

NE2002/231

RECEIVED
26 NOV 2002

22 November 2002

BY:.....



NATIONAL
CRIME
AUTHORITY
AUSTRALIA

Ms Julia Thoener
Inquiry Secretary (Legal and Constitutional Affairs)
House of Representatives
Parliament House
Canberra ACT 2600

Dear Ms Thoener

**SUPPLEMENTARY INFORMATION - THE INQUIRY INTO CRIME IN THE
COMMUNITY: VICTIMS, OFFENDERS AND FEAR OF CRIME**

On 9 October 2002, Mr David Gray, NCA Director Intelligence and I appeared before a hearing of the Inquiry into Crime in the Community: Victims, Offenders and Fear of Crime. At this hearing, the Standing Committee requested responses from the NCA to the following two questions:

1. What percentage of crime in Australia do you think is organised crime?
2. What opportunities exist to better advise members of the Australian public about the threats and dangers arising from identity fraud (and e-crime); eg methodologies known to law enforcement agencies (such as the targeting of letter boxes with high throughput of cheques) might be made known to the public through advisory campaigns?

The NCA's responses to these two questions are attached.

If you require any further clarification, please contact Mr Barry Davies, Manager Strategic Policy, in Sydney on (02) 9373 2409.

Yours sincerely

Robert McDonald
National Director

**Supplementary Information following appearance by Mr Robert McDonald,
National Director, and Mr David Gray, Director of Intelligence,
National Crime Authority at the
Standing Committee on Legal and Constitutional Affairs
Public Hearing - 9 October 2002**

Question 1: What percentage of crime in Australia do you think is organised crime?

The NCA currently has no definitive answer to this question. It is our understanding, based on consultations with other agencies and research centres working in law enforcement and criminal justice, that no reliable empirical work exists in Australia that could adequately answer this question.

The NCA has a legislative mandate to investigate 'relevant criminal activity' which is defined as involving two or more offenders, substantial planning and organisation, and sophisticated methods and techniques.¹ In carrying out this mandate, the NCA has determined to focus upon complex, national organised crime. However, being a small agency, the NCA at any one time can only investigate a limited number of cases that meet these criteria. Hence, any statistics or analysis from the NCA alone would be misleading as we are focused on addressing the upper echelon of the Australian criminal environment.

The Australian Bureau of Statistics' National Centre for Crime and Justice Statistics (NCSU) collects data on crime from the police, higher courts and corrections agencies in each State and Territory in Australia. However, the NCSU cannot extrapolate the proportion or types of crime that may be attributable to organised crime. Further, NCSU statistics can only be a rough indicator of the total crime levels as it relies on crimes reported and recorded by police services. Clearly a great deal of crime, particularly its more complex organised variant, is not brought to the attention of law enforcement agencies.

A significant impediment to effective empirical research on this question is the lack of an agreed definition of organised crime. Descriptions of organised crime vary according to the needs and experiences of different investigative or research organisation and individuals. Some researchers highlight characteristics of organised crime groups (structural or familial relationships), others highlight market dynamics that have allowed their criminal activities to grow. As Mr McDonald and Mr Gray indicated in their opening remarks to the Committee, understanding the nature and extent of the threat posed by organised crime and countering it effectively requires consideration of these and a range of other factors.

Organised crime also clearly impacts on communities, as illustrated by Mr McDonald and Mr Gray in their remarks. In essence, all crime, including organised crime, impacts – directly or indirectly – on communities, and therefore requires local assessment and policy intervention. However, it is extremely difficult to differentiate the impact of organised crime on the community (eg.

¹ Section 4(1), *National Crime Authority Act 1984*.

regarding productivity, health and law enforcement resources) from the impact of non-organised crime.

It is clear that some manifestations or impacts of organised crime on the community can be measured. For example the amount of professional vehicle rebirthing can be estimated by examining insurance claims for unrecovered stolen vehicles. However in other areas such as organised fraud, it is more difficult to assess the true extent of organised criminal involvement versus opportunistic illicit activity.

A recent paper published by the Australian Institute of Criminology has called for the establishment of a framework for the study of organised crime in Australia, incorporating a range of dimensions including: the environment in which organised criminal organisations thrive; the structures, demographics and relationships that characterise organised crime groups; the operational processes that organised crime groups adopt; and the social, political, economic and environmental impacts of organised criminal organisations, particularly at the local level.²

When some of these variables are considered in an agreed definition of organised crime, law enforcement agencies across the country will be in a better position to define more systematically the nature and threat of organised crime. It is unlikely, however, that any model developed for the purpose of defining organised crime, will be able to accurately measure the amount of organised crime vis-à-vis other crime in Australia. However, it will contribute to a greater understanding of the impact of organised crime on the community – for instance, in terms of social, political and economic impacts.

It is anticipated that the Australian Crime Commission will contribute to the debate regarding the definition and measurement of organised crime.

² S. Morrison, *Approaching Organised Crime: 'Where Are We Now and Where Are We Going?'*, *Trends and Issues in Crime and Criminal Justice*, No. 231, (July 2002), Australian Institute of Criminology.

**Supplementary Information following appearance by Mr Robert McDonald,
National Director, and Mr David Gray, Director of Intelligence,
National Crime Authority at the
Standing Committee on Legal and Constitutional Affairs
Public Hearing - 9 October 2002**

Question 2: What opportunities exist to better advise members of the Australian public about the threats and dangers arising from identity fraud (and e-crime); eg methodologies known to law enforcement agencies (such as the targeting of letter boxes with high throughput of cheques) might be made known to the public through advisory campaigns?

An important function of the NCA is to gather, analyse and disseminate intelligence about relevant criminal activities.¹ In carrying out this role, the NCA has a key role in identifying significant organised crime issues, such as the emerging threat of cybercrime and the increasing prevalence of identity fraud. The NCA frequently disseminates this information to other law enforcement agencies, contributing to a greater understanding of the overall criminal environment, which flows through to an improved community awareness of such issues.

However from time to time, the NCA also directly informs the public of critical organised crime issues. Section 60 of the *National Crime Authority Act 1984* stipulates that the NCA may conduct public hearings and publish bulletins for the purpose of informing the public of the general conduct of its operations.²

In August 2001, the NCA produced the NCA Commentary 2001, a 52 page document designed to inform the Australian community of the risk and threats posed by organised crime, including identity fraud. Copies of the NCA Commentary were provided to the Standing Committee in August 2002, as an accompaniment to the NCA's written submission.

One of the reasons the Commentary was produced was to promote an increased vigilance and holistic strategic planning approach to fight organised crime.

The Commentary suggested that, beyond reliance upon law enforcement agencies and their direct associates, there was a need for a combined, whole-of-government approach. This included the deployment of strategically selected resources from the Australian Government, as well as support and assistance from the private sector, to combat what is an increasing and pervasive problem.

¹ Section 11(1), *National Crime Authority Act 1984*.

² Sections 60(1) and (4), *National Crime Authority Act 1984*.

Identity fraud

The NCA Commentary provided specific examples of threat posed by identity fraud. It stated that identity fraud is an area of concern for law enforcement and explained that identity fraud undermines law enforcement and regulatory systems and is a recognisably fundamental part of the criminal toolbox. For example, the use of false identification documents to avoid border controls and financial transaction monitoring is increasing.

While the forging of identity documents has long been an issue for law enforcement, the NCA has witnessed the manufacture of multiple identity documents. In one case, the NCA discovered more than 60 authentic looking birth certificates in different names in the possession of one individual. The Commentary advised that advances in technology smoothed the path for this criminal. These birth certificates had been produced using commercially available software and high quality copiers.

The Commentary went on to state that the fraudulent reproduction of credit cards had also been observed in numerous investigations, as had fraudulent identification documents such as driver licences, passports, trade certificates, and so on. The NCA recommended that as society moved forward into a new era, consideration needed to be given as to whether enhanced measures were required to verify identification. This of course, had to be balanced with privacy interests against the cost to the community. Advances in technology could also be used to combat criminal activity.

The Commentary also cited that numerous investigations had revealed the prevalent use of false identification. In one case investigating large-scale tax evasion during the late 1990s, a foreign national entered Australia with a false passport. The passport was used to obtain a Learner Driver's Licence, which in turn allowed the person to register a business. These documents also allowed the person to acquire a post office box and a mobile phone, both enhancing the appearance of legitimacy. The person also had a fraudulent birth certificate from overseas. The combined use of the birth certificate and Learner Driver's Licence gave the person the 100 points required to open bank accounts used to remit money overseas.

Raising public awareness through advisory campaigns

While the NCA Commentary provided the Australian Government and the community with information regarding the problems of organised crime, it did so in necessarily general terms. An example of an effective way to better advise members of the Australian public about the threats and dangers arising from identity fraud and e-crime would be to replicate a similar education campaign based on the successful Commonwealth Government's National Illicit Drugs Strategy initiative.

An Identity Fraud campaign sponsored and structured along the same grounds as the NIDS campaign would provide the community, government agencies and private sector the awareness and knowledge needed to effectively counter identity fraud.

Australian Crime Commission

The collection and analysis of criminal intelligence will be a fundamental role of the new Crime Commission (ACC). On 9 August 2002, State, Territory and Commonwealth Police Ministers agreed upon the principles for the establishment of the ACC, including agreement that the ACC will provide an enhanced national law enforcement capacity through:

- Improved criminal intelligence collection and analysis,
- Setting clear national criminal intelligence priorities, and
- Conducting intelligence led investigations of criminal activity of national significance including the conduct and/or coordination of investigative and intelligence taskforces as approved by the Board.

It is likely that the ACC's focus on intelligence will consider mechanisms through which the agency can constructively contribute to an enhanced community awareness of relevant issues.