



07 July 2020



Reference: OIA-2019/20-0521

Dear 

**Official Information Act request relating to Asian organised crime**

Thank you for your Official Information Act 1982 (the Act) request received on 12 May 2020. You requested:

*"reports (advice or analysis documents, not including correspondence) produced or received by DPMC in the past three years, that include the term "Asian organised crime" in their title or content."*

The time frame for responding to your request was extended under section 15A of the Act by 20 working days because it necessitated consultations to be undertaken before a decision could be made on the request. Following this extension, I am now in a position to respond.

**Information being released**

I have decided to release the relevant parts of the documents listed below, subject to information being withheld as noted. The relevant grounds under which information has been withheld are:

- Section 6(a), which relates to prejudice of the security or defence of New Zealand or the international relations of the Government of New Zealand;
- Section 6(c), which relates to prejudice of the maintenance of the law, including the prevention, investigation, and detection of offences, and the right to a fair trial;
- section 9(2)(g)(i), to maintain the effective conduct of public affairs through the free and frank expression of opinion
- section 9(2)(f)(iv), to maintain the constitutional conventions for the time being which protect the confidentiality of advice tendered by Ministers of the Crown and officials;

Item	Date	Document Description/Subject
1.	August 2014	Excerpts from Draft: "National Security and Resilience Plan"
2.	20 June 2017	Excerpt from "talking points for 20 June Prime Minister's Border Briefing"
3.	14 November 2018	Excerpt from Transnational Organised Crime Update (ODESC SIB item 8)
4.	18 July 2019	Threat Assessments: Serious Organised Crime Threats (Five Countries Ministerial Agenda item C)

In addition to the above, an A3 on New Zealand Border Security from July 2017 included the following bullet point in a section related to Transnational Organised Crime:

- The most significant threats to New Zealand are Asian Organised Crime groups who work with Outlaw Motorcycle Gangs and New Zealand Adult Gangs to target New Zealand's drug market.

In making my decision, I have taken the public interest considerations in section 9(1) of the Act into account.

You have the right to ask the Ombudsman to investigate and review my decision under section 28(3) of the Act.

This response will be published on the Department of the Prime Minister and Cabinet's website during our regular publication cycle. Typically, information is released monthly, or as otherwise determined. Your personal information including name and contact details will be removed for publication.

Yours sincerely



Tony Lynch

**Deputy Chief Executive, National Security Group**

## **Transnational Organised Crime**

A variety of activities undertaken by transnational criminal networks pose threats to New Zealand. Particular focus is centred on drug smuggling and financial crime.

s6(c)



### ***Looking Ahead***

- The threat of illicit drug smuggling and the criminal activities associated with it make it a high priority for the government. Key to this will be an increasingly all-of-government, risk-based approach, robust border control measures, and deepening cooperation with source countries, particularly in Asia.
- Consideration may need to be given to New Zealand's capability and capacity within both public and private sectors to meet Anti-Money Laundering (AML)/Countering Financing of Terrorism (CFT) requirements. The immediate focus should be to extend the AML/CFT regime to potential professional facilitators of crime. Linked to this is the profile of AML to ensure it is treated as a priority, adequate enforcement effort is deployed against it, and that all sources of risk are targeted including complex fraud and less regulated industries. There will be continued international attention around the issue (including the evaluation by the Financial Action Taskforce in 2017) and it will hence be important to maintain momentum on our regulatory and enforcement capabilities.
- New Zealand's increasing international connectivity through the movement of people and trade may result in more frequent use as a facilitator of transnational organised crime, whether as a transshipment point for drugs, conduit of illicit capital flow, or as a front (i.e. shell companies).

## Transnational Organised Crime

- Police, Customs, Immigration, NZIC, and a range of other agencies have a central role in managing the threat of Transnational Organised Crime (TNOC). While there are a range of TNOC threats, of most concern are drug smuggling and money laundering and the associated criminal activity.

### Risk and Threat Outline

- TNOC can be broadly defined as crime coordinated across national borders, by professional criminals, involving networks of individuals or groups working in more than one country to plan and execute illegal business.
- Making judgements around the costs of organised crime is problematic – many international estimates put the typical impact at around 1-2 percent of GDP. The second tier impacts of TNOC include threatening peace, human security, the violation of human rights, and undermining the economic and political development of societies around the world.
- For New Zealand, the two main types of TNOC that are of concern are drug smuggling and money laundering.

### Drug Smuggling

- Methamphetamine and its precursors pseudoephedrine/ephedrine (PSE/EPH) are now the most significant illicit drug type being smuggled into New Zealand. The ease of purchasing 'over the counter' flu remedies which contain a dosage of PSE in China has made smuggling the drug highly lucrative. Other drugs such as ecstasy, party pills, and miscellaneous psychoactive substances are also imported and absorb a considerable amount of Customs and Police resource.
- There are a number of transnational criminal networks associated with the illicit drug trade that target New Zealand. They include criminals from Asia, the Middle East, and Africa, all bringing different criminal expertise and focus. Several Australian criminal gangs are seeking to expand their global operations, including into New Zealand. Asian organised crime groups also play a significant role in the New Zealand illicit drug market, usually in close cooperation with local gangs. There are also indications that some transnational criminal networks have expanded into the Pacific, to take advantage of the vulnerable structures there.

Excerpt from “Talking Points for 20 June Prime Minister’s Border Briefing” 20 June 2017

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Key Operational Risks

- Currently the priority national security risks to the border comprise the following:

...

- Transnational Organised Crime – The most significant risk to New Zealand are Asian Organised Crime groups who also work with Outlaw Motorcycle Criminal Gangs and New Zealand gangs to predominantly target New Zealand’s drug market. Entrenched and developing networks within New Zealand enable these links with TNOC to exist and grow.
  - The illicit import of methamphetamine continues to be at the forefront of challenges. China, particularly Southern China remains the largest supplier of methamphetamine. Hong Kong is also a key source country and both the United States, Canada and Mexico are increasing source countries with evidence suggesting the targeting of New Zealand by Mexican Cartels.
  - Financial crime and trade based money laundering are significant enablers of transnational organised crime.

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**Excerpt from: Transnational Organised Crime Update (ODESC SIB item 8)**  
**14 November 2018**

[Using the framework to assess potential targets](#)

The framework, and using fixed criteria, enables the Top 20 to be a dynamic list where targets may change depending on the intelligence picture at any given time.

Following an assessment of potential targets, several key themes are reflected in the current Top 20, including that they are:

- Patched gang members
- Asian organised crime figures
- Professional facilitators, including money laundering conduits

Nearly all of the targets have been linked to the supply and distribution of illicit drugs, particularly methamphetamine and cocaine.

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## Agenda item C: Threat assessments: Serious organised crime threats

s6(a)

### Talking points

- s6(a)
- s9(2)(f)(iv)
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- s6(a)
- NZ has observed the following organised crime trends:
  - seizures of finished methamphetamine continue to increase
  - demand for cocaine also appears to be increasing
  - China's dominance as the main methamphetamine export country appears to be shifting

s6(a)

### Background

- Combating TNOC is a Government priority for NZ. Within NZ, the Senior Managers Forum (the operational multi-agency group focused on transnational organised crime) have identified the seven focus areas as: importation and manufacture of illicit drugs; people trafficking and modern-day slavery; organised crime engaged in business; transnational organised crime groups; professional facilitators and enablers; bribery and corruption; and money laundering.





s9(2)(f)(iv)

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- Overall, NZ is well-placed to combat a broad range of criminal offending committed by TNOG groups. We work in a number of forums focusing on TNOG, both nationally and internationally, using a variety of approaches.

#### *Threat trends and patterns*

- NZ has observed the following organised crime trends:
  - **Seizures of finished methamphetamine continue to increase**, indicating high national demand.
  - **Demand for cocaine also appears to be increasing**, and the high market price that it commands domestically makes New Zealand an attractive destination for overseas suppliers.
  - **China's dominance as the main methamphetamine export country appears to be shifting.** In 2016 and 2017, China was the dominant source country for methamphetamine. However, in 2018, there were no methamphetamine seizures exported from China, while the United States accounted for the greatest volume of methamphetamine seized. It is highly likely that methamphetamine continues to be produced and exported from China, with transshipment countries being utilised to conceal methamphetamine of Chinese origin.





- **Asian Organised Crime Groups (AOCGs)** are significantly involved in the importation of both finished methamphetamine and methamphetamine precursor substances, mostly via Auckland.
- **Chinese organised crime presents threats to Five Eyes partners**, particularly in relation to money laundering through unconventional means such as cryptocurrency and unregulated export markets; border-controlled drugs (especially methamphetamine and its precursors); and encrypted communications.

• s6(a)

• s6(a)

#### *Challenges*

- **Organised crime groups exploit opportunities that arise from globalisation**, particularly using increased legitimate trade and travel flows to obscure criminal activity. They display a high level of adaptability and are increasingly agile and fluid in the face of disruption efforts.
- **New communication technologies** (e.g., applications with end-to-end encryption) make it difficult for Police and intelligence agencies to successfully intercept and disrupt OCG networks.



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**MINISTRY OF BUSINESS,  
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HĪKINA WHAKATUTUKI



**DEPARTMENT OF THE  
PRIME MINISTER AND CABINET**  
TE TARI O TE PIRIMIA ME TE KOMITI MATUA

- Providing operational training and assistance to South Pacific nations could assist them in managing the expansion of NZAGs and associated organised crime.

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*New Zealand Police*

18 July 2019

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