



CRIME BULLETIN SERIES

NUMBER 6

SEPTEMBER 2004

ISSN: 1442-5815

This document has been produced by the Crime and Misconduct Commission's Strategic Intelligence Unit. The content is based on consultations with key law enforcement agencies, health agencies and correctional centres, intelligence reports and official statistics.

The document remains the property of the Crime and Misconduct Commission and is not to be copied or reproduced in any manner without the permission of the Crime and Misconduct Commission.

This and previous issues of the Crime Bulletin are also available on www.cmc.qld.gov.au/PUBS.html.

Information on this series and other CMC publications can be obtained from:

Crime and Misconduct Commission
140 Creek Street, Brisbane
GPO Box 3123, Brisbane Qld 4001
Telephone: (07) 3360 6060
Toll Free: 1800 06 1611
Facsimile: (07) 3360 6333
E-mail: mailbox@cmc.qld.gov.au
Website: www.cmc.qld.gov.au

© Crime and Misconduct Commission
2004

Apart from any fair dealing for the purpose of private study, research, criticism or review, as permitted under the *Copyright Act 1968*, no part may be reproduced by any process without permission. Inquiries should be made to the publisher, the Crime and Misconduct Commission.

Organised crime markets in Queensland

A strategic assessment

SUMMARY

The purpose of this assessment is to describe the organised crime landscape and discuss the main illicit markets that drive organised criminal activity in Queensland. It has been written in a similar vein to the 1999 Project Krystal report: *A strategic assessment of organised crime in Queensland*, prepared by the former Queensland Crime Commission (QCC) and the Queensland Police Service (QPS).

Since 1999 the QCC/CMC has identified a number of changes to organised crime markets in Queensland, including a change in the relative significance of a number of illicit drug markets and the increasing prominence of identity crime.

Organised crime topics addressed in this bulletin are those falling within state jurisdiction, focusing on activities within well-recognised illicit markets that tend to exhibit a division of labour within the organised criminal enterprise. The bulletin focuses on criminal activities that require the support of networks operating in the manner of a legitimate business, with a continuation of commerce achieved by criminal means.

Implementation of the 'Krystal 1999' recommendations

With one exception, all of the recommendations of the 1999 report have been implemented. As evidenced by this assessment, law enforcement

agencies have adopted a market-based approach to the analysis of organised crime using risk assessment methodology. New legislation has been passed concerning the civil-based recovery of proceeds of crime, covert investigations and the protection of witnesses.

The exception to these positive steps in the fight against organised crime is that Queensland law enforcement has as yet been unsuccessful in obtaining telecommunications interception powers. Queensland remains the only state in Australia that is without this vital tool.

Assessment of illicit drug organised crime markets

This document presents a market-based analysis assessing the relative risk posed by particular illicit drug markets. By examining aspects such as demand and supply, price and purity, and drug-related criminal activities, key trends in the respective markets are identified and strategies and/or recommendations are offered as possible means of disrupting the markets.

Although there are varying levels of threat within different regions, it is assessed that overall illicit drug markets represent the most prominent form of organised crime activity across Queensland, with these markets often being linked to other organised crime markets and activities. In particular the amphetamine market remains the

Acknowledgments

In preparing this document, officers of the Crime and Misconduct Commission consulted with officers from the Queensland Police Service (including State Crime Operations Command and Regional Commands), the Australian Crime Commission (Brisbane office), the Australian Federal Police (Northern Region), the Australian Customs Service (Northern Region), the Department of Correctional Services (Northern and Central Regions), the Queensland Alcohol and Drug Research and Education Centre, and Queensland Health. The Commission wishes to acknowledge the valuable assistance provided by these agencies and their officers.

number one drug risk and has not shown any sign of slowing up, with demand and supply remaining steady.

Amphetamine

It is assessed that the amphetamine market in Queensland will remain a very high-risk organised crime market for at least the next three years.

High levels of illicit amphetamine manufacture, supply and distribution are occurring throughout Queensland, encompassing diverse locations, transportation, storage and distribution techniques. There are many independent producers, and in some cases production and distribution is deliberately occurring

in areas where law enforcement resources are relatively limited. For these reasons, it is increasingly difficult to disrupt the market in a way that has a tangible and enduring effect. The dynamic crime environment necessitates strategies that focus on identified vulnerabilities in the market. The transportation of amphetamine and the illicit diversion of precursor chemicals and equipment are assessed as the two main vulnerabilities in this illicit drug market.

Ecstasy

It is assessed that the ecstasy market in Queensland will remain a high risk over the next three years. Indeed it may cause increasing

problems because of the potential for increased local production and importations, the large number and variety of market participants and the variability in quality and content of tablets sold as ecstasy.

The supply of ecstasy to Queensland users appears to be increasing. There are consistent reports of a diversification of the consumer base for ecstasy and it remains the pre-eminent party drug in Queensland and Australia. Although its production is very limited in Queensland, there is an existing client base that would support a significant level of local production. Any indications of such production require close monitoring by state law enforcement agencies, particularly in view of evidence from southern jurisdictions of increasing ecstasy production. As with amphetamine, it is suggested that a useful starting point in monitoring and ultimately disrupting the local production component of the ecstasy market is to focus on investigating entities who purchase precursor chemicals.

Cocaine

It is assessed that the current medium risk posed by the cocaine market in Queensland may increase during the next three years. The assessment of medium risk reflects the market's emergence, particularly in areas outside south-east Queensland, in terms of both supply and demand. There are, however, a number of information gaps regarding the cocaine market and recent trends. There is no apparent correlation between the quantity of cocaine importation seizures and the assessed size of cocaine markets in Australia. Additionally, the Queensland market is diversifying in terms both of user groups and of geography, and the level of unsatisfied demand may encourage further suppliers to the market. With these recent trends and information gaps in mind, the CMC intends to conduct a focused study of the cocaine market in Queensland.

Abbreviations

ABCI	Australian Bureau of Criminal Intelligence
ACC	Australian Crime Commission
ACS	Australian Customs Service
ADHD	attention deficit hyperactivity disorder
AFP	Australian Federal Police
AIC	Australian Institute of Criminology
ATSI	Aboriginal and Torres Strait Islander
AUSTRAC	Australian Transaction Reports and Analysis Centre
BCIQ	Bureau of Criminal Intelligence Queensland (QPS)
CJC	Criminal Justice Commission
CM Act	<i>Crime and Misconduct Act 2001</i>
CMC	Crime and Misconduct Commission
CPO	covert police officer
DCS	Department of Corrective Services
DPP	Director of Public Prosecutions
ECNs	established criminal networks
IDRS	Illicit Drug Reporting System
MEOC	Middle Eastern organised crime (groups)
NCA	National Crime Authority
NCIP	National Criminal Intelligence Priorities
NDARC	National Drug and Alcohol Research Centre
OMCG	outlaw motorcycle gang
OSCA	Office of Strategic Crime Assessments
PCIG	Property Crime Investigation Group (of QPS)
PDI	Party Drugs Initiative
PRC	People's Republic of China
QADREC	Queensland Alcohol and Drug Research and Education Centre
QCC	Queensland Crime Commission
QH	Queensland Health
QIDAP	Queensland Illicit Drugs Action Plan
QPS	Queensland Police Service
SEAOC	South-East Asian organised crime (groups)
SIU	Strategic Intelligence Unit
TI	telecommunications interception
VDCCPC	Victorian Parliament Drugs and Crime Prevention Committee

Cannabis

It is assessed that the medium level of risk posed by the cannabis market in Queensland is unlikely to change over the next three years. Evidence of considerable local cannabis production, augmented by supplies transported into Queensland from interstate, and a constant and high level of demand for cannabis, suggests that the cannabis market is entrenched and perhaps expanding throughout Queensland. A trend towards hydroponic production has increased the diversity of the market and added to the challenges faced by law enforcement.

Heroin

It is assessed that the heroin market is high-risk, and that there is potential for the level of risk to increase moderately over the next three years — although not to the 1999 level when heroin importations were at a record level and the local demand for heroin outweighed the demand for stimulants.

The market has fluctuated since 2000 and has not experienced the recovery evident now in southern states. The key to supplying the heroin market in Queensland is having links to reliable supplies from Sydney and Melbourne. The infrastructure for increased distribution of heroin in Queensland remains; however, it is likely that overseas and interstate market dynamics, rather than local trends, will shape the local market, with the local market influenced more by supply than by demand.

GHB/fantasy

It is assessed that the GHB/fantasy market in Queensland will remain a low-risk market for the next three years, though it is likely there will be periodic publicity about the drug in the context of multiple overdoses. Although users of GHB risk high levels of harm, the assessment of this illicit drug market as posing a low risk results from GHB's low level of availability and use, and the low level of production in Queensland.

Prescription drugs

This bulletin highlights significant concerns regarding the growth in the illicit prescription medication market. The advent of inexpensive, reliable, high-quality prescription medication is appealing to drug users who find it difficult to afford and to source quality illicit drugs. It is assessed that this market may evolve from a low to a medium risk in Queensland during the next three years. Law enforcement reports suggest that the illicit use of prescription drugs is increasing and is a component of poly-drug use, or they are used as an alternative to heroin or as self-medication for stimulant users. In particular the bulletin assesses that illicit benzodiazepine and morphine/opiate prescription drug markets throughout Queensland are an emerging issue that require close monitoring by health agencies and law enforcement.

Link to nightclubs and similar licensed premises

The link between the consumption of illicit drugs (ecstasy, cocaine, GHB/fantasy) and the nightclub industry and similar entertainment venues/events remains a concern. It is desirable, from the point of view of both law enforcement and health concerns, that venue management at all licensed premises adopt a zero tolerance approach to illicit drugs, with the support of law enforcement agencies. This is consistent with the supply reduction strategies outlined in the Queensland Illicit Drug Action Plan (QIDAP), particularly as it targets access points (to illicit drugs) available to new and inexperienced users.

Assessment of non-drug organised crime markets

This bulletin examines the risks posed by organised crime in terms of the non-drug illicit markets of fraud (including some categories of electronic crime or e-crime), identity crime, money laundering, property crime, motor vehicle rebirthing and firearms trafficking. It is assessed that these activities

constitute the major illicit, non-drug-related categories of organised criminal activity in Queensland.

Fraud

Fraud is assessed as an increasing and diverse problem in Queensland. Some fraud activity has an organised crime component, but mainly it is committed by individuals and loosely associated small groups. The bulletin assesses that the risk posed by the organised component of fraud offences in Queensland is likely to increase over the next three years, and those frauds are likely to become more technically sophisticated. Modern and rapid changes and advances in technology favour offenders rather than law enforcement and a degree of private sector indifference plays into the hands of criminals. Proactive prevention is assessed as being the key to containing fraud, as reactive investigations are complex and time-consuming. The bulletin notes that the evolving partnerships between government, law enforcement and the private sector in this area are an encouraging sign for the future, as partnership policing is an imperative to tackling crime of this nature.

Identity crime

It is noted that identity-related crime (also known as identity fraud) is reported to be one of the key problems and the most rapidly growing category of fraud offences, both in Australia and internationally. Queensland experience suggests that many criminals are involved in identity crime, at varying levels of sophistication.

Identity crime is assessed as posing a high risk because it facilitates a broad range of crime and directly undermines both the validity of identifying documents and confidence in those documents. The risk posed by identity crime in Queensland will remain high for at least the next three years unless stakeholders devote significant resources to prevention strategies and invest in more sophisticated systems to counter such crime.

Money laundering

The bulletin assesses that the risk posed by money laundering in Queensland will inevitably remain high for the next three years as it underpins most organised crime. In recognising that money laundering is a core activity for most criminal networks, albeit via diverse methods and at varying levels of sophistication, it can be seen that the success of an organised crime network is underpinned by its ability to convert money derived from criminal activities into 'legitimate' income.

In furthering law enforcement efforts against money laundering the bulletin notes that law enforcement should take full advantage of the opportunities offered by AUSTRAC and the Queensland *Criminal Proceeds Confiscation Act 2002*.

Property crime

It is assessed that the current medium level of risk posed by the organised component of the property crime market in Queensland, particularly in relation to the disposal of stolen property, will increase over the next three years. Although this market is traditionally dominated by opportunistic young offenders, it appears that elements of the stolen property market, particularly high-value property and whitegoods, are being targeted by organised crime networks.

Motor vehicle rebirthing

It is assessed that the risk posed to Queensland by vehicle rebirthing is low and will remain so during the next three years. Motor vehicle rebirthing is not widespread in Queensland, although there is evidence in south-east Queensland of some local rebirthing activity, mainly by groups with interstate and overseas links. Motor vehicle rebirthing requires specialised knowledge and skills, and this limits the ambit of the market. Law enforcement partnerships with the private sector (insurance companies and the motor vehicle industry) are assessed as constituting the best

strategy for effectively disrupting this market.

Firearms

It is assessed that the risk posed to Queensland by the illicit firearms market is low and will remain so for the next three years. The bulletin notes that it is difficult to make a conclusive assessment of the illegal firearms market in Queensland. While it is acknowledged that there is an illegal firearms market, intelligence suggests it is not large or overly organised. However, the desire for firearms by criminals is unlikely to decrease, potentially leading to an expanded illicit market for firearms and increasing levels of firepower being available to criminals. It is therefore assessed that the illicit firearms market requires ongoing attention and monitoring by law enforcement.

Growth of organised crime

Although overall crime rates have not grown significantly since 1999, organised crime markets in Queensland appear to have experienced substantial growth over those five years, with seemingly many more criminal networks of varying sizes operating in 2003–04 than were apparent in 1999. Not only are there considerably more 'networked' criminals participating in an increased number of crime markets, but the distinction between different networks is blurring, networks are simultaneously involved in a number of different markets, and an increasingly complicated and interrelated organised criminal milieu has evolved. Relationships within the more sophisticated high-end criminal networks are now primarily based on trust developed over a considerable period and upon pragmatic (illicit) business decisions.

Key changes in Queensland organised crime markets since the publication of the Krystal 1999 report are as follows:

- Illicit drug markets have become extremely dynamic and far more diverse, with an emphasis on

'party drugs' — predominantly, but not exclusively, stimulants. The availability of illicit drugs sourced from overseas (cocaine, ecstasy and heroin) is subject to external constraints, making these markets liable to greater fluctuations than domestic markets such as cannabis and amphetamine. Amphetamine production has continued to increase significantly and remains the number one illicit drug risk in Queensland. Additionally, significant growth in the illicit use of prescription medications is apparent, along with significant levels of poly-drug use.

- Members of outlaw motorcycle gangs (OMCGs) continue to have a significant involvement in organised crime in Queensland, and Queensland OMCGs are becoming increasingly sophisticated, although in general they continue to lag behind their counterparts in southern states.
- Multi-ethnic crime networks have emerged as a relatively recent trend in south-east Queensland, reflecting the general nature of the Queensland organised criminal milieu. The distribution side of most drug markets is becoming more diverse and less hierarchical.
- Established criminal networks are growing in sophistication and have evolved to the extent that they pose considerable targeting difficulties for Queensland law enforcement agencies who are limited in their investigations due to a lack of telecommunications interception capabilities.
- The money laundering market is one that is suspected to have grown substantially during the period; however, law enforcement's ability to detect and investigate money laundering activity has not evolved at the same pace. The introduction of the *Criminal Proceeds Confiscation Act 2002* has enabled the successful restraint of property suspected of being derived from criminal activities. The operation of the current Act is still subject to the courts' interpretation, but its provisions have the potential to signifi-

cantly assist law enforcement in the detection and seizure of laundered assets derived from predicate criminal activities.

- Financial loss attributed to fraud offences in 1997 was around \$3 billion but in 2004 it is likely to be twice this amount. In the last year, computer fraud increased by 24 per cent and credit card fraud by 9 per cent. It was predicted in 1999 that the Internet was likely to provide a 'growing pool of victims' of fraud offences, and this has been found to be true.
- 'Card skimming' and identity crime constitute a significant organised crime risk, with

the potential to detrimentally affect broad sections of society. Activities of this type may also be detrimental to public confidence in key systems and institutions.

- Whereas in 1999 it was assessed that no hierarchically structured organisation was controlling property crime in Queensland, in 2004 elements of the property crime market (particularly those concerned with the disposal of stolen property) have quite clearly become organised.

The assessment concludes with a discussion of strategies such as 'proactive partnership policing' and the need for enhanced 'technical and investigative powers for law

enforcement agencies', which are assessed as essential to enable law enforcement agencies to keep pace with the growth in organised crime activity.

Overall this bulletin aims not only to document the current organised crime environment in Queensland but also to facilitate the development of collaborative partnerships and strategies. It is hoped that this comprehensive assessment of organised crime markets in Queensland, and the strategies it proposes, will facilitate and promote an efficient and effective law enforcement response.

1: Introduction

Purpose

The purpose of this bulletin is to describe the current organised crime landscape and discuss the main illicit markets that drive organised criminal activity in Queensland. It has been written along similar lines to Krystal 1999 — the Project Krystal report prepared in 1999 by the former Queensland Crime Commission (QCC) and the Queensland Police Service (QPS).¹

Since 1999 there have been some changes in the law enforcement environment, including the merger of the former QCC with the former Criminal Justice Commission (CJC) to form the Crime and Misconduct Commission (CMC). Krystal 1999 recommended ongoing monitoring of organised crime markets, and envisaged a further report that would comprehensively review the markets. Since 1999 the QCC/CMC has implemented this recommendation and has identified some important changes to organised crime markets. It is timely, therefore, to re-examine the nature and extent of organised crime in Queensland.

As well as providing an updated strategic assessment, this bulletin:

- describes and analyses the current nature and extent of organised crime in Queensland
- identifies key issues
- assesses the current level of threat posed to the Queensland community
- makes comparisons with the 1999 assessment
- recommends strategies for continuing to monitor and analyse organised crime, and investigative and preventive mechanisms for disrupting it.

Methodology

The assessment methodology involved a series of semi-structured interviews with representatives of stakeholder agencies, including officers of the QPS, the Australian Federal Police (AFP), the Australian Crime Commission (ACC), Queensland Custodial Corrections Centres and other state government agencies (see list of consultation participants by organisation on page 39). In addition a literature review was conducted, examining relevant publications by law enforcement agencies, academic institutions, government departments and agencies, and the private sector.

Information collected during the consultations was validated, where possible, against secondary data sources — primarily from national and state intelligence holdings, and intelligence assessments and reports compiled by various law enforcement agencies. There was a second round of consultations with members of partner agencies, during which preliminary findings and recommendations were discussed and their feedback used to add further context to the assessment.

The original Project Krystal report (Krystal 1999) analysed data within two conceptual frameworks:

- the commodity-based approach to assessing organised crime, which recognises that the core activity forming the basis of the organised criminal enterprise is an illicit market for the particular goods or services
- the traditional ethnic/ethos² approach, which categorised criminal activity in accordance with the perceived dominant ethnicity or ethos that defined the criminal network.

Krystal 1999 concluded (pp. 71, 72) that ethnicity or ethos constituted only one aspect of the associations

between criminals in an organised crime network, and hence that the commodity-based approach was a more appropriate framework for any organised crime assessment. Recent literature tends to support this view; the prevalent conclusion is that, while ethnicity/ethos may be useful for labelling purposes, the role of ethnicity in determining the structure of organised crime is often misinterpreted and overstated.³ It is recognised, for example, that many organised crime 'groups' consist of people of varied ethnic backgrounds who cooperate on a regular basis;⁴ and that criminals who wish to survive and prosper form partnerships on the basis of rational business decisions and common needs.⁵ In line with these views, this assessment of organised crime is primarily in accordance with the commodity/market-based approach.

It also employs a similar risk assessment matrix (RAM) approach to that of Krystal 1999 to rank the risks posed by illicit markets to the people of Queensland. This approach is explained further in the next section.

The analysis of data collected during consultations and from secondary intelligence sources has provided the basis for developing a number of key strategic responses to the risks associated with organised crime in Queensland.

Risk assessment

Section 2 contains a summary of the findings of the Krystal 1999 report. As already noted, one of the most notable changes in this assessment, from an intelligence perspective, is the shift away from the ethnic/ethos framework and the adoption of the market-based assessment methodology, as recommended by the 1999 report.

The risk assessment process applied to the markets and criminal networks follows the methodology used in 1999. This will provide a degree of consistency in the assessment process and allow a comparison of the risks in the

two reporting periods (1999 and 2004). The risk assessment matrix is essentially a series of formulae to determine level of risk:

$$\begin{aligned} \text{Desire} \times \text{confidence} &= \text{intent} \\ \text{Resources} \times \text{knowledge} &= \text{capability} \\ \text{Intent} \times \text{capability} &= \text{likelihood of} \\ &\quad \text{threat} \\ \text{Likelihood of threat} \times \text{harm/} \\ &\quad \text{consequences} &= \text{RISK} \end{aligned}$$

Threat is effectively a measure of how likely it is that a person or group will succeed in carrying out some activity that may cause harm; and the likelihood of success depends on their intent and capability. Intent is the desire (motives and wishes) of the subject to engage in activities and their confidence that the activities will be successful. Capability is the availability or possession of the resources and sufficient knowledge to engage in the activities. The measurement of intent is essentially qualitative and relies on the analyst's judgment. The measurement of capability, in contrast, lends itself more readily to quantitative assessment: the number and mix of people with the relevant skills and knowledge, and access to the prerequisites for a particular type of criminal activity (e.g. precursor chemicals, false identification, knowledge of bank remittance procedures).⁶

Harm refers to the magnitude and type of impact that would occur should a threat be realised. Such impact includes physical, psychological (including perception of harm), economic and political damage.⁷

Harm is a factor that stakeholders are involved in determining because it refers not only to fact but also to perceptions. This is particularly relevant to the psychological, economic and political components of harm. Depending on the crime market, stakeholders may include politicians, law enforcement agencies, government departments and agencies, the health and financial sectors, private industry, professional groups and members of the general public. It is now recognised that law enforcement

needs to engage more frequently and intensively with external stakeholders to counter organised crime; the views and perceptions of those stakeholders are therefore critical to any assessment of harm.

It is also important that governments and law enforcement agencies acquire detailed knowledge of harm levels, both direct and indirect, to help them design policies to combat the causes and effects of organised crime. For example, although a threat may be significant, it may not be worthwhile allocating resources to reduce the threat if the harm it might cause would be slight. As noted by the Queensland Government in its Queensland Illicit Drug Action Plan (QIDAP) in 2004, a harm minimisation approach is the fundamental principle underpinning the plan and has been used throughout Australia in relation to illicit drugs since 1985.⁸ The Queensland Government has a number of harm reduction strategies, some already implemented and others yet to begin, to reduce and/or prevent harms that arise from illicit drug use. The strategies have been developed in the context of the particular drugs, user groups and communities, and of their social, cultural, physical and economic environments.⁹

Risk is a function of the threat of an activity occurring and the harmful consequences of that activity. Risk is commonly given a rating that is expressed in qualitative terms from low to very high.

A similar risk assessment methodology is employed by the ACC to assess organised crime. Although differing terminology is used by the CMC and the ACC, the harm components cover similar indicators, notably focusing on both perceived and actual threats. Both models recognise the importance of stakeholders' input.

The above methodology is applied in sections 3 and 4 to the most prominent Queensland organised crime markets.

Scope of the assessment

The assessment focuses on organised crime as that term is defined in Schedule 2 of the *Crime and Misconduct Act 2001* (CM Act):

- (a) indictable offences punishable on conviction by a term of imprisonment not less than 7 years; and
- (b) 2 or more persons; and
- (c) substantial planning and organisation or systematic and continuing activity; and
- (d) a purpose to obtain profit, gain, power or influence.

No detailed consideration is given to offences within the legislative framework of Commonwealth law enforcement agencies — such as politically motivated violence or terrorism, illegal immigration, social security fraud and income tax evasion. Organised crime topics covered here are those under state jurisdiction. The focus is on activities within well-recognised illicit markets which tend to exhibit a division of labour within the organised criminal enterprise. The assessment concentrates on criminal activities that require the support of networks operating in the manner of a legitimate business, in that a continuation of commerce is achieved by criminal means.

Similarly to Krystal 1999, the current assessment excludes all serious crimes which, although they may in some cases fit the working definition of organised crime, are predominantly secondary types of criminal activity normally targeted by specialist areas of law enforcement agencies. These crimes include murder, armed robbery, sexual offences and kidnapping.

Krystal 1999 focused on 'organised crime markets', and did not discuss criminal paedophilia and corruption. Although these two aspects of criminal activity are within the CMC's jurisdiction, the CMC has decided to adopt an approach that is consistent with the earlier report and to exclude

discussion of them. Trends in both of these areas will be the subject of internal assessments by the CMC during 2004–05.

Politically motivated violence/terrorism

The terrorist attacks in New York in September 2001 and Bali in October 2002 ensured that counter-terrorist investigations assumed the highest priority for state and federal law enforcement agencies in Australia, under the Inter-Governmental Agreement on Australia's National Counter-Terrorist Arrangements, which governs the national response to acts of terrorism and the exchange of intelligence in relation to terrorism. The position is a little different for state crime or corruption commissions such as the CMC — no commission of this type is party to the Inter-Governmental Agreement.

In response to the terrorist threat, in December 2002 the Crime Reference Committee approved an 'umbrella' organised crime reference to enable the CMC to use its coercive powers (particularly its hearings power) to assist in the investigation of terrorist threats and terrorist-related activity in Queensland. The reference enables the CMC to respond to a QPS request and to use its coercive powers to assist a QPS investigation of terrorist-related criminal activity. It was not intended that the CMC would undertake any independent investigation of terrorist-related activity.

The Queensland Government has recently enacted the *Terrorism (Community Safety) Amendment Act 2004*, which specifically includes terrorism within the CMC's major crime jurisdiction. It remains likely, however, that any CMC investigation of terrorism, acts preparatory to the commission of terrorism, or acts undertaken to avoid detection of or prosecution for terrorism, will occur in response to a request from the QPS.

The security response by Western governments to the global terrorist threat is having an effect on organised crime, including networks that are involved in international drug trafficking. Tightened security measures at airports and seaports have increased the likelihood of detection of large drug shipments; it is possible that this is one factor contributing to the increased number of smaller drug shipments that are being detected at Australia's points of entry.¹⁰

Presentation

This bulletin is in six sections:

Section 1 describes the methodology employed during the compilation of this report; it explains the CMC's risk assessment process and the scope of the assessment.

Section 2 outlines the conclusions and recommendations of Krystal 1999 and the extent to which they have been implemented.

Section 3 discusses the illicit drug markets in Queensland, assesses the risks posed by the respective markets, analyses market trends, and suggests methods of disrupting the markets.

Section 4 assesses the level of risk to the Queensland community posed by various non-drug organised crime markets and discusses possible means of disrupting the markets.

Section 5 examines crime networks known to be active in Queensland, and defines their characteristics, their significance and the roles they play in particular crime markets. This section also includes a discussion of the types of crime groups that are operating in Queensland.

Section 6 draws together the discussions of the previous sections by providing a brief overview of organised crime in Queensland and proposing some overarching strategies to help disrupt it.

2: Evaluation of Krystal 1999 recommendations

This section summarises the conclusions and recommendations of Krystal 1999 and evaluates the implementation (or otherwise) of the recommendations made at that time.

Conclusions of Krystal 1999

The earlier report (Krystal 1999, p. 71) concluded that organised crime in Queensland was committed by a loosely associated criminal 'milieu' — people from a variety of backgrounds driven predominantly by their individual greed. Ethnicity or ethos was assessed as being only one aspect of the associations between criminals in an organised crime network.

The 1999 report stated (pp. 71, 72) that a comprehensive picture of organised crime in Queensland could best be achieved by integrating an analysis of organised crime networks and identities with an assessment of the illicit markets within which they operate. The basic operating principles of those markets were found to differ little from those of legitimate markets.

The report assessed that organised crime was widespread and firmly entrenched in Queensland, with a particular concentration along the eastern seaboard. It also noted (Krystal 1999, p. 71) that organised crime networks tended to be fluid, opportunistic, loosely structured and overwhelmingly driven by greed. No evidence was found to suggest the existence of one or more principals of organised crime in Queensland. In other words, there were no 'Mr Bigs'; just a series of 'Mr Big Enoughts' who were worthy of vigorous targeting.

As discussed in section 1, a risk assessment methodology was developed in the 1999 study to assess the relative risk posed by organised crime markets and crime networks in Queensland. A key

component of the methodology was a broad consideration of the harm caused by various aspects of the illegal activity (pp. 31–34). Heroin was assessed as posing a very high risk; amphetamine, cocaine, money laundering and fraud a high risk; cannabis and organised property crime (including motor vehicle theft) a medium risk; and wildlife crime and prostitution a low risk (pp. 112–29).

Recommendations and implementation of Krystal 1999

The 1999 report made four recommendations (p. 72). These, with their current implementation status, are outlined below.

Recommendation 1: That law enforcement agencies adopt a comprehensive market-based approach to the analysis of organised crime, incorporating an ongoing assessment of organised criminal identities and networks operating in and between illicit markets.

Status: The market-based approach to assessing organised crime markets has been applied in the current report; it has also been applied in strategic intelligence reports produced by the QCC and the CMC since 1999 as part of a policy of ongoing monitoring of organised crime markets. Examples include assessments of the amphetamine market in 2000 and 2003, an assessment of the ecstasy market in 2001 and an assessment of the illicit market for attention deficit hyperactivity disorder (ADHD) prescription drugs in 2002.

The QPS has also completed a series of market-based assessments, including illicit market scans of a number of geographical areas in Queensland and twice-yearly assessments

of major crime in Queensland. In addition, the ACC (and its predecessor agencies the National Crime Authority, the Australian Bureau of Criminal Intelligence and the Office of Strategic Crime Assessments) and the AFP have produced assessments targeting particular crime markets or key elements of those markets in accordance with their respective areas of responsibility. This report provides a timely update of these assessments and conforms with the market-based approach recommended in the 1999 report.

Recommendation 2: That the risk assessment matrix be used for the continuous monitoring and evaluation of the Queensland organised criminal environment to provide strategic direction for effectively disrupting organised crime in Queensland.

Status: The risk assessment matrix has been used as the basis for all assessments of organised crime markets by the QCC and the CMC since the publication of Krystal 1999. The methodology has also underpinned a number of the target development projects undertaken by the QCC and the CMC. The QPS, AFP and ACC (and its predecessor agencies) have also developed and applied their own risk assessment methodologies. The risk assessment matrix is again a key component of this 2004 report.

Recommendation 3: That law enforcement agencies seek legislative changes — particularly in the areas of telecommunications interception, civil-based recovery of proceeds of crime and covert operations/witness anonymity — and appropriate resources to support them.

Status: The following legislative changes have occurred:

- Civil-based recovery of proceeds of crime. The *Criminal Proceeds Confiscation Act 2002* provides for both conviction-based and civil-based confiscation of the proceeds of crime.
- Covert investigations. The *Police Powers and Responsibilities Act 2000*, Chapter 5, enables particular CMC and QPS officers to approve the conduct of controlled operations involving police officers and others engaging in activities that may be unlawful, as part of an investigation of a suspected serious indictable offence, suspected organised crime or a suspected misconduct offence.

- Protection of witnesses. Part 3 of the *Witness Protection Act 2000* provides for the protection of the identity of protected witnesses in legal proceedings in appropriate circumstances.

Queensland law enforcement has so far been unsuccessful in obtaining telecommunications interception powers for the investigation of organised crime, corruption and paedophilia. A Private Member's Bill, the Telecommunications (Interception) Bill, was tabled in 2003; however, it did not attract bipartisan support and lapsed when parliament was dissolved. Queensland remains the only state in Australia that is without this vital tool in combating organised crime and corruption. This issue is discussed further in section 6.

Recommendation 4: That a public report of Project Krystal be made available to inform the community about the QCC/QPS assessment of organised crime in Queensland.

Status: A public version of the Krystal report was released in June 1999.

Section 2 has looked at the extent to which the recommendations of Krystal 1999 have been implemented. Sections 3 and 4 will focus more specifically on the illicit markets within which organised crime operates in Queensland.

3: Illegal drug markets

This section considers the illicit markets for amphetamine, ecstasy, cocaine, cannabis, heroin, GHB/fantasy and prescription drugs. These particular drugs are assessed because the CMC believes they constitute the major illicit drug markets in Queensland. A variety of other illicit drugs, including lysergic acid diethylamide (LSD),¹¹ ketamine and variants of ecstasy and amphetamine-type stimulants, are available in Queensland, but they have not been detected in significant quantities, nor has there been evidence of a sufficient level of demand, to justify detailed treatment in a report of this type.

The issues identified in this section in connection with illicit drug markets in Queensland are derived from the organised crime holdings of the CMC and partner law enforcement agencies, from consultations with QPS, ACC and

AFP officers, and from relevant academic research.

The aim of the section is to present a market-based analysis of the consolidated material, with a view to assessing the relative risk posed by each illicit drug market, in accordance with the risk assessment methodology discussed in section 1. Key trends in the respective markets are identified, and recommendations about possible means of disrupting the markets are drawn from the analysis.

The 2001 National Drug Strategy Household Survey estimated that almost 2.7 million Australians, or 16.9 per cent of people aged 14 years and over, had used an illicit drug in the previous 12 months. The survey revealed that cannabis was the most commonly used drug (12.9%). Amphetamine was used by 3.4 per cent of people surveyed,

ecstasy was used by 2.9 per cent, and heroin was used by less than 1 per cent.¹² It is generally accepted that, due to sampling constraints, these figures underestimate the level of illicit drug use.

Makkai and Payne noted that drug use is commonly regarded as a significant factor in a range of offending behaviour.¹³ The study involved surveys of 2135 male offenders incarcerated in prisons in Western Australia, Queensland, Tasmania and the Northern Territory to determine the extent of the linkage between drugs and crime. The study found that the majority of the respondents to the survey reported using illegal drugs, with poly-drug use being common. Almost 62 per cent of the respondents reported illegal drug use in the six months preceding their most recent arrest. Of these, 53 per cent had taken cannabis,

31 per cent amphetamine, 21 per cent heroin and 7 per cent cocaine; and 35 per cent had taken two or more of these drugs. Of those who reported drug use, 51 per cent attributed all or most of their criminal offending to illegal drugs and alcohol — for economic or compulsive reasons, or because of behaviour due to the psychopharmacology of the drugs.

Data collected throughout 2003 at the Southport and Brisbane watchhouses in south-east Queensland indicate that between 74.7 per cent and 83.3 per cent of Southport detainees and between 69.4 per cent and 74.7 per cent of Brisbane detainees tested positive to at least one illicit drug (Figure 1). During the same period, between 33.3 per cent and 40.4 per cent of Southport detainees and between 39.7 per cent and 44.7 per cent of Brisbane detainees tested positive to multiple illicit drugs (Figure 2).¹⁴

In line with the findings of the Makkai and Payne survey and the DUMA data, illicit drug markets in Queensland represent the most prominent form of organised crime activity across the state, and are often linked to other organised crime markets and activities. However, discussions with law enforcement throughout Queensland established that not all illicit drugs present the same level of threat to all police regions. In discussing key trends, therefore, care will be taken to distinguish between regional and statewide issues.

Amphetamine

Introduction

The amphetamine¹⁵ market was recognised by the QCC as the number one drug risk to Queensland in November 2000.¹⁶ An intelligence assessment conducted by the CMC in 2003 reiterated this finding, concluding that amphetamine markets have not shown any sign of slowing up, with demand and supply remaining

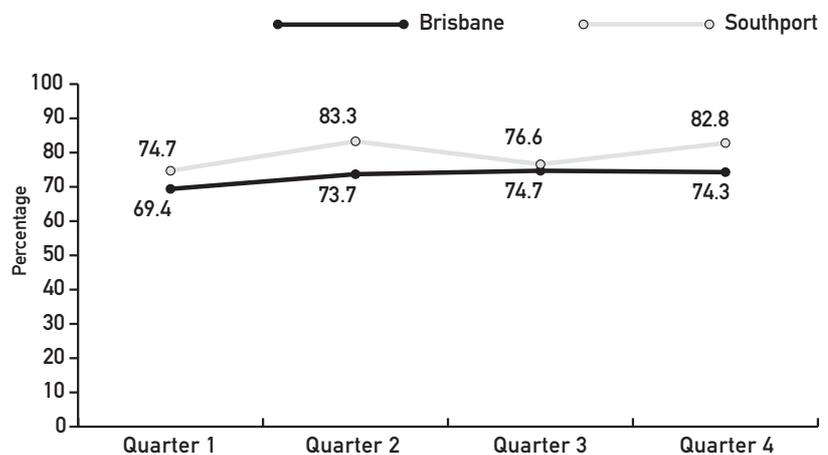
steady.¹⁷ During the course of the CMC's consultations for the current report in August and September 2003, all QPS regions reported that the amphetamine market was the primary drug market of concern in their region, although in the case of QPS Northern and Far Northern regions cannabis was also reported to be a significant problem.¹⁸

The Amphetamines in Queensland research project found that a higher proportion of amphetamine users in far west Queensland than the state average reported being able to source amphetamine in a variety

of forms (powder, pills, base and even some 'ice') very reliably.¹⁹ An increase in amphetamine-related offences (i.e. possession, supply and trafficking) was also reported by QPS Southern Region; and the rate of amphetamine arrests in Queensland per 100 000 population increased during 2002–03, after falling during 2001–02.²⁰

Also of concern are the mental health problems caused by long-term sustained amphetamine abuse, and a related tendency to violence and the commission of violent crime by amphetamine users.

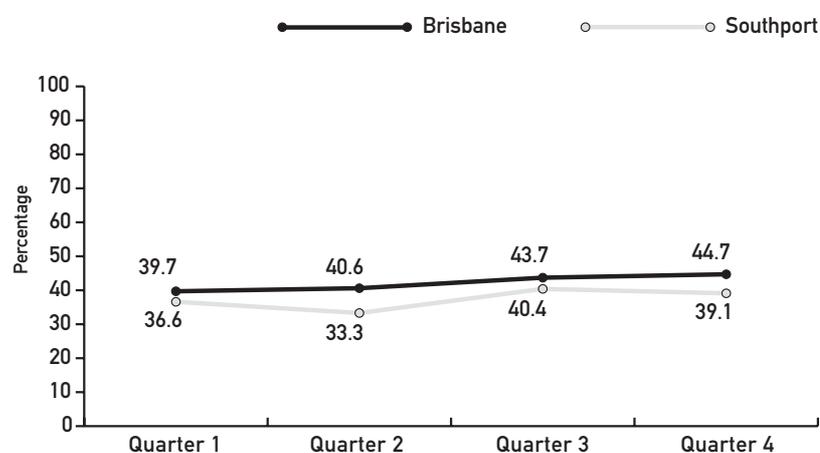
Figure 1: Proportion of positive drug tests for at least one drug by 2003 quarter by site



Source: Australian Institute of Criminology, DUMA collection, 2003 (computer file).

Note: Brisbane n = 717, Southport n = 350.

Figure 2: Proportion of positive drug tests for multiple drugs by 2003 quarter by site



Source: Australian Institute of Criminology, DUMA collection, 2003 (computer file).

Note: Brisbane n = 717, Southport n = 350.

These concerns, added to health concerns related to harm caused by intravenous administration of amphetamine, add another dimension to the problems posed by illicit drug markets in Queensland.

Demand, price and purity levels

In Queensland, amphetamine-related offences decreased between 1999 and 2002, before increasing during 2002–03. Additionally, the rate of amphetamine-related offences (possession, production and trafficking) in Queensland per 100 000 population remains among the highest in Australia.²¹ Amphetamine is the second most popular drug in Queensland after cannabis and the drug most commonly injected. The consumption of amphetamine in Queensland is no longer confined to particular user groups, and amphetamine users are prominent poly-drug users, taking the drug concurrently with a variety of other stimulants, depressants, prescription medications and alcohol.²²

The latest Illicit Drug Reporting System (IDRS) and Party Drugs Initiative (PDI), conducted in May and June 2003 in the Brisbane and Gold Coast areas, found that the cost of a gram of amphetamine powder or base did not change between 2002 and 2003 (\$200), whereas a gram of ice (crystal methylamphetamine) reportedly decreased from \$235 in 2002 to \$215 in 2003.²³

During the same period, the median purity of seized amphetamine fell, reflecting a trend that has continued for a number of years.²⁴ The purity of amphetamine seizures in Queensland was the highest in Australia from 1999 to 2001 and for periods in 2002 but the purity levels are now the second-lowest of the Australian states, at 0.9 per cent for amphetamine and 19.4 per cent for methylamphetamine.²⁵ It should be borne in mind, however, that the decline in the purity of seized amphetamine does not necessarily reflect a reduction in

the quantity of amphetamine being produced in Queensland. Contrary to the trend identified in the ACC figures, a larger proportion of IDRS respondents in 2003 assessed the purity of ice as being higher than in 2002. A decrease in price and increase in purity indicates that the availability of ice in the south-east corner of Queensland (particularly Brisbane and the Gold Coast) is on the increase. This market appears to have expanded during 2002–03.²⁶ Ice also appears to be more broadly available in areas beyond the south-eastern corner of the state.

The CMC believes that sections of the amphetamine market are becoming more discerning in relation to the forms (and quality) of the drug they are prepared to consume, and they appear willing to experiment with new variants of amphetamine. For instance, dependent users generally use all forms of amphetamine regardless of quality, whereas there appear to be segments of the market who are prepared to pay a premium price for amphetamine in return for higher-quality product. This trend seems likely to continue. Part of the reason for this trend, not just in Queensland but internationally, is that drug users are becoming more knowledgeable about drug variants and methods of use. This is due in large part to the significant quantity of information available on the Internet. The US Department of Justice has found that it is adolescents and young adults — who make up a significant proportion of the market for stimulants — who are the main people visiting drug-related websites, many of which glamorise drug use.²⁷

Demand

Recent research by the CMC into the use of amphetamine in Queensland indicates that amphetamine is usually bought at private dwellings rather than in commercial areas. Only 5 per cent of amphetamine was purchased from a commercial building and 6 per cent in a public place, with

almost half of all respondents indicating that amphetamine was brought to them.²⁸

The study found that over three-quarters of respondents paid cash for amphetamine, with other payment options including obtaining credit from dealers and trading other drugs. Three-quarters sourced amphetamine from a dealer, with other sources being friends and family (45%), partners (29%) and strangers (10%). Amphetamine liquid was the most difficult form of amphetamine to obtain, while powder and base were the most readily available.²⁹

The majority of those surveyed (86%) indicated that in the previous six months their amphetamine use had usually taken place in a private dwelling. Male users were more likely than female users to use amphetamine in a commercial space, public place or vehicle.³⁰

Supply

Intelligence reports indicate that the bulk of amphetamine supplied to the Queensland market is also produced in Queensland.³¹ Methylamphetamine is the most commonly available variant of amphetamine in Queensland and the manufacturing segment of the market in the state resembles a 'cottage industry', with many small producers collectively producing a significant quantity of product.³² Most amphetamine is produced in small, self-contained, readily portable 'box labs' and Queensland invariably leads Australia by a margin in respect of the number of labs that are detected by law enforcement³³ — possibly because there are more labs in Queensland than in other jurisdictions. Lab seizures have increased by 70 per cent in Queensland since 2000, although it is important to note that the quantity of amphetamine that has been seized has actually fallen.³⁴ Moreover, it does not necessarily follow from the lab detection figures that Queensland produces more amphetamine than other states. In a number of other

jurisdictions (particularly New South Wales and Western Australia) crime networks have relied on a smaller number of large clandestine labs that have had the capacity to produce significant quantities of amphetamine. Both states arguably produce more amphetamine than Queensland.³⁵

Clandestine labs continue to be detected in a variety of locations throughout the state, in both rural and urban environments. A number of crime networks identified in southern states are reportedly hiring tertiary-qualified chemists to produce amphetamine. A common concern of the CMC and QPS is the problem posed by recidivist 'cooks' who continue to gain knowledge and re-offend. For example, a number of cooks have a series of convictions for the production of amphetamine and others re-offend while on bail awaiting trial.

Although most 'ice' is imported, Australia's first ice laboratory was detected in Queensland in February 2002. A second ice lab was located in February 2004 in South Australia.³⁶ Perhaps one reason that more ice labs have not been detected relates to the method of production, which is reportedly a longer and more complex process than the production of non-crystallised amphetamine. The increasing demand for ice is likely to lead to these laboratories becoming more prevalent, and any trend in this direction needs to be monitored by law enforcement.

In addition to local production, there is evidence of all types of amphetamine (including ice) and precursor chemicals being supplied to Queensland from interstate and overseas sources. Intelligence holdings also point to significant distribution between different areas of Queensland, and amphetamine and precursors being transported to Queensland from New South Wales, Victoria and South Australia.³⁷

The preferred mode of transportation for illicit drugs is

varied, but there is a definite trend in most areas of Queensland for transport companies to be used to facilitate the supply of illicit drugs, particularly amphetamine. Law enforcement border control operations in Queensland have detected illicit drugs being transported into and out of the state.

The number of amphetamine seizures at points of importation to Australia has increased significantly over the past two years, from 49 in 2000–01 to 200 in 2001–02 and 223 in 2002–03.³⁸ Moreover, there has been a steady increase each year since 1998–99 in the weight of amphetamine seized 'at the border', from 10.0 kilograms in 1998–99 to 244.7 kilograms in 2002–03, apart from 2001–02 when a single (record) seizure of 411.4 kilograms on a yacht at Mooloolaba contributed to a total of 428.3 kilograms for that year.³⁹ Since 1997–98 there have also been dramatic increases in the volume of crystalline methylamphetamine (particularly ice) being detected at points of importation to Australia. In 1997–98 less than one kilogram of ice was detected, compared with more than 154 kilograms in 2001–02 and 223 kilograms in one seizure in Sydney in 2002–03.⁴⁰

The supply of amphetamine in Queensland is significantly influenced by very diverse local manufacture, but also by interstate and international manufacture. Queensland-specific strategies need to focus more broadly on all aspects of the amphetamine market, including particular attention on disrupting the supply of the precursor chemicals and equipment that at present facilitate domestic production.

Related criminality

Almost half the respondents to the 2003 Amphetamines in Queensland research project indicated they had sold amphetamine at some stage,⁴¹ with just over a quarter reporting they were selling other drugs. Three-quarters of respondents believed that the police made

selling amphetamine risky, and approximately half had friends or acquaintances who had been arrested for amphetamine-related drug offences.⁴²

In terms of involvement in other criminal activities, the study found that a third of respondents indicated they had committed a break and enter, 27 per cent had assaulted or caused bodily harm to another person, 21 per cent had stolen a vehicle, 7 per cent had robbed someone with a weapon and 13 per cent had robbed someone without a weapon. Of these, over a quarter committing personal offences were using amphetamine at the time of the offence and around one-fifth committing property offences were using amphetamine at the time of the offence.⁴³

Makkai and Payne found that amphetamine or alcohol users were more likely to attribute offending to psychopharmacological factors associated with the respective drugs.⁴⁴ Amphetamine abuse has also been found to contribute to the onset of mental health problems, as evidenced through increased presentations to psychiatric wards. In 2003 the former ABCI reported concerns from law enforcement officers who were encountering violent people suffering the effects of amphetamine use.⁴⁵

DUMA data for 2003 show that between 20.9 per cent and 29.9 per cent of Southport watch-house detainees and between 28.4 per cent and 35.4 per cent of Brisbane detainees tested positive for amphetamine (see Figure 3).⁴⁶

The implications for law enforcement of the amphetamine markets in Queensland will be considered in a forthcoming CMC research paper, which will focus on amphetamine market dynamics, the risks associated with market participation, the links between amphetamine use and violence, and the role of law enforcement in containing and disrupting the market.

As noted, a tangible link has been established between amphetamine abuse and acts of violence. Long-term users may develop amphetamine psychosis, a mental disorder similar to paranoid schizophrenia. Users may feel nervous and agitated and may experience delusions or exhibit compulsive behaviour, paranoia and a tendency to violence. DUMA data from 2001 and 2002 indicate that between 19.9 per cent and 26.7 per cent of those males who were sampled and tested positive to amphetamine while detained in watch-houses in Brisbane and Southport had been arrested for violent offences.⁴⁷ Moreover, the Amphetamines in Queensland research project found that (among other criminal offences) 27 per cent of the amphetamine users surveyed had committed an assault or caused bodily harm and 7 per cent had robbed someone with a weapon.⁴⁸

Precursors

Queensland law enforcement agencies assess that products containing pseudoephedrine remain the primary precursors for methylamphetamine. Reagents such as hypophosphorous acid, hydrochloric acid, hydriodic acid, iodine and red phosphorus are also used to extract and synthesise the pseudoephedrine. A number

of legislative prohibitions and controls have been introduced in an attempt to prevent the diversion of a number of these chemicals for illicit drug manufacture. There is little doubt that the range of openly available information on the production of amphetamine has had an impact on the number of people manufacturing or attempting to manufacture it.⁴⁹

Recent Queensland investigations have confirmed that pseudoephedrine is being extracted from some varieties of common cold tablets. These products are primarily being purchased or stolen from pharmacies by people involved in and associated with the amphetamine manufacturing process.⁵⁰ In recent years a number of pharmacies and surgeries have been broken into, with the offenders targeting pseudoephedrine and other drugs.

It was noted in most parts of Queensland that pseudoephedrine shopping is an extensive problem. One region estimated that up to 30 per cent of tablets containing pseudoephedrine sold in the region were being used for the manufacture of amphetamine.

On 1 January 2003 the Health (Drugs and Poisons) Amendment Regulation (No. 2) 2002 (Qld) took effect. One of the key changes

this regulation introduced was to reschedule pseudoephedrine products as S3 poison, restricting sales of pseudoephedrine to people authorised by an appropriate Poisons Licence. Sellers of S3 pseudoephedrine in the form of over-the-counter pharmacy medications are required to record (and retain for two years) details of the purchaser's identity and the product sold.

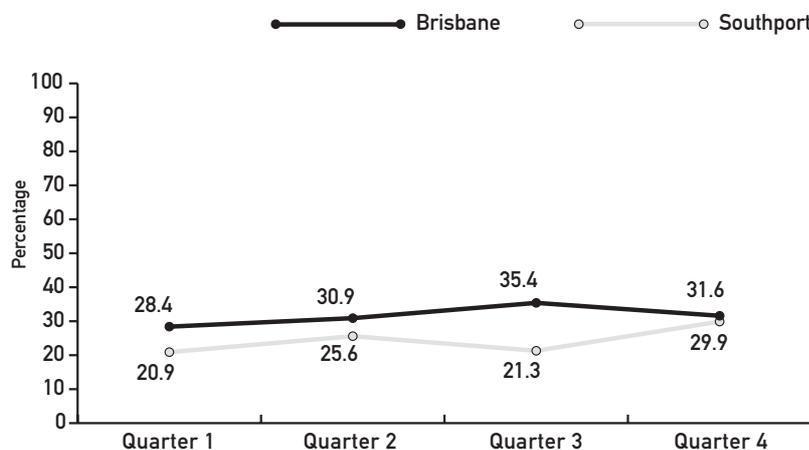
Combination medications under schedule 2 of the Health (Drugs and Poisons) Amendment Regulations 1996 are excluded from the mandatory reporting requirements specified for pseudoephedrine products, but at least one of these medications is being used as a precursor for amphetamine production. Law enforcement agencies should continue to draw such problems to the attention of governments and policy-makers, with a view to removing unintended impediments to the effectiveness of legislation governing the sale of precursor chemicals.

There are various industries that legitimately use precursor chemicals such as iodine and hypophosphorus. One of the key difficulties concerning the control of chemical supply, therefore, is the relative ease with which illegitimate avenues can be exploited to acquire such chemicals. The implication for Queensland is that local manufacturers of amphetamine with the relevant criminal connections will have access to high-quality precursors and the capability to produce substantial quantities of high-quality amphetamine.

The Australian Customs Service (ACS) reports that most importations of precursors continue to be through the mail, sourced from the United States, Canada, the United Kingdom and China.⁵¹

The Queensland Police Chemical Diversion Desk was established to enhance the early detection of movements of precursor chemicals. In 2001 the Queensland Amphetamine Strategy Committee,

Figure 3: Proportion of positive drug tests for amphetamine by 2003 quarter by site



Source: Australian Institute of Criminology, DUMA collection, 2003 (computer file).

Note: Brisbane n = 717, Southport n = 350.

made up of industry, pharmacy, law enforcement, health and community representatives, was established to aid the Chemical Diversion Desk and to formulate strategies to combat trends in the amphetamine market. With its broad representation, the committee reflects the need for a multifaceted solution to chemical diversion.

Market participants

In 2003 the CMC noted that amphetamine was being manufactured and distributed in Queensland by people of diverse ethnic and criminal backgrounds. Most Australian jurisdictions report that OMCGs continue to play a dominant role in amphetamine manufacture and distribution, but the situation is less clear-cut in Queensland. There are many criminal networks, some including OMCG members, that are participating in the market at varying levels of sophistication.⁵² Moreover, in many cases, OMCG members form part of wider criminal networks, rather than the OMCG itself constituting the criminal network.⁵³

OMCG-based networks play a dominant role in a number of areas in rural Queensland. At the other end of the spectrum, the mass markets in south-east Queensland are supplied by a large number of networks and there is evidence of a degree of cooperation between some of them. Other areas of Queensland fall somewhere between these two extremes. The trend towards increased importation of crystal methylamphetamine (particularly ice) has created a niche for crime networks with links to importers and those having links to Sydney-based crime groups.

Conclusion

It is clear that high levels of illicit amphetamine manufacture, supply and distribution are occurring throughout Queensland, encompassing diverse locations, transportation, and storage and distribution techniques. The

variety of market participants creates its own problems for law enforcement, because there are many independent producers, and in some cases production and distribution are occurring (deliberately) in areas where law enforcement resources are relatively limited. The dynamic crime environment necessitates strategies that focus on identified vulnerabilities in the market.

The amphetamine market is assessed to pose a very high risk in Queensland. Moreover, the CMC assesses that the amphetamine market will remain a very high-risk organised crime market for at least the next three years.

Ecstasy

Introduction

The ecstasy market is assessed by the CMC as a high-risk market. Ecstasy is reportedly available in most regions, particularly in the south-eastern corner, in coastal (particularly resort) areas and in the north. It is also available, but in lesser quantities, on the Darling Downs and on the tourist islands of central Queensland. There are indications that users are often sold 'fake' ecstasy, which typically consists of methylamphetamine with ketamine or other substances that mimic the effects of ecstasy.

Demand, price and purity levels

The latest Illicit Drug Reporting System (IDRS) and the Party Drugs Initiative (PDI), conducted in May and June 2003 in the Brisbane and Gold Coast areas, found that the prevalence of 'recent' ecstasy use (over the past six months) almost doubled between 2002 and 2003 in the survey sample, from 17 per cent to 31 per cent, with 13 per cent of the sample of injecting drug users injecting ecstasy during that period. A number of key informants also reported an increase in ecstasy use in Queensland.⁵⁴ The average price for one tablet was \$35 according to

the IDRS and between \$35 and \$60 according to the ACC (or \$16–35 per tablet for purchases of between 25 and 100 tablets according to the ACC); and 63 per cent of those IDRS respondents who used ecstasy reported the price as stable.⁵⁵ Around 66 per cent of IDRS respondents reported purity levels as being either medium or high, with around 41 per cent stating that purity fluctuated during 2003.⁵⁶

Consumption

Ecstasy (and tablets/capsules purporting to be ecstasy) is the most widely used 'party drug' in Queensland. According to the director of the Australian Drug Foundation's Centre for Youth Drug Studies, party drugs have entered the mainstream of Australian youth culture, with alcohol being shunned in favour of ecstasy, amphetamine and cocaine. A study of 450 nightclub patrons in Melbourne in 2003 found that almost 60 per cent had tried a party drug and, of these, 50 per cent took party drugs weekly or fortnightly. Of the users, 85 per cent had tried ecstasy, 78 per cent amphetamine and 55 per cent cocaine.⁵⁷ Ecstasy is classed as a euphoric drug whereas amphetamine is classed as a stimulant.

The consumption of ecstasy in Queensland is significantly associated with licensed premises but now extends beyond nightclubs, the dance scene and raves to private parties and the home. Ecstasy users now increasingly include members of all socioeconomic levels.⁵⁸ Unfortunately, ecstasy has a favourable reputation with users around the world in that overdoses are rare, only a small proportion of users inject the drug, and it is a drug with a brand and logos that tends to fit comfortably into the relaxed nightlife environment.⁵⁹

Ecstasy is normally taken orally (hence it is normally sold in pill form) but, as noted previously, research during 2003 revealed that some 13 per cent of participants had

injected it, albeit infrequently (on average once every two months).⁶⁰

Ecstasy is frequently linked to poly-drug use — users particularly taking the drug with alcohol, powder or base amphetamine, ice, cannabis and hallucinogens. They also have a tendency to binge on ecstasy and amphetamine, using the drugs continuously for more than 48 hours without sleep. In general, users in Queensland reported a considerably greater frequency of use than users in all other states, with an average of 24 days in the preceding six months. The closest figure was for Victoria, with an average of 15 days in the preceding six months. Ecstasy users most commonly obtained the drug from friends, dealers and acquaintances.⁶¹

Supply

In terms of detecting ecstasy production, sourcing of precursor chemicals such as sassafras oil is a key indicator. Additionally, the suspected diversion of a number of other reagents or solvents and precursors provides an indication of domestic ecstasy production. In 2003 two relatively small ecstasy labs were detected in Queensland, one in Central Region and the other in South Eastern Region.

The New South Wales Police Chemical Operations Unit states that three ecstasy laboratories were detected in New South Wales during 2003 (6% of all laboratories detected in that state), including one very large one that was roughly equivalent in output to 200 box labs. New South Wales law enforcement reported that there are clear distinctions between the production and distribution components of the process.

During 2003, police in Victoria also located a significant ecstasy lab in commercial premises. It consisted of a 500-litre and a 1000-litre reaction vessel, which is comparable with the size of labs in Holland and Belgium. It is speculated that the large labs are being located near major ports because of the need to

obtain bulk quantities of precursor chemicals.⁶²

There is no evidence to suggest that the same level of sophistication in the production of ecstasy is occurring in Queensland. Production in Queensland is believed to be extremely ad hoc and of poor quality. However, the trend in southern states towards engaging qualified chemists to manufacture ecstasy is an aspect of the ecstasy market that warrants awareness and monitoring by Queensland law enforcement.

A number of QPS regions noted that nightclubs and other licensed premises were venues where ecstasy was sourced. However, it was also observed by researchers that in many cases patrons had purchased and consumed ecstasy before attending the clubs; and this is supported by the high percentage of users who reported obtaining ecstasy from friends and acquaintances.⁶³

Ecstasy is reportedly sent to Queensland from both overseas and interstate, with some regions reporting that ecstasy is being supplied primarily from southern states after being imported from Europe and Asia or being produced in those states. In Central Region it is generally sourced from Brisbane or Sydney and is mailed, particularly to the resort islands. In the Far Northern Region and most other regions, ecstasy mainly arrives by mail from overseas and southern states.

In 2003 the ACC reported a steady increase since 1999 in the quantities of ecstasy being seized entering Australia, and a significant increase in ecstasy powder being seized since 2002, suggesting a trend towards higher-purity ecstasy and domestic conversion of the powder to tablet form. The amount of seized ecstasy has increased from 102 kilograms in 1998–99 (102 seizures) to 445 kilograms in 2001–02 (278 seizures) and 552 kilograms in 2002–03 (314 seizures). Almost 172 kilograms of ecstasy powder was seized during

2002–03, compared with only 7 kilograms the year before.⁶⁴ On a number of occasions, ecstasy has been included as a supplement to larger importations of cocaine, methylamphetamine and heroin.

Ecstasy production is reportedly spreading in Europe beyond the Netherlands and Belgium to eastern European countries, Germany, Portugal and Spain. The United Kingdom National Criminal Intelligence Service reported in 2003 that the quantity of controlled chemicals seized during 2000 in the Netherlands alone could have produced more than 300 million ecstasy tablets. There is reportedly evidence of ecstasy production in South-East Asia, on the border of Myanmar and Thailand. It is reported that producers in Myanmar are moving from opium to stimulants, because the latter are not weather-dependent.⁶⁵

A European Market ecstasy trafficking (EMET) scan commissioned by the European Union, and focusing on drug markets in Amsterdam, Barcelona and Turin over the past two decades, was completed in late 2003. In all three cities, as in Queensland, the ecstasy market is linked to entertainment venues, although most consumers obtain their supplies outside the venues. It is worth noting that ecstasy is sold in the three European cities for the equivalent of between A\$4 and A\$15 per tablet. The EMET scan found that in Barcelona and Amsterdam the consumption of ecstasy has levelled off and even decreased since the late 1990s, due to competition from cannabis and powder cocaine. In Turin, ecstasy remains popular but faces competition from smoked and sniffed heroin and powder cocaine.⁶⁶

QADREC and UK authorities suggest that a similar situation is developing in the United Kingdom, with ecstasy being sold for as little as £3 per tablet, which is significantly reducing the profit margin for the distribution networks.

The low price may also be due in part to the fact that ecstasy is facing stiff competition from new variants of synthetic drugs in the United Kingdom. Ecstasy sales are reportedly plummeting as users switch to new chemical drugs capable of producing hallucinogenic and euphoric experiences similar to those of ecstasy and LSD. These drugs are heavily promoted on the Internet and are known by their chemical abbreviations, such as 2C-I, 2C-E, 2C-T-2 and 5-Meo-DMT. There is reportedly a small demand for these drugs in southern states, with the drugs being sourced on the Internet.⁶⁷ Should the demand for ecstasy in Europe decline more broadly, and for an extended period, it is possible that significantly increased quantities of high-purity tablets may be exported from Europe to Australia. Alternatively, European suppliers may switch to large-scale production of the newer synthetic drugs, although this is considered unlikely.

Market participants

Ecstasy is not typically imported direct to Queensland, except in relatively small quantities through the post. There have, however, been some notable exceptions, including a seizure in February 2003 of some 135.4 kilograms of ecstasy that was thought to have originated in the Netherlands.⁶⁸ The ecstasy market has a wide variety of participants at varying levels, and the key to a network's success is its access to reliable supplies of ecstasy in reasonable quantities.

Dutch and other European nationals have figured in a number of major ecstasy operations in Queensland. Members of what the ACC describes as established criminal networks (ECNs) are also prominent locally in higher-level distribution. OMCG members are participants in the market in Queensland but they do not dominate the market. Once ecstasy reaches Queensland, the distribution level of the market flattens out, although not to the extent that the amphetamine market

does. There are many networks capable of supplying thousands of tablets.

Conclusion

The supply of ecstasy to Queensland users appears to be increasing. There are consistent reports of a diversification of the ecstasy consumer base, and it remains the pre-eminent party drug in Queensland and Australia. The fact that local users frequently accept 'fake ecstasy' tablets suggests there is a tangible level of untapped demand for quality (genuine) ecstasy. Ecstasy is priced at a level that is likely to stimulate demand in the short to medium term, and it is perceived to be a 'safe' drug. While production of ecstasy is very limited in Queensland, any indications of such production require close monitoring by state law enforcement agencies, particularly in view of evidence from southern jurisdictions of increasing ecstasy production.

It is likely that most local supplies of ecstasy will continue to be imported for the foreseeable future, and this presents challenges for both state and federal agencies. The possibility of significantly increased volumes of imported ecstasy reaching Australia and ultimately Queensland cannot be discounted because of recent reports of declining demand in Europe.

The CMC assesses that the ecstasy market in Queensland poses a high risk. It is further assessed that the market will remain a high risk over the next three years and may cause increasing problems because of the potential for increased local production and importations, the large number and variety of market participants and the variability in quality and content of tablets sold as ecstasy.

Cocaine

Introduction

Cocaine is currently assessed by the CMC as posing a medium risk in Queensland. This is primarily

because cocaine is not as readily available in Queensland as other illicit stimulants such as amphetamine and ecstasy, and because its popularity is limited by its relatively high price. However, there is uncertainty about the actual size of the market.

Demand

In 2003 the Illicit Drug Reporting System (IDRS) found that 'recent' cocaine use in Queensland had increased slightly compared to 2002, with marginally more respondents indicating it was their drug of choice.⁶⁹ Nearly all recent cocaine users reported using powder (95%) as opposed to crack (5%). The IDRS quoted the median price of a gram of cocaine as \$300, although NDARC figures from a different sample of respondents quoted a median price per gram of \$250 and ACC figures quoted a median price of \$225–250 per gram.⁷⁰ Approximately 54 per cent of IDRS respondents indicated that the drug was either difficult or very difficult to obtain in 2003.⁷¹ This is borne out by DUMA data for 2003, which show a very low prevalence of positive tests for cocaine at the Brisbane and Southport watch-houses (Figure 4).⁷²

The CMC does not believe that the above IDRS and DUMA figures present an accurate picture of the cocaine market in Queensland. The IDRS itself notes that key informant reports indicate an increased availability of cocaine in Queensland, with cocaine seizures increasing substantially from 15 in 2001–02 to 26 in 2002–03.⁷³ Due to the typical socioeconomic profile of cocaine users, it is unlikely that a significant proportion would be detained in watch-houses, so the DUMA figures are likely to underestimate the level of cocaine use. Reports from several QPS regions indicate that cocaine is readily available along Queensland's eastern seaboard, particularly in tourist centres. There are also indications that the market may be diversifying beyond the professional higher-socioeconomic

niche that is traditionally associated with cocaine use. However, cocaine is significantly more expensive than other illicit drugs, and this generally has a dampening effect on demand.

Availability of cocaine in the densely populated areas of Brisbane and the Gold Coast is less surprising than the reported availability of the drug in northern centres. It is assessed that the cocaine market in North Queensland, particularly in tourist areas, has expanded considerably since 2000. The CMC assesses that the demand for cocaine in Queensland has increased and may exceed supply, although supply appears to be expanding. The quality of seized cocaine tends to be poor. The IDRS reported in 2004 that the average purity of cocaine seizures in Queensland during 2002–03 was 41.1 per cent — about half of the level that is considered to constitute good-quality cocaine.⁷⁴

Supply

In 2003 the IDRS found that no surveyed cocaine users reported obtaining the drug from a street dealer, whereas 46 per cent obtained it from a friend, 23 per cent from a mobile dealer and 15 per cent from the dealer’s home. Interestingly, those users who responded to the survey indicated they could obtain cocaine on

average within 30 minutes — which is broadly comparable with the corresponding times for heroin and methylamphetamine.⁷⁵ These figures suggest a market that is relatively close-knit and self-contained, based around users and distributors who are known to each other and move in similar circles.

The former Office of Strategic Crime Assessments (OSCA) noted in 2002 that the total amount of cocaine seized entering Australia in 2000–01 was comparable to that of heroin and greater than that of ecstasy, with importations graduating since 1990 from small amounts by air cargo and couriers to large-scale flows by sea cargo and small craft.⁷⁶ OSCA also found that a wider range of crime groups were becoming involved in the cocaine market, because of increased opportunities to import, and exceptional profits.⁷⁷ It is believed that cocaine is being imported directly to Queensland, but more commonly it is being transported to Queensland from Sydney, Melbourne and Adelaide.⁷⁸

Conclusion

The current assessment of the cocaine market as medium risk reflects its emergence, particularly in areas outside south-east Queensland, in terms of both supply and demand. It is, however, entirely possible that law enforcement in

Queensland is underestimating the size of the cocaine market and the level of harm it poses. Australia, and Queensland in particular, has a significant and increasing recreational illicit drug market, which at present is being satisfied by ecstasy, amphetamine and cannabis.

It is assessed that there is little correlation between the quantity of cocaine seizures and the estimated size of cocaine markets in Australia. It is further assessed that the Queensland market is diversifying, both in user groups and geographically.

There is an identified knowledge gap relating to the size and nature of the cocaine market in Queensland. In response to this identified gap, the CMC is committed to conducting a comprehensive assessment of the nature and extent of the cocaine market in Queensland.

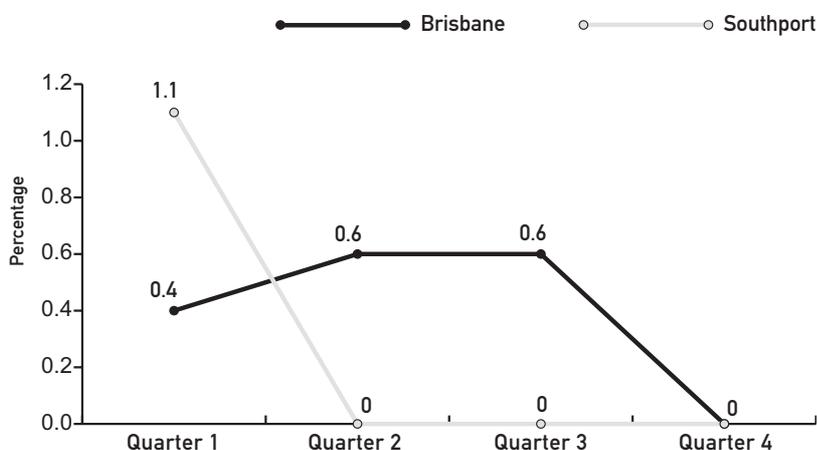
As stated earlier, the CMC assesses that the cocaine market in Queensland poses a medium risk. It is further assessed that the level of risk may increase during the next three years, and that law enforcement will need to gain a more detailed understanding of market dynamics during that period.

Cannabis

Introduction

The cannabis market is assessed by the CMC to pose a medium risk, mainly due to the drug’s widespread production and use, particularly in the central and northern areas of Queensland. The assessed level of risk also reflects the serious health problems that can be caused by sustained abuse of cannabis. Despite a trend towards hydroponic production in all areas of Queensland, outdoor crops remain prevalent, particularly in northern Queensland. Cannabis production is geographically diverse and involves a range of crime networks utilising increasingly sophisticated methods to produce higher-yielding and more potent cannabis varieties.

Figure 4: Proportion of positive drug tests for cocaine by 2003 quarter by site



Source: Australian Institute of Criminology, DUMA collection, 2003 (computer file).

Note: Brisbane n = 717, Southport n = 350.

Demand

In 2004 the IDRS reported that the proportion of the survey sample (derived from injecting drug users in south-east Queensland) who had used cannabis had dropped slightly, from 82 per cent in 2002 to 76 per cent in 2003. However, the users tended to consume cannabis more often than they had in preceding years — an average of 125 days in the preceding six months in 2003, compared with an average of 120 days in 2002.⁷⁹ In 2003 the most commonly used form of cannabis was hydroponic (75%), with 24 per cent of the users sampled by the IDRS preferring bush cannabis and 1 per cent preferring hashish. However, more than two-thirds of the respondents reported using bush cannabis at some time during 2003.⁸⁰

DUMA data for 2003 show that between 57.1 per cent and 69.0 per cent of Southport watch-house detainees and between 49.6 per cent and 59.2 per cent of Brisbane detainees tested positive for cannabis (see Figure 5).⁸¹

According to the IDRS, the price of hydroponic cannabis increased slightly during 2003 for one-ounce amounts (from \$300 to \$310), with ¼ ounce and gram amounts remaining stable, although the prices for both hydroponic and bush cannabis decreased during the period 2000–03. Hydroponic cannabis tends to be more expensive than bush cannabis, which has an average price of \$240 an ounce.⁸²

Since 24 June 2001, police have diverted 16 309 offenders under the cannabis diversion program. Under this scheme an offender can be offered diversion, once only, for the possession of cannabis under 50 grams. To date the number of offenders offered diversion each month has been steadily increasing. Additional offenders (averaging 70 per month) have been diverted by the courts under the Illicit Drugs Court Diversion Program since 28 March 2003.⁸³

The size of the cannabis market has at best remained constant and may even have increased, particularly in North Queensland, where it is considered to pose a significant problem, almost to the same extent as the amphetamine market. Cannabis remains the most commonly used illicit drug, with continuing strong demand.

Supply

The cannabis market in Queensland remains well supplied, from both local and interstate sources. The IDRS (2003) reported in 2004 that 54 per cent of surveyed cannabis users described the potency of the drug as being high during 2003, and another 33 per cent described the potency as being medium. In 2003 cannabis was reported to be easy or very easy to obtain by 88 per cent of respondents.⁸⁴ Cannabis, whether hydroponic or bush, is typically sourced from a friend's or a dealer's home and, where known by the user, the production source is either a large-scale cultivator or a small-time backyard grower (in both cases, of either bush or hydroponic cannabis).⁸⁵

All QPS regions report some level of cannabis production, with the Far North experiencing significant problems. Although the trend is towards hydroponic production,

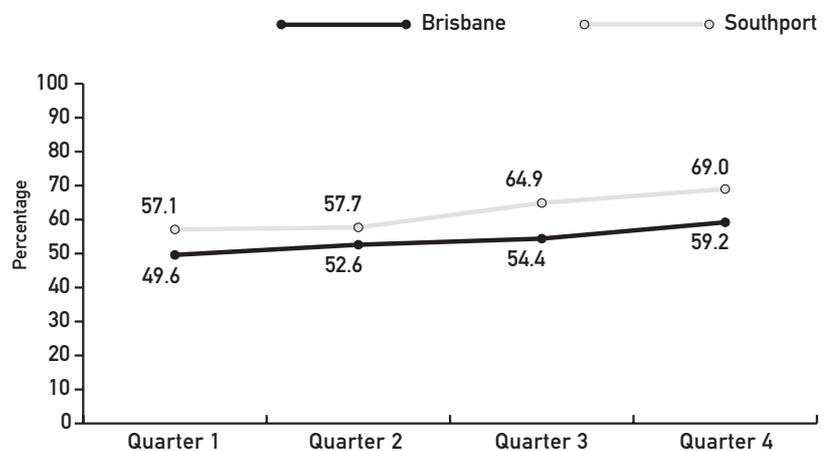
large numbers of crops are still being detected. This is consistent with the position in New South Wales, where there also seems to have been a resurgence of crop production.⁸⁶ The QPS is reporting increasingly sophisticated hydroponics set-ups, including one that was concealed in buried shipping containers, and others found concealed in residences under false floors and behind false walls.

Significant cannabis production is occurring from QPS Central Region north to Cape York. The climate in these areas is ideal for cannabis production, which is occurring in bushland and within legitimate crops, including sugarcane.

Supply of cannabis through local production is bolstered in a number of regions by cannabis transported from New South Wales (primarily the Newcastle and Griffith areas) and South Australia. Seeds for hydroponic production are sometimes sought from interstate and overseas. However, there is evidence that local supplies are sufficient to meet demand in most areas.

There are many participants in the cannabis market in Queensland, from diverse backgrounds. Criminals with Italian ancestry

Figure 5: Proportion of positive drug tests for cannabis by 2003 quarter by site



Source: Australian Institute of Criminology, DUMA collection, 2003 (computer file).

Note: Brisbane n = 717, Southport n = 350.

continue to produce cannabis in areas of Queensland, as they have done for decades. Members of OMCGs are also represented in the market, as are many other networks. The advent of hydroponic production has broadened the base of the supply side of the market. The Queensland Alcohol and Drug Research and Education Centre (QADREC) has noted anecdotal reports of several crime networks in south-east Queensland establishing a virtual cottage industry of small-scale hydroponic cannabis producers in a number of residences. The producers are resourced and monitored by a 'broker' who has a violent reputation. Such networks effectively reduce the risk to the organisers of the networks while compartmentalising the risky production aspect of the networks.⁸⁷

Conclusion

Evidence of considerable local cannabis production, augmented by supplies transported into Queensland from interstate, and a constant and high level of demand for cannabis, suggest that the cannabis market is entrenched and perhaps expanding throughout Queensland. The trend towards hydroponic production has undoubtedly increased the diversity of the market and added to the challenges faced by law enforcement. Another challenge is posed by the fact that cannabis, like amphetamine, is produced in significant quantities throughout the state, often in remote locations where law enforcement is thinly represented.

The CMC assesses that the level of risk posed by the cannabis market in Queensland is medium. It is further assessed that the level of risk is unlikely to change over the next three years.

Heroin

Introduction

The CMC assesses that heroin continues to be a high-risk market, despite the fluctuations in the market since the 'heroin drought' in the early 2000s. From a law enforcement perspective, although the heroin market has not recovered fully in Queensland, it continues to be a significant issue due to its large numbers of injecting users and correlation to criminal offending.

Between 1996 and 2000 heroin was the drug most frequently injected in Australia. In 2001 there was a dramatic and sustained reduction in the availability of heroin, which was accompanied by a substantial increase in its price and a 14 per cent decline in the average purity of seizures on the eastern seaboard.⁸⁸ Between 2000 and 2001 there was a sizeable decrease in both prevalence and frequency of heroin injection among injecting drug users. (In Queensland the proportion of the IDRS sample who had recently used heroin dropped from 82 per cent in 2000 to 63 per cent in 2001.) The same sample reported a reduction from an average use on 100 days in the preceding six months in 2000 to 70 days in the preceding six months in 2001.⁸⁹ This trend was accompanied by increases in stimulant injection (cocaine in NSW and methylamphetamine elsewhere). Some heroin users left the market altogether and started consuming substitutes such as benzodiazepines and morphine-based drugs.⁹⁰

Recent information indicates that heroin has returned to the Queensland market, but not to the level seen before 2000. In 2002 the figures for recent use returned almost to the 2000 level (81%) but in 2003 the figures again reduced significantly (to 64%). Similarly, average reported use in 2002 was 80 days during the preceding six months, reducing to 49 days during the preceding six months in 2003.⁹¹

As discussed below, the more recent figures indicate that the Queensland heroin market is not operating in a similar manner to the markets in the southern states. Other dynamics are affecting the local market, perhaps including a lack of heroin being transported to Queensland, due to smaller quantities being imported and the bulk of those importations being consumed in southern states.

Demand

As noted in the previous paragraph, the figures for heroin consumption in Queensland among injecting drug users show a typical pattern from 2000 to 2001 (the core period of the 'heroin drought') followed by a recovery in 2002 to 2000 levels, followed by another decline in 2003 to the 2001 levels.⁹² Recent (anecdotal) reports suggest that heroin was again increasing in prevalence towards the end of 2003, so the market may well trend upwards again during 2004.⁹³ An IDRS report in 2004 indicates that the frequency of heroin use by the survey sample of injecting drug users decreased significantly in Queensland from 2002 to 2003 (from once every 2.2 days to once every 4 days) and more starkly between 2000 and 2003 (from once every 1.8 days to once every 4 days). Other states and territories experienced either an increase in the frequency of use or a small decrease.⁹⁴

The number of accidental deaths in Queensland attributed to opioids among those aged 15–54 years peaked in 2000 at 124 deaths, before dropping to 58 in 2001 and 40 in 2002. The 2002 figure is the lowest since 1997.⁹⁵ The Queensland Ambulance Service (QAS) collected figures on non-fatal overdoses until December 2001 and those figures show a marked reduction in such overdoses during the heroin drought. The IDRS reports that responses by the survey sample during 2003 suggest that the rate of non-fatal overdoses may have continued to decline during 2003.⁹⁶

In the IDRS sample in 2003, only 9 per cent of heroin users reported smoking heroin (chasing the dragon), snorting or swallowing the drug. The rest injected heroin. Heroin users reported a high level of poly-drug use — including cannabis, alcohol and methylamphetamine. Other drugs injected by this group were morphine and methylamphetamine. This reflects a tendency by users to substitute a like drug (morphine) when heroin is scarce, and to concurrently use a stimulant (methylamphetamine) and a depressant (heroin) to 'normalise' their existence. The stimulant is taken when the user wants to be active and the depressant is taken when the user wants to rest or sleep.⁹⁷

The CMC assesses that at present in Queensland the demand for heroin is influenced more by the contracted market than by the choice of heroin users. It should also be noted that the observed increase in the use of prescription drugs may in fact reflect a decision by some heroin users to seek a permanent substitute for heroin that is reliable in terms of price, purity and effect. This trend will be discussed further in the 'Prescription drugs' section.

Supply

In 2004, the IDRS suggests that heroin availability in 2003 did not change from 2002 levels, with around 80 per cent of respondents (in both years) indicating that heroin was either easy or very easy to source. However, the 2003 level was still lower than the level in 2000, before the 'heroin drought'. Over half of the respondents stated that heroin purity was low, compared to 24 per cent in 2002. This is borne out by figures that show a significant discrepancy between the median purity levels of heroin seized by the AFP (69%) and by the QPS (23.9%) during 2002–03.⁹⁸ This suggests that heroin is being cut considerably for the Queensland market — an indicator of a shortage of supply relative to

demand. According to the IDRS, the price of heroin for all quantities was stable across 2002–03 (\$400 for 1 gram, \$240 for ½ gram, \$120 for ¼ gram and \$50 for a cap). The ACC quotes slightly different prices for the fourth quarter of 2002–03 (\$500 for 1 gram, \$100 for ¼ gram and \$80 for a cap).⁹⁹

QPS regions generally reported heroin to be very limited in availability or unavailable during 2002–03. The exceptions were those regions that have sizeable cross-cultural populations. Heroin that reaches Queensland is generally sourced from Sydney and transported to Brisbane, the Gold Coast and elsewhere. Some QPS regions reported a level of heroin being available, particularly in the Bundaberg and Maryborough areas, during 2003. All QPS regions reported that amphetamine and prescription drugs have made inroads into traditional heroin markets.

The ACC assesses that large-scale importers of heroin have moved away from the Australian market because of law enforcement attention and a desire to enter other markets. Since 2000 the market has allegedly been supplied by a variety of smaller, uncoordinated importations from entrepreneurial networks that were previously involved in local distribution. The former OSCA and the ACC have assessed that there is scope for these networks to import increased quantities over time, and that their capacity to do so will be the determining factor in relation to the short-term future of the heroin market. The ACC does not believe that international pressures are likely to alter Australia's heroin market rapidly or greatly.¹⁰⁰

Historically, most heroin importations to Australia have originated in the Golden Triangle (Myanmar, Laos, Thailand). The AFP reports that opium production in Myanmar is decreasing, with producers reportedly switching to the production of amphetamine-type substances, which are not dependent on favourable weather

for good crops. At the same time, production of opium in Afghanistan is increasing, and it is significantly cheaper than that from Myanmar.¹⁰¹ The implications of this trend are twofold. First, the supply of heroin to Australia is unlikely to increase significantly in the short term. Second, it is possible that in the longer term heroin derived from Afghani opium may be imported to Australia to compensate for the shortfall in South-East Asian heroin. This could open up the supply side of the market to a more varied range of importers and higher-level distributors.¹⁰²

Links between the heroin market and the stolen property market

There is evidence in Brisbane of heroin dealers exchanging drugs for stolen property, with some dealers drawing up 'shopping lists' of desired property. This trend is consistent with activities detected interstate, and provides further evidence of the links between the heroin and stolen property markets at a number of levels.

In 2003 a study of heroin users in New South Wales found that the decline in heroin use during the 'heroin drought' led to a decline in robberies in that state. Between 1999 and 2002 the rate of robberies per 100 000 people in New South Wales fell by more than 10 per cent, as did the rate of burglaries; and the rate of car thefts fell by more than 15 per cent.¹⁰³ An earlier study by the New South Wales Bureau of Crime Statistics and Research (BOCSAR) found what was assessed to be a statistically significant relationship between heroin use and robbery in New South Wales over the period 1966–2000.¹⁰⁴

Care needs to be taken in seeking to extrapolate the New South Wales trend to Queensland. QPS statistics¹⁰⁵ do not support the BOCSAR findings in a Queensland context. During 2002–03 robbery offences reduced 8 per cent from 2001–02, unlawful entry offences reduced 7 per cent, and 'steal from dwelling' offences reduced 7 per cent.¹⁰⁶ At the same time,

however, 'steal from shops' offences increased 4 per cent, 'steal from other premises' offences increased 2 per cent and 'handling stolen goods' offences increased 7 per cent.¹⁰⁷ Robbery offences have in fact been trending down since 1998–99 and unlawful entry offences since 1995–96; while 'other theft' offences have been trending upwards since 1997–98 and 'handling stolen goods' offences since the mid-1970s.¹⁰⁸ These figures bear no obvious correlation to fluctuations in the local heroin market.

There are also some other relevant factors. The link between heroin use and property crime has been noted generally by Queensland law enforcement.¹⁰⁹ However, as discussed in section 4, property crime is a consistent investigative priority for the QPS; and it is likely that any reduction in property crime results at least in part from police initiatives at local and state levels, coupled with fluctuations in a number of crime/drug markets that have impacts on property crime. In addition, while some Queensland heroin users moved to cheaper alternatives such as prescription drugs during the 'heroin drought' and hence arguably had less reason to commit property crime, others moved to amphetamine and would still have required funds to support purchases of the drug. Further, as noted previously, the heroin market in Queensland has shown significant annual fluctuations since 2000, so it would be almost impossible to discern a meaningful correlation with the property crime market.

Conclusion

The heroin market is currently ranked as high-risk, although it has yet to return to the levels of 2000. The market has fluctuated since 2000 and has not shown the recovery now evident in southern states. The key to supplying the heroin market in Queensland is having links to reliable supplies from Sydney and Melbourne; however, it is likely that overseas and interstate market dynamics will shape the local market more

than local trends. This is because the heroin market in Queensland is primarily influenced by supply rather than by demand.

A concern has been raised by NDARC, which bears consideration by all agencies with an interest in disrupting illicit drug markets. It is claimed by some analysts that, although law enforcement intervention was successful in reducing the heroin supply in Australia after 1999, the consequence was an increase in the use of other drugs (both opiates and stimulants).¹¹⁰ The harms associated with stimulants and with opiates differ. Before 2000 the treatment focus was on opiates, and this initially created significant problems in the health sector because it took some time for treatment programs to adjust to the increased presentations of people suffering the symptoms of stimulant abuse. The consequences of the 'heroin drought' suggest the need for a broad-based, coordinated and wide-ranging response to illicit drug markets by law enforcement and the health sector, rather than a narrow focus on a small number of markets. It also underlines the problems that can arise from a focus by law enforcement on one drug market to the exclusion of others.

The CMC assesses that the high level of risk posed by the heroin market in Queensland has potential to increase moderately over the next three years, although not to the 1999 level, when heroin importations were at a record level and the local demand for heroin outweighed the demand for stimulants. The two key factors influencing this assessment are the preference of some former heroin users for opiate-based prescription drugs and a reported reduction in the production of opium in Myanmar.

GHB/fantasy

Introduction

The GHB (gamma-hydroxybutyrate or 'fantasy') market is assessed to be a low-risk market in Queensland.

Despite the serious implications for users who overdose, the drug occupies a niche market, and its use and supply is not widespread.

Demand and supply

GHB usually takes the form of a clear (or blue), bitter or salty-tasting liquid which can be disguised when added to water. Its legitimate uses include in paint thinners and in the manufacture of polyurethane and polyesters.¹¹¹

There is little evidence to suggest that the drug is being manufactured on a large scale in Queensland and it tends to be available on an ad hoc basis, except on the Gold Coast, where the QPS reports it is constantly available. This is borne out by reports in the media of Gold Coast ambulance officers reporting an increase in the number of people treated for overdoses during the early months of 2004, and an apparent increase in 'backyard factories' on the Gold Coast.¹¹²

QPS Southern Region, Metropolitan South Region, Northern Region and Central Region report no significant problems with GHB. The other regions reported that GHB was available on a limited basis, but particularly in nightclubs, in the gay scene and during special events such as Schoolies, raves such as 'Livid' and 'The Big Day Out', and the Indy Carnival.

In 2004 NDARC reported that just 6 per cent of respondents reported 'recent' use of GHB. The equivalent figure for ice was 38 per cent; 19 per cent for cocaine; and 14 per cent for the veterinary drug ketamine, which is an illicit drug in its own right and is known to be added to methylamphetamine to produce fake ecstasy tablets. Moreover, on average, respondents from Queensland used GHB only once in the six months before the survey, which, along with Tasmania, was the lowest figure in Australia.¹¹³ This tends to confirm that GHB occupies its own niche in the illicit drugs market.

The IDRS reported in 2004 that fantasy is usually consumed

orally, often with alcohol, and is associated with a high risk of overdose and unconsciousness. This is because of the narrow margin for error between a correct dose and an overdose, a lack of knowledge by recreational users, and the variable quality and potency of GHB sold by inexperienced producers. Recent mass overdosing in Sydney and Melbourne mirrors similar (albeit occasional) occurrences on the Gold Coast.¹¹⁴

Claims of a level of local manufacture are notionally supported by reports in 2003 of the increased availability of (legally obtainable) precursors for GHB.¹¹⁵

It is assessed that the production and distribution levels of the GHB market tend to be relatively flat in Queensland, with a number of participants, none of whom has a dominant position in the market. Most market participants also distribute other illicit drugs.

Conclusion

Notwithstanding the high levels of potential harm to users of GHB, its low level of availability and use and the low level of production in Queensland mean that it is assessed as a low-risk illicit drug market in Queensland.

The health support function of the Queensland Ambulance Service and other volunteer drug support groups puts them in a position to provide reasonably reliable information about trends in GHB use in Queensland. These observed trends should where possible be used by law enforcement to ensure that all types of potential harm, and in particular the supply of GHB, are monitored and prevented.

The CMC assesses that the level of risk posed by the GHB market in Queensland will remain low for the next three years, although it is likely there will be periodic publicity about the drug in the context of multiple overdoses.

The link to nightclubs and similar licensed premises

As noted previously, licensed premises — particularly nightclubs — have been linked to the consumption and sale of GHB, ecstasy, cocaine, ketamine and LSD. Some statistics may show that most patrons obtain their drugs before entering the establishments, but it should be noted that many surveys do not encompass non-injecting users and hence in some cases (including GHB, cocaine, LSD and ecstasy) are likely to be unrepresentative of the illicit drug-using population.

In contrast, the April 2004 Party Drug Trends Bulletin reported that surveys of regular ecstasy users around Australia indicated that the most common location for the use of ecstasy (reported by more than 70% of respondents) was in nightclubs. In addition, inexperienced users who purchase on impulse (the group at most risk of overdose) are less likely to have a reliable supplier of illicit drugs and are more likely to purchase drugs in licensed premises.¹¹⁶ It is desirable, from the point of view of both law enforcement and health concerns, that venue management at all licensed premises adopt a zero tolerance approach to illicit drugs, with the support of law enforcement agencies. This is consistent with the supply reduction strategies outlined in the Queensland Illicit Drug Action Plan, particularly as it targets access points (to illicit drugs) available to new and inexperienced users.¹¹⁷

Prescription drugs

Overview

The illicit market for prescription drugs is a classic case of a free market where unsatisfied demand for one illicit commodity (principally heroin) has led to the supply of substitute commodities (i.e. morphine-based prescription drugs) in an illicit way. Moreover, a number of prescription drugs are now favoured by poly-drug users

to augment or compensate for the effects of their illicit drug of choice. This market is perhaps unique in that the 'supplier' of the commodity (normally a doctor) is in many cases blameless, or at worst guilty of a breach of professional ethics, rather than being guilty of a breach of the criminal law. The illicit market for prescription drugs is assessed by the CMC to be a low-risk market, but one that warrants monitoring.

Demand and supply

Most QPS regions reported significant concerns about the growth in the illicit prescription medication market. The advent of inexpensive, reliable, high-quality prescription medication is obviously appealing to drug users who in some cases are finding it difficult to afford and to source quality illicit drugs. Considerable anecdotal evidence suggests that drug users are self-medicating with prescription drugs to 'hold themselves over' or to assist them to 'come down' from another drug, with significant poly-drug use reportedly linked with the abuse of prescription medication.

In 2004 the IDRS reported that 40 per cent of intravenous drug users (IDU) reported recent injection of morphine, 11 per cent recent injection of benzodiazepines and 4 per cent recent injection of pharmaceutical stimulants.¹¹⁸ DUMA data for 2003 show that between a quarter and a third of Southport and Brisbane watch-house detainees tested positive for benzodiazepines (see Figure 6).¹¹⁹

All Queensland regions reported an increasing or tangible problem with the illicit diversion of both morphine-based drugs and other opiates, as well as benzodiazepines. In some regions the cost of one tablet of opiate-based prescription medicine ranges between \$50 and \$60. According to QADREC, MS Contin™ is consumed in 100-milligram quantities (known as the Grey Nurse) at a cost of \$50. The effect is the same as one hit of heroin, at a quarter of the price and with a guaranteed and

constant quality.¹²⁰ MS Contin was increasingly used when heroin became scarce but is still being used in areas where heroin is available. MS Contin is available both as a liquid or as tablets, with each tablet being sold for \$50 in most regions.¹²¹ Concession card holders are charged only \$3.60 per script, so this is a considerable profit.

Health professionals reported continued disturbing levels of prescription drug use among poly-drug users in 2003. Benzodiazepines are regularly used to permit amphetamine users to 'come down', and by heroin users to take the edge off withdrawal symptoms if heroin is not available.¹²² A study was carried out to examine the aftermath of a Commonwealth Government decision in May 2002 to restrict the prescription of publicly subsidised 10 mg Temazepam™ gel caps. It was found that the majority of injecting drug users surveyed reported obtaining their benzodiazepines from doctors, after presenting with genuine symptoms. The majority reported visiting only one or two doctors, although small numbers stated they had visited numerous doctors. The study concluded that there appears 'to be a substantial black market for benzodiazepines with about half of injecting drug users reporting

purchases of benzodiazepines on the street'. After the prescription of gel Temazepam™ capsules had been restricted, injecting drug users reported still being able to obtain capsules on the street.¹²³ Following publicity about these and other concerns, Temazepam gel capsules are reportedly no longer available for prescription.

Although the number of doctor shoppers has declined slightly in the last five years, the median number of benzodiazepine and narcotic analgesic scripts obtained by doctor shoppers during this period has more than doubled.¹²⁴ QPS Far Northern Region reported a doubling of scripts for MS Contin in its area during 2002–03.

Currently, there does not appear to be a hierarchical supply component to the market for diverted morphine and opiate-based prescription drugs. There are numerous market participants and little evidence of a high degree of organisation.

ADHD prescription drugs

In April 2002 the CMC published a report that assessed the illicit market for attention deficit hyperactivity disorder (ADHD) drugs in Queensland.¹²⁵ These drugs include Ritalin™, Dexedrine™, Adderall™ and Dexamphetamine™; they are designed to increase the attention span and concentration of people

with ADHD, while decreasing certain negative impulsive behaviours. The drugs act as a powerful stimulant for people who do not suffer from ADHD and are known colloquially as 'kiddie cocaine'.¹²⁶

The CMC assessment concluded that the illicit diversion and abuse of ADHD prescription drugs is a minor problem in Queensland and does not necessarily lead to amphetamine use. Concerns were noted, however, in relation to the over-prescription of ADHD drugs for non-health-related reasons, and use by someone other than the intended recipient. Australian children have the third-highest consumption of ADHD drugs in the world.¹²⁷ Recent reports from Sydney indicate that ADHD drugs are being abused by school students for the purpose of helping them to concentrate during exams.¹²⁸ The CMC continues to assess, however, that the diversion of ADHD prescription drugs is not a significant problem in Queensland.

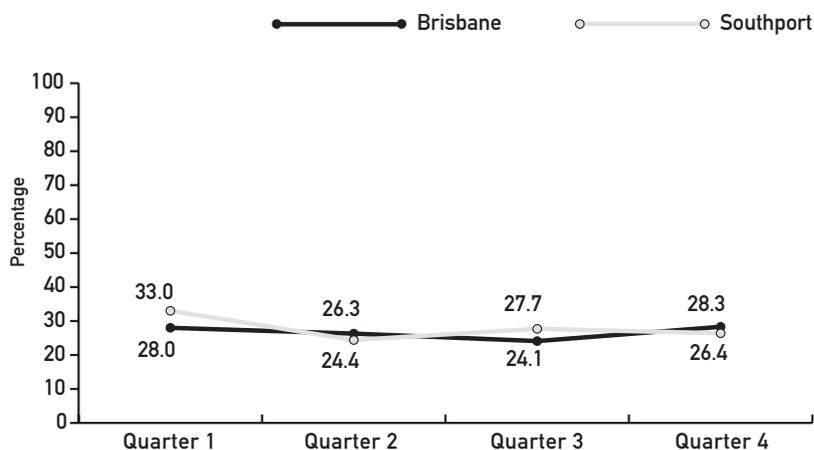
Conclusion

The CMC assesses that illicit benzodiazepine and morphine/opiate prescription drug markets throughout Queensland are an emerging issue that requires close monitoring by health agencies and law enforcement. The Queensland-based Prescription Drug Working Party, in which the QPS plays a prominent role, was established in late 2002 and is endeavouring to resolve issues connected with the abuse of prescription drugs.

The CMC assesses that this market poses a low risk in Queensland. However, the market may evolve from a low to a medium risk during the next three years, due to an ongoing increase in the use of prescription drugs as an alternative to heroin and in conjunction with stimulants.

This section has discussed and rated the risks posed by illicit drug markets; the next (section 4) discusses and rates the risks posed by non-drug illicit crime markets in Queensland.

Figure 6: Proportion of positive drug tests for benzodiazepines by 2003 quarter by site



Source: Australian Institute of Criminology, DUMA collection, 2003 (computer file).

Note: Brisbane n = 717, Southport n = 350.

4: Non-drug crime markets

This section considers the risks posed by organised crime in terms of the non-drug illicit markets of fraud (including some categories of electronic crime or e-crime), identity crime, money laundering, property crime, motor vehicle rebirthing and firearms trafficking. The CMC sees these activities as the major illicit, non-drug-related categories of organised criminal activity in Queensland.

As for section 3, the issues identified in this section are derived from consultations with QPS, ACC and AFP officers, analysis of the organised crime holdings of the CMC and partner law enforcement agencies, and relevant academic research.

The aim of this section is to present a market-based analysis of the consolidated material, and to assess the relative risk posed by each respective category of organised crime, in accordance with the risk assessment methodology discussed in section 1. Key trends are identified and recommendations of possible ways to disrupt the activity are drawn from the analysis.

Fraud

Overview

Fraud is assessed to pose a medium to high risk in Queensland, mainly because most fraud (in terms of both the quantum of losses and the number of victims) is not committed by organised crime networks.¹²⁹ This generalisation includes the defrauding of shareholders by corporate executives and the defrauding of companies by employees, which are arguably some of the most damaging types of fraud. Identity crime, which facilitates some categories of fraud, is considered in this assessment as a separate crime market, and is discussed later in this section.

Emerging technology has had a significant impact on fraud in Australia. It has created new opportunities for offenders, provided access to an unprecedented number of victims, opened avenues to commit offences remotely in other jurisdictions, and made traditional fraud offences much easier to commit. There are clear indications that credit card fraud and cyber-fraud are becoming the focus of organised crime groups. These groups have identified that the benefits of these offences far exceed the risks.¹³⁰

In 2004 the CMC concluded that the 'cyber environment has greatly aided those people intent on defrauding organisations ... many simply replicate traditional forms of fraud and corruption, making use of computers to improve the speed and efficiency'.¹³¹

In summary, most fraud offences are still committed by individuals, but increasingly fraud offences are being committed with the assistance of modern technology and by organised crime networks.

The nature and extent of fraud

The task of measuring both the extent of fraud and the organised component of fraud offences is, to an extent, problematic. There are various reasons for this, including problems of definition and under-reporting of offences by corporations in particular. Assessing the level of 'organised' fraud is difficult, therefore.

In most jurisdictions, including Queensland, there is a series of offences covering the broad categories of deception and dishonesty. In Queensland the *Criminal Code Act 1899* contains the following specific fraud provision:

s. 408C Fraud

(1) A person who dishonestly—

- (a) applies to his or her own use or to the use of any person—
 - (i) property belonging to another; or
 - (ii) property belonging to the person, or which is in the person's possession, either solely or jointly with another person, subject to a trust, direction or condition or on account of any other person; or
- (b) obtains property from any person; or
- (c) induces any person to deliver property to any person; or
- (d) gains a benefit or advantage, pecuniary or otherwise, for any person; or
- (e) causes a detriment, pecuniary or otherwise, to any person; or
- (f) induces any person to do any act which the person is lawfully entitled to abstain from doing; or
- (g) induces any person to abstain from doing any act which that person is lawfully entitled to do; or
- (h) makes off, knowing that payment on the spot is required or expected for any property lawfully supplied or returned or for any service lawfully provided, without having paid and with intent to avoid payment—
commits the crime of fraud.

The breadth of the prescribed fraud provision underlines the difficulty of encompassing the whole gamut of fraudulent activity in legislation. It is worth noting that, apart from section 408C, more than 40 other provisions of the Criminal Code Act also deal with activity that could be defined as fraudulent; and section 408C itself was designed to codify still further sections (now repealed) of the Criminal Code.¹³²

Apart from legislative provisions, fraud has generically been described as a category of conduct

that involves the use of dishonest or deceitful means in order to obtain some unjust advantage over another person or entity.¹³³ The current assessment does not consider instances of fraud that emanate from the corporate sector (e.g. where directors of companies defraud shareholders and the general public for personal benefit). This is because this type of fraud, while in many cases meeting the definition of organised crime, falls within the jurisdiction of the Australian Securities and Investments Commission, the Australian Prudential Regulation Authority, the Australian Competition and Consumer Commission and like bodies. Social security fraud, Customs and Excise fraud, and taxation fraud also fall outside the scope of this assessment.

It is evident that instances of fraud often go unreported, and it is likely that the extent of the problem is underestimated by law enforcement. A KPMG survey in 2002 found that 50 per cent of respondent companies believed that fraud was a major problem in Australia and New Zealand. However, of those respondent companies that had been victims of fraud, only 62.6 per cent actually reported frauds to police. The companies that failed to report frauds to police stated that they were concerned they did not have sufficient evidence to establish the offence, and/or feared adverse publicity.¹³⁴

Estimates of the cost of fraud to the community vary widely, due to the definitional difficulties and under-reporting. Most commentators agree, however, that fraud is the most expensive crime in Australia and one of the most rapidly growing.¹³⁵ Walker in 1997 estimated that fraud was costing the Australian community \$3–3.5 billion per year, or 15.3 per cent to 17.9 per cent of total crime costs.¹³⁶ The AIC placed the cost of fraud in 2003 at \$5.88 billion (almost a third of the assessed total direct cost of crime), well in excess of the cost of

the illicit drug market, which was assessed to be \$1.96 billion.¹³⁷

The Victorian Parliament's Drugs and Crime Prevention Committee (VDCPC) estimated that the total costs of fraud for Victoria in 2003 could have been as high as \$641 million. Companies responding to the KPMG Fraud Survey in 2002 collectively reported \$273 million in fraud-related losses, from 44 654 incidents of fraud.¹³⁸ The former OSCA described fraud as being an increasingly high volume – low denomination crime; in other words, there is a large number of frauds that individually do not cause significant losses.¹³⁹

The extent of 'organisation'

Enforcement and regulatory agencies have consistently assessed that most fraud is not committed by criminal organisations or networks, but by individuals and, in the case of companies, 'insiders'.¹⁴⁰ This must be borne in mind when assessing the level of risk posed by the organised component of fraud.

Limited support for this proposition is provided by research, albeit into a limited sample of cases of serious fraud prosecuted in Australia and New Zealand, conducted by PriceWaterhouseCoopers and the Australian Institute of Criminology (PWC–AIC) in 2003. The study found that, of the 155 fraud files examined, 84 per cent had only one offender and only 7 per cent of the files (mainly from New Zealand but four from Queensland) had more than two offenders.¹⁴¹ Moreover, KPMG noted in 2002 (on the basis of a more extensive survey of Australia's and New Zealand's largest companies) that individual instances of fraud committed by managers and employees of companies tend to be of significantly greater value than the higher-volume fraud committed by people outside the target company, although the cumulative total value of the externally generated fraud is far greater.¹⁴² It should be borne in mind, however, that the more profitable, extensive

and sophisticated fraud becomes, the more likely it is that law enforcement will detect an increase in the involvement of organised crime networks.¹⁴³

Types of fraud

There are many types of fraud, including fraud by cheque, various scams based on false pretences, computer fraud, and fraud facilitated by the production of false documentation. For the purposes of this assessment, the focus has been placed on those types of fraud that appear to be linked most closely to organised crime and are posing a tangible problem for law enforcement. It is worth noting that many types of fraud are interrelated. For example, credit card fraud is often linked to the passing of valueless cheques, to 'card skimming', and to the production of false identities. Any categorisation of fraud, therefore, is more for analytical convenience than to reflect mutually exclusive categories.

Credit card fraud

Fraudulent use of credit cards and store cards is a widespread problem throughout Queensland, with the theft of cards and identifying personal information from a variety of non-secure locations a major issue. Some banks have implemented customer security measures to protect cardholders against fraudulent use of new cards, in an attempt to curb the escalating rate of credit card fraud. However, measures such as these are not failsafe, and criminals are exhibiting increasing levels of sophistication. Criminals are devising methods to counter these controls so rapidly that constant vigilance by law enforcement, both in Queensland and nationally, is warranted.

Law enforcement agencies around Australia are locating an increasing volume of counterfeit credit cards. The number of these counterfeit cards has overtaken the number of lost and stolen cards in Australia.

eBay fraud

Stolen or counterfeit credit cards are increasingly being used for fraudulent Internet transactions, particularly in relation to online auction houses such as eBay. In a typical case, a Russian criminal who escaped from prison in Queensland some years ago was arrested in Adelaide for stealing at least \$31 000 from 21 users of eBay by opening sellers' accounts in false names and offering for sale goods that he did not possess, then obtaining funds from the winning bidders.¹⁴⁴ During 2003 more than 600 people were reportedly victims of similar frauds on eBay in Australia.¹⁴⁵

'Card skimming'

'Card skimming' is a criminal activity whereby cardholder information stored on the magnetic strips of credit cards is copied, using a variety of devices and methods, and then transferred to a blank card. The false card is used to obtain funds or goods by deception. At present, card skimming appears to be the primary procedure used to commit plastic card fraud. Advances in technology, coupled with poor security practices by some cardholders, facilitate this type of offending.¹⁴⁶

The risk manager for Visa International in Australia and New Zealand estimates that there has been a 300 per cent increase in card skimming since 2001, costing a total of about \$50 million — about half of all credit card fraud.¹⁴⁷

Card skimming devices can be manual or electronic, and vary according to the sophistication of the offenders using them. There has been increased availability of skimming machines used to produce counterfeit credit cards.

Such is the level of threat that the ACC, Visa, American Express and the major banks have established a pilot database to store details of skimmed cards and locations where they have been used. This is a collaborative attempt to reduce the

incidence of card skimming, reduce losses to consumers and the private sector, and identify offenders. The data should benefit enforcement and regulatory agencies in all jurisdictions, including Queensland.

e-Crime

The 2003 Australian Computer Crime and Security Survey found that one of the three largest sources of computer crime losses reported by respondent organisations during the previous 12 months was infection by viruses, worms and trojans. During that period, 42 per cent of the 200 respondent organisations experienced an attack that harmed the confidentiality, integrity or availability of their network data or systems, causing losses amounting to some \$12 million (twice the losses reported in the previous year's survey).¹⁴⁸

Banks in 2002 reported thousands of hacking attempts daily. Internet connection makes companies vulnerable to infiltration and data theft, and 'denial of service' attacks can harm companies.¹⁴⁹ An increasingly common example of e-crime is so-called 'phishing', whereby criminals establish ghost websites and send emails purporting to represent real organisations to dupe people into handing over their personal details (e.g. bank account numbers and PINs). Phishing is effectively an electronic form of identity fraud. Customers of a number of banks, Visa, and Internet service provider Ozemail have been targeted by this type of criminality during late 2003 and early 2004.¹⁵⁰

Queensland Government departments and agencies, companies and the general public are as much at risk as their counterparts throughout Australia and overseas. E-crime does not distinguish between jurisdictions.

Other forms of fraud

A large proportion of fraud does not occur electronically. A significant amount still involves the passing of valueless cheques; targeting consumers by soliciting payment

for goods or services that are not provided; professional people defrauding clients of monies entrusted to them; and developers and professional people defrauding purchasers in relation to sales of property and real estate.¹⁵¹ For example, 3556 instances of cheque fraud were reported to the QPS during 2002–03, compared to 739 instances of fraud by computer.¹⁵² Organised groups have also been detected defrauding financial institutions by obtaining loans that they have no intention of repaying.¹⁵³ This is another example of criminal networks taking advantage of vulnerabilities in dealings between financial institutions and their customers.

The Queensland experience

Fraud offences in Queensland are categorised into four groups — fraud by computer, fraud by cheque, fraud by credit card, and other fraud. There were 28 768 reported fraud offences in 2002–03, up from 28 444 in 2001–02. This equates to 760 reported offences per 100 000 population in 2002–03, down slightly from 767 reported offences per 100 000 population in 2001–02.¹⁵⁴ Of the fraud offences recorded in 2002–03, 739 were by computer, up from 595 the year before (a 24% increase). Additionally, a 9 per cent increase was recorded for fraud by credit card, with 9239 offences, up from 8493 in 2001–02.¹⁵⁵

Considerable levels of fraud were reported by all QPS regions. In 2003 fraudulent use of credit cards and store cards was common, with some stolen or counterfeit credit cards being used for fraudulent Internet transactions, particularly eBay. In another case, blank credit card merchant records were purchased from a retailer and used to defraud a number of electrical stores.¹⁵⁶

A number of forms of card skimming have been detected in Queensland, including the use of memory sticks and 'ghost keys' to download data from computers

at Internet cafes. Both local and interstate criminals are involved in card skimming, with varying levels of sophistication.¹⁵⁷

The increased demand for prescription drugs from illicit drug users (see section 3) has generated a demand for forged prescriptions. Prescription fraud has been detected by a number of QPS regions, with local criminals employing scanners and colour photocopiers to produce bogus prescriptions.¹⁵⁸

Although the rate of reported fraud offences remained virtually constant over the past two years, it is assessed that in Queensland the incidence of fraud is increasing in variety and, in some cases, in sophistication. There is evidence to suggest an increase in organised fraud. Fraud is an offence that is better prevented than investigated in a reactive way, and there is a range of strategies that can be implemented to counter the threat of fraud.

Fraud prevention and detection strategies

It is clear, given the widespread nature of fraud throughout Queensland, that the public and private sectors need to be made aware of fraud risk and ways of preventing fraud victimisation. Fraudsters prey upon the naivety and ignorance of their victims and target weaknesses in systems. In 2003, KPMG's Forensic Senior Manager stated that many Brisbane businesses were ill-equipped to prevent fraud.¹⁵⁹ Fraud is an area where law enforcement must be proactive in terms of identifying risks, informing stakeholders including government and the public about those risks, and widely publicising appropriate precautions.

The QPS website discusses a number of points to consider when developing a fraud prevention strategy.¹⁶⁰ It suggests developing fraud indicator checklists for reviewing business practices, consisting of risks, causes and prevention measures for credit

card/EFTPOS fraud, cheque fraud, cash receipt fraud, salary/wage/overtime fraud, and purchases and accounts payable fraud. Although this information is available online and is a very useful resource, further marketing may well increase the number of potential clients who take advantage of the information. QPS, the Office of Fair Trading and Suncorp also hold business fraud awareness seminars throughout Queensland.

The CMC's publication *Cyber traps*, in the Building Capacity series, provides an overview of crime, misconduct and security risks, including fraud, in the cyber environment. It provides examples of electronic crime risks, common perpetrators and their motives; and it outlines key strategies and controls. The report recommends that organisations should make security procedures a top management priority, and develop a corruption-resistant culture within their organisations. It advocates ensuring that senior managers are committed to protecting the organisation from electronic crime, undertake effective internal audits, and respond quickly to breaches.¹⁶¹

The CMC can usefully play a complementary role to that of the QPS in the context of its Prevention function. In particular, it can disseminate prevention information (e.g. *Cyber traps*) to state and local governments and the general public. Ideally the focus should be on attempting to alert the broadest possible range of stakeholders to evolving fraud risks.

The recent report by the Parliament of Victoria into fraud and electronic commerce made a number of recommendations for the policing of fraud in Victoria, which may be transferable to the Queensland environment. The intention of the report was to advocate a consistent approach across Australia.¹⁶² The recommendations include the provision of additional resources to give fraud-related training to police; the purchase of new technologies necessary to combat high-tech

crime; the establishment of a unit with expertise to deal with complex financial crimes that involve small-value losses (outside the scope of major fraud investigation); and the development of clear guidelines for working with other state and federal agencies and the establishment of a ministerial taskforce to examine the policing of fraud, with particular focus on the issue of partnership policing.

Conclusion

Fraud is an diverse and increasing problem in Queensland. It is an activity that has an organised crime component but continues to be predominantly committed by individuals and loosely associated small groups. Technology favours offenders rather than law enforcement, and a level of private sector indifference plays into the hands of criminals. Prevention is the key to containing fraud because reactive investigations are complex and time-consuming. The evolving partnerships between government, law enforcement and the private sector to combat fraud are encouraging signs for the future; partnership policing is an imperative to defeat crime of this nature.

The CMC assesses that the risk posed by the organised component of fraud offences in Queensland is medium to high. It is further assessed that the level of risk is likely to increase over the next three years, and those frauds are likely to become more technically sophisticated.

Identity crime

Overview

Identity-related crime (also known as identity fraud) is reported to be one of the key problems and the most rapidly growing category of fraud offences, both in Australia and internationally. It is intertwined with credit card, cheque and computer fraud. It has been said that identity fraud threatens the very essence

of a person's individuality and sense of being. Its manifestations are multiple and fluid, ranging from the theft of real identities to the fabrication of fictitious ones. It can feature in a myriad of crimes beyond traditional conceptions of white-collar crime, such as drug trafficking and people smuggling. Its victims include individuals, businesses and government. Combating identity fraud is an issue that increasingly dominates the agenda of both government and industry.¹⁶³

Identity fraud occurs when a person defeats the user identification strategies of a system. A report of the Victorian Parliament has found increases in organised criminals being involved in fraudulent activity of this type, including external attacks on banks, superannuation funds and businesses.¹⁶⁴ According to the QPS Bureau of Criminal Intelligence (BCIQ), the introduction of electronic communication technologies has brought about an increasing trend away from paper records to electronic ones, making it easier for people seeking to conceal their identity to commit crimes.¹⁶⁵ Identity crime not only facilitates a range of criminal activity; if a real person's identity is assumed, it can also cause significant damage to an innocent person's reputation and credit rating.¹⁶⁶

The nature and extent of identity crime

There are currently three usual means of identification: knowledge-based (e.g. a password or PIN), token-based (reliance on a particular token or document, such as a security pass or driver licence), and biometric means, for example measuring unique physiological or behavioural characteristics such as fingerprints or iris patterns.¹⁶⁷ Identity crime involves defeating one or more of these systems.

The Security Industry Research Centre of the Asia-Pacific (SIRCA) estimated that identity fraud cost about \$1.1 billion in 2001–02 in Australia, although this figure may

well understate the extent of the problem.¹⁶⁸ At present, the precise percentage of fraud that can be attributed to identity crime in Queensland cannot be determined, but it is doubtless increasing.¹⁶⁹ When releasing the SIRCA report in 2003, the Minister for Justice and Customs, Senator Chris Ellison, said the report pinpointed the involvement of identity theft in criminal and terrorist activity worldwide. He added: 'The use of false or stolen identities underpins fraudulent acts against governments, business and individuals and can also underpin terrorism, people-smuggling rackets and illegal immigration.

'It is not only individual victims that feel the pain of identity fraud — the impact also affects the way in which government and industry provide products and services, which has a flow-on effect for the entire Australian community.

'False identities lend anonymity to the perpetrators of crime, which makes tackling identity fraud a major ongoing challenge for governments and law enforcement agencies.'¹⁷⁰

The rapid development of new technologies, telecommunications and Internet access, the rise and spread of globalisation and the deregulation of financial markets have facilitated the growth of identity crime around the world by making it easier to perpetrate the criminal activity. Public and private sector agencies in Australia believe it is likely that Australia will follow international trends and the problems posed by identity crime will continue to increase.¹⁷¹ In the US, for example, identity fraud is estimated to be growing at a rate of 30 per cent per annum, with losses to consumers from such criminality in the US estimated to be US\$5 billion in 2002 and predicted to reach US\$8 billion by 2005.¹⁷² Senator Ellison noted in 2003 that a Federal Trade Commission survey in the US calculated the cost of identity crime to business and financial institutions to be US\$48

billion in 2002; and the UK Cabinet Office estimated that the cost of identity fraud to the UK economy was at least £1.3 billion in 2000–01.¹⁷³

According to SIRCA, concerns about the growth of identity crime have been heightened by the increased involvement of organised crime and an apparent belief by perpetrators that the risk–reward trade-off for identity crime is significantly more favourable than for other types of crime. For example, in the US the average loss to the finance industry is approximately \$17 000 per compromised identity, compared with \$3500 for an average bank robbery, which carries a greater risk of personal harm to the criminal.¹⁷⁴

National trends

False name bank accounts and identity documents now constitute a serious problem nationally. Recent assessments have concluded that the '100 point check' introduced by the Financial Transaction Reports Regulations 1990 is no longer adequate, because of widespread problems with primary documents. Primary documents (worth 70 points towards the 100-point check) include birth certificates, passports and citizenship certificates. Secondary documents (worth 40 points) include driver licences, credit cards and student identification cards. Typical targets for offenders are identity documents issued by government agencies and financial institutions, such as birth certificates, driver licences, passports and credit cards.¹⁷⁵ For example, SIRCA reported in 2003 that studies in both New South Wales and Victoria by the agencies responsible for recording births, deaths and marriages found that 13 per cent (NSW) and 18 per cent (Vic.) of birth certificates presented to Westpac in New South Wales and VicRoads in Victoria did not match the records of the issuing authority.¹⁷⁶

Trends observed nationally are also being identified in Queensland.

The Queensland experience

The theft of personal documents (credit cards, bank statements and utility accounts) from non-secure locations has been reported in all police regions. False identity produced from the stolen material included university identity cards, birth certificates and driver licences. The identification was used for a variety of purposes, including to obtain cheque books for fraudulent purposes and to provide identification for 'pseudoephedrine runs'. Police raids resulted in the seizure of machines used by banks to manufacture plastic cards, scanners, laptops, colour printers and photocopiers, plastic identity sleeves and laminating machines which were being used to produce high-quality documents.¹⁷⁷

QPS South Eastern Region reports that the volume and complexity of fraud matters has intensified in recent years. In particular, the emergence of identity fraud has presented many challenges for law enforcement. A number of local police investigations have yielded laptops, scanners, plastic identity sleeves and laminating machines capable of producing a large quantity of high-quality false identification. The production of false driver licences is one of the largest identity fraud scams in the Northern Region, often to facilitate the purchase of pseudoephedrine tablets.

The nature and extent of identity crime are such that the threat is best managed by prevention strategies, because investigations tend to be reactive, complex, lengthy and resource-intensive. Some preventive strategies are discussed below.

Prevention strategies

The prevention of identity fraud requires improvements in the methods by which people are identified, or authenticate their identity; that way, people who attempt to use false identities are more likely to be detected. To an extent, it is international pressure that is driving the prevention

strategies. Following the decision of the International Civil Aviation Organization (ICAO) in 2003 to adopt face recognition as the global standard for machine-assisted identity confirmation, the United States moved quickly to introduce new legislation governing admission to their country. As of October 2004, all 27 countries participating in the US visa waiver program must incorporate a facial biometric in compliance with ICAO's new standards. Australia is working towards compliance with this standard through revisions to Commonwealth legislation governing the issue of passports.

Identity crime was highlighted as a 'priority issue' in the Commonwealth, states and territories agreement on terrorism and multi-jurisdictional crime in April 2002.¹⁷⁸ Major initiatives at a Commonwealth level have included the Identity Fraud Register Pilot (to centrally record examples of identity crime) conducted by the ACC and the establishment of the AFP's High Tech Crime Centre, which investigates identity crime as well as other areas of criminality that employ sophisticated technology. The Commonwealth Government is also working towards the adoption of a common set of proof-of-identity documents that will enable greater levels of integrity and will incorporate online verification capability.¹⁷⁹ The AUSTRAC Steering Committee on Proof of Identity (Pol), which consists of representatives of Commonwealth and state agencies, law enforcement and financial services organisations, has conducted a series of projects to evaluate and strengthen Pol processes in the public and private sectors since 1999.¹⁸⁰

As part of its National Crime Prevention Program, the Commonwealth Government has issued a kit, 'How to prevent and respond to identity theft', which provides information on areas of vulnerability and steps that may be taken to avoid identity theft.¹⁸¹ In September 2003,

the Queensland Departments of Transport and Main Roads released a consultation paper¹⁸² proposing the introduction of new driver licences incorporating smartcard technology and the implementation of a system whereby digital driver licence photographs would be stored with the driver's profile on the department's database.¹⁸³ When implemented, these proposals have the potential to significantly reduce attempts at identity fraud involving driver licences.

Conclusion

Identity crime poses a high risk because it facilitates a broad range of crime and directly undermines both the validity of identifying documents and confidence in those documents. As well as causing financial harm, identity fraud involving the impersonation of another person can harm that person's reputation, including their credit rating. In many cases there is at least a perception that the victim must prove their innocence, which undoubtedly adds to the degree of impact on the victim. Queensland experience suggests that many criminals are involved in identity crime, at varying levels of sophistication. Technology is assisting these endeavours.

It is clear that the 100-point check as it is currently applied is becoming increasingly ineffective, and new measures must be introduced to enhance the existing system. The Australasian Identity Crime Policing Strategy work plan is examining this issue and there is a possibility of legislative reform. This reflects a recognition by governments, law enforcement agencies and the private sector of the importance of changes to the 100-point check system to reduce the potential for identity fraud involving primary and secondary documents. Identity crime is another area where preventive strategies by law enforcement, in cooperation with government and the private sector, are imperative.

The CMC assesses that the risk posed by identity crime in Queensland is high. It is further assessed that the level of risk will remain high for at least the next three years unless stakeholders devote significant resources to prevention strategies and invest in more sophisticated systems to counter identity crime.

Money laundering

Overview

As described in Krystal 1999, the ability of an organised crime network to convert money derived from criminal activities into 'legitimate' income determines the success of the network. Individuals engaging in organised crime activities need to be able to employ methods to legitimise money. These methods include investment in real estate, cash purchases of property, investment in legitimate business activities, and transfer of funds overseas. The ACC estimated in 2003 that approximately \$2–3 billion is laundered in Australia each year. KPMG's Forensic Director in Hong Kong said in February 2004 that Australia is being targeted for money laundering because its banking system works well. KPMG believes that up to \$8 billion may be laundered through the system annually.¹⁸⁴

Trends

There is considerable variation in the methods of money laundering being employed by criminal networks in Queensland and Australia, and the levels of sophistication being displayed.

As discussed in the Krystal 1999 report, the involvement of professional advisers such as accountants, lawyers, financial advisers and bullion dealers can make money laundering activities difficult to detect. It has been found that structured deposits to bank accounts, loan repayments and electronic transfers are regularly employed by networks.¹⁸⁵

Alternative remittance services and underground banking, whereby funds are transferred by the service provider or credit registers are maintained in different jurisdictions or countries, are also employed by crime networks to launder funds. A number of reputable international fund managers now offer similar services, without the risks attaching to underground banking.¹⁸⁶

It appears that many crime networks in Queensland are implicated in money laundering. Some use legitimate businesses and front companies. These businesses include earthmoving companies, hotels, nightclubs, pool halls, fishing trawlers, nurseries, vehicle repair and spare parts outlets, and retail firms. Additionally, purchases of prestige real estate and other expensive assets are a common method of money laundering, at times facilitated by false contracts or invoices which disguise the true purchase price. Legal and illegal gambling/gaming venues continue to be used by some criminals in an attempt to legitimise illicit funds, so it is worth noting that money laundering can still be an extremely basic exercise. Some criminals reportedly still bury illicit cash holdings.¹⁸⁷

Since 2000 the CMC has investigated several accountants and solicitors for alleged money laundering.¹⁸⁸ The involvement of professional advisers can increase the complexity of the money laundering. Even in relatively unsophisticated money laundering schemes the presence of professional advisers distances the people committing the predicate offences from the laundered funds.

Law enforcement strategies

In late 2003 the Australian Government endorsed new global standards to combat money laundering, issued by the Financial Action Task Force (FATF) on Money Laundering, of which Australia and 32 other countries are members.¹⁸⁹ Proposed legislation, designed to update and tighten Australia's

financial transactions reporting arrangements, is one component of Australia's commitment to FATF.

Arguably the most significant innovation in the battle against money laundering in Queensland was the enactment of the *Criminal Proceeds Confiscation Act 2002* (CPC Act). This Act provides for two confiscation schemes — a conviction-based scheme administered by the Director of Public Prosecutions (DPP) and a new non-conviction-based scheme (civil confiscation) administered by the CMC. In the latter situation, the Act requires that the state establish, on the balance of probabilities, a person's involvement in serious criminality; the person is then required to show, on the balance of probabilities, that his or her assets were lawfully acquired.¹⁹⁰

The legislation overcomes the inherent difficulties of linking assets to particular crimes, which was a requirement of conviction-based confiscation. During 2000–01, Queensland recovered \$1.2 million under the conviction-based scheme, while during the same period New South Wales restrained assets valued at \$23.5 million using civil confiscation legislation. As at 30 June 2004, the CMC has restrained property worth \$17.67 million under the new civil confiscation legislation; and to date some \$1.16 million has been forfeited to the state through deeds of agreement (private settlements between the state and the person who has possession or effective control of the criminal proceeds). This reflects the situation in New South Wales, where most matters are settled rather than litigated in the courts. Such outcomes have obvious benefits for the state because they significantly reduce the cost of recovering the criminal proceeds.

Conclusion

It is evident that money laundering activities are becoming increasingly prevalent. Because they facilitate the illicit activities of criminal

networks, they warrant close attention by all law enforcement agencies.

The CMC assesses that the risk posed by money laundering in Queensland is high and will inevitably remain high for the next three years because money laundering underpins most organised crime.

Property crime

Overview

Property crime is the most prevalent form of crime in all QPS regions and its investigation attracts the majority of QPS investigative resources. QPS regions report that a substantial proportion of property crime could be classified as 'organised', though organised crime does not appear to dominate the market. An assessment of law enforcement material and academic data has concluded that, while it appears there is some organisation involved in the stolen goods market, the organised component of the market is small and fragmented, and organised crime groups are using elements within the market to enhance other illegal activities.¹⁹¹

This market is traditionally dominated by opportunistic young offenders, but it appears that elements of the stolen property market, particularly the theft of high-value property and whitegoods, is being targeted by organised crime networks. The working definition of organised property crime, for the purposes of this assessment, is a criminal conspiracy involving repeated theft and subsequent receiving of high-value property by a number of people in a criminal network.

The nature of organised property crime in Queensland

Officers from QPS regions and the Property Crime Investigations Group were able to provide examples of organised property crime, from which a number of characteristics were identified:

- low rates of recovery — property is quickly distributed within the crime network, exchanged for drugs or sent interstate
- stolen property suspected of being shipped to South-East Asian destinations
- large-scale theft from warehouses (entry via roofs) and building sites (targeting whitegoods)
- continued involvement of second-hand dealers receiving stolen property and associated lack of auditing and accountability
- increased evidence of organised shoplifting networks
- evidence of crime networks contracting juvenile offenders to commit property offences
- links between fraud offences and disposal of property, particularly through second-hand dealers
- links between the exchange of property for drugs and the existence of 'shopping lists'
- high rate of mobile phone theft, with large numbers of stolen mobile phones recovered from drug distributors and property offenders
- evidence of offenders using multiple mobile phones and multiple SIM cards in the commission of drug offences.

According to a QUT Honours thesis in 2004, disposal appears to be the organised component of the stolen property market. The 2004 assessment discusses two avenues for disposal for stolen property — legitimate businesses (pawnbrokers or second-hand dealers) and illegitimate avenues (home shops, market stalls, drug dealers, friends and family).¹⁹² There are also indications that crime networks in Queensland are using online auction facilities such as eBay to systematically dispose of stolen property. This developing trend mirrors the situation in the US, where eBay is assessed by the FBI to have become the most common means of disposing of stolen property. During 2003, for example, the FBI disrupted an eBay-linked fencing operation based in Chicago through which stolen goods worth

millions of dollars were sold. In some cases, the defendants had auctioned off items they did not have in their possession, and stole the appropriate items once buyers were identified.¹⁹³ The disposal of stolen property through facilities such as eBay will inevitably increase in the future. This is an area that should be closely monitored by law enforcement agencies.

Interviews of 47 people who committed property crimes and are imprisoned in Queensland revealed that drugs were frequently traded for stolen goods, not only from drug dealers but also from 'fences' (people who handle and dispose of stolen property).¹⁹⁴ This finding is consistent with the results of a similar study in southern states by T Makkai and J Payne, which found that around half of the heroin and amphetamine users surveyed and a quarter of the cannabis users reported trading stolen goods for their drugs.¹⁹⁵ Many of the respondents claimed to use fences and drug dealers most of the time when attempting to dispose of stolen goods, because they knew the goods would be purchased without question. Fences were used by 75 per cent of the respondents.¹⁹⁶

Mobile telephones

There appears to be a thriving market for stolen mobile phones in Queensland. The QPS found in 2002 that more than 40 000 mobile phones had been stolen in the previous three years and 24 000 during 2002. Attempts by telecommunications companies to reduce theft by cancelling the IMEI numbers of mobile phones that have been reported stolen appear to have had little or no effect on the rate of theft.¹⁹⁷ A number of QPS regions consulted by the CMC indicated that a large proportion of stolen mobile phones are swapped for drugs and cash.

Market participants

A number of criminal and ethnic groups have been noted as being

represented in the organised component of the stolen property market. However, this market is very diverse and includes many other criminals in a large number of loose networks. There appears to be a significant overlap between the lower distribution levels of illicit drug markets and the property crime market.

Prevention

Insurance companies collect significant amounts of detailed information about property offences, and property crime is one area in which law enforcement can usefully collaborate with the private sector for both preventive and investigative purposes.

Conclusion

It is assessed that the organised component of the property crime market is increasing in size, although most property crime is still not 'organised'. There is a level of organisation in the disposal of stolen property and in offences involving high-value goods and whitegoods.

The risk posed by the organised component of the property crime market in Queensland is assessed as medium, particularly in connection with the disposal of stolen property. It is further assessed that the level of risk will increase over the next three years, although most property crime is still likely to be committed by individuals on an opportunistic basis.

Motor vehicle rebirthing

Overview

Motor vehicle rebirthing is the adjunct to the organised theft of the vehicles and is assessed to be a high-profit, relatively low-risk criminal enterprise. In Australia it is a multimillion-dollar criminal industry. While the overall level of vehicle theft in Australia is decreasing, the number of unrecovered vehicles remains

relatively constant.¹⁹⁸ A large proportion of the unrecovered vehicle theft occurs in New South Wales, but most criminal syndicates appear to have interstate and overseas links. In recent years, vehicle rebirthing has become an international activity, where vehicles are moved into and out of Australia for registration and on-selling.¹⁹⁹

Vehicle rebirthing in Queensland

The QPS estimates that approximately 30 per cent of vehicles stolen in Queensland are not recovered and many of them are rebirthed. The activity is generally confined to small groups, principally in south-east Queensland, that have links to Sydney. Late-model luxury cars, four-wheel drives, imported vehicles, trucks and semitrailers, earth-moving equipment and Harley Davidson motorcycles have been targeted for theft and rebirthing.²⁰⁰

Market participants

In some cases rebirthing activity is facilitated by the owners of second-hand car yards and workshops, panel beaters and automotive parts wholesalers and retailers. In many cases the rebirthing is not the sole activity of the criminal network, which may simultaneously be involved in drug trafficking and other property crime.²⁰¹

There are indications that some vehicles stolen in Queensland are shipped overseas, and some vehicles stolen overseas are shipped to Queensland for rebirthing.

Conclusion

It is assessed that motor vehicle rebirthing represents a higher organised crime risk in New South Wales than it does in Queensland, although there is evidence in south-east Queensland of some local rebirthing activity, mainly by groups with interstate and overseas links. Motor vehicle rebirthing requires specialised knowledge and skills, and this limits the ambit

of the market. Law enforcement partnerships with the private sector (insurance companies and the motor vehicle industry) possibly constitute the best strategy for effectively disrupting this market.

The CMC assesses that the risk posed to Queensland by vehicle rebirthing is low and will remain low during the next three years.

Firearms

In October 2003 the CMC assessed that, although there is an illegal firearms market in Queensland, intelligence suggests it is not large or overly organised.²⁰² Since then no illicit firearms activities that would alter this assessment have been detected.

The CMC maintains its assessment that most illegal firearms are brought into the illicit stream in Queensland through diversion. These numbers are boosted by opportunistic thefts. In the main, the illicit firearms market is composed of people who have legitimate access to firearms and use this legitimacy to cloak small-scale irregular firearm diversions.²⁰³

Although the illicit firearms market may not be large-scale or overly organised, it is assessed that there is already a substantial but indeterminate number of illicit firearms within the Queensland market, which are used to commit crimes. These numbers were greatly augmented through the exploitation of perceived loopholes in legislation, primarily in Queensland and New South Wales. For example, between 1997 and 2001 about 4000 handguns are estimated to have been released through a Queensland 'deactivation' loophole and potentially made their way into the illicit market.²⁰⁴ As a result, it is believed that small-scale illicit firearms diversion and opportunistic thefts are sufficient to maintain an already well-supplied criminal market.

According to a number of law enforcement officers, there is a

trend towards the acquisition and use of handguns across a broad range of criminal groups. This preference probably reflects the fact that handguns are more concealable and more easily transported than long-arms. This does not preclude the ongoing use of long-arms in criminal activity, but it does suggest that the illegal handgun market merits attention by law enforcement.²⁰⁵

One potential law enforcement tool for combating illicit firearms is the recently amended legislation. In May 2003 the Queensland Parliament enacted the *Weapons (Handgun and Trafficking) Amendment Act 2003*. Although still largely untested, the new legislation is likely to be one of the most important catalysts for a more proactive approach to combating illegal firearms, and potentially one of the most potent tools to limit their supply. The amendments significantly increase the penalties associated with illicit firearms supply and ownership, and change the nature of the offences from simple to indictable offences.

Conclusion

At present, a conclusive assessment of the illegal firearms market in Queensland is difficult; it is considered unlikely, however, that the desire for firearms by criminals will decrease in the near future.²⁰⁶ Moreover, as criminal ventures involve increasing levels of risk, criminals will make greater efforts to protect those ventures, and this could lead to a greater desire for firearms and increasing levels of firepower.²⁰⁷ The illicit firearms market requires ongoing attention and monitoring by law enforcement.

However, the CMC assesses that the risk posed to Queensland by the illicit firearms market is low and will remain low for the next three years.

Environmental crime

Krystal 1999 considered the illicit wildlife market and found that there was a demand for some of

Australia's native flora and fauna, and significant profits to be made from smuggling flora and fauna to satisfy this demand. The fishing industry was noted as an area of concern, because of problems connected with poaching.²⁰⁸ However, wildlife crime was assessed as occupying a relatively narrow niche in illicit goods and services markets. The majority of wildlife crime was committed by people linked to the industry that exploits native wildlife and regards the keeping of wildlife as a legitimate hobby. There was no evidence of links between this market and other organised crime markets, except in relation to money laundering. Accordingly, the risk was assessed as low.

Environmental crime was not a major focus of Krystal 1999. However, the ACC assessed environmental crime more comprehensively in 2003–04. For the ACC's purposes, environmental crime is defined as encompassing threats to Australia's quarantine regulations and biosecurity; illegal and over-harvesting of marine and other wildlife (e.g. abalone); the illegal trade in endangered species and removal of flora and fauna from protected areas; illegal dumping of proscribed wastes/products (including from illicit drug manufacture and ships at sea); trafficking or exporting toxic waste and banned chemicals (e.g. chlorofluorocarbons); and the theft or unauthorised sale of national treasures.²⁰⁹

The ACC assesses that environmental crime harms tend to be fairly localised in Australia, except in connection with the low-probability but high-impact matter of quarantine noncompliance, potentially resulting in the introduction of overseas pests or diseases. Illicit trade in flora and fauna is one of Australia's few criminal export activities, which could potentially result in species loss. Illegal catches of Patagonian tooth-fish within the Australian Economic Exclusive Zone around Heard and McDonald Islands,

and illegal abalone poaching, are threatening the sustainability of the relevant industries as well as the species.²¹⁰ A level of concern about the environment sustains strong public sentiment against acts such as negligent pollution (including toxic waste disposal from illicit drugs manufacture).²¹¹

As part of the general increase in alert levels since 11 September 2001, the potential for criminal activity constituting environmental terrorism is raising awareness of the catastrophic nature of some of these possibilities. The threat posed by anthrax and other substances falls into this category, albeit at the extreme end of the continuum.

There is both Commonwealth and state legislation covering environmental crime. In the case of Queensland, enforcement of the raft of specific legislation often falls to departments and agencies of the government rather than to law enforcement. For this reason, and for the reasons advanced in Krystal 1999, the CMC believes that, from a state perspective, environmental crime does not pose a significantly tangible risk to Queensland in 2004 to require formal ranking here.

Prostitution

Krystal 1999 considered illegal prostitution and assessed that it posed a low risk in Queensland. For example, individual adults may lawfully provide consensual sexual services to clients from private premises. Krystal 1999 also found that there was no evidence that criminal organisations were involved in the large-scale provision of prostitution in Queensland. There was little evidence of significant links between prostitution and other organised crime markets, and the activities of most concern in the industry, such as illegal immigration and sex slavery, fell within the jurisdiction of federal agencies.²¹²

These findings are equally valid in 2004. It is known that people involved in the illegal prostitution industry have criminal records,

but it appears that there is no overarching control of the industry by criminal networks or individual crime figures. Moreover, the Queensland Government enacted the *Prostitution Act 1999*, which extended the scope of the legal prostitution industry, to the extent that a number of legal brothels have been established in cities throughout the state, subject to stringent regulation.

The QPS Prostitution Enforcement Taskforce (PETF) closely monitors illegal prostitution. The PETF and the QPS regions undertake both reactive and proactive investigations in relation to prostitution. Police continue to locate illegal brothels and arrest people from a variety of backgrounds who are engaged in illegal prostitution. They have uncovered a number of networks involving South-East Asian prostitutes, although Caucasian Australians and people from

other ethnic backgrounds are also well represented in the illegal prostitution market.²¹³

The illegal prostitution industry appears to extend to all major Queensland cities and towns, satisfying what appears to be an ongoing high level of demand. Ironically, illegal operators appear to be advantaged to some extent by the strict requirements that apply to legal brothels, in that illegal operators are able to advertise more extensively, their operations may provide more prostitutes to service clients, and they can be highly mobile and not limited to a particular geographic locality. Law enforcement agencies have noted links between some players in the illegal prostitution industry and immigration fraud, identity crime, income tax evasion, drug possession and supply, and extortion. In most cases, however, the criminal activity

has facilitated or been incidental to the prostitution.

The CMC's investigative and intelligence role since 1999 in relation to this market has been limited to passing incidental intelligence to QPS and Commonwealth agencies. However, a comprehensive review of the implementation of the Prostitution Act is currently under way. The review is scheduled for release during the second half of 2004 and will incorporate a summary of the views of community and industry stakeholders, relevant research undertaken by the CMC and the Prostitution Licensing Authority, and public submissions.

As with environmental crime, the CMC assesses that, in the state context, the risk posed by organised crime elements within the illegal prostitution industry is insufficient to merit a formal risk rating here.

5: Crime networks

Following on from the discussion of illicit crime markets in sections 3 and 4, this section discusses crime networks known to be active in Queensland, and defines their characteristics, their significance and the roles they play in particular crime markets. This section also includes a discussion of the types of crime groups that are operating in Queensland.

Criminal milieu

In 2002, S Morrison contended that to respond to organised crime from a policy perspective (as opposed to a purely operational one) it is necessary to go beyond the traditional characteristics of organised crime groups. Morrison argued that there is a need for a framework based on an understanding of the environments (geopolitical, sociohistorical, economic, legislative and criminal) that influence the groups and processes relevant to organised

crime. Morrison's argument was that the interaction of organised crime with those influences leads to particular social, political and economic impacts, which in turn influence and shape a new environment.²¹⁴

The model proposed by Morrison is interesting in relation to organised crime in Queensland, because it goes some way towards explaining the substantial differences between organised crime trends in this state and those identified in other states. Attempts will be made in this section to contextualise the activities of organised crime groups within the environment that exists in Queensland. Morrison subscribes to the view expressed in section 1 — that the use of ethnicity as a primary indicator is no longer valid for describing organised crime groups.²¹⁵

Krystal 1999 concluded that organised crime in Queensland

is committed by a loosely associated criminal 'milieu', consisting of people from a variety of backgrounds answering predominantly to their individual greed. Ethnicity or ethos was assessed as being only one aspect of the associations between criminals in an organised crime network.²¹⁶ The position in 2004 validates the 1999 assessment.

Individuals of differing ethnic backgrounds are involved in organised crime activities throughout Queensland. However, in 2004 the existence of ethnic-based crime networks is a less prominent phenomenon than it was five years ago. It should be noted that Queensland does not have large ethnic communities of the kind that exist in particular areas of Sydney and Melbourne. However, some regions with a noticeable population of first- and second-generation ethnic individuals have

reported the formation of ethnic crime networks suspected of being involved in criminal activities. These activities range from street offences to personal, property and drug offences. The levels of organisation also vary, from disorganised to organised criminal networks.²¹⁷

Areas with a relatively prominent multicultural population have reported the formation of multi-ethnic crime networks. This structure reflects the specialisation, based on skills and contacts, that is the basis of modern business structures; it is doubtless constructed for the same purpose — to maximise profit for the enterprise.²¹⁸

The emergence of multi-ethnic criminal networks has implications for law enforcement, because ethnic groups that were traditionally distinct are now intricately interwoven with other groups. The mixing of groups and roles of individuals in the network challenges traditional notions of tracking organised gang activity and presents particular problems for law enforcement, unless a consistent market-based approach is adopted. This trend has been observed in a number of areas of Queensland and is likely to become the norm in the future.

The emerging trend in Queensland is reported to be well entrenched in New South Wales. It was reported in October 2003 that a new wave of criminal networks in Sydney appeared to have agreed on loose collaboration rather than active competition, with high-level organised crime networks involved in extortion, fraud, drug trafficking and shootings. Unlike the crime networks of the 1990s, this generation of criminals is involved in multi-crime enterprises, with the once-rigid structured gang replaced by a collective of criminals. The criminal group comes together for specific operations and outsources more specific tasks when necessary. The crime networks operating in Sydney have reportedly diversified into a range of activities including

soft targets such as credit card fraud and money laundering.²¹⁹

Another observed trend is the significant level of temporary cooperation between members of different crime networks in some markets (particularly in the larger population areas of Queensland) to achieve a joint short-term purpose, such as to source illicit drugs. Many organised crime networks are simultaneously involved in supplying a number of illicit goods and services; the members of such networks develop a broad range of criminal contacts whom they call upon as required. In such circumstances it is often difficult for law enforcement agencies to determine at what point particular networks begin and end. In many ways, this can become a somewhat meaningless academic exercise because the primary criminal conspiracy is between the particular individuals, perhaps underpinned by whatever group associations stand behind them.

The CMC assesses that organised crime networks in Queensland are now more diverse and difficult to categorise than ever. They are best considered as fluid groupings of criminals who share a common purpose. Networks may deal simultaneously in a variety of illicit commodities, and the members of one network may simultaneously be members of a number of other networks. In some cases, the description by law enforcement of a group of criminals as a network is more a case of analytical convenience than an accurate reflection of the intentions of the criminals.

The balance of this section is devoted to describing the activities of Queensland organised crime networks on the basis of ethnic/ethos-based categories developed by the ACC. These are:

- established criminal networks
- outlaw motorcycle gangs
- South-East Asian organised crime groups
- Middle Eastern organised crime groups

- other ethnic organised crime groups.

Established criminal networks (ECNs)

ECNs are described by the ACC as groups of organised criminals who are involved in a range of criminal activity including drug trafficking and importation, fraud, tax evasion, immigration offences, identity crime and money laundering. The networks also have a thorough understanding of law enforcement methodology or access to law enforcement information, and demonstrate the willingness and capacity to corrupt officials or pervert the course of justice by intimidating witnesses and officials.²²⁰

Members of ECNs are responsible for a broad range of organised crime in Queensland. They are represented in all drug markets and are responsible for organised property crime, vehicle rebirthing, fraud and money laundering. ECNs in Queensland are entrenching themselves more extensively with the legitimate business sector, and there have been isolated examples of the attempted corruption of public officers.

ECNs have significant scope to engage in organised crime in Queensland because of untapped demand in a number of crime markets, and their ability to organise both importations and interstate/intrastate transportation of illicit commodities. Members of ECNs slot comfortably into the large numbers of people from southern states who are moving to Queensland, particularly to coastal areas where the major crime markets exist.²²¹

Members of ECNs are extremely well connected, and this facilitates their criminal activity. The networks are increasingly fluid, and benefit from cross-pollination rather than distinct ethnicity. Relationships between members of ECNs are based on trust and previous illicit 'business' transactions.

Outlaw motorcycle gangs (OMCGs)

Members of OMCGs play a significant role in the amphetamine market throughout Queensland, as well as having a tangible presence in the cannabis market and participating in the cocaine, ecstasy, GHB and (occasionally) heroin markets. Moreover, OMCG members have been implicated in fraud, identity crime, property crime, theft and rebirthing of motor vehicles, firearms trafficking, extortion, loan sharking and prostitution. It is evident that the various organised criminal activities of OMCGs form a significant component of Queensland's organised crime environment. It is important, however, that OMCG activities are placed into an appropriate context.

All QPS regions reported levels of OMCG activity, but the level of their involvement in organised crime in the respective regions varied significantly. This is assessed to be due largely to the variations in the crime markets in different areas of Queensland. For example, the OMCG presence was far more dominant in rural areas. Conversely, in major populated centres such as South-East Queensland and the major cities of North Queensland, OMCGs are less dominant and compete in markets with many other crime networks.²²²

Another key factor is that it is generally OMCG members (forming part of distinct criminal networks), rather than the OMCG itself as a cohesive unit, who are involved in the organised crime. Consistent with the description of the organised crime milieu in Queensland noted previously, there are many cases of OMCG members colluding with criminals who are not OMCG members, or who are from another OMCG, for a common criminal purpose. In some cases, individuals belonging to the same OMCG, but involved in separate criminal networks, have been noted competing with each other to supply the same drug market.²²³

There is no doubt that some gang activities are coordinated, including actions designed to protect the gang and its 'turf', and to discipline members involved in activities perceived to be detrimental to the gang. There is also a high level of basic cooperation between members to facilitate criminal activity. This does not, however, extend to prohibitions on members from engaging in criminal activity with people outside the OMCG.²²⁴

What is apparent is the growing sophistication of OMCGs in Queensland, their links to interstate (and sometimes overseas) OMCGs, their alliances with other OMCGs, and their efforts to legitimise themselves. Queensland OMCGs are generally operating with a greater level of organisation and sophistication, albeit not yet to the level exhibited by some OMCGs in other states.

Members of OMCGs are increasingly involved in legitimate businesses or are courting associates who own or have links to legitimate businesses. Some of these businesses are being exploited to facilitate criminal activity, including money laundering. It should be noted, however, that the use by OMCGs of businesses owned by their members for criminal purposes is not always premeditated. Many companies and businesses linked to OMCG members appear to be legitimate, but doubtless some are used as required to facilitate criminal activity.

Although members of OMCGs are diversifying their criminal activities, the production and distribution of amphetamine remains the dominant one. Several instances of OMCG members obtaining bogus driver licences from Department of Transport employees to facilitate organised criminal activities have been detected by the CJC/CMC.²²⁵

There have been significant problems in Adelaide, where outbreaks of violence involved members of two OMCGs that established security companies and subsequently won contracts

to provide security for a number of nightclubs.²²⁶ Recently the South Australian Government has been forced to legislate to prevent OMCGs from operating security companies.

Organised crime networks involving OMCG members pose a significant threat in Queensland. OMCG chapters exist throughout Queensland and they have influence in both urban and rural areas. Their level of sophistication is increasing.

South-East Asian organised crime (SEAOC) groups

SEAOC groups, and crime groups including people of Asian background, continue to dominate the heroin market in Queensland. The key to the involvement of SEAOC groups in heroin is their link to importers and higher-level distributors in Sydney.²²⁷

Since 2000, SEAOC groups in Queensland have become involved in a wider range of drug markets, including amphetamine, ice, cocaine and ecstasy. Once again, their entrée has been facilitated by links to importers, with their focus in the amphetamine market being on importing ice/crystal methylamphetamine, ephedrine and pseudoephedrine into Australia.²²⁸

People from a range of South-East Asian countries have been prominent in fraud, money laundering, credit card counterfeiting and identity crime in Queensland, either locally or during visits to Queensland from southern states. They have access to the relevant technology and appear to have the knowledge to exploit the Australian financial system.²²⁹

A number of Asian crime networks are involved in the theft and disposal of property, some of which is obtained or swapped for illicit drugs. At the more sophisticated end of this market, property may be disposed of interstate or overseas. Criminals of South-East Asian origin

have been involved in extortion, loan sharking and periodic acts of violence in South-East Queensland in particular.

Although SEAOC groups have traditionally been insular, this situation appears to be changing, particularly in networks involving younger Asians. There seems to be a higher level of collaboration outside the Asian-dominated heroin market, due to different market dynamics.

People engaged in SEAOC now pose a more diverse threat in Queensland than they did in the past, due to their increasing involvement in a range of drug markets and in fraud, identity crime and money laundering. Members of the crime networks come from a number of different countries, and now appear to be more willing to cooperate with criminals from different ethnic backgrounds. SEAOC networks will always pose a threat because of their contacts with criminal associates, primarily interstate and overseas, who can arrange importations of illicit drugs.

Middle Eastern organised crime (MEOC) groups

Defining Middle Eastern organised crime is problematic. The situation in Queensland can be broadly summarised by reference to two categories of activity:

- established New South Wales or Victorian MEOC groups attempting to gain a foothold in Queensland crime markets
- criminals with a Middle Eastern background, but not representing a MEOC group, undertaking illicit activity in Queensland.

Another problem is that MEOC is often (incorrectly) regarded as being synonymous with Lebanese organised crime. CMC intelligence holdings point to individuals involved in criminality in Queensland who are from a wide range of 'Middle Eastern' backgrounds.

Queensland does not currently experience problems associated with MEOC groups to the same degree as southern states. However, local criminals of Middle Eastern descent have been detected distributing heroin and other drugs in Queensland, as well as being involved in motor vehicle rebirthing and organised property crime, money laundering, acts of violence and extortion.

In recent years there have been increasing concerns about MEOC groups in New South Wales, in particular, including the proliferation of illicit firearms. At this stage, MEOC groups do not have the level of representation in Queensland that they have in New South Wales or Victoria, which have traditionally been considered their bases due to the sizeable communities in Sydney and Melbourne. However, this is by no means a static situation and there is potential for MEOC groups to increase and become a tangible problem in Queensland — particularly in the south-east.

It is important to make a number of distinctions between the types of MEOC groups in New South Wales and those in Queensland. In Queensland, particularly the south-east, criminals of Middle Eastern background seem more likely to be working in relative cooperation with already established criminal enterprises than to be attempting to form their own independent, homogeneous criminal group.²³⁰ This is possibly because the crime markets already established in Queensland are not driven and dominated by groups defined by their ethnic background, and the population base of like ethnic background is not as strongly represented.

For example, criminals of Middle Eastern background regularly travel to areas of Queensland such as the Gold Coast. These individuals are not believed to be specifically trying to establish a MEOC group on the Gold Coast. Rather they are more likely to be developing contacts to become involved in existing criminal markets in Queensland.²³¹ In addition, some established criminal groups

in Queensland view individuals of Middle Eastern background with contacts in MEOC groups in southern states as useful contacts, and enlist their cooperation.

In 2002 the CMC assessed that the risk posed by MEOC to Queensland was low but increasing. This assessment has been supported by recent events, which suggest that members of MEOC groups from other states have a continuing interest in expanding into areas of Queensland.

The CMC believes that it would be prudent for Queensland law enforcement agencies to closely monitor the increasing indications that criminals of Middle Eastern background are involved in Queensland organised crime markets. The links between many of these criminals and crime groups interstate could readily be translated into relatively sophisticated criminal activity.

Other ethnic-based crime networks

Romanian organised crime

Romanian criminals have traditionally been heavily involved in the Queensland heroin market, and there are recent indications that this continues to be the case. They have also been implicated in motor vehicle theft and rebirthing, property crime and money laundering. It is possible they may also have a presence in the local cocaine market.

Russian organised crime

In 2002, the CMC assessed that Russian organised crime posed a low risk in Queensland, although key members of the community were worthy of monitoring to determine whether there was potential for the level of risk to evolve, as it has done in some countries overseas.²³²

The CMC has received no intelligence that would justify amending its 2002 assessment, although the activities of a small number of people of Russian descent remain of interest.

6: Conclusion

Although overall crime rates have not grown significantly since 1999, organised crime markets in Queensland appear to have experienced substantial growth over those five years, with seemingly many more criminal networks of varying sizes operating in 2003–04 than were apparent in 1999. Not only are there considerably more ‘networked’ criminals participating in an increased number of crime markets, but the distinction between different networks is blurring, networks are simultaneously involved in a number of different markets, and an increasingly complicated and interrelated organised criminal milieu has evolved. Relationships within the more sophisticated high-end criminal networks are now primarily based on trust developed over a considerable period and upon pragmatic (illicit) business decisions.

The response to organised crime in Queensland encompasses a wide range of markets and an even wider range of participants. This is why the law enforcement response must include a combination of both broad and targeted strategies. In this report the most dominant organised crime markets have been profiled, and the law enforcement responses discussed by this section will

therefore relate specifically to these markets only. The law enforcement strategies appropriate for addressing these markets will typically be a combination of traditional law enforcement practices and intelligence-led responses. Complementary prevention strategies relate specifically to the activities that aim to inform and educate public sector organisations, private enterprise and the general public about methods that may be employed to reduce the risk of victimisation.

The table below gives the current CMC assessment of organised crime markets in Queensland. It shows each market, its assessed level of risk (see explanation of risk in section 1) and its market trend; and it ranks the markets in order of risk.

The **amphetamine** market has been assessed as very high and its market trend predicted as stable. This assessment is consistent with previous recent assessments by the CMC of the amphetamine market. Due to the level of harm this market poses to the Queensland community, there is little doubt it will remain the number one risk for some time to come.

The **identity crime** market has been assessed as a high risk and it is predicted that the level of risk will

continue to increase. The rating of this market reflects the nature of identity crime as a range of offences which on their own constitute major crime but also help facilitate other organised crime activities.

The **ecstasy** market is assessed as a high risk that is increasing. The level of risk assigned to the ecstasy market predominantly reflects the nature of manufacture of the drug and the associated health risks, as well as the opportunity for increased manufacture of ecstasy in Queensland, which could clearly create a much larger organised crime risk.

The **heroin** market is assessed as high-risk, with a predicted moderate increase in risk over the next three years. This assessment is based on the increasing availability and use of heroin in Queensland, and the resulting risk of serious harm. The well-known links between heroin use and other categories of crime (particularly property crime) also make it a high-risk organised crime market.

The **money-laundering** market is assessed as high-risk with a predicted stable trend. This market presents an ongoing threat to law enforcement as money laundering helps to legitimise the proceeds of organised crime activity. As increasing sophistication in establishing ‘front companies’ continues, law enforcement will be continuously challenged in detecting and disrupting money-laundering activities by crime syndicates.

The **fraud** market is assessed as medium- to high-risk and increasing. The number of fraud offences has increased markedly for some categories, such as cheque and computer fraud, in the past two to three years. However, what is not shown by the statistics is the increase in complexity and sophistication of these offences. This shift presents an ongoing challenge

Organised crime market	Assessed level of risk	Market trend
Amphetamine	Very high	Stable
Identity crime	High	Increasing
Ecstasy	High	Increasing
Heroin	High	Moderate increase
Money laundering	High	Stable
Fraud	Medium to high	Increasing
Cocaine	Medium	Increasing
Property crime	Medium	Moderate increase
Cannabis	Medium	Stable
GHB/fantasy	Low	Stable
Prescription drugs	Low	Increasing
Firearms	Low	Stable
Vehicle rebirthing	Low	Stable

to law enforcement in ensuring adequate technology, expertise and powers are available to respond appropriately.

The **cocaine** market is assessed as medium, with an increasing trend. Official indicators of cocaine market dynamics in Queensland are limited, but its reported availability and supply suggest that cocaine is plentiful. Indicators of importations (intercepted by Customs) also indicate that a considerable amount of cocaine is coming to Australia.

The **property** market is assessed as medium, with a trend towards moderate increase. The property market, like the fraud market, has experienced overall increases in offences in the past two to three years. What has changed, however, is the increasing sophistication and organisation that is apparent in this typically 'opportunistic' market.

The **cannabis** market is assessed as medium with a predicted stable future trend. The cannabis market will continue in areas of Queensland where the climate favours its growth, and in areas

where geography is not in the favour of law enforcement. The growth of hydroponics also means that individuals are able to produce the drug indoors, which limits detection through natural surveillance.

The **GHB/fantasy** market is assessed as low-risk with a stable trend. GHB/fantasy has a limited prevalence, either as an end-user product or as an organised crime commodity.

The **prescription drugs** market is assessed as low-risk with an increasing trend. The emergence of prescription drugs being diverted for illicit sale and consumption in Queensland is one of the main factors contributing to this assessment. It is envisaged that, with shortages of other drugs, particularly heroin, the prescription drugs market will continue to expand in Queensland.

The **firearms** market is assessed as low-risk with a stable trend. A recent detailed assessment of the firearms market by the CMC revealed opportunistic diversion of firearms, but the absence of any large-scale organised trade or diversion in illegal firearms in Queensland. There will always be some form of demand for firearms.

Vehicle rebirthing in Queensland is assessed as a low-risk organised crime market, which is predicted to remain stable. While there has been some evidence of vehicle rebirthing activities occurring in the south-east corner of Queensland, the problem is not thought to be widespread. The relationship with criminal networks involved in rebirthing in New South Wales is thought to be a bigger threat than activities occurring specifically in Queensland.

Where to from here?

It is recognised that a 'one-size-fits-all' approach to responding to the diverse range of organised crime markets is both ineffective and inappropriate. It is therefore much more effective for law enforcement agencies to consolidate their

intelligence and investigative capacity by forming collaborative partnerships that best utilise limited resources. These types of partnerships will provide better opportunities for organised crime to be detected and disrupted.

Broad strategic objectives, underpinned by specific intelligence, need to be constantly developed in response to organised crime issues in order to keep abreast, if not ahead, of the rapidly changing organised crime landscape in Queensland.

Proactive partnership policing

There have been a number of high-growth areas of organised crime. These include the amphetamine and ecstasy markets and fraud, identity crime and money laundering. The types of offending that have the greatest emotional effect on victims in the first instance are property crime and motor vehicle theft (including rebirthing). These categories of offending, and arguably also drug markets, are best disrupted and assessed through an active and ongoing partnership between law enforcement agencies, responsible government departments and agencies and the private sector (including financial institutions, insurance companies, credit providers, security firms, industry bodies and research and prevention bodies). Reactive investigations continue to be important in terms of bringing organised crime figures to justice and temporarily disrupting aspects of organised criminal activity; but there is now broad recognition of the need for such investigations to occur within the context of more proactive law enforcement strategies.

The emphasis on proactive policing is a corollary to the similar national focus on proactive investigations to avert acts of terrorism. In both scenarios, the victims are far less interested in protracted reactive investigations than they are in appropriate preventive action by law enforcement and other

Consultation participants

Queensland Police Service

Regional Commands:

- Central Region
- Far Northern Region
- Metropolitan North
- Metropolitan South
- North Coast Region
- Northern Region
- South Eastern Region
- Southern Region

State Crime Operations Command
Bureau of Criminal Intelligence

Other law enforcement agencies

- Australian Crime Commission
- Australian Customs Service
- Australian Federal Police

Other state government agencies

Alcohol, Tobacco and Other Drugs,
Queensland Health

- Brisbane
- Cairns
- Townsville
- Warwick

Correctional Centres

- Cairns (Lotus Glen)
- Townsville
- Rockhampton

stakeholders. The Queensland Government's Illicit Drug Action Plan endorses partnership policing strategies as a component of supply reduction efforts.²³³ Such strategies should be understood by law enforcement agencies and used to inform resourcing and policy decisions. Both the QPS and the CMC have taken steps down this path, but there is plenty of scope for further action.

From an intelligence and research perspective, there is now a broad recognition (included once again in the Queensland Illicit Drug Action Plan)²³⁴ of the need to produce assessments that do not rely solely on law enforcement sources in considering the dynamics of particular crime markets. In the case of drug markets, most contemporary assessments draw as much on health trends and chemical and pharmaceutical industry data as they do on arrest and seizure statistics. The argument for collaborative strategic intelligence and research-based projects is sound. Tactical operations against organised crime targets can only achieve satisfactory results if they focus on high-risk markets and key elements of those markets. Given that organised crime is now a multi-faceted and increasingly complex phenomenon, there must be the broadest possible understanding of all issues that influence the environment in which organised criminals operate.

The CMC believes that state law enforcement agencies should give priority to 'proactive policing', particularly in relation to high-risk organised crime markets. In particular, agencies should develop partnerships with stakeholders in the public and private sectors and a suite of strategies for particular organised crime markets.

Telecommunications interception powers

As noted in section 2, Project Krystal recommended that Queensland law enforcement agencies be granted telecommunications interception (TI) powers. In the period since the 1999 report the CMC and QPS have continued to advocate for the introduction of TI powers in Queensland. That recommendation has not yet been accepted by the Queensland Government.

The absence of TI powers severely impedes the capability of Queensland law enforcement to make serious inroads into organised crime markets and effectively target key organised crime identities. These powers, available to federal and all other state jurisdictions, have resulted in arrests that would otherwise have been impossible to obtain.

Telecommunications interception (TI) provides law enforcement agencies with capabilities that are not available through any other lawful operational techniques. For example, while other techniques may be able to identify an association between an offender and another individual, TI can reveal whether the association is for legitimate or criminal reasons. If the latter is true, TI can provide valuable intelligence and evidence of offences. This evidence may in turn encourage offenders to plead guilty, thereby reducing the need for witnesses to give evidence in court. This is particularly beneficial in complex organised crime cases. If, on the other hand, the association is found to be legitimate, TI can eliminate suspects in an investigation, preserving valuable investigative resources.

TI is similarly beneficial to the investigation of corruption as a facilitator of organised crime. Successful corruption-related prosecutions in New South Wales have relied heavily on TI product to provide direct evidence of offending

and to corroborate evidence obtained by other means.²³⁵

The CMC and QPS can gain access to the information obtained using TI, and to TI powers themselves, through joint operations with agencies that have these powers — principally the AFP, ACC and other state agencies. In practice, however, the situation is more complex. The AFP and the ACC have national priorities (counter-terrorism, illegal immigration etc.), and their own investigative priorities (many concerning major drug importations and higher-level distribution of illicit drugs), which consume significant resources. Understandably, all requests from Queensland agencies must compete with the priorities of the federal agencies. It would be preferable by far if there was Queensland legislation, allowing local agencies to obtain TI in accordance with their own investigative priorities.

There is no doubt that TI powers would have a marked effect on the effectiveness, number and efficiency of organised crime investigations and arrests in Queensland.

The Queensland criminal milieu has many 'significant criminal identities' who have engaged in organised crime for a considerable period and who have become more experienced and difficult to investigate. It is reasonable to suggest that, had TI been available directly to Queensland law enforcement, the activities of some of these criminal identities might have been curtailed and significant harm and expense avoided.

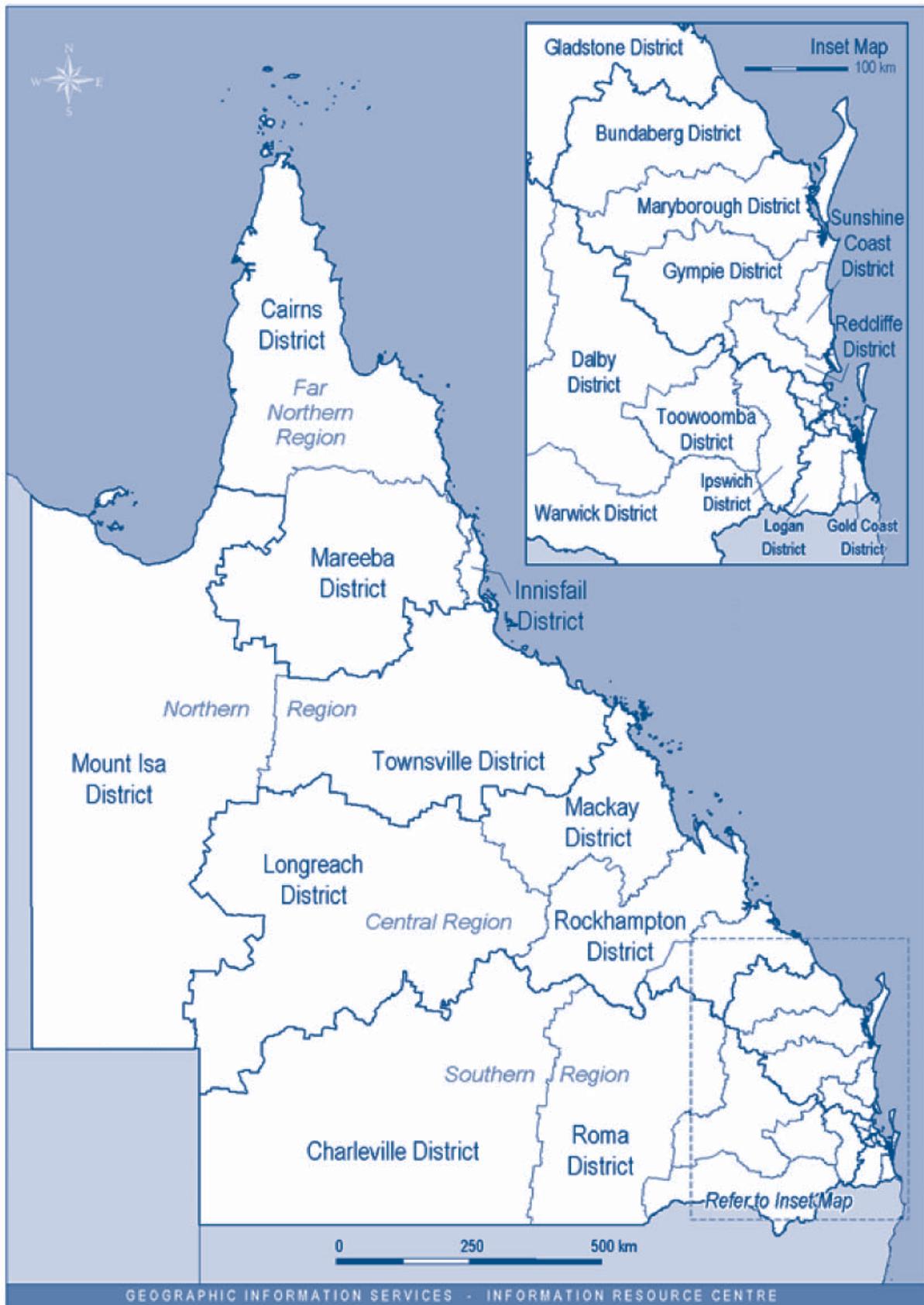
The CMC and the QPS will continue to advocate to government that TI powers are an essential tool for the effective targeting of organised crime and (in the case of the CMC) official misconduct, and should be made available to Queensland law enforcement agencies as they have been federally and in all other states.

Future strategies

This Crime Bulletin has detailed the CMC's strategic assessment of organised crime in Queensland. It has reported that many of these markets appear to be expanding and a number of them have been assessed as presenting a high or very high risk. The CMC, in response to the current risk assessment of the various organised crime markets, has developed a number of strategies to be implemented in Queensland. These include:

- carrying out detailed future assessments of the cocaine market, and of the links between official misconduct and organised crime
- continuing to monitor and investigate people with links to criminal networks
- enhancing the exchange of intelligence with other government departments, the private sector and partner law enforcement agencies
- making available to law enforcement expertise and technology that reflects the assessed level of risk (e.g. in responding to serious and organised fraud offences)
- ensuring that proactive and intelligence-led strategies are implemented — such as restricting and monitoring the sale of precursor chemicals; tightening up systems that govern the identification of individuals; and strengthening the mechanisms to target money laundering
- continuing to advocate to government that telecommunications interception powers are an essential tool for effectively targeting organised crime and official misconduct.

Police regions and districts



Source: QPS, *Statistical review 2002–2003*, Brisbane, 2003, p.145.

Endnotes

- 1 QCC & QPS, *Project Krystal: a strategic assessment of organised crime in Queensland*, Brisbane, June 1999 (Krystal 1999).
- 2 In the 1999 report 'ethos' is defined in the following way: 'Ethos' refers to those groups, such as Outlaw Motor Cycle Gangs, that are not distinguished along ethnic lines, but nevertheless share a distinct culture, lifestyle or belief system.
- 3 See for example: MD Lyman & GW Potter, *Organized crime*, Prentice Hall, New Jersey, 2000; and S Morrison, *Approaching organised crime: where are we now and where are we going?*, AIC Trends & Issues No. 231, Canberra, July 2002.
- 4 The CMC assesses that organised crime is committed by a loosely associated milieu of people who form networks for varying periods for a common purpose; the word 'groups' is used in this context.
- 5 Lyman & Potter 2000, p. 65.
- 6 Krystal 1999, p. 98.
- 7 The concept of harm in this organised crime assessment does not, however, incorporate a comprehensive examination or analysis of health-related harms.
- 8 Queensland Government, *Protecting the future — reducing illicit drug use and harm*, QIDAP 2003/2004 to 2006/2007, Brisbane, 2004, p. 5.
- 9 QIDAP, p. 15.
- 10 ACC, *Illicit drug data report 2002–03*, Canberra, 2004, pp. 6, 12, 16 and 18.
- 11 During the second quarter of 2004, AFP Operation Camblett detected a large quantity of LSD in liquid form during raids on a crime network in the Tweed Heads – Byron Bay area. The LSD was allegedly to be impregnated onto paper to produce some 212 000 tablets. It is possible a proportion was destined for the Queensland market. This underlines the importance of constantly monitoring all illicit drug markets.
- 12 Australian Institute of Health and Welfare (AIHW), *2001 National Drug Strategy Household Survey: detailed findings*, AIHW cat. no. PHE-41 (Drug Statistics Series no. 11), Canberra, 2002.
- 13 T Makkai & J Payne, *Drugs and crime: a study of incarcerated male offenders*, AIC Research and Public Policy Series no. 52, Canberra, 2003.
- 14 CMC, *Drug Use Monitoring in Australia (DUMA) Queensland annual report 2003*, Brisbane (forthcoming).
- 15 In this section, unless otherwise stated, the term 'amphetamine' includes methylamphetamine; crystal amphetamine is referred to as 'ice'.
- 16 QCC, *The amphetamine market in Queensland*, Crime Bulletin no. 2, Brisbane, 2000.
- 17 CMC, *Amphetamine: still Queensland's no.1 drug threat*, Crime Bulletin no. 5, Brisbane, 2003.
- 18 The geographic areas of Queensland covered by the respective QPS regions are shown in the map at the end of this Bulletin.
- 19 M Lynch, R Kemp, L Krenske, A Conroy & J Webster, *Patterns of amphetamine use: initial findings from the Amphetamines in Queensland research project*, CMC/Qld Health, Brisbane, 2003. This collaborative project surveyed amphetamine users and invited them to comment on a range of issues connected with their drug use.
- 20 CMC, Crime Bulletin no. 5, p. 4; consultations with QPS regions August/September 2003; QPS Statistical Services, May 2004. (Note that all population estimates are taken from ABS data.)
- 21 *ibid.*, p. 4.
- 22 *ibid.*, pp. 2, 8 and 10.
- 23 S Kinner & J Fischer, *Queensland drug trends 2003: findings from the Illicit Drug Reporting System (IDRS)*, National Drug & Alcohol Research Centre, Sydney, report no. 177, 2004.
- 24 CMC Crime Bulletin no. 5, pp. 10 and 11.
- 25 ACC, *Illicit drug data report (IDDR) 2002–03*, Canberra, 2004, pp. 10, 11, 45 and 47.
- 26 CMC, *Organised crime on the Gold Coast*, Intelligence Digest no. 12, p. 5.
- 27 US Department of Justice, Information Bulletin: *Drugs, youth and the Internet*, National Drug Intelligence Centre, Johnstown PA, 2002.
- 28 Lynch et al. 2003, p. xiii.
- 29 *ibid.*
- 30 *ibid.*, p. 22.
- 31 CMC Crime Bulletin no. 5, pp. 11 and 12.
- 32 *ibid.*, p. 11.
- 33 ACC, *AIDR 1997–98 to 2001–02*.
- 34 CMC Crime Bulletin no. 5, pp. 4–6.
- 35 ACC, *OMCG involvement in ATS production*, Canberra, 2003.
- 36 ACC Draft Overview Threat Assessment, p. 32.
- 37 Consultations with QPS regions, August/September 2003.
- 38 CMC Crime Bulletin No. 5, p. 12; ACC, *IDDR 2002–03*, p. 8.
- 39 NCA/ACC, *Australian Illicit Drug Reports 1998–99 to 2001–02*; ACC, *IDDR 2002–03*, p. 8.
- 40 NCA/ACC, *AIDR 1998–99 and 2001–02*, Canberra 2000 and 2003; and ACC, Early Warning Intelligence Report 6/2003: *Dramatic rise in crystalline methylamphetamine ('ice') importations — cause of concern*, Canberra, 2003; ACC, *IDDR 2002–03*, p. 8.
- 41 Lynch et al. 2003.
- 42 *ibid.*, p. xiii.
- 43 *ibid.*, p. xiv.
- 44 Makkai and Payne 2003.
- 45 CMC Crime Bulletin no. 5, p. 14.
- 46 CMC, *Drug Use Monitoring in Australia (DUMA) Queensland annual report 2003*, Brisbane, 2004 (forthcoming).
- 47 CMC Crime Bulletin no. 5, p. 14.
- 48 Lynch et al. 2003, p. xiv.
- 49 CMC Crime Bulletin no. 5, pp. 11 and 12; QCC Digest no. 5.
- 50 CMC and QPS database holdings.
- 51 CMC Crime Bulletin no. 5, p. 12.
- 52 *ibid.*, p. 13.
- 53 *ibid.*
- 54 C Breen, L Degenhardt & B White, *Party drug initiative*, NDARC, Sydney, 2003; S Kinner & J Fischer, *Queensland drug trends 2003*, NDARC, Sydney, 2004.
- 55 Kinner & Fischer 2004; ACC, *IDDR 2002–03*, p. 58. It is noted that the IDRS and ACC data are derived from different sources — injecting drug users and QPS operational activity respectively. Moreover, the ACC data relate only to the final quarter of 2002–03.
- 56 Breen, Degenhardt & White 2003.
- 57 C Duff, *Survey of youth drug habits and attitudes*, presentation to 15th International Conference on Drug Related Harm, Melbourne, April 2004.
- 58 ACC, *Current intelligence assessment: MDMA trends in Australia*, pub. no. 02-2003/04, Canberra, 2003.
- 59 A McGauley, 'The relevance of illegal drug market analysis to substance misuse trends in club culture: evidence from South Yorkshire UK', unpublished, <www.drugtext.org>, viewed 25 March 2004.

- 60 QCC, *The ecstasy market in Queensland*, Crime Bulletin no. 3, Brisbane, 2001; Kinner & Fischer 2004, p. 67.
- 61 NDARC, *Party drug trends bulletin*, Sydney, December 2003.
- 62 Discussions with VICPOL Major Drug Investigation Division, June 2004.
- 63 NDARC, *Party drug trends bulletin*, December 2003; and CMC intelligence holdings.
- 64 ACC, *Current intelligence assessment: MDMA trends in Australia*, pub. no. 02-2003/04, Canberra, 2003; ACC, IDDR, p. 12.
- 65 ACC 2003; *UK threat assessment: the threat from serious and organised crime 2003*, London, 2003, p. 33; discussions with AFP, March 2004.
- 66 EMET, *Synthetic drugs trafficking in three European cities: the major trends and the involvement of organised crime*, 2003, <www.narcomafie.it/emet/>, viewed 25 March 2004.
- 67 Discussions with QADREC, March 2004; *Australian*, 26 April 2004, p. 6.
- 68 ACS, *Risk identification and intelligence points of interest*, Bulletin no. 6, Canberra, 2003.
- 69 C Breen, L Degenhardt & A Roxburgh, *Drug Trends Bulletin*, December 2003, NDARC, Sydney, 2004, p. 3. It is worth noting that all Queensland figures for the cocaine market are based on a very limited sample of injecting users, who themselves are likely to form only a small proportion of the market. Hence the figures should be treated with considerable caution.
- 70 Breen, Degenhardt & Roxburgh 2003, p. 3; NDARC, *Party drug trends bulletin*, p. 3; ACC, IDDR 2002–03, p. 59. It is noted that the IDRS/NDARC and ACC data are derived from difference sources — injecting drug users and QPS operational activity respectively. Moreover, the ACC data relate only to the final quarter of 2002–03.
- 71 S Kinner & J Fischer, *Queensland drug trends 2003*, 2004, pp. 48–54.
- 72 CMC, *Drug Use Monitoring in Australia (DUMA) Queensland annual report 2003*, Brisbane, 2004 (forthcoming).
- 73 Kinner & Fischer 2004, p. 50.
- 74 Kinner & Fischer 2004, p. 50.
- 75 J Fischer & S Kinner, *Queensland party drug trends 2003: findings from the Party Drug Initiative (PDI)*, National Drug & Alcohol Research Centre, Sydney, report no. 185, 2004, p. 49.
- 76 OSCA, *Possible changes to the Australian cocaine market over the next five years*, no. 03/02, Canberra, 2002.
- 77 OSCA 2002, page v.
- 78 CMC intelligence holdings.
- 79 Kinner & Fischer 2004, p. 58.
- 80 *ibid.*, pp. 58, 59.
- 81 CMC, *Drug Use Monitoring in Australia (DUMA) Queensland annual report 2003*, Brisbane, 2004 (forthcoming).
- 82 Kinner & Fischer 2004, p. 55.
- 83 *ibid.*, pp. 55, 60, 61.
- 84 *ibid.*, pp. 56, 58.
- 85 *ibid.*, p. 61.
- 86 *Sydney Morning Herald*, 6 March 2004, p. 28.
- 87 Kinner & Fischer 2004, p. 60.
- 88 C Breen, L Degenhardt, R Bruno, A Roxburgh, A Duquemin, J Fetherston, J Fischer, R Jenkinson, S Kinner, M Longo & C Rushforth, *Australian Drug Trends 2003: findings from the Illicit Drug Reporting System (IDRS)*, National Drug Research Institute, WA, 2003, pp. 48–50; L Topp, C Day & L Degenhardt, *Changes in patterns of drug injection concurrent with a sustained reduction in the availability of heroin in Australia*, NDARC, Sydney, 2003.
- 89 Breen et al. 2003, pp. 51, 52.
- 90 Topp, Day & Degenhardt 2003.
- 91 Breen et al. 2003, pp. 51, 52.
- 92 Kinner & Fischer 2004, p. 18.
- 93 Discussions with QADREC and QPS SCOC, March 2004.
- 94 NDARC, *IDRS Drug Trends Bulletin*, p. 2.
- 95 Kinner & Fischer 2004, p. 23.
- 96 *ibid.*
- 97 *ibid.*, pp. 19, 20, 27.
- 98 *ibid.*, pp. 15–18; ACC, IDDR 2002–03, p. 43.
- 99 Kinner & Fischer 2004, p. 14; ACC, IDDR 2002–03, p. 55. It is noted that the IDRS and ACC data are derived from different sources — injecting drug users and QPS operational activity respectively. Moreover, the ACC data relate only to the final quarter of 2002–03.
- 100 ACC, *Reported changes in the heroin market*, Strategic Warning Report no. 02/03, Canberra, 2003.
- 101 AFP, Strategic Intelligence Advising September 2002; discussions with AFP, March 2004.
- 102 Discussions with AFP, March 2004.
- 103 Age, 'The verdict is in: the hard line against hard drugs is working', 7 April 2004, p. 13.
- 104 D Weatherburn & M Chilvers, *The impact of heroin dependence on long-term robbery trends*, NSW Bureau of Crime Statistics and Research, Crime and Justice Bulletin no. 79, Sydney, 2003.
- 105 QPS statistical review 2002–2003, Brisbane, 2003.
- 106 *ibid.*, pp. 11–13.
- 107 *ibid.*, pp. 13, 14.
- 108 *ibid.*, pp. 38–42.
- 109 CMC intelligence holdings.
- 110 Topp, Day & Degenhardt 2003.
- 111 QCC Intelligence Digest no. 1, p. 1.
- 112 *Gold Coast Bulletin*, 9 March 2004.
- 113 NDARC, *Party drug trends bulletin 2003*, pp. 2, 3.
- 114 *Sydney Morning Herald*, 9 March 2004, p. 5, *Herald Sun*, 9 March 2004, p. 8.
- 115 Kinner & Fischer 2004, p. 67.
- 116 C Breen, B White, L Degenhardt & A Roxburgh, *Party drug trends bulletin*, April 2004, NDARC, Sydney, 2004.
- 117 QIDAP 2003–04 to 2006–07, p. 10.
- 118 Breen, Degenhardt & Roxburgh 2004, p. 4.
- 119 CMC, *Drug Use Monitoring in Australia (DUMA) Queensland annual report 2003*, Brisbane, 2004 (forthcoming).
- 120 Kinner & Fischer 2004, pp. 62–65; QADREC discussions March 2004.
- 121 Consultations with QPS regions, August/September 2003.
- 122 Kinner & Fischer 2004, pp. 62–64, 86.
- 123 C Breen, L Degenhardt, A Roxburgh, R Bruno, C Fry, A Duquemin, J Fischer, B Gray & R Jenkinson, *The impact of changes to the availability of publicly subsidised 10 mg Temazepam gel caps in Australia*, Technical Report no. 158, NDARC, Sydney, 2003, <www.ndarc.med.unsw.edu.au>, viewed 7 January 2004.
- 124 S Kinner & J Fischer, *Queensland Drug Trends 2002: findings from the Illicit Drug Reporting System (IDRS)*, Technical Report no. 147, NDARC, Sydney, 2003, <www.ndarc.med.unsw.edu.au>, viewed 7 January 2004.
- 125 CMC, *The illicit market for ADHD prescription drugs in Queensland*, Crime Bulletin no. 4, Brisbane, 2002.
- 126 CMC Crime Bulletin no. 4.
- 127 *ibid.*, p. 6.
- 128 *Sunday Telegraph*, 21 March 2004, p. 4.
- 129 KPMG, *Fraud survey 2002*, Sydney, 2002; CMC intelligence holdings.
- 130 ABCI, *The impact of emerging technology on fraud*, Intelligence Assessment, Canberra, 2001.

- 131 CMC, *Cyber traps*, Building Capacity series no. 3, CMC, Brisbane, 2004, p. 1.
- 132 Sections 242, 243, 399–401, 405, 407, 408, 427A, 430, 431, 436–438, 440–442, 442D, 459, 488, 492–504, 506–508 and 514–517.
- 133 Parliament of Victoria, Drugs and Crime Prevention Committee, *Final report of an inquiry into fraud and electronic commerce*, Melbourne, 2004, p. vii.
- 134 KPMG, *Fraud survey 2002*, Sydney, 2002.
- 135 P Mayhew & G Adkins, *Counting the costs of crime in Australia*, AIC Trends & Issues no. 247, Canberra, 2003.
- 136 J Walker, *Estimates of the costs of crime in Australia in 1996*, AIC Trends & Issues no. 72, Canberra, 1997.
- 137 Mayhew & Adkins 2003.
- 138 KPMG 2002.
- 139 OSCA, *The changing nature of fraud in Australia*, Canberra, 2000, p. 4.
- 140 Krystal 1999, p. 59; OSCA 2000, p. 3.
- 141 PWC–AIC, *Serious fraud in Australia and New Zealand*, Research and Public Policy series no. 48, Canberra, 2003, p. 43.
- 142 KPMG 2002, pp. 6, 9.
- 143 Discussions with QPS Fraud Squad, May 2004.
- 144 *Adelaide Advertiser*, 16 January 2004.
- 145 *Daily Telegraph*, 11 March 2004, p. 7.
- 146 ABCI, *Plastic card fraud*, Canberra, 2001, p. 16.
- 147 *Australian Financial Review*, 4 March 2004, p. 5.
- 148 CMC, *Cyber traps*, Building Capacity series no. 3, CMC, Brisbane, 2004, p. 1.
- 149 QPS BCIQ, *Strategic Issues*, vol. 3, no. 1, February 2002.
- 150 *Herald Sun*, 1 February 2004; *Age*, 24 February 2004, p. 4; *Australian Financial Review*, 4 February 2004; *Sunday Telegraph*, 14 December 2003.
- 151 CMC intelligence holdings.
- 152 QPS statistics 2002–03, p. 117.
- 153 ACC, *Organised group/s operating a fraudulent loan scam*, Strategic Assessment Alert, pub. no. 08-2003/04, Canberra, 2004.
- 154 QPS statistics 2003, p. 4.
- 155 *ibid.*
- 156 Consultations with QPS regions, August/September 2003.
- 157 *ibid.*
- 158 *ibid.*
- 159 *City News Australia*, 16 October 2003.
- 160 www.police.qld.gov.au
- 161 CMC, *Cyber traps*, 2004.
- 162 *Final report of the Victorian Parliamentary Drugs and Crime Prevention Committee Inquiry into Fraud and Electronic Commerce*, Parliament of Victoria, Melbourne, 2004, p. 250.
- 163 Security Industry Research Centre of the Asia-Pacific (SIRCA), *Identity fraud in Australia: an evaluation of its nature, cost and extent*, 2003, page i.
- 164 VDCPC 2004, p. viii.
- 165 BCIQ, *Identity fraud*, Strategic Issues, vol. 1, no. 2, September 2000.
- 166 ABCI, *The impact of emerging technology on fraud*, Canberra, 2001.
- 167 VDCPC 2004, p. xiv.
- 168 SIRCA 2003.
- 169 Discussions with QPS Fraud Squad, May 2004.
- 170 'Identity fraud costs Australia A\$1 billion a year', ZDNet Australia, 12 November 2003, <<http://www.zdnet.com.au/insight/toolkit/security/idmanagement>>.
- 171 Department for Justice and Customs, *How to prevent and respond to identity theft*, Canberra, 2004, p. 5.
- 172 SIRCA 2003, p. 2.
- 173 As note 170.
- 174 *ibid.*
- 175 Discussions with ACC, March 2004; OSCA, *The criminal exploitation of identity*, Occasional Paper no. 2/00, Canberra, 2000.
- 176 SIRCA 2003, p. 2.
- 177 Consultations with QPS regions, August/September 2003.
- 178 House of Representatives Standing Committee on Legal and Constitutional Affairs, 2002, p. 415.
- 179 *Age*, 24 February 2004, p. 4.
- 180 SIRCA 2003, p. 3.
- 181 Department for Justice and Customs, *How to prevent and respond to identity theft*, Canberra, 2004.
- 182 Department of Transport & Department of Main Roads, Queensland, *New Queensland driver licence proposal*, Brisbane, 2003.
- 183 *ibid.*
- 184 ACC Draft National Threat Assessment 2003; *Canberra Times*, 22 February 2004, p. 9.
- 185 Law enforcement intelligence holdings.
- 186 *ibid.*
- 187 CMC intelligence holdings.
- 188 See, for example, Operation Yield (2001–04) and Operation Soho/Aero (2002–03).
- 189 *Canberra Times*, 22 February 2004, p. 9.
- 190 *Criminal Proceeds Confiscation Act 2002*.
- 191 Unpublished Honours thesis, 'The organised stolen property market in Queensland', Queensland University of Technology, 2004, pp. 61, 64.
- 192 *ibid.*, pp. 37–50.
- 193 *Miami Herald*, 28 May 2004, <www.ledger-enquirer.com>, viewed 9 June 2004.
- 194 Unpublished QUT Honours thesis, pp. 37–50.
- 195 Makkai and Payne 2003.
- 196 *ibid.*, p. 61.
- 197 BCIQ Strategic Issues 2002; QPS, *Major crime in Queensland assessment*, May 2003.
- 198 ACC, Draft National Threat Assessment, 2003.
- 199 *ibid.*
- 200 Consultations with QPS regions, August/September 2003.
- 201 Operations Lancaster and Harvard.
- 202 CMC, *Illegal firearms in Queensland*, Intelligence Digest, October 2003, p. 8.
- 203 *ibid.*
- 204 *ibid.*
- 205 Opinions developed through CMC consultations with various law enforcement representatives during the development of the CMC October 2003 Intelligence Digest; also supported by JAPT (Joint Agency Project Team) in *Guns for sale*, ACC, Sydney, 2002, p. 27.
- 206 CMC, *Illegal firearms in Queensland*, Intelligence Digest, October 2003, p. 8.
- 207 *ibid.*
- 208 Krystal 1999, pp. 54–6.
- 209 ACC Draft National Threat Assessment 2003, pp. 5 and 36.
- 210 *ibid.*, pp. 36 and 37.
- 211 *ibid.*, pp. 9, 36 and 37.
- 212 Krystal 1999, pp. 54–6.
- 213 *ibid.*
- 214 S Morrison, *Approaching organised crime: where are we now and where are we going?* AIC, Canberra, 2002, p. 2.
- 215 *ibid.*
- 216 Krystal 1999, p. 71.
- 217 Consultations with QPS regions, August/September 2003.
- 218 Consultations with QPS regions, and CMC intelligence holdings.
- 219 K Lawrence & C Miranda, 'Outlaw generation', *Daily Telegraph*, 23 October 2003, p. 1.
- 220 ACC Special Investigation Authorisation and Determination (ECN) 2003.
- 221 *ibid.*

- 222 *ibid.*
- 223 CMC Crime Bulletin no. 5, p. 13.
- 224 CMC intelligence holdings.
- 225 *ibid.*
- 226 *Sunday Mail* (Adelaide), 22 February 2004, p. 2; CMC intelligence holdings.
- 227 Law enforcement intelligence holdings.
- 228 ACC, *Threat of importation of pseudoephedrine medications by organised crime*, Early Warning Intelligence Alert 5/2003, Canberra, 2003.
- 229 Law enforcement intelligence holdings.
- 230 *ibid.*
- 231 *ibid.*
- 232 CMC, *The impact of Russian organised crime on Queensland*, June 2002.
- 233 QIDAP, pp. 2 and 10.
- 234 *ibid.*, p. 19.
- 235 Law enforcement intelligence holdings.

CRIME AND
MISCONDUCT
COMMISSION



QUEENSLAND