**LAW REFORM, DRUGS AND CRIME PREVENTION COMMITTEE**

**Inquiry into the supply and use of methamphetamines, particularly ice, in Victoria**

**Canberra — 10 February 2014**

Members

Mr B. Carroll
Mr T. McCurdy
Mr S. Ramsay
Mr J. Scheffer
Mr D. Southwick

Chair: Mr S. Ramsay
Deputy Chair: Mr J. Scheffer

Staff

Executive Officer: Ms S. Cook
Senior Legal Research Officer: Mr P. Johnston

Witnesses

Professor R. Broadhurst, Foundation Professor, Criminology, College of Arts and Social Sciences, Australian National University.

**The CHAIR** — I welcome Professor Broadhurst to this inquiry. My name is Simon Ramsay. I am the chair of the Law Reform, Drugs and Crime Prevention Committee of the Parliament of Victoria and also state member for Western Victoria Region, which is a Legislative Council seat and one of the regions in the state. As you know, this is an inquiry into the supply and use of methamphetamines, particularly ice, in Victoria that was given to us as a committee three or four months ago. We are due to table the report in late July, early August to the Parliament, and the government is required to respond within six months of that report being delivered. Part of the reason why this committee was given this inquiry was a significant escalation in the use of methamphetamines, particularly ice, most notably in regional areas and in Indigenous populations of Victoria. So apart from established programs already in place to deal with drug use in Victoria, the Parliament thought it worthwhile to conduct a full investigation into supply and use and make recommendations back to the Parliament so it could incorporate that into some of its drug policies already established.

We do appreciate the AIC hosting us over the next couple of days. They are actually contracted to us to do some work for us in relation to activities around organised crime and outlaw bikie clubs particularly — information that we would not as a committee be able to gather without their support. So we appreciate the work that they are doing for us in that respect.

Professor, you are chief investigator of the Australian Research Council Centre of Excellence in Policing and Security. You are also a professor at Regulatory Institutions Network and a research fellow at the College of Asia and the Pacific, all under the banner of the Australian National University?

**Prof. BROADHURST** — Correct, I am. I should add though that I have just shifted to the College of Arts and Social Sciences, the research school for social science, as the foundation professor of criminology in that department, so I am no longer chief investigator. It is a recent event, so just for the record.

**The CHAIR** — Is that congratulations or — —

**Prof. BROADHURST** — Yes, that will do. Commiserations can follow, gentlemen. Thank you so much, Simon.

**The CHAIR** — We have allowed 11.15 to 12.00 for this session. I will be very quick to go through the conditions under which you are providing evidence to the committee, then I will invite you to make some opening statements and then the committee will ask some questions of you.

All evidence taken at this hearing is protected by parliamentary privilege in accordance with reciprocal provisions in defamation statutes in Australian jurisdictions as if you were giving evidence in Victoria. As provided by the Victorian Defamation Act 2005 section 27, the Constitution Act 1975 and the Parliamentary Committees Act 2003, any comments you make outside the hearing may not be afforded such privilege. I understand you have received the guide to presenting evidence to parliamentary committees.

Any reporting of these proceedings enjoys qualified privilege for fair and accurate reporting as if the proceedings were in Victoria. All evidence given today is being recorded. The witness will be provided with a proof version of the transcript in the next few weeks.

So thank you very much again for your time, Professor Broadhurst, and we look forward to the evidence you will provide to this committee this morning.

**Prof. BROADHURST** — Thank you, gentlemen. It is my pleasure to meet you and of course to address this pretty vexing problem we have with the growth of amphetamine-type stimulant use in Australia, and I might say worldwide, particularly in parts of the world where I have been closely working — China, East Asia and so on — which I will draw on later.

I thought I would start, if you do not mind, with a slightly bigger picture question about what is the policy message here, or what is the policy line we are trying to reach. I think in the rather fraught area of illicit drug control, prohibition and so on, there is a tussle in the community about whether

we ought to be focusing on harm reduction or law enforcement. Without a doubt many, many families in Australia, including my own, have been touched by the impact of particularly amphetamine-type stimulants, and no family in a sense is out of some sort of risk. All families are at risk. This is by and large a generally severe problem that we face, so which is the way to go? Do we ramp up the law enforcement effort? If we do, where should we target those scarce public resources, policing resources, particularly in a situation like Victoria and elsewhere where there are issues of austerity generally in the way in which we have to handle public finances?

So this is a kind of classic 'wicked problem', to use an old term, that politicians face. I myself was a little bit disappointed last year when an eminent persons group headed by Mick Palmer and others did try to break some of the policy loggerheads around what we ought to be doing in this space but it was knocked on very, very quickly by politicians at the federal level, saying that that was a no-go area, to reconsider the way in which we approach our policies around drug abuse, drug prohibition. I think it is time to — —

**Mr SCHEFFER** — Could you just remind us what the gist of that was?

**Prof. BROADHURST** — The gist of that report by Palmer and so on was that we ought to consider very seriously the way in which we criminalise or decriminalise certain sorts of drugs in order to both prioritise the law enforcement effort and to recognise that one of the priorities ought to be harm reduction. In other words, we have got victims, we have got daughters or we have got nieces — in my case, sadly, a niece — who are caught up in this drug world and we need to have a very comprehensive plan, of which policing is merely but one of the things we ought to be doing. In other words, the object of the Palmer report and so on was to try to lift the debate out of the sort of locked-in deterrents and prohibition versus treatment and rehabilitation, trying to lift it out of that and see whether we could do something a bit more novel.

I just say that as an opening remark because it does touch everybody and it is a very important pressure in the community. I am very glad to be here and to talk to you gentlemen about what we might be able to do from a legislative point of view or from a government point of view about breaking that problem.

**Mr SOUTHWICK** — Just before we move on, you are suggesting that the fact that that report was dismissed was disappointing?

**Prof. BROADHURST** — Absolutely. Within a day I think former Prime Minister Gillard was in the press saying, 'We have had this eminent persons report by some very distinguished Australians but we are not going to go there because it is too politically difficult'. Forgive me for being blunt about it, but that is essentially what the message was. I am very pleased to see that at least in the state of Victoria you are making some effort to try to break that terribly wicked problem that we face in our community, because there are really dire consequences for everybody, including us. We have families, we have children, we have got grandchildren and so on. We want to really try to make the world as safe as we can of course but there are constraints within our system. So let me just say let us keep the debate up, let us not rule anything out before we take a really good, hard look at it from an evidence point of view.

I am really from my experience looking at it from a comparative point of view, from a personal point of view and so on. I think priority ought to be given to harm reduction. I think it does trump law enforcement, but law enforcement is very, very vital, because law enforcement can provide respite for communities where they are overwhelmed by the behaviour of traffickers and so on. In other words, I am not at all in the camp of saying everything ought to be different. Quite the contrary; I think we need to target our public policing resources so that we really do provide relief for communities that are under stress. I am very interested to learn in Victoria, as in your introductory remarks, that this stuff has now crept into Indigenous communities and into regional Victoria. I think that is generally true, sadly, across the commonwealth. So we really do face a problem where some communities can really be devastated in a way that will cause problems later down the line.

The other big picture thing I want to say is that these things are subject to waves and cycles. In other words, we may be sort of getting — quite rightly I think — alarmed about the rise of the ATS problem. It has been coming, and it is partly to do with the way in which markets, illicit organised crime groups and the branding and all that stuff flow on to the communities that use them, or the subcommunities that use them. The point is that this is not a new problem, and the fact is that ATS is not particularly new, with all due respect. I guess the intensity of it has caught us all by surprise, and that is because of the shifting attitudes in the market and so on, which I will probably touch on later. But certainly in places like China — markets in especially the east coast cities like Shanghai and so on, Korea, Taiwan — where there is a growing middle class, the demand for ATS is just massive. That demand market is driving a huge, if you like, reignition of the Golden Triangle, one of the most notorious borderland areas. We have got a lot of concerns. I want to touch on that very briefly, the Chinese and Indians playing, shall we say, in the multilateral space. A lot of this stuff is a result of conflicts in those regions, from Afghanistan to the Shaolin states and so on. So there is a big geopolitical picture here and Australia, as a medium-sized power, has to play that role in the foreign space in order to help. This is a local-global problem. What goes on in Afghanistan, sadly, does affect us ultimately in the streets of Grafton where cheap, at least at one stage, black tar types of heroin were around.

So it does have an impact, and it is important to look at that. The Asian market is really huge, and we are a bit of a by-product of that market. What the Chinese and the Thais and the Greater Mekong people do about it is very crucial, and we have a very important role to play both at the capacity level and also in the monitoring level. The UNODC, for example, does some cracker work in that area, and there is a recent threat assessment out which I strongly recommend you look at. It is a controversial piece of work. The UN does not normally make comparisons between states but it has on this occasion, and it has made estimates of costs, and of course ATS, heroin and so on are big ticket items in that region. If I get time, I would not mind touching a little more on that because I think in the state context and the commonwealth context there are these problems about how we deal with transnational crime generally, of which this is just one.

The third thing I wanted to touch on was the bikie OMCG — the whole brouhaha around how we deal with organised crime and organised crime groups. Many of the questions you have asked that I have been given by Sandy, for example, do touch on prevalence/extent issues, and I have to be up-front, with all due respect to my colleagues at the ARC, in saying that we really are in a kind of sophisticated guessing game at best. I will not make comment about extent and prevalence. That is largely because you have already heard evidence on that point. I will not be able to add very much to it, and the kinds of figures that abound in places like China and Thailand — for example, in China alone there are 2.3 million or 2.4 million registered adults for things like ATS and what we call schedule 1 drugs, and that is definitely an underestimate. There is no question about that.

If you visit south-west China, particularly Kunming or the province of Yunnan, famous for its relationships with those rather interesting borderlands where General Li Mi and the 13th Route Army rested — there is a long and interesting history there, and we need to be in that game too. But the point is that for a long time Michael Maltz, a colleague of mine — now long retired — said that when we talk about organised crime, what are we talking about? There is this analytical intellectual problem. It is not well defined, and when there is [inaudible] — you know, 151 definitions, and I do not want to bore you with those — but essentially what Maltz was saying was that when we look at an organised crime group, Peter [inaudible] might talk about it being disorganised, but really it is not that disorganised. It is fluid networks and so on, and someone like Thrasher might talk about them mimicking licit enterprises, but basically you have got structures of association — people coming together — and you have got structures of activity.

These two things sometimes overlap and they sometimes do not, so when we come to defining an organised crime group we have quite a few options but we do not yet know what is the best way to go about defining it in a way that we can legislate effectively. We mostly adopt the transnational organised crime convention, which is a rather loose definition of three or more persons committing, off the top of my head, a grave offence or at least a penal servitude offence more than once. For that very reason, the way we look at the organised crime legislation, particularly what we might want to do with bikie gangs for want of a better word — the 1 per cent in the seriously

patched groups — Victoria has been a little bit behind the eight ball. In the basic toolkit that we have out there, you have only just got your unexplained wealth laws in place, you have only just got your anti-fortification laws in place, so there has been a bit of a delay in responding at a state and national level, and not seeing it particularly as a serious problem.

I do not think that is the case now, by the way — quite the opposite, which is terrific. But for a few years there there was a bit of reaction to the South Australian Finks control order stuff and not enough concern about displacement or potential displacement until it was too late. I think that is fixed, but what I will push now is that you have criminal-type measures, you have civil measures and you have community or private measures, although it is totally unrealistic in my humble opinion to expect citizens to do much about patched bikies or thugs from some organised crime group. There are things that communities can do, but generally we would not want to put them front and centre in any kind of policy with serious organised crime groups.

In those crime groups in Australia there are a few things that ought to be said, and the Australian Crime Commission, if you have a chance to be briefed by them, will no doubt tell you about the 400 cases or gangs or whatever that they have identified. So that is a really tough area. I would not like to be in your shoes, gentlemen, because pitching that so that you actually make it work, so that your legislation dovetails and does actually help is going to be a tricky thing because it is already highly politicised. You have people in Queensland, for example, who have gone down the deterrent route in a particular sort of way, which may create problems later, and we have talked about this in a number of papers that I have sent to Sandy, that I have written about with my colleagues. So they are the three big general things that I thought I would touch on. Is that sufficient as an introduction?

**The CHAIR** — Yes. If you want to go into a bit more detail about those, we will tease out elements that we are interested in or feel have not been covered in previous evidence.

**Prof. BROADHURST** — I will do my best.

**The CHAIR** — So you have identified those areas?

**Prof. BROADHURST** — I think the first one about the 'wicked problem' and it touching everybody in the community — you already know that. But I guess what I am pitching is the mix between harm reduction and law enforcement that we really want to get right. For example, you were contemplating changes in legislation, but where would you go? Would it help, for example, to do some things tougher in one neck of the woods and not in another, bearing in mind that the appetite for public policing is insatiable and we cannot even close a police station in Victoria, out in the bush there, because even though there may be very low crime it is politically difficult to do so? So there are these important resource issues. As I say, unless there is appetite control, we will never fix this problem. It is too big in that sense.

We cannot have a policeman on every street corner, outside every school. We tried it in Hong Kong, for example, because that is where the young Triads were peddling their stuff — outside school yards. They were on the mass transit systems and so on, and obviously OCTB, the Organised Crime and Triad Bureau — a big force of 27 000 sworn officers and 6000 auxiliaries — in 42 square kilometres you can really flood a place like that, and that flooding squeezes down or shuts down a place for a time, and that is what I mean about respite. Law enforcement can give respite but it cannot solve the problems. It is part of the solution but it is not the solution.

**Mr SCHEFFER** — So if I could just reverse that because I think we all understand what you are saying about the insatiable public appetite for 'a police presence' — we do understand that, and both sides of politics get caught up in that to a greater or lesser degree, and it is extremely difficult to get some sort of evidence-based sense around the perceptions of community safety, for example — but what would you say would be the kind of orders of effectiveness, in terms of policing, and then also the balance between the two movements that you suggest — the harm minimisation and the policing?

**Prof. BROADHURST** — Yes, I think that is more specific. Where I would be putting my public policing resources is in the top end, obviously, and at the transnational end. I would be doing something about organised transnational crime both at the state level and at a national level. At the national level I would be doing what I am already doing, which is having liaison officers stationed at the relevant areas. We have to shift them fast from hot spots to new hot spots as they emerge in the Asian area.

Two or three years ago it was east Asia. We are now shifting more to west Asia — so places like Abu Dhabi, for example, for money laundering would be a place where your commonwealth might want to strengthen its consular services. You guys might want to have intelligence from those blokes about what might be moving in your state. That whole business about targeting the high hitters here — they may not. We do not know enough about them. We know that they can cause a lot of damage.

The high rollers, if we want to use that term, can mass the money together. They can get the sort of scale of shipments that can have a real impact on the market here, and they are attracted to this market. It goes back to the second thing about what we do about the Asian situation. They are attracted to this market as a by-product because it is a wealthy market. Prices for the drug when it lands here are good for wholesalers — substantially better than they would get, for example, in Kunming or in Bangkok or in other parts of Asia. So there is an incentive there for that kind of stuff, and you obviously want to have a pretty good handle on that.

The trouble is, like with anything else, we have data that is not particularly helpful. Seizure data, for example, if you look at stuff coming through our ports and so on — I had a chance to look at some of that material recently. I was very surprised. Although I expected China to be significant because of its ephedrine production as part of its traditional Chinese medicine market — it will not ever be prohibited in China, no way, and likewise in India. What I was surprised about was the lack of, shall we say, tracing to Indian sources — that really did surprise me — and from other sources further, to Pakistan, Afghanistan, Persia, Iran and so on. That surprised me, and that suggested to me that either the strategic situation is different to what I think or that we are just not capturing that, and the reason we may not be capturing that, if you look at the north-east frontier of India and Myanmar and so on — China — it is, again, one of these regions that is the very poorest, and we have a very low footprint or low profile there.

**Mr SCHEFFER** — Right, so that is one thing stepping out — —

**Prof. BROADHURST** — Right. So, yes, that is an appropriate place. At the community level you really do need your problem-based, community-based policing staff, and you need to focus on victims and the sense that users are — the mental health question that you guys in Victoria have been addressing very properly. It is a question of spreading out. How does the legislation make that clear, or how is your prioritising? You have to make decisions about where harms really do lie, and you have to try your triage. In other words, you have to say, 'Look, it is much better spending more time on tracking people who have come into emergency hospitals or people who have been arrested by the system. Do we need special systems or special mechanisms for them?'. We try to match that community policing function, because of course that community policing is going to give us a lot of important intelligence about what is going on in the street, but it may mean that you may have to start thinking about specifically where your priorities lie — we will go after A, B and C types of drug abuse and we will attempt to track these kinds of groups.

That is the trick for you politicians, in a sense, isn't it? With all due respect, you are going to have to — the only analogy I can think of is that when sexual assault rates went up in the 70s and 80s because people were being encouraged to report it, politicians had a big problem reporting this as good news to the public because on the one hand rates of sexual assault were going through the roof but that was a good thing because people were coming forward. Trying to sell that message, I have to agree, is pretty tricky. I think you have the same sort of lines to take there.

**Mr SOUTHWICK** — Do you have any views on how we might be encouraging more people to come forward with information? We had evidence just before on the issue of the smaller

activity, where you have a supplier selling to their friends and what have you, and the fact that it is very difficult to be able to cover that — —

**Prof. BROADHURST** — Yes, break into that.

**Mr SOUTHWICK** — Break into that sort of thing.

**Prof. BROADHURST** — You have to use covert mechanisms to do that. You will have policemen out there selling drugs to people — things we do not really want them to do!

**Mr SOUTHWICK** — No, I am talking more about friends saying to friends — —

**Prof. BROADHURST** — Yes, I know where you are coming from. Two things, I think, are happening that are worth noting. There is this question of subculture and breaking that and all that sort of stuff. It is not an area I am particularly familiar with — what would be appropriate now. But certainly community-based policing, brought in with the sort of, if you like, medical model, for want of a better word, will tell us about people at risk or people who are using. That is an entree to look at how these groups — they have been very fluid.

I was thinking more in the digital world, actually, because we are just shifting to an online system for reporting online fraud and so on. I think it is going to be up around October; it might be earlier. Again, online systems are absolutely cracker as a way of getting into that. We have the sorts of — I do not know what you would call them — Crime Stoppers sort of stuff. It does not particularly work well in this arena. I am not even sure that it is working that well these days anyway, as much as it did. Online reporting systems are one way to go; they are one way to break that fear.

The connection between organised crime and a lot of stuff is all tied up with things like reputational violence, fear and so on, so people do not want to challenge people who have reputations for causing serious harm. Managing that part, we have legislation, for example, in Victoria and elsewhere in Australia, where we have victim and witness protection and all that sort of stuff. Even though you have that in place, a lot of it depends on how it is managed. These kinds of schemes can have their reputations easily damaged as to their reliability, and people are genuinely frightened, as they would be.

Anyway, that is to address that question — push the online stuff. Use your e-commerce and e-government — shift it into a place where it may have some degree of — —

One of the occasionally good uses of universities is our body language is about right. Sometimes you can do things out of the university setting that you could not do in a government setting because people do not want to contact the police. It could be an NGO; it does not matter. You can play with that side of it.

**The CHAIR** — In fact we have done two inquiries over the last 12 months, one of which was looking at community safety programs and looking at Neighbourhood Watch. I am not sure if you are familiar with that model in Victoria.

**Prof. BROADHURST** — I am familiar with it — not in Victoria, but — —

**The CHAIR** — And Crime Stoppers and community safety officers.

**Prof. BROADHURST** — For transport, I guess, is it? Was that focused — —

**The CHAIR** — No, it was more about interface with local municipalities and other stakeholder groups around community safety. We also did another inquiry into security in emergency wards of hospitals or departments. I only mention that because some of the work coming out of this inquiry was about triage and not being able to identify those who presented in relation to their required care, whether it be methamphetamine use or some other drug. There is an argument to say that through that self-assessment program we have to get data to identify the methamphetamine patients who have been presented — and again through police and paramedics, where we have had a lot of evidence collected in relation to front-line activity on particularly methamphetamine overdose, abuse or use.

**Prof. BROADHURST** — And behaviour associated with it, yes.

**The CHAIR** — Yes, as distinct from alcohol, because alcohol has been branded as the main culprit in a lot of this quite aggressive violent behaviour in the public arena.

**Prof. BROADHURST** — Yes, except we are not sure whether there is a compound effect, though, are we, Simon? That is the problem, I think.

**The CHAIR** — It could be a dual effect. Anyway, we have done quite a body of work in the safety area and the hospital area in previous inquiries. I just finish on that by saying that the Victorian police have indicated to us that they do not have an issue so much with the powers or lack of powers to be able to conduct an arrest or prosecution process. It is probably more the judiciary where the public sees the response that is perhaps needing some enlightening in relation to harsher penalties. Then again, we go on through the Drug Court, where it has been indicated that there has been sort of a rehabilitation process through the court systems. That is at a local level that you might want to comment on through your presentation. We know that there are some national and international problems, but I suspect our inquiry is going to be more effective in the state and local areas of legislation, where we can actually make some difference.

**Prof. BROADHURST** — It has to happen at the local level. We can talk about the transnational level, and we can try to get that better, and we can try to reduce the impact on the local level, but I would not for one minute suggest that the Victorian police do not have sufficient powers. I think they have quite adequate powers. When we are talking about organised crime groups, that idea that we use civil measures — I am thinking really of the sort of experience we have had in other places, like in Holland, for example, or like the United States. In South Australia it is the same thing — your liquor licensing character references and so on so you can exclude bikies from coming into particular hotels with patches, selling product in a licensed premises.

You can do lots of things. For example, in the anti-fortification area, there is a good example of a particular group that had a fortified clubhouse on the north coast, New South Wales. The fire service did an inspection as to its relevant safety. Because it had been fortified, the exits were not particularly reliable in a fire. They were compelled under that relevant act to change those doors and to refit them, and they were fined heavily and so on; just as an example.

You can use civil hygiene or whatever; there are all kinds of ways you can come at this sort of problem. It is partly whether there is the will or the connections have been made to do it. So there are lots of those examples.

**The CHAIR** — We did have a chat with the Hells Angels that had fortified gates which were brutally knocked down by our police.

**Prof. BROADHURST** — It was on television as well.

**The CHAIR** — Right; three days later.

**Prof. BROADHURST** — Yes, this is why you need the anti-fortification.

**The CHAIR** — Can I just raise a concept with you? There is a concept that has been put to me about a harm minimisation card, where it is almost like a demerit point, so if you are caught or have a record of continual use and abuse of drugs, alcohol or anything else and you go into an establishment, you put in a card that actually identifies your chequered career, if you like. Is that concept being used anywhere else, where you need a card to gain access, almost like a good behaviour card, and three or four strikes and you are out, and you do not get access?

**Mr SOUTHWICK** — Access to what?

**The CHAIR** — Access to a nightclub or any public place where they can score. It is like the national identity card, which gathered a bit of steam.

**Prof. BROADHURST** — We have a de facto one anyway, I guess.

**The CHAIR** — That was a concept that was put to me that possibly could be used as some of that harm minimisation.

**Prof. BROADHURST** — Yes, I think you are right. The rubber hits the road on the harm minimisation: how do you actually do it? What are the practical measures for it? We can talk about it, I agree, and you have probably heard it a million times and you do not want to hear it again from me, but you are right: how would you put that into effect?

I think perhaps, depending on what kind of, shall we say, level of social organisation we are talking about, you could imagine a situation, for example, in a small country town where everybody knows each other, that particular person would not need a card in that sense. But there might be some way of being declared in some sense a substance abuser or however you want to put it, and that would then restrict access to certain sorts of things. Or it would also entail certain rights to certain kinds of treatments or certain kinds of ways in which you might be handled in the criminal justice system, subject to some protections and so on.

Yes, I think you are right; the key would be to put your hand on what would be the mechanisms to make a triage harm minimisation thing actually work. The fear would be that in that process perhaps people who need help do not get help or people use it as a way of wriggling out of something.

I do not know how to express it any better than that, but I have not given any thought to a card. There are plenty of biometric tools out there that might assist.

**The CHAIR** — I must say it has not been part of the discussion we have had within committee; I was just reaching out into other areas.

**Mr SOUTHWICK** — Can I just pick up on your expertise on the cybercrime stuff and particularly what might be sold or promoted online. Is there activity — I guess there is throughout Asia — that is happening here locally, purchased online, and is the product offering, if you like, differences in terms of quality and makeup compared to the stuff that is being sold offline?

**Prof. BROADHURST** — Yes, I saw that question. That is basically an empirical question, and in short we do not have an answer for that. There is no study that I am aware of that compares quality of product produced online and product produced, for example, on the street.

Certainly, we are well aware of it. You can go to Tor or the undernet generally, and people know about Silk Road — it has been written about as if it were a hot spot, and indeed it is a hot place for activity. We have certainly looked at that. We have had observations, we want to cybercrime lab it and we try to trap this sort of stuff and try to understand how it is changing.

Two things I would say about that: again, classic transnational crime indeed, but with a local element. Somebody goes onto something like Silk Road. It provides something a little bit like an eBay system. I presume you have been, but if you have not been shown it, you should see it.

Silk Road, because we know about it, is considered to be a bit of a hot spot. The problem is we do not know what the universe of the undernet is. We do not know how big it is, we do not know how many groups might be out there, and of course it is one hot spot; there may be many others. In fact there are many others, and it is just that we have not been able to locate them all because it is a very dynamic, very fluid field.

The short answer would be, from what I have heard anecdotally, stuff bought from Silk Road or other online sites — there are a lot of them out there — the quality of the drugs that have been delivered has been fine; they have often been cheaper, for example.

For example, if I wanted to get drugs in this town, I have got couple of choices. I can go downtown, I can go to the student union probably and get something — I have no idea — but I know that the bikies will sell me stuff and I will pay a premium for it, but it will be good

quality and I will not be cheated. I will pay a premium for it, and of course I have got to associate with the underworld, which might not be very attractive.

It is much easier for me to go on Tor and go to something like a Silk Road and take a risk. Mind you Silk Road sells not just drugs, it sells first class whiskeys and all sorts of stuff that is around. The short answer is, no, we do not know whether that is the case, but it does not look to me like it is not competitive because it does not deliver.

And the only case that we have around it is a gentleman who actually was targeted because he was the physical thing — cybercrime ultimately has to have a real-world connection. Through the local police and the post office, through the small post detection system, he was identified as a multiple, and he was then subject to a warrant, a search and all the rest of it.

The short answer is the digital world is going to be a cracker competitor for the real world, just like it is in e-commerce generally. What is fascinating about it, from my point of view, coming out of what we call the sort high-volume, low-value everyday frauds, this stuff looks pretty lucrative and it runs like an eBay. You have trust issues. If I want to buy a false platinum Visa card or whatever, I can get a Russian card I can get for a pretty good price. He will deliver it to me. It will all work, and he will have a number of stars on his discussion forum saying how good he is. They are businessmen. They do not see it as a crime.

The short answer would be, that is the way of the world. It is going to grow, and we do not have the capacity to do very much about it. When I say 'we', I am talking from a public policing point of view, because if you talk to everyone who is involved in cybercrime — I am going to pluck a figure that is indicative, not accurate — 70 to 80 per cent of our time is taken up with child exploitation problems online, and the resources we have available are not for low-hanging fruit, as an example.

The other thing I have to stress is that in the market you do not have to be sophisticated to use these tools and the e-commerce base. You can buy them, you can rent them, but toolkits like Zeus crimeware are very easy to use. They have got tutorials, and you get guided through step by step. That is fine, and I can guarantee that within a day we could have you on the internet doing nefarious activities, using something like the Zeus toolkit, but doing very basic things. The mainstream to that has blossomed out, so anybody with half a brain could use that sort of stuff.

It was interesting talking to Eugene Kasperspy recently when he was in Canberra — he heads up the big Russian anti-malware info security company — and one of the things that they were saying from the Russian perspective was that the people operating cybercrime schemes and so on out of Russia are the lowest graduates from engineering. It is the simplest stuff to do at the moment in terms of crime. I think it is going to grow and it is going to become more extensive.

**Mr SCHEFFER** — If I could just take you back, earlier on you were talking about the kinds of things that Victorian law enforcement agencies could engage in, and you mentioned by way of example that they could build relationships with Abu Dhabi, for example. Presumably the law enforcement agencies in Victoria have already got a level of connectedness internationally, but when you raise something like that you are dealing with cultural, personal relationships and you are dealing with data exchange and a lot of things like that, so the cultures intersect. With your international work through East Asia and China, are there different cultural norms around the set of drugs that cause huge anxiety, for very good reason, in Australia, that make the communication not operate on the same wavelength?

**Prof. BROADHURST** — I think there are. You are right. You have touched on something that we all minimise when we talk about these things, and that is that there are important cross-cultural differences. If you look at the regional mechanisms like ASEAN and the UN and so on, of course there is a lot of — I will not say hot air — warm air coming out about mutual legal assistance and engagement. The way to put it would be that it needs to improve. There are a lot of well-intentioned statements like, 'ASEAN will be a drug-free community by 2015'. The problem

with that is that there is a credibility gap. It will not be, and it will only show up, in some senses, the weakness of some of these multilateral arrangements. There is an issue.

I will give you an example. I was in Thailand about 15 months ago, I was talking to the Thai anti-narcotics police and they were telling me the problems in their region. They can intercept countless numbers of couriers coming out of Laos or Burma with, say, a kilogram of amphetamines with a US$20 000 value delivered in Bangkok. They can arrest dozens of these folks, and they do all the time, but there is no impact on the market. They do the 1 kilogram because it is just below the threshold for the most severe penalty in Thailand, which is still death. They have no connections with the Burmese. The stuff is generated out of Myanmar by Burmese merchants. In effect they have no connections with the Burmese authorities. They have no connections with the Chinese authorities, for example, who might be very important in interdicting this stuff on the borderlands and so on. In other words, they are facing what the Chinese would call an 'ants moving houses' problem. You can have the big operators who deliver the big shipments, and then you have what the Chinese would classify as moving a house with hundreds of ants.

That is exactly what is going on in the region. When it gets into places like Kunming, for example, the amphetamine is not put into pills; it is put in cigarettes and pipes and smoked, it is so cheap. By the time it gets to Hong Kong or Shanghai, where you see it in the nightclubs with the young middle-class little emperors and empresses, who now have heaps of money to spend in these places, that is where it gets consumed.

**Mr SCHEFFER** — So there is that, but what if you take something just by analogy, like the asylum seeker issue, which in Indonesian is of an order that is not the same as in Australia. It is a different culture, and there are different perceptions about what matters.

**Prof. BROADHURST** — Yes, different priorities.

**Mr SCHEFFER** — Tell us about that a bit.

**Prof. BROADHURST** — There are these cultural differences. In Indonesia presently there is an informal Arab league that is operating like an escape route for people coming out of terrible situations in Iraq and Iran and so on, and they see Australia as being partly at fault, so they are doing a good thing for their fellow Islamists.

In the China situation the central government has long had a valiant fight against opium and is picking up the truncheon when it comes to amphetamines. They have been taken, no doubt, by surprise. One of the reasons for that is that the ATS has slipped under the radar because of the tradition of heroin and opium. You can go to a Chinese prison and they will show you the barracks where the opium users are, and they are all old. They are all 55 or 60-plus, and they are dying out. Then they will show you that all the youngsters are on ATS. They are just picking up steam there. There are all sorts of complications for the Chinese: no. 1 is the public security bureau. They are funded locally. We think of China as a central state with authoritarian power, but actually the police rely on funds raised by the county or the province. They do not get central funding, so they are sometimes subject to local priorities. We know that for a long time in places like Szechuan, the central west and south-west, people have been turning a blind eye to some of this traffic. They may have done that for all sorts of different reasons; there may have been money involved and so on. There is a problem just at that level, and there will be differences in value.

You are right. In Thailand, ya ba — crazy medicine or industrious medicine — has been used for a long time, as it is used now. I am watching the time. I will finish. In fact we are over time. Can I stop now?

**Mr SCHEFFER** — That is fine. The point is that it raises huge problems for our law enforcement agencies to actually embark on something like what you have suggested. It does not mean it should not be done, but it is not an easy thing.

**Prof. BROADHURST** — You are right; it is not an easy thing. There are lots of things I could say about that, but the fundamental issue is that we love scratching each other's back; you do me a favour, and I will do you a favour. That still works. If I can chase down one of your fugitives and

help you out that way, even though we may not have a legal arrangement, you might help me informally in the same way. It is not entirely a lost cause, but a lot of it works well at that level, if I can put it that way.

**Mr SOUTHWICK** — Just going back to these websites. Where predominantly are they being housed? Your Silk Roads and the like, where is their product?

**Prof. BROADHURST** — I am glad you mentioned that, because there is something called a bulletproof internet service provider. You have no doubt heard about them. There was a study recently done by a Dutch scholar which had some metadata. A little bit like we do, it captured large amounts of spam and whatever. He was able to identify about 20 ISPs in what he called 'ISP bad neighbourhoods'. They basically held about 80 per cent of the known traffic. They were in Nigeria, China, Ukraine and places where mutual legal assistance treaties and the like are at best tenuous. Some of them, incidentally, were in America, which I found very interesting.

There are concentrations of rogue internet service providers and bulletproof internet service providers with deep encryption and so on. They provide these services. They do not look. Looking at the child exploitation area, we know of several outstanding examples, and we can technically close them down, just like it is worth chasing down Koobface or any other big players in the cybercrime and fraud space. One example is a case in Poland when the European Union took out a group which was a loose network of about 15 people who were running a credit card fraud racket. They were doing lots of other interesting things as well. When they were taken out, the available bandwidth for Poland jumped by 10 per cent — in other words, that is how much comms energy they were taking.

**Mr SOUTHWICK** — In the drug space, where the site is being hosted is not necessarily where the drugs are being delivered.

**Prof. BROADHURST** — No, quite right. These are all obfuscated. For example, if I go to the latest TCP/IP address to find out where it came from, it may have been through a rerouter. There are wonderful little tools you can buy or download for free which allow all that rerouting to take place without you actually seeing it. One of the hassles for Tor is that because of the onion routing system it is sometimes slow to get on it. It is fully encrypted, and it works through that blind system. It can be very slow. If you use your own encryption and do not download the free one, that is going to have a key and that might be vulnerable. Tor is pretty well bulletproof as far as I am concerned. Where it comes unstuck is, of course, in the logistics chain.

There are concentrations of IC that provide services for these characters for a premium, and we cannot charge them. Occasionally there is an example: recently with Microsoft there was some stuff going on in the private-public sector where some private security agencies got some information. You have luck. That is the situation.

**The CHAIR** — Sorry, we might have to leave it there, Professor. We could have a chat like this, I think, for many hours.

**Prof. BROADHURST** — No, you could not, that is not true. You have had enough by now.

**The CHAIR** — No, it has been very interesting, but unfortunately time is against us. On behalf of the committee I thank you very much for your time this morning. We appreciate your work in areas that you covered off. We would have liked to have had more time, and I mean that sincerely. I say that to all witnesses, because everybody brings a different interest to the table.

**Prof. BROADHURST** — As we hope.

**The CHAIR** — Unfortunately we do not have the luxury of time, but thank you.

**Prof. BROADHURST** — My pleasure. Good luck with your inquiry.

**The CHAIR** — Is there any written documentation?

**Prof. BROADHURST** — There are probably half a dozen papers minimum, I would have thought, if not more. There were a couple recently in the Oxford handbook, for example, both local and transnational. Do you want me to flag those up for you? I would not want anybody to have to read them.

**The CHAIR** — We won't!

**Prof. BROADHURST** — Thank you, but you might want to cite them.

**Witness withdrew.**