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INQUIRY INTO THE FUTURE IMPACT OF SERIOUS AND ORGANISED CRIME ON AUSTRALIAN SOCIETY

Please find below the submission of Western Australia Police (WAPOL) in accordance with the terms of reference provided by the Parliamentary Joint Committee on the Australian Crime Commission for the 'Inquiry into the future impact of serious and organised crime on Australian Society'.

It should be noted that the terms of reference addressed in the submission are as follows:

- (a) Future trends in serious and organised criminal activities, practices and methods and their impact on Australian society;
- (b) Strategies for countering future serious and organised crime;
- (c) The economic cost of countering future organised crime at a national, state and territory level; and
- (d) The adequacy of legislative and administrative arrangements, including the adequacy of cross-jurisdictional databases to meet future needs.

This submission is provided in response to the written invitation of the Secretary of the Parliamentary Joint Committee, Dr Jaqueline Dewar.

(a) Future trends in serious and organised crime activities, practices and methods and their impact on Australian society;

WAPOL has identified a number of new trends in serious and organised criminal activity and the methodologies employed by Organised Crime Groups (OCGs). Broadly, these areas can be separated into:

- identity fraud and security concerns;
- trafficking and manufacturing of drugs; and
- financial / fraud crimes.

However, these activities are not necessarily isolated and it is often the case that the activities of OCGs will traverse one or more of these fields. For instance, drug offenders may use stolen credit cards to facilitate drug purchases while also transporting commodities such as fraudulent documents or flora and fauna along with their illegal drug shipments.

- **Identify Fraud / Security Concerns**

Private security personnel have access to resource areas which include mines, government buildings, other infrastructure and potentially large sums of money and firearms. Significant staff shortages in the security industry across Western Australia (WA) has resulted in the employment of any person who can obtain a crowd controller or security officer licence (*The Security and Related Control Act 1996*).

In general, the fact that a five to seven day security employees course can be financially subsidised by the Australian Government, makes the security industry a popular employment choice for newly arrived immigrants. Many of these companies undertake very basic information checks on applicants and quite often the information acquired is limited or unavailable, particularly about those persons who have come to Australia from countries in conflict.

Inquiries by WAPOL have revealed common links between members of the industry and known criminal elements such as Organised Motor Cycle Gangs (OMCGs), and upper echelon criminal identities. These links pose a significant threat to public safety, particularly patrons of venues where private security operates. Similarly, private security firms are also open to infiltration by criminal elements. Access to such work provides these elements with access to major private and government assets.

- **The Trafficking and Manufacturing of Drugs**

The trafficking and supply of drugs have always been criminal activities in which OCGs traditionally operate. In particular, it should be noted that WA is frequently used as a staging post for the importation and further trafficking of drugs and precursor chemicals used in the manufacture of illegal drugs to the Eastern States of Australia. The trafficking of cocaine into Sydney, New South Wales (NSW) and amphetamines and precursor chemicals to South Australia (SA) are particularly noted trends in organised criminal activity in WA.

According to drug treatment figures, WAPOL seizures from clandestine drug laboratories and drug surveys, the largest illegal drug problem across WA is amphetamine abuse. It has been reported that WA presently has the highest level of amphetamine use and addiction levels in the country.

The increase in demand for crystal methylamphetamine within Australia is already being reflected in an increase in the number of attempted importations from Asian countries. Intelligence reports also lend support to the reputation of South East Asian syndicates based in WA being able to source high quality crystal methylamphetamine. While the initial importation of crystal methylamphetamine may occur in the Eastern States of Australia, national distribution networks are common.

From an organised crime perspective OMCGs, particularly the Rebels and the Gypsy Jokers, are heavily involved in the illegal amphetamine trade. However, all of the major OMCG groups across WA are associated with the manufacture and distribution of illegal drugs in varying degrees.

In addition to the participation of OMCGs in the illegal drug trade, Asian crime syndicates are also prominent in the distribution and importation of crystal methylamphetamine. For example, recent seizures by the WAPOL Organised Crime Squad (OCS) have netted in excess of 2.7kgs of high grade crystal methylamphetamine (Operation Culture) from a South East Asian crime syndicate. It was particularly significant that this syndicate had spread nationwide and the alleged ring leader was based in NSW.

Another key threat in the drug markets are European crime syndicates who also remain prominent in the distribution of high purity methylamphetamine, with a number of significant seizures being recorded by Police. The OCS has indicated Romanian and Serbian crime syndicates remain prominent within WA and have strong links to international and interstate crime figures.

The major trend that has been witnessed within WA over the past few years is the increased level of cooperation between OCGs and the diversification of their operations. In particular they appear to have an increased capacity to organise and execute both the local manufacture of drugs, and the importation of precursor materials or end product drugs, such as crystal methylamphetamine. These are operations on a global scale with a number of links for both importing and exporting drugs through to the Eastern States of Australia.

It should also be noted that OMCGs are heavily involved in the importation and distribution of cannabis, much of which is sourced from SA due to the comparatively cheaper price.

- **Financial Crimes / Fraud**

The number of fraud offences being facilitated by OCGs is on the increase in WA.

While a number of different methods are used in the commission of these crimes, an emerging trend is for OCGs to infiltrate organisations by planting connected individuals or gang members as legitimately employed personnel. These staff are then in a position to steal data or company information to aid in the facilitation of fraud offences.

OCGs also facilitate fraud offences by compromising existing employees through the promise of substantial monetary gains, the promise of notoriety, and/or other “benefits” arising from gang membership. It is rare for threats of violence to be used in order to gain compliance from those who assist OCGs to facilitate such offences, although the potential for violence does exist within these groups.

Another emerging trend in the commission of fraud offences is the increasing use of Voice Over Internet Protocol (VOIP) technology. This technology enables the transmission of voice conversations over a data network (i.e. “telephone” conversations

over the internet) and is used by offenders as it provides relatively secure (encrypted), anonymous phone communication, which limits the possibility of interception and doesn't produce a record, unlike traditional call charge records. This technique, called "vishing", is used by offenders who pose as financial institutions to obtain personal and security information from victims without fear of identification or interception. This new technology is currently having and will continue to have a significant impact on the reliance of law enforcement agencies upon telecommunication data and interception.

(b) Strategies for countering future serious and organised crime

There have been many strategies implemented in other regions and countries across the world to counter the manufacture of amphetamines.

Although many of these strategies have only had limited success, the most successful examples have involved a multi agency approach to prevention and legislative changes which make it harder to obtain the necessary equipment and/or ingredients for the manufacturing process.

It should also be noted that successful strategies to counter the manufacture of amphetamines have included the provision of legislation to allow for increased penalties for offenders, or measures such as those contained in 'Proceeds of Crime' legislation implemented in the United Kingdom which allows for a percentage of monetary value from seizures to be returned to enforcement agencies. This encourages affirmative action and provides additional funding to bolster resources to tackle future crimes of this nature.

(c) The economic cost of countering future organised crime at a national, state and territory level

The economic cost of countering current and future organised crime is difficult to quantify. This is due to the very nature of organised crime having so many facets such as organised fraud, money laundering, bribery, corruption of public officials, illicit drug manufacture, importation and distribution in our community. It is likely the cost of organised crime also encompasses lost productivity, overwhelming of our court systems and other social issues such as lost revenue for the Australian Government in undeclared finance dollars.

To provide a snapshot of the cost to a law enforcement agency in countering organised crime at a State level, the financial resources applied to combat organised crime by WAPOL in 2006 was approximately \$4.2 million. Given the current climate of increased co-operation between OCGs, the emergence of technologies which make traditional police work difficult and the large economic incentives connected with organised crime, it should be noted that a significant increase in law enforcement resources will be necessary to counter / prevent the activities of OCGs. This cost is anticipated to increase year by year.

(d) **The adequacy of legislative and administrative arrangements, including the adequacy of cross-jurisdictional databases, to meet future needs**

The ad hoc manner of information sharing or application of the national database hinders the effectiveness and efficiency of law enforcement activities. This is particularly the case in the current climate of cooperation and collaboration between OMCGs and other criminal networks in the Eastern States of Australia. Federal and State legislation to permit interagency information sharing would be beneficial to the investigative function.

Lack of enforcement and registration requirements for SIM cards of telecommunication devices continues to be a challenge for law enforcement. It is estimated that 50% of telephone numbers investigated by WAPOL have false subscriber details, with the majority of these false records being drug related. The fact that telecommunication service providers do not require or impose the 100 point identification check on the purchase of SIM cards makes identifying the actual user virtually impossible. In addition there is a lack of legislative requirements imposed on the telecommunication service providers to work with law enforcement in the supply of call charge records to support and assist criminal investigations.

It should also be noted that stricter operational prioritisation by the Australian Federal Police (AFP) due to critical shortages and committed forces in foreign countries such as East Timor and the Solomon Islands has placed a greater burden on WAPOL investigative recourses in the organised crime and drug investigation environments. This has meant that much of the work of the (OCS) has been focused on drugs. While there is a clear drug problem within WA as already highlighted, this limits the ability of WAPOL to work in other areas affected by OCG's.

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