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Identified criminal activity

Nature, scope, trends and patterns of organised crime

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Through its strategic intelligence products, the Australian Crime Commission identifies patterns and trends on the nature and scope of organised criminal activity which assists to inform responses.

During 2013–14, the Crime Commission released a number of classified and unclassified assessments, including the *Organised Crime Threat Assessment 2014* (classified) which provides a comprehensive assessment on the nature of organised crime affecting Australia, including key enablers, illicit commodity markets, crimes in the mainstream economy and crimes against the person, and the *Illicit Drug Data Report 2012–13* (unclassified) which provides a statistical overview of Australia's illicit drug market including arrests, seizures and purity levels.

This chapter highlights key unclassified findings from both reports³.

Further information about the types of strategic products produced by the agency is available in Chapter 2 (see page 33).

Transnational nature of serious and organised crime

Serious and organised crime is more transnational, complex, diverse and pervasive than ever. While those involved in serious and organised crime vary in their capabilities, geographical reach and sophistication, it is increasingly apparent that there are groups, networks and individuals operating at an 'elite' criminal level, simultaneously targeting illicit markets in a number of countries.

Serious and organised crime groups are highly networked and operate using professional and sophisticated global business models. Their use of technology and use of specialist facilitators—including legal and financial specialists—to mask their activities, enables them to operate across multiple jurisdictions and markets. These operating models allow these groups to evade detection or take advantage of weaknesses in legislative and regulatory regimes internationally. This makes it increasingly difficult for law enforcement agencies to identify, disrupt or prosecute these criminals.

Significant risks to the Australian community

Due to the size of the market and level of harm the drug causes, methylamphetamine (commonly referred to as 'ice') poses the greatest threat to the Australian community. With its relative accessibility, affordability and destructive side effects, methylamphetamine is emerging as a pandemic akin to the issue of 'crack' cocaine in the United States. The market is attractive to serious and organised crime groups due to the profits made through the supply and distribution of the drug.

Financial crime—including investment and financial market fraud, superannuation fraud, revenue and taxation fraud, and card fraud—is posing an increasing threat to the Australian community. While 'traditional' illicit markets such as illicit drugs continue to dominate the serious and organised criminal environment, there is an international trend toward a greater involvement of organised crime groups involved in financial crime.

3 The unclassified version of the *Organised Crime Threat Assessment 2014—Organised Crime in Australia 2015*— is due for release in 2015. The *Organised Crime in Australia 2015* will provide further detail on the nature of organised crime affecting Australia.

Key enablers of organised crime

The Australian Crime Commission continues to analyse the impact of key enablers of serious and organised crime. Key enablers are illicit activities which can be crimes themselves, but they all underpin and contribute to the effectiveness of serious and organised crime, and therefore are key areas of risk.

Money laundering

Money laundering is an important enabler for almost all serious and organised crime. Serious and organised crime entities are increasingly using the services of highly sophisticated professional money laundering syndicates, which use a variety of methodologies to launder money out of and into Australia. These methodologies include the use of alternative remittance services, informal value transfer systems, and trade-based money laundering.

Cyber and technology enabled crime

Cybercrime is a transnational enabler of serious and organised crime. Serious and organised crime entities use technology and cyber capabilities to extend their reach across jurisdictions and around the globe. These entities either employ cyber specialists 'in-house' or contract their requirements to other groups who specialise in the provision of cyber and technology services.

Encrypted communications technologies are increasingly attractive for entities that wish to improve the level of security surrounding their communications.

Identity crime

Identity crime is a fast growing serious and organised crime groups to use stolen personal information to facilitate criminal activities. Identity crime can be financially costly for victims, and can significantly damage their psychological and physical wellbeing, personal livelihood, financial position and personal relationships.

Corruption

Public corruption in Australia remains comparatively low. Although recent high profile cases of political and official corruption highlight the willingness of criminals to use this technique to facilitate serious and organised crime.

Corruption can work insidiously to protect the business of serious and organised crime, and to prevent the identification of criminal behaviour. It undermines the fundamental trust of the public in government and in the legitimacy of the instruments of government.

Complex business structures

Complex business structures provide serious and organised crime groups with opportunities to launder illicit profits and perpetrate serious financial crime. Examples include the use of trust structures, phoenixing, and the use of professional facilitators.

The criminal exploitation of business structures by organised crime results in financial gain for criminals at the expense of legitimate industry participants, investors and employees, and a loss of revenue to the Australian economy.

Violence

Some serious and organised crime groups remain willing to use violence to facilitate criminal activity, which can include the use of illegal firearms. Violence can be used to gain or retain control of 'turf' or drug markets, as punishment or retaliation, to collect debts or to send a warning, or it may be offered as a paid service to other crime groups.

Illicit drugs⁴

The illicit drug market remains the primary source of profit for organised crime groups. The Australian illicit drug markets are fundamentally linked to global drug markets, with organised crime groups operating across national and international jurisdictions.

The growth of the internet and ‘darknets’ have enabled the rapid expansion of the illicit drug market, with users being able to access drugs as well as information about the availability of new drugs from anywhere in the world. As a result, overseas drug trends which would have previously taken some time to flow on to the Australian market are now very quickly replicated in Australia.

In 2012–13, there were 86 918 national illicit drug seizures, weighing 19.6 tonnes, and a record 101 749 national illicit drug arrests. This equates to an average of one seizure every seven minutes, one arrest every six minutes and one kilogram of illicit drugs seized every 28 minutes. Cannabis remains the most widely used drug in Australia, accounting for the majority of national seizures and arrests, with the number of seizures in 2012–13 being the highest reported in a decade.

Law enforcement has seen the expansion of the methylamphetamine market, with detections at the border and domestic seizures being the highest on record in 2012–13.

While the number of border seizures of cocaine increased in 2012–13, the total weight of seizures decreased by 49 per cent. The high profit margin of cocaine in Australia compared with international markets has resulted in an increasingly diverse range of organised crime groups involved in the trafficking of cocaine to Australia; however there are no current indications that the market is increasing in size.

The Australian heroin market has remained stable over the past two years, with domestic market indicators suggesting that the user market consists of an entrenched and ageing population. However, the Australian Crime Commission continues to monitor the market closely.

The internet has given rise to the manufacture, distribution and popularity of the drug analogue and new psychoactive substances market over the past two years, with drug users now showing a preference for these types of drugs, along with more ‘traditional’ drug types.

In recent years, the illicit performance and image enhancing drugs market has expanded beyond anabolic steroids to include a range of substances collectively known as peptides and hormones. Evidence suggests the use of these drugs in Australia is no longer limited to body builders, with a broader user demographic emerging.

Crimes in the mainstream economy Investment fraud

Significant profits can be derived from serious and organised investment fraud—commonly known as mass marketed ‘boiler-room’ or cold-call investment scams. These sophisticated frauds can impact large pools of victims in any country via the internet from any region, using technology which hides both the identity and the location of the perpetrator.

Similarly large profits can be derived from elaborate manipulations of share prices of publicly listed companies, carbon credit scheme frauds, and venture capital frauds in which capital is raised to invest in fraudulent or fictitious schemes.

⁴ The *Illicit Drug Data Report* is a retrospective report, and therefore, statistics referred to are from the 2012–13 financial year. The *Illicit Drug Data Report 2013–14* is due for release in the first half of 2015.

Superannuation fraud

The Australian superannuation industry maintains investments totaling \$1.62 trillion. This makes the sector a highly attractive target for serious and organised crime.

The Australian superannuation industry is a major contributor to the Australian financial sector, and large superannuation frauds perpetrated by serious and organised crime could result in significant costs for government. These costs would include financial support for victims and social security benefits for those unable to provide for themselves in retirement as a result of such frauds.

Revenue and taxation fraud

Organised crime entities use complex and sophisticated organisational structures to exploit the Australian taxation system in an attempt to avoid revenue and taxation.

The main types of revenue and taxation fraud are tax refund fraud, tax evasion schemes, phoenixing, and abusive trust funds. Another key means of avoiding taxation and revenue is seen in the importation, domestic production, and distribution of illicit tobacco, which is sold outside of the regulated market to avoid relevant taxes, duties, and revenue.

Card fraud

The card fraud market involves a number of overseas-based serious and organised crime entities. Technology significantly enhances the ability for criminals to undertake card fraud, facilitating both the theft of details and the sale of fake cards and personal information. The incidence of card-not-present fraud continues to rise, and it is the most prominent form of card fraud.

Crimes against the person

Serious and organised crime entities remain involved in crimes against the person. These crimes include maritime people smuggling, human trafficking, and child sex offences, and can result in serious harms to the individuals that are exploited for criminal gain.