

LAW REFORM, DRUGS AND CRIME PREVENTION COMMITTEE

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

Canberra — 10 February 2014

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The CHAIR — Good afternoon and welcome to the public hearing of the Law Reform, Drugs and Crime Prevention Committee of the Victorian Parliament. With us we have Assistant Commissioner Jabbour, national manager, serious and organised crime; and Peter Whowell, manager, government relations, Australian Federal Police. I understand, Assistant Commissioner, that you are no stranger to parliamentary committees and that in fact you helped this committee in another inquiry some time ago. Welcome back!

Asst Comm. JABBOUR — That is correct, Sir. Thank you.

The CHAIR — As you know, we are conducting an inquiry into the supply and use of methamphetamines in Victoria, particularly ice. I understand you have been given our reference in respect to that inquiry.

Asst Comm. JABBOUR — Yes, sir.

The CHAIR — And I suspect you have been given some questions in relation to what this committee might want to ask of you during your evidence this afternoon. I have some conditions under which you are providing evidence which I must read to you before we start. So if you will allow me to do that, I thank you.

All evidence taken at this hearing is protected by parliamentary privilege in accordance with reciprocal provisions in the defamation statutes in Australian jurisdictions as if you were giving evidence in Victoria, and 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. Any reporting of these proceedings enjoys qualified privilege for fair and accurate reporting as if the proceedings were in Victoria. I understand you have read the guide for presenting to parliamentary committees and are familiar with its contents. All evidence given today is being recorded, and both of you will be provided with a proof version of the transcript in the next few weeks.

We have allowed until 2.30 p.m. for this session, and then the committee has to head to Parliament House. I thank you again. I understand that you might like to make some opening statements to the committee, then we will raise some questions.

Asst Comm. JABBOUR — Thank you, Sir. I am the assistant commissioner, serious and organised crime. Thanks very much for your invitation. I will keep the opening short because I am conscious of time and I am also conscious of the specific questions you have and the answers I may be able to provide, either myself or by referring to Mr Whowell.

Primarily the AFP's role in this space, if we are talking about trying to combat the trafficking, importation and distribution of amphetamine-type substances, particularly ice, is to prevent, disrupt and investigate those involved. We have particularly been looking at trying to prevent it from entering the country, so trying to disrupt the organised criminal syndicates at their source. We are also looking at the threat posed to Australia's national security by the organised criminal enterprises and trying to mitigate vulnerabilities in the supply chain — by that I mean we are looking at the airstream transnational borders and trying to identify with our state, territory and commonwealth law enforcement counterparts vulnerabilities that exist that could be exploited by criminal syndicates to try to evade law enforcement efforts to prevent the importation and distribution of these illicit substances in Australia.

I might leave it there, and I have the 16 questions so I am in your hands, Chair, as to how you would like me to work through them.

The CHAIR — If it is all right with the committee, it might be easier if you want to just take us through the questions. Can we handle that?

Mr SOUTHWICK — Yes, we will just ask questions as we go along if we require further elaboration.

Asst Comm. JABBOUR — The first question was: to what extent has the AFP investigated cases involving the production, supply and use of methamphetamine, particularly ice? What intelligence has been gathered by the AFP regarding methamphetamine, particularly ice, particularly relating to Victoria? And what intelligence can be made available to the committee for the purposes of this inquiry?

If we look at the amphetamine seizures Australia-wide, there has certainly been an increase since 2004. Between 2004 and 2010 we were looking at approximately 250 kilograms being seized per year. In 2011 we had an increase of up to 680 kilograms, and in 2012 there was one particular job, which is still before the courts, where we seized 4.4 tonnes of MDMA with a number of arrests being made. We are now talking Victorian-based, and I think that is a case that is well known through the media, albeit that it is still a matter before the courts.

These very large seizures were being attempted to be imported into Australia, or in this case particularly Victoria, from overseas, and we allege by sophisticated organised criminal syndicates which have tentacles both in this country and reaching out through numerous countries overseas.

One more recent example would be an international organised crime syndicate spanning five countries that was allegedly involved in the importation and trafficking of ice into Australia. We worked closely in a task force arrangement with the Victorian Police, the New South Wales Police Force, the Australian Crime Commission and the Australian Customs and Border Protection Service.

The AFP has an elaborate international network of liaison officers situated in 26 countries, and currently we have 91 liaison officers overseas. The purpose of the international network is to facilitate the exchange of intelligence between law enforcement agencies — and that is all Australian law enforcement agencies in Australia — and foreign counterparts overseas with a view, as I said earlier, to trying to interdict and prevent the drugs from coming to Australia. Our main focus is to try to nip it in the bud at its source.

In the particular case that I am referring to we worked with law enforcement partners in China, Thailand, Malaysia, Vietnam and Myanmar, and through the collective efforts of the agencies I referred to earlier — VicPol, New South Wales police, ACC and customs — it resulted in 27 people being arrested and charged with illicit drug offences and \$9 million in assets restrained.

The real issue for us in Australia is that we are a highly lucrative market for illicit narcotics. In this country the demand is exceedingly high. If I refer to the ACC report on illicit drugs, methamphetamine currently sells for between \$200 000 and \$330 000 a kilo in Australia. To manufacture the same quantity overseas, AFP intelligence reveals it costs \$32 000 to \$35 000 a kilo, so it is a significant profit margin for organised crime.

The CHAIR — Is that because of the dollar and other outside influences?

Asst Comm. JABBOUR — No.

The CHAIR — Why is it so lucrative?

Asst Comm. JABBOUR — To be honest, it is not unique to methamphetamine or amphetamine-type stimulants. Cocaine is very similar; indeed, it has a higher mark-up. The price that Australians are willing to pay for illicit drugs remains very high, and it continues to be a very lucrative market for those reasons. It is not really the dollar; I think it is a social issue. We have a very high appetite for illicit drugs in this country.

Mr SCHEFFER — With the different witnesses we have had, I am getting a sense of there being two models that are not necessarily mutually exclusive. One model is what you have characterised as large transnational organisations, with a lucrative market in Australia, facilitating the importation of precursors or the finished product into the country. The other presentation has been that we are now operating in a fragmented or distributed system of small-time operators that might not even qualify as being organised crime, because they are fewer than three people, and it is hard to locate and identify how they are manufacturing the substance, and it is moving through

networks under the surveillance level, because it is basically a private buyer and seller market. Clearly there is an interface there. Can you talk about how they sit together? They are different, but they could fit in the same new system.

Asst Comm. JABBOUR — There is not necessarily an interface in all occasions, but, yes, I would agree with you. We do not typically involve ourselves with the second tier, if I can put it that way, as you have described it, being the smaller production. That is typically a state or territory exercise, but, yes, it is true that there are a number of people who will purchase pseudoephedrine, for example, from chemists and go around and collect large quantities with a view to converting it through a chemical process to amphetamine-type substances. These are typically smaller-scale operations providing for a smaller market.

What we are more concerned about are the voluminous precursors and indeed end product being imported into the country. The intelligence would suggest that that far outweighs these smaller operations, or home-grown operations, but without doubt both are a risk and pose harm to the community.

Mr SCHEFFER — Where do the outlaw motorcycle gangs fit into those two models?

Asst Comm. JABBOUR — It is difficult to quantify the extent of outlaw motorcycle gangs in relation to the production, trafficking and indeed importation of amphetamine-type substances. Intelligence suggests that they are certainly heavily involved. Intelligence would suggest that they are involved at both ends of the spectrum.

I am jumping around your questions, I apologise, because we are touching on some of the different questions here. One of the challenges for us from a law enforcement perspective is, given the volumes of precursor chemicals being imported into the country, we have not been able to detect what we refer to as megalabs — that is, large laboratories on an industrial scale producing commercial quantities of drugs. That is something we are looking at collectively with all our state and territory counterparts because, for the volume of precursors that intelligence suggests is coming into the country, we would expect to find significantly more than from these production exercises that are occurring in kitchens or on the small scale that we typically find. State and territory police have been effective in finding some reasonably sized production laboratories, but not to the extent that we would consider possible given the volume that we have interdicted, and if we have interdicted it, we assume that others have got through.

Mr SOUTHWICK — Does intelligence suggest that the more organised labs exist?

Asst Comm. JABBOUR — This is the problem. There is an intelligence gap, to be honest, as to where they go and how they then become the final product, and that is the challenge for law enforcement. An assumption would be that they have to exist because it would not make sense to import such large quantities of precursors — and we are talking about tonnes at a time — to then break it up and cook it up in 1-kilo lots. You would be there forever and a day, so the natural assumption is that there has to be some sort of commercial scale operation to convert it.

Mr SOUTHWICK — The Australian Crime Commission said today that 50 to 60 per cent of the drugs in the market would be domestic and the rest would be imported. Would you suggest something contrary to that?

Asst Comm. JABBOUR — I could not comment, to be honest. They are probably better placed to comment on that. We typically deal with the importation. Yes, we do, as I said earlier, work collectively with the states and territories, but as for percentages I would only be guessing.

Mr SOUTHWICK — You spoke earlier about the big profit margins. How does that equate with the local product? Does the market tend to right itself to, say, the most expensive? If people are selling imported product at these exorbitant amounts, does that assume that the domestic product is marketed at the same price point, or do you get cheaper domestic product?

Asst Comm. JABBOUR — To be honest, I do not know. That would be one for the ACC or states or territories. We do not typically compare that; it is more a job for them. I do not know the answer to that.

The CHAIR — The price is based on purity, as we understand it.

Asst Comm. JABBOUR — Typically it is on purity, depending sometimes on the country of origin and also the quantity available. For example, if there is a very large shipment and a glut for a period of time, you may be able to negotiate cheaper prices, but in the main it does not change greatly from the prices that have been indicated around that \$200 000 to \$300 000 per kilo street sale price.

The CHAIR — We have just about covered off question 3.

Asst Comm. JABBOUR — Going back to your point, Mr Scheffer, if I may, you asked about the domestic production. I know from the readings that one of your areas of interest is the precursors that are commercially available in this country that may go toward making the final product. There is a number of methods, and chemists and others will be far more skilled in being able to explain this to you than I am, but the bottom line is that there is a number of different methods that are adopted for the production of amphetamine-type substances. One of the methods that is adopted requires the use of red phosphorus in the distillation process. Another is referred to as the Nazi or birch method and it emanates from World War II. In the smaller domestic production, we often see the use of this Nazi or birch method. Possibly one of the explanations for that and the prevalence around the rural heartland is due to the availability of liquid fertiliser or ammonia, which is one of the ingredients used in the production process. This can often be available to farmers and within those communities, so often people will take advantage of the fact that ammonia or fertilisers are available and they will set up shop in those rural locations.

You asked about OMCGs. Certainly without doubt I think it is clear from law enforcement intelligence holdings that members of outlaw motorcycle gangs are involved in all facets of the methamphetamine trade from importation to supply, production and distribution. To be able to try to combat this, recently, in October last year, we established the national antigang squad with VicPol in Victoria. It comprises the AFP, Victoria Police and members of the ATO — the taxation office. To be honest, we are looking at doing things a little bit differently, seeing what the AFP or indeed the commonwealth can bring to the table. It is certainly not to suggest that VicPol have not been working tirelessly to combat this, but it was the federal government that at that time looked at seeing what more could be done and how the commonwealth may be able to enhance the good work that is already being done in that space by the states and territories.

We are working with them where we can to provide assistance and support to their operations. Examples of recent successes include an investigation in January of this year targeting particular OMCGs that were allegedly trafficking ice. As a result of that, 14 firearms were seized. So there are those additional benefits, if you like, when we start to work collaboratively on these issues in this task force space. It is not only the harm that the narcotics bring to the community, it is also the violence and sometimes associated with that the use of firearms and the like, particularly with these organised criminal groups.

Earlier I said it is a very attractive market, so I think when we talk of the nature of the involvement of organised crime and why, the answer is that it is a business model with very, very large profits available to them. It is just a commodity to them.

Mr SOUTHWICK — Could you possibly comment on unexplained wealth laws and how you think that might work across jurisdictions, when — I am sorry about this — Victoria is doing a fair bit of work and you guys are doing the work and how you split up the proceeds?

Asst Comm. JABBOUR — Sure. How long do we have, quite seriously? On the unexplained wealth laws, I understand Victoria is going through looking at its own laws in this space, but certainly I can comment on the commonwealth unexplained wealth laws. Indeed, through our Attorney-General's department, we are looking at our laws and whether there may be scope for

enhancements of our existing laws. Under the regime that we adopt at the moment through the commonwealth, when assets are in the first instance restrained, we can go through one of two processes to be able to then seek forfeiture of those assets. But at the end of the day, pretty much regardless of which path we take, it is at the discretion of the minister to be able to asset share with an affected state or territory — or, indeed, an international law enforcement partner, if that case exists.

There are numerous examples of where that has occurred, where assets have been provided to the states or territories in the form of cash or, from one example, the asset itself. One example in the past was an aeroplane that was seized from drug trafficking that was given to the Western Australian police to use to combat narcotics trafficking in their state. So there are examples where that can occur.

To get to your question, if we were able to streamline the various laws around the country, it would certainly make life easier for us. To be honest, from a law enforcement perspective, on the ground we make it work. Certainly my experience with the Victorian police, with whom we have a very good working relationship in my view, is that we have never fought over assets. We typically take the path of least resistance: which law is the most applicable to the circumstances and which we think will be the easiest in the circumstances. We go down that road and then we allow the minister and others to deliberate over the sharing, once the assets have been forfeited.

Mr SCHEFFER — Do you think it is an effective disincentive to the perpetrators?

Asst Comm. JABBOUR — Without doubt. Regardless of where the assets end up, I think from a law enforcement perspective as long as they are not able to be reinvested in organised crime, if we can work together — and this is why in recent times we have drawn more heavily on the ATO, the taxation office, and others in this space — and we can strip those in organised crime of their ill-gotten gains, that is certainly going to affect the business model. To be totally candid with you, if you look at the mark-up on the commodity itself and if you consider that the purchase price is so significantly lower than the resale price, for them to lose a shipment — they can find another one, but if we are able to take the profits away from them, they need to find them elsewhere because typically they still owe that money. They then need to scurry around to find moneys to be able to pay for the last shipment. That is what it is about for them: it is a business. To be able to take away the wealth that is generated is the most effective way. In my view if we achieve nothing else — we certainly need to prevent the drugs from hitting the streets and being available and reduce the harm that they bring — the most effective way of disrupting organised crime is to strip those involved of their ill-gotten gains.

Mr SOUTHWICK — Which state is doing it the best, in terms of unexplained wealth laws?

Asst Comm. JABBOUR — I would say we are, but that is biased. For the record, that was a joke. To be honest, I do not think any state is any better than any other. They are all effective in their own right. They have all established money-laundering teams or proceeds-of-crime teams and they are working within their own legislative framework. The value of a task force is that we have the benefit of bringing federal laws together with state or territory laws and working a combination of both, where appropriate. I do not think any one is more or less effective. I am certainly well aware that Victoria Police are desirous of and looking at broader powers that would help them in this area. We have certainly been fortunate with our laws but, as I say, we continually review them and go back based on our experience and give advice to our Attorney-General's department to determine whether there is any scope to potentially enhance those existing laws.

The main areas of threat for us at the moment in our recent investigations — and I am talking AFP and joint task force investigations — have been identified as organised criminal group links to China, Iran, Mexico, Canada, Indonesia, Nigeria, the Congo, South Africa and India. The largest precursor chemical seizures have emanated from India and China in recent times.

Jumping ahead to one of your other questions, the anomaly there for us is that in some instances these precursor chemicals that we have prescribed in our law as being prohibited or regulated are indeed not illegal in the source countries, and that does create a challenge. The other challenge for

us is the increase of analogues, where basically chemists slightly alter the makeup or chemical composition. It is typically discovered at the time of an importation and may not be prescribed in our regulations at that time because it has not been identified previously. There is sometimes a challenge for us in keeping up with the precursor chemicals and analogues that are being produced offshore but also in dealing with countries where they are not illegal. From their perspective, it is not something that they would typically put a lot of resources into. That said, we have worked very closely, particularly with China, and we have received a great level of support from them in recent times on some of these cases, but that is a challenge for us.

I know one of your questions was ‘What more could we do to prevent it from coming in?’. To be honest, with respect to precursors from countries like that where it is commercially available and not against the law, probably from their perspective not a lot. From our perspective, working together with the other agencies, we are looking to try to identify the chemicals, because typically they do not record on the airway bill or consignment note the true nature of the importation.

Mr SCHEFFER — What I am wrestling with is that this morning we had an interview with Professor Ernesto Savona from Rome, who is clearly a high-level expert certainly in the European system and probably globally. He said very clearly that the old Mafia-type large syndicates and organisations were not especially interested in the amphetamine market that had shifted to a more popular level. Am I right with that?

At the same time, it is very clear from what you are saying that these large organisations are players, and I am trying to reconcile that. How I am linking it is that when you say that in the country of origin the precursors are legal substances, then they can be operating by legal companies that are manufacturing the substances.

Asst Comm. JABBOUR — Absolutely.

Mr SCHEFFER — Would they be connected to international pharmaceutical companies that operate transnationally?

Asst Comm. JABBOUR — No, typically not. What you will find are fireworks producers, fertiliser producers. Any number of these sorts of industries use these chemical compounds in their production, and many of them, as I said, are not illegal. We have prescribed them. Indeed, within our regulations we have a list of 13 based on the UN red list, but some countries, indeed some states, have many more than 13; some countries have well over 100 that are listed. Some countries would look at Australia and say, ‘Why are there only 13 listed in your regulations?’. Because, as I said, we take our advice from the UN and their alert list, but indeed some states have thousands listed.

Going back to your question in part, I cannot comment on the European environment. Certainly demand in Australia is very high. It provides a very lucrative business model for organised criminality and they continue to be heavily involved with amphetamine-type substances, whether they are imported via virtue of precursors or imported in their final form. There is certainly a high degree of organised criminality involved in that here in Australia.

The CHAIR — It is somewhat different from what we have been hearing, particularly at regional hearings where the trafficker/dealer is more of a single person or a well-known dealer in the district rather than organised crime. The question I was getting to was what percentage of activity is from organised crime and what percentage is from the local dealer?

Asst Comm. JABBOUR — That I do not know. We would have to go maybe to the institute or to the ACC to help us out with those figures. Certainly there is the distribution network, and my personal view is that this why the task forces work so effectively. The AFP typically looks at the source countries. We look at how the illicit substances are coming into the country, and we work with customs, the ACC and others in relation to that. We reach out through the international network of AFP liaison officers and we try to determine a source. We work very effectively with the states and territories who have a far better understanding of the distribution network because the two are typically linked. We are looking at the supply, they are looking at the distribution and

there is a nexus there at some point. But what percentage of product is imported versus what percentage is available locally — I am sorry, that I do not know.

Mr SOUTHWICK — Getting back to precursor material, the illegal activity from the supplier is not necessarily providing the product because it is legal when it exits their shores, but I think you were alluding to the fact that they might put on the docket that it is something different to what it may be to get through.

Asst Comm. JABBOUR — It is not necessarily the supplier. There is typically a middle person or a facilitator who will procure the goods from the supplier for what they are, and no-one has a problem with that. It is at the time when they go to ship them to Australia that they will try to disguise the true commodity.

Mr SOUTHWICK — And who does that?

Asst Comm. JABBOUR — It will be a facilitator. It will be part of the organised criminal network based overseas who have contacts here in Australia. They will then arrange for the transportation — shipment typically — of those goods to Australia, and it is at that point that they will attempt to conceal the true nature of the shipment.

Mr SOUTHWICK — So the fireworks factory is in effect clean because they are just shipping product. The middle man is the one who packages it up in such a way to try to get it through.

Asst Comm. JABBOUR — Yes, typically that is correct.

Mr SCHEFFER — So that middle man is connected to a sophisticated transnational outfit facilitating this?

Asst Comm. JABBOUR — Yes, absolutely.

Mr SCHEFFER — But you are saying that that entity is more Australian-based? How does that work?

Asst Comm. JABBOUR — No, this is where it becomes a very complex little web. You have organised criminal networks in various countries, like an industry, where if you are connected and you are looking to purchase, you will be able to find someone willing to sell. There are syndicates all around the world prepared to sell various commodities. If we use this an example: we are looking to purchase pseudoephedrine from China. An Australian-based syndicate will reach out overseas through well-established contacts advising that they are interested in procuring a quantity of, let us say, pseudoephedrine and they will be put in touch with a supplier. They will then effect that transaction and the goods will be made available. There are links here in Australia but typically the organisers are offshore.

Mr SCHEFFER — The Australian link could be a group of three or four people?

Asst Comm. JABBOUR — It could be or it could be like a matter currently before the courts where I think up to 41 people were charged. It could be as small as two or three people, it could be as large as 40-plus. It depends on the scale of the organised criminality involved, whether this is the only commodity they are dealing in or whether there are other commodities that they are dealing in.

Mr SOUTHWICK — Could you also elaborate a bit further on the cybercrime activities that are taking place in some of the jurisdictions and the websites that have been established to purchase product overseas and what the AFP is doing in its work to tackle that problem?

Asst Comm. JABBOUR — Yes, and this is where we have been working collaboratively with our law enforcement departments overseas, particularly in the US. We are talking about sites such as Silk Road or sites that we commonly refer to as the dark net. The dark net is a site you can access on the internet — and I apologise if I am saying something that you already know about — with total anonymity. It is a bit like eBay but in the dark, if you understand me. So you can access

this site and you can make a purchase and remain totally anonymous. Because of the way the site is set up it is nearly impossible to detect who the true supplier is and who made the request.

If you look at Silk Road, for example, that site was effectively shut down by US authorities once we became aware of it. That said, there are other sites out there where you can go online and purchase narcotics from overseas suppliers. Where the site is housed is another issue for us in the wonderful world of cybercrime — it depends on where the server is housed as to who has jurisdiction to be able to take action against the person who established it.

The other action we are taking with respect to this is to identify suppliers in the countries of origin and then work with our foreign counterparts — for example, the Netherlands. We have a police liaison officer from the Dutch police station in Canberra and we work very closely together. As you are aware, one problem is that some narcotics that are legal in the Netherlands are illegal in Australia. These are some of the issues we face. For example, if you are purchasing a small amount of marijuana in the Netherlands, it is not actually illegal, so they are selling it lawfully. The importation of that narcotic good is where the offence is committed. That is an evolving area of particular interest to law enforcement.

Mr SCHEFFER — That is also now true in the United States, is it not?

Asst Comm. JABBOUR — Absolutely.

Mr SOUTHWICK — And most of it is sent through our standard mail system?

Asst Comm. JABBOUR — Yes.

Mr SOUTHWICK — And hardly ever intercepted? Or very hard to intercept?

Asst Comm. JABBOUR — There are challenges in intercepting it; that would be one for customs and border protection. They certainly make a number of seizures within the mail stream, but typically that is the system or the methodology adopted — they post it in normal mail.

Mr SOUTHWICK — Do you think that is an increasing area of activity and something we have to keep an eye on?

Asst Comm. JABBOUR — Without doubt, but to be honest I do not think it accounts for the vast volume of what we are talking about. If you look at seizures, and I touched on this earlier, such as 4.4 tonnes of ecstasy coming in in shipping containers, what we are talking about through the dark net is certainly a concern — it is something we are mindful of and vigilant about — but personally I do not think it accounts for the large volumes that we are seeing on the streets at this stage.

The CHAIR — I was going to ask you about potentially regulating precursors on the internet, but I am not sure how you do that. A suggestion was made to me in relation to second-hand goods on the internet. If you have a business and you are a second-hand licensed trader, you actually have to pay a fee to be licensed and you have to go through regular auditing, but anyone can post second-hand goods on eBay and it constitutes a sale and you do not have any of the costs associated with being a licenced second-hand dealer. I was going to transpose that onto the market that is now in use on the internet, but I am not sure of how you control and regulate it.

Asst Comm. JABBOUR — The one area that we are working closely with Attorneys-General on — and I know they are also engaged in the states and territories — is the idea of the end-user declaration, particularly in relation to precursors, and this idea of trying to establish a real-time electronic database.

Currently point-of-purchase sales controls require the submission of a completed EUD, or end-user declaration, document for precursor sales, but that is only in five jurisdictions. In Victoria EUDs are to be presented to law enforcement officers upon request. Only two jurisdictions require automatic submission of EUDs to law enforcement. That may be an area if we start to regulate the sale and distribution of other chemicals that are currently commercially available in this country

and which go towards making the end product. Typically pseudoephedrine in a large volume will be imported because, to be frank, the number of tablets you need to purchase from the chemist or divert is far too great. To be able to import that is a significant step forward in the production process, but then you need the other chemicals that go toward production. If we were to concentrate our efforts in this country and have these end user documents, I think that might be a useful mechanism to at least alert law enforcement to suspicious sales of these goods.

There needs to be a balance so that we do not significantly impact the community — for example, farmers have a legitimate reason to purchase such goods. We certainly do not want to end up with a level of bureaucracy that causes them difficulty in their day-to-day activities. That is certainly an area that could potentially be considered.

The CHAIR — Hear, hear to that, being a farmer myself. There have been moves around restricting and regulating the use of nitrogen as fertiliser for potential bomb-making.

Mr SOUTHWICK — Just on that, would you suggest that end user declarations and Project STOP-type scenarios that are done through pharmacies should be mandated?

Asst Comm. JABBOUR — It would certainly be useful from a law enforcement perspective. However, I go back to my previous comments and the comments of the Chair. I am very mindful of the potential impact it has on legitimate businesses that have a legitimate use for it. Yes, it would certainly be of assistance to law enforcement, but I would like there to be further consultation and discussion with industry to look at how it might be achieved in a manner that is mutually beneficial.

Mr SOUTHWICK — In our case, the pharmaceutical industry suggested that the fact that it is not mandatory is problematic because the ones who should be on it are not the ones who are suffering as a result.

Asst Comm. JABBOUR — Sure.

Mr SOUTHWICK — Could you elaborate a little on Project Eligo and the success of that task force thus far?

Asst Comm. JABBOUR — Yes. Eligo is basically about money laundering. It goes back to our previous comment about the effectiveness of taking the profit out of this criminal activity. Eligo was established by the Australian Crime Commission and has been exceedingly effective to date. We work cooperatively with the ACC. We run, as do most states and territories, a similar type of exercise, which is typically covert in nature. It is not something we come out and talk about, but it is certainly no surprise to some of those criminal groups that we are focused very heavily on money laundering and looking at the movement of funds around the world.

It is a similar structure to the organised criminal syndicates we described earlier; money laundering syndicates are very similar. Other than to transact the transfer of funds they have no direct involvement on a daily basis with the organised criminal elements involved in the importation of illicit commodities. These people establish their businesses to launder funds. They are established all around the world and that is pretty much what they do. Eligo has been very successful in trying to identify the illicit movement of funds and the subsequent seizure of predominantly cash prior to it being transferred to criminal syndicates.

The CHAIR — I am getting back to the local level, I guess, but is the extent of violence now in relation to assaults and antisocial activity generally contributed to by the increased use of methamphetamines? Can we relate the two?

Asst Comm. JABBOUR — This is again outside my area of expertise, and I am not trying to duck the question. If you look at the effects of methamphetamine or indeed any ATS — amphetamine-type substance — without doubt there is violence associated with it. Whether the increase in violence in the community that we are currently experiencing can be directly attributed to the use of these narcotics, I am not qualified to answer.

Mr SCHEFFER — I am looking down our list of questions, which we have generally covered, but there is one. What other and which organised crime groups, besides the motorcycle gangs you talked about before, are involved in the production and supply of methamphetamines? You may not be able to say, given that we are on the public record, but when you allude to international groups and then crossovers into Australia, are these entities known and tracked, monitored and followed, or are they part of the black box you talked about before where there are gaps?

Asst Comm. JABBOUR — There are some that are known. There is no shortage of criminal syndicates overseas looking at Australia as a very lucrative market, particularly at the moment for amphetamines and cocaine as well. Many of these groups are known to us, and we are working with our counterparts to investigate those. Through the good work done by the Australian Customs and Border Protection Service, they detect a consignment and then we work collaboratively with them and the states and territories through the task force arrangements to try to identify who the distributors are here in Australia, who organised it from the Australian end — who the buyer is, if I can put it that way — and who the people are who sent the goods.

Many of them are known to us, yes, without doubt, and I am sure there are others that we are not aware of at this stage that will become known to us in the future. It is not one or two individuals by any stretch of the imagination. It is a business model that a number of different entities are involved in.

Mr SOUTHWICK — I wonder whether you could comment on the legislation changes in Queensland around bikie gangs, in particular being able to gather evidence from people who have been arrested, providing further information for intelligence gathering and how successful that has been.

Asst Comm. JABBOUR — I cannot comment specifically in relation to the Queensland case, but if we are talking about coercive hearings and the ability to have the power to submit people to coercive hearings, our experience with the Australian Crime Commission is that it can be quite effective, depending on the subject before the commission. If a person does not wish to be cooperative or provide information — and our experience particularly with some of the outlaw motorcycle groups is that they would prefer to spend time incarcerated than to cooperate with law enforcement authorities — it will not be effective at all.

However, there are some who are provided the protections afforded under that legislative framework and are willing to provide cooperation, and sometimes we are pleasantly surprised at the individuals who are willing to provide valuable information to law enforcement through those arrangements. From our perspective and, as I say, from our experience, particularly through the Australian Crime Commission, it is an effective tool that is useful as an inclusion in our arsenal to be able to combat organised crime in its many forms. It certainly has proven its use in the past.

The CHAIR — I was going to make some comments on the Queensland case, but perhaps I will not given that it is a public hearing. The dangers of those sorts of policies are that they do capture innocent bystanders. We might enjoy a little ride on our Harley-Davidsons down the road and invariably we are breaking the law, which seems to me to be a very harsh penalty for someone who enjoys recreational sport. I am not asking you to comment on that, so do not if you do not want to.

Mr HOWELL — I suggest you do not, Sir!

The CHAIR — The real question I want to ask is: if you were a law-maker in the jurisdiction of Victoria, could you perhaps provide some guidance to this committee in making recommendations that will make some significant difference to the use and supply of methamphetamines in Victoria?

Asst Comm. JABBOUR — If we look at it from what has worked for us in the past, it is unexplained wealth provisions. Ours are not foolproof at the moment, and we are looking, as I said, at our experience and our lessons learnt, but if you look at the motivation behind it, it is money. That is why people are involved in this industry, so if you make it easier for law

enforcement to be able to restrain and then confiscate through an appropriate mechanism where it is tested, that would be a significant step forward for law enforcement. They have the same laws that most states and territories have as far as distribution is concerned; it is all outlawed. I am not aware of any other gaps they have in that regard.

The other big thing — and it is not a law enforcement or a law reform issue — is demand reduction. From a law enforcement perspective, we can do so much, and I will leave it to others to determine the effectiveness of that, but whilst this country has such an insatiable appetite and whilst society has such an insatiable appetite for narcotics, not only amphetamine-type substances but cocaine, heroin and the like, it will always be a very lucrative market for organised criminality. I wonder whether there might not be more that we could do in that space collectively with health, police and others to try to educate and look at the root cause of this issue, because I do not know that necessarily a law enforcement fix alone will solve this problem in this country, and it is not unique to Victoria.

Mr SCHEFFER — That gets us to education in the broadest sense of public awareness as well as programs in schools. I know that is not directly part of what you do, but do you have any views or comments on that?

Asst Comm. JABBOUR — We are involved in the National Drug Strategy devised by the commonwealth Attorney-General's Department and health, and we engage in education campaigns. It is something I think we could and indeed should as a community look at and focus our efforts on more broadly and try to determine why. I ask the question why. When we grew up it was not as readily available, but it was not in such demand either. Narcotics have always been available but not to the same degree and, as I say, not demanded to the same levels as they are at the moment. This is not unique to Australia, but it is quite concerning from a law enforcement perspective and for the harm it is causing, not only now but into the future. What will be the effects on the health system into the future for our children who are using at the moment? When you look at the statistics it is quite alarming to see the ages of young people who are able to find in the first instance and procure drugs. It is not difficult at all, unfortunately.

Mr SCHEFFER — There is access to all kinds of products by young people — stimulants in a very broad sense — so in a way this market, I would put it to you, is harmful in different ways but is similar in its structure to creating demand and satisfying demand, creating a new demand and satisfying that demand, whether it is mobile phones, DVDs or clothing. That is a generationally different thing that is a function of the kind of capitalism we are operating in now — market economies.

Asst Comm. JABBOUR — Yes, I would agree, but if someone does not harness it, pull it back and control it, that would be my fear with respect to access to and use of illicit narcotics. But yes, I would agree with you: availability of all sorts of commodities for people via the internet and elsewhere — social media and the like — has exploded in recent times. It is a matter of managing and controlling that to the best of our ability and educating people as to the harms they cause. But I would agree with you; it is a challenge.

Mr SOUTHWICK — If you look at the pathway of marijuana and where that has come over the years, you can see that even with all of our efforts we have struggled to cut the activity levels of marijuana. This has a very similar path in terms of its accessibility and ease of use and all those things. We are seeing this rapid increase right across the board. Where is the light at the end of the tunnel? I know you spoke just then about harm minimisation and other sorts of strategies, but is there some form of magic bullet that we could be making better use of or focusing our attention on? Have we learnt anything in terms of the marijuana strategy in the past?

Asst Comm. JABBOUR — I think it was a threefold approach, which most strategies have adopted. There need to be those three pillars. One is the demand reduction — so there is that education piece. There is also the supply reduction, which is really the responsibility of law enforcement. Then there is harm reduction, looking at how health can assist in that space and others. I do not think there is one silver bullet. I think it is a matter of bringing those three pillars together and working harmoniously with a view to achieving the end game. The difference, I

guess, with marijuana abuse or use is that it has very different side effects to what we are seeing with amphetamines. We do not typically see the violence, the increased strength and the speeding up of bodily functions that goes with it; indeed it is quite the opposite. Those are the major concerns that we have from a law enforcement perspective.

We then try to combat that, including the domestic violence that goes with it — and I do not mean domestic violence in the typical sense of within the home. I am talking about the violence associated with people who are affected by these illicit substances and the activities they subsequently engage in.

Mr SOUTHWICK — But there is a low barrier to entry. It is cheap, easily accessed and quite affordable.

The CHAIR — Generations Y and Z are very easily bored.

Asst Comm. JABBOUR — True.

The CHAIR — Can I ask you if you are prepared to table that written response you have there for our records.

Asst Comm. JABBOUR — Yes, sure.

The CHAIR — I thank you, Assistant Commissioner Jabbour and Peter Whowell, very much for your time this afternoon in presenting. Sorry, Peter, you did not a chance to say much.

Mr WHOWELL — I kept on trying, but he would not let me in.

The CHAIR — The opportunity was there.

Mr SCHEFFER — That will go on the record.

Asst Comm. JABBOUR — That I did not shut up!

Mr WHOWELL — Chair, if it is all right, we might email it to Sandy. That might be easier than giving you hard copies.

The CHAIR — No problem at all. Thank you.

Asst Comm. JABBOUR — I hope that was useful.

Mr SCHEFFER — It was very useful.

The CHAIR — We have had a really interesting day.

Asst Comm. JABBOUR — If there is anything else you need via email or otherwise, by all means ask. If we can provide anything else, we would be more than happy to do so.

Witnesses withdrew.