



AUSTRALIAN  
**CRIMINAL  
INTELLIGENCE  
COMMISSION**



Australian Government  
Australian Institute of Criminology

## **Submission to the Parliamentary Joint Committee on Law Enforcement: Inquiry into the impact of illicit drugs being traded online**

The Australian Criminal Intelligence Commission (ACIC) and Australian Institute of Criminology (AIC) welcome the opportunity to provide a submission to the Parliamentary Joint Committee on Law Enforcement for its inquiry into the impact of illicit drugs being traded online.

The ACIC is Australia's national criminal intelligence agency responsible for assessing the serious and organised criminal threat environment and its impact on Australia. To do this, the ACIC collaborates with government partners, industry and the community to collect, collate, analyse and disseminate information and intelligence that inform threat assessments and response strategies.

The AIC is Australia's national research and knowledge centre on crime and justice, and informs crime and justice policy and practice by undertaking, funding and disseminating policy-relevant research of national significance. The AIC and ACIC work closely together.

### **Threat environment – Online drug markets in the context of broader illicit drug use in Australia**

The ACIC's position is that online purchase and supply of illicit drugs poses a threat to the Australian community, and that the threat is increasing and should be monitored and addressed by a proportionate response. However, the threat should also be placed into an appropriate context. With the exception of a small number of drugs (including fentanyl and related substances) which are harmful and potentially lethal in very small quantities, a far greater threat is posed to Australia by large importations of methylamphetamine, cocaine, MDMA and heroin in sea and air cargo and small-craft.

Illicit drug use in Australia has a significant social cost to the community in the form of harm to the user and the consequential impact on family and social cohesion. It is a driver of volume crime, including offences involving violence, and a key generator of illicit funds for serious and organised crime (SOC) groups in Australia and impacting on Australia. Drug trafficking is the primary criminal activity of most high risk SOC groups in Australia. Such groups are prepared to engage in other criminal behaviour, including money laundering and fraud, to facilitate their illicit drug related activities and they are resilient and adaptive to law enforcement and regulatory responses to their criminality.

Methylamphetamine is currently assessed as presenting a critical<sup>1</sup> level of risk to the Australian community, while MDMA (ecstasy), heroin, cocaine and illicit pharmaceuticals (particularly pharmaceutical opioids), also pose a significant risk and require close attention by law enforcement agencies and other stakeholders. Counterfeit versions of some pharmaceuticals are also of interest to the ACIC and some partner agencies. The cannabis, precursor chemicals and performance and image enhancing drugs markets also have a tangible and concerning organised crime footprint. There are other illicit drug markets in Australia which are niche markets and sometimes have only limited organised crime involvement, but nonetheless include substances which are potentially lethal. These markets include the anaesthetic market and the market for new psychoactive substances (NPS).

Transnational illicit drug markets are becoming more diverse and profitable, and a far more varied range of organised crime groups are sources of supply to the methylamphetamine, heroin, cocaine and MDMA markets. However, motivated individuals and less structured and more 'entrepreneurial' networks are also an increasing feature of some illicit drug markets, sometimes in the context of supply of drugs to social groups.

### Illicit online drug market overview

The Australian illicit drug market is best seen as a component of the global market. The internet has facilitated the expansion of the global drug market, with users able to access drugs, information about availability and purity of drugs, and manufacturing manuals online. Virtual marketplaces are used to sell and traffic various commodities, including illicit drugs and precursor chemicals. The development of these online marketplaces is important as the marketplaces have created new opportunities for illicit drug trafficking globally and presents unique risks for end users and additional challenges for law enforcement.

Over the last decade, the establishment of internet-based markets that connect buyers and sellers of illicit commodities has been an important development in global illicit drug markets. These online markets include both surface websites, often referred to as the 'clearnet'<sup>2</sup> and dark websites (often referred to as the 'darknet'), which are not accessible through standard browsers. The latter are typically encrypted and unindexed websites and communications that are accessed using specific software and may utilise cryptocurrencies to facilitate financial transactions.

The online environment has enabled crime to be committed remotely and with relative anonymity—characteristics that are attractive to SOC groups and individuals, making the identification and prosecution of offenders more difficult. These characteristics are also attractive to illicit drug users. Factors making the online purchase of illicit drugs attractive—particularly but not uniquely from darknet markets—include the avoidance of direct physical contact while purchasing and selling, the variety of substances available and their accessibility and pricing.

There are also suggestions that user confidence in darknet sites and purchasing drugs from them may have been shaken by recent law enforcement take-downs of sites and evidence that some sites may have been established for fraudulent purposes by tech-savvy criminals. There have also been consistent reports in 2020 and 2021 of the administrators of some darknet sites initiating denial of

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<sup>1</sup> The ACIC uses a consistent risk-based methodology to assess illicit markets. The risk level is a function of assessed levels of threat and harm. Methylamphetamine is the only market which has a critical rating, which is derived from the drug being assessed as posing a very high level of threat and a severe level of harm.

<sup>2</sup> For the purposes of this submission the ACIC uses the term 'clearnet' to encompass the publicly accessible internet; but also social media platforms and networking applications such as Facebook, WhatsApp and Twitter which are also being used to arrange drug purchases and supply.

service attacks on competing darknet marketplaces. This has impacted negatively on the performance of the targeted sites, including increasing the duration of their downtime.

### Trends and changes in relation to online drug availability

The size and global footprint of online illicit drug markets is difficult to assess. Contributing to this is the relatively transient nature of darknet markets. However, there are indications that online drug markets are becoming more common. The United Nations Office on Drugs and Crime assessed that, among a cohort of internet users who use illicit drugs, the proportion who reported purchasing drugs via the darknet more than doubled, from 5 per cent in 2014 to 11 per cent in 2019 (UNODC 2019).

Several studies of online marketplaces for illicit drugs suggest that these markets are expanding and largely mirror the types of illicit drugs bought and sold offline. For example, in an analysis of 63 cryptomarkets over the period February 2014 to January 2020, the National Drug and Alcohol Research Centre noted the following trends:

- The number of drug listings (the total number of substances advertised for sale across the analysed markets) increased, from 11,308 across four markets to 41,880 across five markets.
- Over the period, cannabis accounted for the majority (29 per cent) of drug listings across all analysed markets, followed by MDMA (15 per cent), cocaine (9 per cent), benzodiazepines (8 per cent), NPS (7 per cent) and methyl/amphetamine (6 per cent).
- The greatest increases in the number of drug listings were reported for cannabis and MDMA. Cannabis listings increased from 2,970 in February 2014 to 14,965 in January 2020, with MDMA listings increasing from 1,605 in February 2014 to 7,887 in January 2020 (Mathur et al. 2020).

Information on the domestic use of online markets is limited and in most cases does not include historical data. Examples of studies providing insights into the use of online markets in Australia to purchase illicit drugs include the Ecstasy and Related Drugs Reporting System (EDRS) and the Drug Use Monitoring in Australia (DUMA) program. The EDRS collects self-report information on drug use and related harms annually from individuals in Australian capital cities who regularly use ecstasy and other stimulants. According to this national study in 2021, 71 per cent of respondents arranged the purchase of illicit or nonprescribed drugs via social networking applications in the past year, 7 per cent obtained drugs via the darknet and 4 per cent purchased drugs on the surface web. Within the EDRS population, 8 per cent of respondents reported receiving illicit drugs via post in the last 12 months, compared to 98 per cent of respondents who reported obtaining the drug from a face-to-face interaction. The EDRS further reported that 83 per cent of respondents reported the source of the drugs as being a friend, relative, partner or colleague, underlining the increasing prominence of drug use within social networks (Peacock et al. 2021).

The DUMA program collects criminal justice and drug use information from police detainees. In 2014, the DUMA program interviewed police detainees to examine their access to the internet and frequency of engagement in online activities, including illicit drug purchasing. Thirty one per cent of respondents reported that they sourced information about illicit drugs online, with five per cent of respondents reporting they purchased illicit drugs online. The drugs about which detainees most commonly reported accessing information were methylamphetamine (42 per cent), cannabis (27 per cent), MDMA (27 per cent), pharmaceuticals (20 per cent), heroin (14 per cent) and alcohol (7 per cent; Goldsmid & Patterson 2015). In 2018, the DUMA program interviewed police detainees to examine the use of mobile phones to buy and sell illicit drugs. Excluding those who had never used a mobile phone, 59 per cent of respondents had used mobile phones to buy, deliver or supply drugs.

Of these, 53 per cent used messaging apps for buying or supplying drugs. Findings of this study again illustrate that not all drug dealing using technology involves encrypted communications and how technology may be used to facilitate drug transactions (Sullivan & Voce 2020b).

### The impact of technologies, including online communications, cryptocurrency, and encryption and anonymising technologies on law enforcement responses to the online illicit drug trade

Drugs purchased online from other countries are often imported via international mail. The figures below are seizures from Operation Vitreus and Operation Parthenon, and seizures through the domestic mail system that are highly likely to have been sourced online. In 2018–19<sup>3</sup>, 2,890 national seizures were linked to online purchases. Of these, 1,234 seizures (43 per cent) were cannabis, 741 seizures (26 per cent) were methylamphetamine, 410 seizures (14 per cent) were cocaine, 387 seizures (13 per cent) were MDMA and 118 seizures (4 per cent) were heroin. In 2018–19, 52,956 grams of illicit drugs seized nationally was linked to online purchases. Of this, 41,031 grams (77 per cent) was cannabis, 4,851 grams (9 per cent) was MDMA, 4,704 grams (9 per cent) was cocaine, 2,118 grams (4 per cent) was methylamphetamine and 249 grams (<1 per cent) was heroin.

While the detection of illicit drugs in the mail stream does not directly correlate with online purchases, border detection data may provide some insight into the number of purchases and their individual and combined weight. The international mail stream has consistently accounted for the greatest proportion of the number of detections for key illicit drug types for over a decade, however the greatest proportion of the weight of (for example) methylamphetamine, cocaine, MDMA and heroin detected at the border occurs in sea and air cargo and small-craft.

### Law enforcement responses

The online environment presents unique challenges and opportunities for law enforcement. International and domestic mail streams are critical to the importation and/or distribution of illicit drugs purchased online. In response, law enforcement works closely with Australia Post and parcel post companies in the screening and detection of illicit drugs through the postal system to disrupt mail and parcel post importations.

In addition, the supply of illicit drugs on darknet markets can be reduced through a sustained strategy of law enforcement take downs of darknet sites. Examining the supply of opioids on darknet markets, Broadhurst et al (2021) demonstrated that a reduction in their availability was only achieved following the successive take down of four darknet markets, while the removal of the first three had no impact on availability. This highlights the importance of viewing supply reduction measures as part of a long-term (multi-agency and sometimes transnational) law enforcement strategy, rather than as individual take down successes.

Australian law enforcement agencies have developed a range of collaborative responses to the threat posed by online markets. Several law enforcement operations targeting online markets have resulted in the identification and prosecution of suppliers and consumers using online markets to distribute and purchase drugs. Specific examples include:

- short term national mail screening to detect and disrupt the flow of illicit drugs through the Australian postal service.

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<sup>3</sup> The number and weight of online market-related seizures were provided by ACT Policing, New South Wales Police Force, Northern Territory Police, Queensland Police Service and Western Australia Police Force and reflect seizures where a link to online markets was identified.

- targeting online darknet vendors.
- investigating the use of cryptocurrency in darknet markets with the aim of identifying and disrupting purchases and supply of illicit drugs from international suppliers.
- identification of the international origins and supply chains which facilitated supply of drugs that have been detected at the border or domestically.

### Supply chains and sourcing online, including the role of individual suppliers and criminal organisations

In Australia, while there are limited supply and demand indicators directly linked to online illicit drug purchases, available data suggest that online markets are a relatively niche, but nonetheless established, source of illicit drugs. National law enforcement data on embarkation points of illicit drugs purchased online are limited. In 2018–19, the Northern Territory reported that for drugs identified as being linked to darknet markets, the majority were sourced internationally, primarily from Europe.

Information on the location of providers, substances offered, delivery methods and the purchase process is limited. The collection of this data relies on monitoring specific darknet marketplaces, sometimes in combination with forensic analysis, with some studies and jurisdictional cases suggesting Australia-based vendors may have a significant presence in online markets.

### Impacts on at-risk groups, young people, their families and the community due to the availability of illicit drugs online

Several characteristics of online markets may explain their attractiveness to both sellers and buyers of illicit drugs. Available price data suggests that illicit drugs may be cheaper to purchase online than in-person. For example, in 2018–19, the quoted price for one gram of methylamphetamine on the darknet was \$179 compared with a national median street price of \$385 and the price for one gram of MDMA on the darknet was \$79 compared with a national median street price of \$200. There was not as much variation in prices reported for one gram of heroin on the darknet (\$390 vs \$400) for one gram of cocaine on the darknet (\$330 vs. \$350).

Other aspects that may increase the appeal of online purchases include the ability to avoid physical interactions with local dealers, the perceived anonymity, convenience in purchasing and the variety of substances available. These aspects may lower the barriers of entry to drug markets as potential users who may be deterred by the prospect of locating a drug dealer in an unfamiliar location can purchase drugs from using similar processes that they would use for legitimate online shopping. Drug dealers may also be attracted to supplying through darknet markets by the lower risk of violence and reduced likelihood of law enforcement detection when compared with in-person transactions (Munksgaard & Martin 2020).

Another concern with the purchase of drugs online is that the methods used to purchase drugs can normalise drug transactions and introduce new users to the markets. Many of the drugs that can be purchased online can be on-supplied and consumed in social settings, again normalising drug use and reducing concerns of users in relation to their consumption. For example, over half of police detainees who reported using pharmaceutical opioids for non-medical purposes reported obtaining them from friends and family (Sullivan and Voce 2020a).

This merging of the roles of consumers and suppliers of drugs has been observed in a number of contexts across Australia. For example, there is compelling evidence of many drug users funding their drug consumption through the supply of drugs to friends and other social acquaintances. This is

a growing trend which reflects in part the broadening of the supply side of illicit drug markets at the 'street level' and the fact that many non-dependent drug users prefer to obtain their drug supply from friends and associates as opposed to more traditional drug dealers, who are likely to be less well known to them.

### The dangers of purchasing drugs online, including the chemical content of 'recreational' drugs

All users of illicit drugs risk overdose or other harmful consequences because they cannot accurately assess the purity and/or content of the illicit substances they are consuming. This problem is exacerbated when drugs are purchased online, often from persons or entities whose actual identity is concealed and/or located offshore. While darknet marketplaces have a star rating system for buyers to leave reviews, these can be open to exploitation in the same way that rating systems on traditional ecommerce sites can be exploited. For example, a seller could list items for sale, have buyers who are known to them (or use multiple accounts of their own) to purchase the items and leave positive reviews, and then refund the money to the 'buyer' rather than provide the items. This methodology builds up positive reviews for the seller, which can influence buyers to trust them.

There are a small number of drugs which are potentially lethal in small quantities and these drugs are being supplied through online drug markets. Examples include fentanyl and related substances and a series of new psychoactive substances, including NBOMEs.<sup>4</sup>

The ACIC has identified examples where purchases from online suppliers have been offered free samples of more lethal substances than originally ordered on a trial basis. In one case, a regular importer of fentanyl was offered a free trial of the even more lethal carfentanil. Other examples have included buyers being supplied with opioids laced with fentanyl, resulting in lethal overdoses, and with a substance marketed as heroin in fact containing a mixture of fentanyl, carfentanil, benzodiazepines and other substances. Methamphetamine has also been found to be laced with fentanyl (Voce & Sullivan 2020). Online suppliers also continue to offer users incentives to import in greater or more regular quantities through pricing incentives and offers to replace seized orders.

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<sup>4</sup> NBOMEs are a series of drugs that fall within the definition of new psychoactive substances, although they were first detected in 2010. Chemically, they are phenethylamines, but they are often sold in the illicit market as a synthetic alternative to LSD. NBOMEs can have adverse health effects on users, potentially including organ failure and death, at very low doses.

## Conclusion

Criminal groups have always been early adopters of new technology to advance their illicit businesses. They exploit the anonymising abilities provided by the online environment including the dark web to trade in illicit drugs. The ACIC would support legislation and polices that assist law enforcement agencies to combat crime in the digital domain, the same way they are empowered in the real world.

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