



Assets of Queensland drug offenders

An analysis of Crime and Corruption Commission proceeds of crime data, 2009–14

Law enforcement agencies throughout Australia seek to disrupt and deter serious and organised crime by restraining and confiscating money and property derived from criminal activity.

Using a sample of CCC proceeds of crime data, this research paper explores the value and nature of assets held by Queensland drug offenders to inform law enforcement and government. As the findings will also be of interest to researchers in this area and the community, the CCC has released this paper to the public.

Key findings

- Assets held by Queensland drug offenders typically ranged from \$100 000 to \$500 000, with a median value of about \$230 000.
- Higher-value assets were associated with factors such as trading mainly in cocaine, being a producer or importer in the supply chain, and longer participation in drug offending.
- Drug offenders with known links to an OMCG had lower-value assets than did offenders without such links. Offenders with links to OMCGs may often reinvest a portion of their criminal proceeds into the OMCG itself.
- Real property, followed by cash, accounted for the greatest percentage of offenders' assets.
- Higher percentages of cash were associated with offenders trading mainly in heroin, being involved in distribution or dealing, or operating in south-east Queensland.
- Most assets restrained from Queensland drug offenders were registered in their own name. However, proceeds of crime data almost certainly underestimate the percentage of assets held by drug offenders in other names.

Drug markets, profitability and asset accumulation

Profit motive is a key driver of illicit drug markets. Despite this, there is little research from Queensland or elsewhere in Australia that provides a direct, in-depth examination of the profitability of illicit drug markets.¹

A more indirect way of exploring the profitability of drug markets is to examine the related area of asset accumulation. It is reasonable to assume that the assets held by drug offenders give an indication of the profits derived from their offending. As with profitability, however, there has been little formal examination of the value of assets held by drug offenders, what form these assets take, how frequently offenders seek to hide their assets by putting them in other people's names and, importantly, whether the value and the nature of assets differ for different kinds of drug offenders.

In Queensland, as in other jurisdictions, confiscating the assets of drug and other offenders is a key strategy for deterring and preventing crime by attacking its profitability. Because most confiscation matters in Queensland are dealt with by the CCC's proceeds of crime team,² the CCC holds a significant amount of data detailing the assets of Queensland drug offenders.

Although these data do not capture all assets or all drug offenders,³ CCC proceeds of crime matters were nevertheless identified as a useful data source for initially exploring the assets accumulated by Queensland drug offenders.

Asset confiscation at the CCC

The CCC's proceeds of crime activity enables the recovery of illegal gains and other property from criminals for the benefit of the people of Queensland.

In broad terms, the steps to recover proceeds of crime are:

1. Investigation and evidence gathering
2. Restraint (a temporary hold is placed on property)
3. Forfeiture (permanent loss of property)
4. Disposal of property (property is sold by the Public Trustee).

Under the *Criminal Proceeds Confiscation Act 2002*, the CCC administers two of Queensland's three confiscation schemes to restrain and forfeit property:

- the non-conviction-based civil confiscation scheme, through which a person's property can be restrained where there is a reasonable suspicion of serious-crime related activity
- the serious drug offender confiscation order scheme, where the property of a person who is convicted of a qualifying drug offence is liable to forfeiture, even if the property was acquired lawfully.

The third scheme — the conviction-based criminal confiscation scheme — is administered by the Office of the Director of Public Prosecutions.

Further information about the CCC's proceeds of crime function is available on the CCC's website and in the most recent annual report (CCC 2014).

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- 1 An exception is an unpublished study by Adkins (c. 2010) that provides detailed models of the illicit drug industry in all Australian states and territories. This includes estimates of the profits associated with the major drug markets, at each level of the supply chain.
 - 2 In 2013–14, the work of the CCC (then the Crime and Misconduct Commission) led to the forfeiture of \$7.6 million in assets, compared with about \$965 000 for the Office of the Director of Public Prosecutions (CCC 2014; Department of Justice and Attorney-General 2014).
 - 3 The nature of the CCC's proceeds of crime data means that they do not capture the undetected assets of offenders dealt with by the CCC's proceeds of crime team; the assets of drug offenders who are dealt with under the Commonwealth's confiscation legislation, or by the Office of the Director of Public Prosecutions under Queensland's criminal confiscation scheme; the assets of drug offenders who are detected by law enforcement but not referred for any proceeds of crime action; or the assets of drug offenders who are not detected by law enforcement.

Overview of the study

This study explored:

- the value of assets held by Queensland drug offenders
- the nature of assets held by Queensland drug offenders
- the percentage of assets held by Queensland drug offenders in another name.

For each topic, the assets of Queensland drug offenders were examined as a whole, before identification and examination of any differences among offenders based on the nature of their drug activity, specifically:

- the type of drug they primarily traded in
- the type of drug offences they primarily committed; the key drug offences considered in this study were possessing, producing, supplying and trafficking drugs, where trafficking refers to “the supply of drugs as part of an illegal commercial operation”, which “usually involves larger amounts of drugs, several acts of supply, or evidence of an organised business supplying drugs” (Queensland Government 2014)⁴
- their position in the drug supply chain; this refers to whether the offender was a producer/importer (that is, someone who manufactures drugs or imports drugs from overseas), or a distributor/dealer (that is, someone who provides drugs to others for on-supply or who provides drugs directly to users)⁵
- the location of their drug activity (within and/or outside south-east Queensland)⁶
- the estimated duration of their known drug offending
- whether they had any known links to an outlaw motorcycle gang (OMCG) (see the Appendix for more information about how these factors were assessed).

The study also examined whether there have been any changes over time in the asset holdings of Queensland drug offenders.

Identification of offenders

On the basis of CCC proceeds of crime data for matters received between 1 January 2009 and 31 December 2014, 223 drug offenders were identified who had had assets restrained as of 11 March 2015.⁷

For each offender, detailed data about their drug offending and restrained assets were obtained from a combination of the original referral/request for proceeds of crime assistance (where available), the proceeds of crime assessment, the restrained assets list, any relevant charges in the Queensland Police Service (QPS) QPRIME database and, in some cases, the original restraining orders and affidavits.⁸ Further information about the method, including how concepts were defined, is provided in the Appendix.

Key characteristics of the offenders

The key characteristics of the study’s offenders in terms of their demographic characteristics, drug offending and assets are shown in the following box.

4 See sections 5 to 6 and 8 to 9 of the *Drugs Misuse Act 1986* (Qld).

5 There is sometimes overlap between a person’s supply chain position and their offence type, but not always — a person charged with trafficking, for example, may occupy any position in the supply chain, depending on the exact nature of their drug activity.

6 In this paper, the term “south-east Queensland” refers to locations in seven Queensland Police Service districts that cover the Gold Coast, Logan, Ipswich, Brisbane and the Sunshine Coast (see also the Appendix, page 14).

7 Assets are restrained when the Supreme Court, satisfied of certain conditions, grants a restraining order over a person’s property to prohibit the owner from selling or otherwise disposing of it.

8 QPRIME is the Queensland Police Records and Information Management Exchange.

Key characteristics of drug offenders in CCC proceeds of crime data, 2009–14

Demographic characteristics

Most offenders were male (88%, $n = 197$) and Australian (85%, $n = 190$).⁹ Their average age (at the time of the first restraining order) was 39 years, with the youngest offender being 17 and the oldest being 76.

Drug offending

Most commonly, offenders:

- were trading in one type of drug only (52%, $n = 116$)
- were primarily trading in cannabis (37%, $n = 83$) or methylamphetamine (20%, $n = 44$)
- were primarily trafficking drugs (66%, $n = 146$)
- were distributors or dealers (66%, $n = 148$)
- were operating solely within south-east Queensland (70%, $n = 155$)
- were known to have been offending for more than 12 months (57%, $n = 101$)
- had no known links to OMCGs (84%, $n = 187$).

Assets

Most offenders had some assets in the form of:

- cash (70%, $n = 157$)
- real property (66%, $n = 146$)
- vehicles or vessels (66%, $n = 146$).

Bank accounts and other types of assets were less common (held by $n = 91$, 41% and $n = 57$, 26% of offenders respectively).

Most offenders did not have any assets that were registered in another name (76%, $n = 169$).

Value of assets held by Queensland drug offenders

Findings in brief

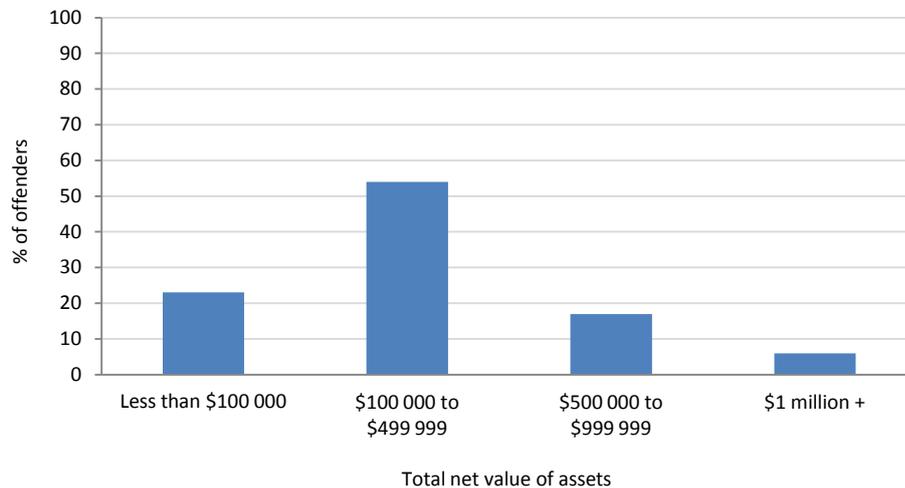
- Queensland drug offenders most often held between \$100 000 and \$499 999 in assets.
- The value of assets varied depending on the nature of a person's drug offending. Higher-value assets were held by offenders who had one or more of these characteristics:
 - primarily trading in cocaine
 - primarily involved in production offences
 - operating at the production/importation level of the drug supply chain
 - operating outside south-east Queensland
 - known to have been involved in drug offending for a longer time
 - not known to have any links to OMCGs.
- The value of assets held by Queensland drug offenders decreased between 2009 and 2012, but has since returned to previous levels.

⁹ The offender's nationality was taken from the original referral/request for proceeds of crime assistance where it was available. Where it was not, the offender's nationality was taken from QPRIME where specified, or entered based on the offender's place of birth where there was nothing in QPRIME to indicate another nationality.

Queensland drug offenders most often held between \$100 000 and \$499 999 in assets

Over half of drug offenders in the data ($n = 120$) held between \$100 000 and \$499 999 in assets (see Figure 1).^{10, 11} The median value of assets held by offenders was about \$230 000. As a point of comparison, the median net worth of Queensland households in 2011–12 was around \$395 000 (Australian Bureau of Statistics 2013).

Figure 1. Percentage of offenders according to the total net value of their assets



Notes: $n = 52$ (23%) for less than \$100 000, $n = 120$ (54%) for \$100 000 to \$499 999, $n = 37$ (17%) for \$500 000 to \$999 999 and $n = 14$ (6%) for \$1 million plus.

Source: CCC proceeds of crime data.

Six per cent of offenders ($n = 14$) held \$1 million or more in assets. Together, these offenders accounted for 32% of the study population's total assets, with an average net asset value of about \$1 508 000 each.

The value of assets varied depending on the nature of a person's drug offending

The value of assets held by drug offenders differed according to:

- the type of drug the offender primarily traded in
- the type of drug offences the offender primarily committed
- the offender's position in the drug supply chain
- the offender's geographical location
- the estimated duration of the offender's known drug offending
- whether the offender had any known links to an OMCG.

Each of these findings is explained in more detail in the following text.

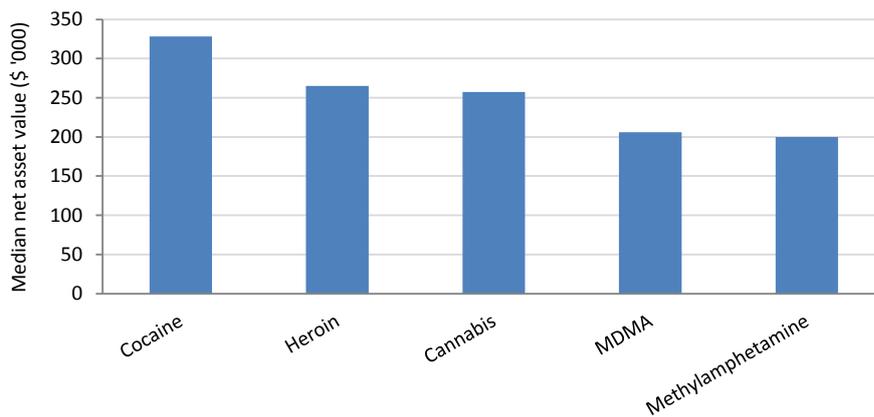
Type of drug the offender primarily traded in

As illustrated in Figure 2, offenders primarily trading in cocaine had the highest-value assets (median value about \$330 000), followed by offenders primarily trading in heroin or cannabis (about \$260 000). Offenders primarily trading in MDMA (3,4-methylenedioxymethamphetamine, commonly known as "ecstasy") or methylamphetamine had the lowest-value assets (about \$200 000).

10 Note that the term "assets" is used throughout the findings for ease of reference, but it should be remembered that, when describing the data, "assets" refers only to those assets restrained as a result of CCC proceeds of crime action.

11 All asset values provided in this paper are net (rather than gross) values.

Figure 2. Median net asset value of offenders according to the type of drug they primarily traded in



Notes: $n = 8$ only for cocaine, $n = 23$ for heroin, $n = 83$ for cannabis, $n = 6$ only for MDMA and $n = 44$ for methylamphetamine. No findings are reported in this paper for all other primary drug types with fewer than 10 cases (i.e. drug analogues, performance and image enhancing drugs, anaesthetics and “other” drugs).

A primary drug type could not be determined for 54 offenders who traded in multiple types of drugs.

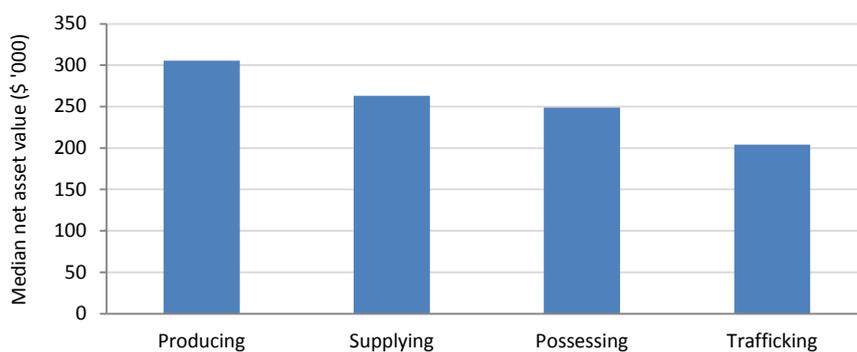
Source: CCC proceeds of crime data; QPRIME.

These findings align reasonably well with estimates of the overall profitability of different drug markets in Queensland based on data provided by Adkins (c. 2010). Adkins’s data indicate that the cocaine and heroin markets are by far the most profitable in Queensland, respectively returning \$7.60 and \$7.70 as net profits for every dollar spent, compared with \$2.20 for amphetamine and \$2.10 for both MDMA and cannabis.¹² Together, these findings suggest that more profitable drug markets are associated with offenders accumulating more assets.

Type of drug offences the offender primarily committed

Offenders primarily involved in production offences had higher-value assets than did other offenders (see Figure 3). This is consistent with the literature (Adkins c. 2010), which indicates that production (and importation) is the most profitable tier of drug offending (as opposed to distributing/wholesale or dealing/retail).

Figure 3. Median net asset value of offenders according to the type of drug offences they primarily committed



Notes: $n = 40$ for producing (median value about \$305 000), $n = 22$ for supplying (about \$265 000), $n = 11$ for possessing (about \$250 000) and $n = 146$ for trafficking (about \$205 000). No findings are reported in this paper for offenders who primarily possessed relevant substances or things (s. 9A *Drugs Misuse Act 1986*) as $n = 1$ only.

A primary drug offence could not be determined for three offenders who committed multiple types of offences.

Source: CCC proceeds of crime data; QPRIME.

¹² Profitability = Net profit ÷ (Gross revenue – Net profit). It indicates the number of dollars returned as net profit for every dollar spent. Gross revenue and net profit estimates were based on Adkins’s (c. 2010) “elasticity adjusted solution” (see relevant tables in Chapter 4).

It would be expected that offenders primarily involved in trafficking offences would have higher-value assets than offenders primarily involved in supply or possession offences. It is difficult to say why the opposite was found in this case. It could be that the latter types of offenders were actually involved in more significant drug offending than was indicated in the files examined for this study. For example, a person charged with possessing drugs may have later been found to be involved in trafficking, but the files only captured the initial possession. It was also noted that, of the 11 offenders who were primarily implicated only in possessing drugs, 2 were involved in joint proceeds of crime matters with spouses who were traffickers. It is therefore possible that the considerable assets they held in their name were actually derived from their partner’s trafficking.

Offender’s position in the drug supply chain

Offenders who were producing drugs or importing drugs had much higher-value assets than offenders who were distributors or dealers (median values about \$315 000 and \$210 000 respectively).¹³ Again, this is consistent with the literature, which indicates that production/importation is the most profitable level of the drug supply chain (Adkins c. 2010).

Offender’s geographical location

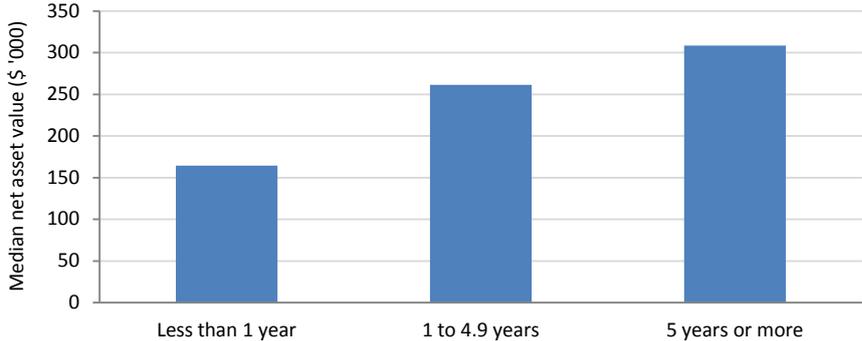
Offenders operating outside south-east Queensland had higher-value assets than did offenders operating within south-east Queensland (median values about \$265 000 and \$215 000 respectively).¹⁴

To some extent, this finding may reflect the observation that cannabis production appears relatively common outside south-east Queensland, especially in northern Queensland. In the current data, 28% of offenders operating outside south-east Queensland were producers (*n* = 13), and 85% of these producers grew cannabis (*n* = 11). Putting this another way, 24% of all offenders outside south-east Queensland were cannabis producers (compared with 10% of offenders within south-east Queensland; *n* = 16), making them the most common type of offender outside the south-east. Offenders involved in large-scale cannabis production may hold multiple, large rural properties that increase the overall value of their assets, thus accounting for some of the differences observed among offenders based on their location.

Estimated duration of the offender’s known drug offending

As would be expected, the value of assets held by drug offenders was greater if they were known to have been involved in drug offending for a longer time (see Figure 4).

Figure 4. Median net asset value of offenders according to the estimated duration of their known drug offending



Notes: *n* = 76 for less than 1 year (median value about \$165 000), *n* = 73 for 1 to 4.9 years (about \$260 000) and *n* = 28 for 5 years or more (about \$310 000).
 A duration could not be estimated for 46 offenders.

Source: CCC proceeds of crime data; QPRIME.

13 *n* = 46 for producers and importers (only 2 of these people were importers) and *n* = 148 for distributors and dealers. One offender had an “other” role in the supply chain, and the role of 28 offenders was unable to be determined.
 14 *n* = 46 for offenders operating outside south-east Queensland and *n* = 155 for offenders operating within south-east Queensland. Twenty-two offenders were operating both outside and within south-east Queensland.

Whether the offender had any known links to an OMCG

Offenders who had known links to an OMCG had somewhat lower-value assets than did offenders who had no known links to OMCGs (median values about \$190 000 and \$235 000 respectively).¹⁵

This finding may reflect the fact that, compared with offenders with known OMCG links, offenders without such links were more likely to be at the production level of the supply chain (22%, $n = 42$ compared with 11%, $n = 4$). As noted above, this is associated with higher-value assets.

It is also possible that offenders with links to OMCGs often reinvest a portion of their criminal proceeds into the OMCG itself, as opposed to using the proceeds for their individual benefit. The CCC has identified that it is relatively common among OMCGs for successful drug traffickers to contribute financially to the OMCG by spending money within the club. An example of this is shown in the case study below.

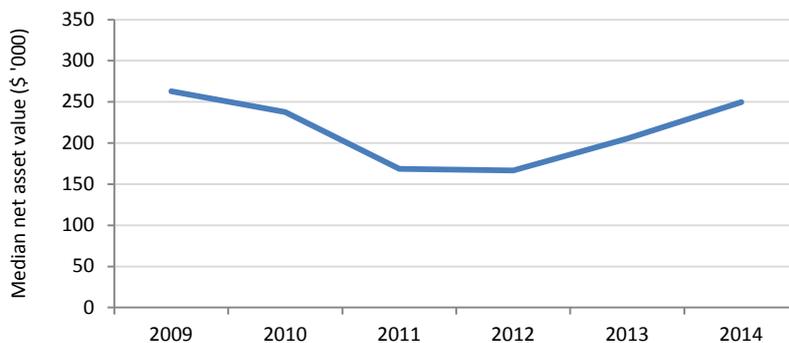
CASE STUDY

An established drug trafficker deriving substantial income from trafficking was recruited into an OMCG. The trafficker contributed some of the proceeds of their trafficking to the establishment of a clubhouse for the OMCG. Once the clubhouse was established, the OMCG was able to generate income by having “party nights” there, during which the trafficker spent large amounts of money. In this way, the trafficker further indirectly contributed the proceeds of their offending to the OMCG.

The value of assets held by Queensland drug offenders decreased between 2009 and 2012, but has since returned to previous levels

As illustrated in Figure 5, the value of assets held by drug offenders decreased between 2009 and 2012, but has increased back to initial levels in the two years since. These changes appear to be driven by changes over time in the percentage of assets held in the form of real property, which accounts for the largest percentage of offenders’ asset value (see following text on pages 9 and 11).

Figure 5. Median net asset value of offenders between 2009 and 2014



Notes: This refers to the year in which assets were first restrained.

$n = 44$ for 2009 (median value about \$265 000), $n = 42$ for 2010 (about \$240 000), $n = 24$ for 2011 (about \$170 000), $n = 33$ for 2012 (about \$165 000), $n = 24$ for 2013 (about \$205 000) and $n = 51$ for 2014 (about \$250 000). No findings are reported in this paper for 2015 as $n = 5$ only.

Source: CCC proceeds of crime data.

¹⁵ $n = 36$ for offenders with known links to an OMCG and $n = 187$ for offenders with no known links to an OMCG.

Nature of assets held by Queensland drug offenders

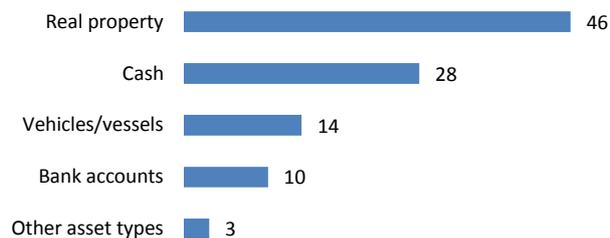
Findings in brief

- Real property, followed by cash, accounted for the greatest percentage of Queensland drug offenders' assets.
- Drug offenders held their assets in different forms, depending on the nature of their drug offending. In particular, the following kinds of offenders tended to hold a greater percentage of their assets in the form of cash:
 - offenders primarily trading in heroin
 - offenders primarily involved in supply offences
 - offenders operating at the distributor or dealer level of the drug supply chain
 - offenders operating within south-east Queensland.
- Cash assets have increased since 2009, while changes in real property assets may reflect changes in the property market.

Real property, followed by cash, accounted for the greatest percentage of Queensland drug offenders' assets

Drug offenders' assets were most commonly held in the form of real property, which on average accounted for nearly half of an offender's total asset value (46%). This was followed by cash (28%) and vehicles or vessels (14%).¹⁶ Money held in bank accounts accounted for 10% of an offender's assets, while other asset types (namely loans owed to the offender, jewellery, livestock, chattels, shares, plant and equipment, and other investments) together accounted for only 3% (see Figure 6).

Figure 6. Mean percentage of an offender's total net asset value held in different forms



Note: Percentages do not add to 100% due to rounding.

Source: CCC proceeds of crime data.

Expert opinion suggests that the majority of cash held by drug offenders, and a smaller percentage of assets held in bank accounts, is likely to be reinvested into further drug activity (McFadden et al. 2014). On this basis, it can be estimated that between 25% and 35% of the assets held by Queensland drug offenders may have been destined for reinvestment in criminal activity.

This finding is consistent with a Dutch study that estimated that, on average, offenders reinvest about a third of their criminal income into criminal enterprises or "irregular business activities" (cited in United Nations Office on Drugs and Crime 2011, p. 99; see also McFadden et al. 2014). However, it does contradict the conclusion of the United Nations Office on Drugs and Crime (UNODC 2011) that drug offenders reinvest an even greater percentage than this.¹⁷

¹⁶ In this paper, "cash" refers to physical cash seized by police.

¹⁷ The UNODC did not specify a percentage, but drew this general conclusion based on the findings of the aforementioned Dutch study and findings that, compared with criminals in general, more drug offenders show a tendency to "hoard money for subsequent reinvestment" (77% of drug-related cases, compared with 54% of all cases; Meloen et al. 2003, cited in UNODC 2011, p. 99).

The estimated reinvestment of criminal proceeds into further drug activity by Queensland drug offenders is also much lower than for offenders dealt with by the Australian Federal Police (AFP). An analysis by McFadden et al. (2014) of drug-related cases where assets were seized or forfeited by the AFP found that those offenders held a much higher percentage of their total asset value in the form of cash (56%, compared with 28% for Queensland offenders), and only held about 35% in the form of non-liquid assets such as real property and vehicles (compared with 63% for Queensland offenders). It was therefore estimated that these offenders reinvested between 55% and 60% of the proceeds of crime into further drug activity — about twice the estimate for Queensland offenders.

From the available data, it is difficult to identify the reason for these differences. However, it is likely that they reflect differences in the kinds of drug offenders subject to proceeds of crime action by the AFP compared with the CCC, and differences in the kinds of assets targeted for restraint. They may also suggest that there are significant cash assets held by Queensland drug offenders that go undetected or unrestrained. Finally, these findings may reflect genuine differences in the way Queensland drug offenders spend the proceeds of crime.

Drug offenders held their assets in different forms depending on the nature of their drug offending

The percentage of assets held by drug offenders in various forms differed according to:

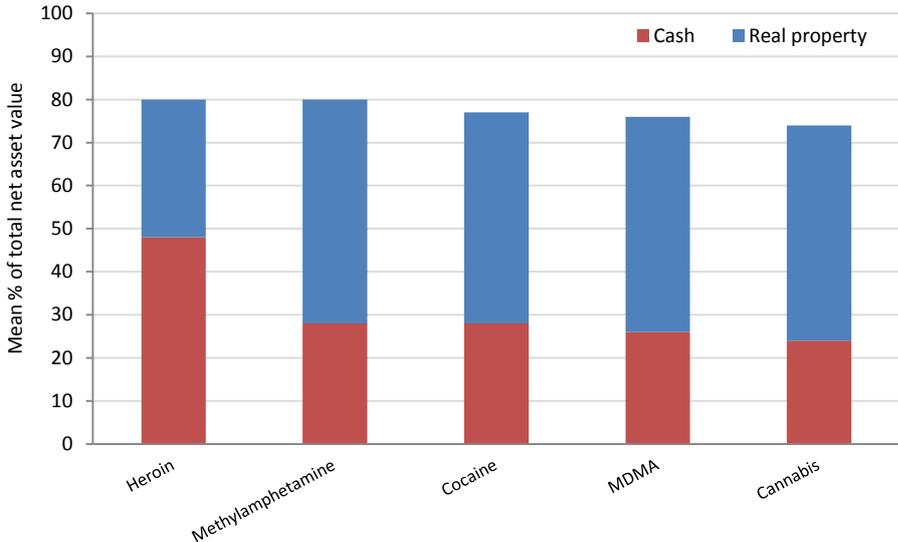
- the type of drug the offender primarily traded in
- the type of drug offences the offender primarily committed
- the offender’s position in the drug supply chain
- the offender’s geographical location.

Each of these findings is explained in more detail below.

Type of drug the offender primarily traded in

As illustrated in Figure 7, offenders primarily trading in heroin held nearly half of their assets in the form of cash (48% on average). This was in contrast to offenders who primarily traded in methylamphetamine, cocaine, MDMA or cannabis, who held about half of their assets in real property, and only about a quarter of their assets in cash.

Figure 7. Mean percentage of an offender’s total net asset value held in cash and real property, according to the type of drug they primarily traded in



Note: n = 8 only for cocaine and n = 6 only for MDMA.

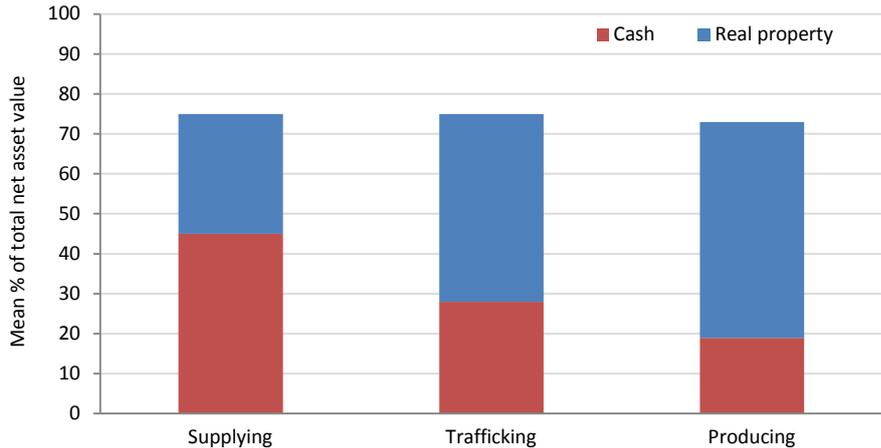
Source: CCC proceeds of crime data; QPRIME.

The fact that heroin offenders held a large percentage of their assets in cash might reflect the fact that nearly all of these offenders (96%, $n = 22$) were distributors or dealers (see below).

Type of drug offences the offender primarily committed

As illustrated in Figure 8, offenders primarily involved in supply offences held almost half of their assets in the form of cash (45% on average), whereas offenders primarily involved in trafficking or production offences held about half of their assets in real property (47% and 54% respectively).

Figure 8. Mean percentage of an offender’s total net asset value held in cash and real property, according to the type of drug offences they primarily committed



Note: Offenders who primarily committed possession offences have been omitted from the graph for ease of interpretation. On average, they held around 30% of their assets in cash and around 40% in real property.

Source: CCC proceeds of crime data; QPRIME.

It is possible that offenders who are primarily involved in supply offences (without being considered “traffickers”) make small but frequent cash transactions, and therefore need to have ready access to cash.

Offender’s position in the drug supply chain

Compared with offenders who were producing (or importing) drugs, distributors and dealers held a smaller percentage of their assets in the form of real property (on average, 44% compared with 56%), and a larger percentage in the form of cash (31% compared with 16%). This may be due to a more frequent flow of cash involved in distributing and dealing.

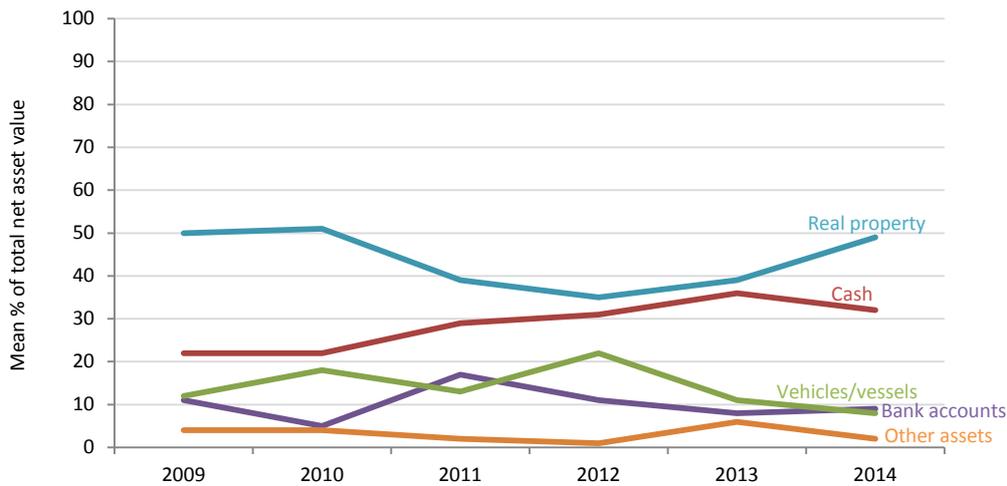
Offender’s geographical location

Compared with offenders operating within south-east Queensland, offenders operating outside south-east Queensland on average held a smaller percentage of their assets in the form of cash (18% compared with 31%), and a larger percentage in the form of real property (54% compared with 43%). This probably reflects the fact that, compared with offenders within south-east Queensland, offenders outside the south-east are more likely to be producers and/or involved in the cannabis market, and these kinds of offenders are less likely than others to hold assets in the form of cash.

Cash assets have increased since 2009, while changes in real property assets may reflect changes in the property market

The percentage of assets held by drug offenders in the form of cash increased between 2009 and 2014 (from 22% to 32%; see Figure 9). In contrast, the percentage of assets held by drug offenders in the form of real property decreased between 2009 and 2012 (from 50% to 35%), but has increased back to initial levels in the two years since. To some extent this may reflect changing real-estate values, with median house prices in Queensland declining between 2010 and 2012 before increasing up to 2014 (Australian Bureau of Statistics 2015).

Figure 9. Mean percentage of an offender’s total net asset value held in different forms, 2009 to 2014



Source: CCC proceeds of crime data.

There were no meaningful trends over time in the percentage of assets held by drug offenders in the form of bank accounts, vehicles and vessels, or other types of assets.

Percentage of assets held by Queensland drug offenders in another name

Findings in brief

- Less than 10% of assets held by Queensland drug offenders were registered in another name, although proceeds of crime data almost certainly underestimate the frequency of this.
- The percentage of drug offenders’ assets held in another name did not differ depending on the nature of their drug offending.
- There was no change over time in the percentage of drug offenders’ assets held in another name.

The large majority of assets held by drug offenders were registered in their own name, not in the name of another person or an entity (such as a business). On average, only 8% of an offender’s assets were held in another name.¹⁸ Note that this included 2% of assets that were held in the name of an entity to which the offender had a clear link (for example, as a shareholder, director or owner of the company).

However, it is important to reiterate here that these findings are based on data relating to restrained assets only. Given that assets registered in another name are likely to be more difficult to restrain or even detect in the first instance, these data almost certainly underestimate the percentage of all assets held by drug offenders in other names.

The percentage of assets held by drug offenders in another name did not differ according to any characteristic of their drug offending, and remained relatively stable between 2009 and 2014.

¹⁸ This percentage refers to the percentage of the total net value of an offender’s assets.

Key findings

A number of key findings about the assets of drug offenders who were the subject of CCC proceeds of crime action between 2009 and 2014 have emerged from this study.

In terms of value, the assets held by Queensland drug offenders typically ranged from \$100 000 to \$500 000, with a median value of about \$230 000. Higher-value assets were associated with factors such as trading mainly in cocaine, being a producer or importer in the supply chain, and longer participation in drug offending. Conversely, drug offenders with known links to an OMCG had lower-value assets than did offenders without such links.

The overall value of offenders' assets varied between 2009 and 2014. To some extent, these changes may reflect similar changes over time in the value of real property, which accounted for the greatest percentage of offenders' assets (almost half). This was followed by cash, which accounted for just over a quarter of offenders' assets. Higher percentages of cash were associated with offenders trading mainly in heroin, being involved in distribution or dealing, or operating in south-east Queensland.

The majority of assets restrained from Queensland drug offenders were registered in their own name. However, proceeds of crime data almost certainly underestimate how often assets are held in other names, as such assets may sometimes be difficult to detect.

Implications

This study's findings raise several points that may warrant further consideration by:

- law enforcement, in determining strategies to deal with drug offenders, in identifying assets held by drug offenders in other names, and in understanding the asset accumulation of drug offenders with links to OMCGs
- researchers, in assessing the impact of proceeds of crime action, and in examining the asset accumulation of drug offenders involved in organised crime.

Points for law enforcement to consider have been detailed in a separate classified version of this paper. Points for researchers are discussed below.

Assessing the impact of proceeds of crime action

The effectiveness of proceeds of crime action in deterring, disrupting and preventing crime needs further empirical examination. McFadden et al. (2014) have made a valuable contribution to this area by developing the Proceeds of Crime Drug Disruption Index (POCDDI), which uses profitability and reinvestment estimates to measure the impact of proceeds of crime action on future drug activity. The findings of this study raise questions about reinvestment estimates. The POCDDI assumes that drug offenders reinvest 60% of their criminal income into the drug trade, as inferred from proceeds of crime data from the AFP, whereas the Queensland data analysed in this study suggest a much lower rate of reinvestment (around 25% to 35%). These findings appear to support the proposition of McFadden et al. that reinvestment estimates will vary between different places (and over time). Reinvestment levels are also likely to vary depending on the nature of offenders' criminal activities. More research may therefore be needed to identify appropriate reinvestment estimates for assessing the impact of proceeds of crime action.

Examining the asset accumulation of drug offenders involved in organised crime

Another important area for further research arising out of this study is whether the asset profiles of drug offenders differ depending on their involvement in organised crime. It makes sense to examine this issue, given that organised crime is driven by profit. This study was unable to do so, however, because of the relatively broad way that organised crime is defined in the *Crime and Corruption Act 2001*, and the sometimes limited information available about the nature of an offender's drug activity. Together, these limitations meant that it was difficult to accurately and consistently assess whether a person's offending was occurring within the context of "organised crime". Alternative data sources would be required to address this issue in future research.

Appendix: Data sources and key definitions

Each of the following variables was assessed using all of the information available in the original referral (where available), the proceeds of crime assessment, the restrained assets list and any relevant charges in QPRIME (which occurred within approximately 12 months before or one month after the date of the first restraining order).

It is recognised that each of these variables can be difficult to assess, and that judgments were limited by the information available to the research team. Where the research team could not confidently assess a variable for a particular offender, the data were omitted (for estimated duration) or entered as “unknown/unable to be determined” (for drug type, drug offence and position in the supply chain).

Type of drug the offender primarily traded in

This is the type of drug the offender mainly traded in. For the 52% of offenders ($n = 116$) implicated in only one drug market (according either to formal charges or to other available information), there was no judgment to make in this regard. For the 107 offenders (48%) implicated in more than one drug market, a primary drug type was entered only if there was a clear indication that they were involved significantly more in one drug market than in another (for example, if they had been involved in one drug market for a significantly longer time, or if they were more heavily involved in one market as evidenced by both producing and trafficking the drug). A primary drug type was able to be determined for 53 of the 107 offenders implicated in more than one drug market.

Type of drug offences the offender primarily committed

This is the type of drug offences (such as trafficking, producing, possessing) the offender mainly committed. For the 206 offenders (92%) implicated in more than one type of offence (according either to formal charges or to other available information), a primary offence was determined according to the offender’s most serious offence (for example, trafficking rather than supplying or possessing), or if there was a clear indication that they were involved significantly more in one kind of offending than in another (for example, if they had been involved in one type of offence for a significantly longer time). A primary drug offence was able to be determined for 203 of the 206 offenders implicated in more than one type of offence.

Offender’s position in the drug supply chain

This refers to whether the offender was a producer/importer (that is, producing drugs, or importing drugs into Australia) or a distributor/dealer (that is, providing drugs to others for on-supply, and/or providing drugs directly to users). Note that these roles do not equate to particular offence types above — for example, a person charged with trafficking may occupy any of these roles, depending on the exact nature of their drug activity. The offender’s position in the supply chain was only entered if the available information gave a clear indication of their role. Where the offender appeared to hold multiple roles (for example, as an importer and a distributor), their position was classified at the highest level.

Offender’s geographical location

This is the location (or locations) of the offender’s drug activity as indicated in the referral, the assessment and/or the relevant charges in QPRIME. “South-east Queensland” refers to locations in the Gold Coast, Logan, Ipswich, South Brisbane, North Brisbane, Moreton and Sunshine Coast QPS districts.

Estimated duration of the offender’s known drug offending

This is the estimated duration of the offender’s known drug activity (relevant to the restraint action) as indicated in the referral, the assessment and/or the relevant charges in QPRIME. Most often, the duration was estimated based on the offence dates listed in the relevant charges in QPRIME. In other cases, the duration was estimated based on information in the referral and/or assessment (for example, “The offender is believed to have been producing cannabis for the last 15 years”; “The offender states that he started supplying about 18 months ago”). Where there was more than one estimated duration, the longest one was used for analysis. Despite this, it is recognised that these estimates still almost certainly underestimate the actual duration of an offender’s drug activity, and reflect only what was known to police at the time of the restraint action.

Known links to an OMCG

This is where there was some information in the referral, the assessment and/or the relevant charges in QPRIME to indicate that the offender was a member of an OMCG, was an associate of an OMCG, or was otherwise conducting drug activity that had connections to an OMCG.

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- UNODC — see United Nations Office on Drugs and Crime.

Legislation cited in this paper

- Crime and Corruption Act 2001* (Qld)
- Criminal Proceeds Confiscation Act 2002* (Qld)
- Drugs Misuse Act 1986* (Qld)

List of abbreviations

AFP	Australian Federal Police
CCC	Crime and Corruption Commission
MDMA	3,4-methylenedioxymethamphetamine (commonly known as “ecstasy”)
OMCG	outlaw motorcycle gang
POCDDI	Proceeds of Crime Drug Disruption Index
QPRIME	Queensland Police Records and Information Management Exchange
QPS	Queensland Police Service
UNODC	United Nations Office on Drugs and Crime



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