

**Parliamentary Joint Committee on the
Australian Crime Commission**

Inquiry Into Cybercrime

Submission No:18

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Ms Maureen Weekes
The Secretary
Parliamentary Joint Committee on the Australian Crime Commission
Suite S1 107
Parliament House
Canberra ACT 2600

By E-mail: acc.committee@aph.gov.au

Dear Ms Weekes,

Cybercrime Inquiry

The Australian Institute of Criminology (AIC) welcomes the opportunity to make a submission to the Parliamentary Joint Committee on the Australian Crime Commission's inquiry into recent trends in practices and methods of cybercrime with particular reference to child pornography and associated paedophile activity; banking, including credit card fraud and money laundering; and threats to national critical infrastructure.

The AIC is Australia's national centre for the analysis and dissemination of criminological data and information. It was established in 1973 under Commonwealth legislation and falls within the Portfolio of the Federal Minister for Justice and Customs. The Institute is based in Canberra and provides objective and independent policy advice on a wide range of criminal justice issues.

The AICs Research Group contains four Programs. The Sophisticated Crime, Regulation and Business Program provides research on a range of financial and business crime issues including the incidence and prevention of cybercrime. Over the last decade, research has been conducted on various types of cybercrime including the matters specifically dealt with in the Committee's Terms of Reference. Many of the AICs publications can be obtained electronically from its Website www.aic.gov.au and the following are of particular relevance to the current inquiry.

In 1998, the AIC published a path-breaking book on cybercrime entitled *Crime in the Digital Age: Controlling Telecommunications and Cyberspace Illegalities* (Federation Press, Sydney / Transaction Publishers, New Brunswick) by P. N. Grabosky and Russell G. Smith. This books sets out a comprehensive review of the nature and extent of various types of cybercrime and details the range of regulatory responses to deal with them. Chapter 6 specifically deals with pornography and other offensive content and the Committee is particularly referred to this chapter.

This was followed by *Electronic Theft: Unlawful Acquisition in Cyberspace* (Cambridge University Press, Cambridge) by P. N. Grabosky, Russell G. Smith and Gillian Dempsey, which focussed specifically on acquisitive crimes including theft and fraud committed in cyberspace.

Also of relevance to financial crimes in cyberspace are two reports prepared for clients of the AIC: the first, by Russell G. Smith and Gregor Urbas, *Controlling Fraud on the Internet: A CAPA Perspective. A Report for the Confederation of Asian and Pacific Accountants* (2001, Research and Public Policy Series No. 39, Confederation of Asian and Pacific Accountants, Kuala Lumpur / Australian Institute of Criminology, Canberra) describes the crime risks associated with the use of E-commerce in the Asia Pacific region.

The other prepared for the Parliament of Victoria's Drugs and Crime Prevention Committee's *Inquiry into Fraud and Electronic Commerce: Emerging Trends and Best Practice Responses* (2002, Discussion Paper, by Russell G. Smith and Stuart Candy, Government Printer, Melbourne) specifically examined the situation in Victoria.

An earlier Report by Russell G. Smith and P. N. Grabosky, *Taking Fraud Seriously: Issues and Strategies for Reform* (1998, Institute of Chartered Accountants in Australia, Fraud Advisory Council, Sydney) also examines fraud risk areas arising out of new technologies.

One of the most recent reports that provides quantitative data on the extent of financial fraud in Australia and New Zealand is *Serious Fraud in Australia and New Zealand* (2003, Research and Public Policy Series No. 48) prepared by the AIC in conjunction with PricewaterhouseCoopers. The provides data on the extent to which computers were used in the commission of serious fraud offences in Australia and New Zealand by examining a sample of cases that have recently been prosecuted in the higher courts.

In the area of child pornography and paedophile activity the AIC has conducted research leading to various publications including an article by Anna Grant, Fiona David, and Peter Grabosky 'The Commercial Sexual Exploitation of Children', in *Current Issues in Criminal Justice* (2001, vol 12, no. 3, pp. 269-87); a paper 'Child Sex Tourism' by Fiona David in the Series *Trends and Issues in Crime and Criminal Justice* (No 156, June 2000); 'Paedophile Internet Activity' by Patrick Foorde and Andrew Patterson in the Series *Trends and Issues in Crime and Criminal Justice* (No 97 of November 1998); and a paper by Marianne James on 'Paedophilia' in the Series *Trends and Issues in Crime and Criminal Justice* (No 57 of June 1996). All of these can be downloaded from the AICs Website.

An early publication in the Series *Trends and Issues in Crime and Criminal Justice* on 'Sexually Explicit and Violent Media Material' (No. 9 of December 1987) by

Paul Wilson and Stephen Nugent, focused on the effects of exposure to explicit video material, but also made some reference to film. It compared the censorship guidelines, usage and effect on viewer behaviour of violent, sexually explicit and sexually violent material. The authors stressed the need for differentiation of violent and non-violent sexual material.

In the area of Money Laundering the AIC published a Report 'Money Laundering in the 21st Century: Risks and Countermeasures' edited by Adam Graycar and Peter Grabosky in 1996 and also recently conducted an Anti-Money Laundering Symposium, papers from which are available on a CDROM from the AIC.

Attached is a list of other publications that relate to the Committee's Terms of Reference. The AIC would be happy to provide the Committee with copies of any of these publications that are unavailable from its Website or any of the AICs other substantial range of conference papers on topics of relevance to the Terms of Reference.

Yours sincerely,

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Deputy Director of Research.

Selected Further Publications

- GRABOSKY, P. N. and SMITH, R. G. , 2003, 'Crime in the Digital Age', in Goldsmith, A., Israel, M. and Daly, K. (eds.), *Crime and Justice: An Australian Textbook in Criminology*, (2nd ed.), Lawbook Co., Sydney, pp. 179-99.
- SMITH, R. G., WOLANIN, N. and WORTHINGTON, G. 2003, 'e-Crime Solutions and Crime Displacement', in *Trends and Issues in Crime and Criminal Justice*, No. 243, Australian Institute of Criminology, Canberra.
- SMITH, R. G. 2003, 'Corporate Crime in the Digital Age', *Corporate Misconduct eZine*, vol. 1, issue 1.
- SMITH, R. G. 2002, 'Electronic Voting: Benefits and Risks', in *Trends and Issues in Crime and Criminal Justice*, No. 224, Australian Institute of Criminology, Canberra.
- GRAYCAR, A. and SMITH, R. 2002, 'Identifying and Responding to Corporate Fraud in the 21st Century', *Security Oz Magazine*, No. 18, pp. 126-40.
- SMITH, R. G. 2002, 'Regulating Professionals in the Digital Age', in SMITH, R. G. (ed.) *Crime in the Professions*, Ashgate Publishing Ltd, Aldershot, 227-49.
- SMITH, R. G. 2002, 'White Collar Crime', in Graycar, A. and Grabosky, P. (eds.), *The Cambridge Handbook of Australian Criminology*, Cambridge University Press, Cambridge, pp. 126-56.
- GRABOSKY, P. N. and SMITH, R. G. 2001, 'Telecommunications Fraud in the Digital Age: The Convergence of Technologies', in Wall, D. S. (ed.), *Crime and the Internet*, Routledge, London, pp. 29-43.
- SMITH, R. G. 2001, 'Cross-Border Economic Crime: The Agenda for Reform', in *Trends and Issues in Crime and Criminal Justice*, No. 202, Australian Institute of Criminology, Canberra.
- CHAPMAN, A. and SMITH, R. G. 2001, 'Controlling Financial Services Fraud', in *Trends and Issues in Crime and Criminal Justice*, No. 189, Australian Institute of Criminology, Canberra.
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- SMITH, R. G. 2001, 'eCrime', *Security Oz Magazine*, issue no. 12, pp. 50-60, 133.
- SMITH, R. G. and GRABOSKY, P. N. 2001, 'On-line Securities Fraud', *Journal of Financial Crime*, vol. 9, no. 1, pp. 54-70.

GRABOSKY, P. N. and SMITH, R. G. 2001, 'Digital Crime in the Twenty-First Century', *Journal of Information Ethics*, vol. 10, no. 1, pp. 8-26.

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SMITH, R. G. 2000, 'Fraud and Financial Abuse of Older Persons', *Current Issues in Criminal Justice*, vol. 11, no. 3, pp. 273-91.

SMITH, R. G. 1999, 'Identity-Related Economic Crime: Risks and Countermeasures', in *Trends and Issues in Crime and Criminal Justice*, No. 129, Australian Institute of Criminology, Canberra.

SMITH, R. G. 1999, 'Organisations as Victims of Fraud, and How They Deal With It', in *Trends and Issues in Crime and Criminal Justice*, No. 127, Australian Institute of Criminology, Canberra.

SMITH, R. G., HOLMES, M. N. and KAUFMANN, P. 1999, 'Nigerian Advance Fee Fraud', in *Trends and Issues in Crime and Criminal Justice*, No. 121, Australian Institute of Criminology, Canberra (republished in *The Reformer* February 2000, pp. 17-19).

SMITH, R. G. 1999, 'Electronic Medicare Fraud: Current and Future Risks', in *Trends and Issues in Crime and Criminal Justice*, No. 114, Australian Institute of Criminology, Canberra.

SMITH, R. G. 1999, 'Defrauding Governments in the Twenty-First Century', in *Trends and Issues in Crime and Criminal Justice*, No. 111, Australian Institute of Criminology, Canberra.

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SMITH, R. 1999, 'Battling E-crims', *Herald Sun* (Melbourne), 23 June, p. 18.

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