



LEGISLATIVE COUNCIL

PORTFOLIO COMMITTEES

## **BUDGET ESTIMATES 2021-2022 Supplementary Questions**

**Portfolio Committee No. 5 – Legal Affairs**

**POLICE**

Hearing: Wednesday 1 September 2021

Answers due by: Thursday 30 September 2021

## **CRIME COMMISSION NSW RESPONSES TO SUPPLEMENTARY QUESTIONS**

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# POLICE

## Questions from the Hon Adam Searle MLC

### New South Wales Crime Commission

#### Questions 1-16 directed to Michael Barnes, Crime Commissioner

- The information provided in responses is mostly provided from the unpublished NSW Crime Commission Annual Report Tables for the 2020-21 Reporting Period.
- The NSW Crime Commission *Annual Report 2019-2020* page 9 provides a table of highlights for the reporting year.
    - What are the numbers for each highlight since the Annual Report was published, including how many joint arrests and how many charges, the value of the confiscation orders etc.?

#### Answer:

The value of confiscation orders under the *Criminal Assets Recovery Act 1990* for the year ended 30 June 2021 (being the 12 months following the period covered by the 2019-2020 *Annual Report*) was \$50,825,309.

Category	2019/20	2020/21
Joint Arrests	118	175
Charges	525	833
Intelligence and information reports disseminated under <i>Crime Commission Act 2012</i>	733	802
Summonses / coercive hearings	72	87
Technical deployments	638	618

- Since the commencement of the Covid-19 pandemic, the Crime Commission has detected significant increases in the wholesale price of drugs, with increased profits for organised crime groups: *Annual Report 2019-2020*, page 23.
  - Has the Crime Commission detected further increases in wholesale drug prices since these figures were published?
    - If so, what are those increases?
  - How has this been impacted by the current Covid-19 situation over the past 11 weeks?
  - What has been the operational response to this by the Crime Commission?

**Answer:**

- a) The Commission has noted an increase in the wholesale price of cocaine which has been seen to go as high as \$280,000 to \$300,000 per kilogram. Methyl amphetamine ('ice') has remained consistent after an increase in cost early in the pandemic; heroin has increased but is still not as expensive as what was seen in pre-pandemic prices.
  - b) The Commission is unable to meaningfully comment – 11 weeks is not sufficient time to assess trends.
  - c) The price of drugs doesn't alter the Commission's response to the investigation and disruption of serious drug crime – the Commission remains committed to investigating the distribution of prohibited drugs in NSW along with its law enforcement partners.
3. The Crime Commission has reported in the most recent Annual Report at page 23 that a number of established money laundering networks had ceased trading activities during early 2020.
- (a) What has been the experience since early 2020, and – in particular – over the last 11 weeks?
  - (b) Has the decline or ceasing of trading activities been more pronounced in different industries?
    - i. Please provide details.

**Answer:**

- a) Efforts by organised crime groups ('OCGs') to transfer funds offshore have been hampered by Covid-19 in the last twelve months. This has led to significant cash storage, and in several cases, large cash seizures made by law enforcement. The Commission is unable to meaningfully comment on the extent to which money laundering networks have specifically been impacted over the last 11 weeks.
  - b) The closure of the Sydney casino has eliminated opportunities for money laundering and the lack of travel and immigration has reduced opportunities for 'cuckoo smurfing'. The movement of cash across state borders has also been more difficult.
4. How does 'cuckoo smurfing' (using unwitting third parties and their bank account details to launder money) work in practice?

**Answer:**

Please refer to the Australian Federal Police factsheet at:

<https://www.afp.gov.au/sites/default/files/PDF/en-cuckoo-smurfing-factsheet.pdf>

5. Has there been any changes to the practice of *'cuckoo smurfing'* to launder money this year?
- (a) If so, what are those changes?
  - (b) Over what time period were any changes detected?
  - (c) What are the drivers of any changes?

**Answer:**

- a) A reduction in travel and immigration has reduced the opportunity for *'cuckoo smurfing'*.
- b) Changes have been identified since closure of the international border in 2020.
- c) In addition to a reduction in foreign travel, Australian banks are more proactive in identifying and reporting suspicious activity per their "know your customer" requirements.

6. Last year, the Crime Commission reported that reduced international travel due to Covid had interrupted the importation of illegal drugs into Australia. Did these importation activities recover in the later part of 2020?

**Answer:**

Yes, the illegal importation of prohibited drugs recovered in the later part of 2020 and continues to at the time of writing.

7. Has the importation of illegal drugs into Australia declined this year?

**Answer:**

The Commission cannot comment authoritatively on whether or not the importation of illegal drugs into Australia has declined this year – these are matters for Australian Border Force and the Australian Federal Police.

8. What has been the impact of the current Covid outbreak over the last 11 weeks on drug importation activities?

**Answer:**

The Commission cannot comment authoritatively on the impact of Covid over the last 11 weeks on drug importation activities – these are matters for Australian Border Force and the Australian Federal Police.

9. What has been the impact of the current Covid outbreak over the last 11 weeks on drug distribution activities throughout NSW?

**Answer:**

The time period is too short to draw a meaningful conclusion. OCGs subject of investigation by the Commission and its partner agencies continue to involve themselves in the distribution of large quantities of prohibited drugs.

10. Have local residents been recruited into the collection and distribution of illegal drugs that have been imported into Australia to a greater degree since the commencement of the pandemic, as apprehended at page 24 of the *Annual Report*?

**Answer:**

Yes, local residents have been recruited into the collection and distribution of prohibited drugs since the commencement of the Covid pandemic.

11. How effective have the increased use of dedicated encrypted networks been in disrupting the activities of organised crime networks?

- (a) Can you provide details of how dedicated encrypted networks have been applied to this task?

**Answer:**

The Commission does not use dedicated encrypted networks or communications devices (DECDs) to disrupt organised crime networks. Rather, DECDs are used by OCGs to facilitate their criminal activities, making it difficult for law enforcement agencies to gather intelligence and evidence about their criminal activities.

12. Given the restrictions on movement during the Covid outbreaks last year and this year, has the Crime Commission detected any increase in the use of identity theft and online activities?

**Answer:**

The Commission does not investigate identity theft and online activity as a crime type itself, but considers it incidentally as an enabler for other types of crime. The use of this criminal methodology has been consistent throughout the pandemic.

13. In the most recent *Annual Report* at page 24 the Crime Commission referred to several instances of persons entering Australia possessing and using fraudulent NSW drivers' licenses. Since the publication of this report, has the CC detected further instances of persons who have been permitted to enter Australia possession and using fraudulent NSW documentation of any kind?
- (a) If yes, please provide details.

**Answer:**

The number of people entering Australia and NSW has reduced substantially due to the closure of borders during the Covid pandemic. The Commission is aware of further instances of organised crime entities using fraudulent identification for various purposes, but not to enter NSW.

14. In the most recent *Annual Report* at page 24 the Crime Commission indicated that financial institutions did not look for the type of methodology being used, small cash deposits of less than \$10,000.
- (a) What steps has the CC taken to educate financial institutions about this?
- (b) What have been the results of any steps taken?
- (c) Have financial institutions changed their scrutiny of such transactions?

**Answer:**

The Commission continues to liaise with financial institutions regarding this methodology. Further, the Commission is a member of the Fintel Alliance, an AUSTRAC-led initiative to increase the resilience of the financial sector to criminal exploitation and support law enforcement investigations into serious crime and national security matters. Such matters are raised and examined through this forum.

15. Since the publication of the *Annual Report* page 27, how many persons have been the subject of referrals for consideration for confiscation proceedings?
- (a) How many in 2021?
- (b) How many referrals were made from each source?
- (c) How many defendants have been proceeded against in 2021?
- (d) What is the estimated realisable value by referral and by order sought for 2021?

**Answer:**

- a) In the 12 months ending 30 June 2021, the number of referrals decreased to 769 people compared with 1,544 in the 2019-2020 year. This significant drop in number the number of referrals is the result of a new triage system introduced to ensure that matters which are clearly not viable for confiscation proceedings are culled.

- b) The vast majority of referrals are from the NSW Police Force.  
Please refer to page 31 (Table 17) of the 2019-2020 Annual Report for a breakdown of referral sources for all matters finalised during the reporting period.
- c) During the year ended 30 June 2021, the Commission commenced proceedings under the *Criminal Assets Recovery Act 1990* against 94 persons.
- d) The table below shows the estimated realisable value by order type for the year ending 30 June 2021:

Type of Order	Orders	Estimated Realisable Value (\$)
AFO	58	29,898,630
UWO	26	17,805,229
PAO	8	2,168,595
BOW	0	0
Other – order to pay ATO*	2	952,855
<b>Total</b>	<b>94</b>	<b>50,825,309</b>

\* payable to the Commonwealth government

16. Can you please provide the committee with updated versions of each table in the 2019-2020 Annual Report, with information for the 2020-2021 year?

**Answer:**

The Commission's 2021/21 Annual Report will be made available once finalised.