

SPECIAL REPORT

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A web of harms

Serious and organised crime and its impact on Australian interests

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Executive summary

This special report examines transnational, serious and organised crime and the harms it causes to Australia's interests. The report aims to encourage a reinvigorated discussion among Australians about this critical matter.

The harms include negative impacts upon individuals and the community and unfair competition for some legitimate businesses. Serious and organised crime—whether transnational or domestic—also imposes costs on Australian governments and denies them revenue. What's more, serious and organised crime groups acting overseas work against Australia's foreign policy interests and increase risks to Australians (and others) who live, invest and travel abroad. There's an urgent need for the Australian community to discuss the criminal threats facing it in a more deliberate and broader-reaching way.

That's because dealing with serious and organised crime is not a task for government alone: the Australian public and business have key roles. After all, consumer demand creates illicit markets that serious and organised crime seeks to supply. Additionally, the internet is increasing the speed, reach and depth of penetration by serious and organised crime into the lives of all Australian families and businesses. Simply put, you don't need to go to nightclubs in red-light districts to meet organised crime: you need go only as far as your computer.

It's also worth examining better ways to increase the roles of non-law-enforcement agencies, business and the community in efforts to address serious and organised crime. We should bring the full range of social, education, regulatory and health instruments into the fight, and subdue the potential



'Money laundering' © ASPI.

of internet-enabled financial crime to damage our current and future prosperity. International cooperation in this fight is essential, especially given the role of overseas actors in our crime challenge.

Other questions need asking too. Would Australians accept measures similar to those taken to counter terrorism to combat organised crime? Do we have our illicit drug policy settings right? Can a truly national approach to seizing unexplained wealth be negotiated? Could governments be comfortable with judging police performance based on the level of harm that's avoided, rather than metrics such as the number of arrests?

Last, is it time to enhance the Commonwealth's system for detecting corruption, so that the actions of politicians and their staff, national business entities and non-law-enforcement public servants receive greater scrutiny? It's been argued that without better arrangements, we simply 'don't know what we don't know' about corruption.

This analysis of the harms caused by serious and organised crime prompts ASPI's Strategic Policing and Law Enforcement Program to adopt a research agenda based on four key areas of law enforcement: Australian policy and organisational responses; information sharing; international cooperation; and geopolitical change. One priority for work includes identifying ways to promote information sharing between governments, businesses and the community about serious and organised crime.

Do Australians want more done about serious and organised crime?

Serious and organised crime—which is both domestic and increasingly transnational—poses real threats to the interests of all Australians. This isn't an idle claim; nor does it aim to create moral panic. But it is a real problem.

It's a problem created, in part, by the community's willingness to use illicit commodities and services—which can be as diverse as illicit drugs, counterfeit pharmaceuticals, some forms of offshore betting, and online child sexual exploitation. This demand creates markets for some organised criminals. Other criminal opportunities arise from the ability to use the cyber domain, including in areas such as

illicit goods, fraud and tax evasion, where anonymity makes it easier for criminals to succeed.

These acts of commission and omission mean the community pays for this threat every day in taxes, higher banking charges, internet security, insurance costs and healthcare premiums—so why aren't these matters high in the Australian public's mind? While crime and corruption are often issues at state elections (although not at federal ones), and a reasonable proportion of the community says they feel unsafe due to crime¹, serious and organised crime is rarely mentioned in surveys about security threats.² This should change.

The public's seeming lack of attention to the challenge of serious and organised crime stands in contrast to the Australian Government's actions. A range of official documents, from national security strategies to the Australian Crime Commission's periodic public assessments, explain the threat from serious and organised crime. As a result, Australian Government approaches to countering it are reasonably broad and innovative, and resources are devoted to major criminal cases. But can governments do more? Is there room for even greater cooperation between the Australian Government and its state and territory counterparts? Are more resources needed to disrupt organised crime? Are there better ways to increase participation by non-law-enforcement agencies, businesses and the community in efforts to address serious and organised crime?

This special report aims to encourage a new public discussion about transnational, serious and organised crime, its harms, and what Australians should be doing about it. After examining the main harms that serious and organised crime causes to Australia's interests, the paper poses some key questions to the community, business and government. The questions focus on public awareness, information exchanges, national approaches, anticorruption, and the assets available to fight against organised crime, including international cooperation and capacity building. The report concludes with four research focus areas for ASPI's Strategic Policing and Law Enforcement Program.

This report is based on interviews with representatives of 18 major business and peak industry bodies, 16 Australian Government and state and territory agencies, two international agencies, and 22 academics and other experts.

It was written at the same time that work to update estimates of the cost of serious and organised crime in Australia was conducted, which is likely to show that these costs are greater than currently understood. This report makes extensive use of open-source research by the Australian Institute of Criminology, Australian and overseas law enforcement agencies, and private companies that conduct research in areas such as fraud and corruption, but there's sure to be more to the picture than is provided here.

So, despite the evidence available—and because of its limitations—it's not possible to quantify the level of harm that serious and organised crime imposes upon Australian interests (counting costs is a different but still complex matter). Yet it's possible to identify the breadth of harms and often their overall significance to Australia, and so encourage the public to think more critically about how serious and organised crime affects Australians' everyday lives. It's also possible to identify a number of key questions that the public, business and government should ask themselves and each other. The report addresses those tasks after defining the key subjects.

Defining the web

There are many definitions of serious and organised crime—around 180, by one count. Some require the presence of an ongoing criminal activity that uses methods such as money laundering, identity crime, violence, corruption and extortion to achieve the criminals' goals. Others are broader, focusing more on the seriousness of the crime. This special report uses Australian legal definitions, which means that serious and organised crime:

- involves two or more offenders and substantial planning and organisation
- usually involves sophisticated methods and technologies (but not always)
- involves serious offences that are likely to attract a sentence of three years or more, such as theft, illegal narcotics dealings, extortion, violence, bribery or money laundering—often in conjunction with offences of a like kind.

The characteristics of organised crime groups vary—indeed, they have recently been described as 'amorphous' by ASPI analyst John Coyne. There is no single or predominant type

of group structure; older traditional 'mafia' style hierarchies are being joined by looser 'networks' involving cooperation between often disparate and transnational groups operating on different parts of the criminal enterprise. The motivation for serious and organised criminals is generally personal profit, although criminals can be interested in power, gratification and self-preservation too. In addition, the following factors usually apply:

- Organised crime generally works in illicit markets but it exploits legitimate markets too.
- There's an important financial dimension, particularly in efforts to launder money, hide criminal wealth through complex structures, attack victims' financial assets or intermingle legitimate trade and business with criminal activities. These crimes are often supported by 'professional facilitators' with legal, accounting or financial expertise.
- Violence was once considered a key part of serious and organised crime methods but, with the increasing prevalence of the cyber environment as a vector and target for organised criminal acts and major frauds that undermine economic strength, that is not always so today.³

Serious and organised crime can be organised and perpetrated solely within one country (i.e. 'domestic') but it's likely to have overseas, or 'transnational', elements today. Transnational crime involves criminal groups that operate in more than one national jurisdiction, or crimes that are prepared in or have effects in more than one national jurisdiction. As a result of this transnational trend, it's becoming increasingly difficult to identify the location of the source, all possible harms and the responsible jurisdiction for serious and organised crime. So, while the transnational element needs to be highlighted, this report sticks with the term 'serious and organised crime' for simplicity's sake.

Serious and organised crime is a significant threat to national security in many countries. In places like Mexico, crime groups challenge the central government directly and often penetrate smaller regional or municipal governments. In places like Afghanistan, organised crime groups—which might appear as insurgencies or terrorist groups—create no-go areas and act as an illegitimate government.⁴

While those conditions don't pertain to Australia, the Australian Government also describes serious and organised crime as a threat to national security. That's because it undermines our economy, infringes border integrity and sovereignty, damages prosperity and regional stability, and erodes political and social institutions. So, while the threat to Australia's security is there, it's also possible to describe serious and organised crime's detrimental effect on business and individuals in ways that are better covered by the broader concept of 'interests'.

Interests are somewhat subjective and difficult to define. When trying, it's usual to look for conditions that are important for a long period, even if they can't be achieved all the time. Some 'national interests', such as sovereignty and border integrity, are indisputable because they are key conditions of being a state. Most societies have an interest in their long-term economic strength and a cohesive population. Similarly, democratic states have a considerable interest in protecting individual people and businesses, and aspire to do so at home and abroad. Because states are themselves part of an international community, most of them consider a stable international environment to be in their interest. While their means of achieving this stability—and the extent of turmoil they are prepared to tolerate—may differ, most see a degree of confidence in international dealings as important for commerce, travel and security.

Individual and business interests are difficult to define in ways that apply in all cases, but generalisation is possible. In Australia, these interests usually include participation in a democratic system, and extend to the maximisation of outcomes, be they personal or economic. Interests include freedom from danger and arbitrary coercion, and often extend to human and legal rights. Sometimes, interests extend to the collective, which is why consideration of the national interest is important.

Harm is another key concept, which is defined here as an outcome of an act that violates a legal or innate right. Put simply, harms have negative impacts that are 'bad' for society and are something to be controlled.⁵ While that distinction can be clear, the effect or level of harm is usually variable. Some activities cause great harm, perhaps because of their scale or the place where they occur, while others cause less. Apportioning a degree of harm to each crime is a similarly complex business, and often involves a calculation of seriousness, cost and impact on victims.⁶ That task is beyond

the scope of this paper. Still, it is a useful way to describe what the effects of serious and organised crime mean for Australians.

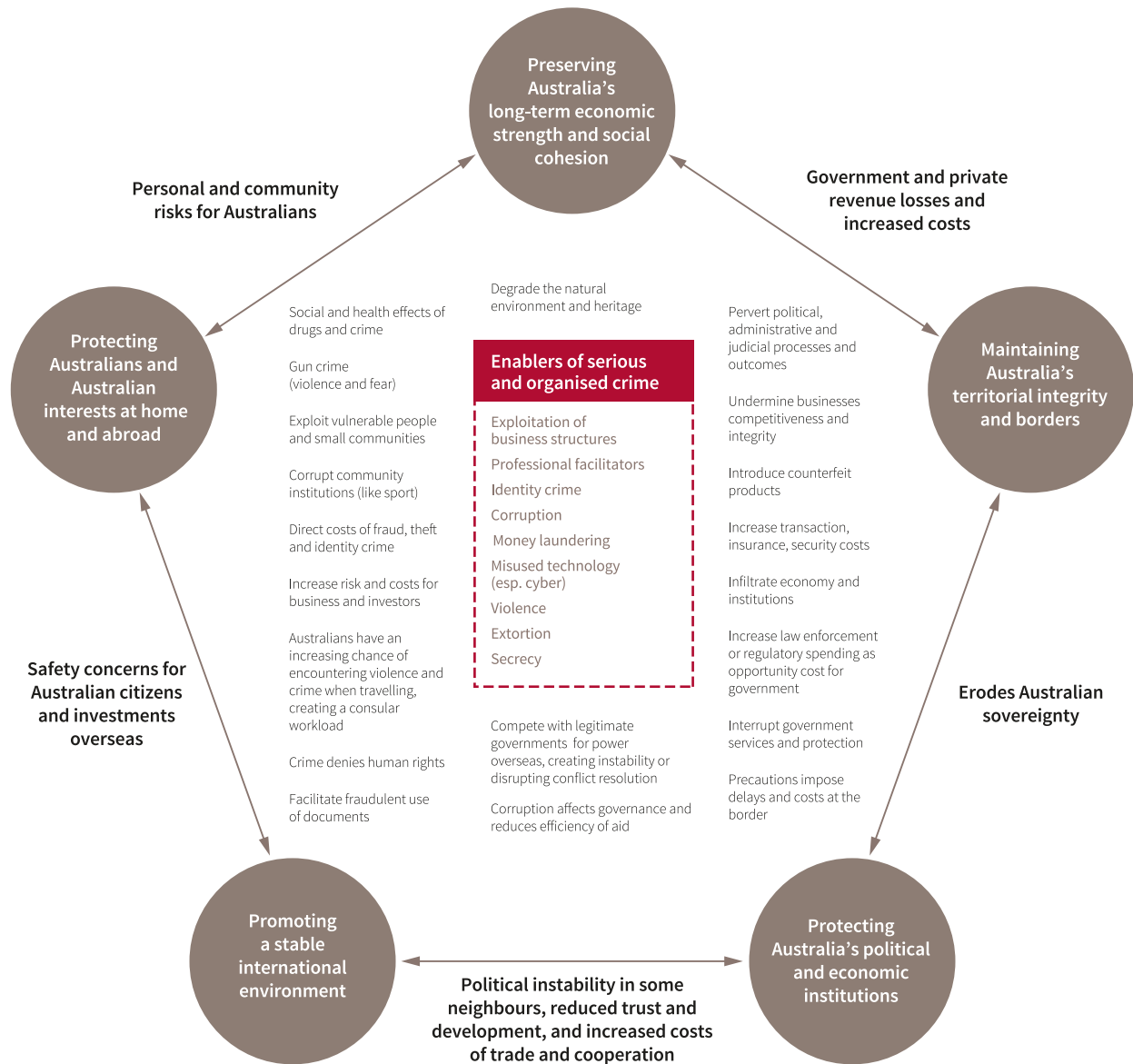
A wide range of criminal actions (and actors) could cause harms, and it can be hard to use statistics and reporting to isolate those caused by serious and organised crime from those caused by other crimes and perpetrators. So this report focuses on areas where harm is clearly caused by serious and organised crime. Harms that are often attributed to serious and organised crime, but can also be perpetrated by others, are mentioned to enhance the picture of the impact of serious and organised crime on the Australian community. That qualification introduces an element of uncertainty into the report's analysis, but it's still important to undertake this work. That's because serious and organised crime engages our international obligations, is relevant at the national and international levels, and has links to other types of crime, including 'white collar' crime, and to terrorism and insurgency.⁷

It's also hard to quantify many harms and costs of crime. Criminologist Russell Smith identified many such difficulties, which include definitions, data holdings and attributions of harms and costs.⁸ It can be difficult to estimate the full effect of the 'dark market' of crime—you just can't count it. Adding to this complexity, harms can cause direct and indirect problems for different groups. That means this qualitative study can, at best, illustrate the breadth of harms, while other studies using different methods are better suited to study its depth through economic analysis. It also means that this report leaves an important task—prioritising harms—to later work.

When the concepts of harm, interests and serious and organised crime are overlaid (Figure 1), a picture of their relationship emerges in the form of a web. In the centre of the diagram are the typical enabling methods of serious and organised crime. The enablers are used to conduct the criminal activities and so attack and produce harms for the five identified interests (in the circles). These harms are shown around the outside (in bold) in summary form, and provide the organising structure for the discussion that follows. Note too that other manifestations of crime—interpersonal violence or volume crime, such as theft—can create some similar effects. In order to provide more fidelity to the analysis, selected actions or threats are also shown.

The following sections briefly explain these harms—and why they affect the individual and collective interests of all Australians.

Figure 1: The harms posed by serious and organised crime to Australian interests



Sources: Australian Crime Commission, EUROPOL, ASPI, RUSI (UK)

The harms caused by serious and organised crime

There is a mismatch between the public's perceptions of serious and organised crime (as revealed in surveys) and the Australian Government's view (as displayed by its actions). This section explores the reasons why the public and business should be more concerned by examining five key harms that serious and organised crime poses for their, and the nation's, interests.

Personal and community harms to Australians

Most Australians are aware of the insidious, predatory and greed-driven nature of serious and organised crime and the harms that it poses to individuals. Those harms are often caused by other Australians, although the transnational dimension of serious and organised crime means that harms will be generated from overseas too. The harm can affect people who come into direct contact with criminal enterprises, particularly where that might make them more

likely to suffer violence or economic loss, but many more Australians will feel harm indirectly.

Harms to individuals and families

Drugs are a good example of the harms caused to individuals and families by serious and organised crime, and of the complexity of the harm that's caused. According to Australian research:

- 15% of Australians aged 14 years and over used illicit drugs in 2013⁹
- about 8% of the community have drug-related disorders
- perhaps 1,000 die each year from illicit drugs¹⁰
- each year, 3% physically experience the consequences of a drug-related incident¹¹
- pharmaceutical drugs, when abused or provided illegally, are another source of harm
- while the relationships are complex, drug use may be involved in family-based violence, illnesses such as HIV/AIDS, and social dysfunction¹²
- driving under the influence of drugs is being detected more often, and drugs are a contributor to 11% of fatal road crashes in New South Wales¹³
- national illicit drug reporting consistently places marijuana as the most consumed drug in Australia, as well as the drug most likely to feature in arrests.¹⁴

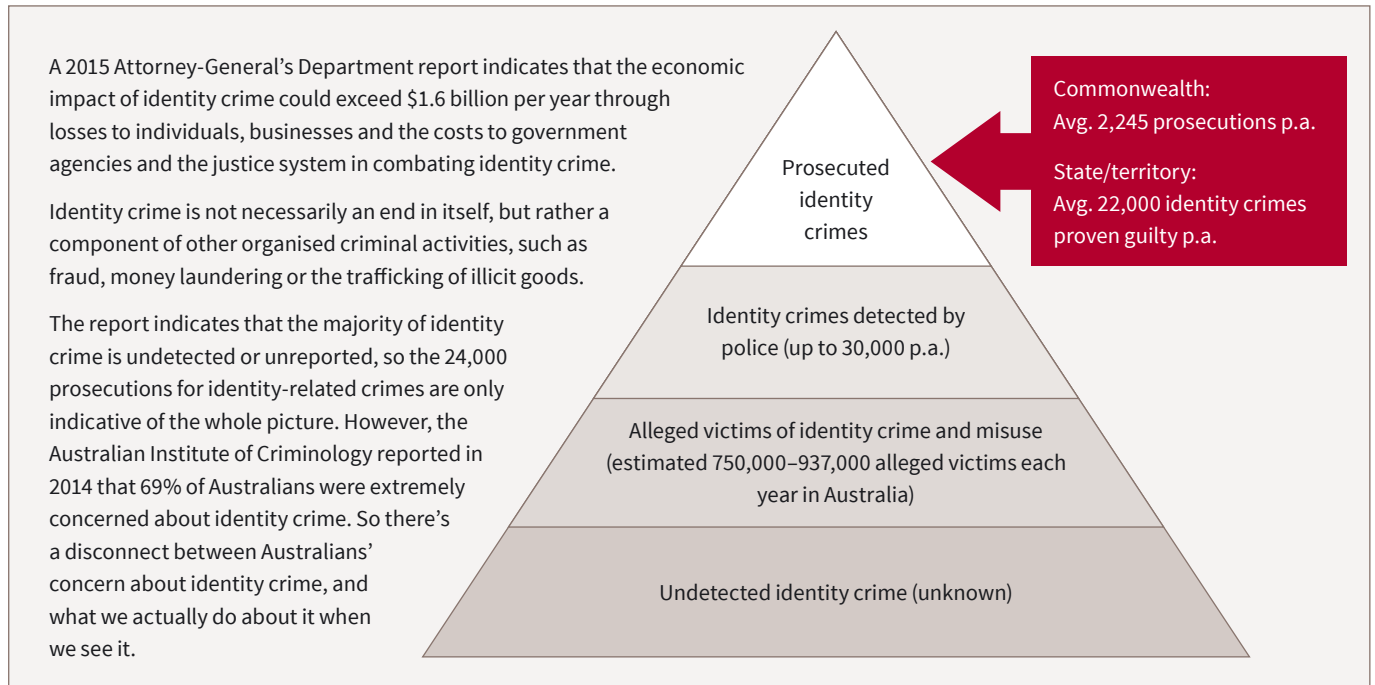
Serious and organised crime (as an enterprise) is at the centre of the illicit drugs market in Australia. This is demonstrated by the numbers: 93,000 seizures, 27 tonnes of substances and 110,000 arrests in 2013–14.¹⁵ Given the scale of the illicit drug market and the complexity of running it, it's fair to attribute a significant amount of health and criminal harms to this activity.

Serious and organised crime gangs also play a major part in the illicit market for restricted firearms in Australia. According to criminologist Samantha Bricknell, such groups—especially outlaw motorcycle gangs—are the main traders of illicit firearms, and around 62% of the 2,750 firearms seized by police between 2002 and 2011 were possessed by serious and organised crime gangs.¹⁶ Naturally, that's a small proportion of the estimated 260,000 illegal firearms in Australia, but it's an indicator of the importance of serious and organised crime in this illicit market. The harms caused by gun crime (not all of which can be attributed to organised crime) extend to fatalities and to heightened perceptions of danger in communities where gun crime is prevalent—even if gun crime is falling overall.¹⁷

Serious criminal activity also increases the costs borne by individuals. Those costs can be created when the losses caused by crime are factored into the overall cost of services or goods. For example, the cost of insurance fraud adds about 10% to premiums, although this cost is not wholly attributable to organised crime.¹⁸ In other cases, such as in some forms of cybercrime, criminals using sophisticated techniques are able to reach into individual homes and demand money for 'services'. If the payment—often around \$60 to \$200, but this varies—isn't made, the owner is usually up for much more.¹⁹ It's also possible to impose some costs on consumers when government imposes regulations to counter crimes such as money laundering. So, while costs and perhaps decreased confidence in the internet clearly harm individuals, it's hard to attribute an exact proportion to serious and organised crime.

Organised criminals are important perpetrators of identity crime, which can impose serious costs (including health costs) on individuals. The Australian Institute of Criminology found that, while the amounts stolen were often less than \$1,000 (and averaged around \$4,000 per incident), some victims experienced mental stress requiring treatment, were refused credit, or were accused of a crime.²⁰ Fraud is another concern for individuals. Figures 2 and 3 highlight these crimes, in addition to others in which people come into direct or indirect contact with serious and organised crime every day.

Figure 2: A focus on identity crime



Source: *Identity crime and misuse in Australia*, Attorney-General’s Department, online

Figure 3: Some daily interactions with (or due to) serious and organised crime

Identity theft	Ransomware	Identity checks	Cybercrime	Drugs
Typical cost to purchase a new identity: <ul style="list-style-type: none"> • driver licence, Medicare card and phone bill: \$500 • Credit card: About \$80 • Real passport with false biodata for around \$30,000. 	<ul style="list-style-type: none"> • Typical cost to unlock your computer: \$100–1500 (sometimes in ‘Bitcoin’) • Number of ransomware attacks in Australia each year: 40,000 • Number of businesses and homes affected each year: 16,000 	When you go to a bank, you must produce 100 points of identity. This measure helps institutions to ‘know your customer’, and is a key part of Australia’s anti-money laundering system	<ul style="list-style-type: none"> • Cost of cybercrime to the Australian economy each year: \$1 billion (a conservative estimate) • Number of cybercrime reports each day: 108 	<ul style="list-style-type: none"> • 15% of Australians aged over 14 years used illicit drugs in 2013 • 8% of the community will have drug-related disorders • 11% of fatal road crashes involve drugs

Sources:

Identity theft: Attorney-General’s Department (C’wealth)

Ransomware: Norton

Identity checks: AUSTRAC

Cybercrime: Australian Cyber Crime Reporting Network

Drugs: National Drug Household Survey, NSW Govt

Harms to the community, in whole or in part

It's hard not to observe that serious and organised crime affects some parts of the Australian community disproportionately. For instance, areas of lower socioeconomic status might be more prone to drugs, gangs and violence, the elderly might be targeted for superannuation or romance scams, and people traumatised by crime in the past might turn to illicit drugs for relief. But the harm to the whole community is more than just the sum of the impacts on discrete groups, especially where serious and organised crime has the ability to corrupt community institutions.

Overseas cases that show the influence of crime in sport demonstrate this concern.²¹ While criminologist Samantha Bricknell has argued that Australian sport is 'relatively clean' in terms of crime, she also identified an 'inevitability of infiltration... because of the opportunistic nature of sophisticated criminal entities or as illegal betting collectives see Australian sport as an increasingly viable venture.'²² Where penetration does occur, crime harms sport by reducing the credibility of the contest and the fairness of betting. Where drugs are also involved, there can be harms to the health of individual athletes and fairness of the contest. So while harm caused today in Australia is not considered widespread by interviewees for this project, there's no room for complacency if the Australian community wants to maintain healthy sporting competitions as part of its future.²³

While not enough to establish a pattern in Australia, there have been some recorded instances of criminal groups creating significant levels of harm in rural areas. One such instance was identified in the Woodward Royal Commission of 1979, which documented how organised criminals built a major marijuana operation around Griffith in the 1970s. That operation corrupted some police and intimidated local people.²⁴ In more recent cases, crime groups, particularly outlaw motorcycle gangs, operating in areas such as country Victoria, allegedly manufacture and sell 'ice' (crystal methamphetamine). In addition to direct problems of violence and coercion, ice creates new challenges by harming the health of users in areas where treatment services are less available, especially rural areas.²⁵

Visa fraud is another way that serious and organised crime creates harm to the community, although it's currently hard to estimate how much. The Australian Crime Commission (ACC) first commented on this type of crime in 2015, when it noted how organised crime had penetrated the visa and migration market, with the potential to create a significant threat to Australia's migration system and security.²⁶

Some cases linking visa fraud to human trafficking have been identified in Australia, including in the sex, services, agricultural and construction industries. Newspapers have also alleged that insufficient checks on visa applicants, including those in the investor and business classes, allow some criminals to gain residency and bring their money into Australia. We've also heard of an instance where prospective migrants earn visas based on fraudulent qualifications. This crime can allow people to enter even if they haven't met the conditions to work in Australia—some of whom may wish to evade law enforcement or accountability in their home countries. If taken to an extreme, there's also the potential to harm Australia's consensus over migration by giving those who disagree with it a *cause célèbre*.

Some types of serious and organised crime have environmental impacts. For instance, illegal waste dumping, including electronic waste, has been identified as a growing concern overseas.²⁷ Wildlife crime, also known as biodiversity crime, involves the illegal trade in endangered species of flora and fauna. It's a niche criminal market, and the overall harm to the environment is difficult to quantify. But wildlife advocacy group 'Click to Delete' identified a growing rate of illegal wildlife trade by Australian online retailers, estimating a 266% increase since 2008. Goods traded included reptile products, animal products for medicinal use and live birds and reptiles. While Australia's relatively strong legislation governing illegal wildlife trade was praised, increasing ways to trade in these goods online present new challenges for law enforcement. There's also potential for greater harm to endangered species and the environment.²⁸

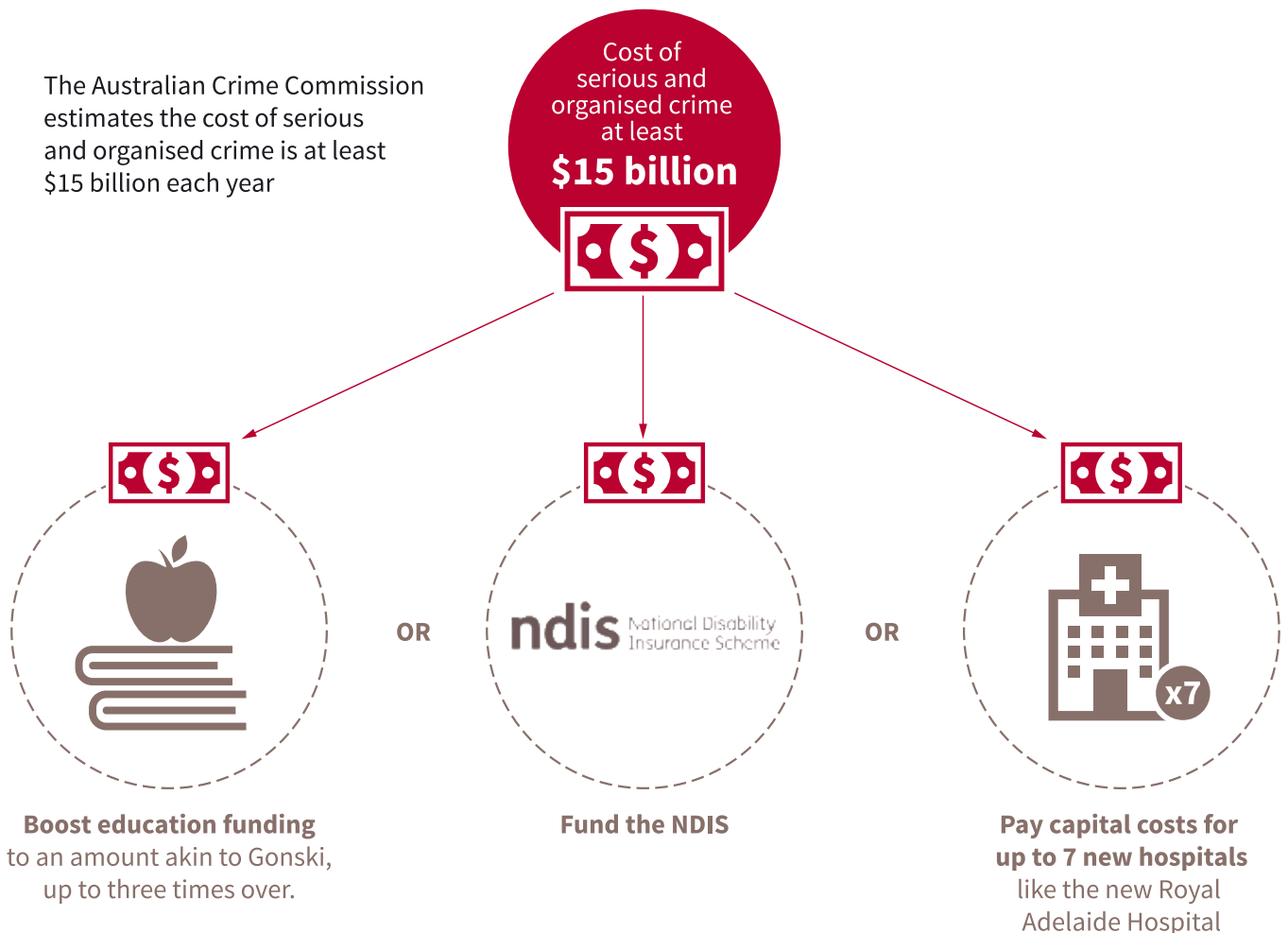
What potential harms can serious and organised crime create for people and the community in Australia?

- Health costs and risks, especially from drugs
- Increased costs in areas such as insurance
- Loss of confidence in political and community institutions, such as visas and sport
- Financial and health costs caused by identity theft
- Potential for coercion and violence by serious and organised crime groups
- Risks to personal savings and privacy
- Risks to social cohesion through some people’s attraction to criminal lifestyles

Government and private revenue losses and increased costs

Serious and organised crime hampers legitimate businesses and deprives governments of revenue (with an ultimate impact on the taxpayer). The annual cost of such crime to Australia is often cited by the ACC as a ‘conservative’ \$15 billion per year. In an interview for this project, crime economist John Walker said that the real cost of criminal activity could be much higher. Regardless of the economic quantum, serious and organised crime, including an increasing cybercrime dimension, imposes a significant burden on Australia and a real opportunity cost (see Figure 4).

Figure 4: The opportunity cost of organised crime



Sources: ACC, Government of South Australia, Parliamentary Library

For business, harm starts with lost competitiveness but extends to social harms. These harms might come from a criminal competitor who maintains a business as a front to launder money or from criminal groups flouting laws. Criminal and cartel behaviour, and outright extortion, were cited in construction, and some retail trading and service areas.²⁹ This makes the criminal penetration of the legitimate economy a major concern for law enforcement agencies.³⁰ In social terms, the Victorian Law Reform Commission has identified general unlawful conduct, threats to safety from that conduct, damage to industry integrity, and allowing a seemingly 'legitimate' business to 'distribute illicit goods to a large market' as the harms arising when serious and organised crime infiltrates the legitimate economy.³¹

Counterfeiting is an example of the latter. This activity is a major problem in industries in which luxury or easily copied goods are involved, and the list of goods and the volume being detected are growing.³² Medicines, sporting goods and car parts are possible targets for this crime, creating real and serious implications for health and safety. The profits of counterfeiting have been known to fund terrorist groups, although whether this link is common is harder to determine.

The related challenge of intellectual property (IP) theft is another concern for some businesses. This crime can take many forms, including the pirating of software, music and video products. IP theft can also extend to industrial espionage, in which 'trade secrets' or data are stolen from firms to be on-sold by criminal groups.³³ While states or state-backed groups might be behind some of this activity, organised crime plays a significant role, albeit one difficult to quantify and apportion.³⁴ Regardless of the perpetrator, industrial espionage and IP theft allow some firms to gain an economic advantage by obtaining knowledge that they haven't paid to develop.

Similarly, if goods can avoid taxes and excise when they are introduced to the market, sellers have a significant cost advantage. Several businesspeople interviewed for this report raised this concern about areas as diverse as car parts and cigarettes. There's anecdotal evidence that some retailers sell untaxed goods to maintain their businesses in the face of criminal competition, or because they're coerced into doing so. Where serious and organised crime penetrates a market, perhaps to launder money, honest businesses will be squeezed and people may become unemployed as a result.³⁵ This means that the penetration of serious and organised crime into legitimate business can create multiple harms, ranging from the distorting effects

of unfair competition through to threats to the safety of individual businesspeople.

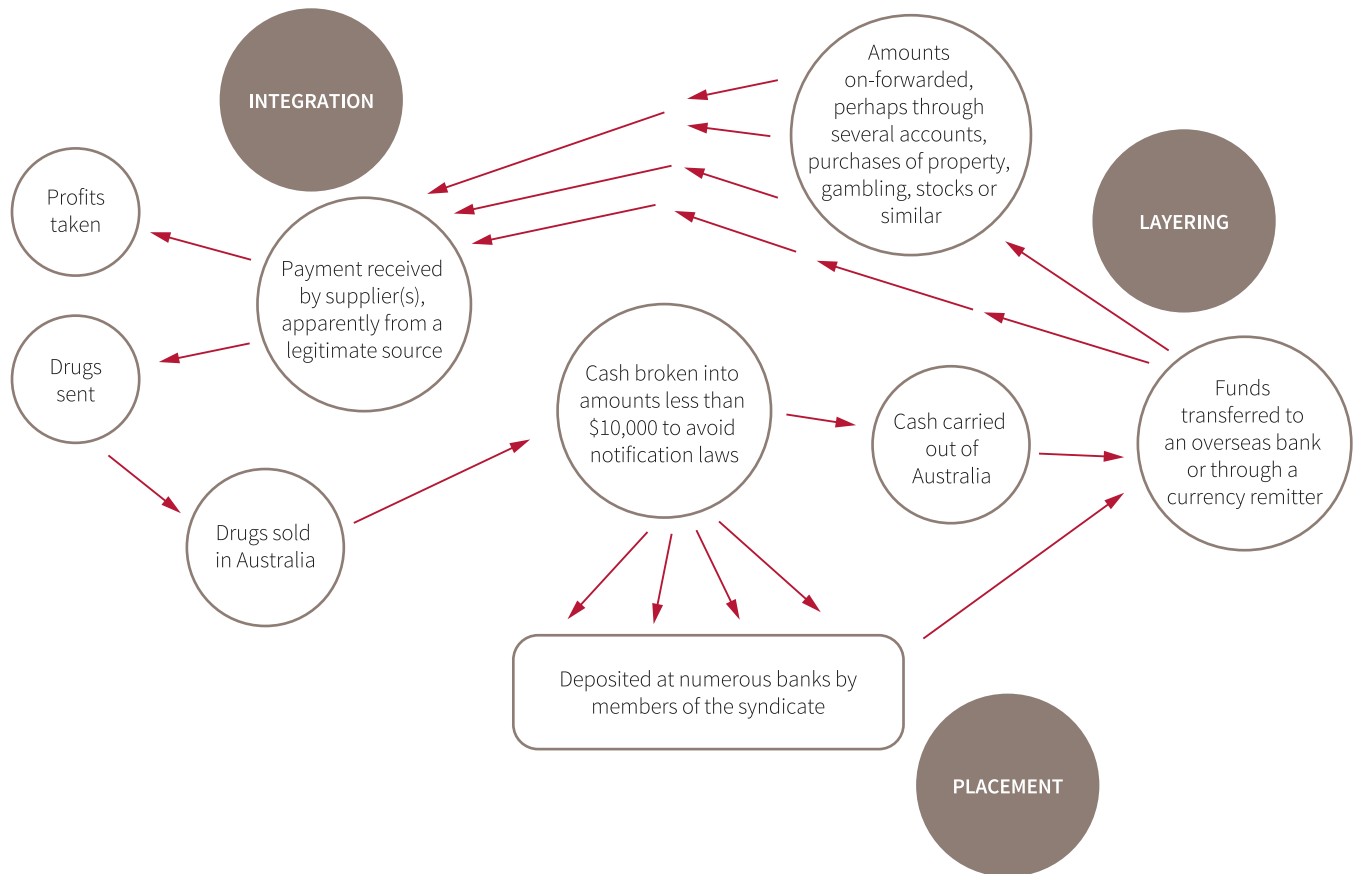
Cybercrime is an increasing threat to business, according to the Australian Government. While it's hard to apportion all of this activity to serious and organised crime, it imposes reputational, financial, security and remediation costs to business. These costs flow onto support for victims from governments, but that's only one dimension of the costs and harms borne by taxpayers for this activity.³⁶

Government also imposes regulations in an attempt to minimise the harms caused by serious and organised crime, and that regulation increases the costs of doing business (even if the whole amount is hard to quantify). One example is the anti-money-laundering/counterterrorism financing (AML/CTF) regime. These are essential measures because money laundering can both threaten the integrity of the financial system and provide sources of funds for criminal groups and terrorists, while denying revenue to the government. While per-transaction compliance costs associated with the AML/CTF regime are small and difficult to measure, regulation still adds to the time and regulatory burdens on everyday business.³⁷

While some money-laundering methods, such as the manipulation of funds through the financial system, are well known (see Figure 5 for a typical example), others, such as trade-based money laundering and the use of virtual currencies such as Bitcoin, introduce new complexities. As a consequence, the different ways of laundering money make detection difficult, and constant attention is required by government and business. That need can be deduced from the 64,000 suspicious transaction reports that AUSTRAC received last financial year, and from the concerns expressed about the role of professional facilitators in assisting these crimes.³⁸

The harm to business can also be seen in the need for greater and often more costly measures to protect identities. For example, there'll soon be a need for everyone to use sophisticated technologies to safeguard everyday transactions. These measures mean that serious and organised crime indirectly increases costs in such areas as private and internet security, and that it complicates internet transactions. The estimated costs of guarding against this type of activity tend to vary widely—others have calculated physical security costs to counter crime at about \$3.4 billion, internet security tools and services at \$1.9 billion and documentation verification at \$1.3 million—but how much can be apportioned to serious and organised crime is uncertain.³⁹

Figure 5: A typical money laundering method



Spotting criminal activity in the economy isn't always clear-cut: there are 'degrees of dodgy'. The crossover between illegitimate and legitimate might be seen where:

- criminal money is eventually cleaned until it looks respectable
- products that don't conform to standards are mingled with genuine products
- products are in a 'grey zone', such as when tax is avoided on genuine goods, or when a legal good is changed so that it becomes illicit, such as a replica firearm that's manipulated into a firing version⁴⁰
- services are purchased based on threats, actual or implied.

Furthermore, some businesses might not identify organised crime. In a number of interviews for this report, peak associations said that their members are more likely to speak of 'noncompliance' when talking about how crime influences their sectors. It seems that they don't see or acknowledge the network or organisation behind individual acts.

Law enforcement officials are increasingly concerned about major economic crime. 'Old' crimes, such as fraud, operate differently when the cyber domain is exploited, including when it enables well-organised criminals to steal from investors and institutions.⁴¹ This could extend to the penetration of stock market systems, according to the head of Australia's Cyber Security Operations Centre, although the public evidence for this is very limited. The great pool of Australian wealth that's accumulating in self-managed superannuation funds is another concern, especially in cases where not-so-savvy investors are conned by criminals. The penetration of that pool and the financial sector more generally would have a significant impact on all Australians, the economy and the government, according to the ACC. While the instances noted so far have been at the hundreds of millions of dollars level (except perhaps for the Madoff swindle, which involved US\$19.5 billion), crimes such as the Trio Capital fraud (see box) are extremely concerning because they could have a major effect on the superannuation system.⁴²

The numbers affected by fraud are big—1.2 million Australians have been affected to some extent, 40 government agencies have experienced it, and losses total around \$6 billion annually.⁴³ But it's hard to know how much of this is due to serious and organised crime. What's known is that fraud losses (and recoveries) are increasing, and that increasing financial transactions over the internet will be likely to increase the risk from serious and organised crime.⁴⁴

Trio Capital

The ACC estimates that Australian superannuation holdings will increase to around \$6 trillion by 2035 (that's over five times today's assets). This large amount of money, combined with the fact that many people don't access their superannuation for a significant period, makes this a very attractive target for serious and organised crime.

The largest Australian case of superannuation fraud was the collapse of Trio Capital, in which \$176 million was lost from two fraudulently managed schemes over the period from 2004 to 2009. The fraud occurred through the movement of funds into overseas jurisdictions. The ACC describes this case as an example of sophisticated methodologies employed by highly professional organised fraud networks.

Source: Treasury, *Review of the Trio Capital fraud and assessment of the regulatory framework*, 2013.

Higher law enforcement costs and lost tax and excise are major monetary harms for governments. In Australia's case, total law enforcement spending is around \$14 billion each year, including for courts and corrections.⁴⁵ Costs for other relevant agencies and regulators, including the Australian Taxation Office, add to this total. While only some of this can be apportioned to combating serious and organised crime, it's still a significant opportunity cost for the community. It's more difficult to estimate the amount of tax not collected or defrauded, and how much of that's lost due to organised crime is not clear. For example, KPMG has estimated that in 2015 the Australian Government lost \$1.353 billion in excise due to illicit

tobacco sales, a 26% increase on 2013.⁴⁶ While some disagree with that estimate, most of any loss would be attributable in some way to organised crime, according to an interview for this report. When added together, these and related activities are a significant cost—albeit incompletely quantifiable and hard to apportion—for the Australian Government.

While this report focuses on the direct and verifiable economic harms noted above, interviewees posed additional questions about harms that tend to have less of an evidence base. For instance, can we understand exactly how the presence of serious and organised crime might give a suburb a 'bad name' and discourage new businesses? How can we quantify the fear felt by some people, but not others, due to gang violence? How can we know when business owners and members of the community are forced into silence due to the possible repercussions from speaking out? What happens when ethnic groups are tainted by association? To take some of these questions a step further, do we know when these community- and business-level problems can become problems for elected representatives, who must respond to concerns in some way? While it's impossible to show this, it's pretty certain that our governments address these concerns through spending and regulation.

But can serious and organised crime have some positive impacts? While this sounds absurd, organised crime can replace governments, especially when the criminals enforce contracts and provide 'security'. Organised crime also fills 'denied demand' in our society—be it for pleasure-providing drugs, prostitution, gambling services, pirated software or, in some places, organs for transplant. Some argue that the 'dark web' also reduces the harm caused by organised crime, as it removes violent 'middlemen' from the drug supply chain (Figure 6).⁴⁷ As John Walker notes, criminal investment, especially from overseas, is still investment—although it has negative effects at the same time, like market distortions and reputational risks.⁴⁸ Organised crime might also make some goods cheaper for individuals because costs are spread over the entire economy and cheaper versions of the original might be produced (if they are of a similar quality, that is).

Despite some of the perceived benefits of organised crime, ultimately it hurts all of us, and the nation, in the long term.

Figure 6: The dark web

Google only takes users to the very top layer of the internet. What you don't see is a 'deep web' that contains other websites and databases, including computers and websites that are deliberately anonymised and need to be accessed using specific tools. This part is called the 'dark web'.

The dark web provides an interface for those wishing to trade in illicit goods and services, often through 'marketplaces' such as the now defunct 'Silk Road', 'Silk Road 2.0', and 'Agora'.

Despite high-profile law enforcement action, trade in these dark markets continues to grow: the number of drug listings in four of the major markets was around 18,000 in October 2013. Within eight months, the number of listings was 43,175 in 23 markets.

While law enforcement is fighting back, it's a tough job. Technologies like the anonymising software TOR, 'Pretty Good Privacy' encryption, crypto currencies like Bitcoin and the relative ease of establishing a dark web market make cyber criminals relatively agile and hard to trace.

Tobias Feakin, *Underground web: the cybercrime challenge* (with Callum Jeffray), ASPI, 2015.



What potential harm can serious and organised crime create for government and private revenue and costs?

- Reduced business competitiveness
- Increased spending, transaction costs and regulations
- Erosion of the tax base and imposition of costs for enforcement
- Loss of superannuation and other investments
- Potential to distort financial markets

The erosion of Australian sovereignty

The economic harms caused by serious and organised crime can also infringe Australia's sovereignty when crime groups challenge the government's legitimacy and undermine public institutions.

The harm is seen clearly at the borders, where serious and organised crime constantly challenges the Australian Government's right to control imports and exports. By doing so, organised crime compromises biosecurity, evades taxes and introduces items that the community wishes to exclude from the country. The level of harm is hard to quantify. Customs has

described the threat of serious organised crime at the border as 'significant', while the ACC has described related activity as being present at most Australian ports and airports. This challenge leads the Australian Government to invest around \$1.4 billion a year in border security (excluding detention costs⁴⁹) and to charge transaction costs for inspections.

There's an ongoing and increasing concern about links between terrorism and organised crime in Australia. These links are very prominent in a number of overseas cases, and have been known to exist here for some time.⁵⁰ These include, for instance, terrorist or insurgent groups like the Afghan Taliban or the Colombian FARC who produce or ship drugs that are consumed in Australia.⁵¹ The recent situation in Syria and Iraq, and changes to terrorist recruiting and financing methods, have made such links more prominent over the past year. This has included instances of identity crime, currency crimes, and some instances of 'progression' from organised crime to terrorism.⁵² The ACC is also 'finding strong links with what we would call super-facilitators who are offshore based, and these people have direct connections with terrorist groups.'⁵³ This might plausibly involve terrorists contacting organised criminals to obtain firearms, buy false identification or pass money to others. Using public sources, it's hard to know the extent to which this occurs here.

Despite this limitation within Australia, it's clear that Australians might fund terrorism and instability overseas when they purchase drugs, especially because of the role played by some groups in the global drug trade. This engagement between organised crime and terrorism, while evolving and still not fully understood, has a clear capacity to harm Australia's interests on a number of levels, including by increasing the direct level of danger to the Australian community and by affecting our international interests, as this report discusses below.

If they can, serious and organised criminals will bribe and corrupt political figures and officials to get their way. The reported level of public-sector corruption, and public perceptions of such corruption, in Australia seems low.⁵⁴ However, there have been instances of corrupt conduct at the local, state and national levels of government, some of them linked to serious and organised crime.⁵⁵ Other examples of political corruption by organised criminals at the federal level remain conjecture at this stage, and this study is unable to add further clarity.⁵⁶ However, according to experts interviewed for this project, it's difficult to investigate corruption without specific powers, such as those given to state-level anticorruption commissions. But it's also important to have the right kind of anticorruption mechanism, and there are many options to choose from.⁵⁷ Still, if the Australian public is to be sure that corruption by organised criminals doesn't exist in its government, more needs to be done in this area.

What potential harm can serious and organised crime create for Australia's sovereignty?

- Compromise borders and biosecurity
- Increase border security costs
- Corrupt politicians and officials, with the potential to influence government institutions

Concerns for Australian citizens and investments overseas

Corruption and dealings with criminals by Australians outside Australia highlight the challenges posed by serious and organised crime to Australians living, investing and travelling overseas.

The Australian businesses interviewed for this project said that they tend to be careful when investing in a number of other countries, mainly out of concern about sovereign risk or criminal exploitation. The concern is well placed: Deloitte found that 35% of survey respondents who operate in high-risk jurisdictions have experienced a bribery and corruption incident in the past five years.⁵⁸ This risk leads some businesses to establish arm's-length ownership arrangements or put special measures in place to protect their employees. All of these arrangements have an effect on profitability, because these businesses need either to work with rent-seekers or reduce risk.

According to the World Bank, corruption adds about 10% to business costs globally and about 25% to procurement costs in developing countries.⁵⁹ Corruption is also described as the 'unutterable barrier to investment' by the Asialink Commission, meaning that Australian (and other) firms may not be able to operate to their full potential in places where corruption is rife.⁶⁰ In some cases, Australian firms pay bribes for protection or access. While organised crime isn't always involved, economic and political penetration of some countries by such actors can directly affect profits and lead to Australians becoming criminals if they try to bribe governments.

Most Australians who travel overseas return without incident, but serious and organised crime might be a part of some itineraries. The links between organised crime and the sex trade are clear.⁶¹ Sex tourism can thus bring Australians into contact with criminal enterprises, and the actions of Australians can contribute to problems through those interactions including human trafficking and modern slavery.⁶² Kidnapping for ransom by criminal and terrorist groups is another real concern in many countries, including in our near neighbourhood. Also, Australians love to buy and import the counterfeit watches, DVDs and handbags—and drugs—that can be easily obtained abroad.⁶³ In this respect, demand from tourists contributes to serious and organised crime, often in the very countries that receive aid and law enforcement support from Australia. While it's difficult to determine the extent of the effect, this engagement with organised crime means that Australians contribute—to some degree—to problems that our government is trying to avoid or avert. Worse still, the harm occurs in countries that are often unable to cope adequately with rising social, health and law enforcement problems.

What potential harm can serious and organised crime create for Australian investment and citizens overseas?

- Increased costs of transactions and risk
- Potential risks to personal safety
- Exposure of Australian businesses to situations in which bribery is very common

Political instability, reduced development and increased costs of trade and cooperation

According to Jeremy Douglas of the UN Office on Drugs and Crime, the impact of organised crime in our region could overshadow any benefits of future regional economic and social integration.⁶⁴ That sober assessment means that Australian aid, public and private, might go to waste unless there's effective action against serious and organised crime in the region. There's also a real risk that our ability to promote our interests in international trade, cooperation and peace may be fundamentally compromised without attention to corruption—the great facilitator of organised crime. That's because organised crime both affects governance overseas and provides permissive environments for criminals to launch operations into Australia.

Corruption has, until recently, been an often avoided topic in international affairs. While not always linked to serious and organised crime, it has economic, governance, human rights and security dimensions. That makes its effects wide-ranging and highly detrimental to Australian interests. Among other things, corruption reduces the ability of governments to act effectively, distorts decisions and misappropriates resources, and thoroughly compromises some governments.

This kind of penetration reduces the ability of governments to trust each other or cooperate in areas such as trade, investment and mutual legal assistance.

One reason why trust with our neighbours is essential for Australia is because criminal actors based outside our borders can severely hamper our national interests. The vast majority—around 70%—of the top serious and organised crime targets for Australian law enforcement are

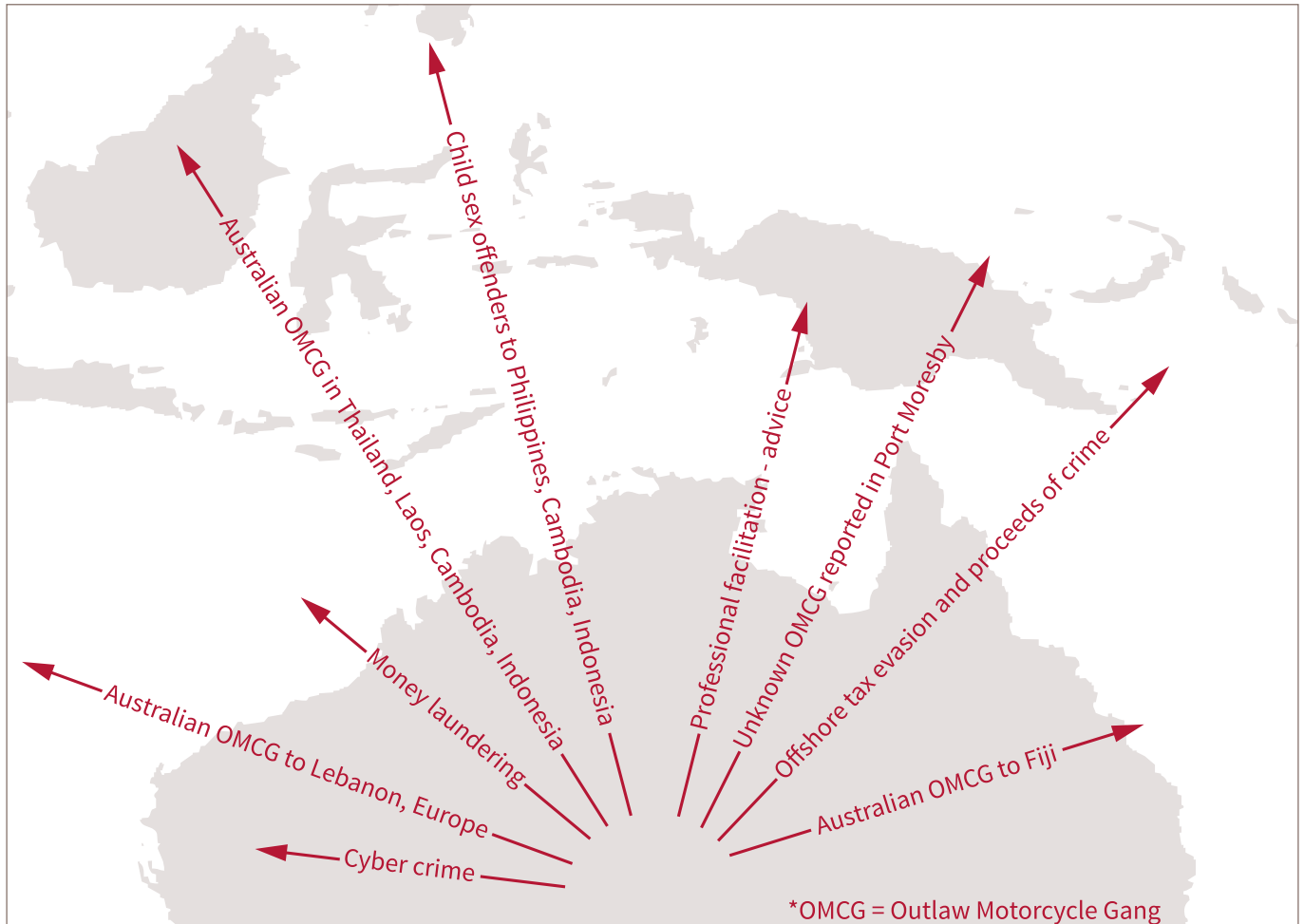
internationally linked, and many live offshore. They do so for many reasons, including because operating conditions are easier in places with poor governance, because some locations are close to illicit resources, and because the internet allows some to operate 'remotely'. Organised criminals can therefore use some countries as havens to manage and perpetrate crime against Australia.

Australian concerns about crime overseas include more than just illicit goods crossing our border. For example, there's a strong national interest in protecting values such as biodiversity, human rights, intellectual property and the rule of law. Organised crime harms those interests in many ways through practices such as wildlife smuggling, people smuggling and human trafficking. Intellectual property theft, notably today using the cyber domain, can also create mistrust between nations.

Crime can directly affect regional conflicts, especially where groups oppose their governments or exploit power vacuums. Such groups can eventually pose dangers to our forces when the ADF and AFP are deployed on operations. Furthermore, organised criminals can help terrorist groups with funding and supplies, including in operations such as the 2002 Bali bombings, in which 88 Australians lost their lives.⁶⁵ In other situations, terrorist groups use criminal activities to fund their actions. This means that serious and organised crime has a direct and serious impact on Australia's interest in regional development and stability.

Lest we see ourselves as 'victims' only, we should recognise that the harms aren't all inward-bound: there are instances of Australian criminals 'exporting' their operations offshore (Figure 7). The most notable have been Australian outlaw motorcycle gangs, which have been reported as active in a number of Southeast Asian and a couple of Pacific island states. On top of this, Australian paedophiles, who often fit the description of serious and organised crime, also actively degrade human rights and dignity and add to the region's social problems.⁶⁶ It's also known that Australia is the destination country for some funds misappropriated from overseas.⁶⁷ These factors make some Australians contributors to harm experienced by others.

Figure 7: Australia's criminal exports



What potential harm can serious and organised crime create for regional stability, trust and trade?

- Heightened instability and ineffective governance in regional states
- Complications or harm to intergovernmental cooperation efforts and relations
- Harm to values such as biodiversity, the rule of law, human rights and intellectual property
- The provision of havens for criminals to operate from against Australia, and places for Australian criminals to operate offshore
- Costs for aid and interventions

Conclusions and key questions

It's difficult to make an overall statement about the full extent of harm to Australia's interests caused by serious and organised crime. That's because harm is very hard to measure and the effect of serious and organised crime isn't uniform. We have a clear picture of some harms, such as those from illicit drugs, but others are opaque, under-reported, under-researched and just plain hard to assess—cybercrime, fraud and corrupt activities fall into one or more of those categories. It can also be hard to measure the impact of 'enabling crimes' such as identity fraud or firearms trafficking until the purpose of the initial crime is known.

Others are using quantitative methods and modelling to attempt to update estimates of the cost of serious and

organised crime to the Australian economy. This special report takes a different track by examining how serious and organised crime affects our interests—which are broader than just costs—here and overseas. Despite the identified uncertainties, this report’s qualitative explanation of the main harms meets the modest objective of encouraging discussion in Australia about serious and organised crime.

Still, this report—like the ACC’s publicly released report on the types of serious and organised crime in Australia and the 2013 National Security Statement—doesn’t provide a way to distinguish the relative importance of harms to Australia’s interests. A further harm or risk assessment would be valuable because it isn’t useful to consider all harms as equal in their effect on the nation’s interests. Priorities are needed to ensure that scarce investment dollars for law enforcement capability, and indeed for operational activities, are targeted so they achieve the optimal return. That work must be held over for another time. So, while this report doesn’t provide the whole answer, it’s a good way to ask questions that the community, business and government should be interested in answering.

Three main conclusions can be drawn from the analysis above. First, public demand for organised crime’s products and services is a key driver of these complex and penetrating harms. While not everybody contributes, serious and organised crime is encouraged by Australians’ willingness to pay high prices for illicit drugs and counterfeits, save a few bob on something that ‘fell off the back of a truck’, accept ‘too good to be true’ deals, and take their demand for sex offshore. Those choices mean that some Australians and Australian businesses are key parts of illicit markets here and overseas, and so are key factors in creating markets for organised crime. They also mean that the harms from crime affect people’s lives in many ways, including by producing physical fear, poor economic outcomes and significant health problems. We need to agree that law enforcement isn’t the only policy tool available: social services, education, health and research should also be integrated into a truly whole-of-government response to serious and organised crime.

Second, like many dark activities, we don’t know the scale of corruption in Australia. Some evidence can be taken from surveys such as Deloitte’s and the Transparency International Perceptions Index, and the findings of state-level and law enforcement anticorruption agencies. For instance, the Australian Commission for Law Enforcement Integrity (ACLEI),

which oversees federal agencies involved in law enforcement and border security, had 45 ongoing investigations in 2013–14 and recorded 11 convictions. We also have strong agencies able to investigate corruption, including a multi-agency Fraud and Anti-Corruption Centre in the AFP, various ombudsmen and Inspectors General, and the ACC. Still, there are strong views that federal politicians, courts, national business and non-law-enforcement public sector agencies do not receive enough scrutiny. There are many ways to increase the level of scrutiny, with options including a small committee reporting to parliament through to a ‘Federal ICAC’⁶⁸, with the latter being quite controversial and potentially fraught. But any system would have drawbacks unless it’s well considered and appropriate for the situation. Choosing the right way to achieve the desired outcome—an environment hostile to corrupt public behaviour—is something that should be examined further.

Third, there’s still more to do to optimise Australia’s legislative, enforcement, international and preventive framework for countering serious and organised crime. While Australian governments do a lot already, aspects of our national approach to countering organised crime could receive additional attention. This might include:

- investing to develop uniformly high levels of law enforcement capability across Australia
- creating a nationally consistent framework for dealing with unexplained wealth (we’re likely to see some progress on this in the near future)
- improving the ability to use data held by the CrimTrac Agency for intelligence purposes (work on this is underway)
- extending some recent innovations in counterterrorism law to organised crime, including delayed notification warrants and passport management
- having the federal cabinet commission and endorse a white paper on law enforcement, which should be a precursor to a national conversation about our future law enforcement needs.

Of course, standing still isn’t an option. As organised crime structures and their markets change, Australia’s response will need to change. We should expect to see more penetration of legitimate markets, greater use of dark networks and cyberspace, and greater use of innovative technologies.

Disrupting international syndicates—for example, by making it harder to move money or by improving others’ ability to arrest them—will continue to be an important Australian priority. Since much of that activity will occur or be directed from overseas, international cooperation and information sharing will remain a critical enabler of our efforts and a contribution to others’.

To do more about the organisers of crime who live overseas, ASPI colleagues have identified other ideas, such as developing a national strategy to combat crimes by Australians abroad⁶⁹ and creating long-term partnerships and capacity development plans for key countries such as Indonesia and Papua New Guinea.

Rather than making recommendations, this report concludes by asking some key questions about serious and organised crime. These questions could frame the future discussion or provide a starting point for further research into how the community, business and government can help law enforcement stay ahead of criminals. They’ll also help to shape the research agenda for ASPI’s Strategic Policing and Law Enforcement Program.

Questions for the community

Question 1: Do you care about the harm caused by serious organised crime?

The most important question for the community is about whether it’s sufficiently concerned about serious and organised crime to accept changes to deal with the problem. While Australians have had a long and detailed discussion about counterterrorism measures over the past year, there’s been no real discussion about whether they would be willing to accept additional laws and resource allocations to counter serious and organised crime. Our experience with terrorism shows that people will accept some restrictions as long as the need is explained and there’s oversight of the powers given to agencies.

Question 2: Do you understand where illicit goods and service come from?

This question is related to the first. The use of illicit goods and services will undoubtedly go on, but demand might be reduced by better information about the sources of such goods and services and the effect of serious and organised crime on other interests.

Question 3: Do you understand the criminal threat?

There’s a large amount of information available about criminals, especially their methods. Understanding some preventive measures, including some simple ones relating to cybersecurity, will help members of the public to prevent serious and organised crime from having an impact on them.

Question 4: Do you know about the available crime reporting tools?

It’s worth reminding the community about the range of ways they can report crime, including their ability to make anonymous reports. The most prominent are the National Security Hotline (1800 1234 00), the Australian Cybercrime Online Reporting Network (www.acorn.gov.au), Crimestoppers (1800 333 000) and the hotline for illegal online content (www.acma.gov.au/hotline).

Questions for business

Question 1: Is the level of government–business–community information sharing about serious and organised crime optimal?

According to the small sample of businesses interviewed for this report, some seem to have trouble getting actionable information about criminal threats. That’s not the result of an ‘iron law’: the Australian Government has conducted ‘trusted’ information sharing about terrorist threats with key infrastructure owners, and there are also some industry-specific arrangements for information sharing on crime and cyber threats. The ACC now has a broader ability to share information with business than it did previously. These arrangements are a good start and potentially a model for other industry groups to obtain better information about criminal threats and methods, assuming that this could be achieved on a trusted basis and that all legislative and cultural issues involving safety, security, privacy, fair trial and reputation can be satisfied.

Question 2: Does your peak body understand the criminal threats you face?

Discussions with a number of individual businesses and peak bodies showed that criminal threats aren’t always discussed. This can lead some businesses to fail to understand the ‘organisation’ behind the noncompliance that they see. If peak bodies knew more about criminal threats to individual

members, they would be in a better place to engage governments about the problems faced by their industries.

Question 3: What's the future of crime in your industry?

Changes in technology, value and geopolitics have significant effects on different industries and on the crimes that afflict each industry. Those at the forefront of product development are well placed to understand how criminals might see new markets in an industry, or where new value might be derived. Industries should be looking hard at this and discussing their findings with law enforcement agencies.

Question 4: Do you use crime reporting tools?

The reporting tools listed above can also help businesses.

Questions for government

Question 1: Are there further ways to integrate the Australian public and businesses through the national response plan against organised crime?

The newly released National Organised Crime Response Plan 2015–18 provides some detail about how law enforcement agencies share information about serious and organised crime with businesses and the community. But the plan also acknowledges that ‘there are only a few initiatives that encourage a genuine dialogue between government and the community, or that actively seek information from the community about serious and organised crime behaviour.’⁷⁰ It's worth looking at existing mechanisms in other security-related areas, and investigating international examples of information sharing between governments and their communities, and considering which innovations might be applied in the serious and organised crime space.

Question 2: Is there a better way to describe the threat of organised crime to the Australian public than ‘national security’?

Current official documents tend to describe serious and organised crime as a threat to national security. That's justifiable, but protecting national security is perceived as a ‘government’ job. Might it be better to use the formulation of personal, business and national interests to help make the concern more relevant to all Australians? That could broaden the scope to include such things as personal harms and losses to individual businesses. It could allow leaders to talk about the responsibility for combating organised

crime in a more inclusive way than the ‘national security’ approach allows.

It may also be worthwhile to provide the parliament and public with an assessment of the relative harm caused by different kinds of serious and organised crime to support informed choices about law enforcement priorities. This should go beyond briefings provided to ministers and committees, and the existing information about *threat*, to include an assessment of the level of *harm* of each crime type.

Question 3: Are our current national approaches to serious and organised crime optimal?

Effective law enforcement is a priority for all Australian governments, but is the level of cooperation and cohesion across borders as good as it can be? Efforts to counter organised crime have been encouraged by real changes in intra- and interjurisdictional cooperation over the past decade, according to some well-placed interviewees. Still, there's even more that can be done:

- We don't have consistent nationwide law enforcement training and equipment to counter organised crime and, according to some experts, our law enforcement agencies need better capabilities to deal with cybercrime and economic crime.
- Some key professions sit outside our anti-money-laundering regime.
- Political leaders mostly remain focused on prosecuting and convicting serious and organised crime figures; they don't place as much value on efforts to disrupt criminal operations and to reduce the harms from crime.

Moreover, many laws are nationally inconsistent or not considered relevant to the other levels of government. The most obvious problem has been the inability of all Australian governments to develop a truly nationally consistent framework to recover unexplained wealth from criminals. There's movement on this, and a welcome but still partial solution is expected soon, but there are further opportunities to enhance the legislative framework to help undermine organised crime. Delayed notification warrants, which have been introduced as part of the counterterrorism effort, might be applied effectively to organised crime.

It's also time to think about demand for crime, as well as supply. Could we do more to understand the causes and explain the impacts of demand for criminal goods and services? Do governments really make it clear to their public that demand is a large part of the reason why illicit markets exist? Might it be time to have a national conversation about drug laws to determine whether all our current approaches are optimal? Are there better ways to integrate non-law-enforcement actors into the effort to counter organised crime?

Finally, can governments measure the performance of their law enforcement agencies—and resource them—on the basis of what doesn't happen if the agencies' focus is changed to harm minimisation and prevention (rather than arrests, response times and the like)?

Question 5: Are there more ways to enhance Australia's international contribution to the fight against serious and organised crime?

Australia has a strong track record in capacity development in our region and in international groups, but could we do more where that's in our interests? Capacity building to promote effective cooperation is one way to contribute, but we should also be examining our own systems. For example, is the overseas-based element of our strategic criminal intelligence network optimally organised, directed and resourced? We gain a lot from knowing what's going on, and it's good to see that the ACC is now expanding its overseas reach, but could we be even more effective? Also, interviewees for this project suggested that we could do more to improve coordination and real-time information sharing among our existing international law-enforcement cooperation network partners. Similarly, is there more we could do to share Australian knowledge about serious and organised crime trends, particularly in such areas as tax evasion, money laundering and terrorism financing? Can we learn from the experience of others, perhaps in areas such as cyber investigations?

Question 6: Do we have the best possible system to uncover and counter corruption?

While the glow around anticorruption bodies has dimmed a little, we need to separate the operation of particular agencies from the principle of anticorruption. Australia has good anticorruption instruments, as we've explained earlier. The Public Interest Disclosure Scheme is also important.

However, there's strong view that oversight for politicians, for officials in many departments and for some parts of the business community is still wanting. Is another body needed? Should it have a narrow remit or a large one? Should it be a new organisation or one built by consolidating or expanding the remit and resources of others? Regardless of the answers, there's a real need to ask and answer these questions if we want to make Australia an even more hostile place for serious and organised crime groups and activities.

Dismantling the web: a research agenda for ASPI's Strategic Policing and Law Enforcement Program

The harms caused by organised crime to Australia's interests are many and occur in different areas. They are interwoven by their criminal methods, impacts and implications for Australian interests. And the speed, reach and depth of criminal penetration are increasing as more take advantage of cyberspace to perpetrate organised crime.

There's a clear relationship between transnational, serious and organised crime and many of ASPI's other priority research areas, including border security, counterterrorism, cybersecurity and regional security. Allowing for that effort, the Strategic Policing and Law Enforcement Program will concentrate on the following key research areas:

- **Australian policy and organisational responses to law enforcement challenges.** In this strand, the program's focus will be on current and proposed policy responses to serious and organised crime, encouraging the consideration of new options and challenges as they arise. Unexplained wealth, countering corruption and financial crime, and the Australian Government's expectations for its law enforcement community will be priorities.

- **Information sharing between business, the community and law enforcement.** The Serious and Organised Crime Response Plan 2015–18 notes the gap in this area. A study of how other countries have addressed the challenges of information sharing—and lessons for Australia—will be a major research task for ASPI in 2016.
- **International law enforcement cooperation.** The extent of offshore involvement in organised crime in Australia is well known, which makes it valuable to research the best ways to optimise intelligence sharing, build capacity in partners, participate in stability operations and share operational information. The program will also examine how Australia’s law enforcement agencies contribute to our international objectives, and ways to optimise that contribution.
- **Geopolitical change.** Political stability and instability are factors that change the sources of criminal goods, the routes taken by transnational criminals and the ‘havens’ used by them. The program will consider the interaction of globalisation with developing, failed or failing states to assess how this gives rise to opportunities for new transnational crime forms, routes and actors.

While Australia hasn’t experienced the same level of violence and corruption due to serious and organised crime as other countries, we can’t assume that’s only for a want of ambition on the part of criminals. If our law enforcement agencies weren’t as strong and competent as they are, and if our society as a whole weren’t as cohesive as it is, the threat posed by organised crime would surely be much greater. Nor can we be complacent or discount the harms from crime because they haven’t been quantified. Organised crime affects communities, hurts people directly and indirectly, and costs every Australian higher taxes and charges. Importantly, it also stops some Australian businesses from competing fairly. These factors mean that defeating organised crime is in everybody’s interest, and a topic that’s important to ASPI.

Notes

- 1 This is a complex field of study, but the Australian Bureau of Statistics (ABS), *Australian Social Trends* is often cited. For a recent report, see ‘Who’s afraid? Feelings of personal safety’, ABS 4102.0, 2010, which found that around 26% feel unsafe in different situations, even though only around 6% had experienced crime.
- 2 See Roy Morgan Research, ‘Economic issues still biggest problems facing Australia ...’, Finding 6209, 29 April 2015. Another Roy Morgan poll in 2006 found that ‘Reducing global organised crime’ was rated as important by 1% of Australian respondents (Roy Morgan, ‘Protecting the environment more important than the war on terror’, 3 November 2006). A separate 2005 survey found that 2% of people globally thought that this was the most important priority—the figure for Australia was 0.5%, although 78% of Australians thought there was ‘not enough progress’ in reducing global organised crime (Roy Morgan, ‘The world is more worried about the economy than are Australians and New Zealanders’, 20 January 2005). In contrast, reducing crime and corruption are rated as very high priorities by state-level voters, although that’s not consistent across the nation (Roy Morgan, ‘The issue of crime and law & order ranked by Australian electorate’, 1 July 2010).
- 3 Australian Crime Commission (ACC), *Organised Crime in Australia 2015*.
- 4 For examples, see David Kilcullen, *Out of the mountains: the coming age of the urban guerrilla*, 2013.
- 5 Malcom K Sparrow, *The character of harms: operational challenges in control*, 2008, p. 2.
- 6 Letizia Paoli, Victoria A Greenfield, ‘Starting from the end: a plea for focusing on the consequences of crime’, *European Journal of Crime, Criminal Law and Criminal Justice*, 23, 2015, p. 88.
- 7 See Shona Morrison, *Approaching organised crime: where are we now and where are we going?*, Australian Institute of Criminology (AIC), 2002, pp. 5–6; Jay Albanese, *Organized crime: from the mob to transnational organized crime*, 7th edition, 2015, Chapter 1.
- 8 For others, see Russell G Smith, ‘Ten impediments to the quantification of organized crime’, presentation, 2nd International Conference on Governance, Crime, and Justice Statistics, Mexico, 2014, slides 5–14.
- 9 Australian Institute of Health and Welfare, *Illicit use of drugs (NHDS 2013 key findings)*, Figure 1, [online](#).
- 10 A Roxburgh, L Burns, *Drug-induced deaths in Australia, 2007 edition*, National Drug and Alcohol Research Centre, 2011, p. 2.
- 11 Australian Institute of Health and Welfare, *Illicit use of drugs (NHDS 2013 key findings)*. Another 5% experience verbal abuse.
- 12 See A Roxburgh, A Ritter, T Slade, L Burns, *Trends in drug use and related harms in Australia, 2001 to 2013*, National Drug and Alcohol Research Centre, 2103, p. 53; Ministerial Council on Drug Strategy, *National Drug Strategy 2010–15*, p. 2.
- 13 NSW Government, *Drug driving fact sheet*, August 2014; Tracey Bowden, ‘Rate of drug-drivers now exceeds drink-drivers’, *The New Daily*, 23 March 2015, [online](#).
- 14 ACC, *Illicit drug data report 2013–2014*, pp. 31–32—at around 60% of all arrests and seizures.
- 15 ACC, *Illicit drug data report 2013–2014*, p. 2.
- 16 Samantha Bricknell, ‘Firearm trafficking and serious and organised crime gangs’, AIC, 2012, Table 7, p. 34.
- 17 Lucy Carter, ‘Gun crime down, drug arrests up in New South Wales’, *ABC News*, 3 December 2014.

- 18 Estimates of the total amount of fraud are reported as about 7–10% of claims by value (Russell G Smith, Penny Jorna, Josh Sweeney, Georgina Fuller, *Counting the costs of crime in Australia: a 2011 estimate*, AIC, 2014, p. 55).
- 19 Norton, *Ransomware on the rise: Norton tips on how to prevent getting infected*, no date, [online](#).
- 20 Russell G Smith, Alice Hutchings, *Identity crime and misuse in Australia: results of the 2013 online survey*, AIC, 2014, p. 39.
- 21 For samples, see Financial Action Task Force, *Money laundering through the football sector*, 2009; Mike Marianetto, ‘Off the pitch and off the books: professional football’s money laundering problem’, *The Conversation*, 27 March 2015. The Security in Sport Conference (London, October 2014) identified match fixing and illegal betting as two primary areas of concern. See International Centre for Sport Security, [online](#).
- 22 Samantha Bricknell, *Corruption in Australian sport*, AIC, February 2015.
- 23 ACC, *Organised crime and drugs in sport*, 2013.
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Acronyms and abbreviations

ABS	Australian Bureau of Statistics
ACC	Australian Crime Commission
ADF	Australian Defence Force
AIC	Australian Institute of Criminology
AML/CTF	anti-money-laundering / counterterrorism financing
AUSTRAC	Australian Transaction Reports and Analysis Centre
IP	intellectual property
UN	United Nations

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