

# Strategic Analysis Paper

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## **Organised Crime Groups: A Transnational Security Threat to the Region North of Australia**

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### **Summary**

Organised crime groups are a global problem. They pose a transnational threat to all states, including nations immediately to the north of Australia. These non-state actors therefore pose a present and growing security threat to Australia and its immediate region, requiring focus and regional engagement to counter this threat.

### **Analysis**

Organised crime groups are involved in a range of illegal activities. They include the transnational trafficking of humans, weapons, illicit drugs, people smuggling, money laundering and financial crimes. Organised crime is a global problem, with regional and nation-state level implications. In Australia, the annual social and economic cost from the impact of organised crime on the Australian community is estimated to be \$10 billion to \$15 billion.

The nature of organised crime includes the facilitation of violence and personal harm, individual and economic costs, corruption, and undermining state institutions. The cumulative political and economic impact on individuals and states also places significant pressure on the maintenance of good governance in some regional states.

Criminal organisations often coordinate their illegal activities from outside the jurisdiction in which they operate and have a significant impact on the security of states, including those immediately to the north of Australia.

In Papua New Guinea (PNG), the Assistant Police Commissioner Awan Sete confirmed in January 2010 that two Chinese citizens arrested for the attempted assassination of high-profile local businessman, Mr Jason King, in Port Moresby were working in the nation's capital as Asian triad operatives. In December 2009, organised crime figures were also involved in another assassination attempt in Port Moresby, this time PNG's senior corruption fighter, Chief Ombudsman Chronox Manek.

Organised crime is a structure that includes two or more people whose purpose is to commit one or more serious crimes or offences for financial gain or material benefit. Motivated predominately by profit, the Australian experience of organised crime is broadly characterised by a combination of the following: domestic criminal groups involved in a variety of illegal activities; overseas-based criminal organisations which have networks in Australia, often having a shared ethnicity among its members; and a host of other criminal groups, such as paedophile networks and outlaw

motorcycle gangs. The Australian Attorney General has summarised these groups as ‘flexible, innovative and resilient’.

As non-state actors which challenge traditional notions and approaches to national security, organised crime groups pose a transnational threat to Australia, via a combination of illegal activities. They include the illicit drug trade, people smuggling, high-tech crimes, identity theft, financial crimes and money laundering. Their transnational nature in the region immediately to the north of Australia poses a risk to Australia’s national security.

In his inaugural National Security Statement of December 2008, Prime Minister Kevin Rudd stated that the ‘classical distinctions between foreign and domestic, national and international, internal and external have become blurred’. The changing global environment delivers a host of current and future non-traditional national security challenges. The threat posed by transnational organised crime groups results in a security environment that is at once complex, fluid and evolving. Traditional notions of the state and national security have been challenged in response to an array of present and evolving non-state threats, such as transnational organised crime.

The *modus operandi* of organised crime groups take advantage of globalised markets, advanced transport systems and new technology to continually change their methodology and counter law enforcement. Criminal groups will even seek to coerce and co-opt law enforcement and government officials, especially in weak states which have poor institutional controls.

However, globalisation is forcing regional law enforcement agencies to work closer together. At the 20th Interpol Asian Regional Conference in 2008, Vice Minister of Public Security, Mr Meng Hong Wei, said ‘As a result of the globalisation of regional economy, countries in the same region often share issues of common interest when dealing with trans-national crime. Cooperation, therefore, is essential and imperative.’ This theme was supported by Interpol’s Vice President for Asia, Mr Khoo Boon Hui who described ‘crimes which transcend national boundaries require actions and solutions which can only be achieved by acting at institutional, transnational level rather than by any individual country’.

Regional engagement by Australia is a crucial component in developing sustainable law enforcement and policing strategies that limit and reduce the incidence of organised crime activity across the region. However, the funding accorded to law enforcement agencies by governments across Australia’s immediate northern region, including Indonesia, Timor Leste, Papua New Guinea, Solomon Islands and Vanuatu, is uneven. The impact of the Global Financial Crisis has adversely affected the fiscal situation of these states, with law enforcement just one in a long line of competing state demands and priorities that regional governments have to deal with.

If regional states find it difficult to adequately fund and build capability in their law enforcement agencies, then efforts to fight organised crime become all that much harder. If efforts to identify, investigate, monitor, disrupt and prosecute transnational organised crime groups across the region declines, the risk to states increases as current and emerging groups operate undetected within, and across, state borders. If regional law enforcement efforts are constrained, even curtailed, due to the domestic economic situation of a state, then organised crime groups will gain a more favourable operating environment to conduct their illegal activities, including the transit of illicit drugs and people into Australia.

### *A New Crime-Fighting Approach that can be Exported to the Region?*

The Commonwealth Organised Crime Strategic Framework, announced by the Australian Government on 25 November 2009, is Australia's attempt at reducing the national security threat posed by organised crime groups and their transnational activities, including illicit drug trafficking and people smuggling. The Australian Government has sole jurisdiction over organised crime matters with an overseas or border aspect. Crimes that originate outside Australia, however, often have domestic components and therefore require a system that improves capability across jurisdictions, including areas of interoperability, intelligence and information sharing. The purpose of this new strategic framework is that it links international and domestic trends and developments that deal with organised crime.

There are three key elements to this new framework, the first being the Organised Crime Threat Assessment (OCTA). The OCTA will provide stakeholders with a picture of the most serious threats and harm posed by organised crime, improve the sharing of information and intelligence between agencies.

The second element is the development of an Organised Crime Response Plan (OCRP), which recognises that any response to organised crime must be done with an understanding of the nature and characteristics of organised crime and the operating environment in which it moves. The OCRP will also assist in aligning resources against the priorities identified by the OCTA.

Thirdly, a whole-of-government response, including the creation of Taskforces, will see a range of Commonwealth agencies, both law enforcement and non-law enforcement, including those with an intelligence, prosecutorial and policy function. Also, state, territory and international partners are recognised as integral partners in the fight against organised crime.

Identifying emerging trends presents an ongoing challenge to government and law enforcement as how best to build capacity and allocate sufficient resources in the fight against organised crime. A variety of Australian Government agencies contribute to the overall law enforcement capabilities which seek to disrupt, investigate and prosecute organised crime. They include the Attorney-General's Department, Australian Federal Police (AFP), Australian Customs and Border Protection Service, Australian Securities and Investment Commission, Australian Crime Commission (ACC), as well as state and territory police forces. Other agencies, such as the Department of Immigration and Citizenship, Australian Transaction Reports and Analysis Centre (Austrac), CrimTrac, and the Australian Intelligence Community also contribute to the overall national law enforcement and criminal intelligence capacity. Australia is a regional leader in this field and interregional intelligence sharing, along with police-to-police assistance, are vital components in the fight against transnational criminal threats.

New cross-border agreements currently under negotiation between Australia and the Attorneys-General of the United States, United Kingdom, Canada, and New Zealand could also be extended across the region. The Association of South East Asian Nations and the Pacific Islands Forum are two regional multilateral fora that can continue to be vehicles for dialogue and partnerships in the fight against the threat from transnational crime. While being mindful of the different leadership and cultural approaches across the region, Australia should continue to take a lead role in its capacity as a regional power. Through middle power diplomacy, Australia should continue to strongly advocate and

to support law enforcement engagement across the regions. Presently, the AFP-initiated Pacific Transnational Crime Network (PTCN) has Transnational Crime Units (TCU) in PNG, Vanuatu, Fiji, Samoa and the Federates States of Micronesia. There are smaller 'mini-TCU' in Kiribati, Palau, the Commonwealth of the Northern Mariana Islands and the Marshall Islands. Established in July 2002, the PTCNs have significantly reduced operational costs for the AFP and through regional engagement, increased the capacity of Pacific island state police forces.

International liaison coordination and cooperation occurs between several Australian law enforcement agencies and their regional counterparts. One example is the ACC use of the AFP International Liaison Officer Network and Interpol to obtain information relevant to both ACC tactical and strategic activities from law enforcement agencies overseas as well as to disseminate intelligence reports and assessments domestically and to a number of overseas law enforcement authorities. In addition, the AFP is deployed internationally and across the region and has an International Training Team which holds a series of training programs from surveillance to law enforcement intelligence. As organised crime groups continue to demonstrate their resilience and ability to adapt, greater cooperation and international liaison is a vital component in dealing with current and future transnational threats.

### *Illicit drug trafficking*

The 2009 United Nations Drug Report claims that the drug crisis of the 1990s appears to be under control. In 2009, the ACC stated that there was a gradual increase in the Australian heroin market but trends in national arrests and seizures indicated that the heroin market was becoming relatively stable. The number of heroin seizures and arrests in Australia are lower than that reported earlier in the decade, an assessment supported by the United Nations Office on Drugs and Crime (UNODC). Increases in illicit opium production in south-west Asia, however, and reports that the region is becoming a growing source for heroin seized in Australia, indicate a need for an ongoing strategic approach to stem and disrupt the transnational flow of heroin across the region. Such a strategy highlights the need for close cooperation and liaison with regional governments and law enforcement agencies.

Some states in the immediate region to the north of Australia continue to operate under severe financial constraints that result in limits in the capabilities of law enforcement and border protection agencies. Therefore, the development and implementation of strategies should be mindful of the constraints that law enforcement are faced with, especially against the transnational threat posed by organised crime groups trafficking illicit drugs.

Recruitment into organised crime is easier where economic opportunities are minimal and the marginalisation of a growing cohort of young working age people move away, or rejected from, traditional societal institutions. Millions of people search daily for an alternative to their circumstances of limited economic opportunities and poor life outcomes. Such people, without strong adherence to societal norms and values may be more inclined to condone, even conduct, criminal behaviour. Cumulatively, this can result in the undermining of the legitimacy of the state. It can also reduce the effectiveness of already stretched state resources. This environment makes it easier for organised crime groups to recruit members, especially from those searching for the opportunity to acquire money, status, even purpose.

The anomaly, however, is that many drug addicts and problem drug users live in developed nations such as Australia. Such nations are generally well resourced to tackle drug abuse when compared against poorer, more dangerous

states, which are undermined by the consequences of crime, corruption and adverse life outcomes for citizens. The end-state of activities conducted by organised crime groups is an unsafe and weaker state and can result in a more unstable geo-strategic environment. With the sole motive of organised crime groups being profit and material gain, illicit drug trafficking is just one form that will challenge law enforcement resources.

Australia must continue to improve efforts at regional engagement, especially in law enforcement. Also, those nations identified as most in need of law enforcement cooperation and support should receive the bulk of Australia's assistance. The Commonwealth Organised Crime Strategic Framework could become a template for export to the region, providing information and criminal intelligence to states with poor law enforcement capabilities. Organised crime is not a single-state issue and therefore will continue to pose a transnational threat as they exploit and profit from favourable conditions across the region. Therefore, an Australian-led approach to improving greater regional engagement offers the best chance of tackling this growing transnational security threat.