

Chapter 2

Amphetamines and other synthetic drugs in Australia

Introduction

2.1 Australia has one of the highest levels of methamphetamine use in the world,¹ and recent years have seen usage increasing. The Department of Health and Ageing (DoHA) noted the following from the UN *World Drug Report 2005*:

In comparison with other data presented in the report, Australia has a substantially higher rate of amphetamine use than the other countries listed including the UK (1.6%), USA (1.4%), Netherlands (0.6%) and Canada (0.6%).

The annual prevalence of ecstasy in Australia was 3.4% of the population aged 15-64 years in 2001. According to the report the rates for Australia are well above those presented for the UK (2.0%), the Netherlands (1.5%), USA (1.1%) and Canada (0.9%).²

2.2 Deputy Commissioner Simon Overland, of the Victoria Police, highlighted the scale of the AOSD problem in Australia. He said:

Our estimation, our intelligence, is that there are somewhere in the vicinity of 100,000 tablets of ecstasy being consumed per weekend across Australia.³

2.3 Similarly, the DoHA noted:

One in eight persons aged 20–29 years had used ecstasy in the last 12 months. The 20–29 years age group had the highest proportion and number of persons ever using ecstasy compared with all other age groups. There were approximately 100,000 more recent ecstasy users in 2004 when compared with 2001.⁴

2.4 This chapter examines trends in the use of AOSD in this country. First, in order to contextualise the problem, the chapter provides an overview of AOSD-class drugs. Second, it discusses the trends in the consumption and production of AOSD in Australia and overseas, and examines the extent and nature of organised criminal involvement in the Australian AOSD market.

1 United Nations Office on Drugs and Crime, *World Drug Report 2004 Volume 2: Statistics*, United Nations Publications Sales, No. E.04.XI.16, Vienna, Austria, p. 398.

2 Department of Health and Ageing, *Submission 16*, p. 2.

3 *Committee Hansard*, 13 October 2006, p. 2.

4 Department of Health and Ageing, *Submission 16*, p. 2.

What are AOSD?

Terminology

2.5 The term 'amphetamines and other synthetic drugs' (AOSD) as used for this inquiry was derived from the 'Special Intelligence Operation Authorisation and Determination (Amphetamines and Other Synthetic Drugs)', issued by the Australian Crime Commission (ACC) Board in May 2003. It is commonly referred to as the 'AOSD determination'. The Australian Customs Service advised the Committee that, under the determination, the term AOSD is defined to include amphetamine, methamphetamine, methylenedioxymethamphetamine (MDMA),⁵ gammahydroxybutyrate (also known as GHB or 'fantasy') and yaa baa, a mixture of caffeine and methamphetamine (also known as yaba).⁶

2.6 A number of submissions used the descriptor ATS (amphetamine-type stimulants) and pointed out that this was the descriptor most commonly used internationally for this range of illicit drugs. For example, the submission from the Australian Institute of Health and Welfare said:

The Committee should also note that researchers and other workers in the alcohol and other drugs field often refer to the group 'amphetamine-type stimulants/substances' (ATSS), which comprises amphetamines and related substances, cocaine, and ecstasy and related substances.⁷

2.7 However, the submission from the Australian Federal Police noted:

Amphetamines and other synthetic drugs (AOSD) is a term used by the ACC to incorporate synthetically manufactured illicit drugs and their precursors. On a global level the term Amphetamine Type Stimulants (ATS) is used to describe this group of drugs. In the interests of global nomenclature consistency the AFP has continued to use the term ATS and reports separately on ATS and MDMA (ecstasy) seizures.⁸

2.8 The AFP's submission states that MDMA is not included in the definition of ATS for their reporting purposes.

2.9 The Committee is concerned that the ambiguity over what is or is not included in the term ATS could lead to confusion for researchers, law enforcement and community support organisations. The Committee recommends the Australian Government and its agencies standardise their use of a descriptor for this class of illicit drugs and clarify what is included in the term selected.

5 The common or street name for MDMA, 'ecstasy', is not used in this report. See the discussion on terminology at 4.30.

6 Australian Customs Service, *Submission 5*, p. 2.

7 Australian Institute of Health and Welfare, *Submission 3*, p. 1.

8 Australian Federal Police, *Submission 6*, p. 2.

Recommendation 1

2.10 The Committee recommends that the Australian Government and the states, the territories and their agencies standardise the terms being used to describe amphetamines and other synthetic drugs (AOSD), particularly for research and statistical purposes.

2.11 The Committee notes that cocaine is included as an AOSD in some contexts, because of its stimulant effect. However, this inquiry has focused solely on synthetic, as opposed to crop-based, drugs, and cocaine was not a focus of its deliberations.

Types of AOSD

2.12 The two major drugs in the AOSD category are methamphetamine and methylenedioxymethamphetamine (MDMA). These drugs feature most prominently in recent increases in and patterns of drug use and are the focus of this report. However, the term AOSD is understood to refer to other synthetic drugs such as ketamine and GHB (gamma-hydroxybutyrate).⁹

Amphetamine

2.13 Amphetamine is a class of synthetic drugs that stimulates the central nervous system by triggering the release of chemicals such as dopamine and serotonin. It is synthetically derived from betaphenethylamine to form a substance similar in structure and effect to the naturally occurring stimulant ephedrine and the hormone adrenalin.

2.14 'Amphetamines' is a generic term referring to a range of substances which includes amphetamine and methamphetamine (also referred to as methylamphetamine) but, generally, excludes amphetamine analogues such as MDMA. Methamphetamine is structurally similar to amphetamine, however, its effects are more powerful and longer lasting.¹⁰

2.15 In Australia, amphetamines have been associated historically with the street drug 'speed'. Whilst twenty years ago speed was amphetamine sulphate, today's speed

9 Ketamine is ketamine hydrochloride and is used primarily for veterinary anaesthesia. GHB is gamma-hydroxybutyrate. Also known as 'grievous bodily harm', it is often referred to as a date-rape drug because it can be used to spike a person's drink in order to render them vulnerable to sexual predators. Appendix 5 provides further information on this drug.

10 ACC, *Illicit Drug Data Report 2004-05*, p. 10. Appendix 5 contains a summary of terms, drugs and methods of use.

is almost exclusively methamphetamine.¹¹ Speed is usually sold in powder form, heavily diluted with glucose, with a purity level of around 10 per cent.¹²

2.16 In recent years, three other forms of methamphetamine have become prevalent: base; crystalline methamphetamine, commonly known as 'ice' or 'crystal meth'; and methamphetamine tablets.¹³ The submission from the Families and Friends for Drug Law Reform provided the following details on the different forms of methamphetamines:

Methamphetamine is produced as an oil which for ease of handling and use is converted into a salt. What is sold as "base" is "a sticky, gluggy, waxy or oily form of damp powder paste or crystal...[As such it] is probably poorly purified methamphetamine crystal resulting from an incomplete conversion of methamphetamine base to methamphetamine crystal" ...Methamphetamine has also come to be sold as tablets of varying purity as ecstasy in the "party drug" scene. As a crystal it should have a purity of about 80% "however over half of the methamphetamine seizures that had a crystalline appearance were less than 60% pure" indicating that it included an adulterant. Even in adulterated forms crystalline methamphetamine is much more potent than "base".¹⁴

2.17 Methamphetamine is also pressed into pills. Although methamphetamine pills are very common within South-East and East Asia (for example, yaa baa pills in Thailand), there is little evidence that these pills are being imported into Australia.¹⁵ The ACC told the Committee that tablets are often passed-off as MDMA to take advantage of MDMA's higher price and popularity. Producers often combine methamphetamine and ketamine in pills to give an MDMA-like effect. The submission of the ACC noted:

High demand for MDMA has facilitated the counterfeiting of imported products. It is not uncommon for ketamine to be added to methylamphetamine in an attempt to mimic the effects of MDMA.¹⁶

11 In its 2004 National Drug Strategy Household Survey, the Australian Institute of Health and Welfare, in recognition of the change in chemical composition from amphetamine to methamphetamine, substituted the term 'methamphetamine/amphetamine (speed)' for the term 'amphetamine', which had been used in previous surveys. The new term was defined as including drugs with the common or street names of crystal, whiz, goey, gogo, zip, uppers, ice, amphet, meth, ox blood, leopard's blood, MDEA, methylamphetamine, eve and shabu.

12 National Drug and Alcohol Research Council, *Submission 13*, p. 1.

13 *Submission 13*, pp 6-7.

14 Families and Friends for Drug Law Reform, *Submission 19*, p. 10.

15 National Drug and Alcohol Research Council, *Submission 13*, p. 3.

16 ACC, *Submission 18*, p. 2.

Methylenedioxymethamphetamine (MDMA)

2.18 MDMA, commonly known as 'ecstasy',¹⁷ belongs to the family of synthetic drugs known as phenethylamines and shares a chemical similarity to the stimulant amphetamine and the hallucinogen mescaline. MDMA is a central nervous system stimulant and has both hallucinogenic and ephedrine-like effects. Although chemically related to amphetamine, MDMA is not a derivative and is produced by a different chemical process.¹⁸

2.19 In its crude or base form, MDMA is a white, musty-smelling oil with a searing, bitter taste. The base is converted into a salt or powder form for processing into capsules or tablets, usually stamped with a symbol or logo. MDMA derivatives found in Australia include MDA, MDEA and PMA.¹⁹

Methods of using AOSD

2.20 The most popular methods of taking methamphetamines are swallowing, inhaling (snorting), smoking and injecting.²⁰

2.21 The purity of ice makes it particularly potent and addictive. The use of ice is increasing in social groups that traditionally have not been associated with hard drug or amphetamine use, particularly because it can be ingested in a number of ways. In contrast, heroin traditionally has been injected, which has limited its market to the small proportion of the population who are willing to inject themselves, which is estimated to be 0.5 per cent.²¹

Who is using AOSD?

2.22 The Committee found that, contrary to widely-held public perceptions of amphetamine and other synthetic drug users as a narrow group of individuals disenfranchised from society, synthetic drugs are very much a mainstream issue, with most users being young, well educated and in stable, well-paying jobs.²² According to the Alcohol and other Drugs Council of Australia:

AOSD users cut across all sectors of society and come from a variety of backgrounds. Users may range from well-educated professionals who, for example, use ecstasy and methamphetamine at dance parties, through to

17 The common or street name for MDMA, 'ecstasy', is not used in this report. See the discussion on terminology at 4.30.

18 ACC, *Illicit Drug Data Report 2004-05*, p. 24.

19 See Appendix 5 for details of chemical composition and common names.

20 See Appendix 5.

21 The Australia Institute, *Submission 24*, p. 5.

22 *Committee Hansard*, 4 May 2006, p. 21.

marginalised injecting drug users who inject methamphetamine and/or cocaine.²³

2.23 Most users do not see themselves as criminals or as participating in criminal behaviour; drug use occurs as a familiar or normal part of their social lives. Dr Andreas Schloenhardt, a lecturer in law at the University of Queensland, told the Committee of an informal survey of law students, which found that young users were unaware of or indifferent to the level of criminality of drug-related activity:

But the sort of evidence that you get from this is that among these students, who are in the age bracket 18 to 25 and are probably all very well off, there is complete ignorance that what they are doing has any sort of criminal element to it, either for themselves in possessing or using drugs or for the person who sells them.

It was alarming to hear the ways in which drugs are obtained...Some students came forward and said: 'I know where I can get it. They come around every Thursday night to the university colleges. There is a little van and that is where you buy it.' Even the openness with which they talk about that is quite alarming. I think there is really no consciousness that this is the end of a chain of some very serious criminal events.²⁴

2.24 The Committee notes that there is, particularly amongst younger people, unprecedented and growing involvement in the recreational taking of drugs.

Trends in AOSD consumption in Australia

2.25 The 2004 National Drug Strategy Household Survey, undertaken by the Australian Institute of Health and Welfare, found that 38 per cent of the population aged 14 and over had at some point in their lifetime used an illicit drug. The study found that the most common type of illicit drug ingested was cannabis, followed by pharmaceuticals for non-medical purposes, MDMA and then methamphetamine. Compared with the other states, the Australian Capital Territory, the Northern Territory and Western Australia had relatively high usage rates of all these drugs.²⁵

2.26 Between 1991 and 2004, the recent use—that is, use in the last 12 months—of cannabis in fact declined from 13.7 per cent to 11.3 per cent of the population aged 14 and over, recent use of MDMA increased from 1.1 per cent to 3.4 per cent, and recent use of methamphetamine increased from 2.6 per cent to 3.2 per cent. Substances such as ketamine and GHB were included in the MDMA classification until 2004; the

23 Alcohol and other Drugs Council of Australia, *Submission 7*, p. 2.

24 *Committee Hansard*, 15 May 2006, pp 26-27.

25 Australian Institute of Health and Welfare, *2004 National Drug Strategy Household Survey*, p. 33.

survey found that both ketamine and GHB had been consumed recently by 0.4 per cent of the sample population.²⁶

2.27 The *Containing ecstasy* study described MDMA users as primarily young, white, well educated and middle class. They were less likely to be involved in criminal activity—other than illegal drug possession—or to seek treatment than any other types of illicit drug users. Users see the key benefits of MDMA as enhanced closeness, bonding and empathy; enhanced communication, talkativeness and sociability; and enhanced mood. The main perceived risks are depression, dependence and damage to brain function.²⁷

2.28 For this demographic, the low cost of MDMA, as with other AOSD, makes the drug very accessible. The street price for a single MDMA tablet or capsule has remained relatively stable. According to the 2005 Party Drug Trends survey, the median price of an MDMA tablet ranged from \$30 in New South Wales, Victoria, Queensland and South Australia to \$50 in the Northern Territory.²⁸

2.29 Specifically in relation to AOSD the National Drug Strategy Household Survey (NDSHS) found:

- recent use—that is, in the previous 12 months—of methamphetamine in the population rose from 2.1 per cent in 1995 to 3.2 per cent in 2004;
- the number of people who had ever used amphetamines increased from 5.4 per cent in 1993 to 9.1 per cent in 2004;
- the use of ice by methamphetamine users rose steeply from 12 per cent to 45 per cent between 2000 and 2003-04;
- the most common form of amphetamine used was speed (60 per cent);
- between 1995 and 2004 recent use of MDMA use increased from 0.9 per cent to 3.4 per cent;
- one in eight persons aged 20 to 29 years had used MDMA in the last 12 months and there were approximately 100,000 more recent MDMA users in 2004 compared with 2001;
- the estimated number of regular methamphetamine users in Australia in 2004 was 102,600 or 10.3 per 1,000 persons aged 15 to 49 years;²⁹ and

26 Australian Institute of Health and Welfare, *2004 National Drug Strategy Household Survey*, p. 33; and *Submission 3A*, p. 2.

27 G Fowler, S Kinner and L Krenske, *Containing ecstasy: analytical tools for profiling an illegal drug market*, 2006, pp 7-8.

28 ACC, *Illicit Drug Data Report 2004-05*, p. 29.

29 Department of Health and Ageing, *Submission 16*, p. 1.

- of those regular methamphetamine users, it was estimated that there were 72,700 dependent methamphetamine users or 7.3 per 1,000 population aged 15 to 49 years.³⁰

Methamphetamine

2.30 The NDSHS found that about nine per cent of Australians aged 14 years and older, about 1.5 million persons, have used methamphetamine for non-medical purposes at least once in their lifetime. While an estimated 9.1 per cent of Australians aged 14 and over have tried methamphetamines at least once, it is worth emphasising that the vast majority of Australians (90.9 per cent) have never tried these drugs. Furthermore, the numbers fall away quickly in the older age categories.

2.31 It seems that while many young people try methamphetamine, relatively few use it on a regular basis. There are significant differences between age cohorts. The highest use of methamphetamine is in the 20 to 29 age cohort. About one in every five young adults in the 20 to 29 age cohort has tried this drug at least once. The average age at which Australians first used methamphetamine is 20.8 years. Males are more likely than females to use methamphetamine.³¹

2.32 Characteristics of the estimated 532,100 users of methamphetamine in 2004 were as follows:³²

- 11 per cent used at least once a week, 16 per cent used about once a month, 29 per cent used every few months and 44 per cent used once or twice a year;³³
- 74 per cent usually took the drug in powder form, 39 per cent used crystal, 26 per cent base, 12 per cent tablets and nine per cent liquid (some respondents nominated more than one form);³⁴
- 70 per cent indicated that they normally obtained the drug from a friend or acquaintance. A further 23 per cent obtained it from a dealer, and three per cent from a relative;³⁵

30 Department of Health and Ageing, *Submission 16*, p. 1. Source: McKetin, McLaren, Kelly, Hall and Hickman, *Estimating the Number of Regular Dependent Methamphetamine Users in Australia*, Technical Report No. 230.

31 Australian Institute of Health and Welfare, *2004 National Drug Strategy Household Survey*, p. 59.

32 Figures have been rounded to the nearest percentage point.

33 Australian Institute of Health and Welfare, *2004 National Drug Strategy Household Survey*, p. 60.

34 *2004 National Drug Strategy Household Survey*, p. 60.

35 *2004 National Drug Strategy Household Survey*, p. 61.

- 66 per cent indicated that they were most likely to use these drugs in their own home or at a friend's house. Other popular locations were private parties, public establishments and raves/dance parties;³⁶
- 87 per cent had consumed alcohol with methamphetamines on at least one occasion, 68 per cent had used cannabis and 49 per cent had used MDMA;³⁷ and
- 38 per cent said that they used alcohol as a substitute when methamphetamines were not available, with 24 per cent nominating MDMA as the next most common substitute.³⁸

MDMA

2.33 There has been a strong growth in MDMA use. While the use of methamphetamine seems to have levelled out, there is no indication that the strong growth in the use of MDMA is slowing down.

2.34 There are significant usage differences between age cohorts and between females and males. By far the highest use of MDMA is in the 20 to 29 age cohort. More than one in five young adults in the 20 to 29 age cohort, or 22 per cent, has tried MDMA at least once, and one in eight, or 12 per cent, has used it in the last 12 months, which is the measure of recent use. The average age at which Australians first use MDMA is 22.8 years. Males are more likely than females to use MDMA.³⁹

2.35 Characteristics of the estimated 556,600 recent users of MDMA in 2004 were as follows:⁴⁰

- six per cent used at least once a week, 15 per cent used about once a month, 31 per cent used every few months and 48 per cent used once or twice a year;⁴¹
- 76 per cent usually take one to two MDMA pills in a session;
- 72 per cent indicated that they normally obtained the drug from a friend or acquaintance, 23 per cent obtained it from a dealer and two per cent from a relative;⁴²
- 63 per cent indicated that their usual place of MDMA use was at raves or dance parties. Other popular locations of use nominated were: 58 per

36 2004 National Drug Strategy Household Survey, p. 61.

37 2004 National Drug Strategy Household Survey, pp 61-62.

38 2004 National Drug Strategy Household Survey, p. 62.

39 2004 National Drug Strategy Household Survey, p. 64.

40 Figures have been rounded to the nearest percentage point.

41 2004 National Drug Strategy Household Survey, pp 64-65.

42 2004 National Drug Strategy Household Survey, p. 65.

cent at a public establishment, such as a club or pub; 53 per cent at private parties; and 48 per cent in a private home (respondents could nominate more than one location);⁴³

- 83 per cent had consumed alcohol with MDMA on at least one occasion, 57 per cent had used cannabis with MDMA and 39 per cent had used methamphetamine with MDMA;⁴⁴ and
- 42 per cent nominated alcohol as their preferred substitute when MDMA was not available, followed by 24 per cent nominating methamphetamine as their next most common substitute.⁴⁵

2.36 Mr Greg Fowler, a senior research officer with the Queensland Alcohol and Drug Research and Education Centre, told the Committee that MDMA users as a group were quite different from heroin users. He said:

Most consumers are middle-class, well-educated people who use these drugs in a social context. They tend to be within the age group of 20 to 29. They are predominantly male, but not exclusively so. Also, they use in a broad array of contexts, rather than being stereotypically attached to certain types of music events. Those stereotypes are long past in the ecstasy field, although there is some enduring relationship.

We have found that these consumers plan their drug use. They are introduced to the market by peers, by friends, and are supplied by the same mechanisms. They consider the harmful effects that they suffer from their drug use to be relatively manageable. Hospitalisation or drug treatment outcomes for participants in the market are relatively low... People involved in the ecstasy market are less involved in criminal activity [than heroin users], apart from peer dealing.⁴⁶

International comparisons

2.37 Australia has the world's highest per capita consumption of MDMA and the second-highest per capita consumption of methamphetamine.⁴⁷ The table below shows

43 *2004 National Drug Strategy Household Survey*, pp 65-66.

44 *2004 National Drug Strategy Household Survey*, p. 66.

45 *2004 National Drug Strategy Household Survey*, p. 67.

46 *Committee Hansard*, 15 May 2006, p. 3. MDMA-related deaths are relatively rare. Between 2001 and 2004 there were 11 MDMA-related deaths in Australia, five in which MDMA made a 'primary contribution' and six where MDMA was the only drug present. Source: 'Containing Ecstasy: profiling the ecstasy market in Queensland,' 2006, PowerPoint presentation, p. 15.

47 See, for example, ACC, *Submission 18*, p. 3; and New South Wales Crime Commission, *Submission 9A*, p. 1.

the use of cannabis, amphetamines, MDMA, cocaine and opiates in Australia and four comparable countries.⁴⁸

Annual prevalence of substance use as a percentage of the population aged 15-64 years,¹ selected countries, selected years from 1996 to 2003

Country ²	Cannabis	MDMA	Amphetamines	Cocaine	Opiates
Australia	15.0	3.4	4.0	1.5	0.6
New Zealand	13.4	2.2	3.4	0.5	0.7
Republic of Ireland	9.0	3.4	1.6	2.4	0.6
United Kingdom	10.6	2.0	1.6	2.1	0.7
USA	11.0	1.3	1.4	2.5	0.6

Note 1: Population age 15 to 64 years except: Ireland 18-plus for cannabis, ecstasy and cocaine; United Kingdom 16–59 for cocaine, amphetamines, MDMA and cannabis, United States of America 12-plus.

Note 2: Australia 2001; New Zealand 2001; Ireland 1996 and 2000; United Kingdom 2000 and 2003; United States of America 2000 and 2002.⁴⁹

2.38 While Australia outranks any other country, the Department of Health and Ageing cautioned against unquestioning acceptance of a comparative interpretation of statistics. The department's submission warned:

Australia appears to have some of the highest levels of illicit drug use, and in relation to amphetamines and ecstasy, the highest reported in the world. Such comparisons conceal what are likely to be substantial under estimates of use in other countries, many of whom often do not provide such comprehensive and transparent data. The above statements should therefore be interpreted with caution.⁵⁰

2.39 Globally, there are indications that AOSD production, including MDMA, is decreasing, which suggests declining use; however, use in Australia is showing continued growth.⁵¹ It is unclear whether this discrepancy is due to the fact that Australia lags behind trends in the USA and Europe—in which case we should see a fall in AOSD use in the next NDSHS—or to the fact that Australia is developing its own unique pattern and culture of drug-use.

48 Various types of population survey and other data collection methods are used. Although methods used by the five countries are broadly consistent, comparisons should be treated with caution [see 2.38].

49 Australian Institute of Health and Welfare, *Statistics on drug use in Australia 2004*, Table 6.5, p. 36. Statistics derived from the United Nations Office on Drugs and Crime (UNODC), 2004. The figures in this table may vary slightly from NDSHS results because they are adjusted for the different age cohort (the UNODC uses ages 15 to 64, while the NDSHS uses age 14 and over).

50 Department of Health and Ageing, *Submission 16*, p. 2.

51 ACC, *Illicit Drug Data Report 2004-05*, p. 11.

2.40 Dr Schloenhardt told the Committee:

...it is always hard to know what the next drug will be. We seem to go through cycles. It is like fashion. But it is quite surprising that the issue of ice has taken so long to really come to the attention of law enforcement and government. It has been such a big problem in South-East Asia for so many years. The consumer population there was clearly identifiable. It is a cheap drug and it is for party use. The after-effects are incredibly dangerous. Even in Port Moresby it was a common drug three or four years ago. But the attitude in Australia was, 'We haven't got it here so we don't really have to worry about it.' It has to be a matter of keeping your eyes open to see what is going to be next—and there will be something next as drugs seem to go through cycles, because that is what the demand is made of: 'We want something that's cool and that's fun.'⁵²

Effect of recent trends in methamphetamine use

2.41 Concerns about the rising use of AOSD in Australia, and particularly about the increasing use of the stronger forms of amphetamine such as base and ice, have attracted much attention in recent months. These concerns have to a large extent been driven by the recognition of a connection between methamphetamine and mental health problems, such as psychosis.⁵³ A number of submitters to the inquiry made observations about the health effects of AOSD.⁵⁴ A report by the National Drug and Alcohol Research Council found the following:

- poor mental health among methamphetamine users; two-thirds experienced some degree of mental health disability and one in five suffered severe disability in their mental functioning; and
- common problems included increased aggression, agitation, depression and symptoms of psychosis.⁵⁵

2.42 Although a complete discussion of this issue occurs at Chapter 4, it is pertinent at this point to indicate that the major health issues attached to habitual methamphetamine use have had vast consequences for health and police services. Increasingly, the work and resources of health and law enforcement professionals are directed to dealing with the violence and behavioural issues that users display. Central to establishing the proper processes and correct balance of effort to deal with users at this level is the issue of what effort and resources LEAs should contribute to the problem at this level.

52 *Committee Hansard*, 15 May 2006, pp 29-30.

53 Australian National Council on Drugs, *Methamphetamine*, p. 4.

54 For example: Queensland Alcohol and Drug Research and Education Centre, *Submission 12*; Family and Friends for Drug Law Reform, *Submissions 19 and 19A*; National Centre for Education and Training on Addiction, *Submission 22*; *The Hack*, *Submission 28*.

55 Australian Bureau of Criminal Intelligence, *Australian Illicit Drug Report 1999-2000*, Canberra, March 2001, p. 55.

Supply of AOSD

2.43 Approximately 50 per cent of all global amphetamine production takes place in Asia, while North America accounts for approximately 33 per cent and Europe 15 per cent. The main producers of methamphetamine in the Asia region are China and Myanmar. In Europe, large-scale production and consumption appears to be limited to the Czech Republic and the Baltic states.⁵⁶

2.44 In Australia, the first shipments of high-purity crystalline methamphetamine were detected six years ago. Most large-scale ice detections originated in Asia, mainly China, but also from Japan, the Philippines, South Korea and Taiwan; shipments are often transhipped through other countries in the Asia Pacific region. The Committee was informed that in 2001 the AFP revealed that Asian organised crime gangs had switched from heroin production as a major source of income to the making of methamphetamine, as this was perceived as more lucrative, being easier to produce and to market.⁵⁷

2.45 Global seizures of MDMA have declined by a third since 2002, which suggests falling production and demand in Europe and the USA. In contrast, the total weight of MDMA detected in Australia in 2004-05 was nearly three times the weight of MDMA detected in the preceding year.⁵⁸

2.46 Europe continues to be the main supply source of MDMA for Australian consumers. Relatively high prices in Australia, compared to Europe, contribute to opportunistic smuggling of traffickable quantities of the drug to Australia by air passengers and in postal articles. The AFP submission states:

Global MDMA manufacture and trafficking is generally controlled by European syndicates emanating from the Netherlands. Information received from the AFP Liaison Officer in the Hague has identified that these groups operate in a manner similar to that employed by multinational companies including conducting cost benefit analyses on MDMA trafficking which took into consideration factors such as foreign exchange rates in the transshipment of drugs. This level of sophistication is alleged to exist within the transnational MDMA market while similar opportunistic importation attempts continue to occur. The street price of MDMA in Australia is considerably higher than in other countries, ensuring that Australia will remain an attractive target for MDMA trafficking syndicates.⁵⁹

2.47 As a proportion of the total number of detections, parcel post represented 84 per cent of the total number of detections in 2004-05, followed by eight per cent for air passengers. However, by weight, much larger shipments were smuggled in via sea

56 ACC, *Illicit Drug Data Report 2004-05*, p. 10.

57 Families and Friends for Drug Law Reform, *Submission 19*, p. 2.

58 ACC, *Illicit Drug Data Report 2004-05*, p. 25.

59 Australian Federal Police, *Submission 6*, p. 4.

and air cargo: sea cargo represented 63 per cent of detections by weight in 2004-05, followed by 35 per cent for air cargo.⁶⁰

2.48 In their submission, the National Drug and Alcohol Research Council outlined the method of methamphetamine distribution within Australia:

- methamphetamine distribution mainly occurs through social networks of drug users and by word of mouth, much like a pyramid or multi-level marketing scheme;
- almost all methamphetamine users report that their main dealer is a close friend or acquaintance; the majority of methamphetamine users have more than one dealer;
- methamphetamine is most often bought from the dealer's home; it is also common for transactions to take place at a pre-arranged location or for the drug to be delivered to the customer's home;
- methamphetamine is typically purchased with cash; receiving methamphetamine on credit or in exchange for goods is rare at the retail level; and
- methamphetamine users can often get a variety of drugs from their dealer; many methamphetamine dealers also sell cannabis, MDMA and, to a lesser extent, cocaine and heroin.⁶¹

2.49 In relation to the availability of MDMA, the ACC's *Illicit Drug Data Report 2004-05* states:

...a national study of MDMA users shows that the availability of MDMA remains stable. Sixty-one percent of those surveyed considered MDMA to be 'very easy' to obtain and 35 percent considered it to be 'easy'. Over two thirds (68 percent) of the national sample reported that they typically used more than one tablet. The majority of users were also likely to use other drugs with MDMA.⁶²

2.50 The distribution of MDMA also occurs through private parties, at nightclubs, and at dance and rave parties.

Manufacture and production of AOSD

Clandestine laboratories

2.51 While the majority of AOSD in Australia is imported, recent seizures of precursor chemicals and detections of clandestine laboratories (clan labs) show that

60 ACC, *Illicit Drug Data Report 2004-05*, p. 27.

61 National Drug and Alcohol Research Council, *Submission 13*, p. 5.

62 ACC, *Illicit Drug Data Report 2004-05*, p. 29.

domestic manufacture of AOSD is increasing in Australia.⁶³ Detective Inspector Paul Willingham, of the NSW Police, told the Committee:

There is a growing proportion of it [ice] being produced here. When it first hit the streets it was exclusively imported. Our domestic manufacturers are now seeing that they have to compete with the imported product, and there are more and more labs that are going to that final purification process and converting their base or paste to ice.⁶⁴

2.52 Methamphetamine can be produced by a number of different chemical processes, including:

- the hypophosphorous method, using hypophosphorous acid and iodine;
- the red phosphorus method, using hydriodic acid and red phosphorus;
- the Nazi method, using lithium or sodium with anhydrous ammonia; and
- the P2P or Leuckart method, using P2P, which is also called phenylacetone or benzyl methyl ketone, together with formic acid or aluminium amalgam.⁶⁵

2.53 Detections of bulk precursors suggest a shift in clandestine manufacture of MDMA in Australia towards larger-scale operations using more efficient chemical processes. However, many of the clandestine laboratories are small-scale backyard operations, referred to as 'box labs' because they are small enough to be packed away into a box or suitcase for transportation or storage.⁶⁶ There have been instances of box labs operating out of the boots of cars.⁶⁷

2.54 Detections of clandestine laboratories by law enforcement agencies have increased significantly, rising from 58 in 1996-97 to 381 in 2004-05.⁶⁸ About three-quarters of these laboratories were producing methamphetamine using the hypophosphorous method.⁶⁹ The *Illicit Drug Data Report 2004-05* noted that

63 A very large clandestine laboratory producing ice was detected in northern NSW in April. See Amanda Hodge, 'Super lab for meth 'tip of iceberg'', *Weekend Australian*, 8 April 2006, p. 4.

64 *Committee Hansard*, 16 May 2006, p. 27.

65 *Submission 13*, p. 3. The submission from the New South Wales Crime Commission noted that the relatively simple hypophosphorous method is most commonly used in Australia, while in the USA most clandestine laboratories use the Nazi method, which is more dangerous and prone to explosion: *Submission 9A*, p. 4.

66 ACC, *Illicit Drug Data Report 2004-05*, p. 18.

67 National Drug and Alcohol Research Centre, *Submission 13*, p. 21.

68 ACC, *Illicit Drug Data Report 2004-05*, p. 18.

69 *Illicit Drug Data Report 2004-05*, p. 18. The New South Wales Crime Commission noted that 17,170 clandestine laboratories were detected in the USA in 2004: *Submission 9A*, p. 2.

clandestine laboratories are increasingly being located in rural areas to reduce the risk of detection,⁷⁰ with strong concentrations in the Northern Territory and Queensland.⁷¹

2.55 Despite some success in detecting clandestine laboratories by law enforcement agencies, the availability of methamphetamine in most jurisdictions remained stable, with the drug 'easy' or 'very easy' to obtain in most areas. Predictably, when there is plentiful supply, prices are low and 'relatively stable across most jurisdictions.'⁷²

Use of the internet

2.56 The internet is playing an increasing role in the development of local manufacturing of methamphetamine. The ACC submission noted:

In recent years the Internet has become a major facilitator for sourcing of AOSD chemical precursors, equipment and information. AOSD 'cooks' are able to access techniques and information through websites, chat rooms and dispersed networks. In addition, online auction sites appear to have significantly assisted the capacity of groups and individuals to procure equipment and other materials needed for the production of AOSD.⁷³

2.57 Deputy Commissioner Simon Overland, from the Victoria Police, also highlighted the use of the internet to obtain precursor chemicals and equipment for manufacture:

Some of the changes that we are seeing at the moment that present a threat to us are around use of the internet to order precursor chemicals from overseas and have them imported—and there has been some evidence of iodine being purchased from the United States. Iodine is a chemical that often is required in the manufacture of amphetamines.⁷⁴

2.58 The internet and new technologies are being used by some criminals as the preferred method of communication. Deputy Commissioner Overland told the Committee:

I think that is going to be a major issue for us generally, but particularly in relation to organised crime and drugs.⁷⁵

2.59 The Committee is concerned that organised criminal groups are exploiting new technologies and that, at the present time, law enforcement agencies do not have

70 *Illicit Drug Data Report 2004-05*, p. 18.

71 *Illicit Drug Data Report 2004-05*, p. 18.

72 *Illicit Drug Data Report 2004-05*, pp 15-16.

73 ACC, *Submission 18*, p. 3.

74 *Committee Hansard*, 13 October 2006, p. 5.

75 *Committee Hansard*, 13 October 2006, p. 6.

the capacity to address these weaknesses. The Committee recommends that a response to this issue be developed.

Recommendation 2

2.60 The Committee recommends that the Australian Crime Commission develop a nationally coordinated response to new and emerging communications technologies used by organised criminal networks to undertake serious criminal activities.

Hazards involved in manufacture

2.61 The manufacture of methamphetamine often involves the use of dangerous methods and materials that are toxic, flammable and explosive. Detective Inspector John Hartwell, from the Gold Coast Criminal Investigations Branch of the Queensland Police, told the Committee:

A trend that has become evident in the last 18 months on the Gold Coast is using high-rise accommodation units for the overnight production of amphetamines. So far this year we have had three explode in units, causing fires...The concern is that they are all high-rises. There are a lot of people staying in those units and it becomes a serious risk to their health and wellbeing...They do part of the process in one motel and they go to another motel and do the next process there. Unfortunately, because of the volatility of the chemicals they are using, fire and explosions are not uncommon.⁷⁶

2.62 The submission of the New South Wales Crime Commission (NSWCC) highlighted the fact that the chemicals in fumes from clandestine laboratories present a danger to emergency and other personnel entering these sites. When homes are rented for the operation of clandestine laboratories, residual chemicals can affect the health of later occupants. The NSWCC submission observed:

The contamination caused by labs, and the expense required to remediate the sites, is a growing problem...The Australian Institute of Criminology has recently commenced a study into the impact of these issues in Australia, funded by the Attorney-Generals Department.⁷⁷

2.63 In Perth, the Committee heard that police have brought the issue of contamination of premises to the attention of the Real Estate Institute of Western Australia. Sergeant Gill Wilson, Drug Education Officer with the Alcohol and Drug Coordination Section of the Western Australia Police, told the Committee:

Just recently we have introduced a strategy whereby we have brought the situation to the attention of REIWA—the real estate industry organisation here. This strategy is very worthwhile, if you think about what Inspector Scupham has just said and identified, you can understand that real estate agencies through their property management teams can become realistically

76 *Committee Hansard*, 15 May 2006, pp 56-57.

77 New South Wales Crime Commission, *Submission 9A*, p. 4.

the third policeman. They have the opportunity of inspecting premises and may come across situations that they can report through Crime Stoppers—in this state, anyway.⁷⁸

2.64 The Committee commends this strategy, and believes there is value in law enforcement agencies across all jurisdictions pursuing similar partnerships with the real estate industry.

2.65 Children living in close proximity to clandestine laboratories operated by parents or family members face increased risk of injury and risks to health. This was recognised in the *Law and Justice Legislation Amendment (Serious Drug Offences and Other Measures) Act 2005* (the SDO Act), which amended the *Criminal Code*. The SDO Act included two new offences which involve endangering children, carrying a maximum custodial sentence of life imprisonment.⁷⁹

Purity of AOSD

2.66 The unpredictability of the purity of AOSD in Australia is a major issue. The ACC observed:

Some tablets sold as 'ecstasy' may include a variety of drugs mixed with MDMA or may contain no MDMA at all. Tablets have been found to include such combinations as: methylamphetamine with additives such as ketamine and caffeine; amphetamine and caffeine; amphetamine and MDMA; MDA and MDMA; MDA, caffeine, and LSD; and LSD and clonazepam. As such, the purity of phenethylamines fluctuates with the time and place of manufacture being the major determinants.⁸⁰

2.67 The Committee heard that frequently pills sold as MDMA contain little or no MDMA. The Alcohol and other Drugs Council of Australia submitted:

Although the types of pills available change frequently, at the time of writing (2006), pills sold as ecstasy are widely available throughout most of Australia. Pills that actually contain MDMA are less available. In fact an estimated 80% of so-called ecstasy tablets seized in Australia don't contain any MDMA at all but instead contain other amphetamine-type substances such [as] methamphetamine mixed with any of a range of other things including MDA, ketamine, PMA, ephedrine, pseudoephedrine, caffeine, glucose or bicarbonate soda.⁸¹

2.68 In relation to the purity of amphetamine and methamphetamine, the submission of Family and Friends for Drug Law Reform (FFDLR) states:

78 *Committee Hansard*, 4 May 2006, p. 5.

79 New South Wales Crime Commission, *Submission 9A*, pp 4-5.

80 ACC, *Illicit Drug Data Report 2004-05*, p. 29.

81 Alcohol and other Drugs Council of Australia, *Submission 7*, p. 3.

From purity figures collated by the ACC for seizures by State police and the AFP it is not at present feasible to distinguish the average purity of speed from the more potent forms of “base” and crystal...⁸²

2.69 Citing an analysis of the Party Drugs Initiative by Jennifer Stafford et al., the submission further notes that the purity of the drug:

...fluctuates widely in Australia as a result of a number of factors, including the type and quality of chemicals used in the production process and the expertise of the 'cooks' involved, as well as whether the seizure was locally manufactured or imported...[T]here is no clear trend in the purity of methamphetamine at a national level although overall, the median purity generally remains low at less than 35%, except in WA w[h]ere the purity reached a high 52% in the second quarter of 2004...⁸³

2.70 The FFDLR conclude:

In short, the best sense of trends in purity of the various forms of methamphetamine is the extent to which usage is moving between the low potency powder, the middle potency “base” and the high potency crystal.⁸⁴

2.71 In relation to the purity of MDMA, the submission of the FFDLR observes:

Between 1999/2000 and 2003-04 the purity of seizures of what was ostensibly ecstasy has remained fairly stable. “The median purity of the State Police seizures analysed indicates that generally purity has remained relatively stable around 30% purity.” The purity of AFP seizures which might be expected to be the result of higher level operations has also remained fairly stable.⁸⁵

2.72 The dangers associated with unpredictable AOSD purity are amplified when drugs are taken in combination with alcohol. The VIVAIDS and Ravesafe submission argues:

Unfortunately, the harms associated with use of these substances can be maximised without appropriate education through adverse reactions and interactions where more than one drug is used, the unpredictable purity and strength of the drugs available and, in particular, the admixture of alcohol to the mix.⁸⁶

82 Families and Friends for Drug Law Reform, *Submission 19*, p. 34 (footnotes omitted).

83 Jennifer Stafford, Louisa Degenhardt, Maria Agaliotis, Francoise Chanteloup, Jane Fischer, Allison Matthews, Jacyln Newman, Phoebe Proudfoot, Mark Stoové & Josephine Weekley, *Australian trends in ecstasy and related drug markets 2004: findings from the Party Drugs Initiative (PDI)*, NDARC monograph No. 57, National Drug and Alcohol Research Centre, University of New South Wales, 2005.p. 55-58.

84 Families and Friends for Drug Law Reform, *Submission 19*, p. 34 (footnotes omitted).

85 *Submission 19*, p. 34.

86 VIVAIDS and Ravesafe, *Submission 32*, p. 6.

2.73 The Committee is concerned over the increasing use of the more potent forms of amphetamine, such as ice and base, and by the practice of poly-drug taking—mixing AOSD with alcohol and other drugs—and by production methods that use a variety of chemicals and compounds to fill out, mimic or replace entirely the drug that is purported to be sold. Mr Greg Fowler, Senior Research Officer with the Queensland Alcohol and Drug Research and Education Centre, School of Population Health, University of Queensland, informed the Committee that the true extent of the problem is not clear:

...the data about what is in these tablets is not collected and presented systematically for strategic intelligence purposes. Some work of that nature has been done in Victoria by forensic services, but the combination of drugs which appear in a tablet and the ratio of those in terms of their relative purity are not sampled on an ongoing basis. At various times in Australia there have been lots of tablets released into the market and sold as ecstasy which did not contain MDMA and were essentially methamphetamine and perhaps some ketamine.⁸⁷

2.74 The Committee considers that the trends in the composition and purity of AOSD imported, manufactured and consumed in Australia, demand further structured research to assist law enforcement agencies to develop priorities for supply reduction. The ability to understand and interpret such trends will also be critical in the design of education programs and treatment methods for AOSD users in Australia.

Recommendation 3

2.75 The Committee recommends that the Australian Crime Commission work with federal, state and territory law enforcement agencies to achieve consistency in the collection and analysis and reporting of data on the chemical composition of seized illicit tablets, as well as drug identification and coding.

Involvement of organised crime in AOSD

2.76 The Committee received and heard evidence of significant organised crime involvement in the importation, domestic manufacture and distribution of AOSD, particularly methamphetamine and MDMA, in Australia. Production of AOSD appears to be presently concentrated in NSW, Victoria⁸⁸ and Queensland.

2.77 The Queensland Crime and Misconduct Commission reported in September 2004, and again in 2006, that members of outlaw motorcycle gangs (OMCGs) have significant involvement in organised crime in Queensland. The submission of the Crime and Misconduct Commission states:

Members play a substantial role in the methylamphetamine market and are involved in other illicit drugs markets including cannabis, cocaine, MDMA

87 *Committee Hansard*, 15 May 2006, p. 6.

88 Australian Customs Service, *Submission 5*, p. 3.

(ecstasy) and GHB (fantasy). It is evident from these various criminal activities that OMCGs and/or their members form a significant component of Queensland's organised crime environment...

The networks are...considered as fluid groupings of criminals who share a common purpose. Their membership can include members of OMCG chapters, where illegal activities are undertaken for personal profit of the individual members of the club.⁸⁹

2.78 The ACC submission observes that organised crime is also involved in AOSD production in NSW and Victoria. The Queensland, Western Australian and South Australian AOSD markets are also characterised by the involvement of OMCGs in the manufacture and distribution of AOSD, particularly the manufacture of amphetamine, MDMA and crystal methamphetamine or ice.⁹⁰

2.79 Deputy Commissioner Simon Overland, from the Victoria Police, told the Committee:

...we say outlaw motorcycle gangs have been directly involved in the manufacture of amphetamines, primarily for similar reasons—there is money to be made and they see it as quite a low-risk activity.⁹¹

2.80 Discussing the nature of organised crime, the Queensland Crime and Misconduct Commission submission observes:

Organised crime networks can deal simultaneously in a variety of illicit commodities and the members of one network may simultaneously be members of a number of other networks. In some cases, the description by law enforcement of a group of criminals as a network is more a case of analytical convenience than an accurate reflection of the intentions of the criminals.⁹²

2.81 Detective Chief Superintendent Denis Edmonds, Officer in Charge, Strategy and Support Branch, South Australia Police, also highlighted this aspect of organised crime:

I think it is worth noting that it is prudent to recognise that the manufacture and trafficking of AOSD is only one aspect of the business enterprises of organised crime.⁹³

2.82 Mr Kevin Kitson, Director of National Criminal Intelligence for the ACC, offered an analysis of the nature of organised crime similar to that of the Queensland Crime and Misconduct Commission. In evidence to the Committee, Mr Kitson said:

89 Queensland Crime and Misconduct Commission, *Submission 17*, p. 3.

90 *Submission 17*, p. 3.

91 *Committee Hansard*, 13 October 2006, p. 3.

92 Queensland Crime and Misconduct Commission, *Submission 17*, p. 3.

93 *Committee Hansard*, 3 May 2006, p. 15.

Their networks are...fluid, entrepreneurial and flexible. Some longstanding notions of hierarchical structures in organised crime, I think, simply do not apply here. So we have a series of shifting alliances of convenience that allow people to move their commodities at whatever stage of the production cycle they might be at. What we see is a strong representation of people with outlaw motorcycle gang associations or connections in that process. I would not wish to characterise OMCGs as being the predominant force in amphetamines and other synthetic drugs, but there are significant representations.⁹⁴

2.83 A number of submitters argued that the manufacture and distribution of AOSD by organised criminal groups and opportunistic producers were business ventures motivated by significant financial gains.⁹⁵ Detective Inspector James O'Brien, representing the Victoria Police, informed the Committee of the profitability of methamphetamine manufacture. Detective O'Brien said:

Certainly, there are what you would call backyard type operations but you have to bear in mind that even those backyard operations are capable of producing anywhere between half a pound to a pound of methamphetamine, which is going to sell for between \$60,000 and \$70,000.⁹⁶

2.84 Similarly, the submission of the NSW Crime Commission argued:

Manufacture of speed has grown rapidly because it is relatively easy, with 'recipes' available for download on the Internet and most ingredients readily available for purchase. It is also profitable, with US figures indicating that \$600 worth of chemicals can produce \$2000 worth of amphetamines.⁹⁷

2.85 The Committee notes that organised crime involvement in the various facets of the AOSD market in Australia is likely to be associated with other offences or criminal enterprises, as well as with the affairs and operations of legitimate businesses. Mr Kitson pointed out that it is profit that ultimately drives the production of amphetamines, not the production of the drug itself, and that it is quite possible that AOSD-related offences will be uncovered as a result of, for example, a tax fraud or money laundering investigation.⁹⁸

2.86 The ACC submission says that, apart from the significant involvement of OMCGs, the ACC is concerned and expects that the AOSD-related activity of serious and organised crime groups will increase. In part, this is due to a continuing trend towards domestic MDMA and methamphetamine production, coupled with the

94 *Committee Hansard*, 5 June 2006, p. 95.

95 See for example: New South Wales Crime Commission, *Submission 9A*, p. 1.

96 *Committee Hansard*, 13 October 2006, p. 5.

97 New South Wales Crime Commission, *Submission 9A*, p. 1.

98 *Committee Hansard*, 5 June 2006, p. 99.

expected gradual shift towards greater transnational orientation of AOSD-producing networks.⁹⁹

2.87 In light of the anticipated escalating involvement of organised criminal groups in the AOSD market, the ACC must remain in a position to ensure adequate development of its intelligence-gathering function in fulfilment of its responsibilities concerning organised crime. Organised criminal groups appear to have unlimited resources, the ACC must continue to be funded in a way which allows it to meet the challenges of organised crime.

Recommendation 4

2.88 The Committee recommends that the Australian Crime Commission continue to be funded commensurate with the anticipated increase in organised criminal activity in relation to amphetamines and other synthetic drugs (AOSD).

Conclusions

2.89 The use of AOSD is escalating in Australia. Evidence suggests that it is becoming the drug of choice for many young people and that AOSD are being used regularly in social situations. For many in this group, AOSD do not carry the social stigma of drugs such as heroin.

2.90 Evidence to the inquiry suggests that the growth in the Australian AOSD market is in part a result of entrepreneurial decisions made by international organised criminal groups that moved from the heroin market to AOSD, as AOSD, being easier to produce and market, was perceived as more lucrative. Domestic organised criminal groups are also increasingly becoming involved in production of AOSD, again because domestic production is more profitable.

2.91 The escalation in the use of AOSD, coupled with the increasing availability of illicit drugs, now poses a significant problem for governments, law enforcement agencies, the health sector and the wider community. The following chapter considers the national policy framework in place to deal with illicit drugs.

99 ACC, *Submission 18*, p. 7.

