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JOINT COMMITTEE ON THE AUSTRALIAN CRIME
COMMISSION

Reference: Future impact of serious and organised crime on Australian society

FRIDAY, 8 JUNE 2007

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**JOINT STATUTORY COMMITTEE ON THE
AUSTRALIAN CRIME COMMISSION**

Friday, 8 June 2007

Members: Senator Ian Macdonald (*Chair*), Mr Kerr (*Deputy Chair*), Senators Mark Bishop, Bartlett, and Polley and Mrs Gash, Mr Hayes, Mr Richardson and Mr Wood

Members in attendance: Senators Ian Macdonald and Parry and Mr Hayes and Mr Wood

Terms of reference for the inquiry:

To inquire into and report on:

The future impact of serious and organised crime on Australian society.

With particular reference to:

- a. Future trends in serious and organised crime 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 and state and territory level; and
- d. The adequacy of legislative and administrative arrangements, including the adequacy of cross-jurisdictional databases, to meet future needs.

WITNESSES

ATKINS, Ms Jane Elizabeth, General Manager Regulatory Policy, AUSTRAC 17

MORGAN, Assistant Commissioner Graeme, Commander, State Crime Command, NSW Police Force..... 1

MORONEY, Commissioner Ken, Commissioner of Police, NSW Police Force..... 1

SALTER, Mr Michael Alan, Director, Advocates for Survivors of Child Abuse (ASCA)..... 29

SCIPIONE, Deputy Commissioner Andrew, Deputy Commissioner, NSW Police Force 1

STORY, Mr Thomas, Executive General Manager, AUSTRAC..... 17

VISSER, Mr John, General Manager Intelligence, AUSTRAC 17

Committee met at 8.57 am

CHAIR (Senator Ian Macdonald)—I declare open the inquiry of the Parliamentary Joint Committee on the Australian Crime Commission into the future impact of serious and organised crime on Australian society. Before I welcome our first guests could I have an agreement or otherwise from the committee that the media be allowed?

Resolved (on motion by **Mr Hayes**, seconded by **Senator Parry**):

That the media be allowed into the room.

MORGAN, Assistant Commissioner Graeme, Commander, State Crime Command, NSW Police Force

MORONEY, Commissioner Ken, Commissioner of Police, NSW Police Force

SCIPIONE, Deputy Commissioner Andrew, Deputy Commissioner, NSW Police Force

CHAIR—Commissioner, do you have any objection to the media or to photographs being taken of you or your colleagues?

Mr Moroney—No, not at all, Chair. We will seek, though, at an appropriate point to move into camera.

CHAIR—Sure, that is fine. With that I welcome everyone here, but particularly Commissioner Moroney, Assistant Commissioner Morgan, and Deputy Commissioner Scipione. We very much appreciate you coming before our committee, yet again, and helping us with our work—that is, looking at the future impact of serious and organised crime. Today's hearing of the committee is on the terms of reference which have been distributed. I ask the committee to look at future trends in activities, practices and methods of organised crime, its impact on society, and strategies to address it and the economic costs.

We are also looking at the adequacy of legislative and administrative arrangements, including cross-jurisdictional databases. As you are aware and as you have indicated, Commissioner, evidence can be given in camera, if requested. The committee has agreed to accept your evidence in camera as and when you require. As you know, evidence given to the committee is protected by parliamentary privilege. It is unlawful for anyone to threaten or disadvantage witnesses on account of their evidence and such action may be treated by the Senate as contempt. Of course, it is also contempt to give false or misleading information. Commissioner, you have previously appeared before these committees so I will not go through all the rules and regulations—I am sure you are very familiar with them. We are delighted that you are here and giving us your time.

I start by presenting you with a bouquet. Yesterday Mr Bottoms, one of our witnesses who would be well known to you, was most praiseworthy of your police force. He indicated that in times gone by that was not always his view, but he was at pains to make that comment. Congratulations, and well done! Again, thank you. Commissioner, if you have an opening

statement we would very much appreciate hearing that. Then would you subject yourself to some questioning from the committee.

Mr Moroney—Thank you, Chair. For the purposes of Hansard I will reintroduce my colleagues. On my immediate right is Deputy Commissioner Andrew Scipione. Deputy Commissioner Scipione has responsibility for field operations. Assistant Commissioner Graeme Morgan is the Commander of the NSW Police Force State Crime Command. Chair, in making an opening statement it is my intention to indicate that what we provide in evidence, both publicly and in camera today, seeks to build on the submission under the hand of my colleague Assistant Commissioner Graeme Morgan dated 4 June 2007, which is headed ‘New South Wales Police Submission to the Joint Senate Committee on the Australian Crime Commission and the Inquiry into the Future Impact of Serious and Organised Crime on Australian Society, dated January 2007’.

Chair and members of the committee, in my opening statement I indicate that serious and organised crime in New South Wales is becoming more diverse. Future trends point towards the growing sophistication of organised crime and the increasing threat posed by cross-border crime on both a national and an international scale. I would like to address a number of what I regard as the key challenges or threats, particularly here in New South Wales.

Firstly, I address the issue of outlaw motorcycle gangs. The conflict—which in one sense is not necessarily new—that we have seen in New South Wales in more recent times and that we have evidenced in the state of South Australia in recent days indicates that conflict within the outlaw motorcycle gangs themselves is increasing. As I have indicated, that is evidenced by events in New South Wales, in South Australia and, lamentably, in New Zealand within the last month involving, as it did, the tragic death of a two-year-old child. Within the crimes committed by the outlaw motorcycle gangs some of the issues we are witnessing are an increased use of firearms and a propensity to use firearms and violence as instruments in seeking a position of dominance, certainly within those outlaw motorcycle gangs. Clearly, there is an involvement in mid- to high-level drug manufacture, cultivation and distribution.

We are seeing—perhaps this is a matter for in-camera evidence later this morning—a convergence between the activities of outlaw motorcycle gangs and, in some instances, middle-eastern organised crime groups. Outlaw motorcycle gangs are becoming more sophisticated and, if left unchecked, will continue to expand and evolve. What is required is a coordinated national approach as a means to address this particular issue. Each jurisdiction will address, and is addressing, the issue and the phenomena about outlaw motorcycle gangs, so the requirement for ongoing work by the Australian Federal Police and the Australian Crime Commission, to name but two law enforcement agencies, is more than obvious. The New South Wales police response to these activities, particularly in recent times, is to conduct a range of high-profile operations using a range of multilayered strategies to achieve success. If the committee requires greater detail I refer to taskforces Ranmore and Swordfish.

I am sure you have already taken evidence in response to the development by the Australian Crime Commission of an Outlaw Motorcycle Gangs National Intelligence Task Force. The New South Wales government has accepted and implemented a range of legislation focused particularly on outlaw motorcycle gangs. The second group I seek to mention in this public session is the issue of middle-eastern organised crime gangs. The middle eastern organised crime

gangs continue to be involved in a wide range of criminal activity, including illicit drug distribution and manufacture, fraud, motor vehicle rebirthing, tobacco smuggling, extortion, acts of violence and, like the previous group, the outlaw motorcycle gangs, a range of firearm offences. These middle-eastern organised crime groups dominate drug distribution particularly in south-west Sydney and are involved in the distribution of a number of illicit substances, in particular, amphetamine-type stimulants, otherwise known as ATS, MDMA, cocaine, cannabis and ice.

We note, and our intelligence systems tell us, that there is conflict within these drug networks which continue to be problematic, particularly for police. Within these middle-eastern organised crime gangs there appears to be access to and distribution of illegal firearms. The third group I seek to discuss is the Asian organised crime groups. They continue to be heavily involved in the manufacture, importation and trafficking of ATS, fraud, identity crime, and money laundering. They appear to be shifting away from the traditional illicit drug, heroine, to the greater use of ATS drugs or amphetamine-type stimulants. After concerted police action and the introduction of specific hydroponic cannabis legislation, the Asian organised crime groups appear to be involved in hydroponic cannabis activity and in one sense this appears to be remaining low.

The fourth group to which I turn my attention is Serbian organised crime. This group is involved in hydroponic cannabis cultivation using illegal immigrant labour, illicit drug supply, illicit drug-related standover activities, arson and firearm offences. These Serbian organised crime groups are well-financed, extremely violent and maintain fluid connections to other organised crime groups in the interests of profit.

Chair and members of the committee, I turn now to the issue of illicit drugs. ATS, or amphetamine type substances, continue to remain the second most detected drug in New South Wales behind that of cannabis. The threat posed by organised crime networks targeting New South Wales in the importation, manufacture and distribution of ATS and precursor chemicals is high. It is likely that the tightening of regulations or legislation restricting the importation of precursor chemicals and equipment has resulted in these groups becoming more independent and recruiting established specialists to carry out large-scale drug manufacturing processes, or aspects of that process. We see an increasing demand for MDMA, making the Australian market attractive to their importation and manufacture by particular syndicate groups.

Identity crime is an issue of concern, certainly to the NSW Police Force. It would appear to us to be becoming more prevalent. The use of stolen identity information to commit offences appears to be on the rise. Technology has enhanced criminal capability to produce false identities. We note the emergence of fraudulent identity manufacturers to service a number of separate organised crime groups at the one time. We also note the ease with which equipment capable of manufacturing identification can be bought, which also presents problems for law enforcement across the whole of Australia. The NSW Police Force is committed to the ongoing development of networking and information sharing protocols between partner law enforcement agencies and increased liaison with industry in select fields to facilitate the targeting of organised crime networks on a wider scale and providing greater options for investigations.

From a national perspective we see this being done principally through two particular groups, firstly, CrimTrac. The NSW Police Force is driving legislative change to enable inter-jurisdictional DNA matching of NCIDD—the National Criminal Investigation DNA Database.

The NSW Police Force realises that DNA profiling matching with the Australian Commonwealth jurisdiction anticipates that DNA matching on NCIDD with Queensland, Victoria and Western Australia will occur subject to the passage of legislation within the next three months. There is an ongoing contribution to the national forums and initiatives with the advancement of forensic science nationally and internationally. I refer next to the Australian Crime Commission. Working with the Australian Crime Commission, the NSW Police Force seeks to enhance its own capacity and the capacity of the ACC to improve the range and volume of data capable of being uploaded into the Australian Criminal Intelligence Database, otherwise known as ACID. Our collaboration with the Australian Crime Commission continues to be high. Indeed, we are partners in a range of inter-jurisdictional taskforces.

The police, government, business and the community are all key stakeholders in the fight against crime. A strategic partnership between New South Wales police and government at both a state and federal level is essential in order to develop effective policy and legislation to address these emerging trends and the trends to which I referred this morning. Finally, an ongoing commitment from law enforcement agencies and government at both a state and federal level will be required to ensure the ability of law enforcement agencies to address the changing face of serious and organised crime, and that our capacity and our ability in this regard are maintained.

CHAIR—Thank you very much, Commissioner. I refer to the outlaw motorcycle gangs. I understand that New South Wales has or is contemplating legislation—I think you mentioned this—to ban membership of gangs. Is that correct, or where is that at?

Mr Moroney—Earlier this year a range of legislation was passed by the New South Wales parliament which complements the operational activities of New South Wales police. The premier and cabinet have indicated that they are receptive to additional recommendations by the NSW Police Force that complements the work of the police. If that level of definition is required, the indication is that they are receptive to that potential legislation. In building further on that answer, Chair, I defer to Assistant Commissioner Graeme Morgan, Commander, State Crime Command, who, amongst other things, has responsibility for our gang squad.

Mr Morgan—As the commissioner said, the government is receptive to representations from us and we have yet to consolidate those. Earlier this year we profited from active government reforms—known as its gang package legislation—which introduced some quite innovative provisions and created offences for recruitment and participation in known criminal organisations. We think that has probably gone a long way towards addressing our needs at this point. We have a very active operation. We had an outbreak of crime that we can perhaps talk about further later in the proceedings. In the immediately preceding couple of months we had a particular outbreak of outlaw motorcycle gang-related crime, which resulted in an enhanced focus on our part and which seems to have been effective over the last couple of weeks. I suppose that the best summary of it at this stage is to say that we are monitoring the situation.

CHAIR—We had some evidence about Canadian legislation and also about Hong Kong ordinances where merely saying that you are a member of a gang—whether or not you are—is an offence on the basis that the fear of these gangs sometimes does the job of intimidation. Have you investigated that, or do you have a view on whether that is a problem in Australia? Is it something that we might consider?

Mr Morgan—I think it is an area best left to parliamentarians because the ramifications of the prohibition of gangs generally involves a significant judgment about the intrusion upon civil liberties. I hasten to add that I do not think our circumstances are as bad as those of some other countries which have moved to that sort of legislation. So, whilst I am sure from a law enforcement point of view it would make life a lot easier, as I said, there are many more judgments to be brought to bear in relation to that. We would be only one voice at the table.

CHAIR—Of course.

Mr Morgan—We have contemplated it but we have yet to put that to government as a proposal.

CHAIR—Perhaps I should have asked the question in a different way. Does the experience of your officers indicate that there are instances—many instances—where a mere comment about being a member of a particular organisation that might be feared has caused people to alter their behaviour?

Mr Morgan—Commonsense indicates that if persons representing themselves as members of a group known to be prone to violence, known to have a dispensation that way, and known to be equipped and capable of doing it, the natural reaction is to treat those persons with some trepidation. That is commonsense. Having said that, our experience in the most recent past is that once a focus has been brought on these groups they have engaged in the opposite sort of conduct: they have thrown their colours in the cupboard and they have gone to ground. They are not putting themselves up as members of any outlaw motorcycle gangs now; they are actually in retreat, and that is what we want them to be. We have achieved that by, as I say, a focused attention upon their activities.

CHAIR—Right.

Mr WOOD—I will continue on the subject of outlaw motorcycle gangs. We have received similar responses from around the country. People are not sure whether it would be in our best interests if we outlawed outlaw motorcycle gangs. At the same time, one of the responses coming back to us is that it is up to legislators to make the decisions. However, we have to go on the advice of law enforcement agencies and what they think is best. One of the initiatives spoken about was the inclusion of consorting amongst organised criminals. So it would not matter whether you were a member of a middle-eastern group, or an outlaw motorcycle gang: if you had a person consorting with known criminals that might assist the police. What are your views on that?

Mr Morgan—We have had consorting laws since the 1920s—the days of the razor gangs. They were introduced to attack those groups in particular and they were very effective. However, they are now problematic. The reason is that the encumbrance upon the enforcement outweighs the benefit that they deliver for us. It takes many police to prove a case of consorting. We have to bring along every officer. We have to get a number of bookings—the rule of thumb is seven bookings in six months—between the same two parties, each of whom knows that the other is a criminal. That is the foundational requirement, if you like. Firstly, we have to prove that each party knows that the other party is a criminal.

The first booking is then wasted in the sense that it cannot be used as evidence other than to alert each party to the nature of the person they are associating with. Thereafter, if we go on the rule of thumb, we need to get six separate bookings from those same two people. Inevitably, that will involve six sets of police, which means that when the case is defended we have to bring six lots of police to court—we are talking about 12 police—to prove an offence, which our experience shows is likely to receive a minimal penalty. So in a cost benefit analysis and from a law enforcement perspective it is not productive for us. When it worked we had a consorting squad. They had a limited clientele, if I can put it that way, and it was manageable. In those days the penalty was that you went to gaol. So it had a huge effect, both psychologically and in reality, in its administration. Those days are not with us anymore.

Mr WOOD—What would you recommend? Obviously this committee has to put forward recommendations. After hearing a lot about outlaw motorcycle gangs what recommendations would you put forward to us? If you do not believe it is necessary to outlaw these outlaw motorcycle gangs, would you look at a national approach to strengthen consorting reports?

Mr Morgan—I did not state that I was putting forward the proposal that it was not a good thing to do; I am simply saying that the police are only one voice at the table.

Mr WOOD—Yes.

Mr Morgan—In our world, if you want our world, then yes—outlaw them by all means. Make it an offence to appear in colours or to associate with a gang known as an outlaw motorcycle gang and the police will administer that law effectively. But, as I said, that is only one voice at the table and there are many other issues to take into consideration.

Mr WOOD—That is precisely what we want to hear.

Mr Morgan—In the area of law enforcement New South Wales is pretty well equipped. The government has been active and it has introduced, as I said, new anti-recruiting and anti-participation laws. I would like to give that a little time before we come back with even more severe recommendations as to what could happen. Based on our experience of the recent past, our efforts seem to be effective in suppressing the very bold and confronting image of outlaw motorcycle gangs. I think—and I hope—that they may have taken a lesson from the fact that there are limits to the liberties that they can take advantage of.

CHAIR—Just on those consorting laws, would a reversal of the onus of proof assist? Perhaps my question should be: Have you given any thought, as a policy issue, to putting forward recommendations to government in that area? This has come up in relation to very complex corporate and technological crimes where it is sometimes difficult to convince a jury beyond a reasonable doubt about the complexity of things that the average citizen, and certainly the average parliamentarian, has difficulty in grasping. Has any thought been given to looking at the reversal of the onus of proof in areas like complex corporate and technological crime, or consorting—the case that you mentioned?

Mr Morgan—The reversal of the onus of proof could only be in the context of knowledge and that applies only once. The first booking, if I can say that, overcomes the problem about proving knowledge. Once we have a recorded incident of two people being encountered and it

being explained to each of them that they are associating with someone who has a criminal background, then we have proved knowledge and every encounter of those two thereafter does not need to establish it again; it has been established. So it does not advance our cause greatly. The problem is the logistics.

As I said, we need to prove that there is habitual association, not an occasional encounter. The rule of thumb requires that we book for consorting seven times in six months—a number of times within a limited timeframe—so we get over the hurdle of it being an habitual association and not a casual encounter. If we are put to the test in relation to that, therein is the encumbrance upon the use of our resources. We have 12 police tied up at court for perhaps a week to prove an offence, the outcome of which will not be that significant.

Mr WOOD—At the same time you might change the requirements of the police. I remember that in Victoria at one stage it was up to 24 bookings, which was quite ridiculous. If we are looking at putting forward recommendations, is that not something that should be considered—that we should not have to use Australian police resources on all those seven occasions or bring all those police officers to court when, at the end of the day, the penalty might not be that severe?

Mr Morgan—The two things that could assist in useful consorting legislation would be, firstly, reducing the burden on police in the court process, however that is achieved and, secondly, making the outcome meaningful, however that is achieved.

Mr HAYES—So you are talking about strong anti-racketeering laws but, realistically, that could not apply to any one state. At this stage New South Wales might have the sharp end of outlaw motorcycle gangs and others. If we were to do that would we not need simultaneous legislation across the states to make it effective?

Mr Morgan—It would certainly be advantageous if it were nationwide. It does not have to be a booking with the same two people all the time; it just has to be a booking between people who know that they are associating with criminals. Outlaw motorcycle gangs are national enterprises and they associate with criminals from other jurisdictions.

Mr HAYES—Outlaw motorcycle gangs, Asian crime groups and Serbian crime groups are a product of the business that they are in. It is simple economics—they are in it to make money.

Mr Morgan—That is right.

Mr HAYES—They will move around. I think the NSW Police Force did a sterling job in Cabramatta, for instance. They certainly moved it from there but it might materialise somewhere else. If we were to apply anti-racketeering laws solely in New South Wales, for instance, I would have thought that the simple logistics of crime would mean that we would see an emergence of activity elsewhere. These issues should be addressed not so much by the Commonwealth but collectively by the states and the Commonwealth together.

Mr Moroney—I think that is important, amongst other things, Mr Hayes. A criminal intelligence probe is being done by the Australian Crime Commission, albeit in the context of outlaw motorcycle gangs, with a continuous upload of material into ACID, the intelligence database. The very issue you raise is a significant one, that is, the ability of transportation across

the whole of Australia. You could be in Sydney but, within a matter of hours, you could be interstate.

These groups are very transportable. That relates to outlaw motorcycle gangs, to middle-eastern organised crime, to Asian crime gangs, or whatever the case may happen to be. So police on the road have access to those national databases whether they are in Sydney, Perth, Melbourne or Darwin. Given that transportation factor of criminals and their easy movement around the country, access to information, the currency of information and the ability with which information is retrieved from databases becomes absolutely crucial to strengthening the national approach, albeit through the Australian Crime Commission, CrimTrac, the AFP, and various partner agencies.

Mr WOOD—I wish to ask some questions regarding CrimTrac, about which we have had conversations before. One thing about which I am very passionate is what I call the lack of interoperability between states and jurisdictions and, within states, between states and departments. If a person has a licence for explosives and a rank and file police officer undertook a check of that person's computer system would he or she immediately know whether that person had a licence for explosives?

Mr Moroney—That information is certainly available to some of our specialist groups. If you need precise details I would prefer to give that to you in the in-camera session. I think Deputy Commissioner Scipione would also like to respond.

Mr Scipione—Mr Wood, I indicate that general duties police officers may not have access to the sort of database that you are talking about, particularly in light of the fact that they are out there enforcing laws and dealing, in particular, with traffic-type matters and responding to domestic violence and the like. But, as the Commissioner indicated, specialist areas would. If an intelligence holding was on our system that would be brought to the attention of the street officer as he or she made the inquiry. You should bear in mind that we, as an organisation, do not administer explosive licensing. It is not a system that we own.

Mr WOOD—I suppose that is the point I am making. It is also in regard to the aviation security identification codes. I think Belal Khazaal, the terrorist, was a baggage handler up here. Is that correct?

Mr Scipione—Belal Khazaal.

Mr WOOD—Belal Khazaal. Obviously, organised crime groups are trying to infiltrate shipping or airports so that they can assist in the movement of drugs and also in terrorism. Again, would you like to see the aviation and maritime codes on CrimTrac? The information I am getting back is that investigators cannot get hold of that information unless they go out of their way to contact the department that holds it.

Mr Scipione—Certainly in relation to some of those licensing arrangements that you have talked about, when we come down to trainee pilot licence arrangements they are not held by the state; they are available through the Commonwealth. Anything that would bring to the frontline the information we need in that sort of timely fashion would be of benefit. Clearly, the lessons learned from September 11 tell us that it is about joining the dots. It is not just about joining the

dots; it is about making sure that they are joined in a timely fashion. Access to and being able to retrieve that information quickly would certainly assist us in our efforts.

Mr WOOD—Would CrimTrac be the obvious mechanism?

Mr Scipione—It would be sensible. It is a national system and it is one that is widely accepted within law enforcement. It does a tremendous job. It would be useful if it were to move even further than some of the areas you have talked about. We in New South Wales have a very strong ability to identify ballistics that are involved in crimes. We have an integrated ballistic identification system which would be useful if we had that sort of access nationally. Now I am not sure that those systems are in place across the nation, but it seems to be a very useful conduit, if you like, for the exchange of information. Certainly CrimTrac is an area that holds a high degree of confidence within the law enforcement industry.

CHAIR—I raise the issue of explosives. I assume you are answering in relation to licences for explosives in New South Wales. Would you know whether someone in Western Australia held an explosives licence, or could you access information that would tell you whether someone in Western Australia held an explosives licence?

Mr Scipione—Senator, we could, but it would not be via a radio with an expected turnaround time of one minute 36 seconds or one minute 15 seconds. It is not the sort of material that we would hold in any of our databases. We could access it but it would take time and we would need to be in touch with the appropriate areas.

CHAIR—If a national database held the explosives licences issued by all the states—

Mr Scipione—We have a National Automated Fingerprint Identification System known as NAFIS. NAFIS is a most useful tool for law enforcement. There is no reason why we could not move down that same path.

Mr HAYES—It should be the yardstick for comparing how we run other national databases.

Mr Scipione—It is an excellent model that we could revert back to.

Mr Moroney—As the chair of CrimTrac I am sure you would know that CrimTrac was established with \$50 million seed money from the Commonwealth government. It now has substantial financial holdings with its potential expansion. CrimTrac may be but just one of the agencies involved, but it would seem to be a logical one. I think the financial resources available to CrimTrac are growing because of the very nature of its business. It not only has the ability to store the information; the retrieval aspect to which Deputy Commissioner Scipione referred was absolutely right. So the issue of the compatibility of technology becomes important variously as agencies, and then jurisdictions, seem to be developing all sorts of systems that are not always compatible one with the other. That, of course, has a huge cost factor when you try to correct those things.

Mr HAYES—What would be the cost factor that the NSW Police Force could attribute to addressing organised crime at the moment?

Mr Moroney—Perhaps I could reiterate the issue that I understand my colleague Chief Commissioner Christine Nixon raised—that is, the cost of telephone intercepts. I can indicate that, for the financial year ended 30 June 2006, the cost to the NSW Police Force of authorised telecommunications interception was \$1.63 million. As at 30 April this year it is \$1.43 million. So I would expect to finish the financial year, which is not all that far away, at about a comparable sort of cost. These costs are borne by the agency as part of its focus and direction towards organised crime. Again I will defer to my colleague Assistant Commissioner Morgan. There is the potential from a national perspective not only to address this from a cost perspective; it also relates to some issues that we would seek to raise under the broader aegis of telecommunications interception as an important tool nationally on how we focus on crime, particularly at the organised level.

Mr HAYES—I just get concerned when we talk about what occurs, say, in New South Wales and the amount of money you spend directly on phone tapping in New South Wales, or what Christine Nixon had to say about it. To some extent we talked about the Serbian crime gangs. One of the issues you mentioned about them related to the distribution of firearms. Leaving aside precursor chemicals, a lot of the drugs that come to this country obviously are imported. So it seems to me that a more global approach to serious and organised crime needs to be adopted. At the point of landing weapons, or firearms, in this country, or landing drugs in this country, I would have thought there was a Commonwealth responsibility to customs. If you use the Cabramatta example, by the time that they are distributed, all of a sudden all those items that have been illegally brought into this country similarly become a New South Wales responsibility.

I think there are issues, particularly in serious and organised crime, where there has to be a greater global influence within this country to address those issues. This goes back to my original comment. People involved in organised crime are in it for the money. Essentially, they are economic models. If you close it down in New South Wales they will just keep moving around until they establish another safe haven. A commitment needs to be made by any one state against that sort of organisation. Greater assistance has to be provided to establish national models and to provide relief in our fight against serious and organised crime.

Mr Moroney—I endorse that statement. I am highly complimentary of the work being done by the Australian Customs Service and the Australian Federal Police. Any voice that this jurisdiction can add will strengthen the arm of our colleagues in the AFP, the ACC and the Australian Customs Service. As part of the in-camera discussion much could be said about the implication of precursors, where we believe the bulk of it is coming from and how it is being manufactured and distributed, not only in this state but across the whole of the country. That augers for an argument that strengthens technology, legislation, and the operational practices of our Federal colleagues in particular. But none of what I have said ought to be construed as a criticism; rather we simply seek to strengthen them by having a greater strength from the national perspective, which also strengthens our arm.

Mr HAYES—I am not speaking on the basis of the work being done by the AFP or others. I would have thought there was still a national interest in organised crime, wherever it occurs. What sort of assistance should be lent, in this case by the Commonwealth, where we are addressing trends in New South Wales, for instance, in outlaw motorcycle gangs? If that issue is not addressed effectively here I am sure it will just rear its head elsewhere, as it is doing.

Mr Moroney—You could use the analogy of pushing down on a blister. You can push down on a blister but it pops up somewhere else. I am not into driving these sorts of people north of Tweed Heads, south of Albury, west of Broken Hill, or east of Bondi; I am simply saying that we must have a national approach. If we have that focus we believe that there are opportunities to strengthen that focus.

Mr WOOD—That is one of the things we have been hearing. At the end of the day it is hard for us to come up with recommendations for outlaw motorcycle gangs if various police jurisdictions across the country are not giving us identical answers. Obviously that is not what we are expecting, but in some ways we are not even coming close. Christine Nixon from Victoria said in regard to outlawing outlaw motorcycle gangs that she did not think it would be effective. Obviously, we have a different view up here. Have all chief commissioners from across the country met to work out what recommendations they would like to give to government at the federal level? After listening to the uniform voice of law enforcement agencies collectively about what they want from their federal government we would then have the means to go forward.

Mr Moroney—That is the purpose of the national intelligence probe being conducted by the Australian Crime Commission. The progress of that will be reported next Thursday by the chief executive officer, Mr Milroy, to the board of management of the ACC who, as you know, are the commissioners of police. The commissioners are absolutely unified on this approach. So it is not a case of, ‘Let us drive it to somebody else’s jurisdiction.’ That does not solve the problem at all. So the ACC, through the board of management, seeks to address the problem, and address it in a way that dismantles these groups. Mr Hayes is right; the centrepiece of why these groups exist with their motorcycle groups, particular cultural groups, or groups from particular cultures, is money. It is money, it is money, and it is money—gained, regrettably, in the context of illicit drugs at the behest of other fellow Australians.

CHAIR—I might pass to Senator Parry now for some questions.

Senator PARRY—Thanks, Chair. In the interests of time I have just three points that I want to cover, Commissioner. You mentioned in your opening address illicit drugs and MDMA, in particular, their increased usage in Australia. Is it because of the affluence of Australians? Is it ignorance of the clientele that use the drugs? Why is it increasing in Australia?

Mr Moroney—I have grave difficulty in endorsing a comment that I hear from time to time about the fact that these are only recreational drugs.

Senator PARRY—That is correct.

Mr Moroney—There is nothing recreational in being dead. There is nothing recreational in being brain impaired or suffering some other form of physical disability. Yet what is not appreciated in some elements of the community, in particular, the user group, is that just one tablet has a connection to organised crime. So, culturally, we have to break this whole view that these are recreational drugs—from a simple joint, to a simple tablet to whatever the case may happen to be. Their ability to build into greater usage, coupled with connection to the commission of crime that feeds the habit, are matters of history and record, amply reported on and researched by other agencies including, amongst others, the Bureau of Crime Statistics and

Research in New South Wales. So there is an ignorance culture, I believe particularly amongst our young people, that these are harmless drugs. 'I am only going to do this as a one-off experiment.' In New South Wales we have seen, tragically over time, the death of young people like Anna Wood and so many others who are given these one-off tablets that have such tragic consequences. There does not appear within the broader community this obvious connection to suppliers, manufacturers, and organised crime.

Senator PARRY—Do you see an expanded education or a compulsory expanded civics role in, say, year 10 or through the secondary system?

Mr Moroney—Absolutely, but I believe it must begin before year 10; it must begin in primary school. As family members I am sure we talk variously to our children and our grandchildren, as the case may happen to be, about the issues of alcohol. We discuss it in the home. Some people have varying views about the consumption of alcohol, particularly in the home. Yet, for some reason, some elements in the community avoid discussion about illicit drugs. It is almost as though if we pretend that it is not there it will not be there. We have to engage at the family level—the family unit is the most valuable unit in the community—and reinforce it within the schools and with a range of agencies, not the least of which are our law enforcement agencies.

Education about the ramifications of using drugs, both legal and illegal, and the consequences, both personally and as a community, is something that has to be continuous. I do not think it is a one-off education program. Simply producing pamphlets and saying, 'Well, we have done our very best and if you read the pamphlet it is great and, if you don't, I am sorry about that', just does not wash with me. Education programs, like addressing the issue of the road toll, have to include a constant level of law enforcement, education and road improvements. I suspect in that regard that I am probably preaching to the converted.

The whole issue begins in not finding fault. I do not know whether there is value in the blame game. We need to understand what works, what works in law enforcement, what does not work, and what could be made to work better. That is not part of the fault game. Identifying better opportunities for operational practice and better legislation is an important part of the process. It is not a case of saying, 'It is the responsibility of the Commonwealth. It is the responsibility of the state. It is the responsibility of local government. It is the responsibility of families.'

I think we all have a joint albeit varying level of responsibility, but it has to be a very strong collaborative endeavour. That is the way that the community will defeat organised crime. Important as the police and the legislature are in the process, family involvement and the strengthening of the family unit obviously overcomes a lot of this.

Senator PARRY—I refer to other two points—SIM cards and the use of mobile phones in organised crime and criminal activity. Yesterday we had some discussion in Brisbane about SIM cards and an ideal requirement of making a 100-point check prior to the purchase of a SIM card. Would that aid policing in New South Wales?

Mr Moroney—It certainly would. We have a document to provide you as part of the in-camera discussions about how we believe that ought to be strengthened. But, as a general proposition, yes, we would support that.

Senator PARRY—Thank you. I refer, finally, to information communication technology and to the drain on police resources as highly skilled professionals in ICT are moving from the police service into the more lucrative private sector. Is that an issue in New South Wales and is it purely salary driven, or is it the type of work they are doing and further employment opportunity beyond just the salary-driven motivation?

Mr Moroney—I think it is all of the above. Certainly in some of our highly specialised information technology areas we are losing police officers, ironically, to the Commonwealth, which perhaps is in a position to offer better salaries, better salary packages and a diversity of work away from strict law enforcement. One of our senior IT police officers has recently been employed by the Department of Defence. A range of issues were taken into account in that career path—different opportunities and salary were certainly key issues. Those are salaries that, in one sense, I cannot compete with. We are losing them also to the private sector.

CHAIR—Insofar as the Commonwealth is concerned, perhaps at least we could say, ‘Thank you.’

Mr Moroney—It is not necessarily information lost to us.

Senator PARRY—No.

Mr Moroney—It comes back to us via another means.

Senator PARRY—On that point, do you ever get officers returning—going away, getting experience and cross-pollination? Do they come back?

Mr Moroney—Very much so. This young officer that we have now lost to the Department of Defence was lured away. We lured him back but he has been re-lured. In a general sense, certainly in New South Wales, we find that a number of police officers think the grass is greener on the other side of the fence, they go away and they come back to us. Numerically, we have a very healthy rejoiner program.

Mr WOOD—Do they come back at the same rank? I know that police in Victoria leave at the rank of senior sergeant and they have to come back as a constable, which to me is crazy. Persons with a vast amount of experience leave to go into business and then they come back. In my view they have also attained business skills. Even if a business fails they have still attained those skills, good or bad. What is the process in New South Wales?

Mr Scipione—The particular officer the commissioner was talking about left us as a sergeant. He went into private enterprise. He commanded a very healthy salary—way above what we could have held him against. He came back to us as a civilian so that he did not have to go into a rejoiner program and go back to being a senior constable.

Mr WOOD—Why do you even have that process? To me it is crazy. When I first stood as a candidate for election as a federal member of parliament, under the Commonwealth constitution I could not receive any profits from my occupation. I had to leave but I got a special dispensation to come back in at the same rank of sergeant. If anyone else took up another occupation he or she would have to come back as a constable. I was told that my case was a one-

off case, which I think is unfair. I am sure you are losing many good police, which is what is occurring in Victoria. They try to come back after leaving at the rank of senior sergeant.

CHAIR—Let us hear what the deputy commissioner has to say about it.

Mr Scipione—The arrangements that we have in place were agreed through an industrial agreement. That is the way it would be now. It is a growing issue for us all. The commissioner alluded to the fact that in reality people will want to move. They will want career changes during the course of their individual careers. We are seeing that more and more now. The issue that we talked about concerning the particular officer that left us was addressed because we are now putting more specialist positions in place that are not necessarily sworn officers.

CHAIR—Do you have more flexibility if they come back into the service as civilians?

Mr Scipione—You are referring to the level at which they can rejoin?

CHAIR—Yes.

Mr Scipione—They can be recruited against a specific job, as opposed to coming into a profession and then taking a rank against that position.

CHAIR—Do you have a bit more flexibility with conditions and wages?

Mr Scipione—They will all be under-gained by salary scales. There is flexibility within certain bands but the employment arrangements are more flexible. We do this in a number of specialist areas with our scenes of crimes officers. We have hundreds and hundreds of civilian scenes of crimes officers out there gathering DNA and fingerprint evidence.

Mr HAYES—Referring to the issue of lateral entry, before that issue is addressed you have to address, appropriately, inter-jurisdictional levels of movement within the police forces?

Mr Scipione—That is an issue. They are cross-recruiting across agencies. Queensland has run a very heavy campaign to recruit officers from every other state.

Mr HAYES—Including New Zealand.

Mr Moroney—There is also the work of the Australian Police Professional Standards Council, moving with some reasonable pace now toward the issue of lateral entry. The main obstacle for jurisdictions, but certainly here in New South Wales, has been the issue of the old police superannuation act and the transportability of superannuation from one jurisdiction to another. In one sense that applies only to officers who joined in this state prior to 1988, but for those who joined post-1988 it is a different superannuation scenario.

CHAIR—Talking about Queensland, if we took away from you your ability to have telephone interception what impact would that have on your crime solving?

Mr WOOD—Not that we are proposing that.

Mr Moroney—No. Unequivocally and undoubtedly that would have a significant impact on our ability to focus on crime at all levels—from the organised level down to the less organised level. In the context of professional standards of police officers within the broader head of corruption, it would have a significant impact.

CHAIR—As has been said, we are certainly not suggesting that, but there may be recommendations that the committee can make to the Commonwealth and the Queensland governments about the fact that Queensland does not have that. Your evidence reinforces what we were told in Queensland: that it makes it very difficult if you do not have that ability. I just wondered whether your worst nightmare might be if you woke up one morning and did not have it.

Mr Moroney—Here in New South Wales or in any other jurisdiction there has to be compliance with the strict guidelines that are laid down by the legislation.

CHAIR—Of course.

Mr HAYES—I would like to ask one final question. There is no doubt that CrimTrac is an important tool for contemporary policing. Being the head of CrimTrac, or as chair of CrimTrac, what would make that part of the organisation stronger as it applies to policing generally?

Mr Moroney—Firstly, the compatibility of databases between the jurisdictions and CrimTrac itself; the ability to address a range of related issues from privacy and the sharing of information between CrimTrac and its partner agencies at a Commonwealth and state level and the enhancement of its databases—we have talked about the issue, albeit in a counterterrorism context of knowing who is buying a whole range of fertiliser-type materials who may not have genuine bona fide reasons for those sorts of things—through to the issue of pilots licences. So the whole premise of CrimTrac is not only about the gathering and storage of knowledge; it is about the retrieval of knowledge and how it can be applied, and I think applied quite effectively.

Mr HAYES—And consistently.

Mr Moroney—And consistently by whatever guidelines the Commonwealth government, or the Commonwealth parliament, agrees is appropriate.

Senator PARRY—I refer to telephone interception. Have you seen evidence of a migration of organised criminal activity by the use of phones migrating to Queensland because of it being the only state that has a gap in the network?

Mr Morgan—I cannot speak for Queensland so I really do not know. We have plenty of home-grown criminals to carry on with. I do not know whether I have noticed a huge migration to another jurisdiction.

Senator PARRY—But even for the coordination of just organised crime? You have not seen a migration or any evidence to show that more is occurring by way of telephone?

Mr Morgan—No. There have been examples of Queensland-based activities targeting New South Wales. Whether they chose that because of their perception that they were beyond the

reach of interception in that jurisdiction is a bit speculative. I am sure that criminals go where they think they are most protected; there is no doubt about that.

CHAIR—Obviously to a better climate, say I as a Queenslander!

Mr Scipione—Senator, can I just add to that? They might move to Queensland for the purpose of their criminal enterprise, but if the investigation is current in this state or in any other state we still have the power to intercept because we have a national arrangement. I go back to a point that Senator Macdonald raised at the beginning about consorting laws. As Mr Morgan indicated, they were wrapped around an era that is no longer with us. Look seriously at the way people consort these days. I know that my children consort primarily through a mobile phone, an SMS or an internet machine. If we are going to get serious about dealing with meetings, most of them happen in cyberspace.

That is why it is important to have this national approach, particularly in giving powers to our colleagues in Queensland to allow them to fit into, if you like, the bigger jigsaw. It is about making sure that we are fully enabled and we do not have some potential deficit in one location as opposed to another. This whole area of meeting does not necessarily need to happen on a street corner. We need to realise that outlaw motorcycle gangs are now organised criminals in the highest sense. They are no longer motorcycle club members that are involved in crime. They are organised crime heads and they lead syndicates that are national and international. So I think it is about making sure that contemporarily we stay very connected when it comes to things like telephone interception and capabilities. I am sure that was an important point that you were raising about Queensland.

CHAIR—Gentlemen, as with our last meeting, I am sure you could go on all day, but you have other things to do. I thank you publicly now. By arrangement, by request, and with the agreement of the committee, we will now move into in camera.

Evidence was then taken in camera but later resumed in public—

[11.49 am]

ATKINS, Ms Jane Elizabeth, General Manager Regulatory Policy, AUSTRAC

STORY, Mr Thomas, Executive General Manager, AUSTRAC

VISSER, Mr John, General Manager Intelligence, AUSTRAC

CHAIR—I am delighted to welcome back to this committee and its various inquiries the Australian Transaction Reports and Analysis Centre, better known as AUSTRAC. I particularly welcome Mr Story and his colleagues. Gentlemen and Ms Atkins, I think you are aware of the rules here. We operate under parliamentary privilege. If there is anything you want to say that is of a particularly sensitive nature, you can ask to go into camera. Thank you very much for your submission and for the effort you put into it. I invite you to make a short introductory statement if you would like to do so and then allow us to ask you some questions.

Mr Story—Thank you, Chair. In our opening remarks we would like to elaborate briefly on a number of key points that were made in our submission. AUSTRAC is Australia's anti money laundering regulator and specialist financial intelligence unit. We were established under the Financial Transaction Reports Act 1988 and continue in existence under the Anti-Money Laundering and Counter-Terrorism Financing Act 2006. AUSTRAC's purpose is to detect and counter money laundering in the financing of terrorism. With combating organised crime AUSTRAC plays a key role in a number of ways. As a regulator, AUSTRAC administers and oversees compliance with the requirements of both acts. The legislation encompasses a wide range of financial services, the gambling industry and others.

The second tranche to the AML/CTF Act is expected also to draw in real estate agents, lawyers, accountants, jewellers and others. In its intelligence role, AUSTRAC provides information to law enforcement, revenue, national security and social justice agencies at the Commonwealth and state and territory levels. AUSTRAC information has been used in over 9,000 investigations over the last eight years. We also work with partner agencies on joint initiatives and monitor our data to identify suspicious activity of interest to our partner agencies. At the international level, AUSTRAC provides AUSTRAC information to international financial intelligence units, as permitted under the AML/CTF Act.

We are active in the region, providing technical assistance and training. We are also a key player in multilateral forums, chiefly the Financial Action Task Force, the Asia/Pacific Group on Money Laundering and the Egmont group, the financial intelligence units, where we work to develop policy and share financial intelligence. In our submission we have commented on the methods of criminal groups, which include organised crime employed to launder money. These groups are entrepreneurial, dynamic and responsive to changing circumstances, including changes in a regulatory environment. A recent United States assessment identified trade-based money laundering and the use of legal entities such as corporations and trusts as some of the more sophisticated tactics criminal groups are using to disguise their activities. We would agree with the US assessments.

Globalisation, the internet and mobile telecommunication technology also present numerous opportunities for these groups to exploit, but there is little evidence that organised crime has adopted these technologies to launder money in a systematic way at this point in time. We will need constantly to assess money laundering vulnerabilities of new technologies and monitor their use by organised crime groups through our work with the regulated sector and our partner agencies. We know that as tighter regulation makes it harder for criminal groups to launder funds through the established financial sector, they will respond by shifting to exploit other avenues to wash their money. In Australia as well as overseas, the remittance sector presents a high risk, which will need to be monitored closely.

In financial terms, Professor Mitchell of Edith Cowan University has already told you that it is notoriously hard to quantify the extent of money laundering. The most commonly used figure is from the IMF. It estimates that global money laundering is in the range of 2 per cent to 5 per cent of global GDP. This is a reasonable global estimate but we would, however, urge caution in translating it to the national level. As to future trends, in addition to our own internal research and analytical work, AUSTRAC has commissioned the Australian Institute of Criminology to conduct research into, amongst other things, the potential shift or diversion to alternative money laundering tactics that might result from the new legislation.

From AUSTRAC's perspective, the key strategies for countering serious organised crime are: information sharing among law enforcement and intelligence agencies—there is scope for more agencies to share information in systems like the Australian criminal intelligence database—interagency teams or taskforces comprising multidisciplinary personnel; the ACC's financial intelligence assessment taskforce, FIAT, is a model of this type of joint approach that we support; improved identity verification to combat identity fraud and theft—the current government project for a document verification system is an important initiative in this respect—harnessing IT advances to enhance data mining and data matching capability; and strong regulatory measures such as the new AML/CTF legislation.

The AML/CTF reforms we are implementing will harden the financial sector against money laundering and beef up AUSTRAC's supervision of the financial environment. The new legislation also increases the number of industry groups we are supervising and will expand the financial intelligence we capture. As a new law with a two-year staggered implementation period, it would be premature to make judgments on its effect. It should be noted, though, that we are at the international forefront of an AML/CTF reform and some finetuning may be required as we implement the legislation.

One area of concern is the remittance sector. It is dispersed with numerous agents. It often operates through underground channels and has noted already in relation to money laundering that it is, by definition, high risk. The AML/CTF Act requires remittance services and their agents to be registered with AUSTRAC. There has been an extensive public awareness campaign on this aspect. It is early days in the registration process, but this is an area that we will continue to watch closely.

CHAIR—Can I just interrupt you for my benefit—and I should know this—but what exactly is the remittance sector that you talk about?

Mr Story—These are the alternative remittance providers, Chair. So these are agents who can be as low a profile as someone working out of a newsagent in a particular ethnic community. Others are agents of Western Union or of Australia Post.

CHAIR—Is it particularly confined to people who want to send money home, say, to the Philippines?

Mr Story—Yes.

CHAIR—So they go into a Western Union place, hand over some money, and that is what you call a remittance sector?

Mr Story—Western Union is an example. There are other alternative remittance providers who are not Western Union agents and who are trying to connect to the formal banking sector.

CHAIR—Again, can you give me some examples? Do you have a better example?

Mr Visser—Essentially, they work along the same lines as Western Union. It is person-to-person transfers. They can do it in a number of ways. They can send the money through the normal banking sector. Sometimes they operate parallel accounts, so money credited here is debited on the other side and handed over to people. They can operate in a number of ways, but quite a number of them are operating who will take money and move it essentially to wherever they want in the world.

CHAIR—I am sorry; I interrupted you, Mr Story. Please continue.

Mr Story—I have almost completed my statement, Chair. As part of Australia's new AML environment, Australian authorities have declared a more assertive approach to pursuing the offence of money laundering. Convictions against money laundering will enhance Australia's reputation as a world-class economy with a safe, soundly regulated financial sector, and will have a strong deterrent effect against organised crime. To conclude, vigorous anti money laundering strategies are an important spearhead in countering organised and serious crime. Identifying the money trail is often the best way to track down organised crime and uncover new elements in the underworld. Chair, we are happy to assist the committee with any questions you might have, but I should note that in general we will need to exercise care in order to avoid compromising current operations or our capabilities and methods.

CHAIR—Thank you very much. We will be careful not to push you on issues where we should not be. If there are things that you think we could usefully obtain in private we can go into camera.

Senator PARRY—Mr Story, in your opening remarks you said that global money laundering is in the range of 2 per cent to 5 per cent of global GDP and you urged caution for us not to take that as a figure. Do you think Australia is higher or lower within that bandwidth?

Mr Story—We think it is lower. The government, in its explanatory memorandum to the AML/CTF bill, put the figure at around \$11 billion. There have been other estimates that have put the figure as low as \$4.5 billion.

Senator PARRY—Thank you. That gives us an idea. I just want to ask some specific and brief questions about item No. 13 on page 4 of the submission from Mr Jenssen dated 16 March. I will read the one sentence, which states:

Digital currency backed by precious metals are also increasingly being used to transact.

Can you just explain further the bit about precious metals in particular?

Mr Story—I might ask the head of intelligence to respond.

Mr Visser—A lot of these enterprises are being run over the internet. Generally, quite a few of them are based in the former Soviet Union part of the world. They claim to be underwritten by actual physical precious metals—gold, silver and so forth—and people can buy, through transactions, a value of those precious metals.

Senator PARRY—Like you normally would on the stock exchange, or whatever?

Mr Visser—Yes. You can invest in those types of things.

Senator PARRY—I would particularly like a comment to item No. 18 on page 5 of the submission and to the line that states:

ACID is limited in that only a small number of law enforcement agencies within Australia place intelligence.

I am after comments in three areas. Firstly, do you think that agencies are not supplying information because of jurisdictional jealousy or operational sensitivity? Secondly, do you think it is a lack of awareness that agencies are not putting information into ACID? Thirdly, what is your involvement in ACID?

Mr Story—Let me deal first with the second issue—a lack of awareness. I do not think we can comment on a lack of awareness because we certainly are aware. When they make inquiries to us, as they do, we will supply that data. I point out, Senator, that there is quite a comprehensive framework in the AML/CTF law to ensure that, when information is passed on, it is done with appropriate safeguards and controls. So that applies. We look to ensure that that applies with any partner agency, including the ACC. What was your first point again, sorry?

Senator PARRY—Just about operational sensitivity and jurisdictional jealousy. Do you have any comment as to why? The comments in here are prefaced by:

The intelligence value of ACID is limited in that only a small number of law enforcement agencies within Australia place intelligence onto the system.

Obviously Mr Jenssen, in preparing this report, was aware that a limited amount of intelligence was going in. I am keen to know more about that comment.

Mr Visser—I think it would be difficult for us to comment on why other agencies do not put information on there. That comment is in there from our perspective. We do have access to ACID/ALEIN information and we find that very useful in our analysis of our own data. So, from

our perspective, the more criminal intelligence that finds its way to the ACID/ALEIN system would benefit us to discern the financial players we observe as leaning more towards the criminal than not and discounting certain things. So it is really coming from our perspective that we would find great value in more criminal intelligence being available to us.

Senator PARRY—Okay. Obviously it will form a key part of our report, without pre-empting anything, as in central intelligence databases and how they are utilised. I move away from the report and ask: What triggers a movement of cash in which AUSTRAC would then become involved, apart from direct referral? I understand that there is a \$10,000 limit. Once the \$10,000 limit is breached there is a trigger and AUSTRAC is notified. How does it progress from there? What is the progression from the \$10,000 limit notification to possible suspect criminal activity? How do you detect it from there?

Mr Visser—We collect several types of reports, Senator. There are suspect transaction reports, which are subjective reports, provided by—

Senator PARRY—Every \$10,000 cash-managed point.

Mr Visser—If there is a cash transaction of \$10,000 or more it is now reported to AUSTRAC by cash dealers under the FTR Act. International funds transfer instructions are also reported to AUSTRAC, which have no threshold. We run automated monitoring systems over the data every night to identify patterns of activity that we know could be related to crime. That is one method. So we have an automated monitoring system. We then have a cadre of analysts who would go through the detections and evaluate them. If they are worthy of further analysis we will put that effort in, extract all the information we can on our database, go to extrinsic data sources to embellish the information and make assessments, and then we will refer that to one of our partner agencies, or they will sit on our database and one of our partner agencies may request the information because it may relate to an investigation that they have in train. Apart from the cash transactions we receive suspect transaction reports. Every single report is read and evaluated. If they are particularly interesting we will go in and value-add to those as well and also try to find a home for them. So, essentially, we have a combination of technology and human evaluation.

Senator PARRY—In your view or in the view of your agency, are your powers sufficient to enable you to extract the information you need in a timely manner?

Mr Story—We would say yes.

Senator PARRY—So any criminal entity would understand that every transaction over the value of \$10,000 would be detected by you, that is, through every regular means of banking, including Australia Post?

Mr Story—Yes.

Senator PARRY—Okay. So any criminal worth his or her salt will not be moving sums over the value of \$10,000 through any regular means of banking? I suppose anyone worth his or her salt is the clarifier.

Mr Story—A large number of reports and entities are still detected in that way. In answer to your first question, there are two bites, in effect. Either the agency goes in and inquires and sees that report when it is inquiring of a particular person, or we are doing an assessment ourselves and feeding it out. There is still large number of that type of reporting.

Senator PARRY—Do you get many \$9,999 reports, or reports similar to that?

Mr Story—An analysis is done of that structuring. Wherever you strike a threshold you are always going to have structure reporting.

Senator PARRY—Exactly. What I am driving at is this: Is it an effective tool in this day and age? I am just assuming that we are looking now at probably the bigger fish, the sophisticated organised crime groups. The trigger that you have in there really is only a deterrent. You probably shut that gate so where are they going?

Mr Visser—This is one of the things in which we are engaging the AIC to look at. We suspect—and I think we have put it in the report—that the primary thing is to avoid detection. So whatever means there is to move money—it could be physical transportation of currency; it could be using corporate structures, it could be using cash businesses—and whatever adds that air of legitimacy to cash to get it through the financial system is where we expect that they will go. As we pointed out, remittance dealers are also an area of vulnerability. So they could go to a remittance dealer who could move the money off-shore in a variety of ways. That is an area that we have particular concerns about because they are probably not as well organised as the mainstream banks.

Senator PARRY—Are remittance dealers really like a middle man who will just move the currency? If you are used to Mr Bloggs moving large amounts of money on a regular basis under his name, anyone who uses that person is not going to be detected? So this is the avenue of avoiding detection, is that correct? Am I on the right track with that?

Mr Visser—Sorry, I misunderstood what you said.

Senator PARRY—Is it like a middle man? Say, for example, the remittance person who is moving large sums of money would be doing that on a regular basis. You would then be aware of the regular basis of large sums of money.

Mr Visser—Yes.

Senator PARRY—But you would not be aware who is providing the remittance person with that sum of money, or do you have additional surveillance and detection methods?

Ms Atkins—The remittance dealers are themselves cash dealers. As part of our supervisory work we try to ensure that as well as the banks reporting the remittance dealers should also be reporting who it is that is asking them to transfer that money on their behalf.

Senator PARRY—Are they doing that; are they reporting?

Ms Atkins—I think we would say that we have more reporting than we used to. As you would probably be aware from the past under the National Illicit Drug Strategy we first got funding to put some effort into remittance dealers and getting them to report properly. We would say that there has been an increase in that reporting.

Mr Story—Quite a significant number have come in to be registered under the new regime.

Ms Atkins—And now with the registration—

Mr Story—But, as we are saying, we have to watch this carefully and look at whether we need to make an example of some.

Senator PARRY—Can you anticipate—an anecdotal example would be fine—the percentage of remittance dealers who have registered voluntarily? Would it be less than 10 per cent or less than 50 per cent?

Mr Story—It would be less than 50 per cent.

Senator PARRY—But greater than 10 per cent?

Mr Story—When you look at the population of the alternative remittance sector, there is a very, very large number. I am talking about more than 50 per cent being subagents of Western Union. So, as you often see here, you get these Paretos. There is a very large number in one entity. We are working with Western Union now to get all subagents registered. As soon as they come in, we will get a larger chunk. If you look at Western Union and Australia Post agents combined, we are talking about more than 75 per cent of the total in the country.

Senator PARRY—We are probably talking about the more legitimate operators as well.

Mr Story—I would think so.

CHAIR—Would a lot of them would be transferring ill-gotten gains without having any idea they are ill-gotten gains? Or do they have a fair idea?

Mr Story—Many of these are as you said—they are in ethnic communities where people are quite close. Let's say they enjoy some close economic relations.

CHAIR—That is a very diplomatic answer.

Mr Story—How far that goes, I really do not know.

CHAIR—If someone sends \$9,500, they are not obliged to tell Western Union how they got it. They can legitimately say—

Mr Story—It could be family reasons.

CHAIR—Or it could be the savings of working for the last couple of years.

Mr Story—Yes.

CHAIR—It may well be ill-gotten gains, and the transmitter would not really be aware. I am perhaps gathering from your body language that in a lot of these transmissions the transmitter is aware that there is something funny about it.

Mr Story—We say that this is a high-risk area, and our international counterparts say the same thing. It is a high-risk area that needs to continue to be closely watched.

CHAIR—What about amounts less than \$10,000?

Mr Visser—There is no threshold on international funds transfer instructions. Essentially they are required to report all person-to-person transactions.

Senator PARRY—Mr Chair, that was a very skilful way of getting body language into *Hansard*. Very good. I will conclude my line of questioning. We have been given evidence, and it is commonsense, that cash is king in this and that if you can control or remove the cash you are starting to combat crime in a big way.

Mr Story—Yes.

Senator PARRY—Bearing in mind what we have just said about sophisticated criminal activity comprehending the issues of AUSTRAC and what is monitored, what tools do you perceive that you may need moving into the future which you do not have and which you can reliably say we could provide from a legislative or discussion with other jurisdictions perspective? We are keen to hear what you need. I feel that the \$10,000 threshold with a regulated money market is it a great deterrent, but that is it. It probably shut that gate to a degree, although you have indicated that some are still stupid enough to use it.

Mr Story—And you cannot remove it.

Senator PARRY—No, absolutely not. But what do you need to get into the serious organised criminal activity with money laundering?

Mr Visser—Without going into too much detail, a lot of operations that we have worked on with partner agencies have involved very sophisticated groups. The data we collect has been very useful to them not only in pursuing the proceeds of those offences but also in investigating the predicate offence itself. I think that in the past we have made very good use of what we have in terms of the reporting activity. We anticipate that with the new requirements under the new legislation, where the financial sector will be required to monitor under the customer due diligence provisions, there will be greater exposure and greater requirements to know their customers. There are things built into the new legislation that we anticipate will strengthen our capability into the future.

Mr Story—And which have not taken effect, which is why I am a little reticent to put a further suite of legislative requests to you. We have a number of new obligations that government has seen fit to put in place. They have staggered implementation from now until 13 December 2008. One of those is the beefed-up customer due diligence requirements. That will

mean, for example, when someone is going into multiple branches of a large financial institution structuring transactions to avoid the reporting thresholds it is the same entity. Customer due diligence requirements are supposed to be able to detect those matters. That new regime is not yet fully implemented; industry has been given some time to put it in place.

Mr HAYES—I accept that in terms of being an agency that has regulatory support and what triggers the collection of detail and running an intelligence-based service over the top of that. I think what Senator Parry is asking is not so much what is in the pipeline in terms of regulatory support or legislative direction, but in terms of this agency being able to get in and make a solid dent in proceeds of crime—and money laundering is at the core of that—what other things should we be looking at? For instance, we listen to news reports and we are told how many kilos of heroin may have been discovered at the ports and the all the rest of it, but one of the things we do not always hear about is how much money we are actually retrieving from money laundering and crimes. It is probably as simple as any other business endeavour—it is all about money.

If the issue is about anything in excess of \$10,000, we accept that. Legislators can regulate to do those things and go further. But, in terms of serious capturing of this information and enlivening the intelligence arms of AUSTRAC, what other activities should we be looking at that may not be in the legislative pipeline at the moment? One of the things we do need to start applying ourselves to in the future, as you guys are doing, is saying that we know this is what they are doing now, but what assessments are we doing to establish how they are going to do business in the future? We would like to be in that loop at the moment.

Mr Visser—We are not an investigative agency; we are an intelligence agency. We have quite a wide spread of partner agencies that include national security agencies, law enforcement agencies and revenue and social justice agencies. When we prepare our intelligence, very often we have access to other data sources in partner agencies that are privileged that we use to assess the value of our data, but we do not incorporate that into our intelligence product. That sometimes may make it difficult for the recipient to distil what we are saying in terms of why this is more suspicious than it perhaps might have been.

But that is something that we do out of courtesy to our partner agencies. It is their information and we respect their ownership of it, and that is why we do not include it. It is not often a legislative impediment, although there are impediments to that. That is something that may be of value into the future. But, again, that is something partner agencies really need to comment on.

Senator PARRY—Mr Chairman, can I request that we go in camera, because I feel as though I am circling like a shark but not getting the bite. It relates to previous in camera evidence and I am not getting the answer. Can we go in camera at some stage?

CHAIR—Yes, towards the end we can consider that.

Senator PARRY—I will suspend my questioning until then.

CHAIR—Of course, the witnesses may not answer even then. We will see later.

Mr HAYES—I suggest that we follow that path.

CHAIR—I just have a couple of questions. Do you have the ability to prosecute anyone?

Mr Story—Under our new laws?

CHAIR—Are you a prosecution agency?

Ms Atkins—No, not directly we are not. Breaches in regulatory terms under the new legislation will be civil penalty offences.

CHAIR—Is that someone who should be registering and is not; is it that sort of thing?

Ms Atkins—Yes, or does not have an anti-money laundering program or a customer identification program. In terms of the criminal offences, which are under our legislation and which relate to false statements and things like that, or prosecutions for laundering money, one of our partner agencies and the Director of Public Prosecutions would take the criminal action.

CHAIR—Do you or the ACC keep information about how many prosecutions are launched as a result of information you have provided?

Mr Story—We look to get that feedback from the ACC, and we generally do. They keep track of it in the end, not us. It is up to them to give us that feedback so we know and we can also tell others through our reporting. This is a constant with all the investigating agencies; we always want to know when our information is useful.

CHAIR—Off the top of your head or perhaps on notice, do you have any details of your success rate? First of all, how many prosecutions are launched as a result of the information you distribute and how many of those are successfully prosecuted?

Mr Visser—I think we quoted 9,000.

Mr Story—We have quoted 9,000 investigations. I think that is a question we can take on notice and give you some data for the current year.

CHAIR—Do you distribute your information to state agencies, like, for example, the NSW Police Force and the New South Wales Crime Commission?

Mr Story—Yes, we do.

CHAIR—Would it be them or the ACC or someone else who would actually go and do the arrests or the prosecutions?

Mr Story—Yes, and they will combine our intelligence with their own. We may or may not get credit. Yes, it is something that is important to us.

CHAIR—It has been suggested to me around the traps that if someone sends money out through, for example, a bank, but through different branches, very often there is no oversight. The suggestion being that your investigations or your oversight might deal with a particular branch of a bank but not 10 branches each sending out \$7,000, \$8,000, \$9,000, \$10,000.

Mr Story—As I was attempting to cover earlier, the new customer due diligence requirements in the act are designed to address that sort of situation, to the extent that there is to be ongoing surveillance of that customer. It is all about banks knowing their own customers better.

Ms Atkins—It is not just that. By ‘sending out’, do you mean sending money overseas? All international funds transfer instructions are reported to AUSTRAC, if structuring was going on across branches to get money out of the country then our systems ought to pick that up.

Senator PARRY—Even a \$10 transaction?

Ms Atkins—Yes.

Mr Story—International going out?

Ms Atkins—With international transactions it is everything.

Senator PARRY—Is that not unwieldy?

Mr Story—A number of FIUs are envious of what we have.

CHAIR—I am talking about one bank with different branches. What about if they use 10 different banks with 10 branches throughout the state; would you pick that up?

Mr Visser—Again, there is no threshold with telegraphic transfers. If it is money going out of the country through a wire transfer, that would be on our database and we would have the capability to look for linked money patterns.

CHAIR—Could you pick up a pattern if they were sending money out through various different banks?

Ms Atkins—We could.

Mr Visser—If it were a telegraphic transfer, yes.

Ms Atkins—If it were going out of the country.

Mr Visser—Yes. We have a program to scrutinise all of those transactions each day.

CHAIR—Would you pick up anything untoward if someone were moving bigger amounts within Australia across a number of banks?

Ms Atkins—If it were over \$10,000 and a cash-related transaction it would have to be reported to us.

Mr Story—We review every suspect transaction report.

CHAIR—What if \$7,000, \$8,000, \$9,000 and \$10,000 were transferred through different banks and there is therefore no obligation to report it? If they go to 10 banks they could somehow collect \$100,000 within Australia.

Mr Visser—We have had cases where that has occurred and we have detected it. It is not likely to be the case all the time; we are depending on the banks.

CHAIR—One bank would not have a suspicion about someone sending \$7,324.97; that would not be suspicious.

Ms Atkins—No, but they may be suspicious depending upon the customer's other behaviour and what is happening. They may have a suspicion, so we may get it. But you are quite right to say that if we do not get a suspicious matter report we are not likely to pick up that sort of pattern across different banks. We would never be able to do that unless we had reports of every transaction happening in the country, and that would be unwieldy.

Mr Story—There are limits.

CHAIR—What is the definition of a cash transaction? If I have a bank cheque for \$200,000, is that a cash transaction?

Ms Atkins—If you went in with \$200,000 in cash and bought a cheque, that would be a reportable transaction. But it is not if you have a bank cheque from somewhere else and take it into a bank to deposit in an account.

Senator PARRY—Is that a problematic area? If I had, say, \$29,500 in cash for a bank cheque and then banked all those bank cheques, I could end up with a couple of hundred grand.

Mr Visser—One of the risks for groups that engage in that activity is the volume of money they have to move. The more transactions they have to undertake, the greater risk they run. As I said, we will pick up a lot of them, but there are some we might not.

CHAIR—Do you have any other questions? The committee has requested that we go in camera. I do not want to embarrass AUSTRAC, but there are a couple of ACC officers in the room. I am required to remove them and we might just do that.

Evidence was then taken in camera but later resumed in public—

[12.51 pm]

SALTER, Mr Michael Alan, Director, Advocates for Survivors of Child Abuse (ASCA)

CHAIR—We are grateful to have Mr Salter joining us from the Advocates for Survivors of Child Abuse. We are particularly grateful to you for fighting your way through the weather and getting here. Thank you for your submission, which is submission No. 18 to our inquiry. I remind you, Mr Salter, that this hearing is conducted under the auspices of the Federal Parliament, so parliamentary privilege applies. If there is anything you would like to say in confidence or if there is something particularly sensitive that you want to say, you can ask the committee to conduct part of the inquiry in camera. As I said, we have your submission, for which I again thank you. Perhaps you would like to make an opening statement or summarise some of the major points you made in your submission.

Mr Salter—The issue of organised abuse has often been framed by the debate over recovered memories and other community concerns about child abuse, remembering the law. There has been a broad failure to acknowledge that many children and women make contact with the police and with health and welfare professionals seeking to bring ongoing organised sexual exploitation to an end.

Case reviews of sexual assault and domestic violence services in Australia have found a surprisingly high incidence of children and women seeking protection from organised groups of perpetrators. Children in therapeutic settings speak of child pornography being manufactured on our shores, of their parents' friends paying to have sex with them and sadomasochistic forms of sexual abuse that cross the line into torture. Women speak of a lifetime of servitude within families and extended networks where they are raped, tortured and prostituted, where their children are abused, where their movements are traced and attempts to flee are severely punished.

From these stories emerges a picture of organised groups that use family-based violence and coercion to maintain spaces of impunity for the sexual exploitation of women and children. Some abusive groups are loosely structured, short-lived and opportunistic. Others are well established and hierarchical. Their codes of governance, sociality and loyalty are meticulously observed and they operate, in effect, as parallel states outside the bounds of state regulation. Here we encounter forms of violence that are both intimate, in that they are inflicted by parents, caregivers and partners, and organised, in that they occur in the context of larger networks in which women and children are objects of ownership and exchange. I will read now the experiences of nine-year-old Sara:

I didn't realise anything was wrong till I was about three years old. Then I did not want to be alive any more because of the terrible things that were happening. The person doing most of the rude things was my father. There were other people in this too. Some of them were women and some were men. There were other children who were having the same things done to them as me. The bad people took rude videos and photos of us. My brother was there too. Mummy was at home and did not know what was happening to us. The bad people dressed up and there were things done to animals. I tried to tell mummy when I was three, but I couldn't. When I was six, I told mummy about the bad things that were happening. I thought she would smack me and tell me I was lying. I was so scared because the bad people said if I told anyone they

would kill me. When I told the police, I felt a bit embarrassed. When I went to court, I felt even more embarrassed about telling so many people and also having my father there. Anyway, I told the court and he was sent to jail for a while, but got out. I do not think of it very much. Sometimes I do have bad dreams about it. I am still angry with all the bad people for doing those things. I feel safe now, because the bad people can't find us where we live. But if they did find us they would probably do more bad things to us. You should never trust anyone, not even your own parents.

While she was ultimately successful, Sara's difficulties in disclosing her experiences of organised abuse are not limited to children. Torture changes the ways that memories are laid down in the brain and the fragmentation that results can inhibit the capacity of a victim to construct the stable linear narratives of abuse required by police and the law. Furthermore, victims of organised abuse are viscerally aware of the life-threatening consequences of disobedience and disclosure, and many come to believe that the perpetrator group possesses far-reaching means of control and surveillance. A further compounding factor is that intimidation, torture, rape and murder are well recognised features of all forms of organised crime, except organised sexual abuse.

The community and policy makers in Australia have been reluctant to acknowledge the use of such tactics in organised sexual offences against children. For victims, the cumulative impact of all these factors is a mutually reinforcing sense of terror and isolation, often resulting in submission to the demands of the perpetrator group and conformity to its specific values, codes and rituals. This form of Stockholm syndrome is a major challenge facing professionals and others who provide care and support to survivors.

For as long as these complex issues remain unacknowledged and unaddressed, they pose clear obstacles to intervention by the police and the law. Of particular concern to Advocates for Survivors of Child Abuse is the marginality of familial abuse and the abuse of girls. In the policing definitions of paedophilia and organised paedophilia, this biomedical model has excised the private sphere from the purview of strategic law enforcement bodies such as the Australian Crime Commission. Yet the evidence suggests that the family and the home is the primary site for the organisation of serious sexual offences against children and women in this country.

Organised abuse does not respect our neat categories. It crosses the boundaries between the public and the private, between intimate and organised, between family and gang, between incest and prostitution, and between abuse and torture. While instances of organised abuse in Australia are extreme and horrifying, they are not extraordinary. Their internal dynamics mirror those of other forms of abuse: most offenders are male, most are known or related to the victim, most victims are girls and women, and while abuse occurs in a variety of contexts, fathers, husbands and the boyfriends are primarily responsible.

This is uncomfortable ground and the material raises unpleasant questions about the vulnerability of children and women in our country, their marginalisation within the official discourses of policy and law and the adequacy of institutions such as the police. The evidence to hand suggests that organised abuse is an ongoing source of harm to the Australian community and our inability to generate a policy response is only further contributing to that harm. Australia needs federally coordinated, multi-agency working protocols and interdisciplinary specialist assessment teams for complex child abuse cases. We need to breach the chasm between the policing of public and private crimes by improving coordination and information sharing between police, health, welfare and child protection professionals.

At a broader level, we need to avoid simplistic explanations for child abuse such as those proffered by the outdated paedophile typologies currently entrenched in Australian policing. We cannot avoid the sad fact that organised abuse in Australia is embedded within society where sexual, physical and emotional abuse of women and children is already endemic.

CHAIR—Thank you very much for that. I would like a bit more information about your organisation. I see that it is an NGO founded in 1995. Do you operate Australia wide?

Mr Salter—Yes, we do. We support between 600 and 800 members—it fluctuates—across Australia who are survivors of all forms of child abuse. ASCA is designed to provide a peer-support model for people who otherwise cannot access mental health services, whether because they cannot afford them or they prefer not to.

CHAIR—Are you funded by government in some way?

Mr Salter—We are self-funded.

CHAIR—Without going into the details, what do you do—sell raffle tickets?

Mr Salter—Sometimes it gets to that point, but our members pay dues and we also receive philanthropic donations.

CHAIR—Do you have a full-time staff?

Mr Salter—Yes, we do. We have a national office in Kirribilli and we have three full-time staff members.

CHAIR—Are you one of them?

Mr Salter—No, I am not. I am on the board of directors.

CHAIR—Are your three full-time staff trained social workers, lawyers or anything?

Mr Salter—They mainly act in an administrative capacity and coordinate the groups around Australia. We have state-based councils that do most of the administrative work. But we have at any point about 50 to 60 different self-help groups meeting around Australia every week.

CHAIR—Are the people who do the counselling—that may be too strong a word—or who give support to victims trained counsellors, or have they been in the same situation and coped with the same problems?

Mr Salter—The people who facilitate the groups go through a training program. ASCA runs essentially as an empowerment model for survivors. It is designed to educate survivors and enable them to provide support to other survivors. But we have a number of counsellors and therapists involved in the support network as well.

CHAIR—Have you ever sought funding from governments, or do you choose not to?

Mr Salter—We would love funding from governments actually. But we have probably been seeking that proactively for only the last two or three years.

CHAIR—This is all a bit outside our terms of reference. I am just curious about your organisation. As you are aware, we are looking at the future impact of crime on Australian society. Does your organisation have a view on whether this problem is increasing, decreasing, or static?

Mr Salter—One of the problems with measuring instances of any form of child abuse is that the only official figures we have to go on are reported instances of child abuse. Particularly when it comes to organised forms of sexual abuse, these rarely constitute notifications in and of themselves, if that makes sense. They tend to be reported within existing categories, which do not take into account connections between offenders. That is also true in courts of law. We are not in a position to quantify whether organised child sex abuse is getting better or worse. However, we can say that it looks unlikely to go away given that there are no significant moves at either a state or federal level towards any more surveillance or regulation.

CHAIR—I think most Australians would be shocked and amazed at what you say in your submission about the extent of organised, and very often family- and friends-organised paedophilia. Does your understanding of that come from evidence given in courts, or is it picked up from children perhaps much later in life reporting to you that this happened when they were young?

Mr Salter—In terms of the evidence base for organised abuse, there are three key sources. Obviously the one we are most familiar with and the one that has received the most public attention would be adults alleging quite serious forms of abuse in childhood. ASCA has provided support over the past 10 to 12 years for people whose children are actually going through the court process alleging this form of abuse. Like Sara's case, those cases were successful. The third source of evidence—it is probably the firmest—is research evidence, particularly social and criminological research, most of which has been undertaken overseas, regarding the experiences of healthcare workers and counsellors and domestic violence centres encountering this form of abuse. But recent surveys have been undertaken in South Australia and in Melbourne regarding healthcare workers and how often they encounter this type of abuse, and it is surprisingly high.

Mr HAYES—Do you have any view about the extent of organisation outside the family involved in this activity in this country?

Mr Salter—By 'extent' do you mean numbers or the seriousness?

Mr HAYES—I am just trying gauge a view. I take on board what you said about most of it being arranged within the family. But is there a wider network? Is there any anecdotal evidence about that?

Mr Salter—I would say yes. We have certainly come across people who have made successive attempts to escape from abuse that has continued from childhood in adulthood. Their attempts to flee that abuse may involve moving interstate, yet that has often been ineffective in protecting them from what has been going on. We also see an amount of cross-over between

organised forms of child sexual abuse and then subcultures of sexual violence with bikie gangs and similar organisations where women then present to domestic violence services with very complex histories of child sexual abuse and then domestic violence, and their children have become involved. It becomes very complicated. There seems to be a continuum of sexual violence in this regard. I would certainly move away from a Mafia-style notion of organised crime. There is a lot of fluidity in terms of people moving across different contexts of abuse that involve pornography, prostitution and organised sexual abuse.

Mr HAYES—Has the police response been changing of late? I know most police jurisdictions now have child abuse units. Is that starting to have some impact on the way police are handling this as an issue?

Mr Salter—I am not in a position to comment; I really have not come across that. I guess the key stumbling block in engaging with the police is that the court system deals very poorly with sexual offences whether they involve children or women. When people are making contact with healthcare workers, domestic violence centres or rape crisis centres they are generally being advised not to go to the police because the likelihood is that if they do they will actually be exposed to further harm in the court system and they are unlikely to get a good result.

Mr HAYES—Material was released publicly last week, I think, that indicated that the vast majority—in the vicinity of 90 per cent—of rape cases are not reported, of those that are reported only about 10 per cent get to court and of them only 1 per cent are successful prosecutions.

Mr Salter—The attrition rates for child sexual abuse in the legal system are really concerning.

Mr HAYES—What rates did you say?

Mr Salter—The attrition rates for child sexual abuse. A minority of cases are reported to the police and then a minority of those go forward to committal and then a minority of those cases in Australia—bar Western Australia, which does quite well—result in convictions. Some research has been done with kids who have taken the stand against an abuser and got a conviction. Even amongst kids who have got a conviction, the majority have said that would not report sexual abuse again in the future because their experience of the court system was so traumatic.

Mr HAYES—Is there scope for improving our system of apprehended violence orders, for instance?

Mr Salter—I talk about this in the submission. One of the problems for survivors of organised abuse—whether they are children or women—is that they have often grown up in an enormously different world from the one that we understand. They can become very loyal to an abuser or a network of abusers and they often resist police intervention, to be honest. The more sadistic the abuse, the more terrified they are of getting the perpetrator into trouble, because they believe that there will be repercussions down the line.

Attempts to circumvent law enforcement are often built into the abuse. We see that in particular with the very strategic use of police uniforms among some groups of sexual abusers. They will present to children as police officers; they will wear police uniforms during assaults.

We have seen adult victims with deeply ingrained phobias of the police as a result. Simply seeing a police officer is enough to bring on a panic attack. These are people who are fundamentally disenfranchised from law enforcement.

CHAIR—Do you think there are better ways of discovering instances of abuse, for example, through better reporting or systems in emergency and general health situations, or perhaps at schools? Is there any way that we can encourage victims to report these incidents at an earlier stage and perhaps lessen the abuse?

Mr Salter—The one model that comes to mind is Britain. Its response is not perfect, but for 20 years now it has had multi-agency working teams in which the police and forensic investigators work alongside social workers and medical professionals. They respond very quickly to notifications of abuse that include some sort of organised aspect. They have also had increased modes of communication between social workers, healthcare workers and the police.

If there were to be a response in Australia, I think the best way to kick start it would be to have a round-table discussion between the police and a number of local experts in the field of extreme trauma. Over the past 15 or so years a number of specialist agencies and academics have specialised in work within this particular client group. Because sexual abuse is dealt with very poorly in the justice system, in a sense the discourse has shifted to health. That is predominantly where cases of organised abuse are now being dealt with; they are being dealt with as a health issue. There are specialist social workers across the country who would be able to impart some insights to the police and I am sure it would be vice versa.

CHAIR—You are dealing in an area that is quite horrific and repugnant to nearly all Australians. Is there any way that you can stop this? Has your organisation come up with any strategies—I certainly cannot think of anything off the top of my head—that might lessen the incidence? Or do we just say that we know this will happen and all you as a group can do is to be there to help them recover after the event?

Mr Salter—It is really difficult because we see spaces like the home being used. They are private spaces and traditionally they are afforded some protection from systems of regulation, surveillance and legal intervention. They are being used in these very difficult ways. Of course, they provide protection from all sorts of abuse of children. This is a minority case, but it is quite an extreme one. When we look at Britain, we see a set of prosecutions that we do not see in Australia. In a number of cases in Britain organised networks have been identified and shut down. At least three or four come to mind over the past year. Those are the kinds of prosecutions we never see in Australia. I think it is a stretch of the imagination to say that we have different sorts of offenders in Australia, particularly when ASCA and other community-based organisations are hearing these stories from people. It has to be about an adequate policy response and an educational approach, so that when people go to the police or healthcare workers, or they come to the attention of child protection professionals, that information has somewhere to go. We certainly come across counsellors and therapists who have dealt with a number of clients over 10 years who have made corroborating disclosures about organised and really severe forms of abuse. They have nowhere to take that information; they have nothing that they can do with it. That is quite concerning.

CHAIR—Do you have any statistics on this? When you read about convictions of child molesters, you usually find the defence counsel trying to mitigate the penalty by saying this abuser was himself or herself abused as a child. Is that statistically recognisable or is that simply a convenient excuse for the guilty?

Mr Salter—Probably a bit of both. What we do not see is that kind of pattern of abuse amongst women—girls endure the majority of sexual abuse in the West and they do not go on to become sexual abusers. There is a statistically significant proportion of men who have abused who have also been abused, but it is not the majority of offenders. Notions around paedophilia as a mental illness are a doubled-edged sword because they end up providing a kind of excuse for child sexual abuse. They claim that they were mentally ill. When we look at community-based studies and comparisons between sexual abusers and non-abusers, there is very little difference between men who sexually abuse children and men who do not.

CHAIR—Would better counselling of victims have any impact in 20 years time with regard to abuse? From what you say, I guess the answer is no, because the proportion is very small.

Mr Salter—One of the problems that we come across is that survivors of organised abuse are usually extremely debilitated. Often they cannot work, they have difficulties eating and they cannot sleep. It is actually very distressing to be close to a survivor of organised abuse because their lives are actually extremely difficult. They fundamentally very quickly overwhelm the capacity of mental health professionals or the health system to provide them with the care and support that they need. That absence of support leaves them vulnerable to revictimisation. I do not think there is any question about that. That can be revictimisation by the original group, and some of these groups seem to have a continuity of abuse that certainly surprised me. It would surprise everyone in this room to think that a group could sustain itself for 15 or 20 years. But, victims often do not have anywhere else to go.

CHAIR—This is a very serious subject and I certainly do not want to make light of it, but I happen for the first time ever to be watching *Boston Legal* the other night. I have never watched it before and I thought it was serious show, but apparently it is a comedy. One of the instances involved an older teenager who had been subjected to some sort of abuse. Estranged parents were fighting over whether the victim should be given a drug that would wipe all memory of the abuse. I am not sure whether that was just part of the story and made up or whether a drug like that is available. Is that sort of drug available?

Mr Salter—Sadly, no. I know of some pharmacological interventions now being formulated for post-traumatic stress disorder. But that is mainly for use by soldiers in combat zones so that they do not sustain trauma during battle. Pharmacotherapy with this population has very poor outcomes, but they are a heavily self-medicating population anyway. So, sadly, no.

CHAIR—Does it work with troops? Perhaps you are not an expert in this area.

Mr Salter—It is a technology in development; it has not come to the point of human trials yet. But, sadly, no, there are no pills you can take to make it go away.

CHAIR—Perhaps if there were I could take some after a day in parliament to try to obliterate all memory of things going badly for us. The secretary is pointing out to me that your

submission is urging the Australian Crime Commission to consider organised child abuse as a source of serious and ongoing harm to children and to the Australian community as a whole. We take that on board. Are you aware of the commission's reference from the Ministerial Council conducting an investigation in to paedophilia in Indigenous communities? There has been some question of why the Crime Commission, which deals with serious and organised crime, should be doing that and the suggestion is that there may be some organised criminality or systems. Are you familiar—obviously from newspapers only—with the work that the commission is doing with Indigenous communities?

Mr Salter—I was not aware that the ACC was involved, but I have been following the allegations of paedophile rings in outback communities.

CHAIR—I do not think the crime commission has said anything public yet. It certainly has not finished its investigations and they are, as is the nature of these investigations, relatively secret and the crime commission does have additional powers that ordinary police forces do not have. There might be something for someone in your organisation to keep an eye on as it comes forward and then to extrapolate whatever conclusions it comes to—if it does come to a conclusion—to the wider community. However, for the moment, we certainly note your urgings. As I said, that has occurred in this one instance for indigenous children.

Mr Salter—One of the questions that it raises for us—and there are broader questions than the ACC—is the willingness of policy makers to recognise organised sexual abuse when it arises in indigenous communities, but when the same allegations are made in white and urban communities they are rarely heard and taken seriously. We have seen a number of allegations come out of indigenous communities over the past two or three years that have been taken very seriously. It has been a real struggle over the past 10 to 15 years to have the same crimes taken seriously in white and urban communities.

It raises broader questions about the recognition that has occurred in black communities in Britain. Certain types of abuse will not be acknowledged in white communities and even more broadly in developing nations where our policy makers are very happy to apply terms like trafficking and child slavery to other places. However, when we see some parallels in Australia for children born in Australia, it is very rare that those kinds of disclosures are taken as seriously. I think there is a racial differential here about what we think white urban people will do versus what we think the black and rural people do.

CHAIR—Until I read your submission, I would not have heard of that. Even having read your submission and accepting that it is truthful, I still find it difficult to accept that the sort of things you are talking about actually occur, and I suspect most Australians are in the same situation. Perhaps you are right and there is an overtone that we know it happens out there but it does not happen in a lovely city like Sydney.

Mr Salter—These crimes occur in a very specific subcultural strata in which violence, abuse and neglect are fairly normative. That is not instantly transparent for those of us who do not come from places like that.

CHAIR—From the examples you have from your members you cannot say this happens predominantly in bikie gangs, particular ethnic groups or with people over 40 earning more than \$150,000 a year. There is no statistic.

Mr Salter—I would say no, but I would also say that, like all forms of child abuse, we would see more notifications from the lower end of the socioeconomic spectrum, but simply because those families are more likely to come to the attention of child protection officers and social workers in general. Child protection notifications are very difficult data upon which to base policies.

Mr HAYES—With the people who come to your support group years hence it would be very hard to put the them into the category of just coming from lower socioeconomic positions.

Mr Salter—That is true. I do not think we would be able to make a generalisation based on class or race in particular.

Mr HAYES—I certainly take on board your comments to this inquiry.

CHAIR—Thank you very much for giving us your time and the evidence. All the best with your group. You are obviously providing much-needed support in the community. Well done. With that, I declare this session of our inquiry closed and adjourn to Canberra on a date that we know about.

Committee adjourned at 1.27 pm