

SENATE STANDING COMMITTEE ON LEGAL AND CONSTITUTIONAL AFFAIRS  
AUSTRALIAN INSTITUTE OF CRIMINOLOGY

**Question No. 29**

**Senator Ryan asked the following question at the hearing on 22 February 2011:**

- 1) What data does the Australian Institute of Criminology collect on crimes against small business?
- 2) What was the cost of the 1999 Small Business Crime Survey?
- 3) Can the AIC please provide a breakdown of the costs, on a survey-by-survey basis of its most 10 recent surveys?
- 4) Does the AIC have an estimate number of small business who are victims of crime, and those who are victims of crime but do not report it?

**The answer to the honourable senator's question is as follows:**

**Part 1: What data does the AIC collect on crimes against small businesses?**

- The AIC has undertaken a number of studies on crime experienced by small businesses. Individual studies have focussed specifically on:
  - Crime victimisation rates among small retail businesses
  - Crime against small businesses in two ethnically diverse communities
  - Experience of computer security incidents among Australian businesses
  - Online credit card fraud against small businesses
- The AIC also collects data on incidents of armed robbery perpetrated against businesses as part of its National Armed Robbery Monitoring Program.

## **Part 2 - What was the cost of the 1999 Small Business Crime Survey?**

Given the extensive time that has elapsed, the AIC is not able to identify the cost of the 1999 Small Business survey. To seek to do so would be an unreasonable diversion of resources. A different financial system was used at that time, so there is no readily assessable information relating to the cost of the survey.

**Part 3 - Can the AIC please provide a breakdown of the costs, on a survey-by-survey basis of its most 10 recent surveys?**

The AIC undertakes a number of surveys, some of which are part of larger projects that include survey work as only one element of the project. For some of these surveys specific costs are not separately tracked within the larger project.

| <b>Research Area</b>  | <b>Survey topic</b>  | <b>Cost (GST inclusive)</b> |
|---|--|-----------------------------|
| Human Trafficking   | Sex worker migration and vulnerabilities                                     | \$190,636                   |
| Anti Money Laundering / Counter Terrorism Financing (AML/CTF) | AML/CTF regime in Australia - perceptions of Australian businesses           | \$357,149                   |
|   | Money laundering and financial terrorism risks in the Australia legal sector | \$44,165                    |
|   | AML/CTF Online survey of Law enforcement national security agencies          | Internal                    |
| Commonwealth Fraud  | 2010 Survey on Commonwealth agencies fraud control.                          | Internal                    |
|   | 2009 Survey on Commonwealth agencies fraud control.                          | Internal                    |
|   | 2008 Survey on Commonwealth agencies fraud control.                          | Internal                    |
| Australasian Consumer Fraud                                   | 2010 Consumer fraud online survey  | Internal                    |
|   | 2009 Consumer fraud online survey  | Internal                    |
|   | 2008 Consumer fraud online survey  | Internal                    |

**Part 4 - Does the AIC have an estimate number of small business who are victims of crime, and those who are victims of crime but do not report it?**

*Estimates of crime victimisation rates among small retail businesses*

- Estimates of crime rates of victimisation among small retail businesses is derived from a national survey – the Small Business Crime Survey – which was conducted in 2002 by the AIC and the Council of Small Business Organisations of Australia.
- The analysis was based on 3,834 retail sector businesses covering: cafes/restaurants; general stores/milk bars; liquor outlets; service stations; newsagents and pharmacies.
- Overall, 49 percent of businesses experienced at least one incident of crime in the 12 month period from 1 July 1998 to 30 June 1999.
- Burglary was the most commonly experienced crime – 27 percent of all small businesses reported being the victim of burglary at least once in the 12 month reporting period (see Table 1).
- The next most prevalent crimes were shoplifting (21 percent of all small businesses), vandalism (18%) and cheque/credit card fraud (10%).
- The frequency of victimisation depended on the crime committed. Repeat victimisation was most commonly experienced for crimes such as shoplifting, cheque/credit card fraud, vandalism and assault.

**Table 1: Prevalence rates of victimisation for different crimes**

| Crime type               | Prevalence rate <sup>a</sup> (percent) | Frequency of victimisation (percent) |                         |                                       |
|--------------------------|--|--------------------------------------|-------------------------|---------------------------------------|
|                          |  | <i>Victimised once</i>               | <i>Victimised twice</i> | <i>Victimised three or more times</i> |
| <b>Property crime</b>    |  |                                      |                         |                                       |
| Burglary                 | 27                                     | 45                                   | 25                      | 30                                    |
| Shoplifting              | 21                                     | 8                                    | 11                      | 81                                    |
| Vandalism                | 18                                     | 35                                   | 25                      | 40                                    |
| Employee theft           | 8                                      | 47                                   | 23                      | 30                                    |
| Theft from vehicles      | 4                                      | 63                                   | 24                      | 13                                    |
| Theft of motor vehicles  | 3                                      | 70                                   | 14                      | 16                                    |
| <b>Fraud</b>             |  |                                      |                         |                                       |
| Cheque/credit card fraud | 10                                     | 28                                   | 25                      | 47                                    |
| Employee fraud           | 2                                      | 59                                   | 9                       | 32                                    |
| <b>Violent crime</b>     |  |                                      |                         |                                       |
| Assault/threat           | 7                                      | 38                                   | 22                      | 40                                    |
| Armed robbery            | 6                                      | 73                                   | 17                      | 10                                    |
| Unarmed robbery          | 3                                      | 72                                   | 11                      | 17                                    |

a: The prevalence rate is the percentage of businesses that fell victim to crime at least once in the 12 month period from 1 July 1998 to 30 June 1999

*Non-reporting of crimes to police*

- Burglary and robbery incidents are more likely to be reported by small businesses to police. For example, burglary made up six percent of all incidents experienced by small businesses between 1 July 1998 and 30 June 1999 but represented 26 percent of all crime incidents reported to police (see Table 3).
- Shoplifting and employee fraud is less likely to be reported to police. For example, shoplifting accounted for 70 percent of all incidents experienced by small businesses but represented less than half (42%) of all incidents actually reported to police.

**Table 2: Breakdown of percent of crime incidents experienced, and crime incidents reported to police**

|                          | <b>Percent of all incidents experienced</b> | <b>Percent of all incidents reported to police</b> |
|--------------------------|---|--|
| <b>Property theft</b>    |   |  |
| Burglary                 | 6   | 26   |
| Shoplifting              | 70  | 42   |
| Vandalism                | 5   | 10   |
| Theft of motor vehicles  | 1   | 3  |
| <b>Fraud</b>             |   |  |
| Cheque/credit card fraud | 7   | 7  |
| Employee fraud           | 7   | 2  |
| <b>Violent crime</b>     |   |  |
| Assault/threat           | 3   | 4  |
| Robbery                  | 1   | 6  |

*Experience of computer security incidents among Australian businesses*

- The Australian Business Assessment of Computer User Security (ABACUS) project involved a nationwide survey of small, medium and large businesses from all industry sectors on their experiences of cybercrime.
- Respondents were asked to complete a questionnaire about the measures taken during the 2006–07 financial year to protect their computer systems, the number and type of security incidents they experienced, the impact of these incidents and how they responded to these incidents.
- The majority of respondents (82%) were from small businesses, defined as businesses having 0–19 employees.

### *Prevalence rate of victimisation*

- Eighteen percent of small businesses stated they had experienced at least one computer security incident, compared to 27 percent of medium sized businesses and 41 percent of large businesses.
- The most common computer security incidents reported by small businesses were viruses or other malicious code (65 percent of all small businesses that experienced a computer security incident), spyware (44%) and phishing (24%).
- Small businesses were much less likely to experience incidents originating from within the business (7%) .

### *Non-reporting of crimes to police*

- Seven percent of computer security incidents experienced by small businesses were reported to the police, compared with 14 percent for medium businesses and 21 percent for large businesses. Small businesses tended to deal with computer security incidents internally (78 percent for all incidents).

### ***Online credit card fraud against small businesses***

- A total of 1,078 small online trader businesses were interviewed (using a computer-assisted telephone interview technique) about their experience of online credit card fraud. Business types included in the survey were florists, booksellers, recorded music retailers, toy and game retailers, and computer hardware retailers.

### *Prevalence rate of victimisation*

- Thirty-two percent of online traders had been a victim of online fraud at some stage. The prevalence rate for specific business groups in descending order were: booksellers (43%), toy and game retailers (33%); computer hardware retailers (30%); florists (28%); recorded music retailers (26%).
- Fifty-one percent of online traders had experienced more than one incident of credit card fraud over a two-year period covering 2001 and 2002.

### *Non-reporting of crimes to police*

- Thirty-five percent of incidents were reported to police in 2001 and 21 percent were reported in 2002.