

# TRANSNATIONAL ORGANISED CRIME IN NEW ZEALAND: OUR STRATEGY

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2020–2025

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# INTRODUCTION

Transnational organised crime (TNOc) is crime that operates across national borders, or crime that's carried out in one country but which has strong links to other countries.

Organised crime, including TNOc, is a worldwide problem that undermines community wellbeing, governance, economic development and national security. There is increasing pressure on governments to work together to combat TNOc. Globally, the turnover of TNOc groups is estimated to be USD\$3 trillion (equivalent to 4 percent of the world's GDP). The Government of Australia has estimated that 70 percent of its serious and organised crime threats are based offshore or have strong links to other countries.

TNOc poses significant risks to New Zealand's national security, law and order, public safety and wellbeing, and environment. We don't have comprehensive data on TNOc in New Zealand, but we know that its scope, scale and impact is growing. TNOc is insidious; it is having a gradual and cumulative effect on many aspects of everyday life. This makes it a challenge for New Zealand's public, private and not-for-profit sectors, and communities to manage.

TNOc groups are sophisticated businesses that operate across multiple crime types and countries. However, governments and private-sector entities often see and respond only to specific risks, such as a single crime type. They don't always make connections between different risks and respond to them in a coordinated and systematic way. Businesses and communities have different levels of awareness and understanding about the nature and extent of TNOc risks, threats and impacts. Some are even complacent about them. But if we don't take coordinated action, TNOc could undermine the integrity of our civic institutions and compromise our legitimate business activities. It could reduce trust within New Zealand, harm our international reputation, negatively affect our economy and significantly harm our society.

New Zealand has a strong approach to combatting organised crime, based on detecting and disrupting crime, and is increasingly focused on preventing crime and building capability. Our law-enforcement and regulatory agencies disrupt, dismantle and target organised criminal activities, commodities and proceeds to reduce their effects on our communities, borders and markets. They work closely with their counterpart agencies in the Pacific, and further afield into Asia, South America, North America and Europe.

Although we are making progress towards combatting TNOc, we need to respond to it in a more strategic, whole-of-system and coordinated way that focuses on prevention. There is scope to make our systems more resilient and improve how we respond to TNOc internationally and domestically.

There are two parts to this document. Part 1 outlines the risks and threats of TNOc, explains how we currently respond to them and why we need to respond to TNOc nationally and strategically. Part 2 outlines our strategy, which will guide agencies and sectors on how to work together to combat TNOc.

The strategy will be implemented between 2020 and 2025 and reviewed at the end of that five-year period. This strategy has been contributed to by the following agencies:

- Department of Conservation
- Department of Corrections
- Department of the Prime Minister and Cabinet
- Government Communications Security Bureau
- Inland Revenue
- Ministry for Primary Industries
- Ministry of Business, Innovation and Employment
- Ministry of Defence
- Ministry of Foreign Affairs and Trade
- Ministry of Justice
- Ministry of Transport
- National Maritime Coordination Centre
- New Zealand Customs Service
- New Zealand Defence Force
- New Zealand Police
- Serious Fraud Office

# TRANSNATIONAL ORGANISED CRIME STRATEGY

## Our vision

New Zealand is the hardest place in the world for organised criminal groups and networks to do business.

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### Our principles

- Prevention first: Proactive and more prevention-oriented response.
  - Systems thinking: Coordination across the whole of our system.
  - Intelligence-led: Prevention and enforcement that's driven by actionable intelligence.
  - Evidence-based: Agile responses to priority, emerging and existing, risks and threats.
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### Our objectives

- To minimise social, economic and reputational harm from TNOC.
  - To build capability and awareness to prevent and dismantle crimes that underlie TNOC.
  - To stop supply of TNOC illicit commodities and organised crime at the source.
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### Our vulnerabilities

- We lack good evidence about, and ways to measure, the types and drivers of, demand for, impact of and harm from TNOC.
  - New Zealand needs more integrated systems and processes.
  - We need agile, fit-for-purpose legislative and regulatory tools that support New Zealand's open business environment.
  - International and New Zealand organised crime groups and networks (including gangs) are well connected.
  - New Zealanders continue to have a high demand for illicit drugs, especially methamphetamine.
  - New Zealand organisations are unaware of, and complacent about, the risks of TNOC, due to our historical geographic isolation and low exposure to TNOC activities.
  - New Zealand society faces social inequalities.
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### Indicators

- Increased proportion of known system vulnerabilities that enable TNOC are closed.
  - Increased number of TNOC types that we can accurately measure.
  - Percentage of regulatory and enforcement outcomes linked to existing and emerging TNOC threats, risks and markets.
  - Percentage increase in proportion of cash and assets restrained from TNOC groups and networks.
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# OUR STRATEGIC FOCUS AREAS AND PRIORITY ACTION AREAS

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## UNIFY: Drive system governance and coordination

New Zealand's response to TNOc needs to be led and governed using a strong cross-agency approach.

### Our priority actions

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#### ***Establish a system-wide governance model that***

- is robust and sustainable
  - guides agencies to be coordinated and driven by outcomes
  - identifies when multiple sectors and organisations need to work together
  - joins up planning and budgeting
  - aligns policies.
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#### ***Integrate risk monitoring and our evidence base to***

- identify which interventions have the greatest impact on TNOc
  - support government agencies and academic institutions to work together
  - inform government policies, investments and operational decisions
  - help us measure and understand the full scale and impact of TNOc
  - allow agencies to prioritise and coordinate their resources.
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#### ***Align our policy and legislative settings to***

- make them stronger and ensure they don't have loopholes that attract TNOc
  - prioritise actions that reduce barriers to enforcing policies, laws and procedures, particularly to recover assets and prevent disruption to technology and finance systems.
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#### ***Strengthen our existing international partnerships to***

- deepen our existing relationships with organisations that are combatting TNOc, particularly those focused on the Pacific
  - share our knowledge and learn from others' experiences.
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## PREVENT AND DETECT: Strengthen capability and understanding

We need to better understand TNOc and improve our capability, so we can make our systems and communities more resilient to it.

### Our priority actions

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#### ***Learn about TNOc and apply this knowledge to our decisions and investments to***

- understand how TNOc operates and how different types of TNOc intersect with government agencies, businesses and the public
  - make the right decisions to prevent and detect TNOc
  - make sure it aligns with our investments in tools and technology.
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#### ***Improve education and make people more aware of the risks of TNOc to***

- make our systems and communities more resilient
  - get them talking about TNOc, its threats and harms
  - identify those most likely to be, or vulnerable to being, TNOc victims, offenders or enablers
  - build trust across the system and encourage people to detect and report TNOc early.
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#### ***Partner with the private sector to identify and combat TNOc by***

- working together, especially with financial institutions and professional-service providers who are well-positioned to identify TNOc
  - co-designing clear processes to report TNOc, which are easy for everyone to use.
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#### ***Enhance international support to***

- extend New Zealand's leadership role within the Pacific region, and enhance our partnerships further afield, particularly in Asia and South America
- ensure information that helps other countries address TNOc is shared
- use our experience and visibility around counterterrorism to contribute to the global movement to combat TNOc.





## DISMANTLE: Fuse operational priorities

We need to set operational priorities centrally, share information, and use legislative powers to apprehend the leaders of TNOC groups and reclaim their profits.

### Our priority actions

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#### ***Co-design a methodology to jointly prioritise and respond to risks so that***

- our agencies set joint priorities for intelligence, pre-investigation, prosecution and recovery of criminal proceeds
- a system-wide response will be triggered when a new or emerging TNOC risk is identified, which will be followed by a coordinated and sustained response
- our agencies can decide and take coordinated and sustained actions to prevent, mitigate or manage the risk.

#### ***Optimise information-sharing powers so that***

- officials can confidently use their powers under existing legislation on privacy, tax administration and serious fraud
- agencies are supported to make joint decisions about which investigations to prioritise
- we can make better use of New Zealand's overseas assets, information sources and representatives.

#### ***Optimise legislative tools that directly target the profits, leaders and associates behind TNOC to***

- make sure they are agile enough to keep up with how quickly TNOC is changing
- source criminal intelligence and evidence, prosecute against specific crimes and recover the proceeds of crimes
- strengthen key legislative and regulatory powers, such as the Criminal Proceeds and Recovery Act 2009.



## Links to other programmes and strategies

- Resilience to Organised Crime in Communities (ROCC) work programme
- Maritime Security Strategy
- Plan of action to prevent people trafficking
- Cyber Security Strategy

# TRANSNATIONAL ORGANISED CRIME: Scope, scale, harm and impact

## What is TNOC?



Crime that's planned and systematic



Crime that's committed by a group or network



Crime that's carried out to gain profit, power or influence



Crime that operates across national borders or has strong overseas links



### Types of TNOC

#### **Illegal commodities and people transfers**

- Illicit drug crime
- Illegal, unreported and unregulated (IUU) fishing
- Flora and fauna trafficking
- Migrant exploitation

#### **Illegal value transfers**

- Fraud
- Tax evasion



### Enablers of TNOC

- Money laundering
- Corruption
- Identify fraud
- Computer crime



### Harm caused by TNOC

#### **Harm to society**

- Physical impact (violence and effects on physical health)
- Wellbeing impact (fear from intimidation and effects on mental health)
- Community impact (crime becomes entrenched and drains resources for social investments)

#### **Harm to the economy**

- Tax impact (less tax revenue for the public sector)
- Income impact (lost income for individuals and businesses)
- Business impact (unfair competition for legitimate enterprises)
- Government impact (higher costs for the law, justice, and health sectors)

#### **Harm to New Zealand's reputation**

- Detrimental impact on New Zealand's global reputation from crimes such as food fraud



### Perpetrators of TNOC

#### **TNOC groups and networks include:**

- Outlaw motorcycle gangs from Australia and New Zealand partly driven by Australian deportations since 2014. Some have now also established in Southeast Asia and the Pacific.
- Major criminal syndicates based in Mexico, China and Southeast Asia.



# Scale of TNOC<sup>1</sup>

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## Illicit drug crime

- New Zealand has a lucrative market for illicit drugs, especially methamphetamine: our rate of drug consumption is much higher than most other countries.
- The Pacific is a transit route for drug trafficking between Australia and New Zealand; there are also illicit drug markets in the Pacific.

**\$3 billion** Estimated value of the harm avoided by drugs seized at our border and offshore

**2.5 tonnes** Volume of illegal drugs seized at the New Zealand border in 2019 (including 1.2 tonnes of methamphetamine)

**470kg** Volume of illegal drugs seized offshore, which prevented \$477 million of harm

**30** Number of operational TNOC cells dismantled in New Zealand since 2017

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## IUU Fishing crime

- Illegal, unreported and unregulated (IUU) fishing by foreign vessels is a growing problem.
- IUU significantly impacts Pacific Island countries and New Zealand's interests in the Southern Ocean.
- IUU is associated with people smuggling, unlawful labour practices and corruption.

**\$616 million** Estimated value of IUU fishing in the South Pacific each year

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## Flora and fauna trafficking

- Flora and fauna trafficking is one of the largest illicit economies in the world.
- Our greatest risk is trafficking of New Zealand native reptiles.
- Some overseas flora and fauna traffickers are involved in arms smuggling.

**300%** Increase in the number of flora and fauna seizures at our border between 2011 and 2017

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## Migrant exploitation

- Illegal migrants are easily enticed to New Zealand and then exploited for economic gain.

**300%** Increase in referrals about immigration crimes, of which more than one third relate to exploited migrants

**64%** Percentage of the Labour Inspectorate's investigations that involved migrants in 2018/19

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<sup>1</sup> While New Zealand doesn't yet have comprehensive data, Australian data indicates that 70 percent of organised crime is TNOC.



## Fraud and corruption

- Fraud is a growing risk, including through online scams.
- Victims of fraud often don't report it.
- Food fraud<sup>2</sup> affects 10 percent of the global food supply and is a high cost to businesses.

**51%** Percentage of New Zealand businesses that were victims of transnational economic crimes in 2017/18

**20%** Percentage of Australian and New Zealand organisations that have experienced overseas corruption

**\$33 million** Value of reported losses from 13,000 reports of scams in 2018.

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## Tax evasion

- TNOC and tax evasion are inextricably linked, borderless and hidden activities that are unregistered for tax or comingled with legitimate business activity.

**\$1.35 billion** Value of money laundered in New Zealand each year.

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<sup>2</sup> Food fraud includes substituting or adding ingredients; tampering with food, its ingredients or its packaging; misrepresenting food products; and making false or misleading statements about food products for economic gain.

# PART 1: TNOC AND HOW NEW ZEALAND CURRENTLY RESPONDS

## What is TNOC?

TNOC is crime that operates across national borders, or crime that's carried out in one country but which has strong links to other countries.

TNOC shares three characteristics with domestic organised crime:

1. It is planned and systematic criminal activity.
2. It is committed by a group or network.
3. It is carried out to gain profit, power or influence.

Some TNOC relies on physically moving commodities and people (such as illicit drugs, protected flora and fauna, and migrants), while other types of TNOC involve illegal value transfers (such as fraud and tax evasion).

Most TNOC in New Zealand is linked to trafficking illicit drugs. However, TNOC is increasing and diversifying into areas not traditionally targeted by domestic organised criminals, such as fisheries crime and online scams. Box 1 explains the different types of TNOC that affect New Zealand.

TNOC groups are sophisticated businesses designed to generate profits. They are agile, work together and move between crime types to maximise their profits and avoid being detected by law-enforcement agencies. Like legitimate businesses, they generate demand and respond to it with supply. They use complex business structures, offshore control and encrypted communications to stay anonymous and hide their illegal activity. Box 2 explains the factors that enable TNOC to occur.

## Who are the perpetrators of TNOC?

TNOC groups and networks include:

- outlaw motorcycle gangs (OMG) from New Zealand and Australia (partly driven by Australian deportations since 2014). Between 2016 and 2019 domestic gang membership increased by 36 percent (from 4,679 to 6,735 members). Some OMGs are now also established in Southeast Asia and the Pacific
- major criminal syndicates based in Mexico, China and Southeast Asia.

### Box 1: Different types of transnational organised crime in New Zealand

There are many different types of profit-motivated TNOC, but most fall into these categories:

#### ***Illicit drug crime***

Importing, manufacturing and distributing methamphetamine is currently the predominant TNOC activity, but other drugs, such as cocaine, also generate significant returns for criminals.

#### ***Illegal, unreported and unregulated (IUU) fishing***

IUU fishing by foreign vessels in New Zealand waters means they gain an unjust economic advantage over legitimate fishers.

#### ***Flora and fauna trafficking***

This type of crime involves the unauthorised export of protected flora and fauna from New Zealand or the unauthorised import from overseas.

#### ***Migrant exploitation***

This type of crime includes forced labour of, and illegal working conditions for, migrants; immigration fraud; and, sometimes, people trafficking.

#### ***Fraud***

This type of crime includes online scams, fraud, and deception that targets vulnerable people, businesses and investors.

Food fraud includes the substituting or adding ingredients; tampering with food, its ingredients or its packaging; misrepresenting food products; and making false or misleading statements about food products for economic gain.

#### ***Tax evasion***

This type of crime involves evading paying income tax, company tax, or import and export duties. These crimes are considered part of the 'hidden economy', which makes them difficult to measure.

## How big is the threat of TNOC to New Zealand?

Organised crime, including TNOC, is a worldwide problem that undermines community wellbeing, governance, economic development and national security. There is increasing pressure on governments to work together to combat TNOC. Globally, the turnover of TNOC groups is estimated to be USD\$3 trillion (equivalent to 4 percent of the world's GDP).<sup>3</sup> The Government of Australia has estimated that 70 percent of its serious and organised crime threats are based offshore or have strong links to other countries.<sup>4</sup>

TNOC poses significant risks to New Zealand's national security, law and order, public safety and wellbeing, and environment. Box 3 explains the types of harm caused by TNOC. We don't have comprehensive data on TNOC in New Zealand, but we know that its scope, scale and impact is growing. Our best estimate is that the harm from, and impact of, TNOC is substantial. It is difficult to gauge the full scale of TNOC, which underlines why we need to understand and measure it better.

TNOC is insidious; it is having a gradual and cumulative effect on many aspects of everyday life. This makes it difficult for New Zealand's public, private and not-for-profit sectors, and its communities to manage. Unless we take significant action, New Zealand's TNOC profile is likely to mirror that of Australia's, especially given the strong criminal links between our two countries.

## Why do we need a TNOC strategy?

TNOC is a major global problem that impacts significantly on countries throughout the world, including New Zealand. It's a global threat that needs a global response. New Zealand has an open economy, is well connected through communications technology and has large geographic borders; however, historically we've had low exposure to, and awareness of, TNOC. This makes us vulnerable. While we have strong disruption and enforcement systems, there's scope to make our systems more resilient and improve how we respond internationally and domestically.

### Box 2: Factors that enable transnational organised crime to occur in New Zealand

'Enablers' are factors that make criminal activity more efficient, effective or undetectable, or that disguise the proceeds so that criminals can enjoy the benefits of their efforts. Some enablers (such as technology and international wire transfers) are part of the legitimate economy, while other enablers (such as computer crime and money laundering) are themselves illegal. These are the main enablers of TNOC:

#### **Money laundering**

Money laundering is intentionally moving criminal proceeds to separate them from their origin. It usually involves criminal networks laundering through multiple overseas jurisdictions and accounts.

#### **Corruption**

Corruption can involve criminals paying bribes to public-sector officials, private-sector institutions or professionals, so they ignore illegal activity.

#### **Identity fraud**

Identity fraud can be used to commit other crimes, such as people smuggling (it can enable people to move across borders) and computer crime (it can enable people to obtain credentials illegally).

#### **Computer crime**

Computer crime means illegally accessing a computer system or network. It is usually linked with fraudulent activities that take place before or after the computer crime.

TNOC in New Zealand is also changing. Organised criminal groups and networks are gaining greater access to our country, both from within and outside New Zealand; and the scope, scale and value of their business in New Zealand is growing. New risks are constantly emerging that we need to be alert to. The fictional example in Box 4 illustrates the scale of TNOC.

<sup>3</sup> The Millennium Project. (2017). Global challenge 12. Retrieved from <http://www.millennium-project.org/challenge-12/>

<sup>4</sup> Australian Criminal Intelligence Commission. (2018). 2017–18 annual report. Commonwealth of Australia. Retrieved from [https://acic.govcms.gov.au/sites/default/files/acic\\_2017-18\\_ar\\_digital.pdf?acsf\\_files\\_redirect](https://acic.govcms.gov.au/sites/default/files/acic_2017-18_ar_digital.pdf?acsf_files_redirect)

Globally, New Zealand is seen as a valuable market for illicit drugs; more TNOC groups are now targeting New Zealand. However, the nature of TNOC is much wider than illicit drugs and money laundering. It extends to other commodities (such as cigarettes) and other crimes (such as trafficking protected flora and fauna, exploiting migrants, fishing illegally, and committing food fraud and computer crime).

TNOC groups are sophisticated businesses that operate across multiple crime types and countries. However, governments and private-sector entities often see and respond only to specific risks, such as a single crime type. They don't usually make connections between the risks and respond to them in a coordinated and systematic way. Government departments, businesses and communities have different levels of awareness and understanding about the nature and extent of TNOC risks, threats and impacts. Some are even complacent about them. But if we don't take action, TNOC could undermine the integrity of our civic institutions and compromise our legitimate business activities. It could reduce trust within New Zealand, harm our international reputation, negatively affect our economy and significantly harm our society.

New Zealand is part of the Pacific region, which is also not immune to TNOC. Many Pacific Island countries have limited capacity to respond to TNOC and we are responsible for being an active partner in the region. New Zealand also needs to be an active partner in the global fight against TNOC.

### Box 3: Types of harm caused by transnational organised crime in New Zealand

The crimes that underlie the different types of TNOC cause different types of harm to our communities. These are the main types of harm:

#### ***Harm to society***

TNOC can affect people's physical and mental health, cause violence or fear, drain resources intended for social-investment initiatives, and result in tax payments being unfairly distributed. We also know that crime is driven by entrenched multi-generational social deprivation.

#### ***Harm to the economy***

TNOC can cause individuals and businesses to lose income, increase costs and lower tax revenue for the public-sector, drain household funds and mean unfair competition for legitimate enterprises. It also increases the costs of the law and justice, and health sectors.

#### ***Harm to New Zealand's reputation***

Some types of TNOC (for example, a major food fraud) could have serious consequences for New Zealand's global reputation.

## New Zealand's exposure and vulnerabilities to TNOC

New Zealand's economy relies on its international reputation as a 'high integrity' and 'corruption-free' society. These features contribute to New Zealand being considered as one of the best countries to do business in. To preserve our good reputation we need to ensure our domestic environment and systems are resilient to TNOC threats.

Some countries have started to try and prevent TNOC by using a more strategic approach. They are making changes to their environments to stop organised criminal groups embedding themselves and conducting activities in their countries. This could result in organised criminals looking for other,

more vulnerable countries to exploit. There are already indications that New Zealand is increasingly 'on the radar' of TNOC groups. Box 5 lists some of the features that make New Zealand vulnerable to TNOC.

New Zealand consistently rates among the least corrupt countries in the world.<sup>5</sup> However, we must be alert to the possibilities that our public officials and private-sector institutions and professionals will be exposed to corruption domestically and internationally. Corruption could damage New Zealand's international reputation.

<sup>5</sup> Transparency International. (2019). Corruption perception index annual survey 2019. The survey results show that New Zealand regained first position alongside Denmark.

## What is New Zealand’s current response to TNOC?

New Zealand has a strong approach to combatting organised crime, which is based on detecting and disrupting crime, and a growing focus on preventing crime and building our capability. Our law-enforcement and regulatory agencies disrupt, dismantle and target organised criminal activities, commodities and proceeds to reduce their effects on our communities, borders and markets. They also work closely with their counterpart agencies in the Pacific. Although we are making progress towards combatting TNOC, we need to respond to it in a more strategic, whole-of-system and coordinated way that focuses on prevention.

## What New Zealand does at home

New Zealand’s response to TNOC is governed and led by various government agencies (see Box 6) that have different functions, powers and responsibilities. These agencies having separate strategies, action plans and governance arrangements.

New Zealand’s current system to combat TNOC starts offshore and continues at our borders and within New Zealand—nationally, regionally and locally.

### **At our borders**

New Zealand Customs Service protects New Zealand from goods being smuggled and trafficked across our borders, while Immigration New Zealand focuses on preventing people being smuggled and trafficked. New Zealand Customs Service hosts the Integrated Targeting and Operations Centre, which coordinates work done to identify risks. Several government agencies protect New Zealand from all forms of cybersecurity crime.<sup>6</sup>

### **Within New Zealand**

Our law-enforcement and regulatory agencies work internationally, nationally, regionally and locally to reduce the impact of TNOC on New Zealand. They work closely together and, increasingly, with the private sector. Several cross-agency groups and centres coordinate this work across police district boundaries within New Zealand, guided by biennial cross-agency strategic assessments.

## Box 4: Operation TNOC

This fictional example shows that TNOC in New Zealand is systematic and sophisticated, and illustrates why a range of government agencies need to work together to respond to it.

Operation TNOC is an operation to dismantle a TNOC enterprise that is importing large consignments of methamphetamine into Northland (this requires the New Zealand Customs Service and New Zealand Police to respond). The enterprise is laundering money to flush the profits (this requires the Ministry of Justice to respond) and using money remitters to get the cash profits out of the country (this requires the Department of Internal Affairs to respond). The enterprise also uses law and accountancy professionals to mask its presence and activities (this requires the Ministry of Business, Innovation and Employment to respond) and local drug mules to sell the drugs, who are migrant workers and students (this requires New Zealand Immigration to respond).

New Zealand Police’s National Organised Crime Group has developed a criminal-enterprise model based on a sophisticated understanding of how organised-crime groups, networks and cells operate. Work to disrupt and detect TNOC is going well: 30 TNOC groups were dismantled between 2017 and 2019. Our agencies are increasingly targeting networks that launder cash through remitters and international-controller networks (these are services that handle and move large amounts of illegal proceeds around the world).

The Government has agreed to develop a multi-agency work programme to combat the harms of organised crime and the associated methamphetamine trade.<sup>7</sup> The focus of the Resilience to Organised Crime in Communities work programme is addressing the ‘demand-side’ and preventing the social harm caused and compounded by organised crime, which often affects our most vulnerable communities.

<sup>6</sup> These agencies and groups include the Computer Emergency Response Team, the National Cyber Security Centre, the National Cyber Policy Office in the Department of the Prime Minister and Cabinet, the Department of Internal Affairs, Net safe, the Cyber Security Unit within New Zealand Police and New Zealand Customs Service.

<sup>7</sup> Methamphetamine is the primary commodity of organised crime. It feeds addiction and causes a range of other harms, particularly in New Zealand’s regions.

## What New Zealand does overseas *Around the world*

New Zealand is party to the UN Convention against Transnational Organized Crime 2000, which is the main international instrument for fighting TNOC, and the Convention's Protocol against the Smuggling of Migrants by Land, Sea and Air and Protocol to Prevent, Suppress and Punish Trafficking in Persons, especially Women and Children.<sup>8</sup>

New Zealand agencies take part in regional groups that work together on security matters. For example, security is a feature of our work with the Association of Southeast Asian Nations (ASEAN) in the New Zealand–ASEAN Plan of Action and at the ASEAN Regional Forum, and at the East Asia Summit. New Zealand is a member of the Financial Action Task Force, which uses policies to combat threats to the international financial system, and several of the Asia–Pacific Economic Cooperation (APEC)'s working groups.<sup>9</sup> Our agencies also carry out operations with other international law-enforcement and investigation agencies and networks, and regional and international organisations (such as Interpol and Europol).

### *In the Pacific region*

The Pacific reset<sup>10</sup> and the 2018 Boe Declaration on Regional Security<sup>11</sup> emphasise the need to focus more on TNOC in the region. TNOC in the Pacific threatens the region's stability (it affects people's trust in their governments) and economies. TNOC, especially illicit drugs, also harm Pacific societies and people's health.

New Zealand is a member of the Pacific Transnational Crime Network<sup>12</sup> and supports the Pacific Transnational Crime Coordination Centre in Apia, Samoa. New Zealand government agencies are carrying out several initiatives to learn more about the region's risk profile, share TNOC information with Pacific agencies and make them more capable of combatting TNOC.

## Box 5: Reasons why New Zealand is vulnerable to TNOC

New Zealand is vulnerable to TNOC for the following reasons:

- We lack good evidence about, and ways to measure, the types and drivers of, demand for, impact of and harm from TNOC.
- New Zealand needs more integrated systems and processes.
- We need agile, fit-for-purpose legislative and regulatory tools that support New Zealand's open business environment.
- International and New Zealand organised crime groups and networks (including gangs) are well connected.
- New Zealanders continue to have a high demand for illicit drugs, especially methamphetamine.
- New Zealand organisations are unaware of, and complacent about, the risks of TNOC, due to our historical geographic isolation and low exposure to TNOC activities.
- New Zealand society faces social inequalities.

## How can we improve our response to TNOC?

New Zealand's law-enforcement and regulatory agencies can make the greatest impact on combatting TNOC by coordinating their efforts, making joint decisions and focusing on three inter-connected strategic areas.

### Unify our approach to TNOC by improving how systems are governed and coordinated

Our government agencies are responsible for responding to TNOC threats, but they can't combat them alone. Agencies have overlapping strategies and aims, which could be more effectively delivered and measured by one TNOC strategy.

8 United Nations Office on Drugs and Crime. (2000). United Nations Convention against Transnational Organized Crime and the Protocols Thereto. Retrieved from <https://www.unodc.org/unodc/en/organized-crime/intro/UNTOC.html>

9 New Zealand is a member of the Anti-Corruption and Transparency Working Group, the Counter-Terrorism Working Group, the Digital Economy Steering Group and the Sub-Committee on Customs Procedures.

10 Cabinet External Relations and Security Committee. (2018, 4 December). The Pacific reset: the first year. ERS-18-MIN-0028. Cabinet Office: Wellington. Retrieved from <https://www.mfat.govt.nz/assets/OIA/R-R-The-Pacific-reset-The-First-Year.PDF>

11 Pacific Islands Forum Secretariat. (n.d.). Boe declaration on regional security. Retrieved 20 February 2020, from <https://www.forumsec.org/boe-declaration-on-regional-security/>

12 The Pacific Transnational Crime Network has 21 members from countries in the Pacific.

Many government agencies are involved in combatting TNOC, but no single agency is responsible or resourced to coordinate this work. TNOC is also very complex, which limits opportunities for agencies to make collective decisions. Government agencies and the private sector loosely coordinate with each other, but not enough to understand and respond to the total threat of TNOC. New Zealand would benefit from aligning its policies, laws and regulations in priority areas related to TNOC, and using them more systematically.

With more countries and international groups wanting to work together to respond to TNOC, there are opportunities for New Zealand to be at the forefront of this movement.

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### Prevent and detect TNOC by helping everyone understand it better and improve capability to combatting it

Government and private-sector organisations don't understand enough about the scope, characteristics and risks of TNOC, and how it impacts on New Zealand society. Some organisations run education and awareness-raising activities in their sectors, but not as part of a coordinated approach. There's an opportunity to raise people's awareness and create a shared understanding of TNOC, by using consistent messages about how to prevent it.

Deciding what to invest in currently focuses on what individual agencies need, rather than what the TNOC system needs. Our government agencies can make better use of available data and information to enforce our laws and prevent TNOC. But to do this, they need to integrate their tools and technology and increase their capability to turn information into timely, actionable intelligence and insights.

### Box 6: New Zealand government agencies involved in combatting TNOC

- Department of Conservation
- Department of Corrections
- Department of the Prime Minister and Cabinet
- Government Communications Security Bureau
- Inland Revenue
- Ministry for Primary Industries
- Ministry of Business, Innovation and Employment
- Ministry of Defence
- Ministry of Foreign Affairs and Trade
- Ministry of Justice
- National Maritime Coordination Centre
- New Zealand Customs Service
- New Zealand Defence Force
- New Zealand Police
- Serious Fraud Office

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### Dismantle TNOC by identifying and working on the same operational priorities

Over the last 10 years, changes to the law have helped our enforcement agencies detect, disrupt and dismantle organised criminal groups. However, our agencies could make better use of existing legislation, particularly to target the profits and assets of organised criminal groups and enterprises. We also need to continue making sure that policy and legislative changes are 'fit for purpose' and don't have unintended consequences for other sectors.

Our law enforcement and regulatory agencies, and industry agencies (such as financial institutions) have improved how they share information with each other. The Privacy Act 1993 allows them to share personal information to maintain law, but the Act discourages them from sharing critical information, which stops agencies being able to seamlessly match data. There are opportunities to broaden the scope of information that can be shared and improve the timeliness of sharing it. We also need a clear system-wide method to combine information and intelligence, so that agencies can quickly and jointly prioritise and act on risks.



## PART 2: HOW NEW ZEALAND WILL RESPOND TO TNOC IN FUTURE

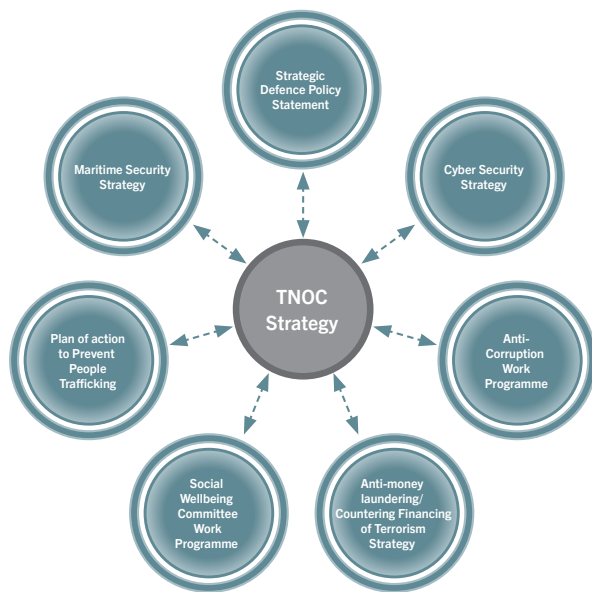
New Zealand’s TNOC national-security focus is already quite strong, especially for crimes like cybercrime that have very significant consequences (such as breaches of government or business IT security systems).<sup>13</sup> However, we also need to target organised criminals who commit the types of TNOC that have a lower profile (such as online scams), as these crimes are occurring every day and affecting many people.

This strategy aims to pursue the types of TNOC that cause the most harm. It goes further than drug dependence and violence; it tackles the economic and social impact of lost income and wealth from illegal value transfers between individuals, businesses and governments.

### Our strategy in context

The TNOC strategy is designed to align with, inform and build on other national strategies and work programmes (see Figure 1).

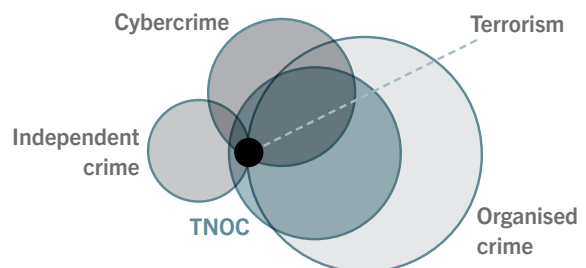
Figure 1: The links between the TNOC strategy and other strategies and work programmes



The international context is a fundamental part of this strategy; by working internationally we can stop TNOC reaching New Zealand. Other countries have combined their strategies for transnational, serious and organised crime. However, we have singled out TNOC to prioritise shifting our attention to preventing the threat. We’ll do this by focusing on the *supply side* (illicit commodities, and the organisations and networks that produce and distribute them). The Resilience to Organised Crime in Communities work programme<sup>14</sup> will focus on the *demand side*, and harm from TNOC.

As a national security risk, TNOC intersects with other types of crime (see Figure 2). There’s a significant overlap between TNOC and cybercrime, which is mainly because online fraud causes most of cybercrime’s harm to communities.<sup>15</sup> Organised crime means crime that originates in New Zealand and is conducted by groups and networks, whereas, independent crime is not linked to organised groups.

Figure 2: The overlap between TNOC and other types of crime



13 Most economic and social harm from cybercrime is caused by deceiving people through online-based scams or frauds against individuals and businesses, which don’t involve breaching IT security systems.

14 Led by New Zealand Police, this programme will be overseen by the Government Social Wellbeing Committee.

15 Online fraud is often categorised as TNOC, as its perpetrators target New Zealanders from overseas.

## Our vision: what is our ideal state?

Our vision is that New Zealand is the hardest place in the world for organised criminal groups and networks to do business.

## Our principles: what will guide how we work?

This strategy is based on four principles that are woven into its approach and will guide our decisions and actions.

### ***PREVENTION FIRST: Proactive and more prevention-oriented response***

New Zealand's borders start offshore. To truly prevent TNOC occurring, we will work offshore and manage risks at the earliest opportunity, before they reach New Zealand. To achieve this, our government agencies, businesses and communities must be aware of, and understand TNOC, so they are alert to suspicious activity, and are able and prepared to report it.

### ***SYSTEMS-THINKING: Coordination across the whole of our system***

TNOC networks operate as systems; they exploit weaknesses and vulnerabilities. We will join up national and international systems, so there are no gaps. Government agencies can't combat TNOC alone, so they must work with the private sector, not-for-profit organisations, academic institutions, communities and the general public to respond to emerging risks and threats.

### ***INTELLIGENCE-LED: Prevention and enforcement that's driven by actionable intelligence***

We already have good capability to disrupt TNOC and enforce penalties. We will complement this by improving our whole system's capability to share and use intelligence. This involves improving connections between all parts of the system, so that when an organisation or individual recognises a threat or risk they can quickly and confidently share and act on the intelligence.

### ***EVIDENCE-BASED: Agile responses to priority, emerging and existing, risks and threats***

We will improve the flow of information and intelligence, and ensure we have enough experts available and coordinated to piece together what the intelligence means and be able to act on it.

## Our objectives: what do we want to achieve?

Our TNOC strategy has three main objectives:

1. To minimise social, economic and reputational harm from TNOC.
2. To build capability and awareness to prevent and dismantle crimes that underlie TNOC.
3. To stop supply of illicit commodities and organised crime at the source.

Our objectives are based on what makes New Zealand most vulnerable to TNOC. They reflect our principles and the changes we need to make to combat TNOC.

We will measure the progress we're making towards our objectives through four indicators:

1. Increased proportion of known system vulnerabilities that enable TNOC are closed.
2. Increased number of TNOC crime types that we can accurately measure.
3. Percentage of regulatory and enforcement outcomes linked to existing and emerging TNOC threats, risks and markets.
4. Percentage increase in proportion of cash and assets restrained from TNOC groups and networks.

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## Our strategic focus areas: where will we put our efforts?

New Zealand’s law-enforcement and regulatory agencies will have the greatest impact on combatting TNOC by focusing on three inter-connected strategic areas:

**UNIFY:** Drive system governance and coordination

**PREVENT AND DETECT:** Strengthen capability and understanding

**DISMANTLE:** Fuse operational priorities

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### **UNIFY: Drive system governance and coordination**

New Zealand’s response to TNOC needs to be led and governed using a strong cross-agency approach. This will coordinate different parts of the national system (government agencies, the private sector, not-for-profit organisations, academic institutions, communities and the general public) and New Zealand’s relationships with its international partners. We also need to collectively look at our policies, laws and regulations to make sure they address our priorities for combatting TNOC.

Related to this strategic priority, we will implement four priority actions.

#### ***Establish a system-wide governance model***

We envisage creating a robust and sustainable model of leading and governing New Zealand’s work to tackle TNOC. It will guide agencies towards a way of operating that’s coordinated, cohesive and driven by outcomes. It will also identify when multiple sectors and organisations need to work together on an aspect of combatting TNOC.

There are already parts of a cross-agency governance framework in place, but we need to make sure that the right agencies are involved and can respond to new and emerging threats. This action requires leaders to be focused on the whole system; agencies to join up their planning and budgeting; and agencies to align their policies.

#### ***Integrate risk monitoring and our evidence base***

We will build an evidence base of the interventions that have the greatest impact against TNOC. This will be an opportunity for government agencies, academic institutions/researchers to work together with an applied focus that will directly support operations. All government agencies will use agile risk monitoring and the evidence base to inform their policies, investments and operational decisions.

We also need to develop a clear measurement framework, so we can better measure the scale and impact of organised crime and TNOC. This will help agencies to prioritise and coordinate their resources and help us assess the progress we’re making towards our objectives.

#### ***Align our policy and legislative settings***

We will look for opportunities to align government agencies’ policies, laws and procedures; make them stronger and ensure they don’t have loopholes that attract TNOC; and optimise how we use them. We will prioritise actions that reduce barriers to enforcing policies, laws and procedures; help recover assets lost to TNOC; and prevent disruption that TNOC has caused to technology and finance systems.

#### ***Strengthen our existing international partnerships***

We will continue to deepen our existing partnerships with organisations that are combatting TNOC, particularly those focused on the Pacific. We’ll do this by improving dialogue with them, learning from their experiences and sharing our own knowledge.

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## **PREVENT AND DETECT: Strengthen capability and understanding**

We need to better understand the different types of TNOC, what enables TNOC to occur and what interventions are most effective at preventing and detecting TNOC, so we can make our system and communities more resilient to it.

This focus area involves making all sectors more aware of TNOC, reducing their complacency about it and building their trust, so they will be more likely to identify and report TNOC. We also need a mechanism to inform government agencies about upcoming projects (such as new technology), so they can co-invest in them and optimise how they are used across the government system. We will also enhance the work we're doing to make organisations in the Pacific region more capable of combatting TNOC.

Related to this strategic priority, we will implement four priority actions.

### ***Learn about TNOC and apply this knowledge to our decisions and investments***

We will learn about how and where TNOC operates, and how different types of TNOC intersect with government agencies, businesses and the public. We need to understand this better, so we can make the right decisions to prevent and detect more TNOC. We will also consider new technology investments from the perspective of all government agencies, so we can make joint investments and use the technology across the system.

### ***Improve education and make people more aware of the risks of TNOC***

We will identify who are most likely to be, or vulnerable to being, TNOC victims, offenders or enablers, and design education programmes that will make them more aware of the risks they face. Having better education and getting people talking about TNOC will improve their understanding of the characteristics and impact of TNOC. We also expect it to build trust between sectors and reduce complacency about TNOC. This will encourage people to identify and report TNOC, which, in turn, helps agencies detect emerging threats and risks early.

### ***Partner with the private sector to identify and combat TNOC***

We envisage working with more private sector industries, especially financial institutions and professional-service providers who are well-positioned to spot indications of TNOC, see who's enabling it and who is falling victim to it. We need to make sure that processes to report TNOC are easy for everyone to use.

### ***Enhance international support***

New Zealand already works closely with organisations in the Pacific region to tackle TNOC and improve the capability of the region. We will continue to develop partnerships in other countries, particularly in Asia and South America, so we can share information about TNOC threats offshore. We will endeavour to contribute to the global movement to combat TNOC by using our experience and visibility around counterterrorism and building connections with other countries.

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## **DISMANTLE: Fuse operational priorities**

We need to set operational priorities centrally, share information, and use legislative powers to apprehend the leaders of TNOC groups and reclaim their profits.

Related to this strategic priority, we will implement three priority actions.

### ***Co-design a methodology to jointly prioritise and respond to risks***

All agencies that respond to TNOC threats will work together to design a method that they can use to set joint priorities for intelligence, pre-investigation, prosecution and recovery of criminal proceeds. When a new or emerging TNOC risk is identified, it will trigger a system-wide tasking response. Agencies will use the method to decide and take coordinated and sustained actions to prevent, mitigate or manage the risk. The method will be updated annually, or when new and significant threats arise.

### ***Optimise information sharing powers***

Our law-enforcement agencies need to share information better, within and between their organisations, so that everyone is focused on the same priorities. This is particularly important when several agencies need to jointly decide which investigations to prioritise. We will review agencies' current information-sharing powers, policies, guidelines and practices and make sure officials can confidently use their powers under existing legislation on privacy, tax administration and serious fraud. We will also look at ways to make better use of New Zealand's overseas assets, information sources and representatives.

### ***Optimise legislative tools that directly target the profits, leaders and associates behind TNOC***

We will make sure that our legislative tools are agile enough to keep up with how quickly TNOC is changing. We use these tools to source criminal intelligence and evidence, prosecute against specific crimes and recover the proceeds of crimes. There are opportunities to strengthen some of our key legislative and regulatory powers, such as the Criminal Proceeds and Recovery Act 2009.

We envisage having a system that prioritises recovering criminal proceeds, as this is how we can divert the profits of TNOC from criminals. We can achieve this by making information sharing about asset recovery a part of all agencies' pre-investigation processes for dealing with profit-motivated TNOC.

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## **NEXT STEPS**

An action plan is being developed to implement this strategy. The action plan will be used to create an annual work programme.

