

**Queensland Crime Commission
Queensland Police Service**



Project KRYSTAL

A Strategic Assessment of Organised Crime in Queensland

JUNE 1999

PUBLIC INFORMATION PAPER

The Queensland Crime Commission is charged pursuant to Section 28 (1)(e) of the Crime Commission Act 1997 with responsibility for the maintenance of an effective intelligence service about organised crime and the monitoring of collected intelligence data with a view to forecasting trends in organised crime.

Queensland Crime Commission and Queensland Police Service, 1999

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ABBREVIATIONS

ABCI	Australian Bureau of Criminal Intelligence
AFP	Australian Federal Police
ASIO	Australian Security Intelligence Organization
AUSTRAC	Australian Transaction Reports and Analysis Centre
BCIQ	Bureau of Criminal Intelligence Queensland (QPS)
CCS	Colombian Cocaine Syndicates
CJC	Criminal Justice Commission
ECCM	East Coast Criminal Milieu
IOC	Italian Organised Crime
JOC	Japanese Organised Crime
JOCTF	Joint Organised Crime Task Force
LAOC	Lebanese–Arabic Organised Crime
LSD	Lysergic acid diethylamide
MDMA	Methylenedioxyethyl amphetamine
NCA	National Crime Authority
NDARC	National Drug and Alcohol Research Centre
NSWCA	New South Wales Police Service Crime Agencies
OSCA	Office of Strategic Crime Assessments
OMCG	Outlaw Motor Cycle Gang
PNG	Papua New Guinea
QCC	Queensland Crime Commission
QPS	Queensland Police Service
RAM	Risk assessment matrix
ROC	Romanian Organised Crime
RUOC	Russian Organised Crime
SEA	South East Asian
SEAOC	South East Asian Organised Crime
SIM	Subscriber identification module
SOCOG	Sydney Olympics Committee Organising Group

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FOREWORD

The Queensland Crime Commission (QCC) and the Queensland Police Service (QPS) are pleased to publicly release this abridged version of the results of their joint strategic assessment of the organised criminal environment in Queensland — Project KRYSTAL.

The release reflects a recognition that, subject to the overriding need to protect the integrity of ongoing criminal investigations and preserve the confidentiality of sensitive operational information, the community has a legitimate right to know more about organised crime related issues and their consequences.

Releasing the report in the public domain is intended to:

- increase community awareness about the nature, extent and impact of organised criminal activity in Queensland today; and
- generally explain the law enforcement strategies that have been and are being developed to deal with the problem.

It is also important that the public observes that our joint response to organised criminal activity is an integrated and well coordinated one that optimises the use of limited law enforcement resources and avoids duplication of effort or confusion of roles.

The ever increasing demands being placed on the police service to address everyday policing needs, make it difficult for the QPS to allocate the time and concentrate the effort needed for a truly proactive, research based and intelligence-driven approach to organised crime investigations.

The inadequacy of conventional policing powers and methods in the context of organised criminal activity and the virtue of having a specialist agency with superior and more liberal powers of investigation focusing all of its energies and dedicating all of its resources to combating organised crime is now widely accepted.

However, neither of our agencies has an exclusive or unlimited jurisdiction over organised crime and our functions, though distinct, are discharged in such a way that they complement rather than compete with each other. We can achieve better overall results working together in partnership than either agency could ever accomplish acting alone.

No law enforcement crusade against organised crime can be properly planned or executed without first having a clear, up-to-date and accurate understanding of what organised crime in the modern Queensland context really is, and what can realistically be done to counteract it.

The critical importance of strategic assessments to the development of successful battle plans was recognised as long ago as the 5th century by the great Chinese General, Sun Tzu, when he said:

‘if you know the enemy and know yourself, you need not fear the result of a hundred battles. If you know yourself but not the enemy, for every victory gained you will also suffer a defeat. If you know neither the enemy nor yourself, you will succumb in every battle’¹

Thus, Project KRYSTAL was established and designed to look beyond popular misconceptions and traditional models of organised criminal activity based on stock assumptions. It was tasked with developing a ‘big picture’ view of the elements that define, and the conditions supporting and the systems sustaining organised criminal activity within the State.

The project team was also given the job of devising a comprehensive risk assessment methodology capable of providing a dynamic and reliable reference point for the future allocation of investigative resources and the development of more rational goals and effective responses.

Controlling organised crime and minimising its financial and social costs is essential to a free and open society, but it comes at a price and requires committed and sustained effort — not only on the part of the law enforcement community but from government and the public as well.

One thing is clear. Organised criminal activity cannot be effectively countered or eventually defeated unless law enforcement is given the powers, resources and support it needs from government, or until the community as a whole becomes less ambivalent in its attitude towards, and more hostile in its stance against, the threat organised crime represents to our way of life.

T F Carmody
Crime Commissioner

J P O’Sullivan
Police Commissioner

¹ Clavell 1983, p. 18.

EXECUTIVE SUMMARY

This report assesses the nature and extent of organised crime in Queensland and the level of risk to the people of Queensland from crime of this type. It also recommends strategies for improving the detection and disruption of organised crime.

Traditionally, the assessment of organised crime has been based on identifiable group characteristics such as ethnicity and ethos. The alleged activities of, and associations of local criminal identities and networks with, overseas crime groups such as the Italian Mafia, Japanese Yakuza and Chinese Triads, or outlaw motor cycle gangs, have occupied law enforcement agencies for many years. While this approach provided useful indicators about the motivations and methodologies of some individuals and groups involved in organised crime, it has proven less useful as criminals have moved outside of and between their recognised 'milieu'. Moreover, intelligence derived from law enforcement investigations over the past three decades has tended to disprove rather than confirm the theory that Australian organised criminal activity conforms with the overseas models.

The labelling of alleged organised crime groups on the basis of ethnicity or ethos has also, to a large extent, influenced public perception of organised crime to the point where it bears little resemblance to the current situation in Queensland.

The more recent picture that has emerged is that of a loosely associated criminal 'milieu' of persons from a variety of backgrounds answering predominantly to their individual greed. There is increasing evidence of a greater diversity, and more interactions and partnerships, between organised crime groups and individual identities, in an environment of unprecedented mobility and internationality, variety and profitability, and potential for power. Associations between such criminal identities are not defined simply by ethnicity or ethos but by their common desire to embrace commercial opportunism as the primary rationale for engaging in criminal activity.

To arrive at a more comprehensive picture of organised crime in Queensland, the analysis of organised crime identities and networks must be integrated with an assessment of the illicit markets within which they operate. This is particularly important given the rapidity of change within the criminal environment.

Recent analyses of organised crime in Queensland have illustrated that the basic operating principles of an illicit market differ little from those of legitimate business practice. They are invariably affected by the relationship between demand and supply, and revolve around cash flow. A range of global and local characteristics also contributes to creating a marketplace conducive to organised crime in Queensland. Deregulation of financial markets, globalisation of the international economy and rapid advances in information technology and communications, in combination with Queensland's unique geography and socio-demographics, provide an environment that can be equally attractive to legitimate and illegitimate business interests.

The Risk Assessment Matrix (RAM), adapted for use during this project, provides a process for the assessment of organised crime that takes into consideration what is currently known about organised criminal identities and groups operating within Queensland, the illicit commodities they trade, the external environmental factors that facilitate or inhibit their criminal activities, and the impacts of these activities on the Queensland community.

The RAM methodology has been applied to nine key commodities and services that are traded illegally within Queensland. The risks associated with these illicit markets are rated as **very high** for heroin; **high** for amphetamine, cocaine, money laundering and fraud; **medium** for cannabis and property crime (including motor vehicle theft); and **low** for wildlife crime and prostitution.

Law enforcement interventions to date have had little sustained impact on the illicit marketplace, in particular on disrupting the trade in 'high risk' commodities/services. The reasons for this are primarily related to the increasingly complex nature of the illicit marketplace. Persons involved in organised crime may often be involved with dealing in commodities from more than one market segment and form associations both within and between market segments. Furthermore, underpinning the entire market structure, irrespective of the commodity being traded, is the generation and conversion of 'dirty' money. Almost an industry in itself, the 'dirty' money market is an environment within which the line between legitimate and illegitimate business interests is often blurred.

Illicit drug trafficking and fraud, two 'high risk' commodities, are also two of the most significant generators of 'dirty' money. The ability to convert 'dirty' money is a critical factor that underpins the success of most organised crime. For example, the overriding motivation for any substantial involvement in the illicit drug market is financial gain. However, in order to enjoy the profits, criminals must find a method for legitimising their illicit proceeds. This is often done by investing the proceeds in real estate, making cash purchases of vehicles and other items of significant value, or investing in legitimate business activities. At other times proceeds are transferred off-shore. Increasingly, the transfer and/or conversion of proceeds of crime are facilitated by unethical professional advisors, who may also, from time to time, form part of the criminal network.

There is no doubt that organised crime, as defined by the *Crime Commission Act 1997*, is widespread and firmly entrenched in Queensland, with a particular concentration along the eastern seaboard. The organised criminal networks within Queensland tend to be fluid, opportunistic, loosely structured and overwhelmingly driven by greed.

The varying levels of complexity, and the diversity of the illicit marketplace, require that state law enforcement agencies adopt a cohesive strategic approach to the assessment and disruption of organised crime. Such an approach must be underpinned by a sound knowledge of market dynamics and their potential vulnerabilities, and a commitment to market disruption strategies that will produce long-term sustainable outcomes for law enforcement.

Project KRYSTAL makes the following public recommendations:

- 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.**
- 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.**
- 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.**
- 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.**

Chapter One

INTRODUCTION

Purpose

Project KRYSTAL was tasked with assessing the nature and extent of organised crime in Queensland, studying the environmental factors that have an impact on it, and determining the level of current and future risk associated with such activity.

The report of its findings:

- describes the current nature and extent of organised crime in Queensland;
- identifies intelligence gaps in relation to organised crime in Queensland;
- discusses external environmental factors that facilitate the development and sustainability of organised crime in Queensland;
- assesses the level of threat posed to the Queensland community by organised crime;
- recommends strategies for the ongoing monitoring and analysis of, and tactical responses to, organised crime in Queensland.

The project report is intended to generate discussion within and between law enforcement agencies in Queensland of the issues raised, and to responsibly inform a broader readership about these same issues.

Methodology

Data for the project were collected from a number of primary and secondary sources¹.

Primary data were obtained through consultations with key law enforcement and community stakeholders. These included the Australian Federal Police (AFP), the National Crime Authority (NCA), the Queensland Police Service (QPS), the Criminal Justice Commission (CJC), other state government agencies, tertiary institutions, and peak community groups.

Secondary data were obtained predominantly from national and state intelligence holdings, intelligence assessments and reports completed by various law enforcement agencies, statistical collections held by relevant agencies, and academic research and literature published on organised crime and related issues.

Data for an external environmental scan were drawn principally from recent research completed by the QPS and the Australian Bureau of Criminal Intelligence (ABCI).

The development of the risk assessment methodology² was based on relevant work already undertaken by agencies such as the AFP, ABCI, CJC, New South Wales Police Service Crime Agencies (NSWCA), the Office of Strategic Crime Assessments (OSCA), the Australian Security Intelligence Organization (ASIO) and the Australian and New Zealand Council of Standards.

Data collected in the course of this project were analysed in the context of two conceptual frameworks. First, the data were examined according to the traditional, predominantly ethnic/ethos based approach to organised crime. Then the same data were examined by reference to the commodity or core activity that formed the basis of the organised criminal enterprise within the illicit market for the particular good or service. The appropriateness and validity of both approaches were considered in the context of the contemporary law enforcement environment.

Data were then subjected to a risk assessment in accordance with a methodology selected and modified as part of the project. The risk assessment methodology was applied to determine the relative risk of various categories of organised crime to the Queensland community. The risk levels were then ranked and listed in priority order in the form of a risk matrix. This process also facilitated the identification of intelligence gaps in respect of particular aspects of illicit markets.

The analysis of data collected in the course of this project, together with the priorities established by application of the risk assessment methodology, provided the basis for developing a number of key strategic responses to the risks associated with organised crime in Queensland. These are presented in the form of recommendations for discussion and consideration by relevant law enforcement agencies.

Parameters

Organised crime is defined in legislation governing the activities of both the QCC and the QPS. Definitional issues are discussed in Chapter Two — however it is important to note that the relevant definitions are sufficiently broad to encompass a range of existing and emerging criminal activity. Therefore, it was necessary for Project KRYSTAL to outline parameters that focus on activities in well recognised illicit markets and that tend to exhibit a division of labour and diversification of interests characteristic of organised criminal enterprises.

This narrower scope is also based on the important distinction between organised crime — a network of criminals that operates very much in the manner of a legitimate business (i.e. the continuation of commerce by criminal means) — and a crime or series of crimes committed in an organised manner. The ‘organisation’ exhibited by the latter tends to be short-lived and is adequately dealt with by conventional methods of policing.

Project KRYSTAL also excludes from its assessment:

-
- all major crimes which, although sometimes committed by groups of persons in a manner consistent with the legislative definitions of organised crime, are in effect sub-categories of criminal activity normally targeted by specialist areas of law enforcement agencies. For example, murder is a major crime that is not considered to be organised crime unless it is a core part of the organised criminal activity, and its investigation is generally conventional policing agencies. Examples of major crime include armed robbery, sexual offences, kidnapping and murder.
 - offences against children, and the broader issues relating to paedophilia. These issues are being considered by the joint QPS/QCC Project AXIS and are therefore not considered in this report³.
 - illegal gambling and SP bookmaking. While these criminal activities have been a feature of the Queensland criminal environment for decades, legislative reforms and the introduction of extensive legal gambling outlets in Queensland have led to significant positive changes in these areas during the 1990s. Moreover, gambling has not been an integral part of organised crime in Queensland to the extent that it has in the United States.
 - Federal jurisdictional crimes such as illegal immigration, social security fraud and income tax evasion. This report does not give detailed consideration to offences falling substantially within the legislative framework of Commonwealth agencies. The relevant Commonwealth agencies are far better placed to comment on trends in these areas.
 - theft of intellectual property, patent and copyright infringements, environmental crime and industrial espionage. This is because some of these topics relate to Federal jurisdictional issues; are so complex they require more detailed analysis than can be provided in this report; and in a number of cases, because of the vexed legal issues surrounding these criminal activities.

Overview of Chapters

Chapter Two discusses the relevant legislative definitions of organised crime, public perceptions of such crime and how these perceptions differ from law enforcement's knowledge of organised crime in Queensland. It discusses the traditional approach to organised crime, which was very much influenced by community concern about the potential impact of overseas crime groups in Queensland, and how law enforcement agencies responded to these concerns.

Chapter Two concludes that the existence of a rapidly changing criminal environment underlines the need for a flexible and integrated approach to the analysis and targeting of organised crime in Queensland. Such an approach needs to incorporate the analysis of organised crime identities and networks, an assessment of the illicit markets within which they operate, and an assessment of the risks emanating from these activities.

Chapter Three considers the external environment, and emerging trends, that affect the capacity of law enforcement agencies in Queensland to deal with risks to the community emanating from organised crime. Consideration is also given to factors such as Queensland's geography, demography and socio-economic profile that may also provide opportunities for organised crime.

Chapter Three concludes that dynamic local and global environmental factors have the potential to have a significant impact on organised crime trends in Queensland and should be monitored on an ongoing basis. Their impact should be appropriately factored into the development and implementation of strategies aimed at dealing with organised crime issues.

Chapter Four examines the origins of the traditional — ethnic/ethos based — assessments of organised crime in Queensland, which resulted in the establishment of specialist law enforcement agencies to help develop a more integrated, coordinated and cooperative approach to the investigation of organised crime.

The limitations of the traditional approach to organised crime are discussed. It is also acknowledged that the focus on the ethnicity and/or ethos of alleged organised crime groups provided a useful starting point for law enforcement to examine the nature of organised crime in Australia.

Chapter Four also provides a summary of information currently held about the activities of known organised crime groups operating in Queensland and the illicit goods and services in which they trade. Attention is given to critical associations within and between market segments, leading to the conclusion that a continued focus on ethnicity/ethos without regard to the context in which these groups operate will not provide a complete picture of organised crime in Queensland.

Chapter Five outlines the Risk Assessment Matrix (RAM) that was used during this project to determine the risk to the Queensland community from specific categories of organised crime. The matrix combines elements of other risk assessment models, in particular the ASIO Security Risk Matrix, into a model of best practice for Queensland.

Chapter Six examines the illicit drugs market in Queensland. The dynamics of each major market segment — heroin, cannabis, amphetamine and cocaine — are examined and the RAM methodology is applied to determine a risk rating for each commodity. Other drug related issues are also explored in this chapter.

The overview of major commodities traded in the illicit drugs market in Queensland highlights several market characteristics that have significant implications for state law enforcement agencies. These include the diversity of market participants and the differing levels and extent of organised activity within the market, the increase in poly-drug use, and the position of Queensland in the illicit drug market as a predominantly consumer state.

Chapter Six also looks at the impact of current market disruption strategies. It concludes that greater knowledge of how the markets heroin and other illicit drugs operate is required to develop a cohesive strategic and operational focus that can respond appropriately to the nature of the illicit drug market in Queensland.

Chapter Seven applies the RAM methodology to other commodities and services traded in the illicit marketplace — stolen property, wildlife, and prostitution. It also examines what is currently known about the nature of ‘financial crime’ — fraud and money laundering — and, in particular, how they underpin the markets for illicit goods and services in Queensland.

Chapter Seven emphasises the need to erode the financial base of drug traffickers, and others involved in organised criminal activity, as an integral part of law enforcement’s attack on organised crime. It suggests a strategic approach that concentrates on following the money and property transactions away from their underground roots and back towards those behind them, i.e. the organisers and financiers of criminal enterprises and their professional advisers.

Chapter Eight draws on the synthesis of the traditional law enforcement approach to organised crime and the newer market based approach, and the outcomes of applying the RAM methodology to specific illicit market segments. There is discussion of strategic responses that can be developed on the basis of this methodology to address high risk categories of organised crime in Queensland. Consideration is also given to some of the current constraints on law enforcement efforts.

Chapter Nine concludes that organised crime, as defined by the Crime Commission Act, is widespread and firmly entrenched in Queensland. While there is no evidence to suggest the existence of one or more principals of organised crime in Queensland, there are a large number of professional criminal entrepreneurs, opportunistic individuals, and groups of individuals, operating at varying levels of complexity within a diverse illicit marketplace.

The chapter also indicates the value of intelligence holdings and other studies to generate a ‘snapshot’ of the activities of organised criminal entities in Queensland, and of the associated risks.

This chapter concludes with a number of recommendations that flow from the findings of the report. Additional operational recommendations are being considered for implementation, however, due to the sensitive nature of these initiatives, details have been omitted from this report.

Chapter Two

DEFINING ORGANISED CRIME

Two state and two national law enforcement agencies (the QPS and QCC, and the NCA and AFP, respectively) have distinct but complementary responsibility for the investigation of organised criminal activity within Queensland.

The *Police Powers and Responsibilities Act 1997*, which governs the activities of QPS officers, defines organised crime as:

‘an ongoing criminal enterprise to commit serious indictable offences in a systematic way involving a number of people and substantial planning and organisation’⁴.

Serious indictable offences are defined under the *Police Powers and Responsibilities Act* as indictable offences involving:

- serious risk to, or actual loss of, a person’s life;
- serious risk of, or actual, serious injury to a person;
- serious damage to property in circumstances endangering the safety of any person;
- serious fraud;
- serious loss of revenue to the State;
- official corruption;
- serious theft;
- money laundering;
- conduct related to prostitution or SP bookmaking;
- child abuse, including child pornography;
- a drug offence punishable by at least 20 years imprisonment.

The *Crime Commission Act* characterises organised crime as criminal activity involving:

‘indictable offences punishable upon conviction by a term of imprisonment of not less than seven years, two or more persons, substantial planning and organisation or systematic and continuing activity, and a purpose to obtain profit, gain, power or influence’⁵.

The *Crime Commission* legislation specifically acknowledges that organised crime has a purpose to obtain profit, gain, power or influence.

The *National Crime Authority Act 1984* (Cwlth) does not define organised crime, although the NCA’s mission statement refers specifically to it. Instead, this Act refers to ‘relevant criminal activity’ involving two or more offenders, substantial planning and organisation, and the use of sophisticated methods and techniques. It also notes that these

offences are ordinarily committed in conjunction with other offences such as theft, fraud, tax evasion and illegal drug dealing⁶.

The AFP adopts its working definition of organised crime from the NCA definition of ‘relevant criminal activity’ contained in the National Crime Authority Act⁷.

Although there are similarities between the definitions of organised crime used by these law enforcement agencies, there are also many variances. A common thread is that the definitions are sufficiently broad to easily encompass a range of criminal activities that the general public would not ordinarily perceive to be organised crime, such as fraud and money laundering, and the illicit trade in native flora and fauna.

The traditional image of organised crime is of a hierarchically controlled, tightly structured, secretive, and extremely disciplined group of criminals dedicated to their ‘crime boss’ and his organisation. Headlines such as ‘Biker wars to control drug territory’ nurture the perception of the domination of a crime market by particular groups. These perceptions are further reinforced by comparisons that are frequently drawn between events in Australia and the activities of entities such as the Italian crime families or Mafia in the United States, in which a ‘Don’ or ‘Godfather’ exists at the head of a highly stratified organisation. Similar perceptions have been expressed about the potential infiltration into Australia of Asian crime groups such as the Japanese Yakuza and Chinese Triads. Another, more recent, point of popular reference has been the ‘Colombian Cocaine Syndicates’, whose widely reported wealth and employment capacity are alleged to outstrip those of the legitimate government of Colombia. Regardless of the realities, characteristics associated with overseas criminal organisations such as these are sometimes depicted as possible future scenarios for Queensland.

The public perception of organised crime has largely been influenced by popular movie productions, television series and media reporting. The incorrect assumption that any organised criminal activity in Australia is attributable to foreign organisations and/or to persons who have non-Anglo-Saxon backgrounds also sits comfortably alongside the popular self-delusive perception that organised crime is an ‘un-Australian’ activity.

The reality of organised crime is quite different, and it is the role of law enforcement agencies to provide accurate information to their primary client — the public — about the true nature of organised criminal activity within the community. Concurrently, they must provide timely and reliable advice to government on how it can most effectively respond to organised crime. An important question for law enforcement agencies in Queensland, therefore, relates to the nature and extent of the threat posed to the people of Queensland by organised criminal activity.

Certainly the ethnicity of persons involved in organised crime may have a bearing on how crime is committed. It may be reflected in the way criminals corrupt legitimate systems by illegitimate means, and in their decisions about modes of transport, involvement of others, or the transfer and banking of money and valuables. The offenders’ ethnicity, however, is only one of many factors with an impact on how crime

is organised in this state. Other relevant factors include their social skills, life experiences, previous employment, associations and past criminal activity.

Notwithstanding these factors, a motivating factor and primary objective will almost always be to generate wealth. There are undoubtedly a small number of criminals who adopt the philosophy of ‘playing the game for the game’s sake’, but the overwhelming majority of criminals engage in organised crime for private gain and/or, at a more sophisticated level, as an entrepreneurial pursuit akin to a legitimate business. This is the critical distinction between the public perception of organised crime and the picture of organised crime developed by law enforcement agencies in Queensland.

A defining feature of overseas organised crime groups is that they exist in countries, or within communities, that grudgingly accept, are complacent to, or welcome their existence. These organised crime groups develop and operate within communities made up of persons of similar background, understanding and outlook. The crime groups exploit these commonalities to facilitate the corruption of the legitimate systems within the community, and in some cases the country, to their unlawful advantage. Such complex dynamics do not exist in and would be difficult to import into the culturally diverse and geographically dispersed State of Queensland, which has well-developed institutions hostile to such activity.

The more probable scenario that is of a loosely associated and fluid criminal ‘milieu’ of persons from a variety of backgrounds answering primarily to their individual greed.

In 1964, American Federal Bureau of Investigation agent J. T. Cusack, reported *inter alia* that a secret society of Calabrian origin, the *N’drangheta*, existed in New South Wales, Victoria, Queensland and South Australia. Agent Cusack warned that if this society was left unchecked, it was capable of diversifying into all aspects of organised crime.

In the three and a half decades since agent Cusack first proposed this theory, no conclusive proof of the existence of a centrally controlled secret organisation in Australia has been uncovered. Law enforcement investigations over the past 35 years show that Cusack’s conclusion was incorrect and that indicators developed in an American context were incongruously applied to the Australian environment.

There is compelling evidence that the organised criminal environment in Queensland is comprised of a diversity of loosely associated participants. A recent project undertaken by the QPS on the dynamics of the heroin market in Queensland concluded: ‘as with legitimate enterprises conducting business in a highly turbulent environment, illegitimate enterprises in the heroin industry are decentralised, small in size, extremely flexible and able to respond quickly to market forces ... Enterprises are extremely fluid, have little hierarchy and are able to change remarkably in an extremely short period of time. This makes law enforcement’s ability to disrupt organisation [sic] and networks extremely difficult to achieve’⁸.

The rapidly changing nature of the criminal environment underlines the need for a flexible and integrated approach to the analysis and targeting of organised crime in Queensland. Such an approach is designed to provide a more comprehensive picture of the organised criminal environment by complementing the analysis of organised crime identities and networks with an assessment of the illicit markets within which they operate. Integral to this approach is constant reassessment of the risks emanating from organised crime, identification and development of appropriate responses to criminal associations across illicit market segments operating within and outside of Queensland, and the effective targeting, based on the best available intelligence, of organised criminal activities that have a direct impact on the Queensland community.

Chapter Three

ENVIRONMENTAL FACTORS⁹

Importance of the global context

International developments such as the deregulation of financial markets, the globalisation of the international economy, rapidly developing technology, dramatic improvements in global communications, changes in international trade agreements and alliances and the establishment of 'open border' arrangements have individually and collectively created opportunities for criminal activity, particularly organised crime.

Organised crime is being increasingly viewed as the 'business of crime' operating within a global marketplace and thriving on demand for illicit goods and services. The trend towards deregulation of financial systems and the removal of border controls between a number of developed countries is facilitating criminal activity, as the movement of products and funds becomes easier¹⁰. Challenges will arise as criminally minded persons in the commercial sector seek to take advantage of these changing conditions.

The interdependence of the global economy creates new security dilemmas for states as the health of a nation's economy is increasingly not in its own hands alone, but is inextricably linked to the welfare of other nations. Thus, it is assumed that most organised criminal enterprises are inherently economic in nature, the threat posed by organised crime takes on new dimensions in this increasingly economically inter-dependent world.

Australia is part of the global marketplace, and it is in this context that the existence of illicit business markets, and the potential for others to be established and maintained here, cannot be ignored. Australia is clearly a market for illicit goods and services trafficked across our border — for example, Australia is a market for commodities such as illicit drugs and services such as money laundering.

A significant problem faced by law enforcement is that it operates within jurisdictional boundaries, while criminal enterprises are not restricted to jurisdictions and often operate internationally. In order to adapt effectively to this environment, law enforcement needs to adopt an integrated approach facilitated through cooperative alliances, joint task forces and greatly expanded inter-jurisdictional trust and interaction¹¹.

Impact of technological change

Electronic media, mobile telephones, fax machines, pagers, the Internet, personal computers, electronic diaries, encryption technology, aviation, international electronic financial systems, photocopiers and scanners all facilitate a variety of interactions across national borders.

Rapid advances in technology, particularly in the field of information technology, have to a large extent been market driven. Legitimate businesses have used these innovations to gain a competitive advantage, increase market share and create new markets for their products and services. These technologies have also found ready and willing users among the criminal fraternity, particularly those involved in organised criminal activities, whose purpose is similar, albeit in an illicit marketplace.

The Internet is a major tool for communication, exchange of information, data collection, and video conferencing. Encryption and advanced communication systems allow the transmission of coded messages that are almost impenetrable to law enforcement. The transmission of information in a secure environment is also assisted by the introduction of digital cellular mobile phones and ‘subscriber identification module’ (SIM) cards. There has been widespread acceptance of new payment technologies like the use of credit cards over the Internet, and the advent of stored value or ‘smart’ cards that provide anonymous cash-like transactions.

Information technology is increasingly being used as a tool for financial and other crimes. The international nature of this form of communication poses a major inter-jurisdictional challenge for law enforcement, particularly in relation to the policing of fraud offences over the Internet. Growing global trends towards electronic commerce on the Internet have seen large volumes of financial processing occurring internationally from one banking institution to another. One of the vulnerabilities associated with this process is that banking data can be intercepted and funds transferred into an account designated by a person other than the one whose account it is. Given the lack of security, the protective mask of anonymity and the inter-jurisdictional nature of these systems, criminals seeking to infiltrate them face minimal risk of detection.

Hackers and criminally minded information technology professionals have the potential to pose a significant threat to financial systems, strategic public utilities and databases.

The impact of new technology generally can be perceived as a double-edged sword. On one hand it has the potential to significantly enhance the efficiency and effectiveness of police operations and investigations. Conversely, technology creates increased opportunities for flexibility and obscurity in crime. Governments have yet to comprehensively deal with the issue of control over the material available via the Internet. In 1996, the United Nations Educational, Scientific and Cultural Organization called for a summit to draft globally acceptable ‘laws’ of cyber-space that would clearly outline jurisdictional rights when transmissions cross national boundaries¹².

Increasing criminal exploitation of technology will challenge law enforcement in some of the following ways:

- the capacity of government to regulate use or require providers to bear some of the burden for enforcement;

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- training to produce officers capable of investigating technologically sophisticated crimes;
 - changes required to the laws of evidence to enable greater use of sophisticated technology by police in the collection and presentation of evidence. A shift in the standard of proof may even be required.

The challenge for policing is to devise ways of detecting criminal use of information technology, while at the same time protecting law enforcement information systems.

Queensland context

GEOGRAPHY

A significant problem for Queensland law enforcement agencies is the state's extensive coastline, which stretches for 7 400 kilometres (including islands) and is a popular destination and transit route for commercial shipping, itinerant small craft and other recreational vessels.

The proximity of Papua New Guinea (PNG) to islands in the Torres Strait facilitates interaction with PNG that sometimes includes illegal activity. Queensland's long coastline, and the relative difficulty of policing its northern waters, are of great significance in relation to the illegal movement of people or goods across the national border. For example, the coast of PNG is less than 5 km (2.69 nautical miles) from the islands of Cuann, Boigu and Saibai in the Top Western Group. The isolation of this location provides opportunities for illegal activities such as the importation of drugs and illegal entry into Australia.

Queensland's climate is also conducive to the cultivation of cannabis. The bio-diversity and ecological isolation of Australia have produced native fauna and flora not found elsewhere in the world, resulting in significant legal and illegal international trade in Australian native species.

DEMOGRAPHICS

Queensland's population is growing faster than that of any other Australian State, due in particular to interstate migration. At present Queensland accounts for 18.2% of Australia's total population, and is the third most populous state after New South Wales (33.9%) and Victoria (24.9%). It also has the most dispersed population, with its population spread across a number of major centres and rural areas. However, there is an increasingly high concentration of the population in the south east corner of the State: approximately 64% of the population resides within the Gold Coast, Sunshine Coast and Brisbane statistical divisions¹³.

The most recent estimate of the resident population of Queensland is 3 401 232, with an average annual increase of around 75 500 persons, or 2.4% per annum since 1991¹⁴. The

south east corner accounted for 77.0% of the state's population growth between 1991 and 1996.

Queensland is also a popular tourist destination, recording the largest proportion of interstate and overseas visitors in Australia at the time of the 1996 national population census.

While Queensland's population has historically been relatively young, interstate migration and the general ageing of the Australian population has meant that Queensland's demographic profile has shifted increasingly towards the national profile. In 1996, persons aged 65 years and over accounted for 11.2% of Queensland's estimated resident population.

The significant growth in Queensland's population and the constant flow of large numbers of people into and out of the state are characteristics that can offer both opportunities and threats to organised criminal activity. The transience of Queensland's population, particularly in tourism centres such as the Gold Coast and Cairns region, can provide the anonymity and high volume people traffic that are conducive to some forms of drug trafficking. Regular movement in and out of the state may be a factor exploited by traffickers in a variety of illicit goods and services. On the other hand, the diversity of Queensland's population may also offer valuable protection against the local establishment and entrenchment of overseas based crime groups.

SOCIO-ECONOMIC ISSUES

A number of socio-economic factors may provide increased opportunities for organised crime in Queensland, including:

- the transient nature of the population of many communities within Queensland, particularly major tourism centres along the eastern coast.

People, including criminals, are able to live and work in these communities with relative anonymity. Such communities tend to attract people who enjoy an affluent lifestyle, which in turn attracts certain criminal types who will systematically prey on them.

- social factors related to the labour market, such as unemployment and reduced earnings as a result of economic downturn.

These factors have the potential to create conditions conducive to involvement in crime, or the exploitation of people for criminal purposes.

- the increasing involvement of young people in major, violent and organised crime.

At present, most known offenders are aged less than 25 years.

LEGAL ISSUES

A number of legislative issues restrict the ability of Queensland law enforcement agencies to effectively combat organised criminal activity, including:

- Queensland law enforcement agencies currently do not have the power to intercept telecommunications under the *Telecommunications (Interception) Act 1979* (Cwlth) due to the absence of complementary state legislation. Law enforcement agencies in all other states except Tasmania possess this power in relation to organised crime investigations. Telephone interception capabilities are essential to the effective disruption of organised crime and are more selective and less intrusive than the listening device capability currently available to Queensland law enforcement agencies.
- Covert operations in Queensland targeting identities allegedly involved in organised criminal activity are fraught with difficulty. This is due to the absence in Queensland of controlled operations legislation similar to that now operating at Commonwealth level and in New South Wales and South Australia, that obviates the difficulties created by the 1995 High Court decision in *The Queen v Ridgeway*¹⁵. In the absence of such legislation, pursuant to which covert police operatives and civilian operatives can be authorised to participate in certain unlawful activities, prosecutions arising from such investigations are at risk of failure as a result of judicial exclusion of evidence obtained through operatives engaging in unlawful activities.
- The economic viability of organised criminal activity in Queensland would be significantly reduced by the introduction of a civil confiscation scheme, similar to that now operating in New South Wales with considerable success. Such a scheme would complement the existing criminal confiscation scheme provided for under the *Crimes (Confiscation of Profits) Act 1989* (Qld). It would make possible the restraint of the assets of a person suspected, on reasonable grounds, of being engaged in 'serious criminal activity' during a specified period. Confiscation of that person's assets can be triggered if the Supreme Court finds, on the balance of probabilities, that the person has engaged in serious criminal activity within the specified period unless that person demonstrates that such assets were not derived from criminal activity. In short, civil confiscation can occur in the absence of any criminal conviction, or even prosecution, and once the 'trigger' is activated the onus is upon the individual concerned to demonstrate that his or her assets were lawfully acquired.
- The introduction of witness anonymity legislation, similar to that now operating in New Zealand, would enable covert police operatives and civilian informants to give evidence under assumed identities. This would facilitate the investigation and prosecution of organised crime matters that currently cannot proceed to a successful outcome due to fears of reprisal on the part of key witnesses.
- Limitations in both the wording and practical application of the legislation and protocols applying to telecommunications carriers, service providers and financial institutions are causing problems for law enforcement agencies in their investigation

of organised crime. One such problem relates to prepaid SIM cards, which are regularly being sold to persons who are supplying false names and addresses. Similarly, criminals are also obtaining credit cards and opening bank accounts in false names, circumventing the specific legislative requirements. Law enforcement agencies need to lobby government and watchdog agencies to ensure that the scope for these practices is minimised, desirably through tighter legislative requirements. Representations need to be made directly to the relevant corporation when transgressions come to notice.

FUTURE EVENTS

It is expected that the Sydney Olympic Games will have a significant short to medium term effect on Queensland.

Many international teams will be training in Queensland, the Olympic torch relay will pass through a significant proportion of the State, and some of the Olympic soccer games will be held in Brisbane.

The Atlanta Olympic experience provides some useful clues to the potential for organised crime during, and in the lead-up to, the Games. Possible scenarios include the increased availability and stockpiling of particular illicit substances; reduced availability of drugs for local users (as dealers stockpile supplies in the hope of obtaining higher profits from more affluent tourists); the introduction of new drugs that may be in demand by tourists; and admission ticket and credit card fraud.

For Queensland, the impacts of such organised criminal activities may be prolonged by the fact that the state is also hosting the 2001 Goodwill Games.

Dynamic local and global environmental factors have the potential to have a significant impact on organised crime trends in Queensland. In order to effectively respond to these sources of threat, the risk of organised crime to the Queensland community should be continuously monitored and law enforcement attention focused, proactively if possible, on the development and implementation of locally responsive strategies.

Chapter Four

ETHNIC/ETHOS¹⁶ BASED ASSESSMENT

The traditional approach to investigating organised crime in Australia originated in the 1960s, when the Victorian Government commissioned J. T. Cusack to study and report on a series of murders and attempted murders at the Queen Victoria Produce Markets in Melbourne. Cusack's report highlighted the potential of the N'drangheta to diversify its organised criminal activities, and link with like groups operating in Italy and the United States¹⁷.

Cusack's report reflected a prevailing belief that there was a real danger of overseas organised crime groups infiltrating Australia. This belief raised the consciousness of law enforcement agencies to the potential risk to the local community of organised crime, at a time when several Royal Commissions, from 1973 to 1983¹⁸, were examining this and related issues. These deliberations shaped the responses adopted by Australian law enforcement agencies to the threat of organised crime. Concerns raised during the inquiries regarding the capacity and ability of established law enforcement agencies to effectively respond to the growing threat of organised crime resulted in the establishment of specialist agencies at national and state levels. These agencies were intended to help develop a more integrated, coordinated and cooperative approach towards investigating organised crime.

Most of the inquiries in question dealt with organised criminal activities not associated with a particular ethno/ethos-specific crime group. Nevertheless, law enforcement efforts continued to focus on the assessment of group methodologies in response to prevailing community concerns about the activities of known organised crime groups overseas with alleged links to criminal activity in Australia. It was thought that by learning more about how such groups networked, planned, organised and undertook their activities, law enforcement agencies would be better equipped to respond.

In 1994, the *Report of the Review of Commonwealth Law Enforcement Arrangements*¹⁹ identified eleven groups involved in alleged organised criminal activity within Australia. Its impact on the work of the NCA, in particular, was to define the NCA's areas of focus through a 'menu' of work. Fortunately, law enforcement's focus on the ethnicity and/or ethos of alleged organised crime groups has had the positive side-effect of dispelling many of the myths that were gaining prominence in the 1960s and 1970s concerning the nature of Australian organised crime.

The balance of this chapter provides a summary of current intelligence held about the activities of organised crime groups operating within Queensland and the illicit goods and services in which they trade. It indicates that there are critical associations within and between market segments; however, a continued focus on ethnicity/ethos in isolation from the context in which these individuals and groups operate will not provide a complete picture of the dynamics of illicit markets.

South East Asian Organised Crime (SEAOC)

For the purpose of Project KRYSTAL, SEAOC has been defined as a systematic and continuing conspiracy to commit serious offences undertaken by a group of people where either the whole or a dominant component of that group is South East Asian–Australian. The involvement of SEAOC groups in a diverse range of criminal activities including drug trafficking, illegal gambling, prostitution, extortion, credit card and social security fraud, property offences, and money laundering has been confirmed by law enforcement agencies.

In Queensland, the focus of law enforcement efforts for much of the 1990s has been on the investigation of persons involved in heroin trafficking. While these investigations have not been restricted to persons of South East Asian (SEA) origin, a significant proportion have targeted SEAOC identities since law enforcement agencies noted a tangible SEAOC presence in the heroin market in south east Queensland.

SEAOC activity in south east Queensland, where most heroin trafficking activity is centred, has been characterised by a reliance on close-knit family oriented distribution networks which often undertake the entire operation down to street level. Members of the Vietnamese community who engaged in organised crime initially appeared to do so within a traditional strong hierarchical family structure, with young members expected to do whatever was deemed necessary to improve the family's economic and social standing. However, recent indications are that the family structure is becoming a less significant feature of some SEAOC activities as members, particularly the young, integrate into Australian society. SEAOC distributors will, and regularly do, supply drugs to Caucasian dealers and dealers from other ethnic backgrounds, on a business basis provided a relationship of trust has been established.

Recent expansion of SEAOC activity to far north Queensland has seen both street level dealers of Vietnamese origin being supported by local Vietnamese households, and the recruitment of Caucasian dealers to supplement a paucity of potential SEA participants.

Trusted family and community networks continue to play a critical role in the laundering of proceeds of crime. SEAOC group members use a number of laundering techniques. These have included the establishment of legitimate small businesses through which they launder money; manipulation of trading figures and the payment of higher tax in order to justify illicit funds; transfer of money overseas through a network of local and overseas shop owners; currency conversion; and the use of traditional banking systems such as Hui. The Australian Transaction Reports and Analysis Centre (AUSTRAC) estimates that \$655 million was sent out of Australia to SEA drug producing countries during 1995. While it is difficult to determine the proportion derived from legitimate activities with any degree of certainty, it is reasonable to conclude that much of this money originated from illegitimate activities such as heroin trafficking.

A disturbing aspect of SEAOC is the use of intimidation to support its activities. Anecdotal information suggests that intimidation is prevalent within SEA communities

but is rarely reported by victims due *inter alia* to fear of reprisal. Numerous assessments of SEAOC activity refer to the alleged use of threats and intimidation to discourage any form of disloyalty to the family or network, and to the extortion of money from legitimate business owners to support criminal enterprises. The ‘benefits’ of promoting this fear factor may also explain why many individuals involved in SEAOC activity claim affiliations with various Triad groupings. Triad membership, although existent, does not appear to be a prerequisite for involvement in SEAOC activity. However, the SEA community is steeped in a traditional fear of Triads and the use of implied threats and exploitation, on the basis of such cultural traditions, may be an effective mechanism to ensure necessary community support for various criminal enterprises.

A recent review of SEAOC activities in Queensland concluded that ethnicity does not appear to be a factor in the overall rates of crime in the general community. However, the collective intelligence of local law enforcement agencies suggests that SEAOC members are heavily involved in heroin trafficking in Queensland, and their distribution networks continue to be based on contacts and trust, predominantly provided by shared ethnicity.

Romanian Organised Crime (ROC)

ROC identities came to the attention of law enforcement authorities in Queensland largely due to their involvement in drug trafficking, predominantly involving heroin (but also amphetamine and cannabis) supplied by Asian and Romanian associates in Sydney and Melbourne and distributed throughout south east Queensland. ROC activity involved both individual operators and loosely connected networks with a significant presence in the south east Queensland heroin market at least until 1993, when law enforcement action disrupted a number of networks and other participants, such as SEAOC networks, gained significant market share.

ROC identities continue to be involved in heroin distribution in south east Queensland and continue to be supplied by SEAOC distribution networks, predominantly Vietnamese.

Detailed assessments of ROC activities also indicated their involvement in a wider range of criminal activities including organised car theft, organised shoplifting, fraud, weapons offences, illegal gambling, prostitution, and crimes of violence. In Queensland, ROC identities were significantly involved in a motor vehicle conversion enterprise in the mid-1990s.

ROC activity is facilitated, and risks of infiltration are reduced, by the shared culture and language of the participants; however, association with persons of other European origin, usually from countries in the Balkan region, is not unusual. Although only loosely structured, ROC networks have been observed to assign different levels of influence or power to members according to, for example, their ability to secure heroin supply. These structures, however, are not permanent and members will often switch roles with ease. The associations tend to be motivated more by the mutual benefit to be derived from the particular criminal enterprise than by loyalty.

ROC identities rarely show outward signs of wealth. Proceeds from heroin trafficking are laundered by depositing proceeds into credit card accounts, making international cash transfers, and importing and selling gemstones.

ROC identities continue to participate in the heroin market, particularly as distributors, and in the suspected laundering of proceeds of crime overseas.

Italian Organised Crime (IOC)

Criminals of Italian origin involved in organised crime have come to the attention of law enforcement authorities in Queensland mainly because of their involvement in the production and distribution of cannabis.

In the early 1990s, northern Queensland centres such as Townsville and Ingham received priority law enforcement attention, on the basis of criminal intelligence about IOC activity and the favourable climatic and horticultural conditions for the production of cannabis in these areas.

The common perception of IOC identities and groups as highly organised and secretive was fuelled by their alleged association with Italian Mafia (or N'drangheta) organisations throughout the world. There has been no evidence to confirm such links in Queensland. Criminal activity by persons of Italian origin in northern Queensland was assessed to be more cellular, with interaction between individuals and groups occurring on a social as well as criminal basis. Alleged IOC groups are not always ethno-specific; often they represent groups of like minded persons from diverse origins engaged in criminal activities aimed at accumulating wealth.

Nevertheless, individuals and groups of criminals of Italian origin operating in Queensland have been recognised for their sophistication and organisation, making extensive use of well developed and longstanding family and business networks within Queensland and interstate. Some groups have exhibited family continuity in the production and distribution of cannabis; however, there are also strong indications that the traditional family structure is breaking down as younger generations become more integrated into mainstream society.

Money laundering practices observed include extensive use of cash for purchases (air fares, motel bookings, car hire, new vehicles, gambling), and the use of 'money minders' (usually family) in Australia and overseas.

IOC identities do not have a monopoly on the production of cannabis, nor was this ever the case in Queensland. Other participants in this increasingly diverse market include members/associates of Outlaw Motor Cycle Gangs (OMCGs), small family groups and individuals.

It is highly unlikely, due to the continued demand for cannabis, that the involvement of criminal identities of Italian origin, as well as other individuals and groups in this market segment, will decline markedly or cease in the foreseeable future.

Japanese Organised Crime (JOC)

National and Queensland strategic assessments and tactical operations targeting alleged members or associates of the Boryokudan (also referred to as Yakuza) have found no evidence to support allegations of organised criminal activity by this entity in Queensland. There have been some reports suggesting that individuals alleged to be Boryokudan, or associates of Boryokudan, have engaged in criminal activity in Queensland but the reports have pointed to opportunistic rather than organised activity.

Law enforcement authorities in Queensland began focusing on JOC due to increases in Japanese visitation and migration and the establishment of legitimate Japanese businesses in the late 1980s, particularly on the Gold Coast. A similar trend in Hawaii in the 1970s was accompanied by a corresponding expansion of JOC activity. Local law enforcement authorities were alert to the potential for this phenomenon to occur in Queensland, particularly in tourist areas such as the Gold Coast and the Cairns region.

Preliminary reports concluded that it was unlikely that the Boryokudan could establish itself in Queensland in the way it had in Hawaii, as social, cultural, political and law enforcement/regulatory structures in the two locations differed significantly. Hence, it was assessed that drawing parallels between the two locations would not assist in a better understanding of the potential for JOC activity in Queensland.

Despite suspicions and allegations of JOC involvement in fraud, drug trafficking, prostitution and extortion, no evidence of structured JOC activity has been reported in Queensland. Investment of the proceeds of crime generated by overseas JOC activities in Queensland is assessed to be a more significant issue. While there is no indication that this type of investment (if it has occurred at all) has had negative consequences for Australia in terms of corruption, or of distortion of trade or financial markets, it has been identified as the most significant threat posed by JOC to Australia.

The Asian financial crisis and the economic downturn in Japan are likely to have limited the capacity of JOC to establish a significant presence in Queensland.

Russian Organised Crime (RUOC)

The presence of members/associates of RUOC groups in Australia is an emerging trend.

Information currently available at a national level does not support the view that organised crime involving persons from the former Soviet Union is a serious or extensive problem. According to current assessments the threat posed to Australia by externally based members of RUOC groups, in the form of fraud against financial institutions, remains relatively low.

However, there is potential for opportunistic criminal activity by RUOC identities in Queensland, particularly on the Gold Coast. In 1997, several offenders with links to RUOC groups were arrested on the Gold Coast on fraud related charges and for extortion involving members of the local Russian community. Despite the isolated nature of this incident, it serves to highlight three key points of interest: the threat was initiated off-shore, local residents of the same ethnic origin were targeted as victims, and the offenders appeared to be operating on their own initiative rather than as part of an organised crime network.

Colombian Cocaine Syndicates (CCS)

South American and United States nationals are major importers of cocaine to Australia, obtaining the product directly from their overseas networks. CCS activities in Australia have been limited in both scale and geographic spread, and have been restricted predominantly to New South Wales. They have limited interstate links, with only small numbers of Colombian criminals identified in Victoria and Queensland.

CCS identities in Australia have played a significant role in the importation of cocaine but rarely involve themselves with distribution at the street level. They operate as part of a loose network with no discernible hierarchy. The local groups include émigrés from other South American countries and local criminals, although some tightly knit cells have been detected.

There is a trend towards larger importations of cocaine, despite Australia's relative remoteness and its small market size, most likely due to cocaine's increasing popularity with both injecting and non-injecting users.

While cocaine trafficking has been detected in Queensland, predominantly on the Gold and Sunshine Coasts and in the Brisbane and Cairns areas, the extent of this activity is unclear. It would appear that cocaine trafficking is far less extensive than, for example, heroin trafficking, and is limited to servicing what has traditionally been a niche market predominantly made up of users in 'professional' occupations.

As with other illicit drug markets, there would appear to be a variety of participants in the cocaine market in Queensland and the Colombians do not enjoy a monopoly position. A Colombian presence (albeit minor) has been noted in the Brisbane heroin market.

Lebanese–Arabic Organised Crime (LAOC)

LAOC identities have been involved in a diverse range of criminal activities including drug trafficking, evasion of tobacco excise and money laundering. Although occurring predominantly in New South Wales, LAOC activity has also been detected in Victoria, Queensland and South Australia.

LAOC groups are generally structured around a Lebanese family or extended family network. There are a number of interstate connections between individual LAOC

identities, but there is no evidence of significant and persistent interstate links between networks, or of links that involve significant levels of interstate criminal activity.

LAOC activity in Queensland has traditionally been centred in South Brisbane, on the Gold Coast and in Cairns. Those involved in drug distribution appear to rely on Sydney links for supplies, and is relatively minor. There have also been some indications of LAOC involvement in the theft and re-identification of stolen motor vehicles, again on a minor scale, and characterised by a dependence on interstate connections for the movement of stolen vehicles.

It has been recognised in national assessments that LAOC identities/groups have the potential to expand their activities, particularly in drug distribution. However, the relatively minor extent of their activities, particularly in Queensland, does not identify them as a current threat of any significance to the community.

Outlaw Motor Cycle Gangs (OMCGs)

It has long been believed within the law enforcement community that OMCGs engage in a diverse range of organised criminal activities as a group. Numerous national and State intelligence assessments conducted during the past decade have supported this notion.

With few exceptions, a review of significant national and state assessments of the alleged criminal activities of OMCGs indicates that what has, in fact, been brought to light are the criminal activities of individual members of OMCGs rather than the activities of the group as a whole. In other words, the assessments suggest that OMCG memberships include individual criminals and not that OMCGs commit offences as a criminal group.

The involvement of OMCG members in criminal activities is beyond doubt or dispute. Many of the senior members of OMCGs currently active in Queensland are aged in their forties and fifties and have been previously convicted of serious criminal offences. There is significant evidence to substantiate the involvement of individual OMCG members in the production and distribution of amphetamine, cannabis production and distribution, cocaine distribution, heroin distribution, and the distribution of lysergic acid diethylamide (LSD) and methylenedioxymethylamphetamine (MDMA or 'ecstasy'). There are also established links between OMCG members and firearms offences, murder, prostitution and the theft of cars and Harley Davidson motorcycles.

There are confirmed associations between OMCG members and other criminals, and criminal groups, involved in like criminal activities. OMCG members have been known to sub-contract activities that form part of a core criminal activity to non-OMCG members, for example the purchasing of precursor chemicals used in the production of amphetamine, amphetamine 'cooking', and cannabis crop sitting.

Some OMCG members also own, or are involved in, legitimate businesses such as licensed premises, panel beating shops, spare parts shops, wrecking yards, car yards, and mechanical repair shops. It has been suggested that some of these businesses are being

used for the laundering of proceeds of criminal activity with the witting or unwitting assistance of some solicitors, real estate agents and bankers.

OMCGs are organised and violent, despite their more recent attempts to establish a more positive public image. While the promotion of this new image through the media has softened the public perception of OMCGs and their members, the community will continue to suffer the consequences of their criminal activities and potential involvement in sporadic violence arising from inter-OMCG clashes over territory.

It is clear that there are at least two schools of thought regarding the nature of criminal activities undertaken by OMCGs and/or their members. One maintains that such activities are highly organised, profit motivated, self-funding, and a significant threat to the community. The other suggests that the criminal activities of OMCG members are discrete activities motivated purely by the need to support their particular lifestyle as individuals and as a group.

Whether perpetrated by individual members or by the group as a whole, the criminal activities that have been associated with OMCGs and their members are consistent with the ethos of these gangs. There can be little doubt that individual gangs have knowledge of the criminal activities of their members and, at times, profit directly or indirectly from them. The fact that some OMCGs adopt proactive measures to counter law enforcement efforts — fortification of clubhouses, use of electronic security, surveillance, radio scanners, profiling of police they encounter — is an indication that the group structure supports the criminal activities of its members.

There are various models of OMCG involvement in criminal activity within Queensland. One model holds that criminal activities are systematically planned and organised by some OMCGs for the benefit of the group. A second model suggests that criminal activities undertaken by some OMCG members are simply condoned by the group but actually perpetrated by individual members for their own benefit. A third model suggests that some OMCG members operate criminal enterprises under the guise of the OMCG in order to exploit internal and external OMCG networks primarily for their own benefit, any benefits accrued by the OMCG being of secondary importance.

Despite the high visibility of OMCGs within the community, there is insufficient evidence to support any one of the above models to the exclusion of the others and, indeed, there may be a degree of validity in all three models. This suggests that OMCG members will continue to be a part of the criminal environment in Queensland.

East Coast Criminal Milieu (ECCM)

The term ECCM categorises organised crime committed by persons outside of groups easily recognised by ethnicity or ethos, and includes Caucasian Australian criminals. These groups are generally distinguished by a fluid membership, with participants coming together for the undertaking of specific criminal ventures. Relationships between

members are built on trust and familiarity established over many years of mutual involvement in successful as well as unsuccessful criminal ventures.

ECCM identities have been involved in a diverse range of organised criminal activities including the importation and distribution of heroin, cannabis and cocaine, organised car theft, and fraud. Reports of their activities, actual and alleged, have included corruption of public officials and disposal and laundering of the cash proceeds of criminal activities. Methods such as asset purchases, investment in businesses, and the opening of bogus bank accounts are employed to legitimise funds obtained unlawfully.

ECCM identities do not appear to operate within enduring and structured networks, although there is generally a climate of cooperation among them. The leadership role may at times be undertaken by the same person(s) in different ventures, but the composition of the respective venture-specific networks may differ markedly according to the nature of the venture.

ECCM identities appear to be oriented towards enterprise crime with some venture-specific networks exhibiting a number of the characteristics of big business. The leaders of such networks often operate as entrepreneurs who engage in large-scale activities and risk large profits or losses depending on market demands, competition and law enforcement activity.

Queensland based law enforcement agencies have identified several such criminal networks involved in organised car theft, money laundering, drug trafficking, asset stripping of companies, and other fraud related activities in Queensland. An analysis of these activities has revealed that some of the identities involved in these activities, in particular fraud, are almost beyond the reach of the law by virtue of their use of power, resources and influence.

These findings are consistent with the conclusions reached by Hall (1986) in his study of organised crime in which he expressed ‘support, not for the “central conspiracy theory”, but rather the existence of small scattered groups (or individuals) with ever changing relationships between one another. It is rather like a loose and relatively open confederation of people (some of whom might well form tight-knit groups or organisations) whose activities are from time to time to some degree limited or assisted by their reputation within the confederation’²⁰.

It has only been in recent times, as more indications have come to light regarding the nature of associations among ECCM identities, that law enforcement agencies have started to move away from the traditional concept of organised crime. This has led to a more comprehensive understanding of ECCM networks, particularly with respect to the involvement of criminals not regarded as falling under the traditional ECCM umbrella, in ECCM driven criminal ventures. This trend appears to be increasing, with the possible implication that a general criminal milieu, no longer defined by any predominant characteristics such as common ethnicity or ethos, will continue to expand and embrace commercial opportunism as the primary rationale for engaging in criminal activity.

The activities of ECCM identities will continue to pose a significant threat to the Queensland community.

Limitations of the ethnic/ethos based assessment

The ethnic/ethos based assessment of organised crime in Australia has led to the association of particular types of criminality with specific identities and/or groups. This has included associating cannabis production with persons of Italian origin, amphetamine production and distribution with persons associated with or members of OMCGs, and heroin distribution with persons of Vietnamese or Romanian origin.

The assumption of the involvement of structured and enduring organisations, comprising criminal identities that share a common ethnicity or ethos, has underpinned many past strategic decisions, including resource priorities and allocations, aimed at combating organised crime.

It is recognised that probes into the nature of organised crime of this nature were necessary to identify the true nature of the threat from organised crime. They have indicated significant differences between patterns and trends observed locally and those evident in other states and countries. More importantly, cumulative analysis of intelligence obtained by these probes has suggested that organised crime networks are more opportunistic in nature, and fluid in structure than earlier thought, and that entry into illicit markets in Queensland has by no means been restricted to those with specific affiliations to an established group. As a result, the law enforcement community has come to recognise both the value and the limitations of the traditional stereotypes of organised crime that have dominated thinking during past decades.

There is now a clear understanding that an operational approach based on a narrow focus on ‘ethnic group’ associations is likely to ignore the complexity of modern organised crime, the diversity of participants, and the fact that the competitive advantage derived from ethnicity can be diluted over time. Even where there is evidence of some ethnic or ethos group association for the purpose of furthering a criminal enterprise, the involvement of others not directly affiliated with the group has been increasingly evident. The reason for this is relatively simple: the criminal enterprise these persons are engaged in is not motivated by group affiliations; it is merely facilitated by them in certain cases. The underlying motivation is invariably financial gain.

There is increasing evidence of a greater diversity in organised criminal activity, and more interaction and partnership development between organised criminal groups and individual identities in an environment of unprecedented mobility and internationalisation, variety and profitability, and potential for power. The response of law enforcement to organised criminal activity must evolve within this same context. Law enforcement needs to develop a cohesive and collaborative methodology to examine the political, economic, commercial and organisational relationships behind organised crime.

In the following chapters, the risk of organised crime to the Queensland community is assessed in the context of the relevant market, commodity or core activity that forms the basis of the alleged organised criminal activity. This approach provides a more comprehensive picture of organised crime in Queensland by effectively integrating information about illicit markets, the environment within which they thrive, and the characteristics and links among individuals and groups that both facilitate and operate within these markets.

Chapter Five

THE RISK ASSESSMENT MATRIX (RAM)

A market based approach to organised crime investigation differs from the ethnic/ethos based approach in that there are no preconceptions or ‘boxes’ within which data must be fitted. Rather, the market based model relies on economic theory to explain observed criminal activity, and organised crime becomes a function of the market for illicit goods and services rather than a function of the illegal groups providing them²¹.

The RAM is based on the premise that organised crime is a business (albeit an illegitimate one), and like many other businesses is motivated by desire for financial gain. The law enforcement community, and in particular its intelligence and investigative arms, represent the regulatory component of that ‘business’ environment and, as such, can influence the markets within which the illicit businesses operate. Its role is to protect the interests of other participants (e.g. legitimate business, investors, government and the public).

Recent analyses of organised crime in Queensland have illustrated that the basic operating principles of an illicit market differ little from those of legitimate business practice. They are invariably affected by the level of ‘regulation’ and competition and the relationship between demand and supply, and revolve around cash flow. For example, the price of an illicit good or service is a reflection of the demand and supply for that product; the purity level of a drug depends on the available supply, and in turn influences price and demand; and law enforcement agencies can regulate illicit markets and establish obstacles to trade and entry into those markets. Law enforcement must also protect the interests of stakeholders such as legitimate businesses, investors, government and the public.

For criminal enterprises, there is invariably a tension between the maximisation of profit and the minimisation of risk. The manner in which market participants respond to this tension determines the shape of enterprises and their responses to, and activities in, the illicit marketplace. The major impact of law enforcement agencies is their ability to increase the level of risk to market participants²², ideally to a level where the risk of detection outweighs the potential profits.

The market based approach is derived from the premise that a market exists for all illicit commodities and that different markets exist in specific geographic locations in Queensland. It follows that law enforcement agencies can choose to attack either the state wide illicit market for a commodity, or alternatively a particular geographically defined market within which a range of criminal activity is taking place. In either case, the primary purpose is to define the parameters of the market and then to identify the full range of illicit activities and participants in the market. This broad approach permits law enforcement agencies to arrive at a more comprehensive picture of organised crime in

Queensland, because the analysis of organised crime identities and networks is integrated into the assessment of the illicit markets within which they operate.

Market based initiatives are also more comprehensive than traditional ethnic/ethos based strategies in that there is a more detailed focus on the context within which organised crime occurs. Market demographics, economic, health, social and business indicators and general crime trends are all relevant to this context. Once the market and its features have been broadly defined the focus moves to the market participants engaged in organised criminal activity. One benefit of this approach is that it helps to identify the points of intersection between legitimate and illicit markets and persons in the legitimate marketplace who facilitate illicit activity, either inadvertently or by design. Market analysis identifies the operations and transactions undertaken by criminal networks in the market under scrutiny, and the roles performed by particular players in the criminal network. The same process identifies vulnerabilities in these interconnected activities and can suggest strategies for law enforcement agencies to exploit such vulnerabilities.

An effective market based response requires a blend of research and strategic/tactical intelligence and input from a range of intelligence specialists. The strategy lends itself to multidisciplinary teams because of the variety of expertise that must be utilised. The strategy also requires the development of extensive community contacts in addition to maintaining informants. Where once law enforcement agencies tended to almost entirely recruit informants from the criminal fraternity, the move to a market based strategy has significantly increased the importance of informants/contacts who are only peripherally involved (if at all) in the core criminal activity. There are undoubtedly circumstances where law enforcement agencies will derive considerable benefit from contacts who do no more than occupy positions at the intersection of the licit and illicit economies.

It is inevitable that market based strategies will require the collection and processing of a significant volume and variety of data, including reports from the law enforcement community, open source information and reports from external agencies. It is necessary to process the data on an ongoing basis and to adjust priorities in response to market changes. This is particularly important given the rapidity of change within the criminal environment. The Risk Assessment Matrix methodology is an appropriate means of continuously monitoring and evaluating the Queensland organised criminal environment and providing strategic direction to effectively disrupt organised crime.

Within this ‘business of crime’ environment, the RAM methodology is based on a recognised need to undertake criminal intelligence assessments in the context of an enhanced Intelligence Cycle. Hence, the RAM uses a risk management framework that identifies both the sources of risk and the attributes of the criminal identities and groups being evaluated. The desired outcome of the RAM is the provision of risk-based advice to guide the operational decision making of senior QCC and QPS officers.

The RAM is also a consistent framework for comparing possible sources of risk. Risk is determined by considering the intensity of the threat, how likely it is to occur, and the

seriousness of the consequences should it occur. Integral to this process is the identification of all those at risk and all sources of such risk.

The RAM consists of a formula to determine risk:

$$\mathbf{THREAT} \quad \times \quad \mathbf{HARM} \quad = \quad \mathbf{RISK}$$

where:

Threat is a measure of how likely a subject is to succeed in carrying out some activity that may cause harm. *Threat* is based on an assessment of the subject's intent and capability;

Harm refers to the magnitude and type of damage or injury that would occur should a threat be realised. Although a threat may be significant, it may not be worthwhile to allocate a large amount of resources to respond to the threat if the actual harm likely to be caused is slight. *Harm* encompasses physical, emotional, intellectual, economic and political damage, and refers not only to factual data but also to client perceptions. From a client's perspective, the perception of harm is often as valid a consideration as the objective chance that harm might occur. While it is recognised that an appropriate weighting needs to be given to such perceptions, they should not be ignored;

Risk is an assessment of the likelihood and that harm might occur and its impact.

Each of these factors can then be expressed as a probability value — from negligible to certain — and represented in relational matrices. The following diagram shows these relationships expressed in terms of a series of equations:

<i>RISK ASSESSMENT</i>								
Desire	x	Confidence	=	<i>Intent</i>				
Resources	x	Knowledge	=	<i>Capability</i>				
		<i>Intent</i>	x	<i>Capability</i>	=	<i>THREAT</i>		
				<i>THREAT</i>	x	<i>HARM</i>	=	<i>RISK</i>

Using the above processes, the RAM allows an agency to provide ratings for levels of risk, and to rank them.

The RAM combines elements of existing risk assessment models — in particular the ASIO Security Risk Matrix — into a model of best practice for Queensland. It is envisaged that the RAM will have two applications within the QCC and QPS. The first application will be as a tool to evaluate data collected for strategic intelligence

assessments and intelligence probes. An example of this application is provided in the following chapters, in which the Project KRYSTAL data are processed to determine the relative risk posed by various categories of organised criminal activity in Queensland.

The second application will be as a tactical/operational tool.

The next two chapters examine a selection of the commodities and services most commonly traded in the illicit marketplace in Queensland. The dynamics of each market segment is examined and the RAM methodology applied to determine a risk rating for each commodity. Although market segments are examined separately, it is acknowledged that persons engaged in organised crime may often be involved in dealing in commodities from more than one segment.

Chapter Six

A MARKET BASED APPROACH: ILLICIT DRUGS

Spending on illegal drugs in Australia is estimated to be \$7 billion per annum, or 1.4% of total spending — more than is spent on cigarettes, tobacco, and pharmaceutical drugs combined²³.

Collins & Lapsley (1996)²⁴ estimated in their study of the social and economic costs of drug use in Australia that the total economic cost of drug abuse was over \$18 billion per annum and that the illicit component amounted to approximately \$1.68 billion. They estimated the cost to society of criminal justice services related to illicit drugs to be more than \$450 million, of which at least a quarter was for law enforcement.

Illicit drug use does not appear to be abating and global trends are increasingly towards poly-drug use. As a result, the traditional distinction between, for example, cocaine and heroin consuming countries seems to be blurring, with users combining the two to offset each drug's respective stimulant and depressant effects.

These trends are evident in Queensland and significantly affect the capacity of law enforcement to develop effective strategies to deal with drug related problems, particularly strategies targeting the production, importation and distribution of illicit drugs within the state.

This chapter looks at each of the major illicit drug types traded in Queensland – heroin, amphetamine, cannabis and cocaine — as well as other illicit drugs, with a view to identifying market characteristics and participants, including common features, which are particular to trading in these commodities. It then provides an overview of the Queensland illicit drug market, based on currently available information, and explores the implications for law enforcement.

Heroin

A recent illicit market scan estimated that there are 10 500 regular heroin users in Queensland. The scan estimated that it would require 325 kilograms of uncut heroin to provide the 750 kilograms of heroin, at street purity, needed to satisfy these regular users alone²⁵.

The QPS estimates that, based on current market prices, the amount of street purity heroin required to service regular users alone has the potential to generate spending in excess of \$400 million per annum in Queensland²⁶.

The Melaleuca Methadone Clinic, Brisbane estimated that the average cost of the heroin dependency of clients admitted to the program between May and July 1998, was \$143 per

day²⁷. Assuming that this is similar to the average daily expenditure of all regular heroin users, more than \$548 million would be spent on heroin per annum by Queensland's estimated 10 500 regular users.

The harms, and collateral social costs, associated with the abuse of heroin are far-reaching and diverse. They include the costs of law enforcement, treatment and rehabilitation, and also the impacts of a range of other criminal activities associated with heroin use. While it is often difficult to measure the impacts of heroin on the community in tangible ways, hospital admissions and overdoses can provide an indication of the extent of the problem.

It is difficult to accurately ascertain the number of heroin related deaths in Queensland due to the limited availability of comprehensive toxicological data and problems in establishing precise causation. However, hospital data over the past three years have shown an increase in the number of people being admitted for opiate (not exclusively heroin) type dependency, particularly in the 15–25 year age group²⁸.

While overseas trends are not always replicated locally, it is worthwhile noting that in the United States and other parts of the world heroin appears to be experiencing a resurgence in popularity, particularly among the middle to upper classes. This has been attributed in part to an increase in purity. It would appear that users feel safer because the drug is less diluted, and because of perceived lower health risks many careful addicts believe they are able to safely maintain a long-term dependence.

Trends identified in other Australian states include an increase in the practice of 'chasing the dragon' — inhaling the smoke of burning heroin. While most heroin users inject, in Sydney's south west and in Perth an increase in heroin smoking by middle and upper class professionals such as doctors and lawyers and also by young Asian males has been observed. This practice avoids the health dangers associated with injecting. It is more attractive to affluent recreational users, who are able to finance use from their personal resources, and can avoid the identifying mark of the injector²⁹.

Another disturbing trend appears to be that, in general, heroin may be losing some of its social stigma and acquiring a certain respectability among younger drug users as a result of sometimes glamorous representation in multi-media and popular culture. While the overall prevalence of heroin use in Australia remains unclear, some studies have found a decrease in the average age of heroin users³⁰.

A significant importation trend has been an increase in the purity of heroin coming into Australia (up to 85% pure), and this trend has also been evident in the quality of heroin being distributed in Queensland (50–57% pure). It is estimated that 80% of the 130 plus kilograms of heroin seized in Australia in 1997–98 came from South East Asia, and in particular the 'Golden Triangle' (Burma, Laos, Thailand, North Western Vietnam and South Western China)³¹. Its importation into Australia also remains largely controlled by persons of SEA origin. The importers appear to be geographically centralised in Sydney, which has become the clearinghouse for heroin in Australia³².

To a large extent Queensland may be described as a consumer state. It is estimated that two thirds of heroin coming into Australia is imported into New South Wales for transport to other distribution centres including Brisbane. Based on current intelligence, it is evident that trade in this commodity within the Queensland illicit drug market is being conducted by a diverse range of distributors, some very organised and others more opportunistic. While some local distributors are linked to importers and wholesale distributors, who may in turn be linked to overseas organised crime groups, there is currently no evidence to support the notion that these same organised crime groups are undertaking heroin distribution in Queensland.

Persons of Romanian origin have had a prominent role in heroin distribution in Queensland throughout the 1990s through well organised networks and reliable sources of supply that ensured the price at a level that provided them with a satisfactory return. The market was largely confined to south east Queensland until the mid-1990s. During the past decade, SEAOC networks and identities have gained increased market share within the south east Queensland market with well established distribution points (such as domestic residences and businesses) in Darra, Inala and West End.

Other distribution points have included:

- prisons — via visitors and through the expansion of existing networks by associations formed in prison;
- nightclubs;
- casinos, in Brisbane and on the Gold Coast, where importers and traffickers meet regularly;
- shop ‘touts’ who have been targeting Asian tourists and students in Surfers Paradise.

A disturbing trend that has also emerged among heroin traffickers of Vietnamese origin is the use of extortion as a tactic to facilitate the establishment and maintenance of their criminal enterprises. Many of these incidents go unreported due to fear of reprisal and mistrust of authorities, but the fear is considered to be very real in the community.

Despite the maintenance of significant market share by Vietnamese distribution networks, there is an increasingly diverse range of players involved in the distribution of heroin in Queensland.

A number of observations about the dynamics of the illicit heroin market in Queensland are pertinent to the ongoing response of law enforcement agencies to this market segment:

- SEA heroin traffickers derive their competitive edge, particularly as importers, from their ethnic and family connections.

- Beyond the point of importation, membership of criminal groups is increasingly determined by the skills and contacts of potential market participants, and not by their ethnicity.
- A narrow ‘ethnic’ operational focus is likely to ignore the diversity of participants and the dynamics of local, intrastate, interstate and international markets.
- Most heroin distributed in Queensland is sourced domestically from Sydney. This means that individuals in the upper echelon of the industry, i.e. those who are profiting the most from these transactions, may not, in the absence of proven connections to criminal activities in Queensland, be within the jurisdiction of Queensland law enforcement agencies. As there is little evidence of the direct importation of heroin into Queensland from overseas, the proportion of law enforcement strategies and resources devoted to the demand and supply aspects of the heroin market may need to be reviewed. This is not to say that identifying and establishing links between local distributors and importers located elsewhere is not an important function for Queensland law enforcement agencies; however, the development of strategies to deal with other market forces is equally critical. In particular, these may focus on factors that determine the amount of heroin that finds its way into Queensland, and on the logistical and financial links between suppliers and local distributors that facilitate the illicit transactions.

RISK ASSESSMENT- HEROIN						
Desire	x	Confidence	=	<i>Intent</i>		
Very High	x	Very High	=	Very High		
Resources	x	Knowledge	=	<i>Capability</i>		
Very High	x	Very High	=	Very High		
		<i>Intent</i>	x	<i>Capability</i>	=	<i>THREAT</i>
		Very High	x	Very High	=	VERY HIGH
				<i>THREAT</i>	x	<i>HARM</i>
				VERY HIGH	x	VERY HIGH
					=	RISK
					=	VERY HIGH

Amphetamine

In 1998, the QPS reported that one ‘street’ gram of ‘speed’ sold for between \$50 and \$100 in Brisbane. Local agencies have also reported an increase in the use of ‘base’ or ‘oil’ amphetamine that is of higher purity. ‘Base’ sells from between \$40 and \$80 a ‘point’ (there are approximately 16.7 points per gram)³³.

Because of the relatively complex nature of amphetamine production, some level of organisation is necessary. This is generally the province of a group of people each with

relatively defined, though sometimes overlapping, roles, which may give the impression that organised crime groups are involved. Current intelligence, however, suggests that it is more likely to be a group of individuals with particular skills and similar motivation who join together for the production of amphetamine. This is consistent with the broader definition of organised crime in the Crime Commission Act, but not with the traditional perception of organised crime.

OMCGs are frequently associated with the production and distribution of amphetamine. Despite this, there does not appear to be any conclusive evidence to substantiate sustained and structured organised criminal activity, involving the production of amphetamine, by members of OMCGs or OMCGs themselves. Rather, involvement in various phases of the production process appears to be opportunistic, involving predominantly individuals who are loosely networked.

Members and associates of OMCGs are confirmed distributors (as opposed to producers) of amphetamine across the state. Major distribution points include nightclubs and other businesses. However, while OMCG members are prominent participants in the amphetamine market in Queensland, they neither monopolise nor control it. The ease of entry into the market by other participants with no known OMCG affiliation tends to substantiate this statement. For example, a New Zealand national identified in QPS operations was a clearly identified cannabis producer/distributor. However, he and his network easily diversified their criminal operations to amphetamine production and distribution, supplying the Gold Coast, Brisbane, Townsville and Cairns.

A joint law enforcement operation in the mid-1990s clearly demonstrated the diversity of players involved in the production and distribution of amphetamine. The operation targeted an amphetamine network involving criminals from Victoria and Queensland. Police seized 178 kg of pure manufactured amphetamine and precursor chemicals capable of producing at least a further 200 kg of amphetamine, resulting in numerous people being charged with offences related to drugs and money laundering. Those arrested included associates of OMCGs, a criminal of Italian origin with alleged Mafia connections, a 'cook' born in New Zealand who had lived in Australia for 20 years, and a truck driver. An accountant laundered in excess of \$1million for the gang, proceeds that were intended for investment in legitimate businesses.

Local production of amphetamine has been facilitated by the easy availability of precursor chemicals. These have been obtained in a number of ways including the purchase of chemicals from other states, 'pseudo-ephedrine runs' (collection and distribution of precursor pharmaceuticals) by interstate truck drivers and purchase via the Internet. Amphetamine 'cooks' appear to be well known to each other and move between laboratories regardless of who is controlling production.

Of all clandestine laboratories located in Australia during 1997–98, 58% were found in Queensland. The types of laboratories peculiar to Queensland include box labs, which are usually the size of a suitcase. They are mobile and easily set up and dismantled, reducing the time of a 'bake' from several days to a few hours. Intelligence suggests that box labs

sell for between \$10 000 and \$20 000 and are extensively, although not exclusively, used by OMCG members throughout Queensland.

While there continues to be consistent demand for amphetamine within the community, significant legislative initiatives affecting the availability of precursor chemicals³⁴ will, it is hoped, affect amphetamine production and distribution in Queensland. However there are at least two factors likely to have a considerable impact on law enforcement responses to amphetamine trafficking. Some precursors are already being illegally manufactured, using alternative chemicals and processes, resulting in a variable but generally lower quality product, increasing the health risks to users and making detection more difficult. As a result, some users are now turning to other drugs, such as heroin, and there is also a growing demand for higher quality imported amphetamine and synthetic drugs such as MDMA, cocaine and LSD.

RISK ASSESSMENT- AMPHETAMINE						
Desire	x	Confidence	=	<i>Intent</i>		
Very High	x	High	=	High		
Resources	x	Knowledge	=	<i>Capability</i>		
Very High	x	Very High	=	Very High		
		<i>Intent</i>	x	<i>Capability</i>	=	<i>THREAT</i>
		High	x	Very High	=	HIGH
				<i>THREAT</i>	x	<i>HARM</i>
				HIGH	x	VERY HIGH
					=	RISK
					=	HIGH

Cannabis

A report released by the United Nations International Narcotics Control Board (1997) states that cannabis is the world's most widely used illicit drug, with about 140 million users, or about 2.5% of the world's population. Recent Australian studies have indicated an increase over the past decade in the number of Australians using cannabis, and a decrease in the age of first use³⁵.

In 1998, a 'deal' of leaf (approximately 1 gram) could be purchased in Brisbane for \$25, and a fully mature plant was worth approximately \$2000³⁶.

The vast majority of cannabis resin (hashish) in Australia is imported, and usually from the Pakistan–Afghanistan region, via transit points including the United Kingdom. Imported cannabis leaf comes from a variety of countries including South Africa, the Netherlands, the United Kingdom, the Philippines, Thailand and India — often through the parcel post³⁷.

Domestic production and sale of cannabis constitute a large-scale industry in Australia, and particularly in Queensland where climate and soil fertility are extremely conducive to cannabis cultivation. Hydroponic cultivation is becoming more common in the southern states of Australia. There were increasing reports of hydroponic and indoor cultivation of cannabis throughout Queensland during 1997–98³⁸.

The involvement of persons of Italian origin in cannabis production and distribution is well documented. While identities of Italian origin remain participants in this type of criminal enterprise, they do not have a monopoly or controlling interest. Cannabis production is also undertaken by OMCG members, by persons and organised networks from a range of ethnic backgrounds, and by semi-organised family operations.

The nature of the cannabis market differs from that of other drugs in that there appears to be a growing acceptance of a certain level of cannabis use in the community. Certainly, its use is prevalent across all strata within the community, including among young people. The development of hydroponic methods for cultivating cannabis has also made it easier for people to grow cannabis for their personal use. It may have also created an opportunity for individuals to work together to produce larger quantities for personal use and for profit. These trends have obvious impacts on the ease and cost of detecting and prosecuting offenders.

RISK ASSESSMENT- CANNABIS						
Desire	x	Confidence	=	<i>Intent</i>		
Very High	x	High	=	High		
Resources	x	Knowledge	=	<i>Capability</i>		
Very High	x	Very High	=	Very High		
		<i>Intent</i>	x	<i>Capability</i>	=	THREAT
		High	x	Very High	=	HIGH
				THREAT	x	HARM
				HIGH	x	MEDIUM
					=	RISK
					=	MEDIUM

Cocaine

Cocaine has been imported into Australia since the end of the 1880s, when it was used in patent medications. In the 1930s cocaine use, except under medical prescription, was banned. Since that time, there has been an increase in ‘black market’ distribution and the involvement of organised crime elements³⁹.

Cocaine use in Queensland increased during 1997–98, particularly on the Gold Coast and in the Cairns/Port Douglas area. Moreover, during 1997–98 Queensland was the second most common point of entry for detected cocaine; with six detections, all in excess of one

kilogram. This figure is small compared with the 39 detections in Sydney⁴⁰ but tends to corroborate the reported increase in demand for cocaine in Queensland.

A study by the National Drug and Alcohol Research Centre (NDARC) — ‘Illicit Drug Reporting System’ — is examining heroin, cocaine, amphetamine and cannabis use, and acts as an early warning system to identify potential illicit drug problems in Adelaide, Melbourne and Sydney. The study found that cocaine use is increasing, particularly in Adelaide and Sydney. During 1998 one third of illicit drug users in Sydney and Adelaide used cocaine. NDARC researchers suggest that if a pattern of regular cocaine use emerges in Australia it has ‘potentially greater implications than heroin’. This is due to the higher cost of cocaine, the tendency for users to use it more frequently because its effects wear off more quickly, and its association with higher rates of HIV infection for injecting users⁴¹.

Most cocaine distributed in Australia comes from South America, although there is a growing trend for the use of transit countries in the importation of cocaine. It is predominantly imported into Sydney. Once in Australia, cocaine is transported to various distribution centres. On the Gold Coast, dealers are longstanding well networked residents. Some are reportedly offering ‘two for the price of one’ deals to encourage cocaine use⁴².

Due to the solubility of cocaine methods of importation are limited only by the imagination of the criminals involved. It has been located in bicycles, hammocks and furniture, and soaked into clothes and material.

While recent trends in cocaine use in Australia suggest an increase in intravenous application, its popularity among users in the dance and club scene, particularly through non-injecting means, has also noticeably increased⁴³. This observation appears to be consistent with results of a recent study by NDARC that found that cocaine use by injection has increased eight-fold in the past year. In the three southern states covered by the study, 17% of drug users interviewed reported daily use and 81% reported using cocaine at least once. It seems that more injecting drug users are experimenting with cocaine because it is now cheaper, of greater purity, and more readily available than ever before. For example, a ‘cap’ of cocaine cost \$50 in Sydney in 1998 compared with \$80 in the previous year, a much more significant drop in price than for heroin (which cost \$30 a cap in 1997 and \$25 a cap in 1998). The researchers involved maintain that Sydney is ‘in the early stages of a cocaine epidemic’ and that it will follow the same path as heroin and spread to other states⁴⁴.

During April–June 1998 a gram of cocaine could be bought in Queensland for approximately \$120, down from \$200 in 1996–97 and \$350 the previous year⁴⁵. Despite the increase in cocaine detection in Queensland and falling street prices, it appears that the local demand for cocaine is not being matched by supply. It is likely that the fall in price is atypical in that it reflects a desire by distributors to create a broader market for cocaine in Queensland (as does the ‘two for one’ offer), rather than the existence of abundant local supplies of the drug.

On 8 December 1998, the AFP and the Australian Customs Service seized what they described as ‘one of Australia’s biggest ever cocaine shipments’ at Coffs Harbour, en route to Sydney. The reduced price of cocaine and the increased demand for it, particularly amongst injecting drug users and other drug users who may be seeking an alternative, point to a likely increase in cocaine importation. It is likely that Queensland will follow the national trend.

<i>RISK ASSESSMENT- COCAINE</i>						
Desire	x	Confidence	=	<i>Intent</i>		
Very High	x	Very High	=	Very High		
Resources	x	Knowledge	=	<i>Capability</i>		
Medium	x	Very High	=	High		
		<i>Intent</i>	x	<i>Capability</i>	=	<i>THREAT</i>
		Very High	x	High	=	HIGH
				<i>THREAT</i>	x	<i>HARM</i>
				HIGH	x	VERY HIGH
					=	RISK
					=	HIGH

Other drugs

STIMULANT AND DEPRESSANT DRUGS

There are a range of other stimulant and depressant drugs available on the illicit drug market in Queensland including, but not restricted to, LSD and MDMA. In the main, they are chemically manufactured substances commonly referred to as ‘designer drugs’.

While most amphetamine and methylamphetamine are locally produced, virtually all other synthetic psychotropic drugs are imported from overseas. LSD is primarily imported from the United States and Europe, often by backpackers in exchange for the cost of their trip. MDMA is imported from Europe.

In Queensland there is an established supply of MDMA and slightly falling market prices at \$20–60 per tablet with purity levels ranging from 35 to 70%⁴⁶.

These types of drugs are predominantly distributed through nightclubs and other licensed premises. They are especially prevalent on the Gold Coast and in Brisbane’s Fortitude Valley, although MDMA, in particular, is also becoming increasingly available in northern Queensland⁴⁷.

This availability is sometimes facilitated by the fact that venue management and staff, including security providers, are participants in the same sub-culture as users. A recent example of this is the case of a nightclub security provider sentenced to 5 years

imprisonment for selling 927 MDMA tablets in Surfers Paradise. Two major QPS operations in 1997 targeted large-scale drug trafficking in Gold Coast nightclubs and resulted in numerous arrests on drug related charges, including sale/supply of LSD, amphetamine/MDMA, heroin and cocaine.

STEROIDS

The sale and abuse of steroids are also becoming an increasing concern to the community. They are commonly associated with performance enhancement in the sporting arena and with nightclub 'bouncers', and there is now considerable disquiet about the mental and physical health impacts of steroid use, particularly among young people in schools and gyms⁴⁸.

A recent report released by the Federal Government advocates that people who traffic in anabolic steroids should be dealt with on the same basis as heroin dealers. The report of the Model Criminal Code Officers' Committee noted the wide variations in penalties for drug related criminal activities between states. It also noted that the illicit trade in anabolic steroids is not treated as a criminal offence in most states despite risks to the mental and physical health of users. The report referred to police intelligence on the increasing illicit trade in steroids. In addition to anabolic steroids, there is also apparently a flourishing trade in veterinary steroid drugs repackaged and sold for human consumption. It has been suggested that these substances have the same potential for criminal profit and the development of black market structures as any other drug for which demand is high and supplies are limited⁴⁹.

There has been little reported on the issue of steroid use in Queensland. However, it is interesting to note the reference to steroids in the aforementioned case of the nightclub security provider who sold MDMA tablets in Surfers Paradise. The defendant's legal representatives reportedly submitted that his actions were symptomatic of the significant personality changes that he suffered as a result of extensive use of steroids to assist bodybuilding.

PHARMACEUTICALS

There have been several recent media reports highlighting the trading of prescription drugs on the illicit drug market. It has been reported that the Health Insurance Commission of New South Wales recently suggested that organised crime syndicates are using children as young as 13 to smuggle shipments of Australian prescription drugs to Asia and the Middle East. Medicines that are expensive or unavailable overseas are being transported to Hong Kong and to countries such as Vietnam, Cambodia, Egypt and Lebanon for further distribution. While there have been no similar reports in Queensland, the Brisbane Youth Service has reported an increasing incidence of young children obtaining prescription drugs from doctors, on the pretext that they are for sick relatives, for their personal use. A hallucinogenic drug used in the treatment of Parkinson's disease, appears to be particularly popular⁵⁰.

The most commonly abused types of narcotic analgesics are benzodiazepines, morphine, codeine, pethidine and methadone and the drugs Ritalin and dexamphetamine. Apart from the risks these drugs pose if ingested in significant doses or concurrently with alcohol, they are reportedly being taken as substitutes for heroin and as a poly-drug adjunct to amphetamine. In many cases the drugs are obtained legally by prescription, although the prescriptions may be obtained from multiple practitioners⁵¹. There is no evidence of an organised criminal element in this niche market, or of a black market in the drugs.

Drugs and licensed premises

Although most persons involved in the nightclub industry operate in a legitimate and ethical fashion, a tangible minority of persons involved in the industry have been repeatedly linked to drug trafficking, prostitution and money laundering. While the sale of liquor is not a contributing factor to organised criminal activity, the venues in which it is publicly consumed are attractive to criminal elements involved in organised crime. They are crowded and anonymous places that provide an atmosphere conducive to the trade in illicit goods and services such as drugs and prostitution.

The regular policing and enforcement of regulations relating to licensed premises focuses predominantly on the responsible service and consumption of alcohol — the registered core business — and to a lesser extent criminal activities occurring within the premises. Little, if any, attention has been given to the potential for some of these ‘cash only’ businesses with high nightly sales turnovers to engage in money laundering.

Nightclubs have been identified as the best source of early warning indicators of drug consumption⁵². As noted previously, a range of drugs are distributed through some nightclubs and other licensed premises throughout Queensland⁵³.

General conclusions

This overview of major commodities traded within the illicit drugs market in Queensland highlights several market characteristics that have significant implications for Queensland law enforcement agencies. They include:

- *The diversity of market participants and the differing levels and extent of organised activity within the market, including the extent to which specific group characteristics may facilitate real competitive advantage.*

In the past few years, there has been a greater diversity in participants across all illicit drug market segments and differing levels of organised criminal activity. One important factor has been the extent to which specific group characteristics facilitate a sustainable competitive advantage. For the best part of the 1990s persons of SEA origin, in particular Vietnamese, have been significant distributors of heroin in Queensland. Current intelligence acknowledges that SEA cultural networks are perceived as a competitive advantage that other potential market entrants lack,

particularly in terms of linking with importers who are of similar ethnic origin. However, the market is diverse and has been for a considerable period. SEA participants will trade with non-SEA persons once a relationship of trust has been established.

- *The increase in poly-drug use, including shifting preferences between drug types, has an impact on the capacity of analysts to track commodities and their respective markets.*

The traditional distinction, for example, between cocaine and heroin consumers seems to be blurring as users combine the two to offset each drug's respective stimulant and depressant effects⁵⁴.

Other market influences such as supply shortage, legislative changes in relation to the availability of some precursor chemicals, and greater availability and affordability of some drugs have also led users to experiment with other drugs or seek substitutes to their usual drug of choice. There are indications that some amphetamine users are shifting to heroin use due to a preference for injecting⁵⁵.

Cocaine has become more readily available on the Australian illicit drug market and has emerged as a major competitor to heroin. This trend has not been evident in Queensland to date. However, the shedding of its 'yuppie' image, its price competitiveness, and its appeal to injecting drug users may see interstate trends replicated in Queensland in response to unsatisfied demand.

- *The position of Queensland within the Australian illicit drug market as, predominantly, a consumer state.*

With the exception of cannabis, and to a lesser extent amphetamine, most illicit drugs available on the Queensland market are imported from overseas and enter the Queensland distribution network via a wholesale distribution point located outside the state. This means that individuals in the upper echelon of the industry, i.e. those who are profiting the most from these transactions, may not, in the absence of proven connections to criminal activities in Queensland, be within the jurisdiction of state law enforcement agencies.

- *The limited impact of current market disruption strategies on the availability of a range of illicit substances at street level.*

A wide variety of locally grown, synthetically manufactured, and imported drugs are available throughout Queensland to meet consistent, and sometimes increasing, demand from a broad cross section of the community.

Current market disruption strategies that focus on the supply side of the market equation have had limited success. An illicit market scan recently undertaken by the QPS maintains that to substantially reduce the profitability of drug trafficking, at least

75% of shipments would need to be intercepted. During 1996–97, heroin seized in Queensland constituted approximately 1.3% of the estimated local market⁵⁶.

The QPS also reported on the limited sustained impact on supply of successful police operations targeting heroin trafficking in areas outside of south east Queensland. The availability of heroin fell only until alternative sources of supply were established⁵⁷.

These characteristics suggest that the greatest challenge facing law enforcement in Queensland is to develop a balanced and cohesive strategic and operational focus that is appropriately responsive to the nature of the illicit drug market in Queensland. This cannot be achieved without greater knowledge of how the heroin and other illicit drug markets operate.

Two recent Queensland initiatives have been implemented to fill these significant gaps in law enforcement's knowledge of the illicit drugs market.

Queensland University of Technology, with funding from the National Drug Strategy Law Enforcement Funding Committee, is coordinating the 'Community Based Drug Reporting Workgroup' project. The project aims to facilitate the development of a comprehensive picture of the patterns of substance use and associated harms across Queensland. Data collection in the Brisbane area began in late 1998, and is expected to extend to other regions of the state during 1999.

The QPS launched Project LERNA in 1999. This project aims to map the heroin market in the Ipswich area. Using much the same methodology as it would to understand a legitimate commodity market, Project LERNA seeks to detail all aspects of the marketplace — including its dynamics, the shape of enterprises, price, and consumer patterns — and identify and quantify changes within the marketplace and their impacts on market activity⁵⁸. This project will provide valuable contextual information to help develop more effective law enforcement strategies to deal with drug-related issues within the Ipswich area. It may also provide a vital template for future analyses of other drug markets throughout the state.

It is an indisputable fact that the overriding motivation for any substantial involvement in the illicit drug market is financial gain. While the main beneficiaries of importing illicit substances into Australia are predominantly located outside of Queensland, the amount of drug use in Queensland suggests that a significant amount of money must change hands between distributors and local dealers, and distributors and their interstate suppliers. Law enforcement agencies have a general understanding of how these transactions are facilitated, the size of the transactions, and, more importantly, how the proceeds of these criminal activities are converted, but it has proven difficult to detect the specific transactions. Next to fraud, drug related activity is the major generator of 'dirty money' in Australia. Investigation of the financial aspects of the illicit drug trade may well pay dividends in terms of identifying the major players in drug trafficking and related criminal activity, and the development of effective and proactive market disruption strategies.

Chapter Seven

A MARKET BASED APPROACH: OTHER COMMODITIES AND SERVICES

Property crime

Australia has the highest rate of residential break and enters among all industrial nations, making property crime one of the country's foremost law enforcement problems⁵⁹.

The most recent crime and safety survey in Queensland indicates that 44.3% of respondents rate housebreaking/burglaries/theft from homes as the major perceived neighbourhood problem⁶⁰. A more recent national study found that respondents rated home burglary (68%) and car theft (58%) as the two highest risks of six selected crime categories⁶¹.

The law enforcement community's response to these issues has been significant, combining enforcement with extensive crime prevention and proactive policing strategies. Despite this impressive 'grass-roots' response to an obviously important public issue, there is limited detailed information about the stolen goods market in Queensland.

An analysis of 1997–98 break and enter statistics for Queensland shows that:

- Reported offences against property per 100 000 population in Queensland have increased by approximately 150% since 1974–75 at an annual average of 4%.
- Residential locations were the target of 41% of reported offences.
- Most property stolen was valued at \$1000 or less and in only relatively few instances was property worth more than \$5000 stolen.
- A large number of property offenders are young male persons aged between 15 and 19, and very few are over 30⁶².

The types of property commonly targeted appear to be cash, jewellery, cigarettes, compact disks, small appliances, and other easily disposable items.

It is often said that offenders commit break and enters with a 'shopping list' of desirable items. If there is any substance to this notion, it may reflect nothing more than a common sense approach of stealing items for which a market exists.

It would appear, based on available information, that most property offences are opportunistic in nature. However, there have been some examples of organised criminal activity in Queensland.

To establish the nature of property theft, and the possible level of organisation involved, it would be useful to have data on the reason(s) for the theft and the methods employed to dispose of the stolen property. For example, it is often said that most property theft is committed to maintain illicit drug habits or to exchange for illicit drugs, and that some pawnbrokers and licensed secondhand dealers are willing recipients of stolen property. There is no definitive published assessment/research that examines these issues in the Queensland context. That said, there does not appear to be any hierarchically structured organisation or organisations controlling property crime within the State, as either a purchaser or receiver.

Another sector of property crime that constantly frustrates the community and law enforcement alike is the theft and re-identification of motor vehicles. The QPS estimates that approximately 20% of stolen vehicles are not recovered and that of those a significant percentage may be subject to reidentification. Available information suggests that this activity is confined to small groups, with interstate associations, operating mainly in south east Queensland.

Vehicle theft and re-identification involve not only standard locally manufactured motor vehicles; in addition late model luxury cars, imported vehicles, Harley Davidson motorcycles, boats and marine equipment are being targeted by a range of criminals. Some legitimate businesses such as second hand car yards, panel beaters and spare parts suppliers are suspected of involvement in this activity.

While opportunism again appears to be the major factor influencing motor vehicle theft, the re-identification of vehicles requires the involvement of persons with specific skills as well as connections with willing legitimate operators to assist with aspects such as the re-registration and resale of stolen vehicles.

Law enforcement efforts to detect and apprehend persons involved in any part of the re-identification process are frustrated by inconsistencies between state regulations. The loopholes and anomalies in registration and wreck disposal procedures between the states provide a window of opportunity for criminals. The National Motor Vehicle Theft Prevention Council is currently addressing this issue at national and State levels.

Theft of personal household property, and theft and re-identification of motor vehicles, are an ever-present problem that constantly raises the ire of the general public and so will remain a law enforcement priority. That said, there is no evidence of significant involvement by organised crime identities at this time.

<i>RISK ASSESSMENT- PROPERTY CRIME</i>						
Desire	x	Confidence	=	<i>Intent</i>		
Medium	x	Medium	=	Medium		
Resources	x	Knowledge	=	<i>Capability</i>		
Medium	x	Medium	=	Medium		
		<i>Intent</i>	x	<i>Capability</i>	=	<i>THREAT</i>
		Medium	x	Medium	=	MEDIUM
				<i>THREAT</i>	x	<i>HARM</i>
				MEDIUM	x	HIGH
					=	RISK
					=	MEDIUM

Wildlife crime

Wildlife crime is the taking of protected species from the wild and includes the export and, in certain cases, import of protected wildlife. Australia’s unique wildlife makes it a significant target for this type of crime. The target species are commonly birds and reptiles but there is evidence of a growing trade in plants, animals, insects and various types of marine life. Overall, the worldwide illicit trade in wildlife has been estimated at between US\$4 billion and US\$5 billion per annum.

Like all illicit markets, the wildlife market is governed by demand and supply, with prices being set accordingly. The demand for most wildlife comes from private collectors. Exotic birds are being imported to Australia and Australian birds are being illegally exported. There is heavy demand for black cockatoos, which can be worth up to \$50 000 per pair on the black market. Frogs, as well as reptiles including geckos, snakes and goannas, are also in high demand.

In late 1997, three syndicates involved in smuggling — two of them international and one Australian — were detected by the QPS Wildlife Taskforce. Reports from the United States Wildlife & Fisheries agency suggested that animals were being illegally exported from Australia to Germany or the Netherlands and then being ‘laundered’ to obtain a CITES permit⁶³, before being transported to the United States either directly or via England. Recent information suggests that an alternative route via New Zealand has been established. Flora and fauna are reportedly being illegally exported from Australia in light aircraft or small boats to New Zealand. Animals, as a commodity, are also being ‘laundered’ through zoos into private collections, and reptiles are being sent through the postal system. The persons committing the offences have interstate and international links, and are experts who know how to circumvent systems designed to protect native flora and fauna from illegal commercial exploitation⁶⁴.

The potential for organised criminal activity, including corruption of public officials, to facilitate trafficking of flora and fauna is significant, given the high profits and low risks associated with the trade⁶⁵. Illegal exports and imports of wildlife and wildlife products

pose a threat to native flora and fauna by reducing stocks of endangered species and introducing pests and disease to Australian agriculture, other primary industries and the environment.

The fishing industry in Australia is also of some concern to government and law enforcement agencies because of problems relating to poaching. Steps have been taken to alleviate some of these problems; however there are still inconsistencies in legislation between the states. The fishing industry is one example of a legitimate industry capable of being exploited by organised crime groups.

When considering wildlife crime as a possible category of organised criminal activity, a number of matters need to be borne in mind. Wildlife crime occurs, and will always occur, within a relatively narrow niche in the illicit goods and services market. Appropriately skilled and knowledgeable persons are responsible for the vast majority of wildlife crime. They are usually persons who consider the keeping of wildlife to be a legitimate hobby. There is no evidence of links between persons involved in wildlife crime and persons involved in other organised criminal activity, with the possible exception of money laundering activities.

While interception of flora and fauna offenders at the Customs barrier can be achieved through standard screening procedures, field investigations and targeting of suspects require a high degree of specialist knowledge, skills and resources.

State and national law enforcement agencies have not, traditionally, given wildlife crime any meaningful investigative priority. For example, the QPS Wildlife Taskforce is staffed by just two police officers. These positions are funded by the Department of Environment and Heritage, National Parks and Wildlife Service.

The proposed national plan to protect Australia's native flora and fauna interests places the focus on local councils and other departments/agencies outside the law enforcement umbrella to deal with issues pertaining to the protection of endangered species in their local areas. The appointment of bio-diversity officers at 700 local councils across the nation underpins the national plan. These officers will identify threats to protected plants and animals, liaise with other authorities, and make recommendations to councils.

RISK ASSESSMENT- WILDLIFE CRIME						
Desire	x	Confidence	=	<i>Intent</i>		
Low	x	High	=	Medium		
Resources	x	Knowledge	=	<i>Capability</i>		
Medium	x	High	=	Medium		
		<i>Intent</i>	x	<i>Capability</i>	=	THREAT
		Medium	x	Medium	=	MEDIUM
				THREAT	x	HARM
				MEDIUM	x	LOW
					=	RISK
					=	LOW

Prostitution

It is estimated there are 800 legal brothels and as many as 350 illegal brothels in Australia. The brothels employ 16 000 people, service as many as 12.5 million client visits annually, and generate annual industry earnings of \$1.25 billion. The size of the Australian sex industry places it on a par with economically significant industries such as the sugar industry.

The issue of prostitution is currently under review by the State Government and legislative change is possible in the near future.

It is important in any discussion of prostitution to carefully define the parameters of the discussion. The *Prostitution Laws Amendment Act 1992* continued the previous situation in Queensland that permits individual adult persons to provide consensual sexual services to clients from private premises. For the purposes of this report it is assumed that this situation will continue to apply, and such arrangements are not considered in the paragraphs below.

The Queensland legislation outlines a range of offences in respect of prostitution. Some of the offences carry penalties of seven years imprisonment, and thus fall within the definition of organised crime under the Crime Commission Act.

While a number of the brothel owners exposed during the Queensland Commission of Inquiry into Possible Illegal Activities and Associated Police Misconduct (1989) (the Fitzgerald Inquiry) remain active within the industry, there is no evidence to suggest that criminal organisations are, or have been recently involved in the large scale provision of prostitution in Queensland.

Brothels are mainly located in coastal areas of Queensland and are generally operated by persons with some past knowledge and expertise in the business⁶⁶. There have been instances of other criminal activities being undertaken in and around brothels; however, this is generally a secondary matter caused by like-minded persons congregating on the

one premises. These other crimes appear not to be related, or networked in any organised way, with the core business of the brothel.

A major issue which invariably arises in the context of prostitution is the involvement of children. This issue is being thoroughly examined by Project AXIS of the QPS and the QCC, and as noted above is not considered in this report.

<i>RISK ASSESSMENT- PROSTITUTION</i>						
Desire	x	Confidence	=	<i>Intent</i>		
Medium	x	Medium	=	<i>Medium</i>		
Resources	x	Knowledge	=	<i>Capability</i>		
Medium	x	High	=	<i>Medium</i>		
		<i>Intent</i>	x	<i>Capability</i>	=	<i>THREAT</i>
		<i>Medium</i>	x	<i>Medium</i>	=	<i>MEDIUM</i>
				<i>THREAT</i>	x	<i>HARM</i>
				<i>MEDIUM</i>	x	<i>VERY LOW</i>
					=	<i>RISK</i>
					=	<i>LOW</i>

Financial crime

The following assessment of ‘financial crime’ comprises an examination of two distinct but interrelated types of offending — fraud and money laundering — and, in particular, how they underpin the illicit goods and services market in Queensland. The generation and conversion of ‘dirty’ money is an integral part of the entire illicit market structure, irrespective of the commodity or service being traded, and is a significant industry in itself. Often in this category of crime the line between legitimate and illegitimate business interests is blurred.

Illicit drug trafficking and fraud are the two most significant generators of ‘dirty’ money. Fraud is itself often used as a means of money laundering. In such cases fraud can take on a far greater significance in terms of organised crime and the impact of such activity on the community’s economic, political, social, business and legal infrastructure.

FRAUD

In 1997 it was estimated that the total cost of fraud in Australia is \$3.0–3.5 billion per annum. This estimate represents approximately 30% of the total cost of crime, 50% of the total cost of the criminal justice system, or 0.5% of the country’s gross domestic product.

It is difficult, however, to determine the level of fraud in Queensland and indeed Australia, not least because of problems of definition. As new business methodologies,

technologies and government programs are introduced or modified, new opportunities for fraud are created.

The Internet provides instant global reach, a growing pool of potential victims, and jurisdictional headaches for investigating police services.

The growing internationalisation of financial and corporate activities offers greater scope for illegal conduct, as does the evolution of an increasingly cashless society. The practice of paying money into superannuation funds and topping up regular payments as a means of saving for the future has created a significant pool of funds that is readily and electronically accessible, and could be easily and systematically targeted by unscrupulous persons. There are hundreds of superannuation management funds operating at present, a small number of which are being managed fraudulently.

To date, most fraud offences in Queensland have been committed by individuals motivated solely or primarily by greed, and often in the context of either an employee–employer or a professional adviser–client relationship. However, there is increasing evidence of more complex and sophisticated fraud involving groups of people and activities that cross national jurisdictions.

Recent examples of detected fraud include schemes involving the use of telegraphic transfers. In these schemes, individuals are sent to Australia to obtain information on a company. The group then forges a fax document on the company’s letterhead over the forged signature of one of its principals requesting the transfer of large sums of money from a financial institution to an overseas account. This type of fraud is extremely difficult for Australian law enforcement agencies to investigate, not least because of the different attitudes of various overseas countries once funds have entered their economy.

Other fraudulent schemes target consumers. In one of many examples of this type of fraud, the perpetrators rent office space for a few months; connect telephones; and initiate false advertising scams or false invoice scams. Schemes of this nature involve planning and small networks of conspirators and, in this sense, fall within the definition of organised crime.

It is often difficult to investigate or monitor such activity. Companies and securities laws are overly complex, outdated in relation to the nature of the modern commercial and corporate environment, and based on the outmoded assumption that white collar and corporate offenders are different from common criminals and therefore should be subject to different standards.

An important and growing problem area is credit card crime, which includes the forging of credit cards and generation of false credit card numbers on the Internet. Technology has played a major role in this, as the necessary equipment (coders, decoders, blanks and laptop computers) can be carried in a suitcase.

The experience of advanced economies such as the United States, and some SEA countries, may offer early insights into developing threats to Australia's business environment, especially as the globalisation of financial systems gathers pace. The examples of collusive fraud between government officials and financiers in the Hong Kong Carrian investment group, and the more recent Bank of Credit and Commerce International scandal, could hold lessons for Australia.

The increasing variety of schemes, the global reach facilitated by advances in technology, the gullibility of some victims, and the cross-jurisdictional nature of some offences will ensure that fraud continues to be a major challenge for law enforcement agencies. Events such as the Sydney Olympic Games, year 2000 'millennium bug', the Asian financial crisis, and the introduction of the Euro are also likely to present opportunities in this area of the criminal environment.

RISK ASSESSMENT- FRAUD						
Desire	x	Confidence	=	<i>Intent</i>		
Medium	x	Very High	=	High		
Resources	x	Knowledge	=	<i>Capability</i>		
High	x	High	=	High		
		<i>Intent</i>	x	<i>Capability</i>	=	<i>THREAT</i>
		High	x	High	=	HIGH
				<i>THREAT</i>	x	<i>HARM</i>
				HIGH	x	HIGH
					=	RISK
					=	HIGH

MONEY LAUNDERING

The term 'organised crime', in the sense it is used in the Crime Commission Act refers to criminal activities that involve, among other things, 'a purpose to obtain profit'⁶⁷. Although technically a secondary activity like corruption, money laundering is itself a major organised criminal activity.

Money laundering in the present context is the process of converting or concealing cash, and other forms of property, derived from organised criminal activity for the purpose of disguising its criminal origins and giving it the appearance of having been derived from a legitimate source or activity⁶⁸.

Money laundering, whereby the proceeds of crime are concealed, is a means by which criminals can:

- remove or distance themselves from the criminal activity generating their profits, thus making it more difficult to prosecute key organisers;

-
- distance profits from the criminal activity to prevent their confiscation if the criminal is apprehended;
 - enjoy the benefits of the profits without risking detection;
 - re-invest the profit in future criminal activity or in legitimate business.

The issue of money laundering has been widely studied, but researchers have only approximated its extent. Research commissioned by AUSTRAC was based on the best guesses that investigating police officers from the Australian states could provide. It estimated the amount of money laundered per annum in Australia, mainly derived from the proceeds of domestic fraud and drug trafficking, at between \$1 billion and \$4.5 billion, settling on a final figure of \$3.5 billion. This figure did not include the estimated \$7.7 billion from proceeds of overseas criminal activity that is believed to be laundered in Australia, or the estimated \$5.5 billion from proceeds of Australian criminal activity that is suspected of being laundered overseas⁶⁹.

The quantum of the activity is clearly illustrated by Access Economics' estimate of the total spending by Australians on illicit drugs — \$7 billion per annum. Some of the proceeds of such crime are undoubtedly spent on indulgences and luxury items. Some are re-invested in the illegitimate business enterprises from which they were originally derived in order to fund further transactions or expand market share. However, most proceeds would seem to be quickly converted to legitimate funds, predominantly by channelling them through legitimate business processes, and be used to further increase wealth through legitimate means.

The greatest threat from money laundering is its potential to adversely affect local economies and financial systems. Once organised crime enters the legitimate market, its continuing criminal activities tend to distort free market forces through anti-competitive practices.

Money laundering is an integral part of organised criminal activity and is being undertaken in a variety of ways by a diverse range of criminal enterprises. Some examples of money laundering practices, including techniques employed in Queensland, are:

- structured deposits of under \$10 000 (which are not reported to AUSTRAC);
- overseas transfers facilitated by credit card transfers and/or the Internet;
- multiple bank transfers and multiple accounts;
- misuse of Hui and other alternative remittance services;
- gambling, including the use of bookmakers and casinos;

-
- routing funds through solicitor's trust accounts;
 - property purchase, such as real estate, cars and gold bullion, registered in a false name or in the name of family members or associates;
 - cash transactions;
 - laundering funds through legitimate businesses.

The message that emerges from operations detected by law enforcement agencies is that money laundering is not an activity that demands detailed specialist knowledge by the offender. Advances in electronic commerce have created new, and more secure, opportunities for money laundering; and professional advisors, who know how to circumvent reporting requirements, are available to facilitate the re-investment and conversion of proceeds of crime, for a fee.

A recent review of the *Financial Transactions Reporting Act 1987* (Cwlth) made a number of recommendations for amendments to extend the reporting requirements experience has revealed to be used by criminal enterprises. These include reporting of transactions involving bullion, travellers' cheques and bank drafts, however the report is yet to be acted upon⁷⁰. Examples of detected money laundering activities in Queensland bear out these concerns. In all the Queensland cases examined, the core laundering activity did not generate a single suspect transaction report to AUSTRAC. In several cases, the activity was revealed only when the targets were arrested for other offences.

This situation is exacerbated by the fact that Australia does not have the equivalent of British legislation that requires accountants to report suspicious transactions⁷¹. While AUSTRAC has helped several firms draw up codes of conduct designed to prevent money laundering, it is up to individual practitioners and firms to protect their personal and corporate reputations. There have been cases of accountants convicted for assisting in offences. In 1997, a Brisbane accountant was imprisoned for 3 years for laundering more than \$1 million of criminal proceeds generated from drug trafficking activities.

Technological advances are presenting new challenges for law enforcement agencies, in particular the development of new financial systems that have greatly increased the flow of funds across international borders. By 1997, more than 70% of the world's currency and demand deposits existed only as entities in bank computers.

Economies such as Australia, the United Kingdom, the United States and other advanced capitalist countries now operate predominantly on electronic cash. Hence, new systems have been developed to facilitate the transfer of financial value (i.e. digital money, e-money). These systems may alter the means by which all types of financial transactions are conducted and financial payments systems are operated. Such transactions may occur via the Internet or through the use of 'smart' cards, that unlike debit or credit cards contain a microchip which stores value on the card. Some cyber-payment systems use both the Internet and 'smart' cards.

The common element is that these systems are designed to provide the transacting parties with immediate, secure, convenient and potentially anonymous means by which to transfer financial value. To the money launderer, the world of cyber-banking provides new opportunities for plying his or her trade. Also, many of the institutions advertising their services on the Internet are licensed in bank secrecy havens, offering money launderers an attractive alternative to traditional banks.

Once financial information is loaded onto a smart card or placed into cyberspace the funds can be carried/remitted anywhere and drawn upon at the whim of the launderer. In 1996, Advance Bank established Australia's first Internet banking service, and three of the four major Australian banks have since followed suit. There are currently four trials of 'smart' cards underway in Australia.

There are currently a number of practical and legislative factors affecting law enforcement's approach to money laundering. These include:

- lack of knowledge of the precise extent of money laundering;
- the wide range of criminal activities capable of generating criminal assets and proceeds;
- the array of money laundering methods;
- in the context of state law enforcement agencies, lack of experience and expertise in investigating underground financial markets and banking systems;
- the time and expense required for investigations into money laundering;
- the stringency of evidentiary rules in Queensland as they relate to money laundering and forfeiture proceedings;
- the funding required to take a truly specialist, research based, intelligence driven and interdisciplinary and multi-agency approach to investigations;
- Federal legislative obstacles to some state based law enforcement agencies securing access to essential sources of information (e.g. financial transaction reports and taxation records); and
- lack of uniformity in criminal and confiscation legislation between jurisdictions.

In the case of investigations involving money laundering by international money transfer, the capacity for any law enforcement agency to take effective action may be limited by laws relating to proceeds of crime in other countries. For example, Japanese privacy laws significantly limit the ability of Japanese authorities to furnish information on Japanese citizens to Australian authorities; information can be provided only if there is evidence that a crime has occurred and if the activity is also illegal in Japan.

A related issue is the increasing concern by law enforcement agencies about the use of alternative remittance services (ARS) in Australia and globally. ARS specialise in moving funds between countries on behalf of parties who do not wish to use the formal banking system. These services have strong historical origins in Asian cultures and usually operate within these ethnic groups in Australia. They use both the regulated financial sector and unregulated informal networks. The latter employ a variety of methods, commonly referred to as underground banking, that guarantee their customers' anonymity and are extremely difficult for authorities to monitor.

Regardless of current limitations, what is abundantly clear is that a person is defined, in a very real sense, by the business documents and records he/she keeps. By examining them, law enforcement agencies can identify that person's financial advisors, lawyers, accountants, creditors, social connections, financial circumstances and interests. The need to erode the financial base of drug traffickers, and others involved in organised criminal activity, is universally accepted as an integral part of law enforcement's counter-attack on organised crime. But equal attention must be given to those who may be facilitating organised criminal activity and profiting from it.

The NCA's national money laundering reference has provided a framework for a coordinated intelligence driven strategy to disrupt the financial base of organised criminal identities, their associates and their advisors. In the Queensland context, key federal agencies are engaged in investigations that are producing intelligence critical to a better understanding of financial crime and appropriate ways to combat it.

To complement the national effort, state law enforcement agencies must develop a strategy and the necessary competencies to undertake their own investigations within the national reference. Key components of such a strategy may include:

- undermining the profitability of organised criminal activity within the state;
- rigorously applying confiscation legislation to recover criminal assets and proceeds as a means of financially incapacitating persons involved in organised criminal activity;
- improving confiscation arrangements by moving from conviction to civil based legislation that can be used to achieve better overall investigative and recovery results, e.g. by the negotiation of more guilty pleas and uncontested forfeiture applications;
- strengthening money laundering legislation so that professional advisors may not claim exemptions in cases where they act with knowledge or suspicion.

Such an approach would concentrate resources and energies on following the money and property transactions away from their underground roots and back towards those behind them — the organisers and financiers of criminal enterprises and their professional advisors.

RISK ASSESSMENT- MONEY LAUNDERING

Desire x Confidence = *Intent*
Very High x Very High = *Very High*

Resources x Knowledge = *Capability*
High x High = *High*

Intent x *Capability* = *THREAT*
Very High x *High* = *HIGH*

THREAT x *HARM* = *RISK*
HIGH x *VERY HIGH* = *HIGH*

Chapter Eight

DISCUSSION

There is a demonstrated need for a synthesis between traditional law enforcement approaches to organised crime and the newer market based approach.

The application of the RAM to a number of illicit markets operating in Queensland highlights the potential of this methodology to help provide a more comprehensive assessment of the organised crime environment. The issues discussed below are indicative of the strategic responses that can be developed on the basis of this methodology.

Illicit drugs

A strategic approach to dealing with the high risks associated with organised criminal activity in the illicit drugs market should include an assessment of areas of perceived market strength and the identification of potential vulnerabilities that could be targeted. The QCC and the QPS have developed projects to address these issues.

Fraud and money laundering

Both fraud and money laundering are flourishing in Queensland and indications are that the various schemes and techniques are becoming more complex and diversified. Instances of assistance provided to the criminal fraternity by professional advisors add to the difficulties faced by law enforcement agencies. Law enforcement needs stronger support from governments, the public and the private sector if it is to have any chance of limiting fraud and money laundering.

The public also needs to be made aware of the threat posed to the broader community by these activities.

In order to make any meaningful inroads in this area, fraud must have a higher investigative priority that should be reflected in the level of resources allocated to it. That is not to say that law enforcement agencies cannot also seek more cost-effective ways to combat fraud. These should include an emphasis on prevention rather than investigation after the fact, and actively encouraging legislative and other changes to create an environment more conducive to the achievement of positive law enforcement outcomes.

Information sharing

The contents of this report reflect the work of key agencies to combat organised crime as it occurs in and affects Queensland. It also shows how interagency cooperation and sharing of information can help the development and implementation of an integrated

approach to dealing with a criminal phenomenon that has no boundaries in terms of its scope and impact.

Further, it is increasingly acknowledged that criminal activity of any type cannot be adequately combated by law enforcement and existing partner agencies alone. Other government agencies, the corporate sector and the community all have a vital role to play in limiting the extent and profitability of organised crime.

Issues relating to technology

There is ample evidence that criminals are taking advantage of new and emerging technologies, in particular information technology and the Internet, that can be used to facilitate a range of criminal activities, including illegal financial transactions and the production of false identification and credit cards. Criminals who effectively use these systems recognise them as invaluable tools that can increase their potential for financial gain, including the rapid conversion of the proceeds of their criminal activities. Internet access to open source information, in combination with assistance from some unethical professionals, provides some criminals and criminal networks with an invaluable 'commercial' advantage.

Law enforcement agencies can use the same evolving information technologies to effectively disrupt such criminal activities; however, they are yet to take full advantage of the potential of these technologies. In this respect, jurisdictional boundaries are irrelevant and a nationally integrated approach, at the very least, is required to effectively keep pace with rapid technological changes and to develop appropriate systems.

Limitations of existing legislation

Some of the areas in which changes could be made to existing state and Commonwealth legislation in order to enhance the ability of law enforcement agencies to fight organised criminal activity have been highlighted in this report.

Two major issues are the impact of cross-jurisdictional differences and inconsistencies, and the fact that most current legislation pre-dates the use of computer technology to commit offences. They need urgent attention given the increasingly borderless environment within which organised criminal activity is occurring.

As discussed in Chapter Three, other legislative issues include the need for:

- state law enforcement agencies to have the power to intercept telecommunications under the Telecommunications (Interception) Act;
- covert operations legislation in Queensland;
- a civil based confiscation scheme to better target the proceeds of organised criminal activity;

-
- witness anonymity legislation;
 - amendments to the legislation and protocols applying to telecommunications carriers, service providers and financial institutions.

Chapter Nine

CONCLUSIONS AND RECOMMENDATIONS

Organised criminal activity, as defined by the Crime Commission Act, is widespread and firmly entrenched in Queensland. Most organised criminal activity is concentrated on the eastern seaboard, particularly in south east Queensland; there is little evidence of geographical diversification beyond these areas.

However, there is no evidence to suggest the existence of one or more principals of organised crime in Queensland. Instead, there are a large number of professional criminal entrepreneurs, opportunistic individuals, and groups of individuals, operating at varying levels of complexity within a diverse illicit marketplace. Their influence, and the extent of their networks, vary from time to time. Some form associations with other criminal entrepreneurs on a semi-permanent partnership basis, while others form short-term partnerships, or associations, to suit the requirements of particular criminal activities. Some of these organised criminal identities have attained a significant level of sophistication in planning and organising their operations, along with extensive criminal and business networks, and have accumulated wealth and even social standing. Some have even achieved a form of legitimacy in society, sometimes to the extent that they no longer need to engage in criminal activity.

Although at times the relationships within such networks may be governed by family loyalties or by a common group ethos, in Queensland the networks tend to be fluid, opportunistic, loosely structured and overwhelmingly driven by greed. They are comprised of criminals who may not be 'Mr Bigs', in the traditional sense, but they are 'Mr Big Enoughs' and should continue to be vigorously targeted by law enforcement.

The Queensland community and its public representatives have the right, and need, to be kept appropriately informed about the nature and extent of organised criminal activity within the state.

An important function of law enforcement is to provide accurate information to the community about the nature of criminal activity, and timely advice to government on how it can most effectively respond. To this end, it is important to monitor international and interstate developments in organised criminal activity and appropriately assess the implications and/or potential impact on Queensland. However, in doing so, caution is required to avoid the assumption that overseas trends and incidents will be replicated locally, or even play an influential role within the local criminal environment.

The study of methods used by persons involved in organised criminal activity who share a common ethnicity or ethos base has provided valuable insights for law enforcement. However, models and trends based on ethnicity or ethos specific categorisation of organised criminal identities or networks do not provide a sufficiently comprehensive understanding of the dynamics of such activity in Queensland today.

In the current criminal environment an analysis of the behavioural patterns of individuals and groups of individuals involved in organised criminal activities, and of the business environments in which they operate, is more likely to facilitate the development and implementation of timely and locally responsive law enforcement strategies.

There is little difference between the basic operating principles of an illicit market and legitimate business practice. Like all other commodity markets, criminal markets operate in a relatively free and global context. Organised criminal activity needs to be understood in this context. Criminal markets are affected by the relationship between demand and supply, and law enforcement agencies should continue their examination of this dynamic and the development of appropriate means of creating effective barriers to entry and disrupting/dislocating the markets.

Project KRYSTAL shows, in a practical way, how intelligence holdings and other relevant studies can be used to generate a current ‘snapshot’ of the involvement of organised criminal entities in the trafficking of illicit goods and services within Queensland, and the risk associated with discrete market activities.

PUBLIC RECOMMENDATIONS

- 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.**
- 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.**
- 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.**
- 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.**

ENDNOTES

- ¹ Information collection guides were developed to facilitate the consultation process. Guides were tailored to ensure that information collection focused on the specific aspect(s) of organised crime relevant to particular agencies. They were used in preference to a structured questionnaire in order to allow participants to provide additional information and elaborate on issues of particular significance, to the extent that such additional material was relevant to the project.
Information collected during the consultations was collated and validated against secondary data sources and responses from other agencies and/or other areas of the same agency. Unless expressly noted, uncorroborated data from the consultative process has not been included in the report. This process also ensured that the perceptions and views of the project team did not influence the data collation process.
- ² Risk methodologies employed by a number of external agencies were considered by the project team and ASIO's Security Risk Matrix was chosen as the model that represented best practice in Australia. Through minor modification, the ASIO methodology was adapted to meet the needs of state law enforcement.
- ³ Project AXIS aims to evaluate risks related to criminal paedophilia. AXIS also examines the associated methodologies and processes for dealing with the problem with a view to significantly improving overall investigative outcomes, especially in relation to organised, serial or systematic offending. The project is being approached from a whole-of-government perspective, and will result in a public discussion paper on criminal paedophilia that will be released later in 1999.
- ⁴ Schedule 3.
- ⁵ Section 8.
- ⁶ Section 4.
- ⁷ Commonwealth Law Enforcement Board 1996, *Emerging Threats to Commonwealth Law Enforcement*, Office of Strategic Crime Assessment, Canberra.
- ⁸ QPS 1998, Illicit Market Scan Forum Proceedings, State Crime Operations Command, Brisbane, April.
- ⁹ Core information for this section has been drawn from three recent environmental scans:
ABCI 1994, Australian Policing Scan: An environmental analysis of the issues facing Australian policing in the next 3 to 5 years, Australian Bureau of Criminal Intelligence, Canberra;
QPS 1998, Environmental Scan, Office of the Commissioner, Brisbane, August;
QPS 1998, Environmental Scan: Factors Influencing Crimes Commonly Associated with the Perception of Organised Crime, State Crime Operations Command, Brisbane, November.
- ¹⁰ Sherman, T. 1994, *The role of intelligence in a changing world*, Paper prepared for the Annual Conference of Professional Intelligence Officers, Brisbane, 13 October.
- ¹¹ OSCA 1998, *Transnational crime: the nature of the threat to Australia*, Occasional Paper no. 1/98, Attorney-General's Department, Barton, ACT.
- ¹² Meyer, M. 1996, 'Whose Internet is it?', *Bulletin and Newsweek*, 23 April, pp. 68-72.
- ¹³ Queensland Department of Local Government and Planning 1998, *Population Snapshot No. 2*, Brisbane, March, p. 1.
- ¹⁴ Queensland Government Statistician's Office 1998, *Regional Profile — Statistical Divisions*, Brisbane, April.
- ¹⁵ In 1995 the case of *R v Ridgeway* the High Court quashed the conviction of a person charged with possession of a prohibited import, namely the dangerous drug heroin, on public policy grounds. The Court ruled that police officers had acted unlawfully in permitting the heroin to be imported into Australia contrary to the provisions of the *Customs Act 1901* (Cwlth) as part of a 'controlled' undercover drug operation. While the Court acknowledged that, particularly in the context of illegal drug trafficking, there may well be a need for law enforcement officers to be freed from the obligation to comply strictly with the requirements of the criminal law, it observed that this was a matter for the legislature rather than the courts.
- ¹⁶ 'Ethos' refers to those groups, such as Outlaw Motor Cycle Gangs, that are not distinguished along ethnic lines, but nevertheless share a distinct culture or subculture, lifestyle or belief system.

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- ¹⁷ Parliamentary Joint Committee on the National Crime Authority 1998, *Third Evaluation of the National Crime Authority*, Canberra, April.
- ¹⁸ New South Wales Royal Commission on Allegations of Organised Crime in Clubs (The Honourable Mr Justice Moffitt, Commissioner) 1974, *Report of the Honourable M. Justice Moffitt, Royal Commissioner appointed to inquire in respect of certain matters relating to allegations of organised crime in clubs*, Government Printer, Sydney;
New South Wales Royal Commission into Drug Trafficking (The Honourable Mr Justice Woodward, Commissioner) 1979, *Report of the Royal Commission into Drug Trafficking*, Government Printer, Sydney;
Australian Royal Commission of Inquiry into Drugs (The Honourable Mr Justice E. S. Williams, Commissioner) 1977–1983, Canberra;
Royal Commission on the Activities of the Federated Ship Painters and Dockers Union (Mr F. X. Costigan QC, Commissioner) 1982, *Royal Commission on the Activities of the Federated Ship Painters and Dockers Union*, The Commission, Melbourne;
Royal Commission of Inquiry into Drug Trafficking (Australia) (The Honourable Mr Justice D. G. Stewart, Commissioner) 1983, *Royal Commission of Inquiry into Drug Trafficking*, The Commission, Canberra.
- ¹⁹ Attorney-General's Department 1994, *Report of the Review of the Commonwealth Law Enforcement Arrangements*, Australian Government Publishing Service, Canberra, p. 104.
- ²⁰ Hall, R. 1986, *Disorganised Crime*, Queensland University Press, Brisbane.
- ²¹ QPS 1998, Illicit Market Scan Forum Proceedings, State Crime Operations Command, Brisbane, April.
- ²² *ibid.*, p. 2.
- ²³ Drugs and Crime Prevention Committee, Parliament of Victoria 1997, *Turning the Tide: Inquiry into the Victorian Government's Drug Reform Strategy*, Interim Report, Parliament of Victoria, Melbourne.
- ²⁴ Collins, D. and Lapsley, H. 1996, 'The social costs of drug abuse in Australia in 1988 and 1992', quoted in ABCI 1997, *Australian Illicit Drug Report 1996–97*, Australian Bureau of Criminal Intelligence, Canberra, p. 10.
- ²⁵ QPS 1998, Illicit Market Scan Forum Proceedings, State Crime Operations Command, Brisbane, April, p. 7.
- ²⁶ *ibid.*, p. 18.
- ²⁷ Davey, J. and Davies, A. 1998, *Community Based Drug Reporting: Working Group*, Queensland University of Technology, Brisbane, September, p. 2.
- ²⁸ QPS 1998, Heroin Related Deaths and Associated Issues: Queensland, Bureau of Criminal Intelligence Queensland, Brisbane, pp. 2–4.
- ²⁹ Texas Commission on Alcohol and Drug Abuse 1997, *Comparison of Patterns of Illicit Drug Use in Australia and the United States*, Austin, Texas;
Drugs and Crime Prevention Committee, Parliament of Victoria 1997, *op. cit.*
- ³⁰ ABCI 1999, *op. cit.*, p. 43;
Davey, J. and Davies, A. 1998, *op. cit.*, p. 2.
- ³¹ ABCI 1999, *op. cit.*, p. 35.
- ³² QPS 1998, Illicit Market Scan Forum Proceedings, State Crime Operations Command, Brisbane, April, p. 14.
- ³³ Davey, J. and Davies, A. 1998, *op. cit.*, p. 9.
- ³⁴ *Drugs Misuse Regulations 1987*, Schedule 6 (most recently amended in 1997).
- ³⁵ ABCI 1999, *op. cit.*, p. 21.
- ³⁶ Davey, J. and Davies, A. 1998, *op. cit.*, p. 6.
- ³⁷ ABCI 1999, *op. cit.*, pp. 13, 14.
- ³⁸ *ibid.*, p. 16.
- ³⁹ McCoy, Alfred W. 1989, *Drug Traffic: Narcotics and Organised Crime in Australia*, Harper and Row, Sydney, p. 18.
- ⁴⁰ ABCI 1999, *op. cit.*, pp. 76–78.
- ⁴¹ NDARC 1998, *A comparison of drug use and trends in three Australian states: Results from a national trial of the Illicit Drug Reporting System (IDRS)*, NDARC Monograph no. 36, University of New South Wales' National Drug and Alcohol Research Centre, Sydney.

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- ⁴² ABCI 1999, op. cit., p. 78.
- ⁴³ Texas Commission on Alcohol and Drug Abuse 1997, op. cit.
- ⁴⁴ University of New South Wales' National Drug and Alcohol Research Centre 1998, op. cit.
- ⁴⁵ ABCI 1999, op. cit., p. 78.
- ⁴⁶ Texas Commission on Alcohol and Drug Abuse 1997, op. cit.
- ⁴⁷ ABCI 1997, op. cit., pp. 56-57.
- ⁴⁸ Model Criminal Code Officers' Committee of Attorney's General 1998, Model Criminal Code — Chapter 6: Serious Drug Offences Report, Canberra, October, pp. 265–267.
- ⁴⁹ *ibid.*, pp. 265–267.
- ⁵⁰ ABCI 1999, op. cit., p. 89;
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Courier Mail 1998, 'Kids tap into old source for new drug', 19 September, pp. 1, 6.
- ⁵¹ ABCI 1999, op. cit., pp. 86-88.
- ⁵² QPS 1998, Illicit Market Scan Forum Proceedings, State Crime Operations Command, Brisbane, April, p. 22.
- ⁵³ ABCI 1999, op. cit., pp. 56-57.
- ⁵⁴ ABCI 1999, op. cit.
- ⁵⁵ Texas Commission on Alcohol and Drug Abuse 1997, op. cit.
- ⁵⁶ QPS 1998, Illicit Market Scan Forum Proceedings, State Crime Operations Command, Brisbane, April, p. 8.
- ⁵⁷ ABCI 1997, op. cit., p. 41.
- ⁵⁸ QPS 1998, *Project LERNA: A Micro and Macro Analysis of the Heroin Market in the Ipswich Statistical Division* (Project Management Plan), Bureau of Criminal Intelligence Queensland, Brisbane.
- ⁵⁹ Stevenson, R. J. and Forsythe, L. M. V. 1998, *The Stolen Goods Market in New South Wales: An Interview Study with Imprisoned Burglars*, New South Wales Bureau of Crime Statistics and Research, Sydney, p. 1.
- ⁶⁰ Australian Bureau of Statistics 1995, *Crime and Safety: Queensland* (Table 6), Canberra.
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- ⁶² QPS 1998, *Annual Statistical Review 1997–98*, Brisbane.
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- ⁶⁴ Project KRYSTAL Consultations with representatives of the QPS Wildlife Taskforce.
- ⁶⁵ ABCI, AFP and NCA 1997, Criminal Environment National Assessment, 17 September, pp. 304–308.
- ⁶⁶ Queensland Government 1998, *Review of Prostitution Laws in Queensland: Discussion Paper*, Brisbane, November, p. 46.
- ⁶⁷ Section 8(d).
- ⁶⁸ *Crimes Confiscation Act 1989*, s. 4.
- ⁶⁹ Walker, J. 1995, *Estimates of the extent of Money Laundering in and through Australia*, John Walker Consulting Services.
- ⁷⁰ AUSTRAC 1998, *Review of the Financial Transaction Review Act*, June.
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