



# Cabinet External Relations and Security Committee

## Minute of Decision

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### Disbursement of Recovered Criminal Proceeds to China

**Portfolio**                      **Attorney-General**

On 13 December 2022, the Cabinet External Relations and Security Committee:

- 1        **noted** that the High Court has made asset forfeiture orders against Xiaohua Gong in respect of property to the total value of \$70.3 million;
- 2        **noted** that it is alleged Mr Gong benefited from a pyramid scheme fraud perpetrated in the People's Republic of China (PRC);
- 3        **noted** that an agreement in principle has been reached with the PRC to split the forfeited assets 55/45 in the PRC's favour;
- 4        **noted** that sharing the funds with the PRC would be consistent with the recommendations of international bodies, international rules concerning the proceeds of crime, and domestic guidance on asset sharing;
- 5        **noted** that:
  - 5.1      asset sharing encourages and rewards collaboration between foreign and domestic law enforcement;
  - 5.2      New Zealand Police seeks recognition as an effective international law enforcement partner, and will continually leverage that reputation to deliver safety and security outcomes for New Zealand;
- 6        **noted** that if the funds are not shared with the PRC, the money would remain in the Proceeds of Crime Fund;
- 7        **agreed** that the Crown transfer \$38,712,000 from the Proceeds of Crime Fund to the PRC;
- 8        **agreed** to establish the following appropriation:

Vote	Appropriation Minister	Title	Type	Scope
Justice	Minister of Justice	Transfer to Other Governments of Relevant Seized Assets	Non-departmental Other Expense	This appropriation is limited to the transfer to other governments of relevant assets seized under the Criminal Proceeds (Recovery) Act 2009.

- 9 **noted** that the non-departmental other expense *Transfer to Other Governments of Relevant Seized Assets* appropriation was previously established in 2017 to give effect to a similar asset sharing arrangement;
- 10 **agreed** to the following changes to appropriations to give effect to paragraph 7 above, with a corresponding impact on the operating balance and net debt:

Vote Justice Minister of Justice	\$m – increase/(decrease)				
	2022/23	2023/24	2024/25	2025/26	2026/27 & Outyears
Non-departmental Other Expense:					
Transfer to Other Governments of Relevant Seized Assets	38.712	-	-	-	-

- 11 **agreed** that although there is a corresponding impact on the operating balance and net debt, the cost is covered by revenue recovered, and therefore fiscally neutral and not counted against any allowances;
- 12 **agreed** that the change to the appropriation for 2022/23 above be included in the 2022/23 Supplementary Estimates, and that the increase be met from Imprest Supply;
- 13 **directed** the Ministry of Foreign Affairs and Trade and New Zealand Police to formally approach the PRC:
- 13.1 to confirm Cabinet’s approval of the asset sharing arrangement reached in principle to split the assets 55/45 in the PRC’s favour;
- 13.2 to confirm with the PRC the process for transferring the funds to the PRC.

Janine Harvey  
Committee Secretary

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**Present:**

Rt Hon Jacinda Ardern (Chair)  
Hon Grant Robertson  
Hon Kelvin Davis  
Hon Chris Hipkins  
Hon Andrew Little  
Hon David Parker  
Hon Nanaia Mahuta  
Hon Damien O’Connor  
Hon Stuart Nash  
Hon Peeni Henare  
Hon Michael Wood  
Hon Dr David Clark  
Hon Kieran McAnulty

**Officials present from:**

Office of the Prime Minister  
Officials Committee for ERS