



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

**HOUSE OF
REPRESENTATIVES**

STANDING COMMITTEE ON FAMILY AND HUMAN SERVICES

Reference: Impact of illicit drug use on families

WEDNESDAY, 14 FEBRUARY 2007

CANBERRA

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

INTERNET

The Proof and Official Hansard transcripts of Senate committee hearings, some House of Representatives committee hearings and some joint committee hearings are available on the Internet. Some House of Representatives committees and some joint committees make available only Official Hansard transcripts.

The Internet address is: **<http://www.aph.gov.au/hansard>**

To search the parliamentary database, go to:
<http://parlinfoweb.aph.gov.au>

HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON FAMILY AND HUMAN SERVICES

Wednesday, 14 February 2007

Members: Mrs Bronwyn Bishop (*Chair*), Mrs Irwin (*Deputy Chair*), Mr Cadman, Ms Kate Ellis, Mrs Elson, Mr Fawcett, Ms George, Mrs Markus, Mr Quick and Mr Ticehurst

Members in attendance: Mrs Bronwyn Bishop, Mr Cadman, Mrs Elson, Mr Fawcett, Mrs Irwin, Mrs Markus, Mr Quick and Mr Ticehurst

Terms of reference for the inquiry:

To inquire into and report on:

How the Australian Government can better address the impact of the importation, production, sale, use and prevention of illicit drugs on families. The Committee is particularly interested in:

1. the financial, social and personal cost to families who have a member(s) using illicit drugs, including the impact of drug induced psychoses or other mental disorders;
2. the impact of harm minimisation programs on families; and
3. ways to strengthen families who are coping with a member(s) using illicit drugs.

WITNESSES

KEELTY, Commissioner Michael Joseph, Commissioner, Australian Federal Police 1

VALASTRO, Mr John, National Manager, Border Targeting, Australian Customs Service 1

VETERI, Mr Demetrio, National Manager, Law Enforcement Strategy, Australian Customs Service 1

Committee met at 10.18 am**KEELTY, Commissioner Michael Joseph, Commissioner, Australian Federal Police****VALASTRO, Mr John, National Manager, Border Targeting, Australian Customs Service****VETERI, Mr Demetrio, National Manager, Law Enforcement Strategy, Australian Customs Service**

Witnesses were then sworn or affirmed—

CHAIR (Mrs Bronwyn Bishop)—I declare open this public hearing of the House of Representatives Standing Committee on Family and Human Services for its inquiry into the impact of illicit drugs on families. This inquiry will build on the excellent work of the *Road to recovery* inquiry but will target specifically illegal drugs and their effects on families. Today, the committee will take evidence from the Australian Federal Police and the Australian Customs Service. I thank them for attending and hope that we will gain valuable evidence about key trends in the illicit drug trade in Australia, as well as about the trade in the precursors used in the domestic manufacture of synthetic drugs. I am sorry, but we have to go to a division in the chamber.

Proceedings suspended from 10.21 am to 10.34 am

CHAIR—I invite Commissioner Keelty and then Customs to make opening statements.

Commissioner Keelty—I have met with some of the other members of this committee before. I will first give you an outline of the role of the Australian Federal Police and then I will address drug trends in Australia, including the heroin shortage, amphetamine type substances, seizure trends, cocaine, and our strategy in the National Illicit Drug Strategy.

First of all, for the information of committee members, the Australian Federal Police have a national and an international role and we have the contract for policing of the Australian Capital Territory. So we have community policing, national policing and international policing responsibilities. In my role as Commissioner of Police, I am also a Co-Deputy Chair of the Australian National Council on Drugs and Chair of the Australian Crime Commission Board.

With regard to drug trends in Australia and the heroin shortage in recent years, Australia, as a relatively wealthy country, has been an attractive target for major international heroin syndicates, with most heroin being imported from the Golden Triangle, particularly Myanmar. To digress for a moment, you may have seen recent publicity about the AFP moving some people into Afghanistan to look at the issue of Afghan produced heroin. Whilst not a lot of Afghan produced heroin reaches Australian shores, the yield per acre from Afghan opium is much higher than that from opium from the Golden Triangle region. For these reasons, we are, and always have been, concerned about the productivity rates in Afghanistan. But the Afghan national police force is a developing one and it is experiencing internal difficulties at the moment, so we are trying to work with the UK and other agencies to help the Afghan National Police rather than being critical about the production of opium and heroin in Afghanistan.

In late 2000 the availability of heroin fell, and that trend was unique to Australia. Other markets supplied by our traditional suppliers include Canada, which did not experience what we have experienced here in Australia over the last five to six years. Authority of analysis has found the shortage of heroin to be attributed, at least in part, to the success of law enforcement—and when I say ‘law enforcement’, I mean all of the law enforcement: the state police, our territory police, our Customs colleagues and the Australian Crime Commission—and to the strategy of the AFP to take the fight offshore and work with countries that are the source of the drugs coming to Australia. Our assessment has been supported by the United Nations International Drug Control Program as well as independent research conducted by the National Drug and Alcohol Research Centre here in Australia.

One aspect of the shortage that is not contested is the significant implications for health outcomes here in Australia. I am aware of that because most of my colleagues on the Australian National Council on Drugs are involved in the non-government organisations either dealing with or running the treatment centres for addicts in our country. The heroin shortage led to a significant drop in the number of fatal overdoses of heroin, with some 600 to 700 fewer deaths per year for the last five years than there were in the late 1990s. In 2003, which is the last year for which official figures are available, the total number of deaths due to heroin overdoses was 357 and that was the lowest figure for the last decade.

From a supply perspective, Australian law enforcement has observed a move away from major importations to smaller ones. That might be something that I defer to my Customs colleagues about. It is a significant factor that, where we have had large-scale seizures in the tonnes or in the hundreds of kilos, the syndicates seem to have moved very quickly to get around that. What I see now is something I saw in the 1970s and 1980s, and that is, small boats starting to emerge as being one of the predominant ways of bringing narcotics in. In addition, the Australian Crime Commission, which I chair, have just released an intelligence report on criminality in the airports. One of the areas of significant interest to us is air freight. I know my Customs colleagues share that with me.

I will turn now to amphetamine type substances. At the outset, can I point out that, whilst there has been a lot of public discussion about ice, ice is only one amphetamine. There is a large group of amphetamine type substances. One of the mistakes that has been made in the popular press is that all amphetamines have been badged as ice, and that is not so. We have a difficulty with amphetamines in that—

CHAIR—Ice is crystal methamphetamine.

Commissioner Keelty—Ice is crystal methamphetamine. I can just explain one thing to the committee: one strategy to deal with this, and deal with it at its source, is crop substitution and eradication. That is more easily done with heroin, where the opium crop is clearly identifiable. With cocaine it is the coca plant that is clearly identifiable, and you would have seen public images of work done by the United States drug enforcement agencies on crop eradication in places like Colombia.

Amphetamines are different. Amphetamines can be produced in a laboratory. The ephedra plant, from which the ephedrine is produced, grows wild in many parts of what have traditionally been our heroin production areas out of the Golden Triangle, particularly in China.

It is a different substance, and crystal methamphetamine—as you have pointed out, Chair—is another type of amphetamine. Ecstasy is a type of amphetamine. What we are talking about here are stimulants, things that will give people an upper and make them act, more often than not, in a most irrational way.

CHAIR—Just let us get those definitions. Ice is crystal meth.

Commissioner Keelty—Crystal methamphetamine.

CHAIR—Speed is powder methamphetamine and ecstasy is in the tablet form, but how does it differ?

Commissioner Keelty—It is a stimulant, but it is another brand of stimulant.

CHAIR—It is not methamphetamine—

Commissioner Keelty—No.

CHAIR—It is a different form of stimulant.

Commissioner Keelty—It is a different chemical formula.

CHAIR—Do we know what it is?

Mr Valastro—It is MDMA.

CHAIR—And what does that stand for?

Mr Valastro—That I do not actually know. It is a very, very long chemical name, basically.

Commissioner Keelty—There is MDMA. But there is also MDMS, just to confuse you, and we have also had recent seizures of liquid ecstasy called MDP2P. So there are a lot of chemical names, and that highlights the point that I was making about the difference between heroin, cocaine and amphetamines: you can have precursor substance A and precursor substance B—

CHAIR—And you can cook it up.

Commissioner Keelty—and make an amphetamine called MDMA, but if you want to make MDMS, which will give you the same result, you just use precursor substance A with precursor substance C.

CHAIR—But the ephedrine comes from a plant which grows wild.

Commissioner Keelty—Yes, and you would have seen, no doubt, publicity given to some of the work that has been done about the diversion of licit drugs such as—I do not want to use a chemical name because we are in a public hearing. You know that there are branded cough mixtures et cetera that are being diverted from the licit market to the illicit market, and some

very good work is being done on that by the pharmaceutical groups here in Australia where we are actually tracking where large quantities of certain branded—I nearly said the brand then.

CHAIR—The popular ones they now package up in smaller numbers, and you have practically got to produce your birth certificate to buy some.

Commissioner Keelty—That is right, and that has been a good harm prevention strategy. The amphetamine type stimulants are now the most widely used and frequently seized drugs in the world after cannabis. So they have become ubiquitous right across the world, right across Europe and the United States and throughout Asia. I recall going to Asia in the early part of 2001, and there were over a million amphetamine addicts in Thailand. Amphetamine production is outstripping the global production of cannabis, and there are a large number of dismantled ATS, amphetamine type substance, laboratories around the world. The number of these laboratories that have been dismantled has increased from 547 in 1990 to 11,253 in 2003, so the growth has been exponential.

CHAIR—We asked the Australian Institute of Health and Welfare whether or not there was a progression away from the old drugs, such as heroin and derivatives, towards the chemical drugs, not only because it removes the problem of drought or whatever on the crop base but also because users are now associating the terms ‘recreational drug’ and ‘party drug’ with amphetamines, which are seen to be cleaner—they can take a pill or whatever. They are seen to be more socially acceptable. There has been a movement away from the heroin type drug towards the amphetamine for those sorts of reasons. Have you seen that borne out?

Commissioner Keelty—I agree with you to an extent. Looking at health from a much broader perspective, here in Australia we have had a very successful campaign against HIV-AIDS. We have explained, quite publicly, that one of the ways that HIV-AIDS was being transmitted was through the intravenous use of needles—and, of course, that was the way heroin was being used. I agree with you that there is a perception that amphetamine is a safer drug because you do not have to inject it.

Behind this is a significant organised crime element, and what will happen is that over time the heroin will come back because they will market it differently. They will encourage people to smoke heroin, in the same way they traditionally smoked opium in China and other places. They will come back with a way to market it.

There is a powerful market at place here. The ‘party drug’—as you mentioned, Chair—is a way of easing the community’s mind about some of these drugs. If you look at the pill presses that they use to produce amphetamines, the brands embossed on the tablets are brands that are well known to us, brands that are associated with quality—

CHAIR—And style, like Versace.

Commissioner Keelty—style and popularity. So there is a huge market in place here that is often overlooked. They are very clever and they displace very quickly from one product to another.

Approximately 50 per cent of all global amphetamine production takes place in East and South-East Asia; North America accounts for approximately 33 per cent; and West and Central Europe, around 15 per cent. The main producers of methylamphetamine in the Asia region are the People's Republic of China and Myanmar.

The good news for the committee is that the AFP was the first western police agency in China and we have been in Beijing for over 10 years now. The Chinese government has announced a second AFP office to open in Guangzhou. That office will work with the Chinese Ministry of Public Security to address this drug problem. We have been in Myanmar, or Burma, for almost the same period of time. We are in Yangon, or Rangoon, and Mandalay, in the north, as well as Bangkok and Chiang Mai in Thailand. So we have a significant presence in the Golden Triangle. One focus of the work in Afghanistan will be the Khyber Pass and the movement of heroin or opium coming down through it. That is what we hope to pick up from the intelligence that is gathered at Jalalabad.

We are not going to stop this. This problem is very, very big. No single agency is going to stop it, and agencies working closely together—as we do with Customs—will not stop it. But our understanding of it here in Australia is much more advanced than it is in other parts of the world, and the AFP's role in putting people offshore in more than 26 countries is having a demonstrable effect on collecting intelligence on what is happening in other places.

The other burgeoning problem with amphetamines, potentially, is India. The predisposition of production in India is quite significant and quite worrying, and it is one of the things that we have been working on with the Indian police. We hope to have an office there by the end of this year.

CHAIR—Could you clarify that question of the ephedrine, which is a major component, being harvested from the plant, and being harvested from legal drugs that contain ephedrine. Which is the main source?

Commissioner Keelty—The main source is the production that is happening offshore. I was just about to point out that the global trend of laboratories being dismantled that I just mentioned—clandestine laboratories at home, here in our own country—rose from 58 in 1996-97 to 381 in 2004-05. We have seen in our own country a similar trend in clandestine laboratories being used to produce amphetamine.

Mrs IRWIN—Commissioner, I am sorry to interrupt you. You have just mentioned that you have gone from 58 to 381. Do you know the breakdown by state? How many would be in New South Wales, South Australia, Victoria, Queensland and so forth?

Commissioner Keelty—I do not have the figures in front of me.

Mrs IRWIN—Would you mind letting us have them?

Commissioner Keelty—They are available.

Mrs IRWIN—If we could have them, that would be good.

Commissioner Keelty—We can get them for you. The point I was going to make—and it gets back to the chair’s question—is that the difficulty for us is that we have got a domestic market here, whereas we do not have a domestic market producing cocaine and we do not have a domestic market producing heroin, so the problem is significantly different for us. We have got to have a strategy that works both internationally and domestically with our state and territory colleagues.

It is estimated by us that one in 10 Australians have tried methamphetamines and that there are approximately 100,000 regular users of methamphetamines in Australia, and two-thirds of the 100,000 are dependent users.

Mr TICEHURST—What age group would they be?

Commissioner Keelty—Largely between the ages of 16 and 34. The apparent trend towards the use of pure form of methamphetamine, or ice, and the destructive effects on its users have become quite concerning for all of us, but I think it is important—certainly for us who are dealing with the issue of policy—that we understand the difference between ice and the other amphetamines.

I will talk quickly about the seizure trends. The implementation of the National Illicit Drug Strategy in 1997 caused a significant increase in drug seizures. Together the agencies have prevented more than 14 tonnes of the most serious illicit drugs—being heroin, cocaine, MDMA and methamphetamine—from reaching Australia’s streets. In 2005-06 seizures of illicit drugs at the Australian border were lower than in previous years. The CEO of Customs, Michael Carmody, and I have been working very carefully on this, as have our respective intelligence agencies.

I do not want to digress but this will give you an indication of what we are working against here. Australia and the Australian government have spent a significant amount of money on cargo screening, on X-ray facilities at our ports and on increased screening through the other border areas. The drug syndicates know that, and the analogy I will give you is: what did we do after September 11? We put metal detection devices at all our airports. What happened last year in the thwarted attack at Heathrow? We saw for the first time potential liquid bombs being brought through the airport barriers. The point is that the criminal behaviour will quickly look at what the authorities are doing, what policies are being put in place and what the law enforcement authorities are doing, and try to work around those systems.

We believe that part of the reason for the lower seizures at the moment and last year—although they have been increasing over the last six months—has been the market reacting to what was the full implementation of cargo screening at our airports and seaports. People know that we have had an increased focus on air cargo and they know that we have had significant success in bulk seizures in other countries. For example, in Malaysia we had one of the largest amphetamine factories in the world which we worked with the Royal Malaysian Police on dismantling. In Indonesia, the third largest amphetamine factory in the world was dismantled.

Of course, there is a cause and effect there: when you stop it at its source you will have a downturn in detections at the barrier, but it is not all to do with the drug not coming here. We

believe that there is a lot of work we need to do on ensuring that it is not coming in by other means that are not yet being detected.

Mrs IRWIN—That is what I think we would like to hear about later on—what sort of other work you would like to see done.

Commissioner Keelty—Madam Chair, I might give you a copy of this rather than hold up the committee. The question Mrs Irwin asked about the breakdown by state jurisdiction is in the *Illicit drug data report*. I am happy to give you a copy.

CHAIR—Thank you. We might just receive that document as an exhibit if we may.

Commissioner Keelty—It is the *Illicit Drug Data Report 2004-05* produced by the Australian Crime Commission.

CHAIR—Thank you. Is it the wish of the committee that we receive that as an exhibit? There being no objections, it is so ordered.

Commissioner Keelty—If I can quickly turn to cocaine: Colombia, Peru and Bolivia are the countries that remain the largest source for supplying cocaine to Australia. Due to its high price in Australia, cocaine is considered a niche drug for a higher socioeconomic clientele. We do not often see cocaine seized by the state and territory police in the normal course of their work—I know that the committee is interested in this—and this says something about the socioeconomic group that uses that particular drug as opposed to the drugs that I have just mentioned. It also says something about price behaviour in the market and how what we are dealing with is significantly linked to a market, in terms of supply and demand.

Our data shows that cocaine continues to be imported into Australia through a number of trafficking methods and routes. I would just point out to the committee that there is no Australian embassy in Colombia, but for the last five years we have had an AFP presence in Bogota. We have our police in Brasilia working with the authorities there on the cocaine problem that we have here in Australia.

CHAIR—I have actually been to Machu Picchu. I have been on that train that went in to get the coca plants—and I am not at all sure it is not still doing the old job!

Commissioner Keelty—The Australian National Drug Strategy, if I can talk to that for a moment, involves a balance between demand reduction, supply reduction and harm reduction. This is one of the reasons that I sit as deputy chair of the National Council on Drugs. Our response to the drug problem is an integrated one; it not only involves law enforcement but also involves health, prevention, education and treatment services. From a law enforcement perspective, although our mandate is the reduction in supply of drugs to the Australian community, our focus is very much on prevention and partnerships with colleagues both nationally and internationally. Here in the ACT, where we do our community policing role, we are very much involved in the drug diversion programs to divert people from the courts to treatment centres, as is the case in other states and territories.

Since November 1997 the Australian government's Tough on Drugs strategy has provided cumulative funding of \$190 million to the AFP. The funding has enabled a significant expansion of our overseas network and has enabled us to develop and train overseas law enforcement agencies that do not have experience in drug investigations. I mentioned to you, Madam Chair, that our network comprises 88 offices in 33 posts in 28 countries around the world. We are in Beijing, Hanoi, Rangoon, The Hague, Bogota and Hong Kong specifically for drug work. In the last 12 months, some of the work that has been done includes the closure of the world's third largest clandestine laboratory, in Jakarta, which was producing 150 kilos of crystal methamphetamine per day. We also seized 500 kilos of precursor chemicals there.

We had a joint operation with US, Peruvian and Colombian authorities resulting in the seizure of 700 kilos of cocaine. We arrested a number of people in Indonesia who were involved in the sale and trafficking of more than 120 kilos of precursor chemicals to Australia. We have also been doing significant work in our region to educate and train other police. In the last six months, we have had seizures of approximately 167 kilograms of cocaine, which already exceeds the full year result of 87 kilos for 2005-06.

CHAIR—Is that brought in by a drug ring or a criminal organisation known to you?

Commissioner Keelty—Yes, it is. They are largely the cocaine cartels operating out of Colombia.

We also do a lot of work on money laundering. I chair the Asia/Pacific Group on Money Laundering, whose membership includes 32 countries in our region. Our focus is on targeting money and repatriation of funds from the sale of drugs in all our countries, including Australia. The cocaine seizures we see here in Australia result largely from investigations into money flows.

CHAIR—But is it imported by a known group of criminals here in Australia?

Commissioner Keelty—There is a significant expatriate South American community here in Australia that controls the distribution of cocaine in our country. It has been the focus of much of our law enforcement activity. We have had international undercover operations, working with both the Colombian National Police and the United States Drug Enforcement Agency, to try to expose these syndicates. From our experience, the syndicates involved in cocaine are far more sophisticated than those involved in other types of illicit drugs. They compartmentalise the processes for both supplying the narcotic and repatriating the funds. This means that one part of the syndicate does not know any other part of the syndicate. It is a significant intelligence challenge for us because we may break down one part of the syndicate but we will not break down the whole syndicate. That is the way they are designed.

Mrs IRWIN—It is like an octopus, isn't it: tentacles everywhere.

CHAIR—So you are saying it is a sophisticated market, a niche market. What age group is the cocaine market comprised of? If they are big wage-earners, they are going to be older than those in the markets for other drugs.

Commissioner Keelty—They are a different age group. They are probably in the 25 to 50 years age group. There are some ‘mature’ people in there, if I can put it that way without offending anyone. It is a different group. As I mentioned before, it is an interesting dynamic that we have not seen even small seizures of cocaine in the possession of criminals who are processed through watch houses around Australia for other offences. That is very indicative of the class and the niche of the cocaine market.

CHAIR—Do people die from it or have mental problems from it? What is the outcome of cocaine use?

Commissioner Keelty—I am aware of some deaths but I do not have the details with me. More often than not those deaths would be related either to use of other drugs by multidrug users or to a mishap resulting from irrational behaviour whilst under the influence of cocaine.

Other achievements by the international network are the seizure of 1.5 tonnes of pseudoephedrine, which is enough to produce over 60 million street doses of amphetamine. We did that in the Philippines, working offshore in Manila in March 2004. In June 2004 we also broke up a multi-national group operating in Fiji, New Zealand, Malaysia, the Philippines, Hong Kong, China and Thailand. This one is interesting because it shows one of the reasons why we work in the Pacific countries, and I know the committee has seen other material about other countries. This group was operating a factory in Suva, Fiji, and they had produced one tonne of crystal methamphetamine that was destined for Australia. One of the reasons why we put our focus on the Pacific is that developing countries, or countries with underdeveloped law enforcement systems, are exploited by these criminal groups. Who would have thought that Fiji would be the centre of production for tonnes of amphetamines destined for Australian markets!

CHAIR—Who are the drug barons, if you like, who have established themselves in Suva?

Commissioner Keelty—I know the answer to the question, I am just trying to think of a way to say it properly. It is largely Asian organised crime groups. If you go back to the countries involved, it is largely Chinese organised crime. There is a large Chinese expat organised crime community in Fiji as there is in many countries, including our own.

Mrs IRWIN—You said that you seized one tonne of crystal methamphetamine. Was that seized in Suva or was it seized when it came to Australia?

Commissioner Keelty—It was seized in Suva and it was destined for Australia.

Mrs IRWIN—So you got it before it came to our shores?

Commissioner Keelty—Yes.

Mrs MARKUS—So that is a challenge not just for Fiji but for other Pacific nations.

Commissioner Keelty—Absolutely. You are right, because, if you think about the health and welfare of some of the smaller Pacific island nations, they could be inundated with illicit drugs. They already have a problem with domestic and cultural use—or abuse—of things like kava and betel nut. This only makes that more challenging for them.

I will quickly finish up, Madam Chair, as I am conscious of your time. What we have done in the AFP is participate in cooperative research ventures with Australian research institutes to better understand the environment in which we operate. We have been working with universities to try and calculate the dollar impacts of law enforcement operations across a range of functions. I guess this came as a conscious effort by us to recognise that we were getting a large slice of the supply reduction dollar in the National Illicit Drug Strategy and knowing that we were competing against the treatment centres and education centres—and quite appropriately so—as part of the integrated National Illicit Drug Strategy. We felt obliged to demonstrate our performance. There is no point in me saying to the committee that we are performing X, Y or Z. We wanted independent research groups, such as universities, to do that for us—and they have. They have created what they call the Drug Harm Index. The Drug Harm Index estimates the potential value to the Australian community of AFP seizures by weighing up the likely health, social and economic costs if the drugs had reached the streets.

So in answer to the question that I was just asked by Mrs Irwin about the one tonne of crystal methamphetamine in Suva not coming here: if you extrapolate that out, it means that the state and territory police did not have to divert resources. Imagine how much one tonne of drugs comes to when you break it down into dealer amounts: our colleagues at Customs do not have to deal with it at the barrier because it has been dealt with beforehand; you do not have money laundering going on because the drug was not supplied and sold in our country; and our treatment centres get a benefit from that for every person who is prevented from overdosing. In the five years since I commissioned this study by the universities, AFP seizures—the universities say—have saved the public something in the order of \$3.1 billion of harm.

Mrs IRWIN—And how many lives have been saved?

Commissioner Keelty—Many lives. And we have not stoped there—we have future challenges. We are trying to work with our Customs colleagues. We have a joint intelligence group that is looking all the time at our seizure rates and whether they are appropriate for what is being felt—anecdotally and statistically—within the community. We are always looking for other countries that are on the horizon as partners in working in this field and we will continue to deal with that. We will also continue to engage the universities to keep measuring our performance so that we have an independent analysis of what we are doing and that it is something that the community can have confidence in. With that, Madam Chair, I will stop, because otherwise Customs will not get a chance to say anything.

Mrs ELSON—You touched on something before about the Australian Federal Police being integrated with the program to divert offenders from the courts to treatment centres. What is the success rate when someone is sent by the court to a treatment centre? I do not know if you have the answer to this one, because a lot of people who go to court know how to get out of it. Do you see a success rate in the diversion from courts to treatment centres, or are there more people getting away with not going to treatment centres than are being ordered by the courts to get treatment?

Commissioner Keelty—In the ACT, our involvement in the program has been largely through our community policing arm. The program is called the ACT Policing Early Intervention and Diversion program and it is designed to provide early incentives for drug offenders to deal with their drug problem rather than end up in a life of crime. In 2005-06—and, being Canberra, the

sample is a small one—43 people were referred to drug diversion programs by ACT Policing. This was a 7.5 increase on the 2004-05 referrals. But that does not answer your question about the success rate. Can I take that question on notice and come back to you?

Mrs ELSON—Yes, if you wouldn't mind. I am going to put the cat among the pigeons now: what is it that makes drug producers in other countries think that we are an easy hit, that it will be easy to get their drugs into Australia? What is it that we are not doing that makes them think that?

Commissioner Keelty—There are a number of things. We are not the only country that is subject to their activities. Countries that do not have as sophisticated a law enforcement response actually suffer much worse than we do. One of the attractions—one of the 'pull' factors, if I can put it that way—is our relative wealth here in Australia. Where you export to poor countries, obviously the return on your investment as a drug supplier is not going to be as high as it is from supplying to a wealthier country. So we will always remain a target for that reason, and we are conscious of that. But it is important—and I mean this in the right way—not to look at this through Australian eyes only. There are other countries suffering worse problems than we are from the drug scourge, because their health, treatment and law enforcement capabilities are not as sophisticated as our own.

Mrs MARKUS—I have a couple of questions. Commissioner, your comments have highlighted the significance of the work done both offshore and onshore to protect Australia, and it is critical that this work continues. You also talked about challenges such as the fact that we develop metal screening and then the criminals or the syndicates will work a way around it. What is already happening, or what needs to be done, to make sure that we are a step ahead and being proactive?

Commissioner Keelty—We have had a very positive response from the government in terms of technology. We have been funded significantly well under the NID Strategy and we have included in that funding things like the offshore deployments. Domestically, one of the things for which we have been very well funded is the program we put in place to analyse narcotics to determine their origin.

Whilst that might sound simplistic, it tells us that if a particular laboratory in Burma or in the southern provinces of China is producing a particular methamphetamine or a particular strain of heroin and we get seizures of it in different parts of Australia then we can actually determine that it is from the same laboratory, which can then focus our attention on that laboratory. We have been able to share that intelligence with developed drug law enforcement agencies offshore because these factories do not supply one market. It helps to improve our intelligence on the marketplace.

We have also been able to significantly increase the information systems technology that we use within the AFP in terms of quickly moving data and images not only around the country but also around the world and sharing that intelligence with our partner agencies. There is a significant investment in the supply reduction. The government has been very responsive to that and in the last 12 months it folded the funding that we have been receiving for the National Illicit Drug Strategy into our base funding. The government has given a commitment, basically, that this will be a permanent part of the AFP.

Mrs MARKUS—Is that enough?

Commissioner Keelty—There are not too many heads of agencies who will ever come to you and say, ‘We’ve got enough money; don’t give us any more.’ But we are not seeking any more at the moment because we are dealing with what we have got.

Mr CADMAN—Who was responsible for evaluating diversion programs around Australia? I imagine that all the states have got something in place. We established, some years ago, drug courts and diversion programs. I do not know how they are working. Does anybody evaluate them?

Commissioner Keelty—I can take that on notice to make sure that I have got this right. Of course, there is the Ministerial Council on Drug Strategy and the Intergovernmental Committee on Drugs, both of which look at the reports that are prepared on the effectiveness of diversion programs, but other than that I do not have the detail in front of me.

Mr CADMAN—My main question is about sentencing in Australia: can you give us your assessment of the effectiveness of sentencing programs? The public becomes really concerned that, time and again, people who are repeat offenders seem to be set free with just a slap on the wrist. I do not know whether that is a wrong impression.

Commissioner Keelty—I can only speak about the sentences that are meted out in respect of the offences that the AFP deals with, which are largely, as you would have heard from my report, at the more significant end of the scale. The majority of people that we deal with are not Australian nationals, because we are dealing with the suppliers, and from an AFP perspective we are quite happy with the way the courts are treating those matters. But you must remember that those matters fall into a category of the Customs Act that exposes people to penalties as severe as life imprisonment, and the courts have been responsive to those penalties by and large. You will always get disparity between sentences; it does not matter whether you are dealing with drugs, armed robberies or break and enters. But, by and large, the courts have been quite responsive.

Mr QUICK—When the judicial system in Fiji deals with those seizures are their penalties in line with ours? Are they more draconian than ours? Are they as effective as ours?

Commissioner Keelty—In Fiji, they are effective. You do raise a very valid point, though. The implications of what I have just told you lead us down the path of instances such as the Bali nine where young people who are induced—or seduced—to get involved in this go offshore and expose themselves to the penalty regimes of those countries, and they are not the same as Australia’s penalties.

We had a young person die over that Christmas-New Year period who bought in a series of condoms containing cocaine. To defeat the sorts of strategies that Customs and the AFP are putting in place, people are now ingesting drugs. They are ingesting them in a way that is in no way safe to their lives. So not only do our young people risk themselves being exposed to very severe penalties outside Australia, which are much more severe than in our own criminal justice system; they also expose themselves to significant harm if it goes wrong offshore, because access to medical facilities and assistance is problematic in some countries.

Mr QUICK—My perception of the law and order system in Fiji is it can be a bit iffy—depending on which coup you are having—and you did something as constructive as seizing a tonne of the stuff there. But is the processing of those people in the justice system over there as effective as it is here?

Commissioner Keelty—In that particular case it was, and we had no trouble with the way the evidence was presented or the way the courts dealt with it. What it would be like now under a military coup, I do not know.

Mr QUICK—So areas such as Bougainville, the Solomons and Fiji are being targeted more specifically because of the uncertainty of the rule of law.

Commissioner Keelty—Exactly. And, whenever you talk about drugs, you talk about money and, whenever you talk about money and power, you talk about corruption; they feed off each other. Some of these countries are very susceptible to this problem.

Mr TICEHURST—You spoke a lot about the supply side, but what about the demand side. Are we doing enough to stop kids getting involved? We have had very successful antismoking campaigns, but what can we do at a school level—even primary school—to reduce the demand for drugs?

Commissioner Keelty—There is the National School Drug Education Strategy and, from an AFP perspective, the ACT policing part of the AFP looks at that. That also allows families to refer individuals affected by crime and antisocial behaviour, including drug related problems, to a range of social support groups through a unit called SupportLink. In the last recorded 12-month period, the local police force here—and remember the size of this community—referred 2,305 people to that SupportLink program. So there is a body of work that is being done on the prevention side, both in education and in diverting people to support.

CHAIR—I think Ken's point is a really valid one. The Australian Institute of Health and Welfare told us that the biggest factor that makes young people try drugs for the first time is curiosity. I asked the question: where is the countervailing evidence, where is the big campaign that says, 'Don't do it'? And we have been told that the antismoking campaign, with big advertisements and big dollars, has been successful. So why don't we have one against illegal drugs? They are illegal and tobacco is legal. Do you think that having such a campaign would be helpful in stopping people getting hooked in the first place?

Commissioner Keelty—I do. I have had a recent conversation with the Chairman of the Australian National Council on Drugs, Dr John Herron, about that particular issue. What I would like to see is a pamphlet. We are all familiar with the pamphlet that was put out about the national security hotline and terrorism.

Mrs ELSON—That was a fridge magnet, wasn't it?

Commissioner Keelty—I would like to see an education pamphlet to mums and dads about amphetamines. We grew up, I guess, with cannabis and we grew up with heroin, but I have described to you some of the complexities about amphetamines and amphetamine use that I do not think mums and dads actually have a handle on.

CHAIR—There is cannabis as well, and that is the most commonly used one. And the number of parents who walk into my office with kids—

Mrs MARKUS—Sorry, Madam Chair. What kind of information and what direction would you want in a pamphlet like that?

Commissioner Keelty—Obviously I am talking as a police commissioner, but if I can just say something as a member of the ANCD. I would like to see something that helps mums and dads communicate with their children about these drugs. The best education a child is ever going to get is at home in the family unit. Mums and dads did not know about amphetamines when they were growing up and they did not know about ice or liquid ecstasy. They do not know the difference between MDMA and ecstasy or the different amphetamine type stimulants that are around. We need to educate mums and dads to help them educate their children about prevention and about side effects, because, as has been pointed out, there is this belief that, because you use the drug in a different way, it is a safer drug—and it is certainly not a safer drug.

CHAIR—What about a big television campaign like the smoking campaign, which they say has worked, or like the anti-HIV campaign that we had?

Commissioner Keelty—I would support any campaign that helps prevent the use of drugs and reduces the demand for drugs. If you are operating only at one end—that is, in supply reduction, where police normally operate—you are only going to deal with one end of the problem. The National Illicit Drug Strategy is an integrated strategy, and I think right now, when people have seen so much publicity about amphetamines, is a good time to educate the community and children about amphetamines.

CHAIR—But it is marijuana as well.

Commissioner Keelty—I agree, with marijuana—

CHAIR—You mean you agree that you are against it!

Commissioner Keelty—I agree that marijuana should be included in an education program. I had better be clear. From my perspective, the big gap in knowledge is about amphetamines, and we need to help the community in that regard.

Mr TICEHURST—What about the supply of drugs into schools?

Commissioner Keelty—The AFP only has a limited role, here in the ACT, but I think that is something we are all conscious of. Again, anything that is done to identify that, or indeed discourage that, is going to be a positive step. But I do not have the data on that from where I sit.

Mr QUICK—Half of all clandestine laboratories are in Queensland and there is a great rise in the Northern Territory; is that because they are closer to the source or is it because of the ability to hide them a lot easier than it is perhaps in Sydney or Melbourne?

Commissioner Keelty—There are a couple of factors to be looked at there, one being that the different groups involved in this tend to have a predisposition to certain areas where they will set

up the factories. I guess, without knowing the full detail of it, there would be issues that would dissuade you in highly populated areas because the risk of discovery may well be greater. But you still need access to the market. So, even though you may be producing the drug, you need to quickly get the drug to the market in order to get a return on the investment and continue the trade that you are in. There is some work being done on that; it is being discussed amongst intelligence groups—state and territory police as well as our own—as to why there is a predisposition towards certain places. Largely it is not so much the precursor material being available there; it is more about which is the most convenient place to manufacture it and then get it to the marketplace.

Mr QUICK—You spoke about X-raying and examining things coming in. Two hundred and nine detections, out of 381 detections, were made in Queensland alone, and there are the distribution networks down south. Who screens containers? No-one screens containers travelling domestically. If I were a criminal, I would source it here and distribute it, as they have done with so many other drugs in Australia. It is like those police the other day: they just happened to pick someone's car, they checked it, they opened the boot and suddenly there was a whole heap of ecstasy. Policing then established the fact that this was part of a network that it had been totally oblivious to. So what can we do in interstate transport, apart from having good intelligence? Knowing where the factories are must be the devil's own job.

Commissioner Keelty—It is a problem but it is not a problem that is new to us. If you recall, during the seventies and eighties we had large quantities of cannabis being produced. You talk about the situation in Queensland now—I do not want to make a comment about Queensland being the—

CHAIR—It is just that in these figures you gave us it is, by far, ahead of everybody else.

Commissioner Keelty—I do not want to say anything disparaging about Queensland because my experience with cannabis, in terms of its production over the years, has largely been across the border in South Australia, in the Riverland in New South Wales and, for a short period, with some very large crops in the southern part of the Northern Territory. Of course, that was due to where crown land was and due to the availability of water. Then again, you had that issue of getting it into the marketplace.

But we always had the problem of suppliers travelling by bus, for example, or going on coaches from one state to another state. Interstate transfer of drugs is a problem. We do have a national precursor working group looking at the transfer of precursor chemicals from state to state. I mentioned before the work of the Pharmaceutical Guild, which is looking at tracking the sale of licit drugs that have been diverted to the illicit market. Considerable work has been done on the cross-border activities, but it is a challenge for us.

Mrs IRWIN—You have got a good working relationship with the states and territories?

Commissioner Keelty—Yes, it is an excellent relationship, and of course the Australian Crime Commission sits at the peak of that.

Mr QUICK—Is there increased security in warehouses that store the pharmaceuticals before they are distributed? Is that an avenue that you are looking at?

Commissioner Keelty—Yes, it is, as are the transport systems—the modes of transport for high-risk transport of some of the precursor materials.

Mrs IRWIN—I would like to follow up: I think you have cited 381 detections. We have got the figures here in front of us and, as you stated, the figure for Queensland was 209 and for New South Wales it was 45. These places have been closed down; is that correct?

Commissioner Keelty—That is right.

Mrs IRWIN—How many have you not found? In the brief, before these figures, ‘box labs’ are mentioned. These are mobile laboratories: tell us a bit about those. They virtually move from one state to—

Commissioner Keelty—John might be in a better position to describe that.

Mr Valastro—A box lab is a lab that can be used out of something as small as a suitcase. So, when we say ‘mobile’, we are thinking here on a micro scale: it is effectively a microlab which can produce a certain amount of product in a very short period of time. When you say ‘mobile’, it is effectively something you can put in a bag.

Mrs IRWIN—In the boot of a car.

Mr Valastro—Yes.

Commissioner Keelty—Of course, going back to the question that has been previously asked, that is to avoid detection.

CHAIR—Can I ask you this question. I remember taking evidence in a previous inquiry into crime and was told that the paedophile Dolly Dunn was involved in a racket of producing methamphetamines, cooking them up and selling them to support a paedophile habit. Is there evidence of that being a wider occurrence?

Commissioner Keelty—I do not have any intelligence that indicates that and—I have got to be honest with you—I was unaware of the Dolly Dunn allegation as well.

CHAIR—It is on the public record.

Commissioner Keelty—It may well be but I had not picked up on it.

CHAIR—I will be happy to show it to you.

Mrs IRWIN—Commissioner, what is the working relationship that you have with Customs regarding illicit drugs?

Commissioner Keelty—It is excellent. Michael Carmody, the CEO of Customs, is on the board of the Australian Crime Commission, as are all the state and territory commissioners, and I chair the board. So at the executive level of the peak investigation body in this country there is outstanding cooperation, and that filters down into the working level. The AFP’s national

manager for border works very closely with Customs's national manager for border, and the AFP's national manager for intelligence also works very closely with Customs's national manager for intelligence.

Then, at the working group level, we have joint targeting. The AFP's international network, which I described to you before, feeds into the Customs intelligence system. At every major port in the capital cities, the AFP and Customs work closely together. That has been enhanced by the introduction of the Unified Policing Model, where the AFP has police at every major airport in Australia—at the international airports certainly—working side by side with Customs and other agencies to improve security and reduce the opportunities for crime at the airports. So it is an extremely close relationship.

Mrs IRWIN—You talked about seizures of illicit drugs offshore. With illicit drugs that arrive onshore in Australia, what routes are being used to bring these drugs into Australia? Is it more by ship, by air or by boats coming in the dark of night and not being detected?

Commissioner Keelty—I will refer that to John.

Mr Valastro—In the past where you were looking at some of the traditional drugs like cocaine and heroin, there were recognised routes they might take and we were, therefore, able to track those drugs much more effectively. In the modern climate, particularly with the introduction of ATS and what that represents, we do not think in those contexts anymore. We do not necessarily look at whether drugs will be coming by this or that route. We look at how the criminal network can exploit various opportunities and what they might attempt, and then we explore all the options. It is effectively limited only by their imagination, and certainly we have to apply the same sort of model ourselves. We do not allow ourselves to get trapped into thinking that they are going to take particular routes and therefore divert our resources there. We work on the principle that we assess the risk more broadly and then apply the resources in a way that we think will be most effective. They can use ships, containers, the post or a whole variety of different ways. But we do not trap ourselves by thinking in that way.

CHAIR—I will now ask Customs to give us a statement. Commissioner, would you be able to stay for it in case there are more questions for you?

Commissioner Keelty—Certainly. Keep them honest!

Mr Valastro—It shows how good the working relationship is!

Mrs IRWIN—That is on the public record; we will see it!

CHAIR—Before I ask Customs to do that: Commissioner, you have mentioned a lot of organisations that you have positions on; would you mind giving us a map that shows how all of the bodies that you have served on interact with one another?

Commissioner Keelty—Certainly.

CHAIR—Thank you. That would be very useful to give us that national-international perspective. Customs, would you like to make a statement.

Mr Valastro—Yes. Customs thanks the committee for the opportunity to appear at the hearing. By way of introduction, I would like to outline the key ways in which Customs works to reduce the impact of illicit drugs on families. As you are aware, one of Customs's key responsibilities is to protect the community at the Australian border from the impact of the trade in illicit drugs and their precursors. To do this, Customs maintains a tangible presence at the border through a 5½ thousand-strong workforce engaged in a wide variety of search, examination, intelligence and enforcement activities. Customs also maintains a number of international posts that complement the AFP's activities, and it works closely with its international partners on a range of capacity-building initiatives.

Customs is responsible under the legislation for detecting the importation of licit drugs into Australia and, along with its law enforcement partners, for the seizure and investigation of illegal importations of illicit drug precursors. When talking about the relationship between the two agencies, one of the key things we have in place is an agreement between us where Customs detects goods at the border but the AFP investigates those cases and brings them to prosecution. So in that sense we rely, absolutely, on each other to bring those processes to fruition.

In particular we recognise that law enforcement collaboration is essential in creating an environment that is hostile to the trafficking of illicit drugs. We work closely with the AFP and other key partner agencies to ensure that, by reducing the supply of these substances, criminals involved in such activities are prevented from harming Australian families.

Our collective efforts in this respect have been demonstrated in a number of recent large-scale detections. I am going to use these examples to answer some of the questions you asked, such as what the different routes are and what different concealment methods can be used. This highlights the fact that we cannot ever let ourselves fall in the trap of thinking that we always know which way the drugs are going to be coming.

An example is the February 2006 detection of 46 kilos of crystal methylamphetamine, or ice, concealed in a speedboat shipped from North America. That was quite a substantial concealment in terms of using the hull as the method of bringing it through.

CHAIR—Did you get intelligence or was it just luck?

Mr Valastro—I cannot really go into too much detail.

CHAIR—I do not want you to disclose that if—

Mr Valastro—We rely on a combination. The other thing is that our activity is multilayered. There will be information about general trends or what might be moving at a particular time; there might be specific information about an entity and how that entity is operating in the context of that criminal network. So we bring those things together. Then we have got our detection technologies and everything else on top of that. So in this case there was a combination of those.

In June 2006 there was a detention of 350 kilos of MDMA, or ecstasy, in a shipping container of ink from Canada. The drugs were suspended in ink bottles, which is not an easy thing to see using our detection technology. So this involved our officers being a little bit more creative.

CHAIR—They were found suspended in bottles of ink.

Mr Valastro—Suspended in ink; that is right. It is very hard to detect. The X-rays would not necessarily detect that, so you need to find other ways. And we have, as I said, a multilayered approach.

Also in June 2006 there was the seizure of 120 kilos of pseudoephedrine tablets, which is the precursor of methylamphetamine. It was concealed in a shipment of wooden furniture from Indonesia.

There is the more recent example that the commissioner mentioned: the September 2006 detection of 135 kilos of cocaine and 120,000 MDMA tablets concealed in computers—once again from Canada. So there is a multitude of different ways—and I could endlessly list them—in terms of how criminal groups will attempt—

Mrs IRWIN—We are getting a lot from Canada.

Mr Valastro—There were a couple mentioned there.

Mrs IRWIN—I wonder what the Canadian authorities are doing. Are they X-raying them? That is something I might ask you later in the context of our relationship with other countries.

Mr Valastro—I would like to add something to what the commissioner said. Those are the larger scale importations that we get, but certainly there has been a trend in recent times towards what we describe loosely as ‘scatter importation’. That is the regular importation of smaller quantities. It is not new, but it creates a new set of challenges in terms of how we deal with large-scale versus small-scale regular importations.

CHAIR—Like what happened off the coast of my electorate.

Mr Valastro—Yes. In achieving those sorts of successes, Customs recognise that the market for illicit drugs and their precursors is continually evolving, so we are continuing to enhance our capabilities to meet this challenge.

I will go through some of the key approaches we are taking—the ones that we actually see as critical to being effective in the future. Firstly, there is risk based targeting. This recognises that our results are driven by an intelligence based risk assessment approach. In particular, we recognise that the international movements of goods and people are largely legitimate, and therefore we seek to focus our resources in the areas that are the highest risk for illegal activity. We use the risk assessment approach, which is, again, that multilayered way of doing business.

Secondly, there is technology. We maintain a variety of state-of-the-art technologies that are used in the assessment and targeting of high-risk goods and people. This includes a variety of mobile scanning tools; X-ray devices, including our large-scale container X-ray systems; and chemical field test kits. Because we see the goods at the point of crossing, we need to have those capabilities at hand to do that effectively. You also would have seen our drug detector dogs, which are well recognised in terms of the role that they play.

Thirdly, there is training. We are continually working to upskill our staff to deal with the dynamic threat posed by illicit drugs and their precursors. For example, since April 2005 the Customs illicit drug precursor awareness project has trained over 270 of our officers in the ability to detect, handle and respond to synthetic drug precursor chemical shipments. I think that is a really important point because precursor chemicals are not something that you can look at and say, 'I know what that is.'

As the commissioner highlighted, there are a number of precursor chemicals that go into the manufacture of amphetamines. What we are also seeing—and this is somewhat alarming, but it is an area we see as a challenge—is proto-precursors. This is not the precursor itself but the precursor to the precursor. This goes back down the chain of precursor chemicals in terms of the manufacturing process. A good example is MDP2P, which was identified earlier as a precursor to a precursor.

In relation to domestic partnerships, we also maintain a very comprehensive network of partnerships not only with Commonwealth, state and territory agencies but also with industry, and also with the public in terms of our Frontline program and other community participation programs. We get a lot of information from a lot of different sources to help facilitate the sort of activity that we do.

In particular we collaborate on a range of levels including joint operations with the AFP, the ACC and others; joint training initiatives, where we work closely with those partners as well; and, crucially, the sharing of intelligence, which has already been highlighted and is one of the most fundamental means that we have of being effective at the border. We are inundated with data that is coming through to us from the import and export of cargo and also from people moving across the border, and we need that high-quality intelligence to help sift through those large volumes. Finally, on an international level we make a key contribution—

Mrs IRWIN—Sorry for interrupting you there. When you say 'sharing of intelligence', tell me if it is right that this would be from an overseas post. For example, Canada could have forewarned you that they have got the word, after a shipment has left their shores, that there could be drugs on that.

Mr Valastro—Absolutely; that is one way, yes. With intelligence, we are talking about two different forms, in some ways. We are talking about specific intelligence, which might be around entities—particular targets—but then you might also get general intelligence, which is about various trends of activity. For example, it might be that yachts are being used as a key method, so we need to build that into our planning.

CHAIR—We will just pause a minute, as Mr Keelty has to go. Commissioner, I would like to thank you very much on behalf of the committee for your attendance this morning and for that most useful evidence. I also want to ask you whether, if we have the need, we may come back to you and talk with you some more.

Commissioner Keelty—Certainly, Madam Chair. A thought occurred to me: this is a public hearing but something was raised in questioning that could be elaborated on in private. With your consent, I would like to share a confidential letter with the secretary just to point out one

aspect that came up in the questioning this morning that I could not elaborate on in public. It is not of great moment but it would be, I think, of benefit for the committee to understand.

CHAIR—Thank you very much; we will do that.

Commissioner Keelty—Thank you.

CHAIR—We will resume. I am sorry to have interrupted.

Mr Valastro—That is okay. I was almost finished actually. The last point I was making was in relation to the international level. We make a key contribution to protecting the Australian community through our international capacity-building and collaboration initiatives. We also recognise the importance of working with our partners offshore to help them achieve high levels of security in their border protection activities.

One of the key things that we are doing in that respect is that we are Australia's central national authority and the Oceania region's focal point for the International Narcotics Control Board's Project PRISM, which is an international project targeting key amphetamine-type stimulant precursors, so we coordinate those activities on behalf of the Oceania region, again working more closely with our partners in that respect.

So, finally, by undertaking these activities, but also by continually adjusting our approach to account for the dynamic nature of the international illicit drug threat, we are reducing the impact of illicit drugs on Australian families and we will continue to do so in the future.

CHAIR—Thank you very much. Can I ask you the same question that I asked Mr Keelty: do you see a shift in methamphetamines and chemically produced drugs incurring what is likely to be a continuing trend of greater drug usage than with the old-fashioned—dare I use that term—heroin?

Mr Valastro—I would echo the commissioner's comments in that respect. We have seen the pattern of activity shifting, and we expect that it will continue to do so. We recognise, too, that there are certain challenges around how we continue to identify and impact that particular market, given that it relies on, again, shifting the uses of chemicals and how those chemicals might be applied to produce product; so we recognise we need to keep moving in that respect.

CHAIR—We hear stories about ice in particular. Have you seen evidence of ice making people strong—or, if not the drug making them strong, at least making people believe they are strong—and their doing things using ice that they would never do under other drugs. Can you give us some evidence on that?

Mr Valastro—I do not have all the knowledge in relation to that, and there probably would be people that would be better to explain that to you, but the issue with ice is that it is a higher purity; it is a very pure form of methamphetamine, which in itself brings quite substantial physiological changes. Because of that, people experience very strong side effects, which is why ice is seen as a harmful drug.

CHAIR—And to the brain?

Mr Valastro—And to the brain as well. But, again, if you like we can source some material which would explain it a lot more clearly.

CHAIR—Thank you, that would be very helpful. David, you did not get a question in the last round, so would you like to start?

Mr FAWCETT—Profiling is something that raises eyebrows in a number of forums. For example, people mention motorcycle gangs and strongly link them to trafficking in drugs cetera. I was just wondering whether profiling is something that you use and that you feel free to use. Are there things that we can do to assist you in terms of your ability to identify likely traffickers, buyers or manufacturers of drugs?

Mr Valastro—Is the question: do we use profiling?

Mr FAWCETT—Do you use it?

Mr Valastro—Yes.

Mr FAWCETT—Do you want to use it but feel constrained not to?

Mr Valastro—I need to explain what we mean by profiling. What I was referring to before was how we apply intelligence in our environment to narrow down where we are going to put our resources for attacking high-risk or criminal activity. We use what we call ‘profiling activity’ to do that. We bring together both specific and general intelligence, which then allows us to create profiles around certain types of activity that we are looking for. Clearly, profiles built on specific individuals or specific targets will be a lot more tightly focused than some of the more general profiles that we might apply as tools to sift through the environment. We apply profiling on an ongoing basis as part of our regular business, so it is core to what we do. It is certainly core to our targeting activity. We have a range of sophisticated electronic and non-electronic tools to assist us, and these have been very effective in that respect. That is why, when you made the comment before about luck, it occurred to me that, in all of our activities, we apply those principles to the way that we structure our responses.

CHAIR—So the harder you work, the luckier you get.

Mr Valastro—That is a fundamental, isn’t it. We expect to get results because of the effort we put in.

Mrs MARKUS—You talked about an example of a drug being suspended in ink. I imagine your organisation would be developing technologies and looking at increasingly creative ways to do your work. How are you doing that at present, and do you need extra resources to do it? What are your needs? What is happening, and how does it work?

Mr Valastro—I would say that we have got one of the best research and development environments in the world for detection technologies. We recognise that is one of the most effective means that we have, given the volume of goods and number of people crossing the border. We rely very heavily on that technology to help us screen. We have a substantial research and development program looking at a range of different technologies. X-ray now is a staple, as

are the detector dogs with their capabilities. We are looking at some very cutting-edge technologies at the moment which are only just starting to emerge as new capabilities.

In addition to those technologies, some of the newer ones we are looking at are things like systems capabilities that allow us to sift through information a lot better than before; and using very advanced ways of thinking about how data can be examined to help us find what we are looking for in terms of the anomalies in the data. I would say we are doing pretty well in that respect. We are also working closely with other agencies around the world—in the UK, the US and in South-East Asia—to make sure that, as an international group, we are at the forefront of that activity. As I highlighted before, the criminal groups are constantly changing how they approach it, and we need to do the same.

Mrs IRWIN—I was not going to ask this question, but I just want to know how you screen your employees. Recently we have heard about the ‘Bali 9’ and we have heard stories about Customs officers in overseas countries being paid to turn a blind eye. So what is the screening process for your employees here in Australia?

Mr Valastro—I will take that on notice, as I can then give you a more detailed response. In general terms as to how we vet staff, we apply the principles that are covered under the Commonwealth *Protective security manual*. We meet the highest levels because of the sensitivity of both the information and the activity that we undertake. So in that sense we conduct what would be considered to be a very onerous vetting process, ensuring the quality of the people that we bring into the organisation. That does not mean it is always going to work—we have other systems in place to manage those sorts of things. If you like, I can come back to you with a much more detailed response.

Mrs IRWIN—If you could, that would be great. Could you explain to me the land based surveillance of the coastline?

Mr Valastro—I mentioned earlier that we have a community participation program. Because our coastline is so vast, we have to rely very heavily not only on our own people and/or the technologies that are available to us but also on people in those coastline communities. Often those people know that environment a lot better than we do.

Mrs IRWIN—People that live on the coast.

Mr Valastro—That is right. We have people in our Frontline program who go out to those communities. We have staff, from our offices dotted around the country, who work with local communities, advising them of the sorts of things we are looking for. For example, if they see a suspicious vessel or something that is a little bit out of the ordinary or if they see someone come through town who looks suspicious, from their perspective, then they should let us know. We have phone numbers that they can call.

We also run programs—essentially, operations—which help us identify where we think the risks might be along the coastline. We have staff go out and do those activities as well. That is another dimension of the land based surveillance activity that we do.

Mrs IRWIN—I did not know that. I knew we had a program providing safe houses for children coming home from school, but now you have got communities watching the coast of Australia.

Mr Valastro—That is right.

Mrs IRWIN—The surveillance—

Mr Valastro—Has it had good results?

Mrs IRWIN—Yes, has it?

Mr Valastro—Yes, it has. And, again, I can take that on notice and give you some specific results that we have achieved through the hotline and Frontline activities. Every couple of months we publish a regular bulletin that we give to industry, as they see a lot of activity that we cannot. We produce those to say, ‘Look, these are the sorts of results that we get from your assistance.’

Mrs IRWIN—How many people are participating in all of this? Because, as you say, look at Australia, down the coast—

Mr Valastro—Yes.

Mrs IRWIN—Is it key areas?

Mr Valastro—Again, it is—

Mrs IRWIN—You cannot really say because it is on the public record.

Mr Valastro—Yes. If you like, we can provide you with some information about that in terms of how many people are members of our Frontline program.

Mr CADMAN—Who is responsible for the surveillance of baggage in Sydney airport?

Mr Valastro—If you are talking from an airport security screening point of view, that is usually done by the airport operator. That is based on aviation security legislation which is administered by DOTARS. In terms of more general activity, Customs obviously have an interest in baggage that is moving through airports, so we might become involved in that respect. But, in terms of the general screening for aviation security purposes, that is administered by the airport.

Mr CADMAN—So you do not see baggage until it is on the carousels within the arrivals area; is that right?

Mr Valastro—If we are talking about passengers that are arriving from overseas, we would first see the baggage when it leaves the aircraft, after the aircraft lands. We can intervene at that point.

Mr CADMAN—Do you?

Mr Valastro—Not necessarily in every case. We would look at it from a risk management point of view. Either we would decide to target a particular aircraft or we might decide to look at a particular flight pattern, and various other things.

Mrs IRWIN—Where the plane has come from and its stopovers.

Mr Valastro—Yes, all of those sorts of factors.

Mr CADMAN—Based on profiling and that sort of stuff.

Mr Valastro—Again, it comes back to the risk assessment process.

Mr CADMAN—What about general freight?

Mr Valastro—We target general freight as well. We might look at both the particular aircraft and the people coming off the aircraft. So, if you slice the aircraft into the perspective of the people on board, the cargo in the hold and the baggage they might have, we would look at each of those areas potentially on any given occasion.

Mr CADMAN—Do you have any concerns about the surveillance of the luggage handling area in Sydney airport?

Mr Valastro—There has been a lot of activity in recent times across government looking at how we manage the security of airports, and Customs is just another partner in that process. The commissioner mentioned earlier the Unified Policing Model, which is a response to the need to ensure that airports remain secure and safe.

Mr CADMAN—It was raised by a member of the Labor Party in the House yesterday: surveillance cameras were turned to the wall at the baggage-handling area at Sydney airport.

Mr Valastro—I am not aware of it.

Mr CADMAN—Who would be responsible? Would you say the Sydney airport authority would have the first line of responsibility? Are they supervised by either yourselves or the AFP?

Mr Valastro—I think I would probably have to take that one on notice as well because I am not sure who is responsible. There is another issue. There are a number of different cameras that are being managed by different people, so Airport maintains cameras and Customs has cameras there as well. We work very closely; we share the information that is obtained from cameras. I would need to have a look at that question in more detail for you.

Mr CADMAN—I have to say, just observing what has occurred at Sydney airport, that there appears to be no direct line of authority and responsibility.

Mr Valastro—In terms of how the cameras are—

Mr CADMAN—In regard to security at the airport; the movement of luggage and freight.

Mr Valastro—Again, if you like, I can take that one away.

Mr CADMAN—I would like that; yes, please.

Mrs IRWIN—You might want to check the question that was asked; it would be on the *Hansard*.

Mr Valastro—Yes, we can look at that one as well.

Mrs IRWIN—It was from the member for Lowe yesterday. I think it was about a quarter to two. He has concerns.

Mr Valastro—I suspect the response to that one is going to require looking at how a number of different agencies, including industry, operate in that area.

Mr CADMAN—You can be assured that I will come back to that if I am not happy with the waffly response I expect to get; not from you but for the answer in general.

Mr Valastro—I understand; no problem at all.

CHAIR—We all hear stories about different drug groups that have come more recently to Australia; for example, from Bulgaria, Russia and so on. Is that real? Do you have evidence of that?

Mr Valastro—I am trying to think of the best way to respond. In the current climate—and I have sort of alluded to it already and the commissioner alluded to it as well—there used to be a time when you could say that certain particular groups, ethnically based or with other loose associations, might have controlled certain aspects of the environment. In the modern environment, in the current climate, it is a lot more fluid than it used to be. Groups intermingle a lot more than they did, so a criminal network will not necessarily be clearly ethnically based or clearly involved in certain activities in that way. We do not allow ourselves to get trapped into thinking that we understand how that network might be operating.

I will give you an example of how a criminal network might operate: it might include investors who are investing in the movement of the drugs; there will be people who facilitate the movement of the drugs; there will be people who then establish the distribution of the drugs. They will exist in locations overseas, at the border and in cities. The response will involve different groups who might handle different aspects, so we have to be very agile in the way that we approach that. Different groups will come and go all the time, so you might say, ‘Oh yes, we recognise this group has arrived,’ but then they might move on because they see other opportunities elsewhere. So we always try to remain quite open to how particular networks might come together and re-form.

CHAIR—So you are saying that the people who become dependent here—and whose lives get destroyed, I suppose—are part of an international organisation; but we also have independent

domestic players who literally can cook up their own product and have a local distribution area. Are they part of a big network or are they 'independent', as it were?

Mr Valastro—We see the full range from business-level enterprises, which are very large and very sophisticated networks—I think the commissioner alluded to, for example, some of the South American style arrangements—to professional groupings, which understand how to apply themselves, to the opportunistic. Certainly we are seeing a lot of that in the area of amphetamine production, and that is where there are those examples of the box type laboratories and various other things. You have people who literally can get on the internet and read about how to manufacture amphetamines and then replicate—

CHAIR—So you can build a box lab off the internet.

Mr Valastro—That is right. They then replicate that process without any intervention from any organised crime or anything else like that. So, again, that is the new challenge that we have: how do we deal with both the business-level enterprises right through to the opportunistic type of activities?

Mrs IRWIN—And how do we deal with them? That is what we are trying to work out.

Mr Valastro—I cannot go into too much detail but, in a broad sense, we apply a multilayered approach; we apply a whole range of different activities. There is no silver bullet for any of these activities. That is a really strong message that I want to get across: there is no single solution for any of this.

CHAIR—Do you see the incidence of drug use in Australia growing, staying at the status quo or diminishing—taking into account all types of drugs?

Mr Valastro—That is a very big question. It is difficult for me to predict from current trends what may occur in the future, and I am not saying that to be complicated. Having been in this environment for some years, I have seen trends change dramatically based on some of our activity. The heroin shortage is a great example of how a sustained and focused law enforcement activity can have a substantial impact on a particular market. I have also seen how law enforcement activities overseas have had a very strong impact on how a market might grow and develop, in terms of how some of the countries that source or manufacture products are impacted by local law enforcement activity and how that affects international efforts. It is difficult for me to say how what you are seeing today may translate into clear predictions about how the environment may look in the near future—or even much further away. When we started this discussion, we said that there has been a clear increase in, or a clear shift towards, some use of amphetamine type substances, and that is definitely the case.

Mrs IRWIN—We have been talking about drugs coming into Australia, and the commissioner talked about the 1.5 tonnes of amphetamines that were seized in Manila and the one tonne that was seized in Suva. What about drugs going out of Australia; have there been any seizures? What are the figures like?

Mr Valastro—I do not have the figures off the top of my head. If you like I can—

Mrs IRWIN—But you have detected drugs that have left our shores to go to another country?

Mr Valastro—I do not have those figures in front of me, so it may be better for me to get those figures for you.

Mrs IRWIN—Just take it on the record. It is just out of curiosity. We hear about drugs coming in but not going out.

Mr Valastro—We do have people looking at export activity as well. We are also working closely with other countries in that respect.

CHAIR—Thank you both very much for coming. Mr Veteri, I see that you have been busy taking lots of notes. Do you have anything you would like to add?

Mr Veteri—No, thank you, Madam Chair.

CHAIR—This is a really good start to our inquiry. Can I ask you whether we may come back to you should we have the need.

Mr Valastro—Absolutely.

CHAIR—Thank you.

Resolved (on motion by **Mrs Irwin**):

That this committee authorises publication of the evidence given before it at the public hearing this day, including publication on the parliamentary electronic database, as the proof transcript.

Committee adjourned at 12.08 pm