



AUSTRALIAN CRIME COMMISSION

**Submission to
Select Committee of the Legislative Assembly of the
Northern Territory
Inquiry into methylamphetamine**

Table of Contents

Role of the Australian Crime Commission 3

Role of organised crime and methylamphetamine 6

**Terms of Reference: A) The reliability of government data on Ice use and
measures to enhance the collection of data 7**

Terms of Reference: C) Sources of Ice 9

 Cross-Jurisdiction trafficking..... 9

 Importations 10

 Clandestine laboratories 10

 Precursor chemicals 11

 Regulatory vulnerabilities 12

**Terms of reference: E) The social and community impacts of Ice in urban,
community and remote settings 14**

 Personal Harms..... 14

 Crime 15

 Indigenous Communities 17

Conclusion 18

Appendix A 19

Introduction

The Australian Crime Commission (ACC) welcomes the opportunity to make a submission to the Select Committee of the Legislative Assembly of the Northern Territory inquiry into methylamphetamine.

The submission provides an overview of the national methylamphetamine threat. It outlines the international and national dimensions of the methylamphetamine market and explores the role of serious and organised crime in driving the Australian market. It addresses the following terms of reference for this inquiry:

- The reliability of government data on Ice use and measures to enhance the collection of data to ensure that the scale of the problem and its impacts on the health, justice, drug and alcohol, and law enforcement efforts of the Northern Territory Government are understood and measured as accurately as possible
- The social and community impacts of Ice in urban, community and remote settings
- The sources of Ice including cross border trafficking, local manufacture and derivation from legal pharmaceuticals and other legal precursors.

This submission is unclassified and may be published in the public domain. The submission contains the latest publically available data from the Illicit Drug Data Report (IDDR), however, the ACC will be releasing the newest version of the IDDR in 2015.

Role of the Australian Crime Commission

The ACC is Australia's national criminal intelligence agency, dedicated to discovering, understanding and responding to serious and organised crime. The ACC enhances the national understanding of high risk and emerging drug markets through the production of timely intelligence products. The ACC also supports law enforcement investigations through the use of coercive powers to identify the highest risk criminal networks impacting Australia.

The ACC produces both classified and unclassified intelligence assessments on illicit drugs, which are distributed to its many national and international partners. These assessments provide an intelligence foundation for operational and preventative responses to combat the threat posed by illicit drugs in Australia. The IDDR is one such assessment produced by the ACC. The IDDR is recognised as one of the most valuable tools for law enforcement agencies, policy and decision makers, research bodies and other stakeholders in developing strategies to combat the threat posed by illicit drugs. It provides a statistical overview of illicit drug border detections, national seizures, national arrests and user groups, as well as profiling the current situation, national impact and the emerging trends and threats posed by illicit drugs in Australia.

The ACC aims to identify systemic and sectoral vulnerabilities which are being exploited by participants in high risk and emerging drug markets, and assess the resultant impact on threat levels for the respective markets. The ACC provides advice and support to partner agencies and government which contributes to legislative and policy responses designed to reduce the risk and impacts of these vulnerabilities.

The ACC also produces the *Organised Crime in Australia* (OCA) assessment. The OCA is an unclassified assessment of the key threats to Australia from organised crime and forms the basis for an integrated and collaborative national response. It provides the most comprehensive contemporary profile of serious and organised crime in Australia. The OCA provides the context in which organised crime operates in Australia and gives an overview of the key illicit markets and the activities which enable serious and organised crime. The OCA has consistently identified that the risk posed by the methylamphetamine market, and in particular crystal methylamphetamine, is very high and continues to increase, constituting the highest risk of all organised crime and illicit drug markets. Consequently the methylamphetamine market is the ACC's highest priority area for its work on high risk and emerging drugs.

Definitions

For the purposes of this submission the ACC will use the term methylamphetamine, which is synonymous with 'methamphetamine' 'crystal methylamphetamine' and 'ice'.¹

Some data received by the ACC and included in ACC assessments refers to the more generic term amphetamine-type stimulants (ATS), which includes substances other than methylamphetamine such as 'MDMA' and 'Ecstasy'. The term ATS will be retained in some circumstances in this submission with the range of substances included noted where possible.

Global market

Transnational and organised crime groups feature prominently in the global methylamphetamine market. For example, the Australian methylamphetamine market is supplied by crime groups from Asia, the Americas, Europe and Africa. Some of these groups use the Pacific Island states and territories as a transit point for trafficking methylamphetamine and precursor chemicals to Australia and New Zealand. Methylamphetamine may transit through several countries before entering Australia. All import streams are used in this illicit trade, including sea cargo and passengers, air cargo and passengers and international mail.

It is difficult to accurately assess the impact of the global market on the Australian market. However, the production and availability of methylamphetamine worldwide has been an influencing factor in the emergence of imported methylamphetamine in the Australian market.

¹ While the crystal form of methylamphetamine is typically of higher purity, appearance alone is not a reliable indicator. For convenience, in this submission the term crystal methylamphetamine will be used to describe all methylamphetamine which is crystalline in appearance and hence is perceived by users to be ice, regardless of the related purity.

National Context

The ACC assesses that methylamphetamine poses the highest risk to the Australian community and is of significant national concern due to:

- the increasing use of methylamphetamine
- the widespread negative impact on the individual, including the associated tangible medical and psychological harms
- the links between methylamphetamine use and other crime types, including violent crimes against the person and property crime
- the harm to the community (including families of users, road users, frontline staff in hospitals, law enforcement and emergency services)
- the risks posed to disadvantaged and vulnerable groups
- the impact on legitimate industry sectors (such as the pharmaceutical, chemical and transport sectors) through diversion of chemicals and transport of illicit substances
- the presence of sophisticated domestic and transnational organised crime groups in the market.

Since 2010, there has been significant growth in the Australian methylamphetamine market, both in terms of reported users and availability. This growth has been identified through border detection and domestic seizure data, related crime statistics, health statistics and user surveys. Table 1 in Appendix A demonstrates the growth in national seizures. In 2012-13, the number of seizures grew 310 per cent over the previous year. Although possibly a reflection of increased law enforcement attention on this market, given growth in other indicators, it is assessed that these figures represent genuine market expansion. Analysis to date indicates that the number of seizures has increased, but the total weight decreased in 2013–14.

Increases in domestically produced and imported methylamphetamine are being absorbed by a domestic market which appears to demonstrate a growing level of demand. The market is supported by increasingly diverse and concerning domestic and transnational supply sources, for both the drug and its precursors. There is evidence that some crime groups that previously specialised in other drug markets are now focusing their activities on the methylamphetamine market.

Role of organised crime and methylamphetamine

Organised crime groups, including transnational groups, are increasingly involved in all stages of the methylamphetamine supply chain. More than 60 per cent of Australia's highest risk criminal targets are also known to be involved in the methylamphetamine market. A range of these groups are involved in the importation, manufacture and trafficking of methylamphetamine in Australia, as well as the importation of particular precursor chemicals. These include, Australian-based members of Outlaw Motorcycle Gangs (OMCGs), persons of Iranian, Middle Eastern, Eastern European and West African background, individuals and groups of Asian extraction (Vietnamese and Chinese in particular) and persons and groups from Canada, the US and Mexico.

Organised crime groups that were previously in the heroin or cocaine markets are now focusing in part, or predominantly, on the methylamphetamine and ice market; though the majority of targets are involved in multiple drug markets. Groups are seeking to satisfy increasing demand for crystal methylamphetamine, as opposed to methylamphetamine in the form of pills or powder. New sources of demand have been identified in regional, rural and remote areas.

Australia-based organised crime groups now have far greater access to high purity imported methylamphetamine, precursors and pre-precursors.² They have global connections that permit the groups to engage effectively with methylamphetamine importing networks from a number of continents, combined with ready access via the internet and underground literature to detailed information on alternative methylamphetamine and precursor production processes. The crime groups are also more diverse, flexible and innovative and are better connected across Australian jurisdictions.

The methylamphetamine market is sufficiently diverse and profitable to support a large number of suppliers, at different levels of sophistication. It is now not unusual for groups of different ethnic or criminal backgrounds to collaborate at different stages of the methylamphetamine supply chain, or to collaborate on an importation or local supply. For example, methylamphetamine imported into Australia is likely to have passed through several countries with the assistance of a range of serious and organised crime groups. In some cases the relationship lasts for only a small series of transactions, but in other cases it is more enduring.

Australian users of methylamphetamine pay a premium price compared to those in other countries, making importations to Australia attractive and profitable. According to the United Nations Office on Drugs and Crime (UNODC) the average street price per gram of methylamphetamine in China is USD\$80. According to the 2012–13 IDDR, nationally the price per gram in Australia in that reporting period ranged between \$400 and \$1600. The IDDR reveals that larger quantities also almost always exceeded overseas prices. The 2012–13 IDDR reported that a street deal of crystal methylamphetamine (0.1 gram) cost \$200 in the Northern Territory. This was the highest price reported nationally, with other jurisdictions reporting prices between \$50 and \$150. This price remained stable in the 2013–14 reporting period.

² The term 'pre-precursor' refers to a chemical substance which cannot directly be converted to methylamphetamine, but can be used to create a direct precursor chemical.

Terms of Reference

A) The reliability of government data on ice use and measures to enhance the collection of data to ensure the scale of the problem and its impacts are understood and measured as accurately as possible.

Estimating the size of the methylamphetamine market is important in order to identify response strategies. Although seizure data, related crime statistics, health statistics and user surveys statistics provide evidence for growth in the Australian methylamphetamine market, they are insufficient to determine its actual size.³ Seizure data is well-recorded, however, accurate demand and user data is scarce and generally subject to methodological constraints. Intelligence regarding methylamphetamine importations and use may be recorded on the Australian Criminal Intelligence Database, however, due to age and usability issues, the system is no longer a complete repository of national law enforcement intelligence holdings and there are significant intelligence gaps. The ACC considers that the introduction of a National Criminal Intelligence System, or similar, will enhance collaboration and technical interoperability across national law enforcement agencies and will facilitate the provision of a much more accurate intelligence picture on crime, including that relating to methylamphetamine.

There are several methods available which may assist in estimating the size of the market. Official statistical measures, such as border detections and domestic seizures, street price data, purity data, arrest data, and hospital admissions can provide indications of changes in the market, but only that portion of the market which is 'known'. An alternative measure is self-report user data, usually obtained through academic research or government institutions.⁴ Such surveys generally provide results that conflict with other official data and either over or under estimate use levels. Survey participants may falsify their answers or be genuinely unaware of which drugs they are consuming, or surveys may be limited to certain subsets of the population, for example, surveys of injecting drug users would not be representative of the general population.

At this time, it is not possible to accurately estimate the size of the Australian methylamphetamine market. While various indicators make it clear the market is expanding, a reasonable estimate of its size is a current intelligence gap. Addressing this gap will require ongoing cooperation between law enforcement agencies (LEAs), the academic, scientific and health sectors and users. The absence of a reliable estimate of the size of the methylamphetamine market hinders decision-making concerning alternative law enforcement and policy responses, allocation of resources and measurement of the effectiveness of responses.

In order to provide a comprehensive national picture of the rates of use of methylamphetamine the ACC suggests that consideration be given to a national initiative to augment existing methods of data collection. This will add precision to assessments of changes in the level of demand in the methylamphetamine market. In at least two locations in Australia, analysis of wastewater is being trialled to give a more accurate measurement of drug usage. Analysis of illicit drug metabolites⁵ in sewage (wastewater) provides an estimate of the consumption of drugs in the catchment area.

³ Whether this size is in terms of user numbers, volume of substance used, or illicit proceeds earned.

⁴ Several ongoing studies of this nature exist in Australia, most notably the National Drug Strategy Household Survey, the Illicit Drug Reporting System, the Ecstasy and Related Drug Reporting System, and the Drug Use Monitoring in Australia (DUMA) program.

⁵ Metabolites are the by products that remain in the body after a drug is metabolised. Drug metabolites can be detected in urine and hair samples.

UNCLASSIFIED

Analysis of wastewater accurately maps drug prevalence trends in the area being serviced by the treatment facility, and establishes an evidence base to inform response options.

South Australia, Queensland and Europe are currently trialling wastewater testing. Testing the wastewater system can estimate levels of illicit drug use by calculating the population size, daily volumes of wastewater produced, and the excretion rate of the drug.⁶ Results of the three trials to date indicate a much higher use of methylamphetamine within the community than has previously been identified by user surveys. The South Australian study found evidence of higher levels of methylamphetamine use than in comparable European studies; greater use in urban than rural areas; and higher rates of use on weekends.⁷ Studies such as these are unable to determine actual user numbers or individual doses consumed; however, they provide an estimate of average use over the population.

The data obtained from wastewater analysis would provide law enforcement, policy, regulatory and health agencies with additional and more objective data in relation to the usage of methylamphetamine and other drugs. The data could also be used to assess the effect of supply and demand and harm reduction strategies implemented by these agencies.

⁶ Irvine, R.J et al. 2011, 'Population drug use in Australia: a wastewater analysis', *Forensic Science International*, (In Press).

⁷ Ibid.

Terms of Reference

C) The sources of Ice including cross border trafficking, local manufacture and derivation from legal pharmaceuticals and other legal precursors

Traditionally, the domestic methylamphetamine market has been largely supplied by domestic production. The increase in importation of methylamphetamine since 2010 is likely due to the high prices paid for the drug in Australia, which is an important draw card for transnational organised crime. Similarly, tightening of domestic controls on precursor chemicals over the past several years may have contributed to the growth in methylamphetamine importations. The increase in methylamphetamine imports does not appear to have coincided with indicators of a decrease in local production, as there are still significant illicit precursor importations occurring and the number of clandestine laboratories detected nationally is at record levels.

The ACC assesses that methylamphetamine is being supplied to a market where demand is increasing and where new sources of demand are being identified. Without knowing the total size of the domestic methylamphetamine market, it is difficult to determine the respective proportions of the supply side of the market that are attributed to importation and domestic manufacture. The ACC is confident that the proportion of methylamphetamine supply met by importations is increasing—largely due to the popularity of crystal methylamphetamine—but suspect that domestic manufacture continues to supply a majority of the market albeit at a reduced level.

Cross-jurisdictional trafficking of methylamphetamine and its precursor chemicals

The ACC assesses methylamphetamine is trafficked to the Northern Territory from all other states and territories, and through the Australian border. Cross-jurisdictional trafficking occurs via commercial and light aircraft, motor vehicle, and land, air and sea freight. Methylamphetamine production occurs in the Northern Territory but such production is primarily low volume, designed to meet the producer's personal need, or to supply local markets.

In 2012–13 the IDDR reported there was a total of 350 seizures of ATS, weighing 7.0 kilograms, in the Northern Territory. The number of seizures increased 6.7 per cent over the preceding reporting, whereas the weight of seizures decreased 63.8 per cent. Both the number and weight of seizures in the 2013–14 reporting period increased.

Of those organised crime targets recorded on the National Criminal Target List as impacting the Northern Territory, 52 per cent are recorded as being involved in the methylamphetamine market. This involvement includes importation, manufacture and distribution of both methylamphetamine and precursor chemicals.

The sourcing of precursor chemicals used in the Northern Territory is an intelligence gap. It is likely they are diverted from local businesses, or ordered from interstate suppliers. It is possible some producers seek to illicitly import precursor chemicals from overseas.

Importations of methylamphetamine

The 2012–13 IDDR stated 49 countries served as embarkation points for ATS (excluding MDMA)⁸ entering Australia. The most prominent of these were China, Thailand, Hong Kong and Canada. The primary methods of importation were international mail (by number) and sea cargo (by weight). Thirty-eight countries were identified as embarkation points for ATS (excluding MDMA) precursors, the most prominent of which was China.

Authorities are detecting Iranian produced methylamphetamine being transshipped through South-East Asia and to Australia. It is likely this pattern of trafficking will continue. West African organised crime groups are also prominent traffickers of methylamphetamine throughout South-East Asia, the Middle East and into Europe and import into Australia.

Organised crime groups which may have traditionally focused on importing particular illicit drugs, for example heroin or cocaine, have commenced importing multiple illicit commodities, particularly methylamphetamine. It is highly likely that this change in market involvement is a result of consumer demand and the ability to obtain significant profits.

There appears to currently be more production of methylamphetamine in Mexico than at any other time in history. Mexican crime groups are involved in cocaine importations to Australia and it is likely this will eventually extend to methylamphetamine importations, if this is not already occurring.

Case Study

A notable recent methylamphetamine seizure from November 2014, saw members of the Joint Organised Crime Group (JOCG)⁹ arrest six men in relation to the seizure of illicit drugs with an estimated street value of up to A\$1.5 billion. Almost 2 tonnes of MDMA and more than 800 kilograms of crystal methylamphetamine were concealed in a mixed container-load of furniture and unmarked boxes shipped to Australia from Germany. Police conducted a controlled delivery of the consignment to an address in Blacktown, Sydney, where its contents were removed and transported to another location. The six men were arrested when they were found accessing the boxes from the consignment at an address in Smithfield, also in Sydney.

Clandestine Laboratories

Clandestine laboratories, covertly manufacture illicit drugs and/or their precursors and can range from crude, makeshift operations using simple processes, to highly sophisticated operations using technically advanced equipment and facilities. In Australia and internationally, ATS are reported as the dominant illicit drug manufactured in clandestine laboratories, with those manufacturing methylamphetamine continuing to be the most common type of laboratory detected in Australia.

The IDDR reported the detection of eight clandestine laboratories in the Northern Territory in 2012–13, an increase of one over the previous reporting period. Each one of these laboratories were identified to be producing ATS (excluding MDMA). Additionally, three were also involved in

⁸ Note, when citing border detections, data is broken into ATS (excluding MDMA) and MDMA. When citing domestic's seizures, data includes MDMA seizures.

⁹ The JOCG comprises staff from the Australian Federal Police (AFP), the NSW Police Force, Australian Customs and Border Protection Service (ACBPSC), the NSW Crime Commission and the ACC

precursor extraction activity. The laboratories detected in the Northern Territory accounted for one per cent of laboratories detected nationally.

The number of clandestine laboratory detections is not indicative of production output, which is calculated using a number of variables. Regardless of their size, the residual contamination arising from illicit drug manufacture presents a serious risk to human and environmental health. Residential areas remain the prominent location of clandestine laboratory detections in Australia. According to the IDDR In 2012–13, the most common locations of clandestine laboratories detected nationally were residential areas (68.2 per cent), followed commercial/ industrial areas (9.8 per cent) and vehicles (9.0 per cent).

Precursor chemicals

Importation of precursor chemicals

There has been strong growth in illicit precursor importations due to lower prices and the ability to obtain large volumes of precursor chemicals off-shore. An increasing compliance with regulatory and voluntary controls on precursor substances by Australian chemical, pharmaceutical and retail industries has tightened the domestic precursor market; this has increased the attractiveness of precursor importations to serious and organised crime groups.

Organised crime illegally targets from the legitimate market the chemicals used to produce methylamphetamine. Countries with large legitimate chemical industries, such as China and India, are particularly targeted by transnational organised crime groups. Once obtained, these chemicals may be illicitly shipped to end users countries, or may be used in clandestine laboratories in the chemicals' country of origin.

Many Australian organised crime groups have capacity to operate within countries where precursors are freely available or in partnership with groups from those countries. Many essential precursors are not controlled internationally, at the border, or domestically due to their varied legitimate uses. Illicit imports have been detected through the identification of mislabeling and concealments, or importations in quantities which would seem inconsistent with the nominated intended use. An emerging method is precursor masking, in which the chemical structure of the substance is altered to avoid detection at initial screening.

Case study

In October 2013, 650 kilograms of pseudoephedrine concealed within vanilla powder shipped from India by air freight was seized during the closure of Operation Diamondback, a joint agency investigation. The estimated street value of this seizure was A\$100 million.

Diversion of precursor chemicals

Diversion continues to occur in a number of different contexts. Diversion has been identified to be occurring from hospitals and other medical settings; the legitimate transport chain; waste destruction facilities; break and enters at pharmacies and chemical companies; exploitation of associates at these businesses; and internet purchases.

Several instances have been identified in which organised crime group members, or their associates, have established a chemical-related business with the intention of appearing legitimate and using it as a cover for purchasing and possessing precursors.

Some Australian illicit drug producers have also been observed acquiring materials consistent with several methylamphetamine or precursor production methods not previously known to Australian law enforcement. These illicit drug producers have been accessing chemicals which are entirely unregulated and, in most instances, not recognised as being associated with illicit drug production.

Case study

As access to pseudoephedrine and ephedrine has become more difficult, there is evidence that some illicit drug producers are producing precursors such as ephedrine, in clandestine laboratories. This requires a higher level of technical competence, however, information regarding the chemicals and processing methods is readily accessible to motivated individuals from particular underground press publications and also several internet sites devoted to the dissemination of drug manufacturing techniques.

There has also been recent reporting of the helional method of production to produce ATS. Unlike other methods which are developed to produce controlled precursor chemicals, the helional method leads directly to the production of the drug. This process provides an ideal example of the evolutionary nature of illicit drug production and the corresponding challenges in maintaining appropriate regulation over potential drug precursor chemical.

As is increasingly common in emerging illicit drug manufacturing 'recipes', this process draws on common unregulated domestic chemicals to act as chemical 'tools' to perform the necessary structural changes to produce precursor.

Regulatory vulnerabilities

Since the mid-2000s, Australian governments and industry have implemented several programs designed to regulate precursor chemicals, and limit organised crime groups' access. These measures have had an impact in limiting the opportunities for organised crime groups to obtain precursors. A large component of these strategies is the voluntary industry code – the *Code of Practice for Supply Diversion into Illicit Drug Manufacture* (the Code) – which describes access and information collection procedures for purchases of certain precursors. Given the voluntary basis of the Code, not all chemical suppliers comply with it, and many companies remain unaware of its contents. There is intelligence that such companies have been deliberately targeted by organised crime groups.

Awareness of and compliance with the Code is increasing. This is particularly the case with companies requiring clients to complete End User Declarations (EUDs) for the purchase of proscribed chemicals. However, there remains a disconnect with the collection of this information and its disclosure to LEA's. Apart from Queensland, where EUDs are completed electronically, most EUDs are completed in hard copy, and kept by the company. LEA's rely on the companies to then provide them with copies, which occurs at varying frequencies. Once received, EUDs can be assessed for indicators of potential diversion to drug manufacture.

The success of this scheme is dependent on the relationship between industry and law enforcement. A national working group under the auspices of the Inter-Governmental Committee on Drugs is currently considering issues surrounding the establishment of a national electronic EUD capability.

This will increase the information available to law enforcement to target domestic production of methylamphetamine.

The ability of organised crime groups to adapt non-controlled pre-precursors to methylamphetamine manufacture demonstrates a critical vulnerability for domestic diversion. If law enforcement are unaware of a particular chemical's applicability as a pre-precursor, it is likely that chemical sale companies will also be unaware. It is essential that program of ongoing education and liaison between law enforcement agencies and industry is developed for mutual information sharing and identification of suspicious purchases.

Australia has adopted a set of control measures in accordance with the aims of the National Drug Strategy and the national framework for the Control of precursor Chemicals and Equipment (Precursor Framework) which seek to strike a balance between meeting the legitimate commercial needs of industry, and preventing the diversion of vulnerable chemicals to illicit drug manufacture. It is difficult to regulate pre-precursors, and in many cases such action would be impractical due to the range of legitimate uses for many of these chemicals. Thus, voluntary reporting from industry will become increasingly important.

Case study

Project STOP was introduced in 2007 as a real-time monitoring system of over-the-counter pseudoephedrine purchases. Customer details are recorded at point of sale and compared against previous purchases. The data is routinely provided to LEAs. This system has had a genuine effect in most markets in reducing sales of over-the-counter pseudoephedrine preparations intended for diversion, despite jurisdictional differences in its use.

Despite the implementation of Project STOP, pseudo-shopping remains an issue, albeit at significantly reduced levels. Pseudo-shopping appears primarily to be undertaken for use in addiction labs, as is evidenced by the lack of pseudoephedrine product packaging found at larger labs. Project STOP has proven to be a useful tool in identifying those likely diverting pharmaceutical drugs to addiction labs. Its continued existence is an important component of law enforcement's response to the methylamphetamine market.

Legislative reforms aimed at developing national consistency of controls on precursor chemicals and the development of an electronic EUD scheme would reduce the vulnerabilities in Australia's chemical regulatory scheme which have served to facilitate diversion from legitimate use to methylamphetamine manufacture.

Terms of Reference

E) The social and community impacts of Ice in urban community and remote settings

Australian drug users now prefer crystal methylamphetamine or 'ice' over powder form. Crystal methylamphetamine is perceived to be more desirable by users as it can be smoked rather than injected and perceived to be more potent or 'purer' than powder. Methylamphetamine is highly addictive and is used more often and for longer periods than other drugs.

There is also a greater tendency toward poly-drug¹⁰ use across Australia's illicit drug market, increasing the pool of methylamphetamine users. Organised crime groups are reflecting this trend by now dealing in multiple illicit drug types and mixing other illicit drugs into methylamphetamine in an attempt to increase addiction levels, and maintain the consumer base. These factors, and the availability of methylamphetamine, have created new demand in areas where the drug has not previously been present. This includes regional, rural and Indigenous communities.

Personal harms

Case study

Methylamphetamine in particular has been found to contribute to a higher incidence of psychosis among users than other forms of ATS or other drug types. A recent Australian study concluded that users of crystal methylamphetamine are five times more likely to suffer psychotic symptoms while taking the drug than when they were abstinent. The research studied 278 methylamphetamine users from Sydney and Brisbane between 2006 and 2010 and excluded anyone with existing psychotic tendencies. The incidence of psychosis increased sharply from 7 per cent to 48 per cent as a consequence of the quantity of methylamphetamine used by the subjects. The rate of psychosis reported by those who also reported frequent use of cannabis and/or alcohol ranged between 61 per cent and 69 per cent.¹¹ Long term effect use of methylamphetamine can also result in memory loss, aggression, increased risk of heart failure and stroke.

¹⁰The use of more than one drug type.

¹¹McKetin, R, Lubman D, Baker, A, Dawe, S, Ali, R 2013, 'Dose-Related Psychotic Symptoms in Chronic Methamphetamine Users Evidence from a Prospective Longitudinal Study', *JAMA Psychiatry*. vol. 70(3), pp. 319–323.

Case study

Methylamphetamine users are also more likely to demonstrate aggression and violent behaviors. A 2006 St Vincent's Hospital study of the characteristics of methylamphetamine-related and other non-methylamphetamine-related presentations to the Emergency Department found that methylamphetamine users were more aggressive, violent and dangerous than persons not under the influence of methylamphetamine. This poses a safety risk to hospital staff and other personnel. Extremely agitated and aggressive patients accounted for 18 per cent and violent and self-destructive patients accounted for 3 per cent of methylamphetamine-related presentations. These figures were much higher compared with the non-methylamphetamine-related presentations, which recorded presentation rates of 2 per cent agitated and aggressive patients and a figure of nil for recorded violent and self-destructive patients. These harms have placed significant demands on the resources of the health care system which treats both users and victims of this violent behaviour. Ice also poses risks to front-line law enforcement and health care officers, as well as the family and friends of drug users or manufacturers.

Crime

A range of criminal activity has been conclusively linked to methylamphetamine use and manufacture. The ACC while focusing on serious and organised crime, notes that research indicates property offences are more common among regular or heavy users of methylamphetamine and multiple instances have been recorded by police of people being detected driving under the influence of methylamphetamine, including truck drivers.

A number of organised crime groups in the methylamphetamine market have been linked to murders and violent assaults to protect or increase their market share, or for reasons unrelated to their drug manufacture and supply. Extortion is another potentially violent activity in which groups represented in the methylamphetamine market have regularly come to notice

Firearms Trafficking

ACC intelligence indicates that a number of networks represented in the methylamphetamine market are also involved in firearms trafficking, with some of these groups suspected of being involved in the ongoing supply of firearms and drugs in a number of states.

Money Laundering and Related Crime

Methylamphetamine market generates significant cash profits, which must be laundered in Australia and/or, increasingly, offshore. Illicit drugs and precursors with a combined estimated street value of more than \$530 million have been seized by the ACC's Taskforce Eligo¹². The majority of these drugs have been crystal methylamphetamine, methylamphetamine powder and precursor chemicals commonly used in methylamphetamine manufacture. Project Eligo has also closed down three commercial amphetamine laboratories, including one of the largest and most sophisticated clandestine laboratory ever discovered by Victoria Police in Sunshine, Victoria (October 2012). It is likely the majority of the funds seized by Taskforce Eligo are proceeds of the sale of drugs in various forms.

The mutually-beneficial partnerships established by serious and organised crime groups in the methylamphetamine supply chain have also enabled the laundering of illicit profits made from methylamphetamine. Organised crime groups that have collaborated in relation to methylamphetamine use those same connections to facilitate the movement of illicit funds, particularly off-shore. This money is often reinvested into criminal activity. Proceeds of other criminal activity, such as cannabis production, have been used to fund methylamphetamine importation.

Exploitation of vulnerable groups

Serious and organised crime groups attempt to distance themselves from their illicit activities by targeting vulnerable individuals and groups to obtain the precursor chemicals used in methylamphetamine manufacture. Serious and organised crime groups have targeted overseas students—primarily from China—to import precursor chemicals such as pseudoephedrine or illicit pharmaceuticals containing precursor chemicals into Australia.¹³ Individuals with a gambling or drug debt also remain vulnerable to serious and organised crime groups seeking to import or domestically divert methylamphetamine and other illicit drugs.¹⁴

¹² Task Force Eligo was established in 2012 as an ACC-led multi-agency special investigation into the use of alternative remittance and informal value transfer systems by serious and organised crime. It has seized more than \$580 million worth of drugs and assets, including a record \$26 million in cash, and is being heralded as one of the most successful money laundering investigations in Australia

¹³ Australian Customs and Border Protection Service (ACBPS) 2012, *Caution urged when collecting packages for others*, Media Release, viewed 2 May 2013, <<http://www.customs.gov.au/site/mediaRelease220120222.asp>>.

¹⁴ The Star Online 2013, 'Malaysian pilot in Australia gets six years' jail for smuggling drugs', *The Star*, 23 February 2013, viewed 8 July 2013, <http://www.thestar.com.my/News/Nation/2013/02/23/Malaysian-pilot-in-Australia-gets-six-years-jail-for-smuggling-drugs.aspx>; Eliot, L 2013, Mr Bigs prey on addicts, *The West Australian*, 9 July 2013, viewed 9 July 2013, <<http://au.news.yahoo.com/thewest/a/-/breaking/17922827/mr-bigs-prey-on-addicts/>>.

Indigenous communities

Indigenous communities are socially disadvantaged across a broad spectrum of areas including employment, housing, health and education. Illicit drug use continues to be of concern in Indigenous communities throughout Australia.¹⁵ The remote and isolated nature of some Indigenous communities contributes to drug related harms due to the lack of culturally sensitive drug rehabilitation programs and the strong kinship ties which prevent families from seeking help for their affected family member. Social contexts conducive to illicit drug use, including low rates of education, high rates of unemployment, poor housing and dysfunctional communities place Indigenous persons at a very high risk of over-use. The use of alcohol—often with other illicit drugs and/or the misuse of legal substances—continues to contribute to child abuse, domestic and community violence, criminality, poor health outcomes, suicide, death and financial loss.¹⁶ According to available data on self-reported use of illicit substances, methylamphetamine¹⁷ is the third most common illicit substance used in Indigenous communities, with five per cent of a self-report cohort indicating amphetamines/speed in the 12 months prior to survey.¹⁸

“Of note, the prevalence of methylamphetamine use has resulted in greater concerns about the safety of families and communities. Some of the adverse consequences stemming from drug use and dependency voiced in many Indigenous communities included domestic violence, tensions from sourcing money for substance use, declining participation in community life, child neglect and sexual exploitation of young people.¹⁹ “

Indigenous communities, particularly regional and remote communities, feel a far greater impact from methylamphetamine. The remote locations result in a lack of access to support and education services. This lack of support services combined with small community sizes with a high proportion of children, high rates of family/domestic violence and self harm, magnifies the resulting methylamphetamine harms.

Case Study

The NIITF received information that within a remote Aboriginal community with a population of 350 a group of 15 to 20 women aged between 19 and 30 are regularly using ‘ice’. The women are smoking up to one gram per day, which is providing between two to four ‘hits’ daily. The women have told a source that they are now smoking ‘ice’ instead of drinking alcohol, as they do not consider the physiological impairment of ‘ice’ use as debilitating as the impacts of alcohol, and believe themselves to be sober when using ‘ice’. The women also prefer the high from ‘ice’ over alcohol because they can pass a police breathalyser test, and they feel that they are more cogent to respond to attempts of domestic violence from their partners. The women are also using ‘ice’ to escape mental and emotional trauma from previous physical and sexual abuse and will not generally go more than four days without a ‘hit’

¹⁵ Australian Indigenous Health Info Net 2013, ‘Health risk factors: Factors contributing to Indigenous health: Illicit drug use’, viewed 29 Oct 2013, <<http://www.healthinfonet.ecu.edu.au/health-facts/overviews/health-risk-factors>>.

¹⁶ Australian Crime Commission (ACC) 2012, *Understanding Crime Affecting Indigenous Communities 2012*, ACC, Canberra, p. 29.

¹⁷ The powder form of methylamphetamine is commonly referred to as speed.

¹⁸ Australian Institute of Health and Welfare (AIHW) 2011, *Substance use among Aboriginal and Torres Strait Islander people*, AIHW, Canberra, viewed 20 May 2013, <<http://www.aihw.gov.au/publication-detail/?id=10737418268>>.

¹⁹ Putt, J & Delahunty, B 2006, ‘Illicit drug use in rural and remote Indigenous communities’, *Trends & Issues in Crime and Criminal Justice*, No. 322, Australian Institute of Criminology, Canberra, viewed 22 March 2013, <<http://aic.gov.au/documents/4/0/0/%7B40035082-E504-4DF4-85A8-62BD95B80901%7Dtandi322.pdf>>.

In the case of Indigenous communities, intravenous use of methylamphetamine and the impact of existing cannabis distribution networks also generate harms. Unlike solvent and inhalant misuse, most intravenous use of methylamphetamine is covert and is believed to involve adult users.²⁰ Community members raise concerns about the dangers of intravenous use in prison or visiting urban centers and the harms of blood borne viruses associated with continued intravenous use when users returned to smaller rural towns or remote settlements.²¹

The take-up rate of ATS has been slower in indigenous communities due to limited access to intravenous drug paraphernalia and experience with intravenous drug use, particularly compared to urban settings. However, increasing exposure and access to methylamphetamine, combined with the more socially acceptable administration of methylamphetamine orally (it is mixed with water and drunk) has seen increased take up rates of methylamphetamine in Indigenous communities. Methylamphetamine is also easily marketed as a form of 'recovery' from the depressant effects of cannabis and alcohol

This shift, combined with the more socially acceptable administration of ice orally (it is mixed with water and drunk) has seen increased take up rates of methylamphetamine in indigenous communities. Methylamphetamine is also easily marketed as a form of 'recovery' from the depressant effects of cannabis and alcohol.

The final report of the National Indigenous Intelligence Task Force (NIITF) noted that organised crime groups are trafficking into regional and remote towns and use local Indigenous residents as "mules" and suppliers. Supply is also facilitated by non-indigenous contractors working on infrastructure projects or in mining in regional and remote towns. The prices paid are generally significantly greater than in larger cities and towns.

Police are also concerned that serious and organised crime groups can easily use existing cannabis networks in rural and remote communities to distribute methylamphetamine to Indigenous users.²²

Conclusion

Methylamphetamine is a critical and evolving threat to Australia, and is of significant national concern. Since 2010 the Australian methylamphetamine market has grown significantly in volume, supplied by both domestically produced and imported methylamphetamine. Border detections continue to increase with several seizure records set, and the upward trend is continuing. The ACC assesses that the methylamphetamine and precursor markets are entrenched and will likely expand in the medium term.

This growth can be attributed to increased user demand, the role of serious and organised crime groups, the highly lucrative nature of the Australian market, combined with the availability and relative low cost of methylamphetamine and precursors internationally.

²⁰ Putt, J & Delahunty, B 2006, 'Illicit drug use in rural and remote Indigenous communities', *Trends & Issues in Crime and Criminal Justice*, No. 322, Australian Institute of Criminology, Canberra, viewed 22 March 2013, <<http://aic.gov.au/documents/4/0/0/%7B40035082-E504-4DF4-85A8-62BD95B80901%7Dtandi322.pdf>>.

²¹ Ibid.

²² Ibid.

There is currently an unprecedented level of organised crime involvement in high-volume importation and trafficking of precursors internationally and domestically. These groups have repeatedly demonstrated their ability to adapt rapidly and dynamically to changes in legislation, law enforcement targeting and the market. They have been seen to adjust their sourcing, diversion and importation methods, chemical choices and manufacturing methodologies to adapt to market changes and avoid detection. When these factors are combined with the tendency of groups to diversify their range of illicit commodities, some organised crime groups may prove to be particularly resilient to law enforcement disruption efforts.

The psychological, medical and social consequences of methylamphetamine use are as devastating to the community as they are to the individual user. Increased rates of psychosis, and violent behaviours demonstrated by methylamphetamine users places demands on the front-line law enforcement and health officers, and poses risks to family and friends of drug users. The increase in addiction-related crimes such as burglaries and violent assaults will also place an increased burden on law-enforcement agencies and increase public concern.

The ACC advocates for the development of a national waste water analysis scheme to provide better information on drug usage in the community, to help establish evidence-based decision-making concerning law enforcement and policy responses to the methylamphetamine market. Coordinated multiagency responses could be facilitated through the sharing of quality, timely and comprehensive information and intelligence to help develop a greater understanding of the involvement of serious and organised crime in illicit drug markets, and improve our ability to effectively respond to that threat.

The ACC believes the pursuit of options for national consistency of controls on precursor chemicals and an electronic EUD scheme would reduce current vulnerabilities and opportunities for diversion of legitimate chemicals into the methylamphetamine precursor market.

The abuse of methylamphetamine poses complex and multidimensional problems that are best responded to with a coordinated national strategy drawing together legislative, regulatory, intelligence and investigative activities. Combating methylamphetamine is one of the highest priorities for the ACC, and the agency is directing efforts into assisting the whole-of-government response to methylamphetamine.

APPENDIX A

TABLE 1: Number, weight and percentage change in national ATS (excluding MDMA) seizures, 2009-10 to 2012-13²³

Year	Total number of seizures	Percentage change from previous reporting period (%)	Total weight of seizures (g)	Percentage change from previous reporting period (%)
2009-10	10,543	-20.7%	671,866	-59%
2010-11	11,212	6.3%	1,008,716	50.1%
2011-12	15,191	35.5%	1,572,628	55.9%
2012-13	21,056	38.6%	6,453,736	310.4%

²³ ACC 2011, *Illicit Drug Data Report 2009-10*, ACC, Canberra; ACC 2012, *Illicit Drug Data Report 2010-11*, ACC, Canberra; ACC 2013, *Illicit Drug Data Report 2011-12*, ACC, Canberra; ACC 2014, *Illicit Drug Data Report 2012-13*, ACC, Canberra