

AIPOI MEMBERS USE ONLY.
Please do not hand this out to
members of the public

AiPOL

Australasian Institute of Policing



Journal of the Australasian Institute of Policing Inc.

Volume 13 Number 4 • 2021



Transnational Organised Crime
TAKING THE FIGHT
OFF SHORE



GOLD COAST **DETOX** & **REHAB** SERVICES

Private Drug & Alcohol Withdrawal

7-28 day drug and alcohol withdrawal programs
Confidential, Discreet, Personal

24 hour medical care

Pharmacotherapy

Integrative therapies

Massage, Acupuncture and Nutrition

A comfortable, non-clinical environment

Luxury accommodation on the beachfront

Medical supervision includes resident doctor, registered nurses and addiction counsellors

ROOMS START AT \$1500 +GST PER DAY

(includes all medical services and medication, therapy, food, accommodation, airport pickup)



FOR MORE INFORMATION:

Phone: 07 5559 5811 | Email: manager@goldcoastdetoxandrehab.com

WWW.GOLDCOASTDETOXANDREHAB.COM



Visit www.aipol.org to view previous editions and to subscribe to receive future editions.

Contributions

Articles on issues of professional interest are sought from Australasian police officers and police academics. Articles are to be electronically provided to the Editor, aipoljournal@aipol.org. Articles are to conform to normal academic conventions. Where an article has previously been prepared during the course of employment, whether with a police service or otherwise, the contributor will be responsible for obtaining permission from that employer to submit the article for publication to Australasian Policing.

Contributors are expected to adhere to the Journal's publishing guidelines. These guidelines are available in this Journal. All papers are peer-reviewed.

Disclaimer

While every effort is made to check for accuracy, the Publishers or Editors cannot be held responsible for the content, errors or omissions inadvertently published in articles and advertisements in Australasian Policing. Views expressed by contributors are not necessarily those of AiPol, the Editors or the Publisher. No responsibility for loss occasioned to any person acting, or refraining from acting, as a result of material in this publication can be accepted.

Copyright

All rights reserved. No part of this publication may be reproduced or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording, or be stored in any retrieval system of any nature, without written permission of the copyright holder and the Publisher, application for which in the first instance should be made to the Publisher for AiPol.

Contents

Editorial	3
Transnational Serious & Organised Crime (TSOC)	4
President's Foreword	7
Update on Operation Ironside	11
Global Organized Crime Index website	13
Australia needs a better strategy for fighting organised crime	24
Australia's casinos a hotspot for global money-laundering operations	26
The fallen star: Sydney's cleanskin casino caught in 'dirty' company	29
High Rollers	35
Operation Ironside Updated Statistics	50



Beyond every cloud, there is always blue sky.

At QSuper, we plan ahead by investing in experience
and expertise. So our members can focus on today,
knowing their future is safe with us.

Visit [QSuper.com.au](https://www.QSuper.com.au) today



Product issued by the QSuper Board (ABN 32 125 059 006, AFSL 489650) as trustee for QSuper (ABN 60 905 115 063).
Consider the PDS on our website to see whether QSuper is right for you. © QSuper Board

Editorial

DR AMANDA DAVIES

Editor, Assistant Professor Policing and Security at the Rabdan Academy, Abu Dhabi



Taking the fight off shore with operations such as Trojan Shield/Operation Ironside has shown the effort is worth the reward for policing and law enforcement and deserves respective Government recognition through increased resources.

Welcome to the final edition for 2021. At this time of the year organisations and individuals try to take the time to reflect on the year that has been and view the landscape for the year ahead.

There is no doubt in the world of policing the year is always full of both successes and the disappointment of missed opportunities. It is important to learn from what might have been and celebrate the successes by benchmarking them as contributing to best practice.

There have been significant national and international successes for which the Australian policing community should be justly proud. The contribution to the management of the complex circumstances associated with Covid-19 and the state and federal response to and for the community is one which has made the work of police a constant in the multiple media platforms and in person, in circumstances no-one could have envisaged prior to 2020. Whilst tragic there have been multiple lessons learnt some positive such as demonstrating to the national and international community the competent and confident interoperability of police forces to work closely with health, education, and armed services to name only a few, in times of emergency.

One of the less visible areas to the general public of the successful police work is Operation Trojan Shield/ Operation Ironside. To those involved across the globe it has been the catalyst for energizing police agencies as a show case of what can be achieved. As illustrated in the articles presented in this addition, Transnational Organised Crime (TOC) has been identified as one of the most dangerous threats to human security, development and justice in the world today.

As we turn to the articles, one of the most thought provoking is the Organised Crime Index. The availability of collective data offers police agencies a view on the global landscape of TOC and where Australia is situated relative to countries with similar demographics, GDP, education, and law and criminal justice systems. John Coyne makes an interesting point in suggesting one of the key elements undermining more significant progress in addressing, mitigating and deterring TOC is the general public's inability to connect with the scale and scope of the serious and organised crime threat. As more information is published such as the Organised Crime Index, unless there is an appetite by the media

platforms to proactively work with policing agencies to assist in public dissemination of information John Coyne's suggestion will be unchanged. Unfortunately, as we hear only too often people do not connect unless it impacts them personally, let us hope that in the year 2022 our collective policing agencies are able to harness the strength of the community to enhance policing efforts in this area of the fight against organised crime.

Taking the fight off shore with operations such as Trojan Shield/ Operation Ironside has shown the effort is worth the reward for policing and law enforcement and deserves respective Government recognition through increased resources.

Whilst these larger events receive the media attention, the hard work of police managers and frontline officers on a daily basis and the life changing actions and contributions they make to security of the community are often unheralded. As we come to the close of the year may we praise their efforts and thank them for their dedication to our community and nation.

Wishing you all a safe festive season and a year ahead full of energy, commitment, innovation and success.

What is TSOC?

Transnational Serious and Organised Crime includes some of the most serious crime threats impacting Australia.

- Manufacture and trade of illicit commodities.
- Illicit drugs on our streets destroying lives and communities.
- Black market firearms fuelling criminal violence.
- Massive money laundering operations distorting our financial markets.

TSOC is well established, financed and has integrated global networks. Some 70% of Australia's serious and organised crime threats are based offshore or have strong offshore links, but the impacts of TSOC are felt locally. The destructive, pervasive and complex nature of TSOC touches the lives of all Australians.

Protecting Australians and Australia's interests against TSOC is critical. As the environment changes and criminals adapt, so too must our operational response.

The AFP combats TSOC by making it harder for criminals to operate. This involves strategies to work with our partners and the community.

Who we are fighting



Outlaw Motorcycle Gangs (OMCGs)

Outlaw Motorcycle Gangs control much of Australia's drug trade



Organised Crime Syndicates

Organised crime groups including the mafia and mob groups also pose a significant threat



Enablers

The drug business model relies on enablers in trusted positions who engage in corrupt business practices

How we do it

We do this through the application of AFP and partner capabilities



International Network

The AFP's international network allows us to leverage our reputation and work with international partners to counter these threats before they reach Australian shores



Intelligence, physical and technical surveillance collection

Managing and exploiting intelligence to provide key insights and place our actions where it will have the most impact



Undercover, Human sources and Witness protection

There are a range of covert operations that enable the crucial work of combatting TSOC

ous & Organised Crime (TSOC)

ing the criminal environment hostile for TSOC to operate.
ork on all aspects of the criminal drug business model.

What is our focus



Money Laundering

Money laundering organisations concealing the source of their wealth is a key part of the business model for TSOC



Finances



Communications



Operations and logistics

The AFP is the only agency in Australia that takes action across the spectrum of the drug business model, from operations to logistics, finances and communications. We influence and impact the drug supply onshore and offshore from the point of origin to when it hits our streets in Australia.

Success story

SPECIAL OPERATION

IRONSIDE

Special Operation IRONSIDE is a recent AFP and partner success story in the fight against TSOC. Ironside was a long-term, covert investigation where for almost three years, the AFP and the FBI monitored criminals' encrypted communications over a Dedicated Encrypted Communications Platform.

The AFP built a capability that allowed law enforcement to access, decrypt and read communications on the ANØM platform, uncovering alleged crimes including large drug imports, drug manufacturing and attempts to kill.

pabilities.



Forensics

Forensics support provides information on the quality and origin of drugs and chemicals



Criminal Assets Confiscation Taskforce (CACT)

CACT provides a coordinated and integrated approach to identifying and removing the profits derived from serious and organised criminal activity



Disruption and investigation

Creating a hostile environment, and undertaking comprehensive investigations and joint operations both domestically and internationally

CONFIDENTIAL DETOXING

By Janine Elliott, Manager

Gold Coast Detox and Rehab Services
www.goldcoastdetoxandrehab.com



Police Policy

The Police Force has duty of care to its employees to maintain a safe place of work and to provide to the community a comprehensive policing service, which is free of alcohol and other drug abuse.

Professional and confidential counselling services within the Police Force are provided for officers experiencing substance abuse problems, and to help their families. However, if your addiction requires quick intervention, external options may need to be considered.

Random drug and alcohol testing

Random, target and mandatory testing for police officers is mandatory and is part of the drug and alcohol state policy. This is part of the duty of care to all employees, and a commitment to the Police Force. Positive results are followed with counselling, rehabilitation or disciplinary action at the discretion of the Commissioner.

Detoxing outside

Privacy is vital for members. Should a Police Officer require specialised intervention for addiction other than in-house counselling, finding suitable private rehabilitation outside the Police Force may be necessary. Choosing a drug and alcohol withdrawal centre that values professional confidentiality is important. Public community services for detox and rehab may not be suitable for Police Officers. A small and discreet independent service can offer members 100% confidentiality to protect client identity.

Confidential Detoxing

Detoxing is a very difficult task on your own, even with the support of counselling services. Gold Coast Detox and Rehab Services offers confidential and discreet private detox and rehab programs for police officers looking to preserve their identity. This is retreat-style accommodation with 24-hour medical staff plus a high level of personal care and comfort. This facility allows you to safely withdraw from substance use, but it feels like you're on a holiday.

You can also enjoy a range of therapies during your program such as daily massage, fitness training, martial arts, acupuncture, yoga, surfing and beach walking. A qualified on-site Nutritionist prepares your meals to keep you in shape, and individual food preferences are catered for.

Medical withdrawal

A resident psychiatrist can prescribe medication during your withdrawal to minimise the side-effects of detoxing. 24-hour nursing staff are also available to make sure you remain safe and comfortable through your process. Trained addiction counsellors are available everyday who understand every step you need to take, so you are not alone.

Rehab phase

Once your withdrawal phase is complete, you can continue on to your rehabilitation phase onsite, where daily professional counselling is offered to prevent relapsing when you return home.

A medical detox is usually 7-14 days, depending on the substance. The rehab phase for treatment can be anywhere between 14-90 days. For permanent results, the longer the better. It takes time to come to terms with the deeper reasons behind addiction, and to identify underlying emotional and mental triggers.

PTSD

Post Traumatic Stress Disorder (PTSD) lies beneath many addiction clients. This is a complex diagnosis, which may go undetected among police officers. Recognising the signs are not always possible while using alcohol and drugs. Your rehab phase may indicate that PTSD is a driver of your addiction. With staff trained in trauma, you can get a proper diagnosis with a treatment plan before you complete your program.

Paper-only

This is a private independent service not connected to any hospital or medical facility. It is a paper-only business, with no digital identity footprint, so you are guaranteed anonymity during your stay. You are even offered your file to take home with you.



President's Foreword

JON HUNT-SHARMAN

President, Committee of Management, Australasian Institute of Policing

Transnational Organised Crime – Taking the Fight Off Shore

As the year draws to a close, from a law enforcement perspective some important work has been completed at the strategic and at the operational level in the fight against Transnational Serious and Organised Crime (TSOC).

In 2021, we have witnessed the great success of Operation Trojan Shield and Operation Ironside. The joint operations led by the Australian Federal Police (AFP) and the U.S Federal Bureau of Investigations (FBI), with the cooperation and support of various countries and law enforcement agencies, has led to the arrest, charging and conviction of various organised crime figures, the seizure of significant quantities of illicit drugs and firearms/weapons and the confiscation of cash and forfeiture of assets throughout the world.

The success of Operation Trojan Shield and Operation Ironside is a result of the multifaceted approach taken to fight TSOC. This involves strategies to disrupt and dismantle all aspects of the TSOC business model. - Infiltrating the finances; the communications; the operations and the logistics by various lawful means.

From an Australian perspective, some 70% of Australia's serious and organised crime threats are based offshore or have strong offshore links. We have to take the fight off shore!

The TSOC business model relies on:

- international transfer of finances through covert means, to support criminal operations;
- communication through encrypted devices and other secure means;
- operation planning and execution with trusted criminal participants;
- enablers in trusted positions who engage in corrupt business practices; and
- money laundering organisations to conceal the source of the wealth accumulated by TSOC.

Law enforcement agencies, with the support of appropriate resources and legislation across jurisdictions, must take action across the spectrum of the TSOC business model.

The success of Operation Trojan Shield and Operation Ironside is a result of:

- Established and trusted International Policing Networks;
- Criminal Intelligence through physical and technical surveillance collection;
- Effective and accountable undercover programmes, use of human sources and witness protection;

- State of the art forensic capabilities;
- Specialist teams to locate and seize criminal assets; and
- Disruption of all aspects of the TSOC business model through targeted investigation, prosecution and incarceration.

However the multifaceted approach extends beyond law enforcement capabilities. Success against TSOC requires:

- State political leadership and governance in response to organised crime;
- Government and agency transparency and accountability to ensure against State collusion in illicit activities;
- National organised crime strategies and effective anti-organised crime and anti corruption legislation by the State;
- International cooperation of States through treaties and mutual legal assistance, extradition and transborder asset confiscation;

continued on page 9



HEALTH FUELS PERFORMANCE

Royal Canin proudly supports working dogs and we believe that each dog is unique. This is why we are committed to working with leading veterinarians, breeders and industry professionals to develop specific nutrition to suit each dogs age, breed and lifestyle. From a loyal family pet to the high energy needs of Police Dogs, Royal Canin provides the nutrition they need to perform at their best every day.

royalcanin.com/au



- Greater police cooperation locally, nationally and across nations with greater focus on sharing of criminal intelligence and use of multi agency operations;
- Judicial system that independently and successfully prosecute organised crime related cases;
- A correctional system that effectively identifies and mitigates organised crime influence within the prison system;
- Territorial integrity measures including effective border control of people and goods both legal and illegal;
- Legislative, regulatory and operational measures for combating money laundering;
- Economic, regulatory and operational measures to regulate financial and economic transactions (both nationally and internationally) so trade is able to flourish free from distortion, including criminal activities such as extortion, illicit payments or other criminal influences;
- Victim support and witness protection programmes enabling people to recover quickly from the effects of organised crime and also feel safe providing evidence against organised crime business enterprises.

This leads on to some important work recently completed at the strategic level in the fight against TSOC by the Global Initiative against Transnational Organised Crime, an independent civil-society organisation, headquartered in Geneva, Switzerland, which provides a platform to promote greater debate and innovative approaches against organised crime.

The Australasian Institute of Policing is proud to support and advocate the ongoing work of the Global Initiative against Transnational Organised Crime.

The Global Initiative Against Transnational Organised Crime has in late 2021 developed and released the Global Organised Crime Index to assist law enforcement across the world.

The Global Organised Crime Index is the first tool of its kind designed to assess levels of organised crime and resilience to organised criminal activity. It includes in its rankings all the UN member states – 193 countries.

The results, which draw from a comprehensive dataset informed by experts worldwide, paint a worrying picture of the reach, scale and impact of organised crime.

The Index demonstrates that nearly 80% of the world's population today live in countries with high levels of criminality. The exploitation of people, in the form of human trafficking, is the most pervasive criminal economy in the world.

The Organised Crime Index highlights how state involvement in criminality is a deeply embedded phenomenon around the world: state officials and corrupt networks who hold influence over state authorities are now the most dominant brokers of organised crime, and not cartel leaders, mafia bosses, or OMCGs.

The analysis in the Global Organised Crime Index report conclusively demonstrates that organised crime is the most dangerous threat to human security, development and justice in the world today.

As an unique data-driven analytical tool, the Index provides the most comprehensive assessment to date of the pervasiveness of criminal markets, the dynamics of criminal actors, and of countries' effectiveness in establishing the defence mechanisms and responses needed to ensure operational resilience to organised crime.

The Index metrics are based on three constituent parts: the scope, scale and impact of specific criminal markets; the structure and influence of criminal actors; and the extent and effectiveness of countries' resilience measures against the threat of organised crime.

These three domains are used to assign each country a criminality score and a resilience score using a scale of 1 to 10. The rich data, however, allows users to do more than just compare rankings, but to examine more closely the indicators affecting a country's criminality and resilience. It illustrates patterns and trends in criminality and resilience that prompt deeper investigation and analysis.

The Global Organised Crime Index will be updated every two years, providing longitudinal measurement and analysis to track criminality and resilience over time. It aims therefore to provide a global baseline assessment, with the intention that it will become a consistent and comprehensive resource that contextualises and interprets evolving organised crime dynamics.

The results of the Index point to a number of implications that will contribute to better policymaking and building effective, systematic responses to organised crime at national, regional and international level.

The Global Crime Index identifies the transnational crime threats and criminal markets impacting on Australia and

identifies that we have good resilience strategies in place. However, the Global Crime Index also identifies areas where there needs to be legislative and regulatory improvements to better support the operational effectiveness of Australian policing against TSOC, particularly in the area of anti money laundering systems and economic regulatory capacity.

The Global Crime Index also identifies the transnational crime threats and criminal markets impacting on Australia. Although there is not a diverse range of criminal markets, the fewer crime types are none the less possibly more pervasive against Australian society. Specifically, OMCGs, mafia style groups, and criminal networks, which are heavily involved in synthetic drugs and precursor importation and manufacture (MDMA and amphetamines); and cocaine and heroin importations. This reflect that Australia is one of the world's most major consumer countries of illicit drugs.

The findings of the Global Crime Index validates the strategies and expenditure taken by both the Australian Federal Police Commissioner Reece Kershaw and the Australian Criminal Intelligence Commission Chief Executive Officer Michael Phelan, to take the fight off shore!

The findings of the Global Crime Index will assist AiPOL's efforts in improving the policing profession and the legislative, regulatory and policy framework needed to support the operational effectiveness of policing in Australia moving forward in 2022.



THANK YOU!

The South Australian resources sector thank SAPOL for their ongoing support during COVID-19.

Discover a career in resources!
Resources. But not as you know it.

www.unearthyourfuture.com

South
Australian
Chamber
Of
Mines &
Energy



@resourcingsa



@Mining_EnergySA



/southaustralianchamberminesandenergy

Update on Operation Ironside

November 8, 2021

REECE KERSHAW APM

Australian Federal Police Commissioner

When I announced the impressive results of Operation Ironside in June of this year, I also delivered a blunt warning to criminals that the unprecedented action they were seeing was “just the beginning”.

As I broke the news to the criminals that the AFP had been reading and recording every single message they'd sent across the encrypted ANOM app for three years – more than 19 million of them – I left them in no doubt that, if they were targeting Australia and Australia's interests, the AFP would be relentless in outsmarting them and staying one step ahead.

For the past five months, the AFP and our partner law enforcement agencies have stayed one step ahead. We have systemically harnessed the intelligence from all those messages to ratchet up the pressure on transnational serious organised crime (TSOC) groups, outlaw motorcycle gangs and all the other criminals who thought they were communicating on an encrypted platform.

Since June's resolution, the AFP has arrested a further 79 alleged offenders, taking the overall arrest count above 300. We have also laid 285 new charges and seized another 1.35 tonnes of illicit drugs and 35 guns and other weapons.

The AFP-led Criminal Assets Confiscation Taskforce has obtained Proceeds of Crime Act 2002 restraining orders for more than \$31 million as a direct result of Operation Ironside, including residential homes, cash, motor vehicles and other valuables.

In September, we won our first assets confiscation case under Operation Ironside when the Supreme Court of Western Australia (WA) issued orders forfeiting \$6 million of ill-gotten gains to the Commonwealth Confiscated Assets Account. A WA man who was jailed over the proceeds of crime consented to the forfeiture.

The dual criminal conviction and asset confiscation strategy delivers maximum impact and ensures that offenders do not enjoy their criminal wealth when they are released from jail.



For the past five months, the AFP and our partner law enforcement agencies have stayed one step ahead. We have systemically harnessed the intelligence from all those messages to ratchet up the pressure on transnational serious organised crime (TSOC) groups, outlaw motorcycle gangs and all the other criminals who thought they were communicating on an encrypted platform.

Also in September, intelligence from Operation Ironside played a large part in the seizure of two tonnes of cocaine and the arrest of six people in a boat off the coast of the United Kingdom.

AFP investigators notified the UK's National Crime Agency of a criminal syndicate who were using encrypted communications to organise cocaine shipments, via a boat called the Kahu.

The initial phase of Operation Ironside arrests included onshore members of some of the country's most dangerous TSOC groups. The focus of investigators has since shifted towards offshore TSOC organisers and heads.

We are aggressively pursuing them, but it takes time and the application of the best of AFP capabilities and those of our partners. Our international reach, with members based in 33 countries, and unique capabilities are critical to achieving this.

The AFP has also set its sights on key enablers of TSOC, including the professional facilitators who knowingly

work for TSOC groups, and the trusted insiders who undermine the integrity of legitimate supply chains.

Operation Ironside has identified private sector employees as trusted insiders in the supply chain – including freight forwarding and logistics companies, couriers, trucking firms, those working at ports, airports and mail centres.

We know who they are and we are coming for them. The next knock on their door might be delivering a Christmas surprise from the AFP that won't bring them any cheer.

Of course, the vast majority of Australians do obey laws and find the actions of these serious and dangerous criminals abhorrent. We wish each of you a Merry Christmas and Happy New Year. The AFP will continue Operation Ironside and all our other operations during this period and through 2022 so that you can continue to enjoy the wonderful, safe Australian lifestyle that we all love so much.

Mark43 for All

Supporting the Entire Law Enforcement Ecosystem

Mark43 builds the world's leading public safety CAD, RMS, and analytics platform, and sets the industry standard for 24/7/365 vendor support and care. Is your technology there for you in the field, or does it get in the way of your work? There's a platform that **reduces time spent on paperwork** while **improving safety** and **situational awareness** through:

EASY ACCESS TO CRITICAL INFORMATION

Have all the data you need to safely respond to a call made available to you with a sync between records and CAD.

SIMPLIFIED REPORT WRITING THROUGH PREMIERE TECHNOLOGY

While most legacy systems store event data across multiple programs and handwritten logs, Mark43 RMS puts everything in one place.

Request a Demo at [Mark43.com](https://www.mark43.com)



Living with PTSD? We Can Help

Moving Beyond Trauma is an interactive online program designed to assist people with PTSD reclaim their lives.

The program draws on an understanding of trauma, its effect on the brain and teaches practical skills and tools which bring relief to the troubled body, mind and spirit.

Based on the latest research on health, healing and neuroscience, our nationally acclaimed programs are delivered by a highly qualified professional team in a safe and confidential environment.

2021 Dates

13-17 December

Call **1300 941 488** or visit
questforlife.org.au

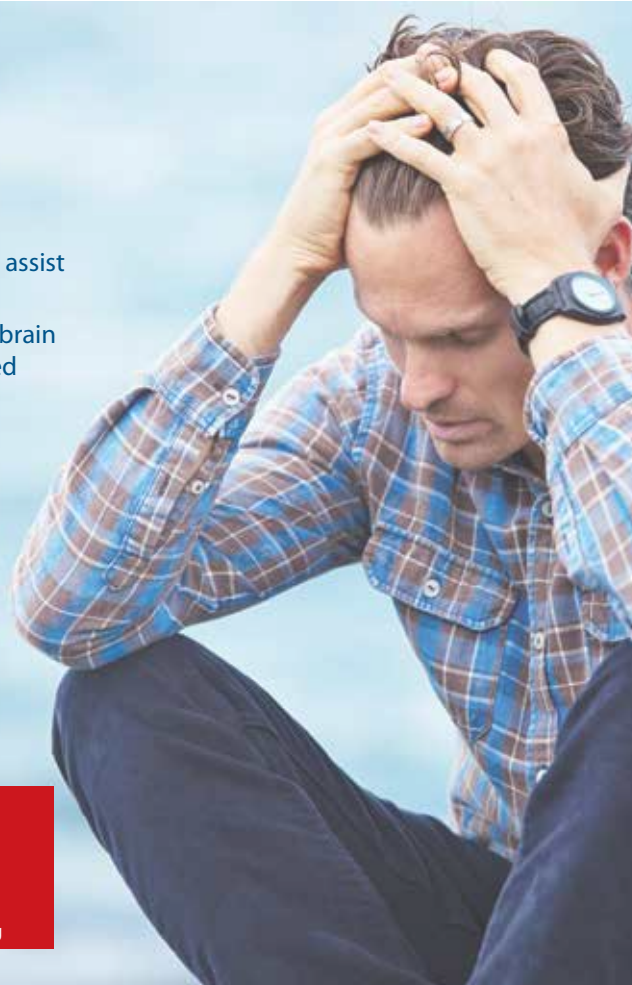
NDIS Provider. Fully subsidised places available for people affected by Domestic Violence. Speak to us if you're covered by worker's compensation.


Quest for Life
FOUNDATION

Special Offer for *AiPol Police Journal* readers

\$200 off

the program fee if you mention
'AiPol Police Journal' when booking



Global Organized Crime Index website

A dedicated website – ocindex.net – has been created to present the results of the Global Organized Crime Index.

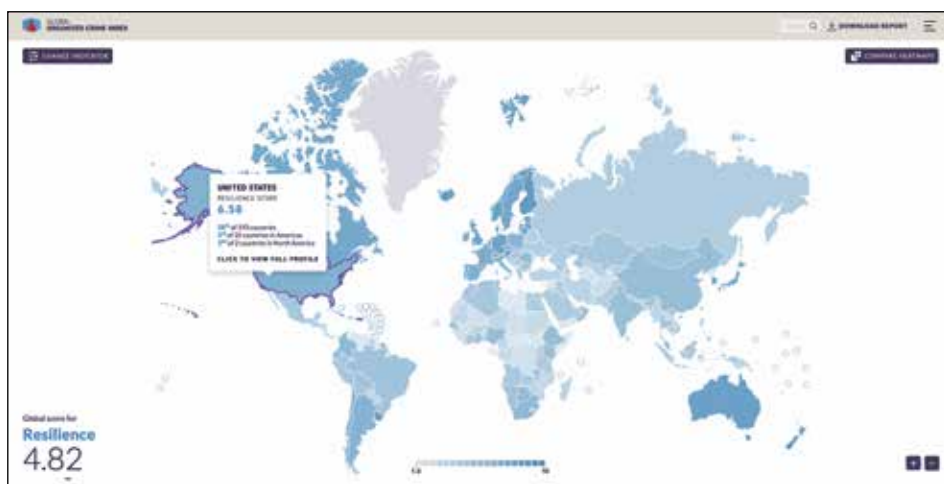
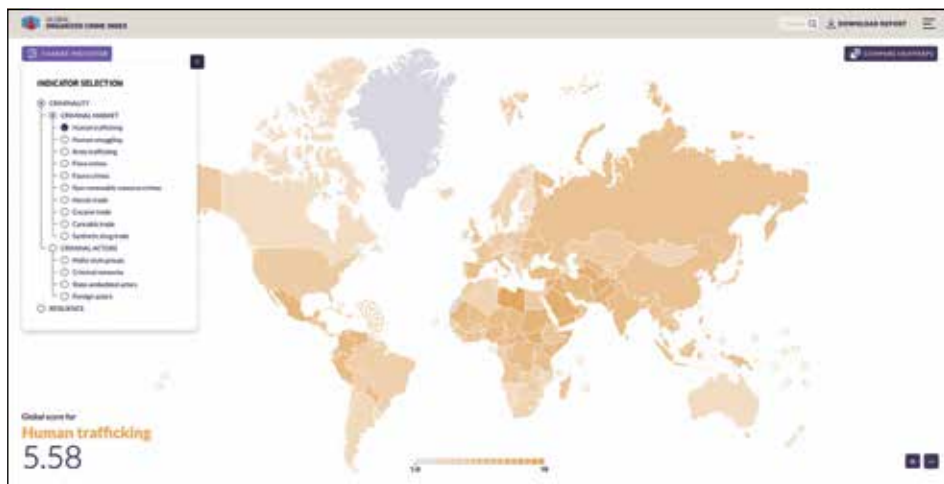
The website has a home page featuring a criminality heatmap. The 'Heatmap Scores' webpage allows users to visualize the scores map for the 10 criminal markets, four criminal actor types and 12 resilience indicators included in the Index, in addition to the aggregate component and subcomponent scores. Furthermore, the website allows for a side-by-side comparison of any of the Index's scores, both aggregated and disaggregated.

Sort and compare

While responses differ from country to country, organized crime is nevertheless a global problem. Under the criminality and resilience components of the Index, countries are ranked based on their scores in order to offer users the option for comparative analysis across the globe. Above all, country rankings are meant to start a conversation among policymakers and regional bodies, encouraging them to delve deeper into how and why organized crime affects their respective countries, and learn from one another in order to develop effective resilience strategies.

Country summaries

In addition to the scores and rankings, the Global Organized Crime Index website allows users access to country summaries that explain the context behind each country's scores. These summaries provide the background informing each country's criminality and resilience, and the subcomponents (i.e. criminal markets and criminal actors) and resilience indicators, while highlighting key trends based on expert assessments.



About the Index

Based on the 2019 ENACT Organised Crime Index for Africa, the tool comprises two composite metrics, evaluating 193 UN member state countries both according to their levels of criminality on a score from 1 to 10 (lowest to highest organized crime levels) and according to their resilience to organized crime from 1 to 10 (lowest to highest resilience levels). The Index is designed to provide metrics-based information that allows policymakers, practitioners and other stakeholders to be better informed in terms of developing strategies to counter organized crime in their countries and/or regions, as the Index is continually updated.

THE KEY OBJECTIVES OF THE INDEX ARE TO:

- Provide constructive guidance to policymakers and regional bodies, so that they can prioritize interventions based on a multifaceted assessment of vulnerabilities.
- Catalyze attention to the growing threat presented by transnational crime.
- Guide responses to organized crime that are not solely criminal justice- or security-driven, but that also address the phenomenon from a socio-economic perspective.
- Provide stakeholders with the means to measure the efficacy of their interventions.
- Promote evidence-based research and analysis to those working directly on policy, with the aim of enhancing national, regional and global cooperation, and thereby mitigating the impact of organized crime.
- Provide insight into trends nationally, regionally and continentally, with future iterations offering a predictive function of organized-crime environments.

It draws upon a multi-year effort to develop the tool, and outlines the structure, process, methodology and results. Over 350 experts worldwide, as well as the Global Initiative Against Transnational Organized Crime's regional observatories, served as the information conduits through which the Index is established, and subsequently built upon.

Index composition

Criminality under the Index

While encompassing a range of activities, criminal markets, as a subcomponent of the Index's criminality measure, can be thought of as the political, social and economic systems surrounding all stages of the illicit trade and/or exploitation of commodities or people. Appendix 2 at the end of this report contains definitions of these criminal markets, as used for the purpose of the Index; they are also downloadable from the website (ocindex.net). Both the forms of organized crime, as well as their pervasiveness, are considered by classifying manifestations of crime within these illicit markets.

Together with these criminal markets, the Global Organized Crime Index also assesses the structure and influence of four types of criminal actors: mafia-style groups; criminal networks; state-embedded actors; and foreign criminal actors. Although it is impossible to fit each of the myriad of different types of criminal actors around the world neatly under a specific definition, these four criminal actor types assessed by the Index have certain broad, defining characteristics.

Mafia-style groups are clearly defined, organized criminal groups. This typology also includes militia and guerrilla groups that are primarily funded by illicit activities. There are four defining, although not exclusive, features of a mafia-style group: a known name, a defined leadership, territorial control and identifiable membership. Criminal networks, on the other hand, are loose networks of criminal associates engaging in criminal activities. This also includes relatively small groups that do not control territory and are not widely known by a name or with a known leader. Criminal networks are involved in illicit trafficking of commodities but do not have territorial control or any of the other defining features of mafia-style groups. State-embedded actors are

Definition of organized crime

For the purpose of the Global Organized Crime Index, 'organized crime' is defined as illegal activities, conducted by groups or networks acting in concert, by engaging in violence, corruption or related activities in order to obtain, directly or indirectly, a financial or material benefit. Such activities may be carried out both within a country and transnationally.

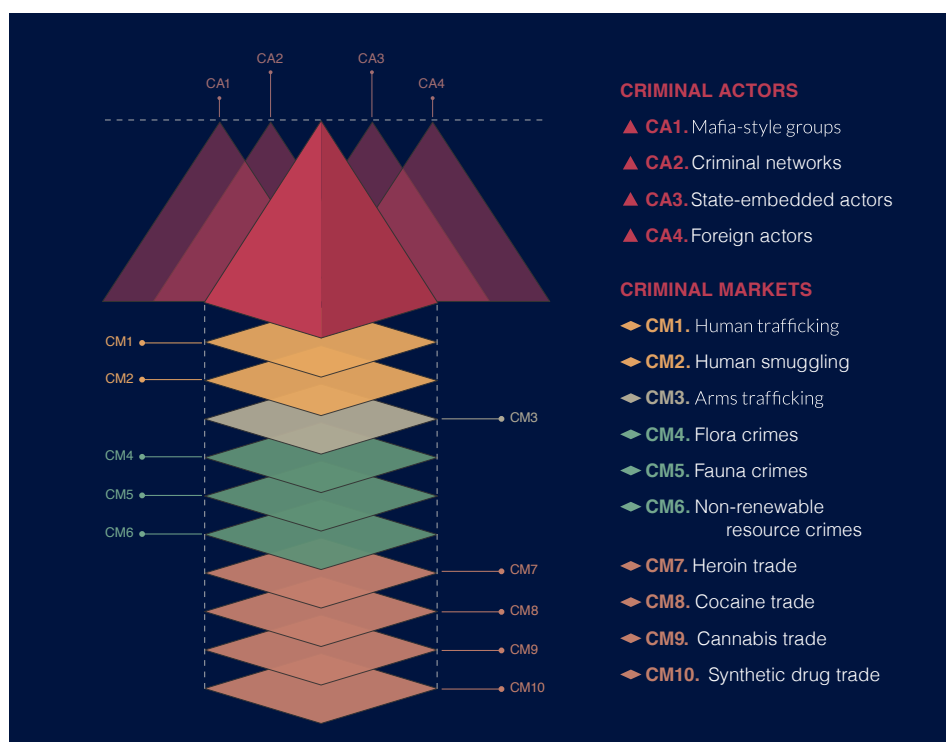


FIGURE 2.1 Criminality indicators

those criminal actors that are embedded in, and act from within, the state's apparatus, including officials from state institutions, such as law enforcement bodies and the judiciary. Finally, foreign actors encompass criminal actors of all types, both state and non-state, operating outside their home country.

Resilience under the Index

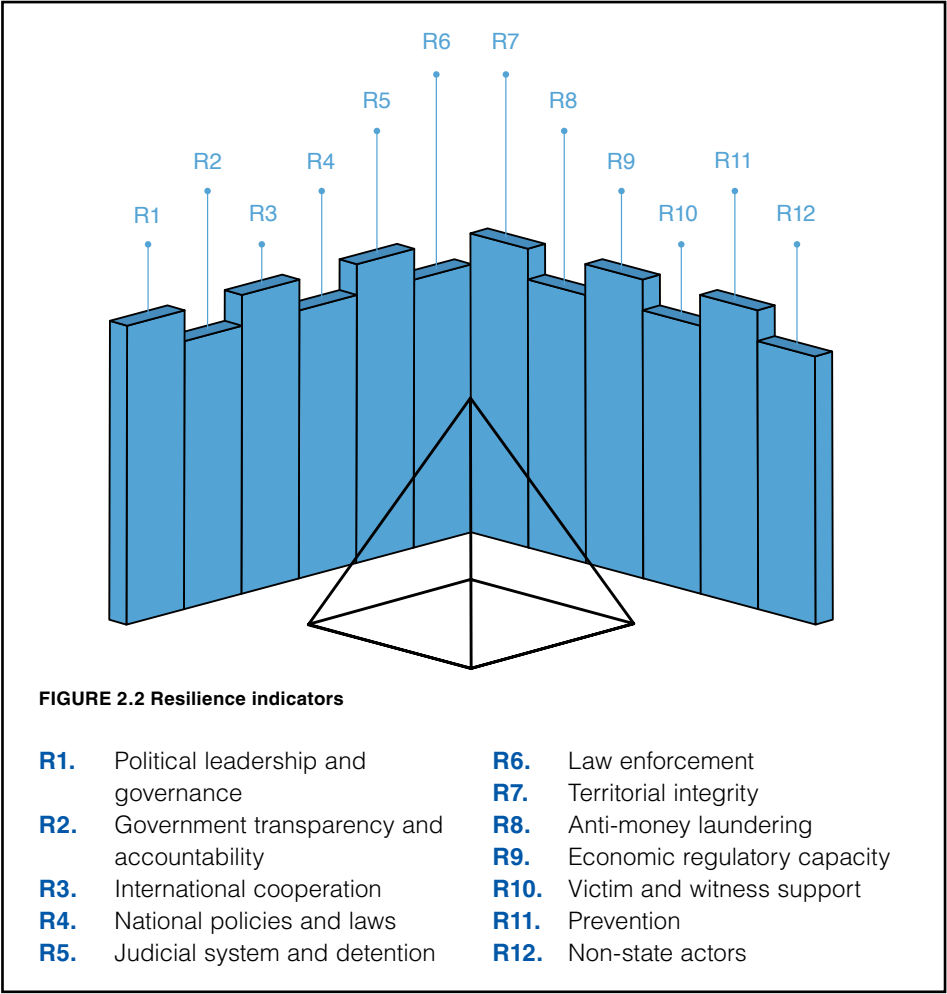
A focus on criminality alone limits the perspective of the organized crime landscape, therefore necessitating a balanced approach by also looking at the quality and efficacy of countries' resilience – their defence mechanisms. Countries may have similar scores for criminality, but it is how they approach this problem that arguably matters most. Like criminality, there is no 'one-size-fits-all' approach to resilience, and no assumptions can be made about what makes a country resilient. Just as conflict-ridden nations may not have the capacity to respond to a growing crime problem, stable and large economies attract organized crime, undermining their resilience efforts. Because criminality includes a wide range of illicit activities and actors, resilience measures to address these problems should be far-reaching and multi-sectoral.

Definition of resilience

The Index defines 'resilience' as the ability to withstand and disrupt organized criminal activities as a whole, rather than individual markets, through political, economic, legal and social measures. Resilience refers to countries' measures taken by both the state and non-state actors.

One important consideration when it comes to resilience is the way in which responses to organized criminal activities are implemented. A pillar around which the Index is based is that resilience measures must be in line with international human rights standards and principles.

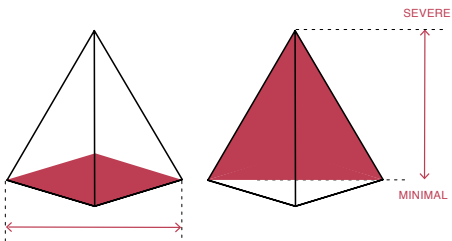
Although the precise relationship between criminality and resilience cannot yet be seen, it is hoped that, over time, the Global Organized Crime Index will offer a means by which to systematically analyze and better understand these resilience dynamics, and help policymakers find means to foster them.



How to read the representations of this report

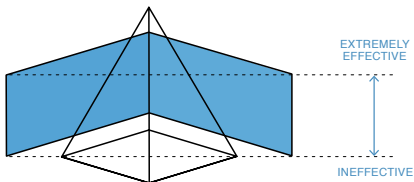
Pyramid width and height

The criminal markets score is represented by the pyramid base size and the criminal actors score is represented by the pyramid height on a scale ranging from 1 to 10.



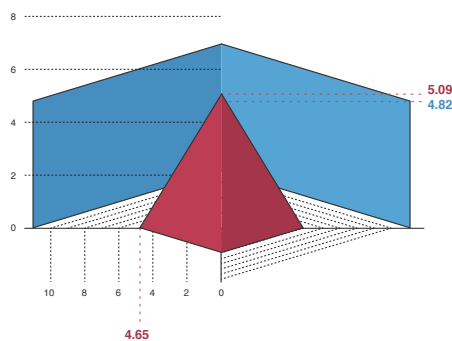
Panel height

The resilience score is represented by the panel height, which can be identified by the side of the panel.



Global average score

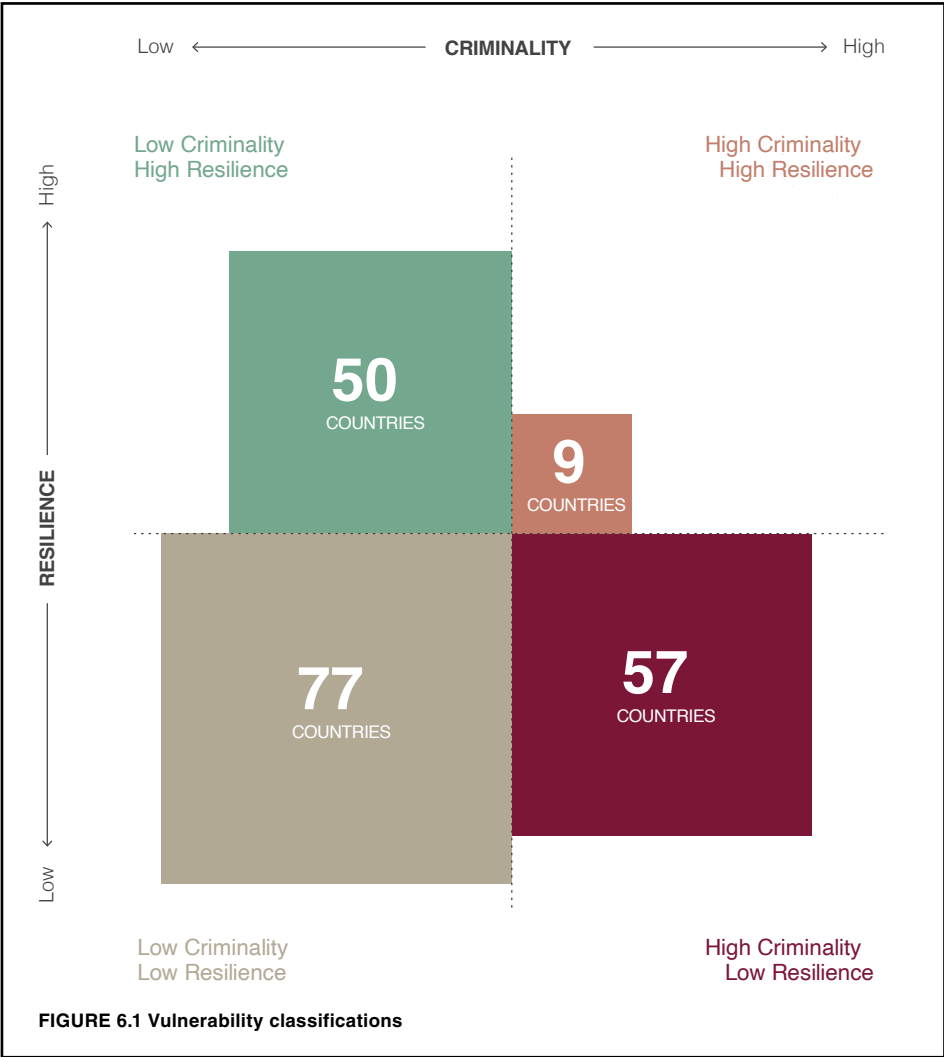
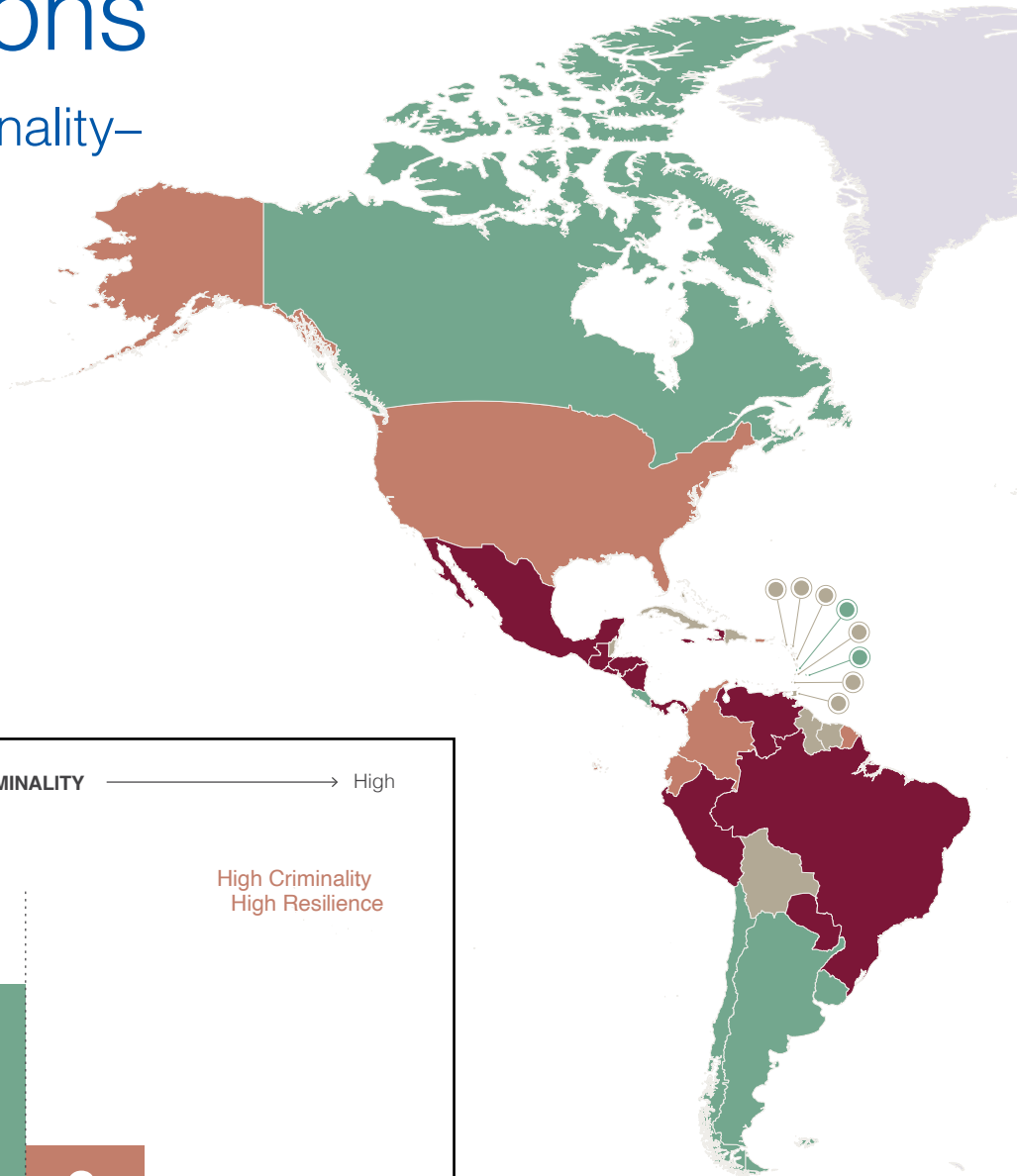
The pyramid shape represents the criminality score, the simple average of the criminal markets and criminal actors scores. The global criminality score is 4.87, composed of the global criminal market score of 4.65 and the global criminal actor score of 5.09. The global resilience score is 4.82.



Vulnerability classifications

Interpreting the criminality–resilience nexus

With the ultimate objective of providing a solid platform on which policymakers can implement effective, tailor-made measures to address criminality in their respective countries and regions, the Index is designed to highlight not only areas that need to be improved, but also where successful measures against organized crime have been implemented.



The findings reveal a number of insights into criminal markets, criminal actors and resilience dynamics within national borders and transnationally. While scores and conclusions might be of most interest to some, the process itself of score interrogation and reflection contributes to the broader dialogue about the nature of organized crime and resilience that the Index aims to generate.

As previously mentioned, there is no ‘one-size-fits all’ resilience framework against organized crime. The contextual differences between countries and regions mean that states must harmonize responses with their economic, cultural, geographic and political situations if they

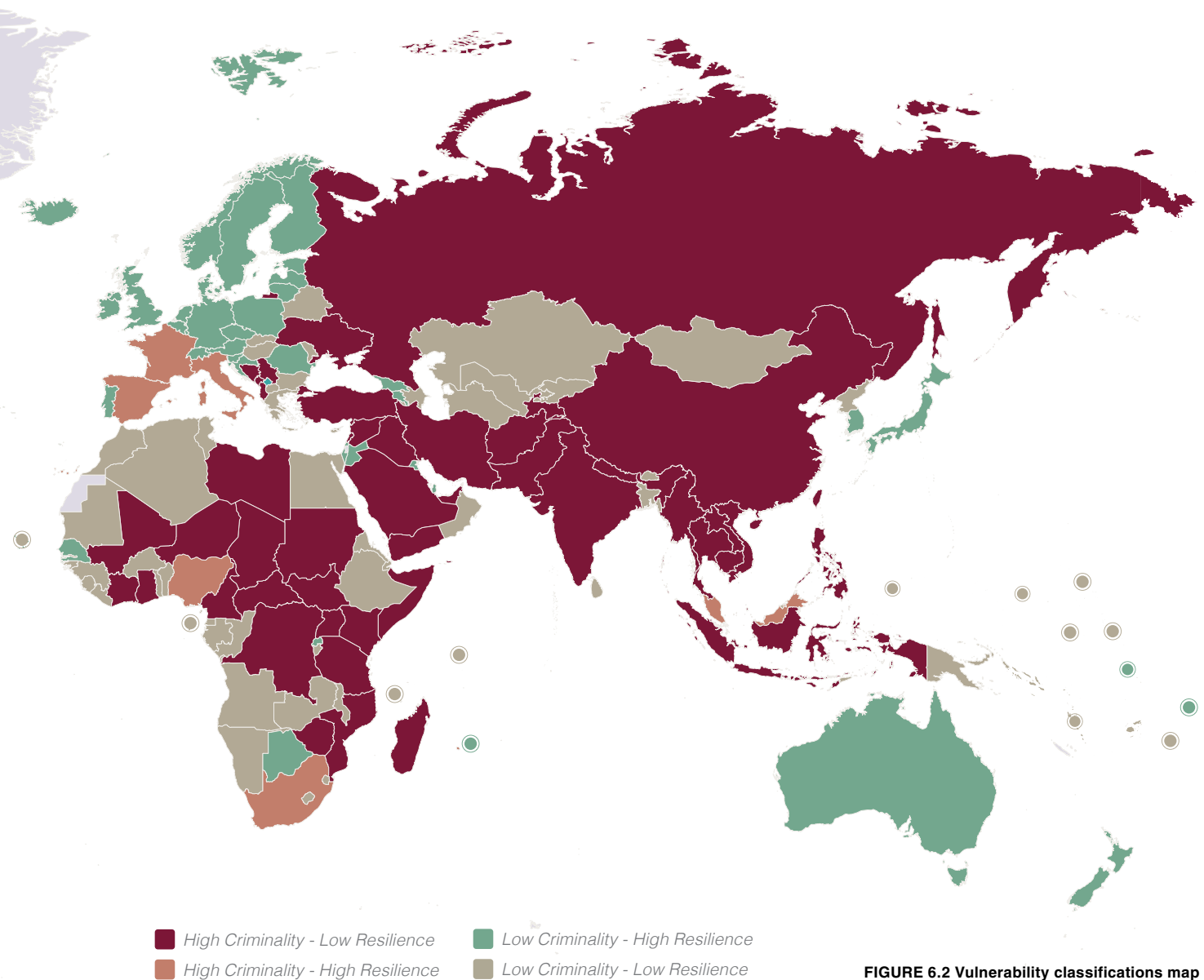


FIGURE 6.2 Vulnerability classifications map

are to address the threats they face in an effective way. What may be a successful response in one country may have little to no effect in another, and even in the same country, response measures that may have worked in the past, may not fully address evolving criminal trends.

Whereas organized crime can be dynamic and fast-evolving, response measures, by contrast, are often slow endeavours. In the end, to have a long-term reduction of organized crime, states must garner the political will, engage in sustained debate, build the evidence base and provide room for non-state actors to contribute to the development and strengthening of multifaceted resilience

frameworks that are proactive and address the root causes of organized crime.

Looking at either criminality dynamics or resilience frameworks in isolation limits stakeholders' understanding of the complexity of organized crime and the ability to determine whether responses are successful in addressing criminality in a given context. Therefore, the implications based on the analysis of where criminality and resilience meet may be the most relevant. Because the Index acknowledges that countries may start out on an unequal footing, their current positions on a quadrant of criminality and resilience (see Figure 6.1) are perhaps less valuable than how they

move over time, which will be captured in future iterations of the Index. The Index is therefore designed to provide policymakers and other stakeholders with more insight into emerging and evolving trends in criminality, as it will build on information over time.

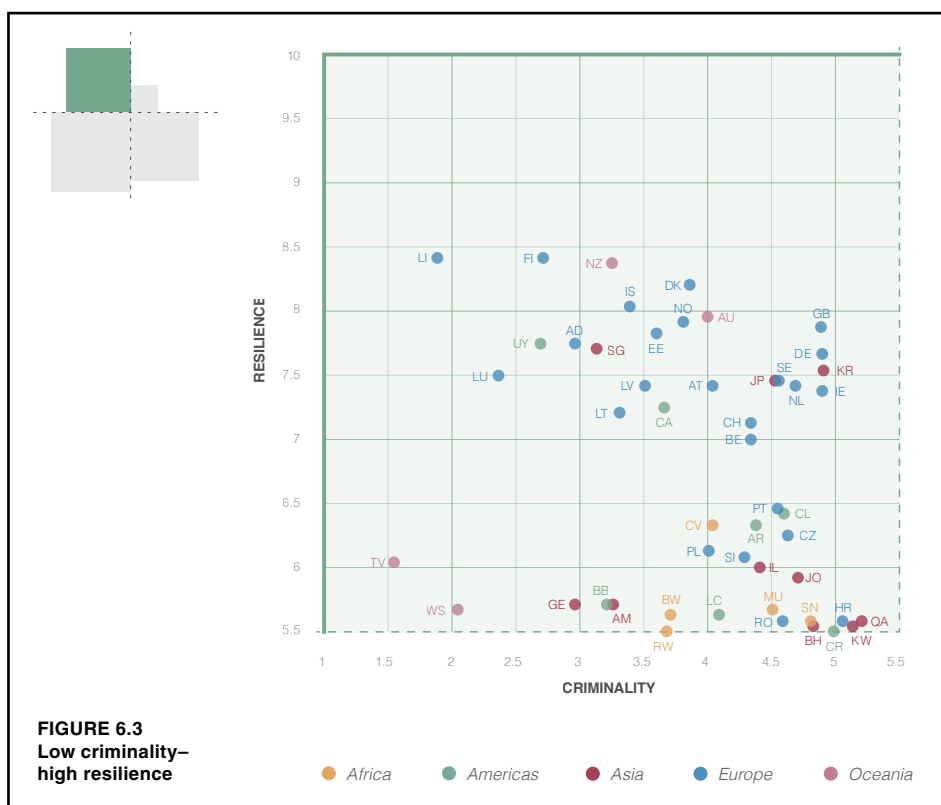
By analyzing the distinct characteristics of countries that fall into each criminality–resilience quadrant and taking into account contextual specificities, policymakers can identify where common strengths and weaknesses lie, in order to develop tailor-made responses that address the criminality challenges faced by countries in each quadrant.

Low criminality–high resilience

Of the 193 countries in the world, 50 (about 26%) currently fall within this quadrant. From each continent, these 50 countries can arguably be described as being in the most ideal situation when it comes to facing organized crime. While they differ in the kinds of vulnerabilities they individually face, and their economic capacity, these countries all nevertheless demonstrate that they have built effective resilience frameworks to respond to criminality within their borders, in line with international standards.

In Africa for example, five countries – Botswana, Cabo Verde, Mauritius, Rwanda and Senegal – represent different corners of the African continent, but have each taken serious and appropriate steps to combat organized crime, including in the form of targeted organized crime strategies, resourcing law enforcement bodies, and the building of institutional and economic frameworks, among others. Although there is room for improvement in certain areas of resilience in each country, overall resilience measures are well-rounded and comprehensive. Notably, ‘non-state actors’ score a 6.00 or above in four of these countries, underscoring the undeniable importance of civil society, the media and the private sector in successfully building resilience to organized crime.

As the continent with one of the lowest overall criminality averages, it is unsurprising that a large proportion of countries (24) in Europe fall into this quadrant. What may be more telling are countries elsewhere that exhibit low criminality and high resilience, but that are located in regions that experience high criminality. For example, Costa Rica stands out markedly as the only country in this quadrant in Central America, the region with the highest criminality average worldwide. The issue of organized crime has been identified as a political priority for Costa Rica, which has established strong legal institutional frameworks, rooted in transparency. While Costa Rica’s lower economic resilience indicator scores suggest room for improvement, the country offers stronger social protections than its neighbours, including a dedicated office for victim support, three main crime prevention programmes



San José, Costa Rica

and high levels of media freedom.

Other countries, including Jordan and Singapore, also appear in this quadrant – both positive outliers in their respective high-criminality regions. Both are more stable than their neighbours and have implemented institutional frameworks that allow for robust international cooperation mechanisms, comprehensive organized crime legislation and prevention initiatives.

One important consideration to take into account is that the assessment of a country’s resilience is associated with the criminal threat it faces. A look at Oceania illustrates this. While Samoa and Tuvalu do not feature the institutional strengths that other countries in the same continent

have implemented to address a range of criminal activities, their dedication to curb IUU fishing, as the primary threat facing the region, is prioritized and sound.

Overall, lessons of best practices can be learned from the example of countries situated in this quadrant, and more efforts should be made to document and broadcast these success stories, enabling more countries to move into this quadrant. In the case of countries currently identified as having low criminality and high resilience, their position affords them the opportunity to serve as examples and leaders in their regions through bilateral and multilateral cooperation and engagement.



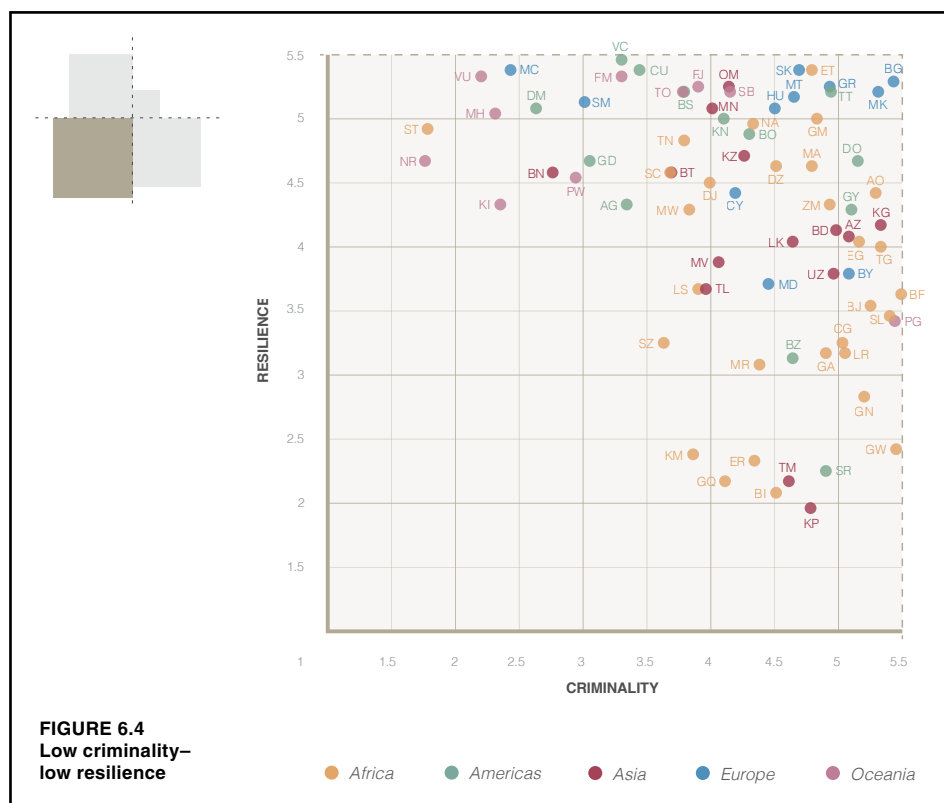
La Paz, Bolivia

Low criminality–low resilience

About 40% of the world's countries (77) are located in the low criminality, low resilience quadrant. While current organized crime threats in these countries may be comparably minimal, building resilience efforts should be forward-thinking and directed towards prevention. The Index results show that organized crime is a ubiquitous and fast-evolving phenomenon. Hence, it is important that resilience measures are put in place that can adequately address new criminality dynamics, should they emerge. This is particularly true for countries that share borders with neighbours classified as having high crime and low resilience. Prime examples of this are Greece, Angola, Bolivia and Djibouti.

Building border controls and law enforcement alone, however, does not enhance a country's overall capacity to respond to organized crime, particularly if criminality dynamics appear within a country's borders. It is therefore imperative that states take a holistic approach by reinforcing other institutional frameworks, including those that promote transparency and good governance, while providing the space for non-state actors to bring their unique strengths to tackle the root causes of crime.

Bolivia, for example, has lower levels of criminality than most countries in South America. It received notably high scores only for levels of illegality in the timber industry, illegal mining and natural



gas smuggling, and the cocaine trade, but received particularly low scores for the human smuggling, synthetic drugs, heroin and cannabis trades. The country has considerably lower levels of criminality than its immediate neighbours, although it ranks only 95th in the world for resilience. Bolivia was assessed as having effective resilience mechanisms

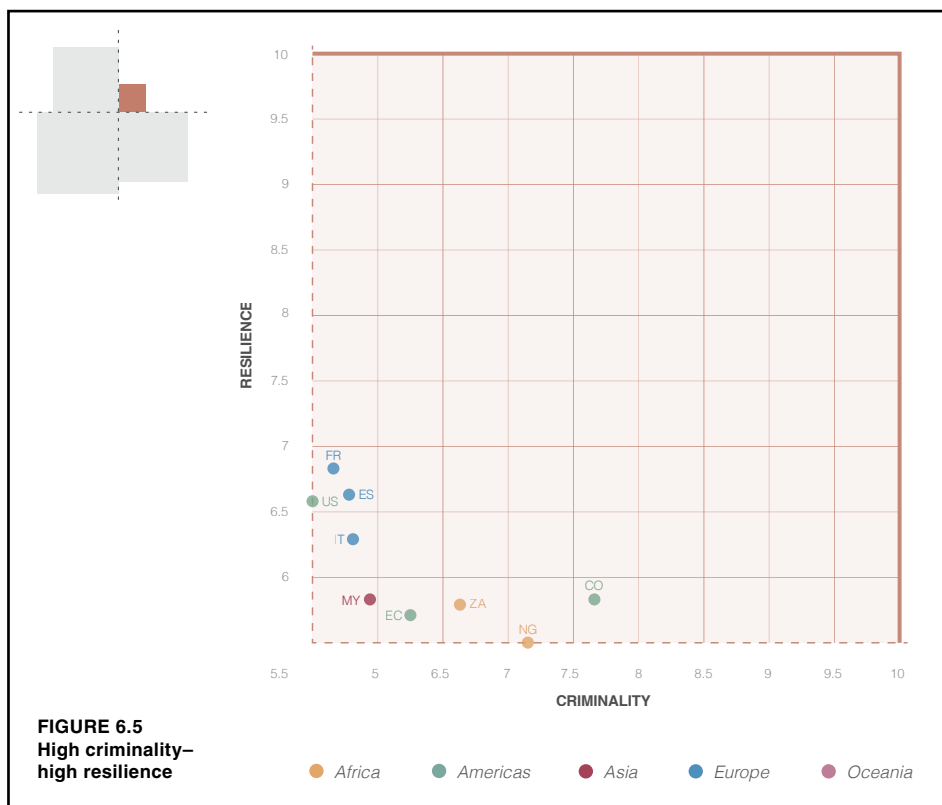
in key areas such as national policies and laws, and prevention, but at the same time deficiencies in areas like the judiciary and detention system. Perhaps by prioritizing the strengthening of institutional and non-state frameworks identified by the Index as ineffective or moderately effective, Bolivia could become a regional powerhouse in the fight against organized crime.

High criminality–high resilience

Perhaps the least intuitive vulnerability quadrant features countries with high levels of criminality, but that have also developed robust frameworks and mechanisms to counter organized crime. Only nine countries in the world, from all the continents, were found to have simultaneously high criminality and high resilience: Colombia, Ecuador, France, Italy, Malaysia, Nigeria, South Africa, Spain and the United States. What is immediately striking about these countries is that the majority are among the economic powerhouses in their respective regions. The United States is the world's largest economy; France, Italy and Spain are among the wealthiest countries in Europe, as are South Africa and Nigeria in Africa. In Latin America, Colombia and Ecuador both feature in the top six countries with the largest gross domestic product (GDP). Malaysia also has a strong and dynamic economy, although comparably lower than other countries in the continent, like Japan, South Korea and Indonesia. Although the countries located in the high criminality–high resilience quadrant account for only less than 5% of countries worldwide, cumulatively they account for over a third of global GDP.

Although the profiles of the countries located in this quadrant differ somewhat, with different criminal actor types dominating, they are alike in the sense that they all host a wide range of pervasive criminal markets and influential criminal actor types. Whereas some of these countries are notable source countries for a whole host of criminal markets – none more so than the cocaine trade in Colombia – others, notably the wealthier European countries, are major destination countries in the transnational illicit economy, primarily the drug trade but also for other illicit industries, such as human trafficking and human smuggling.

But what clearly differentiates these major economies from countries such as Brazil, Mexico, China, Kenya and numerous others, is that they also have robust and effective mechanisms and institutions in place to tackle organized crime, albeit to varying degrees. Italy is a particularly interesting case, for various reasons. As the birthplace of the traditional mafia, Italy is home to among the most powerful organized crime groups, both domestically and overseas, having established strong working relationships with criminal organizations around the



Rome, Italy

world, and infiltrating the country's political and economic landscape. However, as one of the first ever countries to take the fight against the mafia to the forefront of the political agenda since the 1980s, Italy's institutional and non-state response mechanisms have developed into some of the most sophisticated in the world.

While it may appear counterintuitive for a country to simultaneously have high levels of resilience to organized crime and experience high levels of organized crime, there are several potential explanations. Certain countries with large economies and highly developed trade infrastructure may be inherently vulnerable to organized crime due to the opportunities they present to criminal actors. In such countries, it is consequently very challenging to build up the necessary frameworks to bring

levels of organized crime down to the lowest levels. Furthermore, pervasive criminality is a significant stressor on a country's resilience measures, and this can be seen in countries such as Nigeria, for example, which has extremely high levels of criminality and is constantly on the cusp of falling into a downward spiral. In countries in which resilience is constantly being shaped in an ad hoc manner, where resilience is not structural, or deeply rooted within state institutions, or where it is inelastic, there is the constant risk of the resilience mechanisms being overwhelmed. Thus, even in countries where resilience is at the higher end of the spectrum, complacency must be avoided to prevent the weight of the organized crime landscape from snapping the elastic band of resilience.



Manila, Philippines

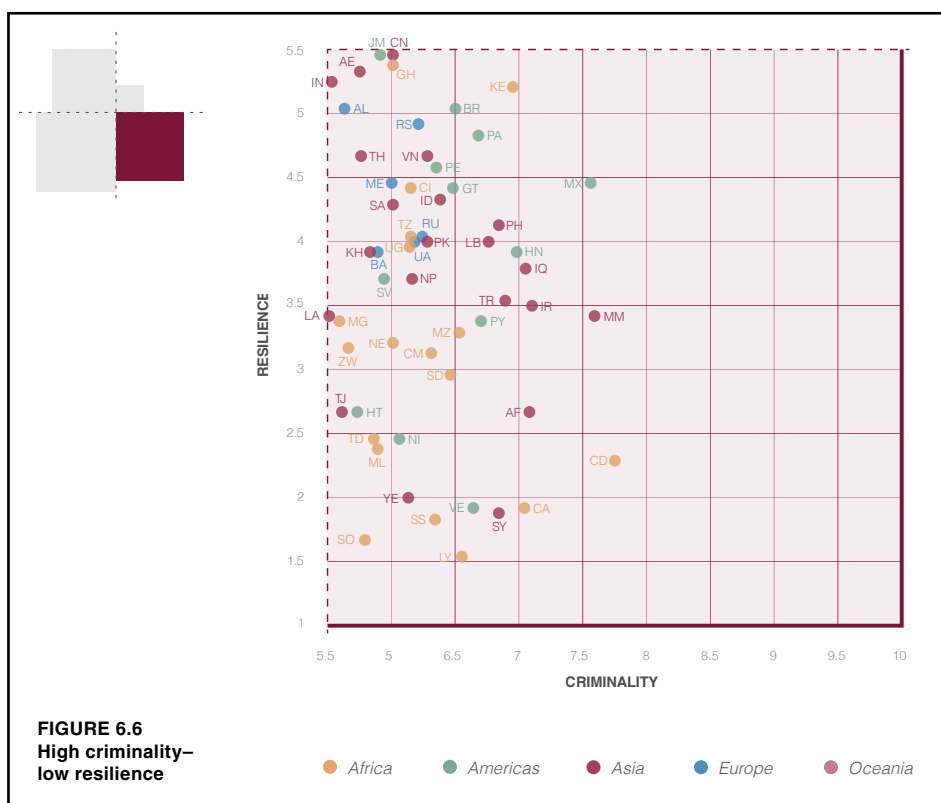
High criminality–low resilience

Spanning Europe, Asia, the Americas and Africa, the 57 countries in this quadrant exhibit significant vulnerabilities to organized crime. As they face potent criminality threats, deficiencies in resilience capacity make these countries especially vulnerable to criminality dynamics becoming further embedded, with long-term economic and social impacts.

Although not exclusively, countries in this quadrant tend to fall into two categories. Many in this quadrant, Afghanistan, Iraq, Mozambique, Syria and the Ukraine, to name but a few, are experiencing long-standing conflict and fragility, while other countries, Albania, Brazil, Mexico and Russia, among others, are more stable but their democratic values and upholding of the rule of law have been compromised, thereby reducing their ability to address organized crime effectively.

There is an enormous amount of research and literature on the crime–conflict nexus, and on how crime and conflict are mutually reinforcing. Conflict weakens social, economic and security institutions' ability to provide goods and services, allowing for criminal actors to fill these voids. At the same time, profit-making criminal activities may intertwine with war economies, facilitating the continuation of conflict. Therefore, in many ways, it is unsurprising that a number of fragile states and those experiencing conflict fall into this quadrant.

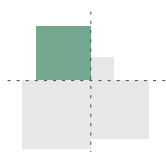
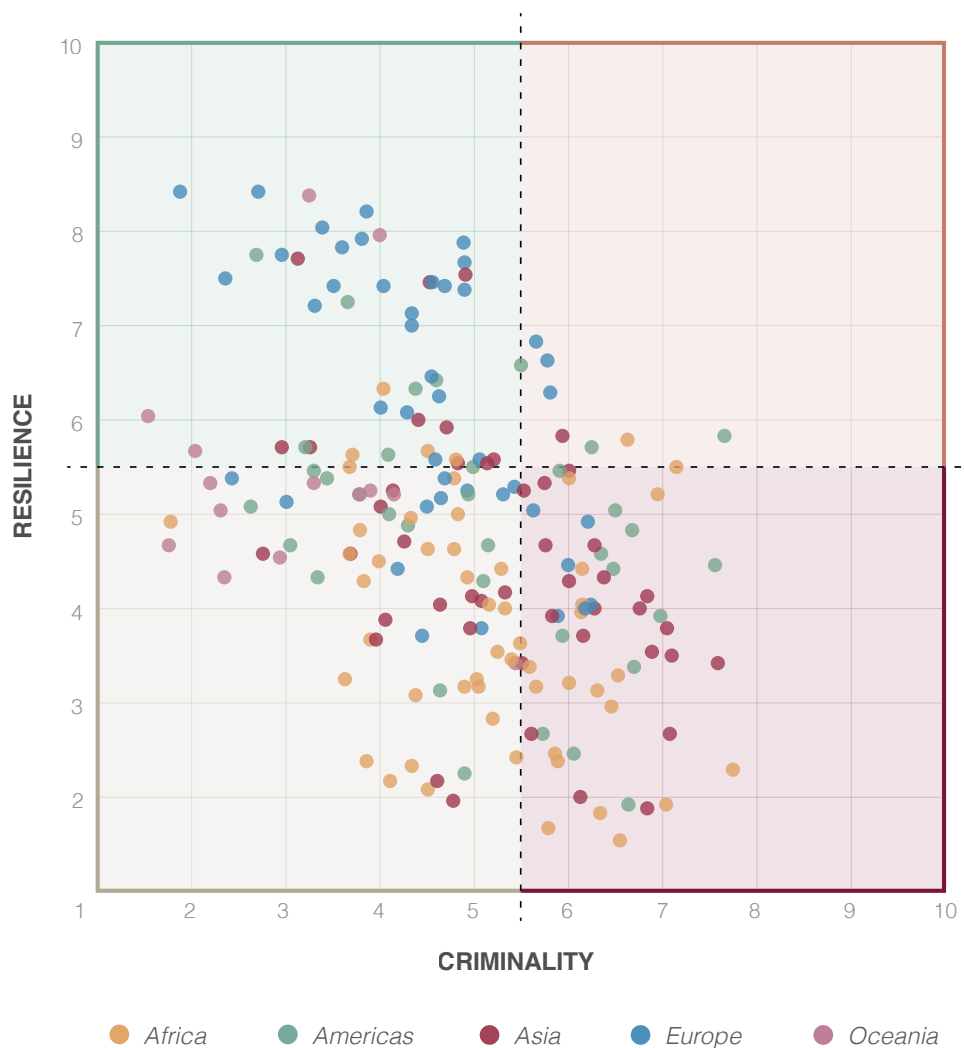
What may be less intuitive are those countries that are characterized as strong and stable, but nevertheless fail to adequately respond to the criminal threats they face. In some cases, low resilience capacity may be a product of lack of political will to prioritize organized crime issues, while, in others, responses to criminality either do not



meet international human rights principles or it is the state itself that is engaged in criminality, undermining its primary role as a protection provider. For example, the Philippines was assessed as falling into this latter category. The country faces a particularly pervasive synthetic drugs market, where the prevalence of methamphetamine use is estimated to be among the highest in the world. While the country has taken a strong stance against organized crime, experts assessed the implementation of the country's anti-drug policy (its 'war on drugs', which has included extra-judicial killings) as contrary to fundamental human rights principles.

There is a tendency in many of these countries to focus on traditional responses to criminality, such as criminal justice and security measures, but these

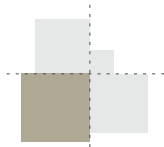
efforts are inevitably compromised if there is a lack of adherence to the rule of law. Addressing resilience deficits, particularly those that centre on governance, would be a meaningful goal for such countries, but in many cases would be unrealistic to achieve without political will. States in this quadrant may therefore benefit from expanding the space in which civil society, the media and private sector can operate. Indeed, of the 57 countries in this quadrant, half were assessed to have the 'non-state actors' resilience indicator as either non-existent or extremely ineffective. Establishing other forms of resilience outside of institutional frameworks could therefore help counterbalance and, in some cases, encourage better state engagement.



Low criminality - high resilience (50 countries)

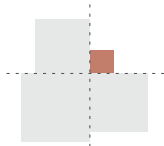
● AD ANDORRA	● HR CROATIA	● KW KUWAIT	● RW RWANDA
● AR ARGENTINA	● CZ CZECH REPUBLIC	● LV LATVIA	● WS SAMOA
● AM ARMENIA	● DK DENMARK	● LI LIECHTENSTEIN	● SN SENEGAL
● AU AUSTRALIA	● EE ESTONIA	● LT LITHUANIA	● SG SINGAPORE
● AT AUSTRIA	● FI FINLAND	● LU LUXEMBOURG	● SI SLOVENIA
● BH BAHRAIN	● GE GEORGIA	● MU MAURITIUS	● LC ST. LUCIA
● BB BARBADOS	● DE GERMANY	● NL NETHERLANDS	● SE SWEDEN
● BE BELGIUM	● IS ICELAND	● NZ NEW ZEALAND	● CH SWITZERLAND
● BW BOTSWANA	● IE IRELAND	● NO NORWAY	● TV TUVALU
● CV CABO VERDE	● IL ISRAEL	● PL POLAND	● GB UNITED KINGDOM
● CA CANADA	● JP JAPAN	● PT PORTUGAL	● UY URUGUAY
● CL CHILE	● JO JORDAN	● QA QATAR	
● CR COSTA RICA	● KR KOREA, REP.	● RO ROMANIA	

FIGURE 6.7 Criminality and resilience – country classifications



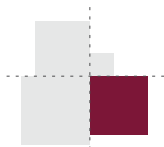
Low criminality - low resilience (77 countries)

DZ	ALGERIA	DM	DOMINICA	KG	KYRGYZSTAN	SM	SAN MARINO
AO	ANGOLA	DO	DOMINICAN REPUBLIC	LS	LESOTHO	ST	SAO TOME AND PRINCIPE
AG	ANTIGUA AND BARBUDA	EG	EGYPT	LR	LIBERIA	SC	SEYCHELLES
AZ	AZERBAIJAN	GQ	EQUATORIAL GUINEA	MW	MALAWI	SL	SIERRA LEONE
BS	BAHAMAS	ER	ERITREA	MV	MALDIVES	SK	SLOVAKIA
BD	BANGLADESH	SZ	ESWATINI	MT	MALTA	SB	SOLOMON ISLANDS
BY	BELARUS	ET	ETHIOPIA	MH	MARSHALL ISLANDS	LK	SRI LANKA
BZ	BELIZE	FJ	FIJI	MR	MAURITANIA	KN	ST. KITTS AND NEVIS
BJ	BENIN	GA	GABON	FM	MICRONESIA (FEDERATED STATES OF)	VC	ST. VINCENT AND THE GRENADINES
BT	BHUTAN	GM	GAMBIA	MD	MOLDOVA	SR	SURINAME
BO	BOLIVIA	GR	GREECE	MC	MONACO	TL	TIMOR-LESTE
BN	BRUNEI	GD	GRENADA	MN	MONGOLIA	TG	TOGO
BG	BULGARIA	GN	GUINEA	MA	MOROCCO	TO	TONGA
BF	BURKINA FASO	GW	GUINEA-BISSAU	NA	NAMIBIA	TT	TRINIDAD AND TOBAGO
BI	BURUNDI	GY	GUYANA	NR	NAURU	TN	TUNISIA
KM	COMOROS	HU	HUNGARY	MK	NORTH MACEDONIA	TM	TURKMENISTAN
CG	CONGO, REP.	KZ	KAZAKHSTAN	OM	OMAN	UZ	UZBEKISTAN
CU	CUBA	KI	KIRIBATI	PW	PALAU	VU	VANUATU
CY	CYPRUS	KP	KOREA, DPR	PG	PAPUA NEW GUINEA	ZM	ZAMBIA



High criminality - high resilience (9 countries)

CO	COLOMBIA	IT	ITALY	ZA	SOUTH AFRICA
EC	ECUADOR	MY	MALAYSIA	ES	SPAIN
FR	FRANCE	NG	NIGERIA	US	UNITED STATES



High criminality - low resilience (57 countries)

AF	AFGHANISTAN	GT	GUATEMALA	ME	MONTENEGRO	SS	SOUTH SUDAN
AL	ALBANIA	HT	HAITI	MZ	MOZAMBIQUE	SD	SUDAN
BA	BOSNIA AND HERZEGOVINA	HN	HONDURAS	MM	MYANMAR	SY	SYRIA
BR	BRAZIL	IN	INDIA	NP	NEPAL	TJ	TAJIKISTAN
KH	CAMBODIA	ID	INDONESIA	NI	NICARAGUA	TZ	TANZANIA
CM	CAMEROON	IR	IRAN	NE	NIGER	TH	THAILAND
CF	CENTRAL AFRICAN REPUBLIC	IQ	IRAQ	PK	PAKISTAN	TR	TURKEY
TD	CHAD	JM	JAMAICA	PA	PANAMA	UG	UGANDA
CN	CHINA	KE	KENYA	PY	PARAGUAY	UA	UKRAINE
CD	CONGO, DEM. REP.	LA	LAOS	PE	PERU	AE	UNITED ARAB EMIRATES
CI	CÔTE D'IVOIRE	LB	LEBANON	PH	PHILIPPINES	VE	VENEZUELA
SV	EL SALVADOR	LY	LIBYA	RU	RUSSIA	VN	VIETNAM
GH	GHANA	MG	MADAGASCAR	SA	SAUDI ARABIA	YE	YEMEN
		ML	MALI	RS	SERBIA	ZW	ZIMBABWE
		MX	MEXICO	SO	SOMALIA		

Australia needs a better strategy for fighting organised crime

October 8, 2021

JOHN COYNE

In 2017, the Australian Institute of Criminology estimated that the cost of serious and organised crime to Australia in 2016–17 was around \$47.4 billion. A more recent estimate isn't available, but all things being equal, the figure for 2020–21 is likely to be significantly higher; it seems it never goes down. Despite a raft of new legislation, big spending and large, high-profile seizures by Australian law enforcement, including Operation Ironside earlier this year, policy success has been elusive.

Two factors likely undermine policy efforts here. First, the public seems to be unable to connect with the scale and scope of the serious and organised crime threat. Second, policymaking continues to be heavily slanted towards law enforcement rather than risk mitigation. So, while we disrupt the threats from criminal groups, we never mitigate the likelihood or consequences of serious and organised crime.

At the state and territory level, law enforcement and community safety are big-ticket political issues. Spates of violent crime, drug-related offences and theft resonate with the community, and the media demand immediate police responses.

At the federal level, it's easy to assume that \$47.4 billion in costs would be equally motivating. It's not. Of course, especially egregious criminal offences, like child exploitation, can have a profound impact on the victims and their families. Yet, the combined effect of popular culture's romanticisation of the problem, through programs like *The Sopranos* and *Sons of Anarchy*, and the absence of a clear, personal cause-and-effect relationship mean that many Australians can't see how serious and organised crime touches their lives. This apparent indifference needs to change.



Image: Robert Cianflone/Getty Images

Getting policy settings right is no easier than getting the public behind them.

In 2018, in response to the rising cost of serious and organised crime, the government announced plans to leverage the benefits of the newly formed Home Affairs portfolio to establish a Commonwealth transnational, serious and organised crime coordinator. The office was tasked with better integrating and unifying the country's various serious and organised crime enforcement efforts.

The approach was a carbon copy of the highly successful implementation of the Commonwealth counterterrorism coordinator. That arrangement's success across federal, state and territory jurisdictions didn't come from any authoritative power. It succeeded because governments and the general public understood the significance of the threat of terrorism. The Commonwealth organised crime coordinator hasn't had those advantages.

In December 2018, the government released its inaugural *National strategy to fight transnational, serious and organised crime*.

The document provides a four-pillar approach to preventing, disrupting and protecting Australia against serious and organised crime. The first pillar focuses on 'integrating' Australia's available tools to disrupt criminal business models. The second pillar is concerned with building strong domestic and international 'partnerships'. The third seeks to strengthen national law enforcement 'capability'. The fourth is a commitment to the strategy's 'evolution' through agility.

The strategy's authors focused on unifying existing efforts and increasing the responsiveness of law enforcement agencies. The problem is that those agencies' key performance indicators clearly illustrate that they're already providing some pretty impressive results.

In 2018, the Australian Transnational, Serious and Organised Crime Committee was established to drive the implementation and monitoring of the national strategy. Membership of the committee comprises a senior official (deputy secretary equivalent) from each Australian policing and justice agency; New Zealand Police; the New Zealand

Ministry of Justice; the Australian Transaction Reports and Analysis Centre; the Australian Criminal Intelligence Commission; the Office of National Intelligence; the Australian Border Force; and the Department of Home Affairs.

In short, the implementation of the strategy has been concerned with disrupting organised crime by increasing enforcement efforts. There can be no doubt that law enforcement's operational successes within and outside of Australia have been breathtaking, and we ought to be impressed by the return on investment that has provided. We should also acknowledge that the cross-jurisdictional committee and the national strategy have enhanced cooperation and collaborative capability development. However, all of this has come at the cost of whole-of-government disruption policy.

Over the past three years, organised crime policy focused on disrupting and target-hardening has withered at the vine. The Commonwealth coordinator position has been weakened, with responsibility moving from a deputy secretary to a first

assistant secretary and now an assistant secretary in Home Affairs.

The problem here is that the strategy's intent is not to increase the return on investment from law enforcement or to arrest more criminals. The purpose is to 'protect Australia, its people, and its interests from the harms of transnational, serious and organised crime'. So, if the cost of serious and organised crime increases, like it has with illicit drug consumption, has the strategy failed? In short, the answer must be yes, but that isn't a reflection on law enforcement. Neither should this be an acceptance of the assumption that the problem would be even worse without law enforcement.

This illustrates that there needs to be a broader focus on our efforts to disrupt organised crime. These efforts need to decrease the likelihood and consequences of serious and organised crime, as opposed to trying to arrest offenders. Unfortunately, our current strategy doesn't work towards this goal.

In response, the minister for home affairs should consider establishing an

independent organised crime advisory committee. The committee, chaired by the department's secretary, should have a broad membership with representatives from academia, marketing, medicine, education and industry. Its key focus should be on developing innovative non-enforcement ideas for disrupting organised crime and reducing our vulnerability to it. This is not an alternative to the law enforcement effort, but an additional mechanism.

If we don't find a new approach to dealing with serious and organised crime, we'll continue to see more drugs seized, more cash and assets restrained and more people in prison. At the same time, the economic and social costs of serious and organised crime will keep rising.

AUTHOR

John Coyne is head of the Northern Australia Strategic Policy Centre and the strategic policing and law enforcement program at ASPI.

PROUDLY SUPPORTING AIPOL

Baby Lock
Australia

Distributors of
baby lock

Baby Lock Australia distributors of no tension, self threading overlockers and coverstitch machines.

Are you stressing out over tensions?

Is threading your overlocker a problem?

Can you imagine Overlocking with no tension and easy threading?

Experience the revolution in Overlocking history with Baby Lock, the world's most advanced overlockers.

In 1963, Baby Lock created the first Domestic Overlocker worldwide. Today they continue to lead in innovation and technology ensuring superior products with exclusive features, like Automatic Thread Delivery (ATD), eliminating the need for frustrating tension adjustments. These overlockers also feature RevolutionAir, ExtraordinAir and JetAir threading, making them the easiest overlockers to thread and in any order. In fact, you can thread them in under one minute!

Baby Lock specialise in domestic overlockers, overlocker/coverstitch combination machines and coverstitch only machines. We pride ourselves in our innovative products with functionality and ease of use as our main priority.

Find us on Facebook

Mob: **0477 374 222**

Email: **karyn@babylock.com.au**

www.babylock.com.au



Australia's casinos a hotspot for global money-laundering operations



February 24, 2021

GEORGINA KENYON

The Bangkok office of the United Nations Office on Drugs and Crime warned in recent reports that Australia is part of organised crime networks involved in trafficking in wildlife and timber, people-smuggling and money-laundering. Counterfeit medicines are also a global issue. Much of the laundered money in Australia is being used in casinos.

Indeed, the power of casinos in a country is a good indicator of the extent of money-laundering and serious crime networks according to the Environmental Investigation Agency, a non-government organisation in the UK.

The recent allegations against Crown Resorts related to money-laundering and people-smuggling are one indicator of Australia's involvement in this growing network in Southeast Asia. The Australian government has a good record in taking crimes seriously when they directly affect public health, but it seems reluctant to confront organised crimes conducted through casinos.

Last March, Australia called on the G20 nations to end wet markets selling wildlife due to the threat to human health. But organised crime allegations brought against Crown in Melbourne and Perth appear to have received less attention from authorities, and some experts question the regulators' ability to deal with the scale of the problem at casinos. Earlier this month, the Independent Liquor and Gaming Authority found that Crown was not fit to operate its new casino at Barangaroo in Sydney due to 'poor corporate governance' and 'deficient risk-management structures' after a year-long public inquiry.

Organisations like the Environmental Investigation Agency have been investigating the role casinos play in crime in general and, specifically, in money-laundering and the wildlife trade. According to Julian Newman, campaign director at EIA, 'Money laundering is definitely linked to the illegal wildlife trade, but there are few cases of successful prosecution of

wildlife traffickers for financial crimes.' According to the EIA, the Illegal wildlife trade is the fourth largest type of crime in the world after arms, drugs and human trafficking, and it generates US\$7–23 billion in profits every year.

One significant trafficking case involved the Kings Roman Group casino in northern Laos. In 2018, the US government placed sanctions on Zhao Wei, the head of the Kings Roman Group. Wei and others were running a transnational organised crime group involved in narcotics, wildlife trafficking and human trafficking. The EIA says it believes wildlife trading still happens at the site.

Other casino businesses linked to wildlife trafficking can be found in Mong La on the Myanmar–China border. Border towns like these are particularly attractive to traffickers due to their 'territorial ambiguity', which can lead to lawlessness and corruption, according to Newman.



Macau is known to be a hub for money-laundering globally. For instance, much of the laundered money allegedly used at Crown's casinos in Australia came from mainland China, via Macau. With the strict laws on the amount of money mainland Chinese people can take out of the country, Macau is often the stop-off point to Australia where Chinese people can sell goods like watches for cash. They can then use that money to bet in casinos in Australia. New technologies such as mobile applications and cryptocurrencies have also made it easier for money to be laundered.

According to Newman, Wei was involved in the casino business in Macau before opening the casino in Laos. He also ran one in Mong La. These casinos are global businesses and it's clear Australia hasn't viewed such crimes as serious enough to warrant better regulation or stronger enforcement action.

Corporate governance expert Thomas Clarke from the University of Technology Sydney believes Australian politicians are inclined to see casinos and banks 'as great money-making institutions to

be supported in the interests of the local and national economy'. He says they often don't want to know about criminal activities as a result, a concerning sign for Australia's security.

Newman says one way to combat money-laundering and related crimes is for global financial institutions, including multinational banks, to make greater efforts to identify and submit suspicious transaction reports to the relevant authorities. This would make it harder for wildlife criminals to move money through the formal banking system.

Clarke isn't ready to give up on the regulator, AUSTRAC, which was set up to monitor financial transactions in a wide range of crimes, including money-laundering. The agency plays key role in finding the main organisations behind the criminal networks using casinos.

'AUSTRAC has proved the most determined of the Australian regulators in the actions against Commonwealth Bank and Westpac and the large fines they imposed', Clarke says. AUSTRAC has reported on the scale of recent criminal activities being conducted through banks and businesses like casinos, finding that

these organisations were financial arteries for the crimes.

Even if Clarke's belief in AUSTRAC is well founded, it's clear Australia has a huge challenge ahead to deal with the scale of crimes being conducted through casinos. An inquiry finding a company not fit to run a casino due to governance issues seems an understated response at best when there's evidence of links to serious organised crime. It's significantly worrying for Australia's security.

As Newman says: 'The bosses in these crimes aren't untouchable and the tools to go after them are increasingly available. We need to follow their money to put them behind bars.'

AUTHOR

Georgina Kenyon is a freelance journalist who has worked as head of editorial at The Climate Group and as a senior writer and researcher for scientific and environmental organisations in Australia and the Asia-Pacific.



Australian Relining Solutions is a Sydney based relining company with over 15 years experience specialising in pipe relining and robotic grinding. We use the latest equipment, materials and techniques to ensure a convenient, cost-effective and non-invasive solution to repair damaged pipes at your home, business and construction projects.

WHY CHOOSE AUSTRALIAN RELINING SOLUTIONS?

SAVE MONEY • INSURED • EFFICIENT
RELIABLE • LIFETIME WARRANTY
FAST TURN AROUND TIME
REPORTS • ENVIRONMENTALLY FRIENDLY
EXPERIENCED TECHNICIANS
NO DIGGING OR EXCAVATION • MINIMAL DISRUPTION
HIGH QUALITY

www.ausrelinesolutions.com.au

Mob: 0425 046 660

Email: work@ausrelinesolutions.com.au

Proudly supporting Aipol



Star Entertainment has been inviting in many of the same people as Crown did.

The fallen Star: Sydney's cleanskin casino caught in 'dirty' company

October 10, 2021

BY NICK MCKENZIE AND JOEL TOZER

Crown has endured two years of inquiries and a serious threat to its licence over criminal links, money laundering and foreign influence. Now it's the turn of Sydney-based Star Entertainment.

Listed gaming giant Star Entertainment has been enabling suspected money laundering, organised crime, large-scale fraud and foreign interference within its Australian casinos for years, even though its board was warned its anti-money-laundering controls were failing.

Between 2014 and 2021, Star cultivated high-roller gamblers who are allegedly associated with criminal or foreign-influence operations, according to multiple casino and law-enforcement sources with knowledge of the company's operations, including Star insiders.

Sydney-based The Star Entertainment Group, which runs

casinos in Sydney, Brisbane and the Gold Coast, has portrayed itself as the cleanskin casino company compared to its rival, Crown Resorts, whose reputation has been shattered by the findings of two royal commissions and a regulator's investigation. But an *Age*, *Sydney Morning Herald* and *60 Minutes* investigation has confirmed that Star has engaged in many of the same improper practices while escaping the withering public examinations faced by Crown's executives and key shareholder James Packer.

Among the high-roller gamblers feted by Star were an alleged

Sydney cocaine importer, a Canberra restaurateur and accused drug trafficker and money launderer, the nation's most infamous accused foreign-interference agent and some of Australia's biggest alleged tax cheats and corporate fraudsters.

Star allowed these figures to gamble vast amounts of money, ignoring a number of red flags about their conduct while wooing them with luxury goods, free hotel rooms and other incentives.

Punters banned from Crown Melbourne and The Star Sydney by the

continued on page 30

NSW and Victorian police commissioners because of their links to organised crime have been permitted to gamble at The Star Gold Coast's casino.

The firm's failings are exposed in internal company documents, court cases and law-enforcement intelligence briefings, as well as a dozen sources with detailed knowledge of Star's operations.

Asked a series of questions, a spokesman for Star responded with a statement saying: "We are subject to thorough and ongoing regulatory oversight including compliance checks and reviews across our operations in NSW and Queensland. The Star works closely with authorities including law-enforcement agencies and is committed to transparent engagement with regulators."

Ignoring the warnings

In 2018, global audit firm KPMG was commissioned by Star to provide two reports to the board's audit committee, which included chief executive Matt Bekier and chairman John O'Neill. On May 24, 2018, the committee received the confidential reports. They outlined how Star was profoundly failing to combat the risk of money laundering, terrorism financing and corruption with its Sydney and Queensland casinos.



The Star Entertainment CEO Matt Bekier.



Casino industry analyst Ben Lee says Star acted contrary to anti-money-laundering practices.

Star's assessments of some gamblers "appear to understate the level of money-laundering risk" and Star had "no documented money-laundering risk assessment, or risk-assessment methodology" for Chinese high-roller tour groups known as junkets.

KPMG also found Star was inadequately resourcing its internal anti-money-laundering unit and was failing to properly vet these high-wealth Chinese junket gamblers: "Due diligence on junket participants is limited."

The company's dealings with suspected criminals, foreign agents and fraudsters occurred over many years and in some cases as recently as 2020 and 2021, suggesting the warnings in the KPMG reports were not adequately acted on.

The Age, *Herald* and *60 Minutes* investigation has found that between 2014 and 2018, Star Entertainment allowed Chinese high-rollers to use special Chinese debit and credit cards to withdraw hundreds of millions of dollars in funds from Star's hotel properties in a manner which disguised gambling activity as hotel expenses.

It was one of the methods also used by Crown to evade China's strict national laws against taking money out of the country for gambling. The practice was exposed this year at the Victorian royal commission into Crown, with counsel assisting Adrian Finanzio, SC, arguing that it meant Crown should lose its licence.

Casino industry analyst Ben Lee said Star's use of the system, which included using China Union Pay cards, was unethical and contrary to anti-money-laundering practices and that Star



The chairman of the NSW gaming regulator, Philip Crawford, says he was unaware of long-standing, poor practices at Star.

managers should have known about it. The concealment involved "tells you ... that they are aware it is illegal".

The chairman of the NSW gaming regulator, Philip Crawford, last month announced that his organisation would conduct a routine, closed-door review of The Star Sydney to privately examine if the improper practices exposed at Crown by the NSW Bergin inquiry have "if at all ... been part of the business of The Star".

However, in an interview with *The Age*, the *Herald* and *60 Minutes*, Mr Crawford said he was unaware of long-standing, poor practices at Star, or the damning KPMG reports.

"If it is as bad as you say it is, then that's certainly something they should have reported to us," he said.

The welfare recipient and the chef

Over 14 years between 2007 and 2021, one of The Star Sydney's biggest pokies players, the mostly unemployed Mende Trajkoski, turned over \$175 million, according to casino records and briefings from confidential sources.

In the last six years of his massive splurge, Mr Trajkoski cashed out \$18 million, casino records say, and he only stopped when the NSW police organised crime squad arrested him in June in connection with three tonnes of cocaine he allegedly imported in various shipments in 2020 and 2021.

Former Australian Federal Police financial crime investigator Cameron Watts said Star's failure to apply basic due diligence to Mr Trajkoski was inexplicable.

"I suspect that if you were the person responsible for looking at this over a time period and you didn't identify it, it's one

of two things: you're either incredibly bad at your job or there is some other reason that this hasn't been picked up."

Rather than act on the red flags, Star wooed Mr Trajkoski with lavish gifts for him, his friends and relatives, including penthouse accommodation, luxury watches and handbags.

Mr Trajkoski was made a member of Star's invitation-only Diamond Club and given all-hours access to a Star employee who was told to accommodate his every need, including late-night limousines and accommodation requests.

Star also permitted a close associate of Mr Trajkoski to access its high-roller area and use Mr Trajkoski's Diamond Club privileges. A basic internet search of this associate would have exposed him as a convicted drug trafficker recently released from jail.

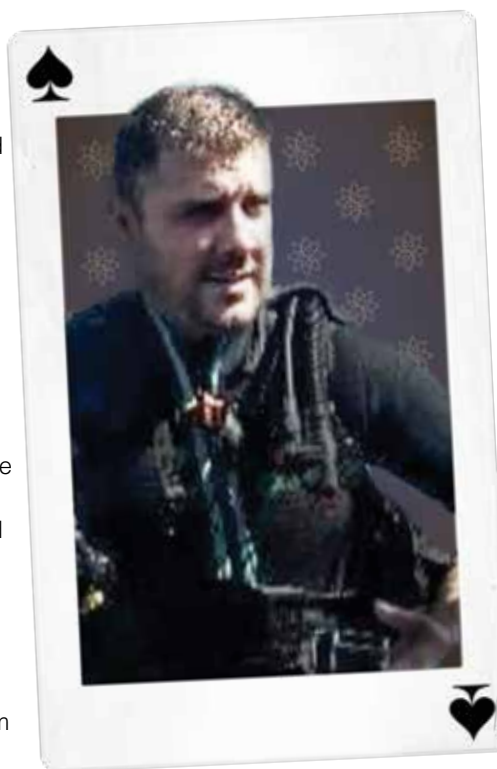
Casino records reveal that Mr Trajkoski told staff he was a car salesman, a falsehood never checked by Star. The casino also permitted Mr Trajkoski to gamble on the pokies in stretches of up to nine hours at a time, indicators of both problem gambling and, in some situations, money laundering.

A Star insider said a senior manager had told him that despite suspicions about Mr Trajkoski's gambling habits and source of income, Star decided to keep taking his money "until this all blows up".

Another Star high-roller recently arrested by police over alleged drug trafficking and money laundering is Canberra restaurateur James Mussillon, who was The Star Sydney's biggest ACT patron until he was banned by the NSW police commissioner from entering the casino. Mr Mussillon was charged by the AFP in August and accused of money-laundering activity dating to 2016.

Sources at Star said that over several years, the casino company had ignored red flags, including Mr Mussillon's erratic behaviour. Even though Star staff had identified him as a "suspicious" player, the casino had provided Mr Mussillon with incentives to not only keep gambling but to recruit others from his network. A Star senior marketing manager had also visited Mr Mussillon at his Canberra restaurant Courgette, a Star source said.

Asked about a number of these cases, the Star spokesman replied: "There are constraints that prevent The Star from commenting publicly on individuals."



Unemployed poker machine gambler Mende Trajkoski.

In 2020, Star's managers were also busy cutting deals with another entity accused of links to organised crime: a high-roller tour junket company called Suncity. Crown Resorts was excoriated in the media in 2019 for dealing with the Macau company because of its links to Asian organised-crime gangs and suspected money laundering. In August that year, it was also revealed that Suncity's chief executive, Alvin Chau, had been banned on character grounds from entering Australia by the federal government.

But asked at the time if the casino would continue doing business with Suncity, CEO Matt Bekier said: "Why not? Suncity is the largest junket operator in the world ... and we work in a very prescribed and lawful way with junkets that are credible and have been approved, in some states, by the regulators."

On March 23 this year, a NSW Supreme Court statement of claim issued by Star high-roller Guoyi Su alleged that in January 2020, Star encouraged him to deposit millions of dollars "into an account operated or controlled by Alvin Chau and Suncity" so that he could then gamble at The Star Sydney. Mr Su is suing Star because he alleges the winnings he generated by gambling these funds were not paid out.

Star confirmed in court papers that its casino was dealing with a high-roller tour operative in January 2020 — who this masthead has confirmed is a Suncity



Restaurateur James Mussillon, another Star high roller.

representative — but that Star was not liable for the missing winnings.

This masthead has also confirmed that high-rollers banned by police chief commissioners from attending casinos in Sydney or Melbourne have been allowed to keep gambling at The Star Gold Coast. Concerns about the inconsistent application of anti-money-laundering controls between Star casinos in Sydney and Queensland was flagged in the 2018 audit reports presented to Mr Bekier.

For example, Melbourne businessman John Khoury, who is best known as the long-term business partner of underworld identity Mick Gatto, has been banned by the NSW police commissioner since about 2012 from gambling at The Star Sydney based on his organised-crime associations. Despite this, he has for years been wooed by The Star Gold Coast and given luxury gifts, flights and accommodation in return for turning over tens of millions of dollars.

An Australian Criminal Intelligence Commission and Victoria Police intelligence probe in 2017, codenamed Northern, uncovered \$39 million being moved through Mr Khoury's Gold Coast casino account between 2010 and 2017, raising serious concerns about Star's internal processes. He has not been charged and is not suspected of money laundering or other offences.

Asked why Mr Khoury had been banned at one Star property but

continued on page 33



Proudly Supporting the AiPol Police Journal

JTA Transport Pty Ltd is a privately owned husband and wife company that was established in 2010. Justin and Trish have over 30 years driving experience in local/regional/interstate haulage, sea cargo, civil and plant transport. With our experience moving shipping containers locally, regionally and interstate, we came to realise that regional and interstate was our forte. Having grown since 2010, we have expanded our business to include oversize and out of gauge heavy haulage transport.

At JTA Transport we are quality driven to provide the best transportation services possible by moving your product from origin to destination safely, efficiently and on time. Our number one goal and priority is to achieve 100% customer satisfaction as we realize that a satisfied customer is a return customer and our best form of advertisement. As experts in customised freight solutions, JTA Transport supports the success of businesses around the country through a broad range of services backed by our vast experience.

Contact Trish On: **0401 914 968**

Visit: **www.jtatransport.com.au** Email: **info@jtatransport.com.au**

Find Us On Facebook: **www.facebook.com/jtatransport**



Mate of Mick Gatto, Gold Coast gambler John Khoury.



Tom Zhou: junket operator, triad connection and Chinese Communist Party influence agent.



Alleged Chinese influence agent Huang Xiangmo.

continued from page 31

not another, a former insider said: “Senior management pushed back when we pointed this out because he was such a big gambler.”

The triad connection

Star’s ties to high-roller tour operatives with Chinese organised-crime links also date back several years. They include brothel owner Simon Pan and Chinese organised-crime boss Tom Zhou. The pair’s dealings with Crown Resorts has led to the Melbourne company facing the potential loss of its licence in three states but, until now, their interactions with Star have remained hidden from public view.

In 2017, a report by anti-money-laundering agency Austrac identified Mr Pan as a “junket tour representative” at Star and warned of his suspicious casino activities.

Mr Zhou’s historical dealings with Star have also been examined by Austrac and the AFP. In 2016, when federal authorities searched a private jet on the Gold Coast chartered by Mr Zhou as part of a money-laundering check, they found receipts detailing \$15 million in transactions at Star.

Had Star conducted basic online due diligence, it would have discovered Mr Pan and Mr Zhou’s extensive alleged criminal past.

It also would have discovered something that had caught the attention of Australian security agency ASIO:

Mr Zhou’s extensive links to the Chinese government’s overseas influence group, the United Front Work Department, and his past as a political donor.

Multiple official sources who had dealings with ASIO have confirmed that in 2019, ASIO met with state policing officials to help gather intelligence on the possible use of Star by suspected foreign interference agents. The sources have confirmed that federal and state authorities tracked at least six high-rollers or junket tour operators linked to Star and the Chinese government’s overseas influence operations.

These discoveries were hinted at in an anonymised December 2020 report released publicly by Austrac, which stated that the anti-money-laundering agency had “identified a small number of links between junket tour operations and possible foreign interference activities” as well as the use of casino accounts to make political donations.

Austrac’s classified investigations go much further, identifying Star and its links not only to Mr Zhou but to Australia’s most infamous alleged foreign-interference agent and political donor, billionaire property developer Huang Xiangmo, the man whose relationship with former Labor senator Sam Dastyari led to the end of the Australian’s political career. Mr Huang, along with at least two other members of his Australian-based Chinese Communist Party lobbying organisation, were high-rollers at Star for several years.

In March 2015, Mr Huang employed one of Star’s VIP operations executives as a manager at his Sydney property development company Yuhu. Austrac has uncovered suspicious transactions involving close associates of Mr Huang at Star as recently as 2018, just prior to Mr Huang’s expulsion from Australia by ASIO.

The cases of Mr Trajkoski, Mr Mussillon, Mr Zhou, Mr Pan, Mr Huang and Suncity are not the only ones involving suspect entities dealing with Star after red flags about their backgrounds. Two Chinese billionaires currently being pursued by the Australian Taxation Office over massive alleged tax rorting have both had their Star accounts frozen by Australian authorities amid accusations of suspicious money movements via the casino.

A Star source said one of the men, Phillip Dong Fang Lee, used Star’s China Union Pay card system to move millions of dollars from China to Australia around 2014 and 2015. And alleged corporate fraudster Zu Neng “Scott” Shi was accused in the Federal Court by the ATO last year over withdrawing nearly \$2 million from ATMs at The Star Sydney over five years.

Law enforcement and regulatory sources said Austrac was building a strong case against Star, and Star would face significant penalties next year, putting further pressure on senior management and the board.



Lime

Finance

Mob: 0421 517 071

Email: aaron@limefinance.com.au

At Lime Finance our goal is to be your trusted partner for all your Lending & Insurance needs.

We specialise in Residential, Commercial & Equipment finance so no matter what you are trying to achieve, we are here to help

www.limefinance.com.au

Find us on Facebook

Proudly supporting our local Police

High Rollers

A study of criminal profits along Australia's heroin and methamphetamine supply chains

March 2021

DR JOHN COYNE AND DR TEAGAN WESTENDORF

The Problem

Despite Australian law enforcement agencies' successes, most illicit drugs remain easy to obtain, their purity remains unaffected, domestic retail prices are stable and regional wholesale prices are decreasing.

Our law enforcement agencies continue to disrupt transnational organised crime groups involved in the manufacture, movement and sale of illicit drugs. The focus of their efforts is on removing senior criminal figures and key facilitators from the market and seizing increasingly large quantities of illicit drugs.

The most innovative organised crime groups continue to use their amorphous business models to adapt and innovate in order to operate. Less capable criminal actors quickly fall by the wayside, but low barriers to market entry ensure their rapid replacement. All the while, law enforcement agencies, at home and abroad, are being congratulated for their arrests and seizures.

Law enforcement seeks to remove criminal leaders and key facilitators to disrupt illicit drug supply chains. The limited success of that measure (termed 'decapitation') over the past three decades is either a testament to the low economic barriers to market entry—a new actor quickly replaces one taken out of action—or an indicator that the key criminals aren't being arrested. Either way, the implication is clear: with our current strategies, success is fleeting, at best.

Two assumptions underpin the focus on the seizure of larger quantities of illicit drugs. First, that increasingly larger seizures will increase the cost of production and distribution, reducing the market's profitability. Second, that by seizing large quantities of drugs supply in the domestic market will be reduced. Neither assumption has proven to work.

Over the past two decades, Australian illicit drug users' preferences have followed global patterns in moving from plant-based to synthetic drugs. That's made the task of disrupting illegal drug production even more complicated.

Introduction

The 2014 rap song 'Move that dope', by Future, Pharrell Williams, Pusha T and Casino, talks about the push to sell drugs, including crack cocaine, and enjoy the spoils of the trade. Its underlying message is to move on from lower level sales of drugs to individual addicts to higher level pursuits.

Future's song subscribes to the tried and tested assumption of a vertically integrated organised crime network, in which the closer you get to the source, the more profit there is to be made. But is that a fair representation of today's transnational illicit drug supply chains? And, if it is, why haven't three decades of decapitation efforts—think US law enforcement's removal of crime bosses such as Gotti, Escobar and El Chapo—not ended the rise of transnational organised crime groups?

Australian governments' efforts to reduce the supply of illicit drugs into our communities has become a battle of attrition between government and criminal organisations. Worse still, criminal innovation appears to be driving policy changes, rather than the other way round.

Of course, law enforcement agencies are continuously evolving their techniques and have become increasingly more efficient in their search for illicit drugs, especially at our borders. Australia's federal law enforcers have, until recently, continued to dramatically increase the quantity of illicit drugs seized at our borders year on year.¹ Yet, those efforts appear to have had only limited, and at times fleeting, impacts on illicit drug availability,² and even less impact on drug use.³

Contrary to medical advice, Australians continue to consume large quantities of illicit drugs and do so more often.⁴ Despite seizures of drugs, arrests of offenders and their successful prosecution, the drug supply isn't being reduced. Arguably, because of the resilience of the illicit drug supply chain and business model, law enforcers' efforts aren't even placing upward pressure on street prices.

There's a great deal of variance in the capability of the organised crime actors on the other side of the illicit drug supply equation. The most challenging and capable of them are increasingly technically proficient at various stages of the global supply chain: manufacturing, smuggling and money laundering. Some have become proficient at bringing together and coordinating the illicit drug value chain, from sourcing precursor chemicals to developing segmented supply chains for different commodities and markets.

It's easy to declare the need for a new strategy, but that would imply that there are clear-cut alternatives, and there aren't any.

Criminal markets are, by their nature, dark markets. Their scope and reach are opaque, as are their global supply and value chains. More information is needed if we're to develop a new or adapted strategy to disrupt illicit drug supply.

One way of understanding Australia's illicit drug supply challenge and the transnational serious and organised crime groups involved is by analysing likely profits at each layer of vertically integrated networks producing, transporting and selling drugs.

This report uses existing quantitative and qualitative data to better understand the segmentation of Australia's heroin and methamphetamine markets and the markets' transnational connections.

continued on page 36

Figure 1: Australia's methamphetamine supply chain

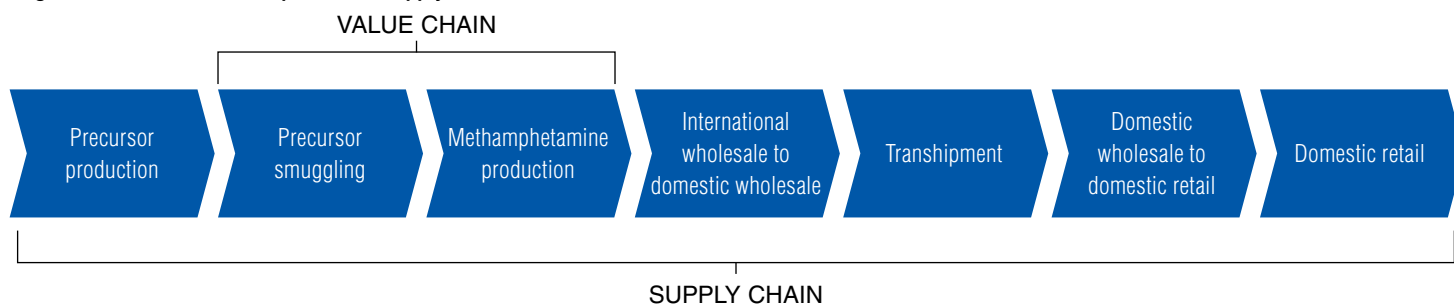
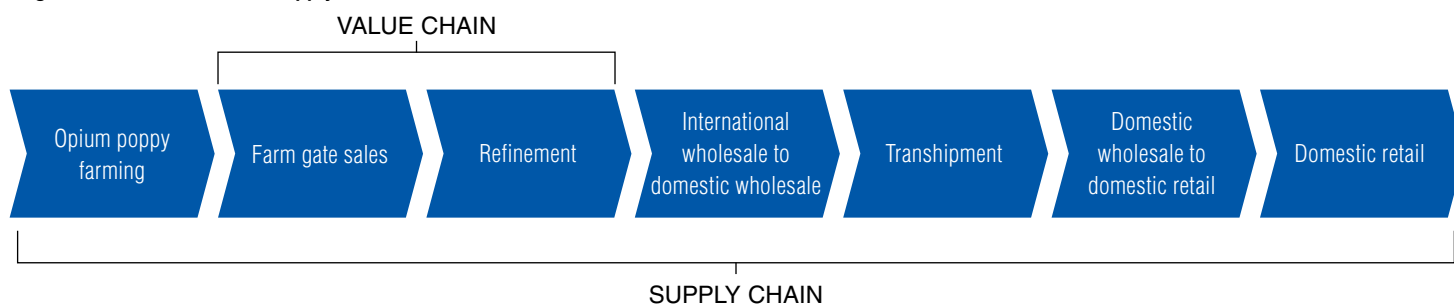


Figure 2: Australia's heroin supply chain



continued from page 35

We examine the profits made by criminal actors at each level of Australia's vertically integrated illicit drug supply chains. This applied research supports law enforcement's emerging strategies for disrupting transnational serious and organised crime, in part by analysing supply chains and profit points.

We approach the problem by segmenting the market using business supply-chain methodologies and publicly available reporting on illicit drugs. We set out a broad picture of profits at each of the significant levels of the global supply chains for heroin and methamphetamine. A better understanding of profit taking across the illicit drug sector is also needed in order to quantify illegal money laundering within and outside of Australia's economy. A focus on profit taking in the different parts of the supply chain can also be helpful in designing disruption activities.

Methodology

Qualitative analysis of Australia's illicit drug supply chains has significant utility. However, with the increasing availability of quantitative datasets, such as the Australian Criminal Intelligence Commission's Illicit drug data report and National Wastewater Monitoring Program, much more can be done to understand the dynamics of the illicit drug market and apply that understanding to disruption efforts.

The key question underpinning this research is how much profit is made at each of the following illicit drug market levels for methamphetamine and heroin (see figures 1 and 2):

- domestic retail sales: the quantity of heroin and methamphetamine consumed in Australia
- domestic wholesale to retail: sales to retailers after illicit drugs are imported
- international wholesale to domestic wholesale: sales of illicit drugs consumed in Australia plus drugs seized by Australian law enforcement agencies
- international manufacturing/refining to international wholesale: the difference between the global wholesale value of total Australian illicit drug imports and their value in Australia.

In this report, we refer to supply chains and value chains. A supply chain is all the steps needed to get heroin or methamphetamine onto Australia's streets. In contrast, a value chain is the process by which organised crime groups receive raw materials (methamphetamine precursors or opium) and add value to produce methamphetamine or heroin.

In practice, the vertically integrated levels of Australia's heroin and methamphetamine markets aren't rigid or even clearly defined. In some cases, larger transnational organised crime groups are seeking to segment their business models:

- Organised crime groups in Myanmar are segmenting their value chains by producing highly refined crystal methamphetamine for one market and yaba (a low-purity tablet form of methamphetamine mixed with caffeine) for another.
- Some groups are segmenting their production to focus on supplying high-volume sales / low-profit margin regional markets (Thailand, Indonesia and the Philippines) and low-volume sales / high-profit margin markets (Australia and New Zealand).
- There are also signs of vertical integration in which criminal groups are increasingly using business models familiar to the legitimate corporate world, such as those used by Dell Computers Inc. to sell computers. In that model, they sell wholesale to wholesale and wholesale to retail using micro-imports.

This report focuses on heroin and methamphetamine because those drugs make up two of the most important and high-profit illicit drug markets in Australia, and there's robust qualitative and quantitative data relating to their supply chains.

Our methodology has some limitations. For example, the accuracy of data on drug prices at the international level varies significantly, and the time series for various data points differ, as many of the figures are reliant on countries' self-reporting on their domestic markets. To counter that problem,

Figure 3: Global supply-chain links to Australia's methamphetamine market



Myanmar and Laos has increased significantly over the past several years. As a result, it seems likely that an increasing percentage of methamphetamine consumed in Australia or shipped from Malaysia, Thailand, Cambodia and Vietnam has been manufactured in Myanmar.

Methamphetamine consumption in Australia

Now in its 13th quarterly cycle of testing, the groundbreaking National Wastewater Drug Monitoring Program, which is run by the Australian Criminal Intelligence Commission (ACIC), tests for traces of illicit substances in the wastewater produced by Australian homes and businesses. In August 2020, the program covered around 56% of Australia's population, or about 13.2 million people.⁵

Data from the program suggests that, while illicit drug consumption in Australia has fluctuated since 2016, it has consistently trended upwards, and there have been substantial increases in the consumption of the 'four major illicit drugs with available dose data (methamphetamine, cocaine, MDMA and heroin)'. There was a minor decrease in the consumption of methamphetamine in FY 2020 due to the impact of Covid-19 on supply chains (Figure 4).

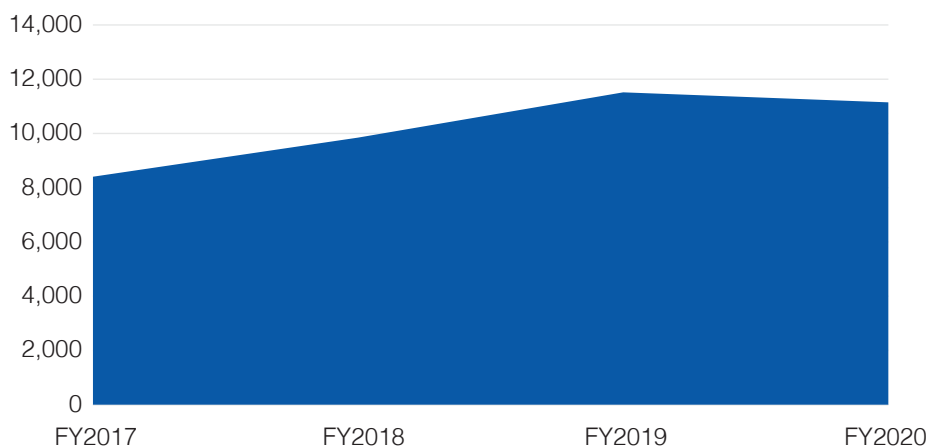
By FY 2020, more than 78% of Australians' combined estimated expenditure on illicit drugs was on methamphetamine. That was despite the 3.2% Covid-19 reduction in methamphetamine use between FY 2019 and FY 2020, which took the combined estimated street value of the four major illicit drugs down by \$2.4 billion for FY 2020 alone.⁶

National Wastewater Drug Monitoring Program reporting suggests that the estimated quantity of methamphetamine consumed in Australia in FY 2017 was 8,405 kilograms; in FY 2018 it was 9,847 kilograms; in FY 2019 it was 11,516 kilograms; and in FY 2020 it was 11,147 kilograms. This indicates a steady 17% increase year on year, except for the impact of Covid-19 on the FY 2020 rate.⁷

These consumption estimates indicate that both the demand for, and supply of, methamphetamine at retail and wholesale levels in Australia's market have increased significantly since FY 2017.⁸

continued on page 39

Figure 4: Estimates of Australia's total methamphetamine consumption, 2017 to 2020 (kg)



Source: ACIC, Media snapshot: Report 12 of the National Wastewater Drug Monitoring Program, 2020, 3, online.

we've sought to provide high and low estimates of medians for markets and profits in order to give the most accurate picture of market size and shifts in the markets.

Although some of the relevant datasets are incomplete, they include enough datapoints to indicate the market size and trends over time in Australia and in Southeast Asia, allowing us to draw conclusions and develop policy recommendations.

Ice Skating: The Australian Methamphetamine Market

Figure 3 highlights the global supply-chain links to Australia's methamphetamine market.

In FY 2018, 50 countries were identified as embarkation points for the methamphetamine detected at the Australian border. By weight, the US continued to be the primary embarkation point for methamphetamine detected in FY 2018. Other key embarkation points at that time included Thailand, Malaysia, the United Arab Emirates, Canada, China (including Hong Kong), Mexico, Lebanon, Vietnam and India. However, since then, production of methamphetamine in the Mekong region has increased dramatically. Admittedly, there's no sure way to conclude whether seizures are representative of the overall supply chain.

Reporting indicates that methamphetamine production in



Rebecca Shephard

Director - First National Real Estate
Batemans Bay

Contact Rebecca On: 0413 580 309

Email: bec@bbfn.com.au

Visit: www.bbfn.com.au

1 North Street, Batemans Bay NSW 2536

Proudly Supporting our Police

Having grown up in Batemans Bay, Bec is a local girl and has an abundance of knowledge and expertise of the Batemans Bay area. Bec prides herself on her honesty, integrity and her friendly, approachable nature. Her customer satisfaction is foremost, along with her determination, high energy and commitment to her clients. Bec is driven to achieve the best possible outcome for her clients at all times. Bec believes all these characteristics combined with her sales and negotiating skills are the key in assisting her clients with selling or purchasing their home or investment property.



We Outshine the Competition

We have moved
more than 100
Police Officers
since March 2021

HOUSE REMOVALS
WRAPPING AND PACKING
INTERSTATE REMOVALISTS
OFFICE RELOCATIONS
PACKING BOXES
STORAGE SOLUTIONS

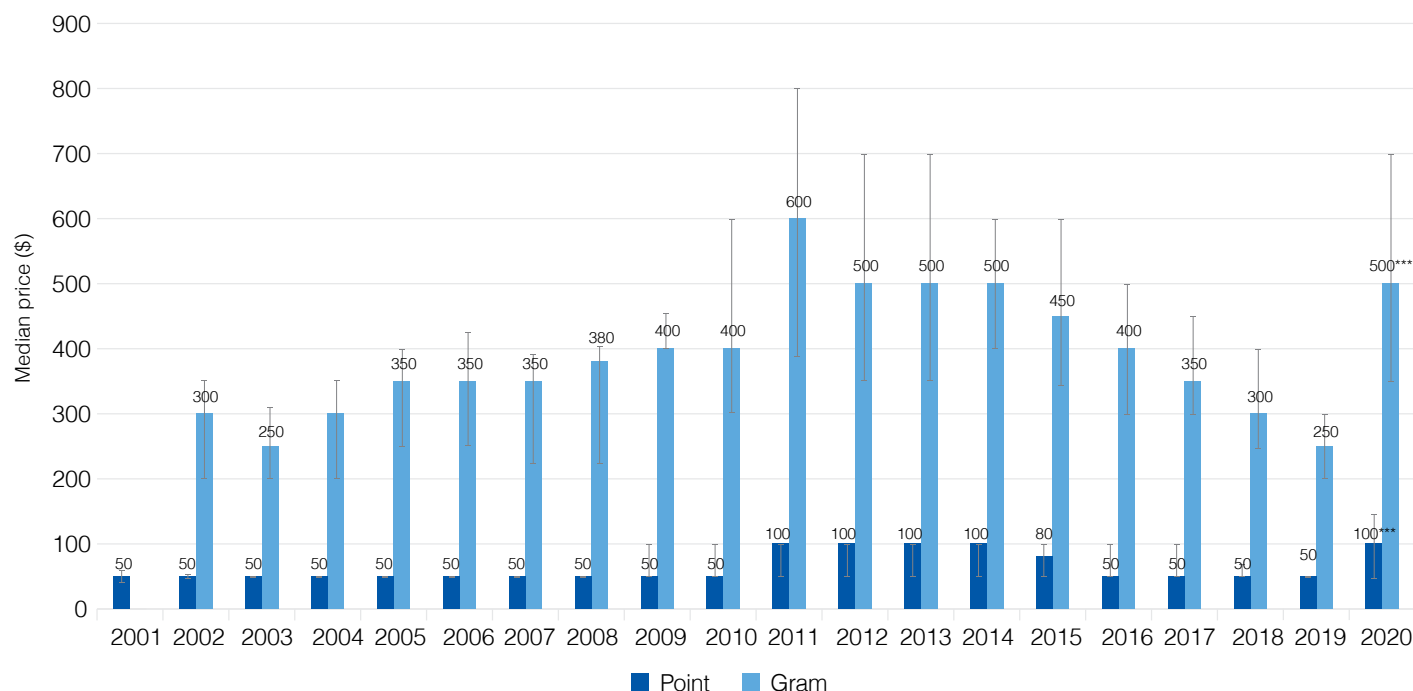


TRAINED & EXPERIENCED REMOVALISTS

www.brillianceremovalistsmelbourne.com.au
info@brillianceremovalistsmelbourne.com.au

1300 112 715

Figure 5: Median price of methamphetamine in Australia, per point and per gram, 2001 to 2020



*** $p < 0.001$ for 2019 versus 2020.

Notes: No data available for per gram price in 2001. The error bars represent the interquartile range.

Source: A Peacock, J Uporova, A Karlsson, D Gibbs, R Swanton, G Kelly, O Price, R Bruno, P Dietze, S Lenton, C Salom, L Degenhardt, M Farrell, Australian drug trends 2019: key findings from the national Illicit Drug Reporting System (IDRS) interviews, National Drug and Alcohol Research Centre, UNSW Sydney, 2019, 45, online.

continued from page 37

Methamphetamine prices in Australia

The operators of the Illicit Drug Reporting System at the National Drug and Alcohol Research Centre of the University of NSW have undertaken extensive research and interviews to establish the most accurate estimates of the national median price for street-level purchases of 'points' of methamphetamine (equivalent to 0.1 grams).⁹ That research has shown that the median price of a point was stable at A\$50 for a decade until 2011, after which it doubled, then halved and then doubled again in the next decade.

In contrast, at the retail level, the price of 1 gram (10 or more street-level hits) doubled over the decade to 2011, declined steadily over the next decade to 2019, and then rose to 2011 levels due to the impact of Covid-19 (Figure 5). This assessment doesn't take into consideration the possibility that retailers reduced the purity of their product.¹⁰ The data suggests that street-level drug dealers' profit margins fluctuated from 40% in FY 2002 and FY 2011 to 50% in FY 2019.

Estimating wholesale price variations for 1 kilogram of methamphetamine within Australia is challenging. Sales of 1 kilogram or more are in the realm of

higher level organised crime figures, whose business activities are far less transparent than those of street dealers. The ACIC's Illicit drug data report reveals that Queensland, the only jurisdiction with data on the price of 1 kilogram in FY 2018, reported wholesale prices as ranging from \$70,000 to \$120,000.¹¹ The ACIC estimates that price to be similar for many of the eastern Australian states (NSW, Victoria and Tasmania), with a median price for 1 kilogram pegged at \$105,000 in FY 2018, having decreased by 61% since FY 2011.¹² So, while street-level profit margins grew from 40% in FY 2002 to 50% in FY 2019, wholesale-level profit margins remained steady at 55% in 2011 and 58% in 2019.

Methamphetamine seizures in Australia and at our borders

To estimate the total value of Australia's methamphetamine, it's crucial to factor in the drugs seized by officials in Australia. Those seizures historically represent a significant portion of the total weight of heroin and methamphetamine smuggled into Australia. Seizures are also a financial liability for transnational serious and organised crime groups.

The ACIC reports that in FY 2019 a total 5,148 kilograms of amphetamine-type drugs (excluding MDMA) were

seized at the Australian border.¹³

If the estimate of Australian consumption for FY 2019 (11,516 kilograms)¹⁴ is added to that figure, the total weight of all methamphetamine in the country for that year was approximately 16,664 kilograms. Given that the consumption estimation data is based on wastewater testing for 56% of the population, it's possible that the total weight was even higher.

This data indicates that the domestic market, while still well supplied, can remain profitable even when at least 31% of the total quantity of methamphetamine smuggled into the country is seized.

Admittedly, that figure doesn't consider changes in purity between levels in the Australian illicit drug market. However, law enforcement reporting appears to indicate little change in methamphetamines domestic purity levels. That suggests two possible alternative conclusions:

- The profits from the illegal market are so significant that even confiscating 31% of total goods doesn't put dealers out of business, but is accommodated as part of their business models.

continued on page 40

- Confiscations do put dealers out of business, leading to a high turnover rate as new dealers fill the void left behind by previous dealers. The fact that supply in Australia is rarely meaningfully affected for long suggests that a number of dealers continue to thrive.

Both conclusions are highly plausible.

In this report, we factor in the costs of seizures at Australia's border as loss in the revenue of Asia–Australia smugglers when calculating the total profits of the methamphetamine market.

Methamphetamine prices in Southeast Asia

Much of the methamphetamine consumed in Australia originates in, or transits through, Southeast Asia. The Golden Triangle, infamous for its production of heroin, has quickly been established as a global hotspot for the production of methamphetamine (Figure 6).¹⁵

Myanmar has experienced ethnic conflict and civil war since its independence in 1948. The establishment of autonomous self-administered zones in 2008 formalised armed ethnic groups' control of otherwise lawless regions (Figure 7), aided in no small part by remote geography and long porous land borders with neighbouring countries. Since then, despite ongoing conflicts, elements of the Myanmar military have also taken advantage of the autonomous zones to profit from illicit markets.

The autonomous zones, which were already playing critical roles in growing opium poppy and refining heroin destined for Australia, have become the home of super labs producing industrial quantities of methamphetamine destined for markets across the region. As production has grown, and with nearly uninterrupted precursor supplies from China, India and Bangladesh, the labs produce both high-purity crystal methamphetamine and yaba. That's been made possible by elements of the Myanmar military permitting the inward flow of precursors and the outward flow of finished product by acts of omission or commission. Moreover, the scale of production has driven down regional wholesale and retail prices for methamphetamine.

Calculating the wholesale prices of methamphetamine and heroin in Southeast Asia is difficult, as it relies heavily on

Figure 6: The Golden Triangle



Figure 7: Myanmar and its ethnic states



countries self-reporting prices. That said, the UN Office of Drugs and Crime (UNODC) has done substantial qualitative and quantitative research that can help to inform an estimate of prices in the region (Figure 8). Data for this period is incomplete, although sufficient to map a consistent downward price trend for methamphetamine in the region over the 2011–2019 period. The UNODC reports paint a picture of a region with fluctuating prices, but also a definite trend towards significantly lower wholesale prices over the decade.

While there are certainly some gaps in the information provided by countries in the region, there's enough data to draw some conclusions about the market.

Cambodia has one of the more robust methamphetamine reporting track records of the region. Its reports in 2013, 2017, 2019 and 2020 (there are no similar reports from UNODC for the 2014–2016 period) show a distinct downward

trend in the price for 1 kilogram of methamphetamine. The reported price in 2012 of US\$60,000/kilogram was close to those in Malaysia (US\$60,000) and Vietnam (US\$52,500); there were outliers on both sides of the spectrum in Thailand (US\$85,000) and Myanmar (US\$10,500).

Despite variation between countries in the region, all have significantly trended downward in the cost of 1 kilogram of methamphetamine over the decade ending in 2019.¹⁶

Laos mirrors the downward trend in Cambodia, but also reports the lowest price anywhere in the region: US\$6,000. Those low prices could be attributed to northwestern Laos's status as a centre, albeit smaller than Myanmar, for methamphetamine production.

The situation could also be due in no small part to endemic corruption and a low law enforcement capability base in Laos. Domestic consumption in Laos is likely to be high, but high levels of poverty have matched low street prices.

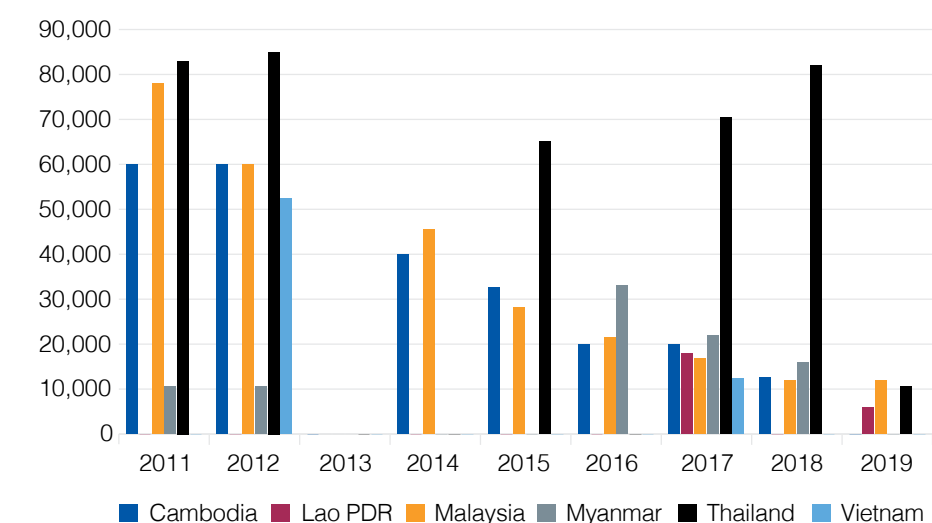
Like Cambodia, Malaysia has consistent reporting and shows a similar downward trend in wholesale methamphetamine prices that mirrors that of Cambodia.

Myanmar is an interesting case study, as it's home to a significant portion of Golden Triangle methamphetamine production and yet is the only country in Southeast Asia where prices trended upwards, although that was only until 2016, after which prices trended downwards to a similar range as the rest of the region by 2019. The rising prices until 2016 might have been the result of a change in drug enforcement policies; however, it's more likely either to be related to gaps in the available data or indicate that much of the methamphetamine, excluding yaba, in Myanmar is not distributed locally. Instead, the methamphetamine is destined for foreign markets through a vertical supply chain between Myanmar and markets or transshipment points operated by a single or a small number of entities.

It's more than likely that Myanmar's increased status as a regional industrial methamphetamine production centre has contributed to price changes. It also appears that producers are willing to pursue multiple markets simultaneously: high-profit, low-volume (such as Australia) and low-profit, high-volume (Myanmar).

While the lack of a reported price in 2018 makes it difficult to confirm this trend, Thailand's prices are following the

Figure 8: Estimates of wholesale prices of 1 kilogram of crystal methamphetamine in Southeast Asia, 2011 to 2019 (US\$)



Notes: Where price ranges were listed, the median was used. Where the total number of values in the dataset were not known, the median was calculated as the mid-point between the high and low values. Currency and quantity adjusted to US\$/kilogram where necessary.

Sources:

For 2011–12 data: UNODC, *Patterns and trends of amphetamine-type stimulants and other drugs: challenges for Asia and the Pacific*, 2013, online. See p. 56 for Cambodia, p. 90 for Malaysia, p. 99 for Myanmar, p. 132 for Thailand, p. 137 for Vietnam.

For 2013–17 data: UNODC, *The challenge of synthetic drugs in East and South-East Asia: trends and patterns of amphetamine-type stimulants and new psychoactive substances*, 2017, online. See p. 14 for Cambodia (2015), p. 32 for Malaysia (2015), p. 36 for Myanmar (2017), p. 48 for Thailand (2017).

For 2014–18 data: UNODC, *Synthetic drugs in East and South-East Asia: trends and patterns of amphetamine-type stimulants and new psychoactive substances*, 2019, online. See p. 24 for Cambodia (2014, 2017–18), p. 40 for Laos (2017), p. 46 for Malaysia (2014–18), p. 50 for Myanmar (2016–18), p. 74 for Thailand (2017).

For 2015–19 data: UNODC, *Synthetic drugs in East and Southeast Asia: latest developments and challenges—2020*, 2020, online. See p. 38 for Cambodia (2018), p. 59 for Laos (2019), p. 64 for Malaysia (2019), p. 88 for Thailand (2019).

overall regional trend of falling wholesale prices. Vietnam has only twice reported wholesale methamphetamine prices to the UNODC, which makes drawing any conclusions difficult. However, the two prices that Vietnam has conveyed closely align with those in neighbouring countries over the same period. This data suggests that regional prices for methamphetamine might not differ too widely between transshipment countries.

Taking all this data into consideration, the best estimate for the wholesale price of methamphetamine in the region, when purchased by international traffickers to be shipped to Australia, is between US\$10,656 (the price reported by Thailand in FY 2019) and US\$12,000 (the price reported by Malaysia in 2019). Laos wasn't considered in this case (US\$6,000), as it lacks port access, and any drugs would need to be transported through Thailand or Cambodia to reach Australia.

It's important to again note that there are some inconsistencies in the data. For example, if Myanmar is indeed the main production source for crystal methamphetamine, it's logical

that the wholesale price there would be lower than in any of the transshipment countries—US\$16,000/kilogram in FY 2018. But at that time the price in Thailand was US\$82,049, in Malaysia was US\$12,000 and in Cambodia was US\$12,500. That's been the case generally, except for an unexplained hike in prices in 2016, before they equalised with the region on a downward price trend.

The profit margin differentials along the crystal methamphetamine supply chains were relatively consistent by FY 2019. For example, 1 kilogram of methamphetamine bought in:

- Cambodia in FY 2018 had a profit margin of 85%
- Laos in FY 2019 had a profit margin of 93%
- Malaysia in FY 2019 had a profit margin of 85%
- Myanmar in FY 2018 and Thailand in FY 2019 had a profit margin of 80%.

If the kilogram was sold in Australia at the FY 2018 Australian wholesale price of A\$105,000, that would make the Australian wholesale-to-street-cap profit margin 96%.

Chasing The Dragon: The Australian Heroin Market

Figure 9 highlights the global supply-chain links to Australia's heroin market. In FY 2018, 24 countries were identified as embarkation points for heroin detected at the Australian border, compared to 18 countries in FY 2017. Reporting indicates that most of the heroin detected at Australia's border and consumed within the nation originates from the Golden Triangle.¹⁷ Worldwide, approximately 90% of the world's opium originates in Afghanistan, while most of the remaining 10% originates in the Golden Triangle. For Australia, however, most of it comes from the Golden Triangle.

Heroin consumption in Australia

The National Wastewater Drug Monitoring Program tests for heroin traces and estimates consumption based on the results. The program's 2020 report estimates that annual consumption in Australia trended upward overall during the past four years, from 830 kilograms in FY 2017 to 750 kilograms in FY 2018, 941 kilograms in FY 2019 and 1,021 kilograms in FY 2020 (Figure 10).¹⁸ This is a less consistent increase than that of methamphetamine (steady at 17% per year), but overall an increase by 23%.

These numbers suggest that both heroin and methamphetamine consumption levels have trended consistently upwards. That said, heroin consumption is substantially less than methamphetamine consumption, by a factor of 10.

Australia's domestic retail heroin market

The Illicit Drug Reporting System has recorded the median retail price for a cap of heroin (0.1 grams) as stable at A\$50 over the period from 2000 to 2020. Unlike methamphetamine prices, the per cap price has been completely stable for that period, while the per gram price has fluctuated around the A\$350 mark.¹⁹ In contrast, the per gram price of methamphetamine trended up from around A\$350 in the decade before 2011, when it reached A\$600, before trending back down to below the cost of heroin at A\$250 in 2019.

Those price fluctuations most likely relate to supply constriction and changes in drug users' preferences.

continued on page 42

Taking all this data into consideration, despite slight variations over time, the street price of a cap of heroin is approximately \$50, and the cost of a gram is roughly \$350, with a low of \$280 and a high of \$450 (Figure 11). This data supports the assessment that a lack in point price fluctuation indicates that street-level dealers absorb the impacts of market price variances.

The wholesale price of 1 kilogram of heroin in Australia is, much like the wholesale price of methamphetamine, much more challenging to estimate. The ACIC's Illicit drug data report 2018–19 stated that NSW and Victoria

reported the price for 1 kilogram of heroin as ranging from \$160,000 to \$195,000 in FY 2018,²⁰ and that the price fell significantly to \$90,000–170,000 in FY 2019.²¹ That makes the median price of 1 kilogram of heroin \$130,000. Profit margins for heroin wholesalers remain attractive at 74%, but are lower than for methamphetamine (96%).

Seizures of heroin in Australia

To understand the overall scale of the nation's heroin market, it's crucial to factor in the volume of heroin seized by officials in Australia. Heroin seizures are a significant portion of the total heroin supply.

The ACIC reports that, in FY 2019, 283 kilograms of heroin was seized

at the border, up from 190 kilograms in FY 2018 and 118 kilograms in FY 2010.²² The heroin market is substantially smaller than the market for amphetamine type substances, but heroin seizures account for just 23% of total imports (the volume seized plus the volume consumed equals 1,224 kilograms). That's a lower percentage than the seizure of an estimated 31% of amphetamine imports. Arguably, lower heroin seizures could offset the lower profit margins from heroin pricing, supporting the overall profitability of the supply chain.

The cost impacts of heroin seizures to transnational serious and organised crime groups are factored into estimates of the total profits of the methamphetamine and heroin trades in this report.

Heroin prices in Southeast Asia
Much of the heroin consumed in Australia originates from opium that's been grown and then refined in Myanmar's northeastern Shan state and the northwest of Laos.

While data on heroin in the UNODC's reports from 2013, 2017, 2019 and 2020 varies in its comprehensiveness, it does suggest that wholesale prices have fallen (Figure 12). However, those price drops have been smaller and less consistent than price drops in the wholesale methamphetamine market.

The price for 1 kilogram of heroin has dropped over the past decade; the highest price recorded in Myanmar in FY 2011 was US\$94,120, and the lowest in Malaysia in FY 2019 was US\$3,240. Prices haven't been as comprehensively recorded as for wholesale methamphetamine prices in the region, but enough data points have been reported to show that both drugs wholesaled for between US\$50,000 and US\$100,000 around 2011 and declined to less than US\$50,000 (for heroin) and less than US\$20,000 (for methamphetamine) by FY 2019.

One important outlier in the UNODC reporting is Myanmar, which has reported wholesale prices only for 2011 (US\$94,120/kilogram) and 2012 (US\$95,000/kilogram)—or about A\$121,430 and A\$122,565, respectively, in today's money. Those figures didn't match the other reported figures, especially since northeastern Myanmar is the site of a significant proportion of opium poppy cultivation.

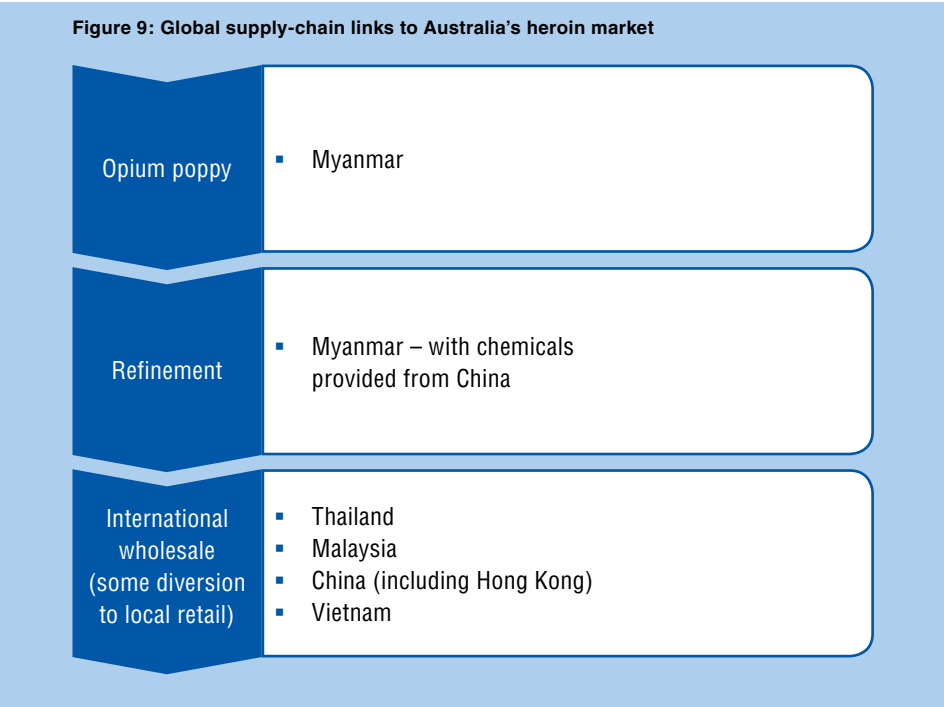
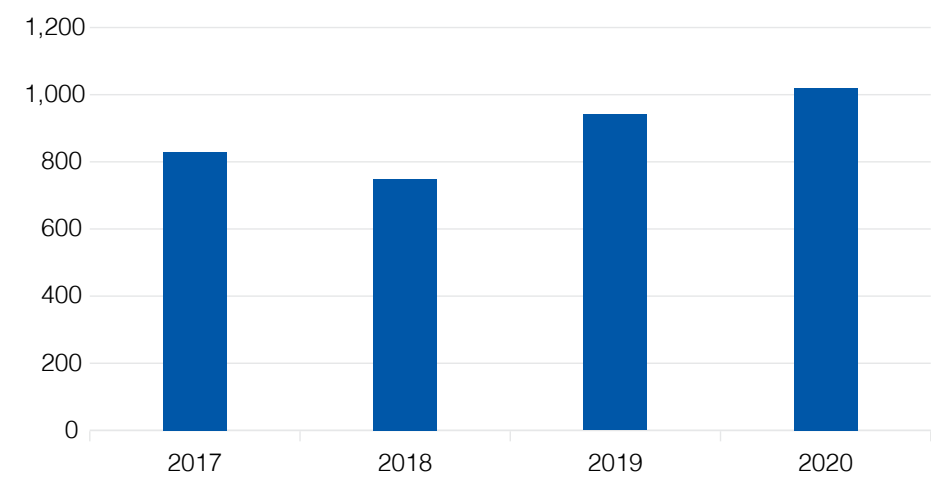
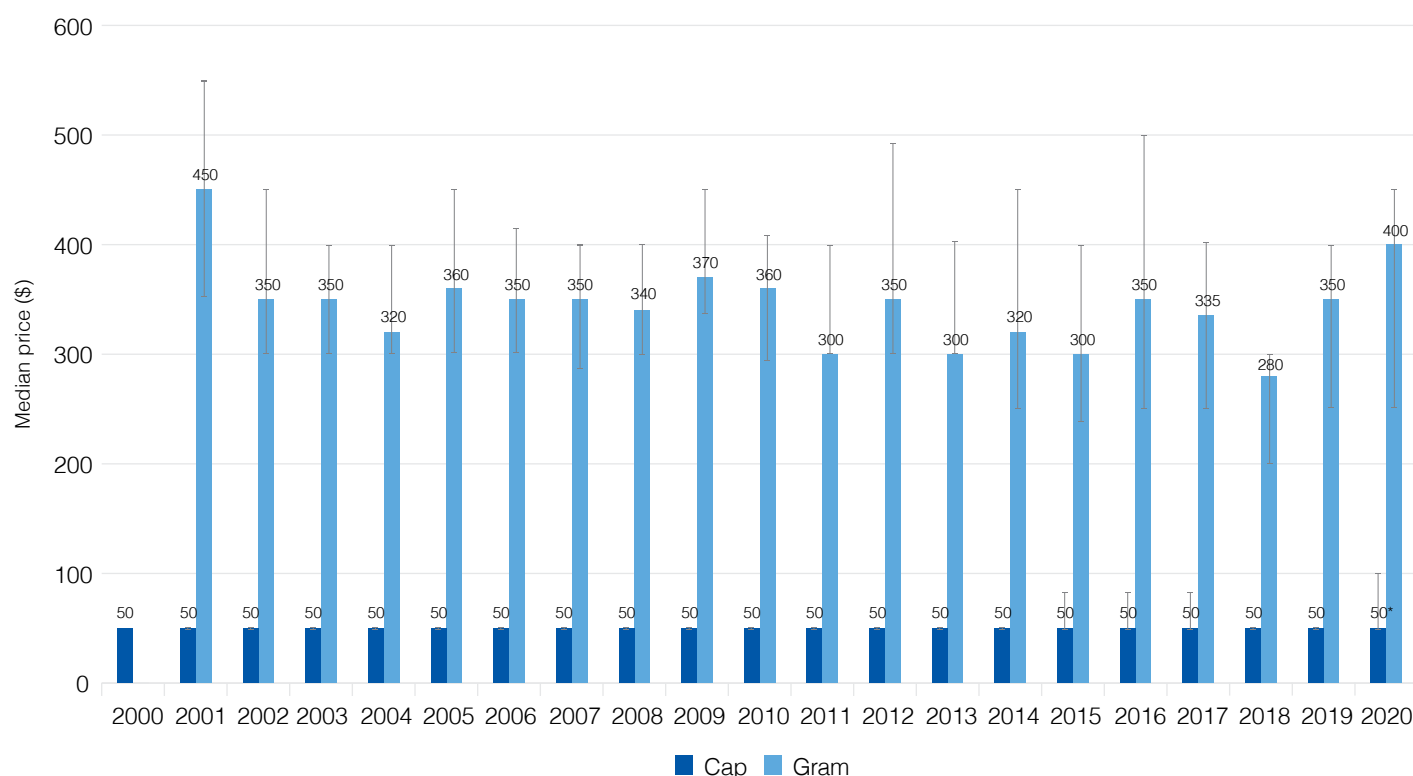


Figure 10: Estimated total Australian heroin consumption (kg)



ACIC, Media snapshot: Report 12 of the National Wastewater Drug Monitoring Program, 2020, 2020, 3, online.

Figure 11: Estimated median heroin street prices, 2000 to 2020



* $p < 0.050$.

Notes: Price for a gram of heroin was not collected in 2000. The error bars represent the interquartile range.

Source: Peacock et al., *Australian drug trends 2020: key findings from the national Illicit Drug Reporting System (IDRS) interviews*.

continued from page 42

The UNODC's 2019 Myanmar Opium Survey assessed the farm-gate price of opium at US\$145/kilogram for fresh opium and US\$160/kilogram for dry opium. Those figures were up from US\$136 for fresh and US\$154 for dry in 2018.²³ They were equivalent to A\$175 (fresh) and A\$198 (dry) today. The rising farm-gate prices could well be the result of less poppy cultivation or poorer yields.

The same report also estimated the net value of the opiate economy in Myanmar as between US\$588 million and US\$1.3 billion. It suggested that much of Southeast Asia's poppy cultivation occurs in Myanmar, before the opiates pass through intermediary countries, such as Thailand, on their way to Australia.

The wholesale price for heroin outside of Myanmar varies greatly, but the most recent data suggests a low of US\$3,240/kilogram in Malaysia and a high of US\$48,930/kilogram in Thailand.²⁴ Myanmar has the highest prices but the oldest data, reporting US\$94,120 in 2011 and US\$95,000 in 2012. Malaysian prices trended downwards from US\$7,200 in 2014 to the cheapest recorded anywhere (US\$3,240) in 2019. This creates two

possibilities. The first is that much of the heroin sold in Malaysia is sourced from outside the region (most likely Afghanistan). Alternatively, the Malaysian reporting on wholesale prices is inaccurate.

Costs Of Heroin And Methamphetamine Along The Asia–Australia Supply Chains

The price of heroin and methamphetamine substantially increases as the drugs move along their global supply chains from the Mekong region to Australian streets, and the maximum profit is made in the move from wholesale purchases in Southeast Asia to wholesale sales in Australia. Profit levels, and, of course, returns on investment for criminal actors along the vertical supply chain are affected by the costs of production and transport and losses of drugs due to seizures. Despite those costs, there are big profits to be made, but the most significant gains aren't made by manufacturers or street-level dealers but by wholesalers.

Methamphetamine

Estimating an average for methamphetamine production costs is problematic. For example, prices vary widely based on the availability of precursor chemicals and the scale of production.

The precursor chemicals used in Southeast Asia are primarily pseudoephedrine and ephedrine, which are diverted from China's large chemical and pharmaceutical industry and then trafficked across its southern border. The wholesale prices for those chemicals vary widely, depending on their availability. Arguably, as the number of nation-states regulating precursor chemicals increases, their availability should decrease and their prices should increase. Unfortunately, there's no evidence to suggest that that has occurred. Current qualitative data, and regional seizure data, indicate that precursors remain readily available at low prices.

The most recent median wholesale price for methamphetamine (1 or more kilograms) in Asia is US\$12,000/kilogram.²⁵ Even at the lowest reported wholesale value (US\$6,000/kilogram in Laos), the profit margins at transshipment points are reduced by the costs of transport and disruption by law enforcers.

Profit margins increase exponentially when 1 kilogram of methamphetamine is shipped to Australia, where it could sell wholesale for from A\$50,000 to \$140,000

continued on page 44

(a median value of A\$95,000 in FY 2019); that is, its value multiplies by almost 10 at importation, for a profit margin of 88%. Again, the profit margins for transactions between overseas wholesalers and Australian wholesalers are affected by the cost of transport and the loss of products due to disruption by law enforcement.

In FY 2019 (before the Covid-19-induced price hike in 2020), Australian dealers could sell from a median-price wholesale kilogram and make A\$50 per 0.1 gram street dose (an 81% profit margin) if they sold directly to users, which is less likely than selling to middlemen or A\$250 per gram (a 62% profit margin) if they sold to smaller dealers who then on-sold to street users. A smaller dealer on-selling to users would then have a 50% profit margin from buying grams and selling 0.1 grams. In the restricted market in 2020, those margins were 81%, 50% and 50%, respectively. Profits are highest at the point of sale from wholesale kilograms to smaller dealers in grams, given that it's unlikely that wholesale kilogram buyers are then selling points to users on the street.

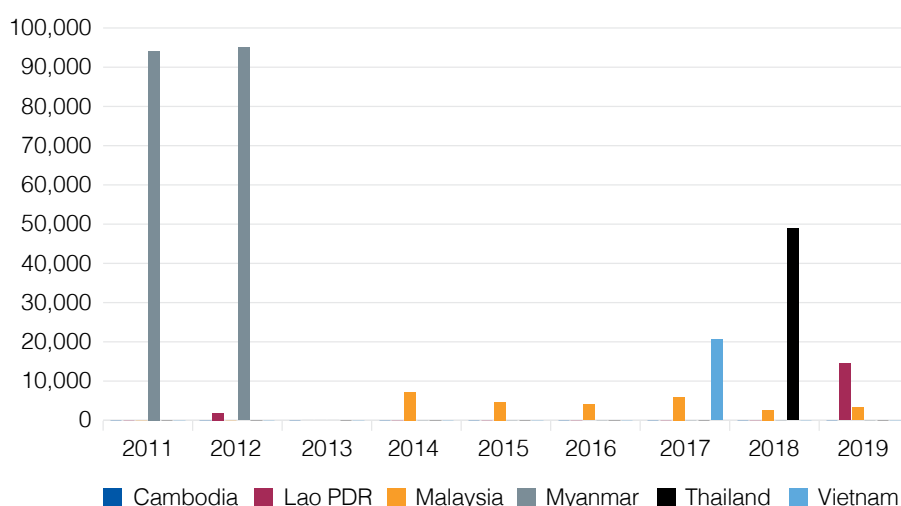
Figure 13 provides an analysis of prices, based on high and low estimates, for the sale of 1 kilogram of methamphetamine along the Asia–Australia supply chain in FY 2019. The chart shows that the value of 1 kilogram of methamphetamine increases exponentially once the drug reaches the Australian market. Note that the profits inside Australia aren't being made by street dealers, but by those selling to street dealers.

Heroin

The cost of farming 1 kilogram of opium, and processing it into heroin, in the Mekong region is astonishingly low. Dry opium costs US\$160 at the farm gate²⁶ and has a median wholesale price of US\$8,870/kilogram of heroin in Southeast Asia.²⁷ Because 10 kilograms of dry opium makes 1 kilogram of heroin,²⁸ heroin producers (not opium farmers) are making a profit of US\$7,270 per kilogram of heroin sold wholesale in the region—a profit margin of 82%, although the costs of smuggling, including police seizures, would have to be recouped from that profit.

Profit margins increase dramatically further along the supply chain from the Mekong to Australian streets. In FY 2019, reported prices in Australia²⁹ ranged from A\$90,000/kilogram to A\$170,000/kilogram (median A\$130,000/kilogram).

Figure 12: Wholesale prices for 1 kilogram of heroin in Southeast Asia, 2011 to 2019 (US\$)



Note: Where price ranges were listed, the median was used. Where the total numbers of values in the dataset were not known, the median was calculated as the mid-point between the high and low values. Currency and quantity adjusted to US\$/kilogram where necessary
Sources: For 2011–13 data: UNODC, *Patterns and trends of amphetamine-type stimulants and other drugs: challenges for Asia and the Pacific*, 2013, online. See p. 85 for Laos (2013), p. 99 for Myanmar (2011, 2012). For 2014–18 data: UNODC, *Synthetic drugs in East and South-East Asia: trends and patterns of amphetamine-type stimulants and new psychoactive substances*, 2019, online. See p. 46 for Malaysia (2014–18), p. 69 for Thailand (2018), p. 74 for Vietnam (2017). For 2015–19 data: UNODC, *Synthetic drugs in East and Southeast Asia: latest developments and challenges—2020*, 2020, online. See p. 59 for Laos (2019), p. 64 for Malaysia (2019).

In FY 2019 (before the Covid-19 price hike in 2020), Australian dealers could sell from a median-price wholesale kilogram and make A\$50 per 0.1 gram street dose (a 74% profit margin) if they sold directly to users, which is less likely than selling to middlemen, or A\$350 per gram (a 62% profit margin) if they sold to smaller dealers who then on-sold to street users. A smaller dealer on-selling to users would then have a 30% profit margin from buying grams and selling 0.1 gram deals. As for methamphetamine, profits are highest at the point of sale from wholesale kilogram to smaller dealers in grams, given that it's unlikely that wholesale kilogram buyers are then selling points to users on the street.

Figure 14 provides further analysis of these figures.

As this chart shows, the value of heroin balloons once the drug reaches Australia's shores. While methamphetamine and heroin dealers buying wholesale kilograms and selling grams have equal profit margins, heroin dealers buying grams and selling points make significantly less than methamphetamine dealers. That might be because heroin consumption in Australia is about 10% the size of methamphetamine consumption, suggesting that lower demand is keeping street-level prices down.

A Hypothetical Profit Distribution Along The Asia–Australia Heroin And Methamphetamine Supply Chains

Estimating the total profits from heroin and methamphetamine trading involves not only factoring in the total quantity shipped to Australia, but also how much is spent on production and transportation, and losses from seizures.

Methamphetamine

The first step in the methamphetamine supply chain consists of producers. They mostly operate labs in Myanmar and Laos, using precursor chemicals, such as ephedrine and pseudoephedrine, imported from southern China.

After methamphetamine is produced, it can be sold to traffickers at a price between US\$6,000/kilogram (the FY 2019 price reported by Laos) and US\$16,000/kilogram (the FY 2018 price reported by Myanmar). For a volume of 16,664 kilograms (the estimated total weight of the drug in Australia in FY 2019), that equates to between US\$99,984,000 and US\$266,624,000 in wholesale transactions.

The total profit made by primary methamphetamine manufacturers, at the quantities consumed by Australians, is likely to be between just shy of US\$100 million and US\$267 million (A\$129 million and A\$344 million).

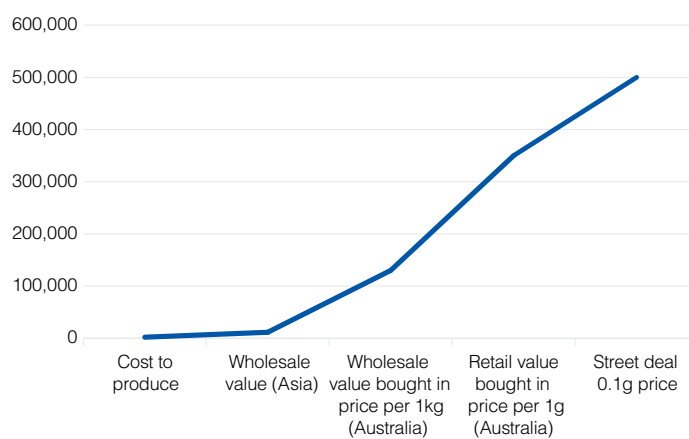
Figure 13: Prices for 1 kilogram of methamphetamine along the Asia–Australia supply chain, FY 2019 (A\$)



Note: Wholesale values for Southeast Asia are calculated as the median value of the available data reported by countries in the region.

Sources: For wholesale values in Asia: UNODC, *Synthetic drugs in East and Southeast Asia: latest developments and challenges—2020*, 2020, 59, 64, 88, online. For wholesale and street-deal values in Australia: ACIC, *Illicit drug data report 2017–2018, 2019*, 37, online.

Figure 14: Prices for 1 kilogram of heroin along the Asia–Australia supply chain, FY 2019 (A\$)



Sources: Farm-gate dry opium: UNODC, *Myanmar Opium Survey 2019*, 2020, v, 16, online. Wholesale value in Asia (median): UNODC, *Synthetic drugs in East and Southeast Asia: latest developments and challenges 2020*, 2020, online. See p. 59 for Laos (2019), p. 64 for Malaysia (2019). Wholesale value in Australia: ACIC, *Illicit drug data report 2018–2019*, 2020, 69, online. Retail street price in Australia (0.1 gram deal): Peacock et al., *Australian drug trends 2020: key findings from the national Illicit Drug Reporting System (IDRS) interviews*, National Drug and Alcohol Research Centre, UNSW Sydney, 2021, 36, online.

The wholesale level in the methamphetamine supply chain involves traffickers who buy the drug in Southeast Asia at local wholesale prices and smuggle it into Australia. Based on median prices, those wholesalers spend A\$192,658,832 (US\$149,329,873) to purchase sufficient methamphetamine to meet Australia's demand. They would be likely to spend US\$5–10 million to transport the drug by road to ports (median: US\$7 million).

Of the 16,664 kilograms imported into Australia in FY 2019, 5,148 kilograms was seized by authorities at the border, at which point the wholesalers had spent US\$156,329,873, including losses. The remaining 11,516 kilograms was sold to Australian distributors for a median price of A\$95,000/kilogram (US\$73,635), earning A\$1,094,476,017 (US\$847,980,660). By that calculation, those traffickers made a profit of A\$892,337,413 (US\$691,650,787) in FY 2019 in Australia, with a profit margin of 82%.

The total FY 2019 profit made from trafficking methamphetamine to Australia, factoring in transport costs and the quantity of drugs seized by the authorities, was approximately A\$892.3 million.

Based on a median wholesale price for 1 kilogram in Australia, Australian distributors spent around A\$1,094,020,000 to purchase the 11,516

kilograms of methamphetamine known to have been consumed in Australia in FY 2019 (not including the 5,148 kilograms seized at the border, and assuming that the Asia–Australia dealers were paid after import and wore that loss). The 11,516 kilograms was then sold to smaller dealers in Australia at a per 1 gram price equalling A\$250,000/kilogram (total cost A\$2,879,000,000), making a profit of A\$1,784,980,000 with a margin of 62%. Assuming that those smaller dealers then on-sold to users at a per 0.1 gram price equalling A\$500,000/kilogram, they paid A\$2,879,000,000, earned A\$5,758,000,000 and made a profit of A\$2,879,000,000, with a margin of 50%. That margin probably increases as the methamphetamine is adulterated all along the supply chain.

The total profit made from distributing methamphetamine within Australia in 2019 was A\$5,556,317,413. This calculation factors in associated costs and quantities of drugs seized by the authorities, is based on median prices, and includes all three tiers of profit from Southeast Asia to Australia traffickers down to users on Australian streets.

Profit margins are significant at each transaction point but are highest for the Asia–Australia smugglers, then decrease steadily down to the gram-to-point Australian dealers. Given the scale

possible at higher quantities, any one dealer at the gram-to-point transaction can make much less money, again due to the quantities that they're able to move.

The amount of profit that remained in the Australian economy was approximately A\$4,663,980,000.

Figures 15 and 16 provide a visual analysis of this hypothetical.

Heroin

The first level in Australia's vertically integrated heroin supply chain involves those who grow raw opium, including poppy farmers in eastern Myanmar and Laos, where most of the heroin trafficked to Australia originates.³⁰ The raw opium is dried and processed before being sold in Southeast Asia at wholesale prices. The production of 1 kilogram of heroin requires 10 kilograms of dry opium worth US\$1,600/kilogram. The cost of the raw materials used to produce the 1,224 kilograms of heroin imported³¹ into Australia in FY 2019 was US\$1,958,400 (A\$2,423,520). The heroin is sold to wholesalers in Southeast Asia for A\$11,444/kilogram, meaning that opium-to-heroin producers earned A\$14,007,456 from heroin destined for Australia in FY 2019. That's a profit of A\$11,583,936, with a margin of 83%.

continued on page 46

Figure 15: Profits from Australia's methamphetamine market (A\$)

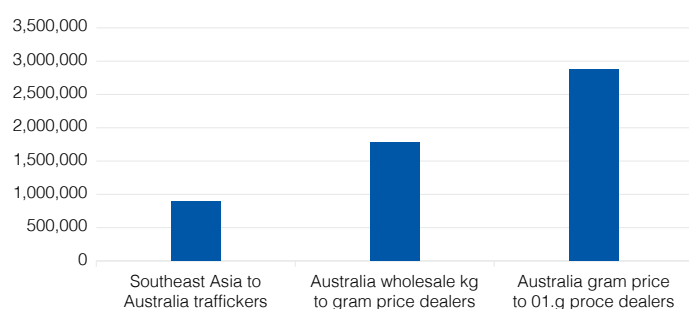
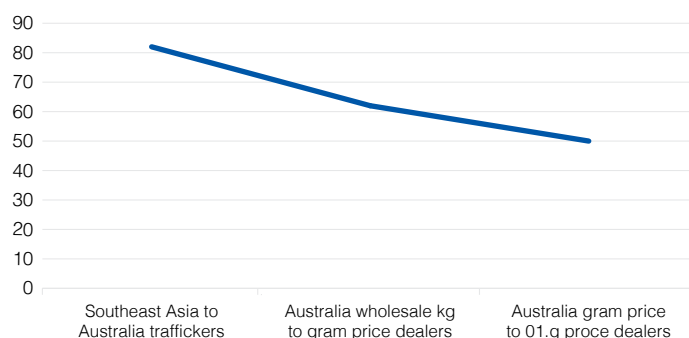


Figure 16: Profit margins from Australia's methamphetamine market (%)



continued from page 45

The profit made by primary heroin producers from the quantity imported to Australia in FY 2019 was around A\$11.6 million.

The second level of the supply chain involves traffickers who buy heroin in Southeast Asia at local prices. In FY 2019, they spent A\$14,007,456 to buy heroin for the Australian market and about US\$5–10 million to transport the drugs via Southeast Asian ports to Australia (at a median transport cost of A\$9,037,272, they spent about A\$23,044,728 by the time the heroin arrived in Australia). Of the total 1,224 kilograms they imported, 283 kilograms was seized by the authorities at the border.³² Assuming that the Asia–Australia dealers were paid after import and wore that loss, the remaining 941 kilograms was sold to Australian distributors for a median price of A\$130,000/kilogram, earning A\$122,330,000. By that calculation, those traffickers made a profit of A\$99,285,272 in FY 2019 in Australia, with a margin of 81%. That's comparable to the methamphetamine margin of 82% at this point, although the volume of methamphetamine was more than 10 times greater.

The total FY 2019 profit made on trafficking heroin to Australia, factoring in transport costs and seizures by the authorities, was approximately A\$99.3 million.

Based on a median wholesale price of A\$130,000/kilogram in Australia, Australian distributors spent around A\$122,330,000 to purchase the 941 kilograms of heroin known to have been consumed in Australia in FY 201 (not including the 283 kilograms seized at the border, and assuming that the Asia–Australia dealers were paid after import and wore that loss). The 941 kilograms was then sold to smaller dealers in Australia at a per

1 gram price of A\$350,000/kilogram (total cost: A\$329,350,000), making a profit of A\$207,020,000 with a margin of 63%. Assuming that the smaller dealers then on-sold to users at the per 0.1 gram price of A\$500,000/kilogram, they paid A\$329,350,000, earned A\$470,500,000 and made a profit of A\$141,150,000, with a margin of 30%. That margin is likely to increase as heroin is adulterated all along the supply chain.

The total profit made from distributing heroin within Australia is A\$459,039,208. This calculation factors in associated costs and the quantity of drugs seized by the authorities, is based on median prices, and includes all four tiers of profit from Southeast Asia farm-gate sales to users on Australian streets.

Profit margins are significant at each transaction point, but are highest for the Southeast Asia opium-to-heroin producers and Asia–Australia smugglers, and then decrease steadily down to the gram-to-point Australian dealers. Given the scale of the trade in higher volumes, any one dealer at the gram-to-point transaction level can make much less money, again due to the quantities that they're able to move.

The amount of profit that remained in the Australian economy was approximately A\$348,170,000.

The total profit along the Southeast Asia – Australian heroin supply chain is just 8.3% of the profit from methamphetamine.

Figures 17 and 18 are graphics of these profit figures.

Conclusion And Analysis

While the previous section provides a simplified model of Australia's methamphetamine and heroin markets, it's highly valuable for developing an understanding of the quantum of profits being made and where in the

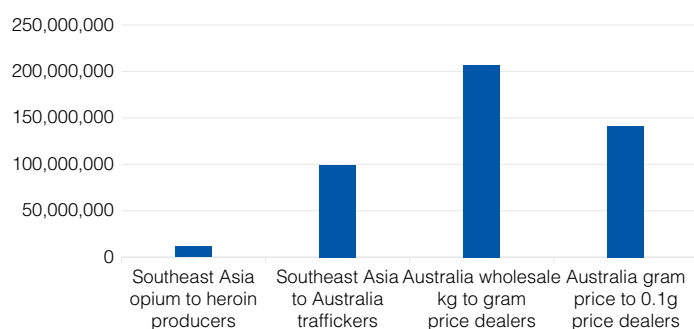
value chain they occur. Australians spent approximately A\$5.8 billion on methamphetamine and A\$470 million on heroin in FY 2019. Approximately A\$1,216,806,017 was paid to international wholesalers overseas for the amphetamine and heroin that was smuggled into Australia in that year. The profit that remained in Australia's economy was about A\$5,012,150,000. Those funds are undermining Australia's public health and distorting our economy daily, and ultimately funding drug cartels and traffickers in Southeast Asia.

The UNODC estimates that the global drug trade represents 1% of global GDP, or US\$1.42 trillion. That estimate means that, at about A\$6.27 billion, the Australian methamphetamine and heroin markets account for approximately 0.44% of the worldwide drug trade, and that estimate doesn't consider the other dominant illicit drug markets, such those for cocaine and MDMA.

One key takeaway from the figures presented in this report is that the Australian drug trade is large and growing. Despite the best efforts of law enforcement agencies, methamphetamine and heroin use has been increasing by up to 17% year on year. Falling prices in Southeast Asia are likely to keep pushing that number up, while drug prices and purity in Australia remain relatively stable.

As production prices for methamphetamine continue to decline along with wholesale prices, more sophisticated transnational organised crime actors are likely to begin to examine their business models in greater detail. Industrial production of methamphetamine for high-volume, low-profit regional markets has significant benefits for them. It seems likely that the more sophisticated transnational organised crime groups will seek to expand their control of the heroin and

Figure 17: Profits from Australia's heroin market (A\$)



methamphetamine value chains to include greater elements of the wholesale supply chain as well as alternative product lines, such as synthetic opioids. That's undoubtedly been the case for Mexican organised crime groups, which, after securing multiple supply chains, sought to control domestic distribution in the US.

Synthetic opioids can be produced in locations outside drug-growing areas and closer to the point of sale. They're cheaper to manufacture and distribute, allowing higher profit margins along the value chain, but they're perhaps more destructive of public health and security than are heroin and cocaine.

Given that many of the region's most prolific organised crime groups have strong links to Chinese organised crime, Australia might not be immune from such vertical supply-chain expansions.

Covid-19 could accelerate some organised criminals' business decisions. It's possible that some groups will seek to segment their distribution networks in order to maximise their profits. Some producers could tighten their control of the means of production and move into wholesale-to-wholesale sales, darknet sales and micro-importing. That segmented approach to business has been a successful strategy in the legal economy. In the illicit economy, it makes disruption by law enforcement harder, because of the dispersed nature of the business model.

While ever-larger drug busts continue to dominate the headlines, the underlying fact is that methamphetamine and heroin imports continue to rise despite authorities seizing up to 34% of imported drugs. As this report shows, the profits in the methamphetamine and heroin trades are so large that, even if the authorities were able to seize up to half to three-quarters of imported drugs, they would

be unlikely to put many trafficking networks out of business.

It's time to rethink the decapitation and seizure strategies.

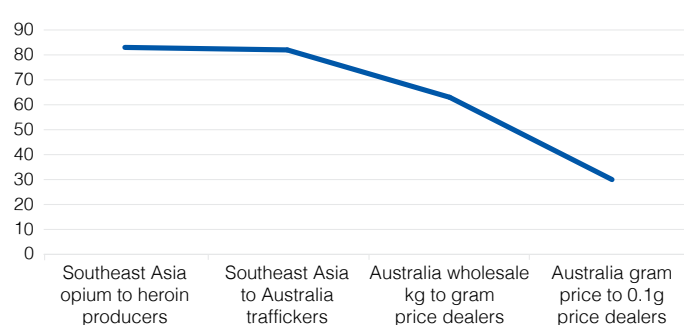
The data contained in this report suggests that successful disruption might be easiest (a relative term) at the points in the value chain where the profitability is lowest, because that's where disruption can make the business uneconomic. So, while the wholesalers in Australia make the biggest proportional and actual profits, pressuring them enough to make their business unprofitable is probably hardest, while pressuring the point of origin—the growers or the precursor providers (and maybe lab operators, for synthetic drugs)—might drive them out of the business.

Of course, if the businesses are vertically integrated, you don't have much choice other than to work to disrupt the broader business model (at every point you can). The decriminalisation of drug use would do most to disrupt them by undercutting the prices of drugs at the retail level.

If vertical integration is the case, then it's about following the money and acting to limit the utility of the profits. Then, acting against high-worth individuals who have assets that can be seized would seem to be a useful strategy, as it strikes right at their profits at the point where those profits are concentrated. That might describe the current decapitation strategy, which has simply not worked.

Perhaps the most effective approach for Australia would be to continue to work with international partners to reduce the availability of precursor chemicals, and eventually pre-precursors. It appears that the methamphetamine and heroin supply chains could be most vulnerable and prone to disruption at the point of production.

Figure 18: Profit margins from Australia's heroin market (%)



There can be little doubt that poppy cultivation is the most vulnerable stage of the heroin value chain. While poppy eradication is no easy task, especially in the Mekong region, there are precedents. Forty years ago, some 100,000 hectares of farmland in Thailand was being used to cultivate opium. By 2007, the country was declared opium free by the UNODC. That was made possible by the Thai king, Bhumibol Adulyadej, who in 1969 established the Royal Project, which provided alternative livelihoods for those involved in growing and refining opium. The ambitious project was underpinned by rigorous research on alternative crops. The Thai Government and international partners then developed critical infrastructure that gave farmers growing new crops access to markets.³³ This type of crop eradication requires particular security, societal and governance conditions, however, as shown by the failure of eradication efforts in Afghanistan and Colombia.

Similarly, it appears that the most significant vulnerability in the methamphetamine supply and value chains remains access to precursors. Work on continuing to legislate precursor control in countries across the region, especially China, is critical. Visibility about precursor source nations and places can help here, as can the fact that precursor-producing countries, including China, have domestic drug problems and aren't simply exporters to others. In addition to the need to develop legislation is the need for enhanced compliance programs to monitor legislative conformity. Given how unregulated this market is, and how limited cooperation is between government agencies in the region, Australian authorities should give some

continued on page 49



Michael Johnson
Director

m 0412 085 173

e mikey@addictedtowing.com.au



Specialising in boats and high-end vehicles.

Cargo freight, specialise in high end cars, designed for low cars, guaranteed no damage!

Quality service is our goal!



*Servicing NSW and Somerville and Surrounds in Victoria
Proudly supporting the AiPol Police Journal*



www.wandinvalleyfarms.com.au



47 Hunter Road, Wandin North

Wandin Valley Farms is one of the largest growers of premium cherries in Australia. We continue the proud tradition of cherry growing, which has been a part of the Sebire family since 1893.

Ph: 03 5964 4669



Proudly Supporting the AiPol Journal & Local Police Officers

ARE THEY TRIPLE OK?

**We're always there to help.
Let's make sure we help each other and ask R U OK?**

ruok.org.au/triple-ok

RUOK?
A conversation could change a life.

POLICE MEDAL FRAMES

www.policemedalframes.com
0418 213 866

ALL STATES & TERRITORIES

serious thought to supporting efforts by the UN and the UNODC to enhance regional precursor control.

Regional border control within and into the Mekong region is critical to constricting methamphetamine and heroin distribution. In the face of increased connectivity resulting from the Chinese Government's Belt and Road Initiative and ASEAN's economic integration efforts, border agencies have limited capacity. Greater intra-regional border security cooperation and capability enhancement are critical to addressing this challenge.

Australia's law enforcement agencies will need to revisit their focus on decapitations and seizures, although the aggressive pursuit of the proceeds of crime, including assets seizures domestically and regionally, will remain a valuable policy lever and strategy option. The evidence in this report suggests that Australia's onshore wholesalers are resilient to higher levels of arrests and seizures. Perhaps the rapid pursuit of larger numbers of mid-level dealers along the supply chains would have more disruptive impacts than lengthy investigations focused on organisational decapitation.

Regardless, the new focus must be on supply-chain disruption. Without a change in strategy, the methamphetamine and heroin markets will continue to thrive. Perhaps Operation Sovereign Borders provides some precedent for such a supply-chain-focused approach. To control people smuggling, intervening 'upstream' before arrivals into Australian jurisdictions, through partnerships and cooperation, has been effective. However, that model needs to be applied to the lower profit areas of the regional illicit-drug-supply and money-laundering chains. Here, arguably, you don't have to affect the cost of business as much to make it uneconomic. If that assumption is correct, then intervention needs to be focused on the points of production and transshipment from Myanmar. Enhanced border control, through capacity development, police-to-police cooperation and intelligence sharing, is critical.

Perhaps the most important message here is that, in the absence of supply reduction, and even with more effective supply-chain disruption, our federal and state governments will need to invest more heavily in demand reduction and harm minimisation. Countries such as the Netherlands and Portugal have approached this challenge with

policies focused on decriminalising the personal possession of illicit drugs. That policy approach allows addiction to be treated as a health problem and helps to undercut the cost of drugs. Those governments divert drug users from their criminal justice systems and the damaging social, economic and health effects that users would otherwise experience. In a practical sense, that approach frees up law enforcement resources to be concentrated on supply reduction.

About the authors

Dr John Coyne is head of the Northern Australia Strategic Policy Centre and head of the Strategic Policing and Law Enforcement program at ASPI.

Dr Teagan Westendorf is an analyst in the Northern Australia Strategic Policy Centre and the Strategic Policing and Law Enforcement program at ASPI.

References

1. Australian Criminal Intelligence Commission (ACIC), *Illicit drug data report*, 2021.
2. ACIC, *Illicit drug data report*, 2020.
3. ACIC, *National Wastewater Drug Monitoring Program reports*.
4. ACIC, *Report 12 of the National Wastewater Drug Monitoring Program*, 2020.
5. ACIC, *Media snapshot: Report 12 of the National Wastewater Drug Monitoring Program*, 2020, 20, 1.
6. ACIC, *Report 12 of the National Wastewater Drug Monitoring Program*, 2020, 2.
7. ACIC, *Media snapshot: Report 12 of the National Wastewater Drug Monitoring Program*, 2020, 3.
8. ACIC, *Media snapshot: Report 12 of the National Wastewater Drug Monitoring Program*, 2020, 3.
9. A Peacock, J Uporova, A Karlsson, D Gibbs, R Swanton, G Kelly, O Price, R Bruno, P Dietze, S Lenton, C Salom, L Degenhardt, M Farrell, *Australian drug trends 2019: key findings from the national Illicit Drug Reporting System (IDRS) interviews*, National Drug and Alcohol Research Centre, UNSW Sydney, 2019, 45.
10. Peacock et al., *Australian drug trends 2019: key findings from the national Illicit Drug Reporting System (IDRS) interviews*, 45.
11. ACIC, *Illicit drug data report 2017–2018*, 2019, 34.
12. ACIC, *Illicit drug data report 2017–2018*, 2019, 17.
13. ACIC, *Illicit drug data report 2018–2019*, 2020, 28.
14. ACIC, *Media snapshot: Report 12 of the National Wastewater Drug Monitoring Program*, 3.
15. The Golden Triangle is the area near the Thai–Laos–Myanmar borders historically associated with the growth of opium poppy and the production of heroin.
16. UN Office on Drugs and Crime (UNODC), *Synthetic drugs in East and Southeast Asia: latest developments and challenges—2020*, 2020.
17. UNODC, *Myanmar Opium Survey 2019*, 2020, 1.
18. ACIC, *Media snapshot: Report 12 of the National Wastewater Drug Monitoring Program*, 2020, 3.
19. Peacock et al., *Australian drug trends 2020: key findings from the national Illicit Drug Reporting System (IDRS) interviews*, 36.
20. ACIC, *Illicit drug data report 2017–2018*, 63.
21. ACIC, *Illicit drug data report 2018–2019*, 69.
22. ACIC, *Illicit drug data report 2018–2019*, 62.
23. UNODC, *Myanmar Opium Survey 2019*, v, 16.
24. Most recent data is from FY 2018 and FY 2019, depending on the country.
25. This median was calculated using the most recent data from FY 2018 and FY 2019 from reporting countries: Cambodia, Laos, Malaysia, Myanmar, Thailand, Vietnam.
26. UNODC, *Myanmar Opium Survey 2019*, v, 16.
27. For wholesale values in Asia, see UNODC, *Synthetic drugs in East and Southeast Asia: latest developments and challenges—2020*, 2020, 59, 64, 88. Note: Wholesale values for the Southeast Asia region are calculated as the median value of the available data reported by countries in the region.
28. UNODC, *World drug report 2004*, volume 1, Analysis, 70.
29. NSW and Victoria were the only states reporting prices in FY 2019.
30. UNODC, *Myanmar Opium Survey 2019*, 1.
31. The total amount imported is calculated as the amount consumed that year in Australia plus the amount seized at the Australian border. ACIC, *Illicit drug data report 2018–2019*, 62; ACIC, *Media snapshot: Report 12 of the National Wastewater Drug Monitoring Program*, 2020, 3.
32. ACIC, *Illicit drug data report 2018–2019*, 62.
33. John Coyne, 'Policing illicit drugs: what works', *The Strategist*, 25 July 2018.

Operation Ironside

AUSTRALIA



303

OFFENDERS CHARGED

810

OFFENCE COUNT #

6283kg

DRUGS SEIZED

711

SEARCH WARRANTS

139

FIREARMS/WEAPONS SEIZED

\$48.5m*

CASH SEIZED (AUD)

*due to confirmation of amounts and weights (and data quality) results may increase and decrease.)

QUEENSLAND

41
OFFENDERS CHARGED

191
OFFENCE COUNT #

982kg
DRUGS SEIZED

59
SEARCH WARRANTS

7
FIREARMS/WEAPONS SEIZED

\$600k
CASH SEIZED (AUD)

NEW SOUTH WALES

84
OFFENDERS CHARGED

223
OFFENCE COUNT #

1876kg
DRUGS SEIZED

184
SEARCH WARRANTS

48
FIREARMS/WEAPONS SEIZED

\$22.9m
CASH SEIZED (AUD)

VICTORIA

53
OFFENDERS CHARGED

166
OFFENCE COUNT #

1121kg
DRUGS SEIZED

312
SEARCH WARRANTS

37
FIREARMS/WEAPONS SEIZED

\$16.8m
CASH SEIZED (AUD)

SOUTH AUSTRALIA

95

OFFENDERS CHARGED

184

OFFENCE COUNT #

2233kg

DRUGS SEIZED

107

SEARCH WARRANTS

16

FIREARMS/WEAPONS SEIZED

\$576k

CASH SEIZED (AUD)

AiPol apologies for a typographical error in the statistics in our last edition in regards to AFP operation Ironside. The AFP in South Australia had, at the time of publication, executed 106 search warrants, not 16 search warrants.

WESTERN AUSTRALIA

30

OFFENDERS CHARGED

46

OFFENCE COUNT #

71kg

DRUGS SEIZED

49

SEARCH WARRANTS

31

FIREARMS/WEAPONS SEIZED

\$7.5m

CASH SEIZED (AUD)

INTERNATIONAL

800

SUSPECTS ARRESTED

32 tons+

DRUGS SEIZED

250*

FIREARMS SEIZED *APPROX

\$48m+

CURRENCY & CRYPTOCURRENCY SEIZED (USD)

Ordinary people, **Extraordinary** lawyers.



"I am passionate about helping workers who have suffered a psychological injury. I am also passionate about assisting current and former police officers as well as other emergency services personnel in New South Wales who have experienced a personal injury get the necessary justice and compensation they deserve." **Erin Sellars**

But, we are not just Personal Injury Lawyers...

Our hope is that you will see our firm as a trusted advisor that you may call upon at a time of need.

Whether you, members of your family or friends or associates are buying a house or starting a business, writing or updating your wills, needing assistance with probate or the administration of an estate or any other legal matter we have friendly, experienced and well qualified lawyers available to assist you.

We do not charge you, your friends, or people you may refer to us for an initial consultation to ascertain whether we can be of assistance.

We value any referral that you may make to us and will do our utmost to ensure a successful outcome.

We can be contacted through the Client Portal on our website www.dcalaw.com.au or you can call or email our Client Relationship Manager, Martine McAlpin-Storey on 02 6058 6300 or at enquiry@dcalaw.com.au to arrange a no obligation personal conversation with an experienced lawyer who can offer friendly and professional advice.

Why talk to a call centre or a robot when you can call us and speak to a fully qualified lawyer with many years' experience in assisting people with legal problems.

Attending - Penrith Gosford Newcastle Wollongong Sydney Canberra
Wagga Wagga Albury Armidale Orange Bathurst Coolangatta Gilgandra



澳大利亞塔州中國佛教學院
TASMANIAN CHINESE BUDDHIST ACADEMY OF AUSTRALIA

Christmas is just around the corner!

The festive season is a special time for all Australians. It is the time for family reunion, and taking a break after a full year of toiling.

Jesus Christ gave us a lesson in forgiveness and spreading love to our neighbours. These are positive messages that would make the world a better place.

Tasmanian Chinese Buddhist Academy of Australia is grateful to be part of the greater Hobart community's Christmas Pageants for more than 20 years. We would like to wish all readers a very Merry Christmas and Happy New Year.

