

NSW Police submission

PARLIAMENTARY JOINT COMMITTEE ON THE AUSTRALIAN CRIME COMMISSION

Inquiry into the Amphetamines and Other Synthetic Drugs (AOSD)

Trends in the production of AOSD in Australia – comment on NSW

During 2005 there were 58 clandestine laboratories discovered in NSW of which 46 were for methylamphetamine manufacture. Three of these were related to crystalline methylamphetamine ('ice') - two involved the synthetic production of 'ice', and a third one involved the reclamation of 'ice' which had been imported impregnated in an inert black substance inside capacitors. There is a trend towards quick operations where the necessary chemicals and equipment are accumulated, most likely in a number of locations, and brought together for the 'cook' which can be completed in a few hours. Afterwards everything is dismantled and dispersed again.

It is quite likely that most of the 'ice' available in NSW is imported while 'speed' and paste methylamphetamine originating for the most part from local manufacturers. Now that there is evidence that "ice" is being manufactured in NSW it is expected that detections will increase and compete with imported "ice". The change of pharmaceutical scheduling of the precursor pseudoephedrine to S3R may impact on local methylamphetamine production after it comes into effect on 1 January 2006. This should decrease the previously growing number of small scale labs detected that were sourced from 'few packets' of pseudoephedrine tablets.

Six 3-4-methylenedioxyamphetamine "MDMA" (ecstasy) laboratories and a methcathinone lab were dismantled during 2005 and a MDMA pill pressing operation was located. At the tableting setup 40 kgs of MDMA (142,000 tablets) were seized with a potential value of \$8million (at \$15/tablet). One very large MDMA lab involved a 1000 litre reaction vessel, and 3 x 300 litre tear-drop shaped pressure vessels, and 27.5 kgs of MDMA was seized (total potential street value of \$127 million) along with 200 litres of liquid MDMA. A laboratory detected a month later contained a very large MDMA manufacture setup which was operating at the time, and 1 ½ kg of MDMA powder and 11 ½ kg of MDMA reaction mixture was also found. These two laboratories were both on a scale not previously seen in NSW.

Ketamine is being diverted from legitimate sources such as veterinary clinics, hospitals and pharmaceutical warehouses by illicit means such as break, enter and steal and fraudulent diversion by medical and veterinary professionals, warehouse and laboratory staff and couriers. There have also been a number of incidents of illegal importation of the drug

There is no evidence of illicit production of ketamine in Australia though there is evidence that it is being converted from its commercial liquid form to crystalline, powder, tablet and capsule forms and that it is being combined with other drugs including amphetamines and ecstasy in clandestine laboratories. Similarly, there were no reports of the manufacture of GHB in NSW. Since consumption of GBL and butanediol results in metabolism of them by the body to GHB there appears little need for this drug to be synthesised.

Trends in consumption of AOSD in Australia – comment on NSW

Amphetamines (primarily methylamphetamine) are available across New South Wales and the price is stable. Those buying a point of 'speed' (0.1 grams) spent \$30-35 or obtained two points for \$50. Tablets containing methylamphetamine cost between \$15 and \$25 each. 'Ice' and base methylamphetamine, being of higher purity than 'speed', cost \$50-70 per point. The majority of detections were in the inner city suburbs of Sydney and the Illawarra and Lower Hunter regions. There were differences between areas regarding the form of methylamphetamine being administered which related to socio-economic factors. 'Ice' is

popular among the young people (late teens to mid twenty-year-olds) who frequent nightclubs and similar licensed premises, the majority of which are located in the inner City area, while in the outer western suburbs use of powder methylamphetamine ('speed') and paste is more likely. 'Ice' is seen as 'cleaner' and thus more acceptable to those frequenting nightclubs. However, 'ice' is much more addictive and can result in significant health problems. Users in the western suburbs and the Illawarra are injecting methylamphetamine and this practice has now been encountered in the western region of NSW, a practice which is of concern as it brings with it health issues, and within a specific section of the population.

It is of concern that in NSW, the use of Amphetamine-type substances has been increasing since 1999. Research reveals however that the methylamphetamine market appeared to stabilise in 2004. In relation to MDMA, published studies on NSW's illicit amphetamine market suggest that while there appears to be an increasing trend in the detection of MDMA, consumption patterns in terms of frequency use of MDMA remains relatively small.

There is also a strong market for methylamphetamine in the Lower Hunter area. Some suppliers of methylamphetamine live in the area and visit Sydney to buy large supplies which they then distribute in the Hunter region and up along the northern coast of NSW.

MDMA was in ample supply during 2005 and the related MDA was also seen. MDMA usually presents as tablets and a wide variety of logos and colours have been seen. Much of the MDMA available in NSW is probably imported and some local suppliers are diluting and re-tabletting it at a lower purity. The market is discriminating between imported and local tablets and the price dropped noticeably about January-February 2005 and remained lower. The 'local' tablets are considered to most likely contain methylamphetamine. Use of MDMA appears more prevalent amongst older teenagers and those aged 20 to 35 years. The majority of users are 18-24 years old and tend to be experimental and use a range of drugs. This reflects the section of the population interested in attending raves, music events and nightclubs/licensed premises. They seem to be experimental in their approach to drugs and therefore are often polydrug users. The drugs they use can include other hallucinogens, 'ice', ketamine, cannabis and GHB.

The methylamphetamine market in Australia has undergone a number of changes since the late 1990's. The general change has been the emergence of more pure forms of base and ice. These more pure forms comprise over two thirds of the market for methylamphetamine in Sydney, while an additional unknown amount of methamphetamine ends up on the MDMA market sold as pills. As a consequence of diversification in amphetamine form, the segment of the population accessing the NSW methamphetamine market has widened.

Patterns of methylamphetamine use typically consisted of a point of ice/base or half a gram of powder that were generally ingested prior to going out socialising. Drug dependence was found to be more common among those who injected methylamphetamine. Research on drug user populations identified that a concerning emerging consequence from the increased popularity of base and ice, was increasing numbers of dependent users. Smoking of ice, as a method of ingestion, among young recreational users was also identified as an important new trend that warrants particular attention because of its risky use among inexperienced users and therefore potentially increasing the number of dependent users in the NSW community and presentations to hospital and calls out for police.

The *Drug Misuse and Trafficking Amendment Bill 2005* currently before NSW Parliament proposes to create a new offence for the commercial sale, supply or display of 'ice pipes' in order to discourage the smoking of ice.

These trends have significant implications for law enforcement. AOSD induced psychosis presents a concern for police and other frontline workers in the management of drug induced

individuals. Amphetamine users were found to be eleven times more likely than the general population to experience psychological distress and psychosis. The symptoms associated with intoxication, particularly among ice users, are acute and tend to last around three hours with the individual often becoming verbally and physically aggressive. Levels of violent crime among methylamphetamine users (12% in last year) were comparable to those seen among other populations of psycho-stimulant and injecting drug users in Sydney. Alcohol use increased the likelihood of violent crime among methamphetamine users.

Hallucinogens such as dimethyltryptamine (DMT) are seen intermittently and there were two reports of these in NSW during 2005. LSD was seen sporadically, detections averaging one a fortnight at various locations across the State. During 2005 there were at least 41 different ecstasy tablets recorded involving 36 logos and 10 colours. One dealer was recorded as supplying 4 different types of ecstasy tablets within the space of a fortnight indicating that he was accessing a number of sources and/or tablet dies. In general, locally made tablets cost \$20-30, more usually \$20, and imported ones \$40-60. Capsules containing either MDMA or MDA in powder were seen, although only in low numbers. MDA tablets sell for \$30 each and analysis of some tablets in October 2004 showed a purity of between 7% and 9%.

Whilst illicit ketamine use remains low in NSW compared to other drug types, a marked increase in detection rates has emerged since 2001. Studies indicate that illicit use remains restricted to a fairly narrow demographic consisting of predominantly inner city dwelling, comparatively affluent, mostly male, dance-party and night club attendees; it does not seem to have developed the wider appeal of drugs such as MDMA and amphetamines ('speed') which have become popular amongst the mainstream dance party and poly-drug-use markets.

Detections of gammahydroxybutyric acid (GHB) in NSW are low. It is likely that such reports in reality involve GBL and butanediol, both of which when consumed are converted by the liver into GHB. These two chemicals are solvents used in cleaning and are readily available. Suppliers can buy bulk quantities and repackage into smaller units (doses) for sale. There is a very low but steady flow of victims suffering GHB overdose being admitted to hospital emergency departments – serious overdoses result in depression of breathing, unconsciousness and coma. The *Drug Misuse and Trafficking Amendment Bill 2005* proposes to make GBL and 1,4-butanediol prohibited drugs. Once enacted this proposal may lead to a clearer picture of the number of people using GHB.

There are at least 26 companies which supply GBL in Australia and 11 supplying BD. As neither is currently listed as a restricted substance there is no control on sales.

Trends in the production and consumption of AOSD overseas

Presently most of the 'ice' entering Australia has been produced in 'superlabs' in China, the Philippines, Malaysia and Fiji. Chinese nationals are believed to be responsible for the supply chains.

'Ice' is being manufactured in very large cost-effective operations in China (substantially), the Philippines, Malaysia, Fiji, the United States and Canada. New Zealand is being used by international drug syndicates as a gateway to Australian markets. Some South East Asian crime groups, having transferred their interests from heroin to 'ice', appear to be utilising the routes previously established for heroin supply and funds transfer. They recruit middle aged couriers to each carry approximately 350 gram of 'ice', paying them twenty to thirty thousand dollars.

There were four notable attempted importations of amphetamines into Australia in 2005. A Chinese national was intercepted on 15 January at Cairns airport with two 1.8 litre alcohol bottles which contained methylamphetamine. In February a postal item containing electrical

capacitors was seized. They were found to contain an inert black substance in which 'ice' had been impregnated. A male who had travelled from Vietnam was caught in May at Sydney airport attempting to bring in amphetamine impregnated in seven pairs of white jeans. In June two Americans and a Canadian were arrested for importation of 11kgs of an amphetamine-type-substance. 'Ice' is becoming a greater proportion of the total amount of methylamphetamine being used both nationally and in NSW. It is quite likely that Australia, and hence NSW, will experience the situation seen in New Zealand and North America. In these countries use of 'ice' is high, and in Canada, it has brought with it an increase in the number of drug fatalities

MDMA production in East and South East Asia is growing while that in Europe is declining. The majority of supplies of MDMA tablets in Australia are imported and intelligence indicates that Chinese syndicates are significant players in the production and international trans-shipment of this drug. Chinese nationals were arrested in Sydney during 2005 in connection with importation of 370,000 MDMA tablets (weighing 91kg); and large seizures have been made on the Gold Coast (26,000 heart shaped tablets), Adelaide and Melbourne. In March AFP and Australian Customs in Melbourne made the largest Australian seizure of illicit drug precursors – 2 tonnes of MDMA precursors. An attempted importation (Melbourne) in April 2005 was the world's largest MDMA haul – 5 million tablets weighing 1041kg. It was concealed in a shipping container of ceramic tiles from Italy.

There was an adequate supply of MDMA available to satisfy the demand from Australia and New Zealand, which according to the United Nations Office on Drugs and Crime is the highest (per capita) in the world. Use of MDMA has been increasing in these countries but declining worldwide. Australia and Oceania may not yet have seen the peak in MDMA consumption and with the growing supply from the Asian region there appears no problem with availability. This means there is a continued reliance on the vigilance of AFP and Australian Customs to interrupt supply.

NATURE OF LAW ENFORCEMENT RESPONSE IN NSW TO AOSD.

The law enforcement response to the manufacture of AOSDs in NSW is complex, involving a number of law enforcement agencies operating cooperatively and independently within their mandates and operational arenas. Most effective and notable investigations in NSW have tended to have a joint investigative capacity between one or more of these agencies.

The following law enforcement agencies (LEAs) are involved in the investigation and monitoring of AOSD manufacture and supply.

STATE JURISDICTION

NSW Police
NSW Crime Commission

COMMONWEALTH JURISDICTION

Australian Crime Commission
Australian Federal Police
Australian Customs Service

NSW POLICE

The NSW police investigative response is coordinated and led by the Drug Squad, State Crime Command. The drug squad leads proactive and reactive investigations into the manufacture and supply of AOSDs with a dedicated team targeting manufacture. This team

is referred to as "Chemical Operations". There is a more generalist team focusing on the supply of prohibited drugs, especially AOSDs and is referred to as "Commercial Operations."

The Gangs Squad and South East Asian Crime Squad are also heavily engaged in the investigation of the supply of AOSDs and both squads have discovered clandestine laboratories and pill presses. There is long standing evidence of the involvement of Outlaw Motor Cycle Gangs in the manufacture of AOSDs. There is increasing evidence of South East Asian crime groups importing AOSDs and precursors and there is an anticipation of involvement of SEA groups in the manufacture of AOSDs. Both Squads have sought and continue to seek the specialist advice and assistance of Chemical Operations in these investigations.

Illicit drug manufacture is still closely associated with organised crime, but is widespread amongst many differing groups with no major component or organised group responsible for manufacture and distribution. There is evidence of loose confederations of individuals that cooperate in manufacturing AOSDs. It appears that most manufacture operations require the involvement of a number of individuals that have responsibility for varying components of the process, including acquiring precursors and equipment, providing premises, cooking the drug and distributing the product. Investigations involving large amounts of prohibited drugs are most effectively conducted by major crime squads due to their expertise in covert investigations and access to resources.

When manufacture is discussed in this section it refers largely to the manufacture of methylamphetamine. The most common method is the "hypo" method. This utilises the precursor pseudoephedrine reacted with hypophosphorous acid and iodine to produce methylamphetamine oil that is treated with acid and alkaline materials and refined with solvents to produce methylamphetamine hydrochloride, or "Speed". The most common source of the essential precursor pseudoephedrine is pharmacy dispensed medications, along with stolen or diverted raw pseudoephedrine from pharmaceutical companies and unlawfully imported raw pseudoephedrine. There is an increasing market for the "Ice" form of methylamphetamine which is a purified product in a large crystal form which is highly potent. There is evidence that this product, which has previously been primarily imported, is being refined and produced in NSW.

Traditionally most MDMA has been imported. During 2005 in NSW there has been a recent and dramatic increase in the amount of laboratories located that are manufacturing MDMA.

The chemical operations team is a dedicated team that focuses on the acquisition and diversion of precursor, licit pharmaceutical drugs, other reagent and solvent chemicals and equipment and the use of those materials in the subsequent manufacture of AOSDs. The team also conducts covert proactive investigations into individuals and locations implicated in drug manufacture. An important source of intelligence behind the investigations is the diversion program inquiries that receive information from chemical suppliers and pharmacies reporting suspicious purchases and purchasers of pseudoephedrine based medications.

The chemical operations diversion program also has also collected and presented evidence of ongoing diversion of pseudoephedrine based medications to the pharmaceutical industry. This has assisted the state government to introduce tighter scheduling provisions to reduce the availability of medications to those who are not legitimate users of pseudoephedrine for medicinal purposes. This has included innovative strategies to highlight the inappropriate or negligent dispensation of these medications by pharmacies. 4 pharmacists were criminally prosecuted in 2005 for supplying medications outside the terms of the relevant schedule or in suspicious circumstances.

NSWP are the lead agency in seeking to restrict the availability of pseudoephedrine by having it rescheduled to a S3R drug. Psycho-stimulants-Management of Acute Behavioural Disturbances: Guideline for Police Services was developed by the Commonwealth through the National Drug Strategy and is available on the NSW Intranet. NSW is participating in the development of a whole of government psycho stimulant strategy being coordinated by the Office of Drug and Alcohol Policy (ODAP). On 30 November 2005, the NSW Minister for Health, Mr John Hatzistergos MLC, launched the *NSW Health Amphetamine, Ecstasy & Cocaine: A Prevention and Treatment Plan 2005-2009*. This Strategy provides a framework to guide the health sector's response to psychostimulants and makes a significant contribution to the whole of government strategy.

At the same time, the Minister for Health launched the NSW Health *Clinical Guidelines for Assessment and Management of Psychostimulant Users*. These guidelines are designed to assist frontline health staff to assess people experiencing problems with psychostimulant drugs and refer them into appropriate treatment.

Investigators attached to the drug squad are trained in the safe handling and dismantling of clandestine laboratories and use protective equipment including breathing apparatus when entering and working in laboratories. The chemical operations team responds to every discovered laboratory in NSW and also provides investigative advice to police who suspect they have discovered a laboratory or manufacturer. The team has a number of police with sufficient experience and knowledge to be accepted as "expert" witnesses and are qualified to provide opinion evidence under S.79 of the Evidence Act 1995.

Drug Squad investigators also provide a strong training role of both police and civilians in the areas of manufacture and diversion of pharmaceuticals. Police education focuses on the identification of laboratories and manufacturing related activities. Civilian training is mainly directed at pharmacists and pharmacy assistants in identifying and preventing sales to persons purchasing pseudoephedrine based medications to provide a source of precursors. This training is provided to all the relevant pharmaceutical industry stakeholders at venues such as conferences and industry fora where the issue of precursor control is discussed and the links to illegal drug manufacture are highlighted. The reporting of suspicious sales and attempts that follows each forum is enhanced and provides sufficient intelligence for further investigation.

The presentation of AOSD symptoms has implications for education and training of frontline police officers. With respect to training and development, NSW Police and DAC are currently reviewing drug and alcohol course material in relation to the content particularly on mental illness. At present, there are a number of education courses that train NSW Police Officers at all levels for dealing and the use of safe restraining practices with drug affected individuals and mental illness. The Safe Custody Course provides in-depth training to police officers on assessment and management of drug affected people. Educational Services Foundational Studies offer general training to officers to manage drug affected individuals and/or associated factor of mental illness. The NSW Drug Squad provides courses to law enforcement and industry on Occupational Health and Safety Issues to Clandestine Laboratory detection.

Drug Squad investigations into the supply of methylamphetamines are directed at the mid to upper level with most prosecutions preferring charges of supplying not less than the commercial quantity of prohibited drugs contrary to S.25(2) of the Drug Misuse and Trafficking Act 1985. The investigations are covert in nature and tend to be of medium duration of 2 to 4 months. Nearly all investigations utilise electronic and physical surveillance with a number using covert resources such as registered sources and undercover operatives pursuant to controlled operation authorities.

The drug squad maintains regular contact and exchanges of information with the aforementioned LEAs along with NSW police in the field. The State Crime Command (SCC) charter allows Local Area Commands (LACs) to request assistance for investigations. This can take the form of a SCC led investigation, a joint investigation of advice and consultancy. The drug squad has conducted investigations in all these guises in recent times.

NSW CRIME COMMISSION

The NSW Crime Commission conducts task forces by virtue of S.27A of the NSW Crime Commission Act 117/1985 under the VACY IV reference investigating the manufacture and distribution of Amphetamine type substances. The NSWCC is pivotal to the success of major drug investigations in NSW due to its ability to intercept telecommunications and vast intelligence holdings. Use of the commission's coercive powers under S.13 of the Act has provided useful intelligence that has fostered investigations. The commission's seizure of criminal assets that arise from Task Force investigations is considerable and provides an avenue to partially fund covert police activities.

The NSWCC also provides a focal point for major crime investigations in NSW and allows coordination between agencies and squads to maximise the investigation of drug offences in NSW and encourage information sharing and coordination and reduce crossover and duplication of investigations.

AUSTRALIAN CRIME COMMISSION

The Australian Crime Commission (ACC) is taking a leading role in the control of precursors and equipment for the manufacture of AOSDs. There has been a close association between the NSW Drug Squad and the ACC in relation to the diversion investigations conducted by Chemical Operations. The ACC has made excellent use of its coercive powers to identify rogue pharmacists and equipment suppliers. They have also arranged the surrender of suspicious pill presses. A monitoring role on the internet eBay site produced evidence of suspicious purchases of scientific glassware that led the arrest and charge for an individual in Parkes for manufacturing prohibited drugs. The ACC disseminates intelligence to NSW police pursuant to its charter.

AUSTRALIAN FEDERAL POLICE

AFP operations have not impacted on NSW operations in a major way. The AFP's mandate to investigate the importation of prohibited imports has had success in identifying some very large importations of "Ice" and MDMA. The AFP and NSW staff the Joint Asian Crime Group (JACG) based at AFP HQ in Sydney. They target the importation and high level supply of drugs by Asian criminals. Recent large seizures have mostly been of AOSDs. Traditionally the focus of JACG was on individuals (usually ethnic Chinese) and the drug Heroin. At present the JACG is under review with a likely change to targeting commodities, primarily AOSDs.

The AFP and NSW exchange relevant information when required. A recent AFP investigation into significant quantities of MDMA precursors being imported is being shared with NSW Police and assisting a related investigation into domestic manufacture.

AUSTRALIAN CUSTOMS SERVICE

The ACS has been a strong partner of NSW investigations although rarely take an ongoing role. The identification of suspicious imports when not unlawful has provided the basis for NSW investigations and a significant current investigation was totally generated by the

shrewd identification of an importation of a chemical that can be used as a precursor to MDMA and Methylamphetamine, but not listed as a prohibited item.

The ACS is vital in investigating MDMA manufacture and supply due to the historical importation of the drug and the need to import equipment and experts from Europe to manufacture MDMA which is a more complicated process than the synthesis of methylamphetamine. MDMA manufacture also requires large volumes of chemicals and large machines which provides an opportunity to detect movements of precursor chemicals and laboratories.

LEGISLATIVE IMPACT

NSW police have led the way nationally in regards to the rescheduling of precursors to exercise control over the availability of the essential ingredient in the Hypo method. This is significant in regards to the control of manufacture as the hypo method allows relatively inexperienced and untrained cooks to follow a simple recipe to produce methylamphetamine in a comparatively safe way and on a small scale. Other methods involve more violent reactions with the risk of explosion and detection by fire and larger more complex laboratories with the need for scientific knowledge or training.