

**LAW REFORM, DRUGS AND CRIME PREVENTION COMMITTEE**  
**Inquiry into the supply and use of methamphetamines, particularly ice,  
in Victoria**

**Canberra — 11 February 2014**

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Witnesses

Professor A. Goldsmith, Strategic Professor of Criminology, and

Dr A. Groves, Research Officer, Flinders Law School, Flinders University (via video conference).

**The CHAIR** — We have Professor Andrew Goldsmith, and Andrew Groves, who is research officer at the Flinders Law School. We are in the Australian Institute of Criminology offices in Canberra. We have been conducting interviews as part of our public hearing on the inquiry into supply and use of methamphetamines in Victoria, particularly ice.

I thank you both very much for your time this afternoon. Before I ask you if you would like to make some introductory comments as part of this evidence gathering, I need to read you the conditions under which you would provide that evidence to the committee this afternoon. Bear with me while I read this short statement. 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 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 ask if you have read the guide to presenting evidence to parliamentary committees. Yes. All evidence given today is being recorded. The witnesses will be provided with a proof version of the transcript in the next few weeks.

In thanking you very much, I understand you have some understanding of the inquiry and the reference pertaining to the inquiry, so I will not waste time in going through the background except to say that we are collecting a lot of evidence both in metro and regional areas in Victoria. Also we have contracted the Australian Institute of Criminology to help us with elements of the reference pertaining to particularly organised crime and outlaw bikie clubs — motorcycle clubs. It is doing some work for us, and that is one of the reasons why we are here in Canberra: to get an international and national flavour. I am not sure which Andrew, but the Andrew who is wishing to make a brief introductory statement — or both of you. Then the committee will ask a number of questions.

**Prof. GOLDSMITH** — I am the elder Andrew. The younger Andrew can speak in a moment. Just to set the scene, I have a general interest in organised crime prevention. Andrew to my left here — Andrew Groves — recently completed a PhD on drugs in the nightclub scene here in Adelaide, so he has a probably more intimate empirical grasp about some of these drugs in South Australia. My interest is more, I suppose, in some of the areas that you will ask later on in terms of assets, transnational crime, coordination, cooperation and so on. There will certainly be questions where I cannot answer and probably the same for Andrew, but we will chip in where we can as we proceed down the list.

**The CHAIR** — Thank you very much. Feel free to start.

**Prof. GOLDSMITH** — Are you looking at me?

**The CHAIR** — Sorry, Andrew, I am looking at you. I am just inviting you to make a small presentation.

**Prof. GOLDSMITH** — My introduction will be small. This question you are looking at happens to interest me in the light of the media publicity here over Christmas and the new year, particularly the story in Mildura and the apparent ice problem there. I took the liberty of going to Mildura on my return from Sydney in January and had a conversation with a senior police officer there with a view of trying to scope some research into the influence of organised crime groups in rural environments. It is work that is not done yet, but as I said, my general interest is probably in — —

**The CHAIR** — Andrew, we have lost some audio now, I am sorry. We might have to turn the video off just so we get some strength on the audio.

**Prof. GOLDSMITH** — Okay.

**The CHAIR** — So we can see you but you cannot see us.

**Prof. GOLDSMITH** — Okay. Very Orwellian.

**Mr SCHEFFER** — That is the way we like it.

**Prof. GOLDSMITH** — That is okay. I am not sure where you lost me.

**The CHAIR** — I am sorry. We have lost the audio. Our technicians are working on it. Would you be prepared to switch off your video, and we will see if just the audios work.

**Prof. GOLDSMITH** — Do we know how to do that? The person who helped set us up has left the room, so we might be experimenting here.

**The CHAIR** — The audio is now coming in fine, so just proceed.

**Prof. GOLDSMITH** — Can you hear me?

**The CHAIR** — We can. Thank you.

**Prof. GOLDSMITH** — Do you want me to start again?

**The CHAIR** — No, we are up to Mildura.

**Prof. GOLDSMITH** — Just to make some informal inquiries myself about what I had read in the press, as I said, with a view to scoping the possibility of doing some research in the area that your inquiry is examining, so it was ironic in a way that this approach came through. But I guess what I am trying to say is I do not have specific knowledge of the ice situation in Victoria, apart from what is in the public arena through programs such as the ABC report. I did have a conversation with a senior police officer in Mildura to get some background with a view again of scoping some potential research, but beyond that my knowledge is more general in terms of some of your later questions: question 8 onwards. I am probably best confining myself to those questions rather than saying very much about the early ones, although Andrew Groves can comment, I think, on some of those.

Could I ask, what your definition of traditional organised crime groups is? I think we have some points around the range of participants in ice trafficking and manufacture.

**The CHAIR** — It is an interesting question. We are grappling with that ourselves because we have received evidence that a group of three-plus could actually be called an organised group of individuals intent on criminal activity. I do not know if we have a steadfast terminology of organised crime group as such. We will listen to what you have in relation to your experience of organised crime or the reference to organised crime and what it actually constitutes, but we understand it is three-plus individuals intent on or engaged in criminal activity.

**Prof. GOLDSMITH** — Your definition sounds to me like the UN convention definition, which I guess has become — —

**The CHAIR** — That is right.

**Prof. GOLDSMITH** — I guess the point I would make in terms of general involvement in a range of organised crime forms, including drug trafficking and indeed ice, is that you will find groups other than biker groups and Mafia groups involved in some of these activities. It is too exclusive to say that traditional organised crime such as Mafia, such as biker groups would capture the whole range of participants. That is something that Andrew can talk to more than me, but it worried me a little bit that that definition might be overly narrow in terms of where you are really wanting to track some of this activity.

**The CHAIR** — If you could make what you would like as far as introductory statements, and then I will invite the committee to ask questions, because once we get in the question phase we will probably be heading down that track for some time. If there are any areas within the questions that have been provided or statements you would like to make in relation to your expertise and knowledge to the inquiry, do not worry too much about the technical aspect of what is defined as a

traditional organised crime group, because in fact our inquiry has indicated that there is a whole range of people involved in supply, use, manufacture and trafficking of methamphetamines, not traditional mafia-type organised crime, but it could be small-time dealers, it could be the cycle clubs and it could be more traditional organised crime syndicates. We are not stuck on any particular definition of an organised crime group.

**Prof. GOLDSMITH** — Okay. Maybe I will hand over to Andrew Groves to make a statement and perhaps comment on that particular point as well.

**Dr GROVES** — I guess my aspect in terms of expertise in this area, as Andrew mentioned, is more related to the ice industry in South Australia than in Victoria. However, obviously having done the research here in South Australia, there were some broad similarities with Victoria and some of the other eastern states. I think one of the key points that I would like to make, I guess in a comparison between South Australia and Victoria, is that it is more of a domestic nature here than what it appears to be in Victoria. I note that in some of the questions outlined you talk about ideas of trafficking and obviously transnational crime, which perhaps are not as prevalent here in South Australia. I guess to give you a picture of my expertise I will give you an idea, in view of the research that I conducted, which was in Adelaide nightclubs and completed for my PhD last year.

What I looked at was young people's perceptions of risk associated with methamphetamine use broadly, which obviously includes ice. That was in five key Adelaide nightclubs here in South Australia. It involved actually talking to young people waiting in lines at nightclubs and in the general vicinity of nightclubs in South Australia. I guess a key part of that is that I was talking to non-users as well as users, so it was not purely about methamphetamine use but perceptions of risk associated with that use. It involved roughly 500 young people in a quantitative survey and also around 22 young people in qualitative interviews which followed after that.

I guess the key outcome of that research, so to speak, was that the context and the diversity in the type of use, or how methamphetamines were being used in South Australia, was the prominent feature. It diverged from more traditional stereotypes associated with illicit drug use both in terms of methamphetamines but also other substances. In that sense, my area of research is more about the context and about the young people themselves rather than, I guess, supply reduction per se.

Just as a side note, a key next step from that research was the idea that supply reduction techniques – that we an issue here in South Australia – have not been working, given the prevalence of use here in South Australia. From my study itself, around 20 to 21 per cent of young people had at least tried methamphetamines, which is significantly higher than the national average. In that sense, I think I have a good base from which to discuss supply reduction or some other reduction aspects, which I think will tie in with some of these questions. Does that provide a good example?

**The CHAIR** — Yes. Can I just quickly ask you: one of the issues we are dealing with as a committee is how best to address the manufacturing of methamphetamines and in that respect how we control the accessibility and availability of precursor chemicals, talking about regulation or control. We have had some discussions with the pharmacy guild in relation to real-time monitoring and Project STOP, which you are probably familiar with, and we have also talked about end-user declarations. We have also had some discussions about the internet and generally the black market on the internet. Do you have a view on what recommendations the committee might make in relation to some controls of the precursor drugs that provide the base for the manufacturing of methamphetamines?

**Dr GROVES** — I was actually discussing this with Andrew earlier. I think there is a significant issue in relation to precursor chemicals, as a first point. I am not sure if you are aware of the article I wrote in 2009 with Associate Professor Marinella Marmo. It talked about the impacts of Project STOP and precursor chemicals. I think there is a fine line between reducing the availability or accessibility of these chemicals for those who want to manufacture methamphetamines, and reducing the effectiveness of legitimate medicines to the community. So I think it is a very difficult issue to address in terms of where the restriction or regulation occurs. I know that in one of the questions you talk about, in terms of the chain of supply if you compare the different manufacture of methamphetamines using different precursor chemicals, obviously there is a significant problem

of displacement, so obviously if you place far stricter regulations on a particular chemical, it may force a lot of these I guess organised crime groups, as you call them, to use different chemicals. [inaudible]

I am interested in what the pharmacy guild actually spoke to you about. What kind of suggestions have they made?

**The CHAIR** — They were discussing with us real-time monitoring and they made reference to Project STOP. I understand that there is some intergovernmental work being done in relation to that program. It was talking about a range of issues in relation to how they identify those legitimate users of drugs that are used as precursor drugs and the illegitimate use and purchase of those drugs for obviously illegal activities, such as manufacturing crystal meth as we know it. It is part of the discussion we will have in relation to this report and recommendations about supporting something like Project STOP or a monitoring and auditing process of those purchases.

**Dr GROVES** — In terms of Project STOP, it has been effective in making some reductions. I have not seen the total evidence based on that but just from anecdotal evidence from some of my participants in my research, they spoke of particular issues with dealers having to engage more young people for pharmacy runs, because obviously if you are only entitled to a certain quantity of particular substances such as Sudafed, they would have to engage a greater population of individuals to assist in that. I think that is one key area that needs to be addressed in that sense. In terms of that real-time monitoring, perhaps there needs to be — I am not sure if this is already the case — some way to measure this across state boundaries.

I am not sure if records in South Australia are merged with those in Victoria, for example, and whether that is viewed from a national perspective. That would be one suggestion I would make given that obviously what we are talking about in this inquiry this idea of movement of individuals and products, so that would be one way to reduce that, but as I say I am not sure if that is already been in the ambit of their discussion with you.

**The CHAIR** — It has. I might invite Mr Scheffer to ask a question.

**Mr SCHEFFER** — My question is to Andrew the younger. You mentioned in your work that you had a 20 per cent usage level on the basis of the sample that you were looking at. Is that correct?

**Dr GROVES** — That is correct. It was around 21 per cent of the 560 odd participants.

**Mr SCHEFFER** — Okay. Did you check that against, for example, the National Drug Strategy Household Survey? We are aware that we are waiting for a new one and that we have only got the 2010 figures on that, but I think that is around 3 per cent. We have of course heard from other organisations such as Ambulance Victoria and so forth that report roughly in that vicinity but trending up, and we did hear from one drug and alcohol support agency that had indications of something like 40 per cent, high 30s. So it has jumped around a bit but the 21 per cent is pretty high end. You are of course aware of those broader figures. How do you account for that?

**Dr GROVES** — I think the easiest way to answer that is to, as I said earlier, talk about context. As a broad response, and I am not sure if Andrew would agree with this, to some of these questions I think a key part of what the inquiry needs to be looking at is context — it was that they differ between Victoria and South Australia. I think it is important to understand how and why these substances are being used. For instance, as part of my research I did make that comparison with the data that you just mentioned, comparing it with my 21 per cent of my participants, and I agree it is a substantial number. I think the reason or the rationale for that is that these individuals are perhaps somewhat different from traditional stereotypes of the illicit drug user. They are using it very logically — and I do not mean to encourage illicit drug use but using it in a way that is perhaps more logical to them to serve a particular purpose, which in this case is to engage in the nightclub scene, socialise with friends and so on, given the pharmacological properties of methamphetamine.

In that sense I think the answer to your question of why is that so high is context. Associating methamphetamines, particularly ice given their rates of administration, with the nightclub scene is one particular reason why that figure is far greater than some of the other things you have just mentioned.

**Mr SCHEFFER** — Right. Did you also talk to the sample in your study about where and how they obtained the substance?

**Dr GROVES** — In terms of how they obtained their drugs, yes, it was mentioned, more so in the qualitative interviewing following the survey, but there was a large discussion surrounding I guess how they obtained their drugs. Compared with some of the lines of questioning that I see in front of me, a lot of participants were talking more of familiar local networks rather than more traditional organised crime groups, which is why Andrew and I were querying the definition earlier. So that sense it was more of a local network, obviously more local than interstate or international.

**Mr SCHEFFER** — I should just say that, by way of information, what you are saying is one of the threads of the evidence that has come through. It is not inconsistent and we are not stuck on the view that there are large criminal organisations that are only involved in this. Clearly it is a very complex picture and what you have thrown up is part of that picture.

**Dr GROVES** — True, and I guess going back to your earlier point when you were speaking with Andrew about the definition of an organised crime group being three or more individuals, from the anecdotal evidence that I received it could be argued that some of the groups in South Australia would fit that model — not so much as a way of increasing profit or trying to spread the impact of distribution of methamphetamines, but more so as a way of enabling particular individuals free and available access to substances they choose. In that sense, yes, there would be some individuals that would fit that more traditional model, but, as I said, it is more of a familiar network. For the individuals themselves the reason for that was to ensure greater safety in terms of purity of the substance but also the interactions they have with their dealers and their friends to ensure a safe process.

**Mr SOUTHWICK** — Thank you, Andrews. I am just picking up on Mr Scheffer's line of questioning around these smaller dispersed groups. In your research in the nightclubs was there evidence to suggest that it was very much groups of friends that would operate in a circle, that it was very much closed to that group and it was all sort of set up and more about that safety mechanism for them? Are they the sort of things that were happening?

**Dr GROVES** — Certainly. I think the predominant feature or characteristic of the groups in South Australia within my study were they were smaller networks of friends that would use perhaps the same dealer or the same set of dealers. One departure from that, though, was within some of the qualitative interviews it was mentioned that there are wider networks and in terms of South Australia that is not to say that there is just a small network society. A few of the participants did convey discussions that they had had with bikie affiliations. At one point I had set up an interview to speak with one of the bikie members, which unfortunately fell through, but there was evidence that there were also bikie affiliates involved in distribution. As I say, it is a very complex issue and there is some need to distinguish between the two, but I think as a whole South Australia, or at least the nightclub scene, would be best considered as a smaller network.

**Mr SOUTHWICK** — Just from the other side, in terms of the actions that the nightclubs themselves might be taking, firstly, did you see any involvement from nightclub owners or workers at all? Secondly, were there any nightclubs that were involved in any proactive campaigns targeting the education around drug use? Thirdly, do you think that is a good strategy?

**Dr GROVES** — In terms of the second part of the question about nightclubs being involved in education, recently a lot of the discussion about illicit drugs has formed part of a broader discussion about binge drinking and consumption of alcohol. I think there is a bit of overlap in terms of the educational message being forwarded. It is unclear whether there were specific messages coming from specific members within the nightclub industry about the use of illicit

drugs. I do know that a few owners, for instance Tony Tropeano, who owns a few nightclubs in South Australia, has been quite proactive in terms of the educational message, mostly about alcohol but also about illicit drugs. But broadly speaking the anecdotal evidence that I saw was more that nightclubs were not as proactive generally in talking about illicit drugs and there were some participants that mentioned that the nightclubs themselves were part of the chain — part of the process. Whilst they were not necessarily openly encouraging drug use, certain members or staff members of particular nightclubs were engaging in distribution and sale of methamphetamines, amongst other drugs.

**Prof. GOLDSMITH** — On that, in a recent conversation I had here in Adelaide with an organised crime detective he was very keen to distinguish between different nightclubs here in Adelaide on their substantive commitment to those sorts of programs. He pointed to one club owner who would talk the talk but did not walk the walk in that respect, whereas there was one club which he named where there was obviously a strong relationship where, if there was trouble or suspected drugs, the police would be called. In the former case the owner of the club would talk about it but would never call police and was never a source of information about drug dealing in his club. It seems to me that within the regulation of the nightclub scene one might want to look at ways of setting an example and making it transparent, I guess — focusing on the former example, where the walk is matching the talk.

**Mr SOUTHWICK** — Just one other thing: there was an explosion of ecstasy use probably through the late 90s in nightclubs. Water was probably the sole drink in clubs, and there was a large decrease in alcohol consumption. The evidence suggests that ice tends to complement drinking more so than, say, ecstasy may. Would that be correct in your assumption, and is it just a convenient thing that now we have ice going through the clubs and we do not have the problem of, say, ecstasy in part?

**Dr GROVES** — I think that may be a distinction between Victoria and South Australia, at least from my participant Paul. He says that the alcohol use is actually not seen as necessary, and for the most part it was related to the enjoyment of the evening; price, in terms of the excessive cost of alcohol; and also there was a really strong movement against the behavioural features of excessive intoxication associated with alcohol as opposed to illicit drugs. One of the key features of participants' messages coming out of my research was that people who use either drugs or alcohol excessively or get messy, so to speak, were not seen as ideal, but this seems to move. In South Australia, at least in these nightclubs, the use of alcohol, ice and lots of other drugs was not seen as greatly as perhaps in terms of Victoria. Quite often these participants would just use ice rather than — —

**Mr SOUTHWICK** — Okay. Thank you.

**Mr CARROLL** — Could I ask also: Andrew Groves, can you make sure that you send a copy of your journal article to Sandy Cook at the committee? Is that possible?

**Dr GROVES** — Yes, I can.

**Mr CARROLL** — I also notice that the second part of the title of the article is about the need to reduce demand. What did you come up with in that area?

**Dr GROVES** — You are referring to the 2009 article?

**Mr CARROLL** — Yes.

**Dr GROVES** — I think a large part of what I am currently working through at the moment — in fact I have actually submitted another article just this morning — is this idea of education rather than necessarily strict supply reduction perspectives. I am sure that that is a reasonably consistent message amongst some of the other participants in this inquiry.

I think the issue is that there is not enough understanding or knowledge of how and why these particular drugs — say ice in this instance — are being used by this particular group of young people. As you say, the 21 per cent that I observed is far greater than some of the other figures that

have been presented in other research. So the question is, 'Who are these young people? Why are they using it, and how are they using it?'. I think one of the key parts of my research is that it was not seen as the be all and end all; rather it was a facilitator, to allow them to engage in a particular social setting or social interaction with others, facilitating enjoyment, pleasure and extended use of nightclubs over a long period of time.

Going back to your question about demand reduction, I think it is necessary to first understand why it is being used. Based on that information, going forward I think it is important to speak to the young people to gauge what are other alternatives to using methamphetamines, for example. In some ways this is tied with a discussion of why young people in particular are using alcohol to the extent that they are, which is another product that concerns South Australia. At the moment I am putting together research to evaluate that, so I am not sure there is any concrete answer at the moment.

**Mr CARROLL** — I appreciate that. That is fine. Can I also ask Andrew Goldsmith: in relation to your work with transnational crime prevention, are you aware of any particular techniques that are adopted to traffic ice or the precursors to Australia — any techniques, routes or ways to get through and evade any detection?

**Prof. GOLDSMITH** — No, I do not have specific information on prevention in terms of importation or disruption in that sort of supply chain. No, I cannot comment on that.

**Mr CARROLL** — Okay. Thank you.

**The CHAIR** — Andrew Goldsmith, can I just ask, given your legal background, whether you would be willing to refer to any law reforms the state of Victoria could legislate to stop the supply side in relation to dealers, organised crime or motorcycle clubs? We have some new reforms in this year, which I am sure you are aware of, but I am just wondering if you would like to recommend any other reforms that the Victorian legislature could look at.

**Prof. GOLDSMITH** — One of the questions you have on your list strikes me as an underexercised possible area for law enforcement activity. It is there, I think, in some form on the books of Victoria. I think you have gone to unexplained wealth legislation in Victoria, if I recall.

**Mr SOUTHWICK** — Not yet.

**The CHAIR** — We are not that far.

**Prof. GOLDSMITH** — You have not gone that far? Russell Smith can recommend an excellent chapter in a book he and I have just written — the chapter, not the book — that compares different Australian jurisdictions. I forget the detail of Victoria, but it is more the implementation or the operation of proceeds of crime or unexplained wealth legislation where I think there is probably some potential to remove the incentives for large-scale participation in this industry.

I think, based on some work I did in Queensland looking at this, there is often a disconnect between the aims of law enforcement under the criminal laws and then dealing under some of these new association laws that are very controversial in Queensland and going hard at following the money, as they sometimes call it. I think how that gets structured in any particular criminal environment, just as in Victoria, is very important in terms of its likely effectiveness.

My general sense about the effectiveness of the proceeds-of-crime laws — and I think Russell Smith would have a view about this as well — is that the potential is largely underexercised as being neglected because it is about taking away profit incentive for the larger operations. I think one of the challenges you face is that you are looking at the mum-and-dad operations right through to transnational and major organised motorcycle gang groups. If the big profits are being made in the large groups, then with proceeds of crime, unexplained wealth, capacitating the police or the agency responsible, I think, is an area where there is so much potential that has not been examined yet. There is a commonwealth task force that I think is trying to respond in this area.



If you look at the claims made about how much money is made from things such as illegal drug trafficking and you look at the actual returns from proceeds-of-crime laws, it is a very small percentage — 1 per cent — that is ever recovered. That is, if you like, a general pitch for more activity and legislative support at that end or in that area of this activity.

**Mr SCHEFFER** — Andrew Groves, you mentioned early on in your remarks that the sample of young people who you studied, I think you describe them as rational users. Could you expand for us? We are aware of the fact that a number of witnesses have said that there are cohorts of users of methamphetamine who are ‘in control of what they are doing’. Could you talk more specifically about what you mentioned earlier on?

**Dr GROVES** — The set of instruments that I used and also the qualitative interviewing schedule used following that, was guided by discussion from a pilot study as part of that research. The overall message from each of those three instruments, if you like, was that while it is easy to say that drug users themselves must consider themselves rational and logical — obviously that is going to be the standard response — there is some evidence to suggest that they engage in risk-management strategies to allow them to engage in their activities. The comments made by a number of the participants were that they engaged in a series of risk-management strategies that enabled the occasional use of methamphetamines or, even for those who were not users, to be in an environment where drug use was occurring and allow them to do that safely and within the realms of what they considered controlled use. A key part of that discussion was that not only were they looking at their own behaviour but also they were able to consider other people’s excessive behaviour — for instance, the excessive use of methamphetamines, but also excessive use of alcohol. They view that negatively. That was a way of distinguishing different forms of behaviour, if you like.

I think you have a copy of my thesis. Chapter 7 details a lot of the risk-management strategies used by these young people. If we were to provide a response to the use of methamphetamines by these young people, actually understanding these processes that they themselves identified and that are described in that chapter would be a good place to start.

**The CHAIR** — Andrew, we do not visually have a copy of your thesis. Are you happy for that to be tabled if you could provide us with one? I understand we do not have a copy of it.

**Dr GROVES** — Yes. I believe Justin may. I could send a copy if you would like.

**The CHAIR** — Due to the technical difficulties, we might leave it there. On behalf of the committee I thank you very much, both Andrew Goldsmith and Andrew Groves, for your time this afternoon in providing evidence to this committee.

**Dr GROVES** — Thank you.

**The CHAIR** — Thank you both.

**Committee adjourned.**