

Hon Andrew Little
Minister of Justice

Proactive release – Cabinet paper on the Future of the Proceeds of Crime Fund

Date of issue: 22 May 2019

The following documents have been proactively released in accordance with Cabinet Office Circular CO (18) 4.

Some information has been withheld on the basis that it would not, if requested under the Official Information Act 1982 (OIA), be released. Where that is the case, the relevant section of the OIA has been noted and no public interest has been identified that would outweigh the reasons for withholding it.

No.	Document	Comments
1	Proceeds of Crime Fund: the future of the Fund <i>Cabinet paper</i> Office of the Minister of Justice	Some information has been withheld in accordance with section 9(2)(f)(iv) of the OIA to protect the confidentiality of advice tendered by Ministers of the Crown and officials.
2	Proceeds of Crime Fund: the future of the Fund <i>Cabinet minute</i> Cabinet Office Meeting date: 25 March 2019	Some information has been withheld in accordance with section 9(2)(f)(iv) of the OIA to protect the confidentiality of advice tendered by Ministers of the Crown and officials.

Chair, Cabinet Social Wellbeing Committee

Proceeds of Crime Fund: the future of the Fund

Proposal

- 1 This paper reports to Cabinet on a revised process for the allocation of funding under the Criminal Proceeds (Recovery) Act 2009 (CPRA). It seeks Cabinet's agreement to continue the Proceeds of Crime Fund (the Fund) with broadened scope, while prioritising a focus on organised criminal groups, revise its management, refresh the allocation process and set high-level priorities for the 2019 bidding round.

Executive Summary

- 2 Cabinet invited me to revise the Fund's allocation process [CAB-18-MIN-0266]. This paper proposes that the Fund continues to be used for its original purpose, which is to address organised crime and drug-related harm, but also to expand this purpose to addressing broader crime-related harm. I propose to retain the current mechanism for allocation which is outside the normal Budget process.
- 3 CPRA is intended to prevent individuals profiting from their criminal activities and to deter significant criminal activity. The Act allows for restraint and forfeiture of assets or illegal income. The Proceeds of Crime Fund consists of monies payable to the Crown as a result of forfeiture proceedings brought under CPRA.
- 4 I propose that the Fund will:
 - 4.1 retain a bidding process as the mechanism for allocation of the Fund;
 - 4.2 change the criteria under which agencies are eligible to bid;
 - 4.3 prioritise funding for initiatives to fight organised criminal groups dealing in methamphetamine and other drugs;
 - 4.4 be used to cover costs of administering the allocation process, costs to Police of seizing assets and the costs to the Official Assignee¹ of managing assets;
 - 4.5 continue to roll over to the following year;
 - 4.6 have a Secretariat based at the Ministry of Justice;

¹ The Official Assignee for New Zealand is a statutory officer created by the Insolvency Act 2006 and is located in the Ministry of Business, Innovation, and Employment. The Official Assignee has responsibilities under the Criminal Proceeds (Recovery) Act 2009 including the management of property in accordance with Court Orders.

4.7 have multi-year funding.

5 If Cabinet agrees to these proposals, s9(2)(f)(iv)

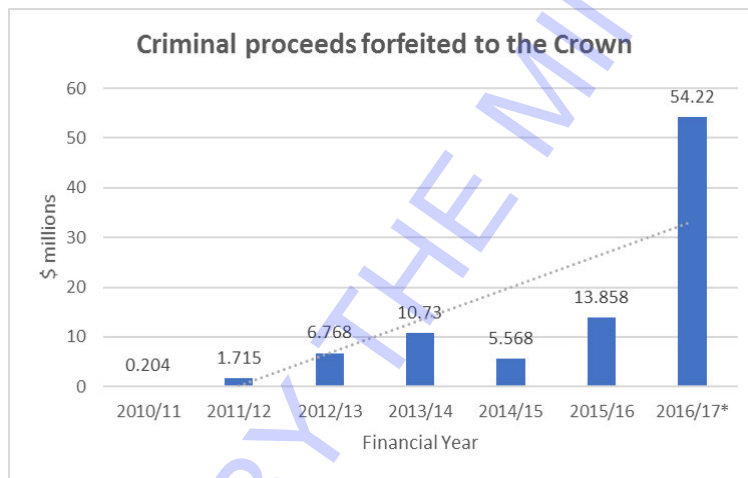
Comment

Background

6 On 11 June 2018, Cabinet invited me to work with other Ministers to revise the process for allocation of funding under the Criminal Proceeds (Recovery) Act 2009 (CPRA) and report back to Cabinet [CAB-18-Min-0266].

7 CPRA aims to prevent individuals from profiting from crime and allows for the allocation of monies recovered from criminal activities. It provides a regime for the restraint (restriction on sale or transfer of property so that it remains available for confiscation) and forfeiture (the loss of property or money because of a breach of a legal obligation) of property derived from significant criminal activity or an amount of property that represents the value of a person's unlawfully derived income. The Proceeds of Crime Fund consists of the monies forfeited to the Crown under CPRA once all other interests and matters are satisfied.²

8 Since CPRA came into force in December 2009, forfeitures have been increasing. The graph below shows the increase from 2010/11 to 2016/17.³



9 s9(2)(f)(iv) There were no bidding rounds in 2017 or 2018 as the allocation process needed to be refreshed.⁵

² As set out in the Criminal Proceeds (Recovery) Act 2009.

³ Note that the money forfeited to the Crown in 2016/17 includes the \$43m settlement between the New Zealand Police and Mr William Yan, s9(2)(f)(iv)

⁴ s9(2)(f)(iv)

⁵ In June 2018, Cabinet agreed to fund a conditional grant of \$16.7m to the Auckland City Mission expansion [CAB-18-MIN-0266]. In December 2018, Cabinet agreed to allocate \$8m to Health to fund alcohol and other drug initiatives [CAB-18-MIN-0620]. However, these allocations were agreed outside the bidding process.

Previous decisions

- 10 Generally, Crown revenue is distributed through the annual Budget process. However, in the case of assets forfeited through CPRA, Cabinet decided in 2009 to allocate funding outside of the normal Budget process [CBC Min (09) 11/1]. The Fund has, to date, provided an opportunity for agencies to test new and innovative ideas. Agencies can then use these test initiatives to bid for funding to scale up and/or implement their initiatives permanently, as part of the normal Budget process (see examples at Appendix B).
- 11 In 2009, Cabinet agreed the Fund should be used to focus on initiatives for alcohol and other drug (AOD) treatment and to address organised crime [CBC Min (09) 11/1]. Allocation of the Fund was linked to the Methamphetamine Act on Plan. The rationale was that money seized from criminal activity, including profits from the illicit drug trade, would be used to control the drug market and help repair the damage caused by methamphetamine and other drugs. The Interagency Committee on Drugs (IACD), supported by Health, coordinated the allocation process.
- 12 In 2013, Cabinet agreed that the agencies eligible to bid for the funding would be the Police, Corrections, Justice, Health, and Customs [SOC Min (13) 10/1]. Cabinet also agreed that any unallocated funding forfeited to the Crown under CPRA may be carried forward to the following financial year [SOC Min (13) 10/1]. In 2017, Cabinet agreed that Police could recover the direct costs of legal and translation services and specialist forensic analysis for civil recovery proceedings and that \$10 million of CPRA monies will be set aside each year to deliver the Methamphetamine Action Plan 2020 [SOC-17-MIN-0084].
- 13 The Methamphetamine Action Plan was not retained following the election of the current government. In 2018, Cabinet rescinded the previous government's decision that the fund would be allocated on a social investment basis to reduce the harm associated with methamphetamine and other drugs and gang activity, and to contribute to the deterrence of first time drug use [CAB-18-Min 0266]. It was considered that a broader-based approach to crime-related harm was needed.

Proposals

- 14 My proposals are set out below. I also considered alternative options (see Appendix C).

Retain the Fund with a broadened scope

- 15 I propose to retain the Fund as separate from allocation via the normal Budget process. This will ensure dedicated funding for initiatives that allow agencies to test and trial innovative approaches. Agencies often struggle to do this within existing baselines, and tests and trials are unlikely to be funded through a normal budget prioritisation process. This approach promotes innovation within the justice and social sectors.
- 16 The scope of the Fund would extend to initiatives that have a wellbeing focus and address broader crime-related harm. This includes both prevention and remediation of harm. Extending the scope of the fund will allow allocation of funding to raise the wellbeing and resilience of communities affected by drugs and crime.
- 17 I therefore propose that the Fund continue to be used to address organised crime harm and drug-related harm, but be expanded to also:

- 17.1 test innovative solutions to complex issues relating to crime-related harm; and
- 17.2 enable agencies to build an evidence-based case of what works in addressing crime-related harm.

The Fund will continue to be allocated by a bidding process

- 18 I propose that a bidding process be retained as the mechanism for allocation of the Fund with the following features:
 - 18.1 Two bidding rounds per year.
 - 18.2 Public and non-public service departments (as defined by the State Services Commission) may submit applications to the fund. Other government agencies or non-governmental organisations can partner with public service departments to submit applications to the fund.
 - 18.3 The panel comprises senior representatives from relevant agencies.
 - 18.4 The panel assesses the bids against high-level criteria.
 - 18.5 The panel recommends a package of initiatives to the Prime Minister, Minister of Justice and the Minister of Finance (Joint Ministers) for Joint Ministers to approve funding.
 - 18.6 Agencies may partner with each other or non-governmental organisations (NGOs) in developing bids. Cross agency collaboration is encouraged.
 - 18.7 Annual reporting to Joint Ministers on how funds have been used would continue (reporting requirements are outlined in Appendix D). This includes reporting on funds raised, funds allocated, a report from agencies on the progress and outcome of each funded initiative, and the actual costs to Official Assignee, the administering agency and to Police.

High-level criteria

- 19 I propose high-level criteria for the bidding process that are in line with Government priorities. Two emerging priority areas for 2019/20 are the Mental Health and Addictions Inquiry and a refreshed approach to organised crime. Based on these priorities, I propose the high-level criteria be as follows:
 - 19.1 expansion of alcohol and other drug treatment services (as previously agreed by Cabinet)
 - 19.2 initiatives to fight organised criminal groups dealing in methamphetamine and other drugs (as previously agreed by Cabinet)
 - 19.3 initiatives to address mental health issues within the criminal justice system (new)
 - 19.4 initiatives that test innovative approaches to address crime-related harm to communities and improve community wellbeing (new).

- 20 Organised criminal groups involved in the production and distribution of methamphetamine were a key focus in the allocation process previously. While we wish to see a more balanced approach that addresses other priority areas, the fund should continue to be used as part of the response to organised criminal groups, who are the primary focus of the forfeiture programme.
- 21 I therefore propose that one third of the funds available for allocation be prioritised for initiatives to fight organised criminal groups dealing in methamphetamine and other drugs.⁶ This approach provides a sensible balance between the promotion of expenditure on a key priority and:
- 21.1 continuing to place a premium on the development of genuinely innovative proposals, and
 - 21.2 minimising the risk of repeated underspends.

A wider group of organisations should be eligible to apply for funding

- 22 In 2013, Cabinet decided the eligible bidding agencies would be limited to Health, Justice, Corrections, Police and Customs [SOC Min (13) 10/1]. The rationale behind this was that Health, Justice and Corrections were responsible for delivering or funding drug and alcohol treatment programmes and Police and Customs are the law and enforcement agencies who receive additional funding for initiatives targeting organised crime groups dealing in drugs.
- 23 If we agree to broaden the scope of the fund to address wider crime-related harm, consideration should also be given to adopting a more flexible approach on the range of organisations that are eligible to apply for funding. I propose that the focus should be on the bid's alignment with the criteria as agreed by Cabinet and joint Ministers, rather than the agency that developed the bid. This should encourage a more creative approach in the development of bids for funding.

The Secretariat role moves to the Ministry of Justice

- 24 Health has provided Secretariat support for the Fund until now. However, under the current proposal the IACD is no longer central to the process.
- 25 I propose the agency supporting the bidding process be Justice. Justice has experience administering cross-agency funds such as the Effective Justice Fund.
- 26 The Secretariat role would require Justice to:
- 26.1 run the allocation process and present to Joint Ministers a package of initiatives for final funding approval, and
 - 26.2 provide an annual report to Joint Ministers on the performance of the funded initiatives and costs incurred by agencies to operate the fund.

⁶ Prioritisation will apply if the fund is over-subscribed and a bid relating to the fight against organised criminal groups is in competition with bids against other priorities. If the value of the prioritised bid is less than one third of the available funds, and it delivers a measurable impact to organised crime then it would be fully funded for the specified amount, with any residue available for other initiatives.

Multi-year funding should be available

- 27 The current regime only allows funding for one year. However, I propose a two- to three-year funding cycle to allow sufficient time to implement and evaluate funded initiatives. This will allow for a stronger case when submitting a Budget bid to continue the initiative if it shows promise.

Unallocated funding will be carried forward

- 28 The Fund would give effect to Cabinet's agreement in 2013 to allow unallocated funding to be carried forward [SOC Min (13) 10/1]. In my view, any unallocated funding which has not been carried forward since 2013 should be available for allocation. s9(2)(f)(iv) Most of this was unallocated because there were no funding rounds in 2017 and 2018. Annual contribution to the Fund, following audited financial statements from MBIE will be confirmed in the October Baseline Update process.

Costs of administering the regime is met by the Fund

- 29 Currently, the Fund can be used for the direct costs of legal and translation services and specialist forensic analysis to Police for undertaking civil recovery proceedings under CPRA. Cabinet agreed that this be funded automatically from criminal proceeds each year [SOC-17-MIN-0084]. I propose that this is continued to enable the required restraint and forfeiture action.
- 30 I consider the other costs of administering the regime should also be met from within the Fund. These include:
- 30.1 costs of supporting the allocation process, and
 - 30.2 costs (to the Official Assignee) of securing, managing and realising assets.
- 31 I further propose that the agency responsible for administering the fund meets the administrative costs from within baselines.
- 32 In my view, the funding process should be designed so that each year's Official Assignee costs, beyond their current appropriation and costs that have been recovered from closed cases, could be met from the net proceeds of crime forfeited under CPRA. This would reduce the time taken to consider bids for further funding and would ensure the costs of managing assets can be optimised. If assets are not managed properly they will be more susceptible to deterioration, creating an increased risk of litigation against the Crown and a reduced amount realised when assets are sold.
- 33 The supporting agencies would request these costs through agreement between Joint Ministers when the agency identifies the requirement for additional appropriation and be required to report back on their costs each year to ensure transparency and accountability.

Next steps

⁷s9(2)(f)(iv)

34 If Cabinet agrees to these proposals, s9(2)(f)(iv)

Consultation

35 New Zealand Police, Department of Corrections, Ministry of Health, the New Zealand Customs Service, Ministry for Business, Innovation and Employment, Ministry for Primary Industries, Ministry of Education, Oranga Tamariki–Ministry for Children, Ministry of Social Development, Te Puni Kōkiri, the Treasury, and the Department of the Prime Minister and Cabinet, were given the opportunity to comment on the proposal.

36 Agencies are generally supportive of the proposal. The Treasury indicated their preference that CPRA monies be distributed as part of the normal Budget process, however, if the fund is retained, Treasury supports improving the method for allocating the Fund.

37 The Department of Corrections is generally supportive of the proposal but recommended that, due to the limited size of the fund, other agencies be required to partner with the five 'core' agencies in the same way NGOs would

Financial Implications

38 I propose the costs of administering the regime should be funded from the Proceeds of Crime Fund which would keep the costs contained and reduce the need for any additional funding.

39 Cabinet previously agreed that Police costs of restraining assets be met from the Fund [SOC-17-MIN-0084]. The costs of restraining assets are likely to fluctuate each year depending on Police operations however, s9(2)(f)(iv)

40 The agency responsible for administering the fund meets the administrative costs from within baselines.

41 At current levels of activity, s9(2)(f)(iv) s9(2)(f)(iv)

Human Rights

42 The proposal is consistent with the New Zealand Bill of Rights Act 1990 and the Human Rights Act 1993.

Legislative Implications

43 Legislation will not be required.

⁸s9(2)(f)(iv)

⁹s9(2)(f)(iv)

Regulatory Impact Analysis

- 44 No Regulatory Impact Statement has been prepared as no changes to legislation or regulations are required for the proposals outlined above.

Gender Implications

- 45 The proposal has no gender implications.

Treaty of Waitangi implications

- 46 The Treaty of Waitangi envisaged that Māori would be able to benefit from development opportunities. Broadening the scope of the Fund to include addressing crime-related harm and inclusion of Te Puni Kōkiri and Oranga Tamariki–Ministry for Children as bidding agencies will provide more opportunities for iwi/Māori to partner with eligible bidding agencies to seek funding to test and evaluate innovative approaches to address organised crime, drug-related harm and crime-related harm. The flow-on effects are likely to be positive for Māori.

Publicity

- 47 The communications approach around this paper and associated issues will be managed by my office, in consultation with other Ministers' offices as appropriate.
- 48 I intend to proactively release this paper in full within 30 business days of final decisions being taken by Cabinet.

Recommendations

The Minister of Justice recommends that the Committee:

- 1 **agree** that the Proceeds of Crime Fund should be continued
- 2 **note** Cabinet agreed that the Proceeds of Crime Fund can be used for:
 - 2.1 expansion of alcohol and other drug treatment services including methamphetamine and recovery and continuing-care services [SOC Min (13) 10/1]
 - 2.2 additional Police and Customs initiatives to fight organised criminal groups dealing in methamphetamine and other drugs [SOC Min (13) 10/1], and
 - 2.3 direct costs to police of legal and translation services and specialist forensic analysis required to undertake civil recovery actions under CPRA [SOC-17-MIN-0084]
- 3 **agree** that the scope of the Proceeds of Crime Fund should be broadened to include addressing crime-related harm
- 4 **rescind** Cabinet's decision of 5 July 2017 that \$10 million each year of the Criminal Proceeds (Recovery) Act 2009 monies be set aside to deliver the Methamphetamine Action Plan 2020 to reduce the supply, use and harm caused by methamphetamine in our communities

- 5 **agree** that the mechanism for allocation of the Proceeds of Crime Fund should continue as a bidding process
- 6 **rescind** Cabinet's decision of 29 May 2013 that the Interagency Committee on Drugs, including Corrections, be responsible for considering and prioritising bids, and making recommendations on which bids should be approved and funded [SOC Min (13) 10/1]
- 7 **agree** that a panel of senior representatives of relevant agencies, as agreed by responsible Ministers, will be responsible for considering and prioritising Proceeds of Crime bids, and making recommendations to the Prime Minister, Minister of Justice and the Minister of Finance on which bids should be approved and funded
- 8 **authorise** the Prime Minister, Minister of Justice and the Minister of Finance to determine which initiatives should receive Proceeds of Crime funding, on the advice of the multi-agency panel and to agree funding of costs to Police and the Official Assignee.
- 9 **agree** to the following criteria for Proceeds of Crime Fund for 2019
- 9.1 expansion of alcohol and other drug treatment services
 - 9.2 initiatives to fight organised criminal groups dealing in methamphetamine and other drugs
 - 9.3 initiatives to address mental health issues within the criminal justice system
 - 9.4 initiatives that test innovative approaches to address crime-related harm to communities and improve community wellbeing.
- 10 **agree** that at least one third of the funds for allocation be prioritised for fighting organised criminal groups dealing in methamphetamine and other drugs
- 11 s9(2)(f)(iv)
- 12 **agree** that public and non-public service departments (as defined by the State Services Commission) will be eligible to submit bids, which will be assessed on the bid's alignment with the criteria as agreed by Cabinet and joint Ministers
- 13 **note** that other government agencies or non-governmental organisations with an interest in the relevant issues can partner with public and non-public service departments to submit applications to the fund
- 14 **agree** that the Ministry of Justice will be the agency responsible for administering the allocation process
- 15 **agree** the Secretariat will report back to the Minister of Justice and Minister of Finance on funds raised, funds allocated, the progress and outcome of each funded initiative, and the actual costs to the Official Assignee, the Ministry of Justice and New Zealand Police
- 16 **agree** that the management of the Proceeds of Crime Fund be revised to include an option for multi-year funding

17

s9(2)(f)(iv)

18

note that Cabinet authorised the Minister of Police and the Minister of Finance to approve changes to appropriations to give effect to the decision in recommendation 2.3 above, with this to be done annually through a baseline update [SOC-17-MIN-0084]

19

agree that:

19.1 the Ministry of Business, Innovation and Employment will be able to claim for costs to Official Assignee of securing, managing and realising assets from the Proceeds of Crime Fund

19.2 the Ministry of Justice will meet the costs incurred from supporting the allocation process from within baselines, and

19.3 Police will be able to claim direct costs of legal and translation services and specialist forensic analysis required to undertake civil recovery actions under CPRA from the Proceeds of Crime Fund

20

authorise the relevant Joint Ministers and appropriation Ministers to approve changes to appropriations to give effect to recommendation 17 above

21

agree that the expenses incurred by the Ministry of Business, Innovation and Employment, and Police against recommendation 19 be funded from an allocation from the Proceeds of Crime Fund

Authorised for lodgement

Hon Andrew Little

Minister of Justice

s9(2)(f)(iv)

Appendix B: Examples of initiatives funded by Proceeds of Crime Fund where subsequent funding was sought through the Budget bid process

Methamphetamine Screening Pilot

1. Corrections received funding from CPRA monies for the Methamphetamine Screening Pilot and they are now seeking funding through Budget 19 to support the Methamphetamine Screening Programme past June 2019.

Wastewater analysis for illicit drug use

2. The Police initiative of wastewater analysis to test for illicit drug use was originally funded by the Fund and is now funded through baseline. It provides data on prevalence of various drugs at each site to inform treatment and enforcement strategies and monitor trends.

Posts in Hong Kong and Washington DC to disrupt drug smuggling

3. Customs used CPRA monies to fund posts for two years in Hong Kong and the International Targeting Centre in Washington DC and to fund intelligence support back in New Zealand. These roles were established mid-2017 and have a dedicated focus on working with offshore partners to disrupt drug smuggling activities early in the supply chain preventing illicit drugs destined for New Zealand from leaving the source countries.
4. The success of this initiative was seen quickly. By the end of 2017, more than double the amount of drugs intercepted by offshore partners in 2016 had been prevented at the point of export. In the first half of 2018, the amount prevented had doubled that prevented in 2017.
5. Based on the success of these approaches Customs has sought and received funding through Budget 2018 for a substantial increase in its capability to disrupt criminal activities offshore. This maintains funding for the posts funded through CPRA money, adds more posts in the western United States and South-East Asia, and establishes an intelligence and investigations team that is dedicated to pursuing joint investigations with offshore partners.

Appendix C: Other approaches considered

1. I considered other options regarding the scope:
 - 1.1 discontinuing the Fund and returning CPRA monies to the Crown consolidated account to be distributed through the normal Budget process
 - 1.2 maintaining the link to organised crime and methamphetamine
2. I considered the following other options regarding the allocation process:
 - 2.1 allocating funding to community organisations through a grant scheme, and
 - 2.2 allocating a fixed percentage of funding to agencies annually
3. I also considered whether the Fund should replace the Effective Justice Fund.

Discontinuing the Fund

4. This option would involve distributing CPRA monies through the normal Budget process.
5. I do not propose taking this approach because the Fund has historically allowed an opportunity to test and trial new approaches. Agencies are unable to do this within existing baselines, and tests and trials are unlikely to be funded through the normal budget prioritisation process.

Maintaining the link to organised crime and methamphetamine

6. This option would involve retaining the original purpose of the Fund which was to provide funding for initiatives that addressed organised crime and drug and alcohol addiction.
7. The narrower scope of drug and alcohol addiction and organised crime does not fully reflect the broader Government focus on wellbeing.

Community grant scheme

8. This option contemplated distributing funding to iwi, NGOs and community groups through a grant process. However, there is an increased administrative burden with this option and the objective of accommodating community initiatives can be met by allowing community groups to partner with agencies in the bidding process under my proposal.

Fixed percentage allocation

9. Under this option, agencies would be provided a fixed percentage of the funding available annually. I do not propose this option as it reduces transparency and accountability and discourages cross-agency collaboration to test innovative ideas.

Replacing the Effective Justice Fund

10. I do not propose replacing the Effective Justice Fund with the Proceeds of Crime Fund as they differ in scope. The Effective Justice Fund is limited to supporting the Hāpaitia te Oranga Tangata: Safe and Effective Justice reform programme (Hāpaitia). The purpose of the Effective Justice Fund is linked to driving transformation and achieving the outcomes of Hāpaitia.

Appendix D: Performance reporting requirements

1. Each agency will report on the performance of their funded initiatives to the Proceeds of Crime Secretariat (the Secretariat) every six months commencing from 1 July 2019. An agency is expected to report on the following:
 - 1.0. progress against agreed milestones
 - 1.1. cost to date versus planned costs
 - 1.2. forecasted cost to complete
 - 1.3. risks and issues potentially impacting the successful delivery of the initiative
 - 1.4. initiative health rating (red / amber / green),
 - 1.5. any changes to scope
 - 1.6. benefits realisation - a description of how the initiative has delivered against the agreed benefit, and
 - 1.7. outcome of the completed initiative.
2. If an approved initiative has a health rating of red then the Secretariat will inform the agency representative on the panel so there is an opportunity for remediation before the next report date.
3. A performance report will be drafted by the Secretariat and will be submitted to Joint Ministers every six months. The first performance report will be sent to the joint Ministers by 30 March 2020 and will include all proposals funded from the Proceeds of Crime Fund since 1 January 2018.



Cabinet

Minute of Decision

This document contains information for the New Zealand Cabinet. It must be treated in confidence and handled in accordance with any security classification, or other endorsement. The information can only be released, including under the Official Information Act 1982, by persons with the appropriate authority.

Proceeds of Crime Fund: The Future of the Fund

Portfolio Justice

On 25 March 2019, following reference from the Cabinet Social Wellbeing Committee (SWC), Cabinet:

- 1 **agreed** that the Proceeds of Crime Fund should be continued;
- 2 **noted** that the previous government agreed that the Proceeds of Crime Fund can be used for:
 - 2.1 the expansion of alcohol and other drug treatment services including methamphetamine and recovery and continuing-care services [SOC Min (13) 10/1];
 - 2.2 additional Police and Customs initiatives to fight organised criminal groups dealing in methamphetamine and other drugs [SOC Min (13) 10/1];
 - 2.3 direct costs to Police of legal and translation services and specialist forensic analysis required to undertake civil recovery actions under the Criminal Proceeds (Recovery) Act 2009 (CPRA) [SOC 17-MIN-0084];
- 3 **agreed** that the scope of the Proceeds of Crime Fund should be broadened to include addressing crime-related harm;
- 4 **rescinded** the Cabinet decision of 5 July 2017 that \$10 million each year of the CPRA monies be set aside to deliver the Methamphetamine Action Plan 2020 to reduce the supply, use and harm caused by methamphetamine in New Zealand's communities [SOC-17-MIN-0084];
- 5 **agreed** that the mechanism for allocation of the Proceeds of Crime Fund should continue as a bidding process;
- 6 **rescinded** the Cabinet decision of 29 May 2013 that the Interagency Committee on Drugs, including the Department of Corrections, be responsible for considering and prioritising bids, and making recommendations on which bids should be approved and funded [SOC Min (13) 10/1];
- 7 **agreed** that a panel of senior representatives of relevant agencies, as agreed by responsible Ministers, will be responsible for considering and prioritising Proceeds of Crime bids, and making recommendations to the Prime Minister, Minister of Justice and the Minister of Finance on which bids should be approved and funded;

- 8 **authorised** the Prime Minister, Minister of Justice and the Minister of Finance to determine which initiatives should receive Proceeds of Crime funding, on the advice of the multi-agency panel, and to agree funding of costs to Police and the Official Assignee;
- 9 **agreed** to the following criteria for the Proceeds of Crime Fund for 2019:
- 9.1 expansion of alcohol and other drug treatment services;
 - 9.2 initiatives to fight organised criminal groups dealing in methamphetamine and other drugs;
 - 9.3 initiatives to address mental health issues within the criminal justice system;
 - 9.4 initiatives that address crime-related harm to communities and improve community wellbeing;
- 10 **agreed** that at least one third of the funds for allocation be prioritised for fighting organised criminal groups dealing in methamphetamine and other drugs;
- 11 s9(2)(f)(iv)
- 12 **agreed** that public and non-public service departments (as defined by the State Services Commission) will be eligible to submit bids, which will be assessed on the bid's alignment with the criteria as agreed by Cabinet and joint Ministers;
- 13 **noted** that other government agencies or non-governmental organisations with an interest in the relevant issues can partner with public and non-public service departments to submit applications to the fund;
- 14 **agreed** that the Ministry of Justice will be the agency responsible for administering the allocation process;
- 15 **agreed** that the Secretariat will report back to the Minister of Justice and Minister of Finance on funds raised, funds allocated, the progress and outcome of each funded initiative, and the actual costs to the Official Assignee, the Ministry of Justice and New Zealand Police;
- 16 **agreed** that the management of the Proceeds of Crime Fund be revised to include an option for multi-year funding;
- 17 s9(2)(f)(iv)
- 18 **noted** that the previous government authorised the Minister of Police and the Minister of Finance to approve changes to appropriations to give effect to the decision referred to in paragraph 2.3 above, with this to be done annually through a baseline update [SOC 17-MIN-0084];
- 19 **agreed** that:
- 19.1 the Ministry of Business, Innovation and Employment will be able to claim for costs to the Official Assignee of securing, managing and realising assets from the Proceeds of Crime Fund;

- 19.2 the Ministry of Justice will meet the costs incurred from supporting the allocation process from within baselines;
- 19.3 Police will be able to claim direct costs of legal and translation services and specialist forensic analysis required to undertake civil recovery actions under CPRA from the Proceeds of Crime Fund;
- 20 **authorised** the relevant Joint Ministers and appropriation Ministers to approve changes to appropriations to give effect to paragraph 17 above;
- 21 **agreed** that the expenses incurred by the Ministry of Business, Innovation and Employment and Police in accordance with paragraph 19 above, be funded from an allocation from the Proceeds of Crime Fund.

Michael Webster
Secretary of the Cabinet

Hard-copy distribution:
Prime Minister
Deputy Prime Minister
Minister of Justice