened New Zealand's financial sector, including:

28.1 Improving the Anti-Money Laundering and Countering Financing of Terrorism (AML/CFT) regime. The Ministry of Justice led a statutory review of the AML/CFT Act 2009. I understand that the review was delivered to the Minister of Justice on 30 June 2022, and includes recommendations for legislative, regulatory, and operational reforms to enhance New Zealand's AML/CFT regime.

Enhancing the regime will make it harder for organised criminal groups and networks to do business in New Zealand. I understand that the Minister of Justice will bring proposals to Cabinet for initial regulatory reform and seek agreement to progress longer-term reforms with a view to introducing a Bill.

- 28.2 The Ministry of Business, Innovation and Employment is progressing policy work to establish both a public beneficial ownership register and unique corporate role-holder identifier (CRI), following Cabinet agreement to fund these initiatives in December 2021 [CAB-21-MIN-0539.01 refers]. I understand that a Bill authorising the establishment of the register and CRI is likely to be introduced in 2023.

Establishing a beneficial ownership register will align New Zealand with many of our overseas partners and tackle the use of corporate entities as a means to facilitate illicit financial activity, as highlighted by leaks such as the Panama, Pandora, and Paradise Papers.

- 28.3 s.9(2)(f)(iv) OIA

- 28.4 The Financial Intelligence Unit, housed within Police, continue to promote the Strategy among AML/CFT reporting entities to encourage identification and reporting of TNOC enabling financial activities.

- 28.5 s.9(2)(f)(iv) OIA

### Agencies are targeting vulnerabilities in NZ's border supply chain against TNOC exploitation

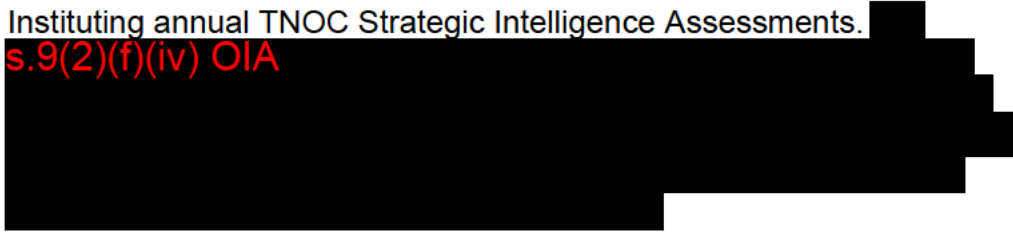
- 29 Customs has built on operational efforts to combat exploitation of the supply chain s.6(c) OIA

- 30 Further, complementary efforts are underway across government to address identified vulnerabilities and security concerns related to the maritime domain, including the ability to detect and prevent the flow of illicit goods into New Zealand. For example, the Ministry of Transport-led work under the Maritime Security Strategy to examine policy settings around s.6(c) OIA

s.9(2)(f)(iv) OIA

<sup>3</sup> Formerly the National Financial Crime and Corruption Strategy.

### **Agencies are strengthening the TNOC intelligence framework**

- 31 Agencies are enhancing the TNOC intelligence framework to ensure that efforts under the Strategy continue to be intelligence-led, proactive and responsive to immediate and future threats, guiding operational and resource prioritisation. Under the Strategy, agencies are:
- 31.1 Instituting annual TNOC Strategic Intelligence Assessments.   
s.9(2)(f)(iv) OIA
- 31.2 Re-establishing the TNOC Intelligence Sector Coordination Group, and developing cross-agency intelligence collection priorities. These priorities guide intelligence collection across agencies, and leverage off our offshore networks. This is a pioneering effort developed to bridge the gap between the National Security Intelligence Priority and collection activities. This is an example of cross-agency success in fusing operational priorities.
- 31.3 Beginning to establish a dedicated TNOC Strategic Intelligence Fusion Centre, utilising an existing research fund to boost system wide, up to date intelligence to inform future strategic system-level interventions as well as individual agency-led projects and operations.
- 32 A performance development framework is currently under development, which will allow us to track our impact over time.

### **Agencies continue to deepen international cooperation and the capacity and resilience of partners**

- 33 TNOC is a global problem that requires a global response. Reopening of borders in year two provided opportunities for greater cooperation with international partners, as agencies shifted from remote support to direct engagement, including:
- 33.1 Increased support for Pacific partners through the expansion of the New Zealand Transnational Crime Unit (NZTCU) to further assist the Pacific Transnational Crime Network. An information sharing arrangement with Pacific partners has been developed and is in the process of finalisation. In-country visits have recently commenced, focussing on capacity and capability building, including workshops to increase awareness of organised crime groups and networks, such as outlaw motorcycle gangs.
- 33.2 Strengthened partnerships and investigative capability of law enforcement partners in Southeast Asia through courses run by the TNOC secretariat, Police, Customs, Immigration New Zealand (INZ), supported by the Ministry of Foreign Affairs. The most recent course was held in June 2022, for participants from eight ASEAN Member States

and focused on TNOC vulnerabilities in the maritime domain. ASEAN Member States reported the sessions were highly valuable and indicated strong interest in future work with New Zealand agencies.

- 34 The actions above strengthen international engagement and bolster the capacity and resilience of international partners. This increases our ability to conduct transnational investigations, enables a joined-up response to TNOC across jurisdictions, and takes a prevention-first approach in seeking to disrupt TNOC before it reaches our shores.

- 35 In year three, agencies will build on this by:

35.1 s.6(a) OIA

35.2 s.6(a) OIA

#### **Agencies are closing policy and legislative gaps exploited by TNOC**

- 36 Addressing the policy and legislative settings ensures that appropriate tools and settings are available for law enforcement agencies and regulators. Agencies are addressing legislative gaps exploited by TNOC groups and actors, and working to reduce identified barriers to detect and disrupt serious criminal offending including:

36.1 The Maritime Powers Act 2022, that provides comprehensive powers to enable domestic law enforcement authorities to respond to a range of serious criminal offending in international waters.

36.2 Amendments to the Criminal Proceeds (Recovery) Act 2009 (CPRA), that have been introduced into the House. The amendments provide for new powers to restrain and forfeit property associated with organised crime and transnational offending.

36.3 Commencement of an international peer review of New Zealand's implementation of the United Nations Convention against Transnational Organised Crime and Protocols. s.9(2)(f)(iv) OIA

#### **Agencies have continued to disrupt and dismantle TNOC through joint operations**

- 37 Cross-agency investigations have identified trusted insider activities and have highlighted broader system vulnerabilities. The Strategy has enabled agencies to learn from, and respond to, these vulnerabilities. Two examples of these successes are:



- 37.1 Operation Selena (December 2021) was a joint Police and Customs investigation into the importation of methamphetamine into New Zealand utilising baggage handlers at Auckland Airport, illustrating the use of trusted insiders to exploit system vulnerabilities. This criminal syndicate is linked to the importation of 500 kilograms of methamphetamine into New Zealand over 12 months. The syndicate was also linked to the failed importation of 200 kilograms of methamphetamine into New Zealand, intercepted at the Malaysian border in October 2021, indicating the cross-border response TNOC necessitates.
- 37.2 Operation **s.6(c) OIA** (initiated June 2020) is an INZ led investigation into the cross-border trafficking of **s.6(a) OIA** nationals into New Zealand to work under exploitative conditions, working with the Transnational Crime Unit **s.6(a) OIA** for offshore coordination. In June 2021, the offender was arrested and charged with aiding and abetting, and subsequently with migrant exploitation. **s.6(c) OIA**
- 38 These efforts contributed directly to dismantling TNOC groups and networks operating in New Zealand. These investigations are also an example of successful information sharing and fused operational priorities by multiple agencies to target those causing the most amount of harm in New Zealand. **s.9(2)(f)(iv) OIA**

#### **Activities continuing into year three are high priority**

- 39 Activities that are carried over from year two include those which are multi-year, or annually recurring. Others have taken longer than anticipated or have been delayed due to competing priorities.
- 40 **s.9(2)(f)(iv) OIA**

#### **The Y3 Action Plan is responsive to the Government's focus on addressing harm from organised crime and gangs**

- 41 The Y3 Action Plan includes a specific activity to enhance the management of deportees from Australia, focused on improving cross-agency coordination, case management, and intelligence sharing. It will enable agencies to better understand the relationship between returning deportees, gangs, and TNOC, and inform approaches to reintegration.
- 42 This will be closely coordinated with efforts to provide greater transitional support for deportees, and is anticipated to sit under the ROCC work programme **s.9(2)(f)(iv) OIA**
- Future success in this activity will be felt across the supply



(TNOC) and demand (ROCC) ends of the spectrum, reflecting the end-to-end approach enabled by the Strategy and ROCC.

### **Supplementary information on Illegal, Unreported and Unregulated (IUU) fishing**

43 Current intelligence indicates that alongside the financial, border sectors, the maritime sector is one of new Zealand's top three strategic vulnerabilities.

44 s.9(2)(f)(iv) OIA



45 The Ministry of Primary Industry (MPI) notes that not all IUU fishing can be considered as being a TNOC crime. The majority of IUU fishing is opportunistic and carried out by individuals with no proven links to TNOC entities. However, entities which do undertake IUU fishing are also capable of undertaking TNOC enabling crimes such as tax evasion, money laundering, indentured labour and drug trafficking.

46 MPI also notes that a 2016 study (commissioned by the Pacific Islands Forum Fisheries Agency (FFA) estimated that IUU fishing in Pacific tuna fisheries had cost Pacific countries USD\$616 million between 2010-2015. The study concluded that the majority of IUU fishing in the Pacific is carried out by licensed vessels, with very few illegal fishing vessels in the region. The study did not assess the level of TNOC-enabling crimes that may have been carried out by these IUU entities as it was considered out of scope. The study was updated in 2021. The updated study estimated that the economic impact of IUU fishing across the pacific region was USD\$333.49 million for the 2017-2019 period. This decrease in estimated impact can be attributed to regional monitoring, control and surveillance efforts as well as new information (particularly improved data on transshipment and longline reporting). More detailed analysis of each fishery would be required to understand both the direct and indirect costs of IUU fishing to Pacific Island countries and territories.

47 Based on updated strategic intelligence and the prevailing threat-scape, further strategic activities to harden the maritime domain may be appropriate during year four of the strategy.

48 While individual agencies have progressed work to address Illegal, Unreported and Unregulated (IUU) fishing, there were no specific IUU-related activities in the year two or the year three TNOC action plans as approved by SIB, noting that the purpose of the Cabinet paper is to report on Year Two approved activities.

## **Implementation**

- 49 Implementation of the Strategy will continue over the next three years via annual action plans, overseen by SIB.

## **Financial implications**

- 50 There are no financial implications resulting from this paper. Funding for implementation of the Strategy has been approved as part of Budget 22 Justice Cluster initiative 'Preventing Community Harm from Organised Crime: Cross-Agency Approach'. This includes \$6.05 million over four years to enable the delivery of activities under the Strategy. Appendix D spotlights some year three activities, including those made possible by the recent 2022 Justice Cluster investment.

## **Legislative Implications**

- 51 There are no legislative changes as a direct result from this paper. Cross-agency work on potential legislative improvements to better address TNOC is underway.
- 52 Appropriate consultation will be undertaken before any proposals are put forward and a full analysis of the legislative implications of those amendments will be made at the time they are brought to Cabinet for consideration.

## **Regulatory Impact Statement**

- 53 As this paper updates Cabinet on an existing work programme, it does not require a Regulatory Impact Statement.

## **Climate Implications of Policy Assessment**

- 54 As this paper updates Cabinet on an existing work programme, it does not require a Climate Implications of Policy Assessment.

## **Population Implications**

- 55 Population implications for this work programme were discussed in the Cabinet paper that sought agreement to the Strategy and its public release. There are no further population implications arising from this paper.

## **Human Rights**

- 56 Human Rights implications for this work programme were discussed in the Cabinet paper which sought agreement to the Strategy and its public release. There are no further human rights implications arising from this paper.

## **Consultation**

- 57 The following agencies were consulted: Ara Poutama Aotearoa, Department of Internal Affairs, Department of Conservation, Department of Prime Minister and

Cabinet, Government Communications Security Bureau, Financial Markets Authority, Inland Revenue Department, Ministry for Primary Industries, Ministry of Business, Innovation and Employment, Ministry of Foreign Affairs and Trade, Ministry of Justice, Ministry of Defence, Ministry of Transport, National Maritime Coordination Centre, New Zealand Customs Service, New Zealand Defence Force, the Reserve Bank of New Zealand, and the Serious Fraud Office.

- 58 Agencies consulted have indicated their continued support for the strategic approach and its delivery.

### **Communications**

- 59 There are no announcements requiring communication within this paper. Public engagement will occur as necessary for individual actions progressed under the Y3 Action Plan.

### **Proactive Release**

- 60 This paper will be proactively released within 30 business days of decisions being confirmed by Cabinet, subject to relevant redactions.

### **Recommendations**

The Minister of Police recommends that the Committee:

- 1 **Note** that transnational organised crime (TNOC) remains a significant risk to national security.
- 2 **Note** the progress made during the second year of the Strategy.
- 3 **Note** that the Security and Intelligence Board has endorsed the forward-looking year three action plan to implement the TNOC Strategy.
- 4 **Invite** the Minister of Police to report back on progress regarding the implementation of year three of the TNOC Strategy by August 2023.

Authorised for lodgement

Hon Chris Hipkins

Minister of Police