

PARLIAMENTARY JOINT COMMITTEE ON  
THE AUSTRALIAN CRIME COMMISSION

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SECRETARY: 

**CUSTOMS SUBMISSION TO THE  
PARLIAMENTARY JOINT  
COMMITTEE ON THE  
AUSTRALIAN CRIME  
COMMISSION INQUIRY INTO  
AMPHETAMINES AND OTHER  
SYNTHETIC DRUGS**

**17 February 2006**

## **Introduction**

This submission to the Parliamentary Joint Committee (PJC) on the Australian Crime Commission Inquiry into Amphetamines and Other Synthetic Drugs (AOSD) is provided by the Australian Customs Service (Customs). It addresses the Terms of Reference for the Inquiry and also covers Customs activities in relation to the Amphetamines and Other Synthetic Drugs (AOSD) market in Australia.

Customs is responsible to the Minister for Justice and Customs and is an agency within the Attorney-General's portfolio. Customs plays a key role in the management of the security and integrity of Australia's borders. It works closely with other government and international agencies, in particular the Australian Federal Police (AFP), the Australian Crime Commission (ACC), the Australian Quarantine and Inspection Service, the Department of Immigration and Multicultural Affairs, the Department of Transport and Regional Services and the Australian Defence Force, to detect and deter the unlawful movement of goods and people across the Australian border.

The agency is a national organisation employing over 5000 people around Australia and overseas. It has a fleet of eight ocean going patrol vessels and operates Coastwatch civil maritime surveillance and response. Protecting the Australian community through the interception of narcotic and synthetic drugs and their precursors is a high priority for Customs, with a variety of sophisticated techniques used to target high-risk aircraft, vessels, cargo, postal items and travellers. These techniques include the application of intelligence and other computer-based analysis methods to risk assess the large volume of movements of passengers and goods across the Australian border, and are assisted by the use of detector dogs, container x-ray and various other detection technologies.

## **AOSD Definition**

The term Amphetamines and Other Synthetic Drugs is defined in the Australian Crime Commission Special Intelligence Operation Authorisation and Determination (Amphetamines and Other Synthetic Drugs) 2003 as:

“includes: amphetamines, methamphetamines, 3,4-methylenedioxymethamphetamine (MDMA or ecstasy), gammahydroxybutyrate (also known as GHB or Fantasy) and yaa baa (also known as yaba)”.

The list of substances named in the excerpt above includes the most commonly abused AOSD in Australia, but it is important to note that the AOSD market is a dynamic one, and the potential for new AOSD to emerge and gain popularity is an ongoing threat that law enforcement must continue to monitor and address.

## **Overview of AOSD Market**

The AOSD market represents a considerable challenge for Australian law enforcement. It is estimated that approximately 50 per cent of all global amphetamine type stimulants production takes place in East and South East Asia. Although there

are indications that overall production of AOSD has decreased globally in recent years, this has not been the experience in the Asia Pacific region. In particular, trafficking of MDMA (ecstasy) has been increasing.

Australian AOSD drug supply continues to be dominated by domestically produced methamphetamine, however the increasing demand for high purity methamphetamine such as 'ice', which is readily available in Asia, is likely to create an increase in attempted importation and possibly domestic production in the foreseeable future. Although continuing international efforts are being made to control trading in key precursor chemicals such as ephedrine and pseudoephedrine, used in the manufacture of AOSD, the substances still remain readily available from chemical manufacturers in countries such as China and India.

In recent years, research into the Australian AOSD market has indicated that many of these drugs are widely available among user communities and that usage levels continue to be significant. In particular, recent<sup>1</sup> use of methamphetamine/amphetamine has been reported by more than three per cent of those surveyed in three consecutive National Drug Household Surveys (1998, 2001 and 2004). Similarly these surveys also reported significant levels of recent MDMA use, notably the increase from 2.9 per cent in 2001 to 3.4 per cent in 2004.

The extent of criminality associated with those involved in the methamphetamine and MDMA markets varies widely. There is significant organised crime involvement in the importation and domestic production of these drugs, particularly in New South Wales and Victoria. In relation to international trafficking in MDMA in particular, there is also considerable illegal activity involving lower level criminality with lesser links to organised crime, or none at all. The manufacture of AOSD also requires specialist chemicals and equipment, and controlling the supply of these is a matter of effective regulation and industry cooperation as much or more than criminal law enforcement. Other synthetic drugs such as GHB, gammabutyrolactone (GBL) and ketamine are also abused in Australia but the markets for these drugs is much smaller.

In addition to the currently established AOSD, there is also a range of emerging synthetics that have gained varying degrees of popularity internationally for which evidence of some small-scale availability and use in Australia is beginning to be seen. Phenethylamines from the 2-CX family including 2C-T-7 (2,5-dimethoxy-4-propylthiophenethylamine), 2C-T-2 (2,5-dimethoxy-4-ethylthiophenethylamine) and 2C-I (2,5-dimethoxy-4-iodophenethylamine), which have begun to emerge in Europe and the United States are one drug class that warrants law enforcement and regulatory attention. Consequently, Customs has worked with the Therapeutic Goods Administration (TGA) to have these substances scheduled as prohibited imports and exports under the Customs legislation. More recently, piperazines such as 1-benzylpiperazine (BZP) and 1-(3-trifluorophenylmethyl)-piperazine (TFMPP) have gained a degree of popularity in New Zealand and there are indications of the potential for a market developing within Australia. While there is not wide-scale use or significant organised crime involvement in relation to any of these drugs at the present time, the potential development of wider markets requires that they are the

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<sup>1</sup> Within the previous 12 months.

subject of ongoing attention and preventative action from law enforcement and regulators.

### **Customs Role in Relation to the AOSD Market**

Customs continues to make a key contribution to combating Australian AOSD markets, including through its border protection, policy and legislative initiatives and its close working relationship with key partner agencies.

### **Border Protection: Detection Technologies and Risk Assessment Approach**

One of Customs key border protection responsibilities is to protect the community by detecting illicit drugs and precursor chemicals. This includes detecting AOSD and the precursor chemicals used for the illicit manufacture of AOSDs.

Customs has a wide range of technologies and risk assessment practices that contribute to the detection of AOSD and AOSD precursors. Detection results are driven by an intelligence-based risk-assessment approach. This approach recognises that the majority of international movements are legitimate and targets resources at areas of high-risk for illegal activity.

All imported air and sea cargo is risk assessed by Customs. Additionally, incoming flights and vessels are risk assessed. Those that are assessed as high risk may then be further risk assessed using specialised technology and detector dogs, or immediately examined. Those that are assessed as low risk are released.

Sophisticated drug-detection technology such as ion mobility spectrometers, immunoassay drug detectors, Raman spectrometers, chemical field tests and x-ray underpin the assessment and processing of passengers, cargo and postal articles. Customs also uses sophisticated surveillance resources including the National Marine Unit Bay Class vessels and Customs Coastwatch aerial surveillance capabilities to detect unreported arrivals, including those that are illicit drug related.

The level of physical screening has been progressively raised as a result of various initiatives. These apply advanced technology to the passenger, postal and air cargo streams. The container examination facilities have substantially increased the inspection and examination of sea cargo. Between the container examination initiative commencing in November 2002 and 31 December 2005, over 310,000 TEU (222,000 containers) have been x-rayed. Prior to the container x-ray strategy, Customs only examined between 4,000 and 5,000 TEU (3,000 and 4,000 containers) per annum. Customs container examination facilities inspect around 2,600 TEU (1,950 containers) per week, to achieve the Government's target of 133,000 TEU (100,000 containers) per annum.

### **Border Protection: Major Detections of AOSD and AOSD Precursors**

Excellent results have been achieved in protecting the community from AOSD in recent years, some key examples of which are highlighted below.

## MDMA

Customs has been integral to several record-breaking seizures of MDMA in recent years, including the world's largest seizure of MDMA in Melbourne on 13 April 2005. The one tonne seizure was detected in a sea cargo consignment of tiles from Italy. The detection was made by X-ray, which revealed large cavities in the middle of eight pallets of tiles. It was the culmination of a lengthy joint intelligence led operation by Customs and the AFP, with the assistance of the ACC.

The one tonne seizure followed on from a previous record seizure of MDMA made in November 2004, when 820kg of MDMA tablets and powder was detected in an air freight shipment containing a pizza oven. This detection, made after the consignment was selected by Customs officers for X-ray examination at a Customs Container Examination Facility, provides an excellent illustration of Customs sophisticated targeting and technological capabilities.

## Crystalline Methamphetamine (Ice)

In May 2003, Customs and the AFP seized 233kg of Ice, which remains Australia's largest ever Ice seizure. In a joint operation, Customs intelligence analysts identified a specific container that was selected for further examination at the Customs Container Examination Facility at Port Botany. Close scrutiny of the container revealed the Ice concealed in cartons of rice sticks that originated in China.

A further major Ice detection in October 2004 uncovered 125kg hidden in 624 candles - part of a consignment that arrived in a shipping container that was targeted by Customs. This was the second-largest detection of 'ice' in Australia and the joint operation by Customs and the AFP resulted in the dismantling of the local base of a sophisticated international drug smuggling syndicate.

## AOSD Precursors

The seizure of 750kg of pseudoephedrine in sea cargo consigned from Thailand in September 2003 was then the largest ever precursor seizure at the Australian border. The shipment was profiled by Customs following intelligence received by the ACC and prior targeting by Customs. Its detection is another example of the benefits that the close working relationship between Customs and the ACC yields the Australian community.

Other very large-scale precursor detections by Customs include the detection in August 2005 of over 400kg of compressed ephedrine in ceramic statues from Vietnam and the detection of over 400 litres of safrole in August 2003. This detection and the subsequent joint operation undertaken with NSW Police, with the assistance of the ACC, led to the detection and dismantling of one of the largest MDMA laboratories seen in New South Wales.

### Investigations of AOSD Precursors

Customs investigates and prosecutes serious Customs offences including those relating to AOSD precursors under the Customs Act 1901 and the Criminal Code 1995. Customs also conducts financial investigations in accordance with the Proceeds of Crime Act 2002 for recovery of assets associated with criminal offences. Customs Investigations conduct independent investigations of precursors as well as establishing joint operations where assistance from State and Federal Police and the ACC is provided.

An example of Customs investigation and prosecution outcomes can be seen following an August 2004 detection of ephedrine by Customs officers carrying out mail screening duties in Brisbane. Following the detection, Customs investigators coordinated a managed delivery operation in Queensland and investigations leading to prosecutions in Queensland and South Australia. Warrants were executed by Customs investigators in three states and assets in excess of \$350,000 were seized as proceeds of crime. In May 2005, a Queensland man entered a guilty plea and was sentenced to 15 months imprisonment. A South Australian man also entered guilty pleas for money laundering and operating bank accounts in false names as well as the importation of the ephedrine. The result came from effective detection by Customs, and high levels of co-operation between Customs investigators and police in Queensland, South Australia and Victoria.

In August 2005 a joint Customs and AFP operation resulted in the arrest of four men from the southwestern suburbs of Sydney, and the seizure of approximately 400kg of ephedrine. The ephedrine was detected when Customs officers selected a shipping container, which had arrived from Vietnam, for examination. The four men were charged with conspiracy to import a prohibited import under the Customs Act 1901 and supply of a large commercial quantity of a prohibited drug under the NSW Drug Misuse and Trafficking Act 1985. The ephedrine had the potential to make 1,440,000 methamphetamine tablets with a street value of up to \$72 million.

### Training Initiatives

Recognising the threat of importation of AOSD precursors to facilitate domestic manufacture, Customs has sought and received funding under the National Strategy to Prevent the Diversion of Precursor Chemicals into Illicit Drug Manufacture, which has enabled Customs to deliver a series of precursor training courses to enhance the capacity of Customs officers to detect and deal with these substances at the border.

Four courses were delivered in 2005, providing training for seventy seven Customs officers. The courses incorporated presentations from a range of domestic and international experts and have generated significant positive outcomes in relation to subsequent detections, identification and acquisition of technologies and the development of information sharing networks. Six further courses will be delivered in the period to July 2007.

## Domestic Partnerships and Activities

Customs maintains strong relationships with domestic law enforcement agencies, regulatory agencies and the law enforcement intelligence and research communities. These relationships encompass active participation in joint agency groups and taskforces, intelligence exchange, and collaboration on research products. Much of this work either encompasses, or is specifically focused on AOSD matters.

### Relationship with Law Enforcement Partners

In relation to the ACC specifically, Customs and the ACC work very effectively together across a range of policy, operational and training matters. Of particular note in relation to AOSD are:

- Customs and ACC generation of and involvement in a number of joint operations that have led to significant seizures of AOSD as detailed above.
- Sharing of intelligence and other collaboration by Customs in relation to the identification of targets for ACC coercive examinations under the Amphetamines and Other Synthetic Drugs Intelligence Operation. Outcomes have included cases where the use of the ACC coercive examination process alone has led to some suspects ceasing activities that were facilitating the manufacture of AOSD on a large-scale.
- Collaboration on AOSD related training initiatives, including ACC involvement in the Customs Precursor Training Project.

Similarly, Customs has a strong and productive relationship with the AFP. Customs and the AFP have respective and complementary roles in relation to narcotics including AOSD. Customs has the natural role of detecting and intercepting narcotics at the border, as an integral element of its wider border responsibilities. This activity is complemented by the AFP, who takes a lead role in investigating narcotic goods importations, which can include the use of telephone intercepts and the authorising of controlled operations in certain circumstances. The strength of the relationship between Customs and the AFP has been essential to the outstanding results achieved in relation to AOSD seizures in recent years, including the world record seizure of one tonne of MDMA in May 2005. The ongoing strength of the relationship is further exemplified by Customs and AFP collaboration across a range of domestic and international training and intelligence sharing initiatives.

In addition to the key relationships with the AFP and the ACC, Customs also has excellent working relationships with the State and Territory Police Forces. Again these encompass key activities at the operational level, including participation in joint operations and tactical and operational intelligence sharing, as well as collaboration on training initiatives and in relevant policy.

### National Precursor Working Group

Customs is an active participant in the National Working Group to Prevent the Diversion of Precursor Chemicals into Illicit Drug Manufacture (the Precursor Working Group). The Precursor Working Group brings together stakeholders from relevant industry bodies, and regulatory agencies, law enforcement and health

agencies at both Commonwealth and State and Territory government level, and the Australian National Council on Drugs (ANCD). Since its inception in 2002, the Precursor Working Group has worked to develop and progresses a range of initiatives at a national level to prevent the diversion of precursors into illicit AOSD manufacture. One initiative of particular relevance in this respect is the Customs Precursor Training Project.

### Research Partnerships

Targeted research in relation to AOSD and other illicit drugs assists the development of Customs intelligence and targeting responses and its ability to predict operational needs. Such research also informs the process of identifying and setting Customs corporate priorities. As such, Customs is active in shaping the Australian drug research agenda and supporting and contributing to key research projects.

Customs plays a lead role in the National Drug Law Enforcement Research Fund (NDLERF) through representation on its Board of Management. The NDLERF promotes quality evidence-based practice in drug law enforcement to prevent and reduce the harmful effects of licit and illicit drug use in Australian society. Customs is particularly supportive of research that aims to increase knowledge about illicit drug markets and emerging drug trends including AOSD trends. A recent example is Customs co-sponsorship of the report 'The Sydney methamphetamine market: Patterns of supply, use, personal harms and social consequences' which provides valuable new insights into the methamphetamine market in Sydney.

Customs has also developed close partnerships with peak research bodies including the National Drug and Alcohol Research Centre (NDARC), to which Customs provides regular assistance. This includes ongoing input into the preparation of its Illicit Drug Reporting System, which covers key trends and developments in relation to key AOSD and other drug markets, as well as support to other specifically targeted research projects. Links have also been developed through collaboration on drug research and drug policy with other peak bodies including the Australian Institute of Criminology and the NSW Bureau of Crime Statistics and Research.

### International Partnerships and Activities

Customs maintains a range of international partnerships that contribute significantly to enhancing the effectiveness of supply reduction activities at the border and beyond in relation to AOSD and related precursor chemicals. In particular, Customs capacity building activities, participation in international operations and intelligence sharing arrangements enable key supply reduction results for a range of illegal drugs including AOSD and their precursors.

### Project PRISM

Customs is Australia's Central National Authority (CNA) for Project PRISM (Precursors Required In Synthetic Manufacture), which is coordinated by the International Narcotics Control Board (INCB). Project PRISM is an international project targeting key amphetamine-type-stimulant precursors that aims to assist Governments to develop and implement standard mechanisms and operating



procedures to more effectively control and monitor international trade and domestic distribution of these precursors, to prevent diversion and to assist international follow-up investigations of seizures by law enforcement authorities. As the Australian CNA, Customs acts as the single contact point for domestic and international agencies in relation to PRISM requests and activities in Australia. In addition to its CNA role, Customs also represents Australia on the Project PRISM task force as the focal point for Oceania. This involves functioning as the regional communication entity for PRISM within Oceania, as well as driving a range of other promotional and operational activities.

#### Regional Training Initiatives

Customs continues to deliver a range of capacity building initiatives to assist regional counterparts in their efforts to combat illegal activity in relation to AOSD, other drug matters and wider criminality. Of particular relevance to AOSD is the training in illicit drug and explosive precursor chemical detection and handling that was provided to Indonesia Customs in August 2005. Delivery of further precursor training within the region is planned for 2006. Complementing the focus on AOSD precursors, broader based training initiatives that can be applied to AOSD detection such as ship and air search training also continue to be delivered within the region.

#### Customs Asia-Pacific Enforcement Reporting System (CAPERS)

As part of work to foster international initiatives with narcotics related applications, Customs has undertaken co-sponsorship of the Customs Asia Pacific Enforcement Reporting System (CAPERS) - an internet based secure communication platform. Customs agencies in the United States of America and New Zealand are also co-sponsors. CAPERS is designed to encourage cooperation, communication and liaison between customs administrations by providing a news interchange facility on such things as drug concealment alerts, secure email, a library of resource material and customs-specific training material. Twenty-eight Asia/Pacific and Caribbean countries including the Oceania Customs Organisation (OCO) and Forum Secretariats have signed the CAPERS memorandum of understanding.

#### Overseas-Based Staff and Bilateral Agreements

Customs previous establishment of four international posts, namely Bangkok, Brussels, Tokyo and Washington (involving five staff) was expanded in late 2004. Two new posts were established in Jakarta and Beijing, each with one officer. The 2005-06 budget announcements included further funding to increase the number of Customs officers attached to the China post. The duties of Customs overseas posts include representing Customs at AOSD-related meetings, seminars, conferences and working groups.

Additionally bilateral agreements with a number of overseas Customs administrations offer a means of enhancing relationships with counterparts in other countries, particularly in relation to the exchange of information related to Customs activities including AOSD matters.

### International Organisations

Customs contributes to World Customs Organisation (WCO) initiatives to counter the illegal traffic in AOSD and other narcotics. Information is shared with the Regional Intelligence Liaison Office for Asia and the Pacific, currently based in Beijing. Customs also supports the WCO Enforcement Committee and has recently had a representative at meetings.

### Legislative Responses

Customs continues to develop and participate actively in the legislative responses designed to counter the illegal trade in AOSD and their precursors. Most recently Customs has contributed to the establishment of the *Law and Justice Legislation Amendment (Serious Drug Offences and Other Measures) Act 2005* (the SDO Act).

Customs was closely involved in the development of the SDO Act, which consolidated all federal drug offences into the *Criminal Code Act 1995* and increased the uniformity of drug offences in Australia. Of particular note in relation to AOSD, the SDO Act includes provision for newly emerged AOSD to be emergency scheduled, enabling rapid legislative response to emerging threats. Also, a number of new offences and increased penalties in relation to AOSD precursors were significant enhancements introduced through the SDO Act.

Given that the SDO Act has been in place for less than six months, it is too early for Customs to comment on the adequacy of the new legislative arrangements.

In addition to contributing to the development of the SDO Act, Customs has also worked with the Therapeutic Goods Administration to make several recent amendments to Customs legislation, including the addition of a number of emerging phenethylamines and tryptamines as prohibited imports and exports.

### Conclusion

AOSD will continue to pose a considerable challenge for Australian law enforcement agencies in the coming years. It is only by fostering expertise and capability within law enforcement and through law enforcement agencies continuing to work closely together – including with their regulatory, health and research partners – that the excellent outcomes that have been achieved in recent years in reducing the supply of these drugs to the Australian community will continue to be surpassed.