



Families and Friends for Drug Law Reform (ACT) Inc.

committed to preventing tragedy that arises from illicit drug use

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Mr Jonathan Curtis
Committee Secretary
Parliament Joint Committee on the Australian Crime Commission
Parliament House
CANBERRA ACT 2600

Dear Mr Curtis

Thank you for your emailed letter dated 17 October with the proof Hansard transcript of evidence for the Committee's public hearing on Thursday 13 October. Your letter stated that the Committee would welcome any additional information or comment relating to our own or others' evidence. I am grateful for the opportunity to provide a supplemental submission to expand on some points. For the most part they relate to questions that Senator Ludwig asked.

Reducing supply or reducing the demand for drugs

In the National Drug Strategy for 2004-2009, under the overarching umbrella of prohibition, the national policy of harm minimisation to which all governments have committed themselves is described in the following terms:

“Harm minimisation is consistent with a comprehensive approach to drug-related harm, involving a balance between demand reduction, supply reduction and harm reduction strategies. It encompasses:

- supply reduction strategies to disrupt the production and supply of illicit drugs, and the control and regulation of licit substances;
- demand reduction strategies to prevent the uptake of harmful drug use, including abstinence orientated strategies and treatment to reduce drug use; and
- harm reduction strategies to reduce drug-related harm to individuals and communities.” (p. 2).

Law enforcement is the only policy lever that is used to reduce the supply of drugs at the wholesale level. Law enforcement at the retail level is also thought to play a role in demand reduction. In this it is only one of a number of measures at the disposal of government.

There is much research and supporting data to indicate that non-law enforcement measures, notably treatment, reduce demand for drugs, and that demand side effort, rather than supply side effort, is most effective.

A reduction in demand is a reduction in net crime as much as a reduction in supply and can also have a reducing effect on the supply of drugs. Taking a more global view can more effectively achieve the crime reduction objectives of the ACC.

On the basis of an American study mentioned below, treatment is seven times more effective than law enforcement than domestic law enforcement in achieving a reduction in the drug market. Treatment can take users from the market and thus reduce the demand and weaken the distribution system. A person in treatment (eg on a methadone or buprenorphine or in an abstinence program or as in Europe on prescription heroin) does not use street drugs and does not deal drugs to support a habit. If there is no demand or reduced demand the supply will drop away.

Influences on drug market

The Committee questioned us about the impact on drug markets of measures other than law enforcement directed at supply reduction. An illicit drug market, like a market for any other commodity can be affected by many influences. These may have impact on:

- ◆ wholesale supply;
- ◆ retail supply;
- ◆ retail demand.

Factors other than law enforcement may impact on wholesale supply. These could include shortage because of production problems such as poor harvests, shortage of precursors needed for manufacturing, demand from other markets or decisions by suppliers. The heroin drought and associated flood of methamphetamines would seem to have been an interplay of these factors.

Supply to a retail market is affected by the efficiency of the distribution system. Constraints may be poor transport links, monopolistic inefficiencies and a shortage of retailers. Law enforcement may have an impact on such factors. In this sense, law enforcement targeting those factors is also a supply reduction measure.

Retail demand is, of course, crucial to the maintenance of the market. The range of factors that may impact upon demand can include:

- ◆ perceived benefits of the commodity;
- ◆ advertising;
- ◆ addictiveness;
- ◆ fashion;
- ◆ deterrence; and
- ◆ withdrawal of consumers from the market.

In the case of illicit drugs some of these factors may be more amenable to influence by policy measures. Little, if anything, can be done directly to counter the addictive nature of most illicit drugs but education about drugs in schools and publicity campaigns may seek to change perceptions of their benefits and otherwise reduce perceptions of their attraction. Their attraction may be influenced by messages that confirm or challenge whether consumption of illicit drugs is “cool”, “boring”, forbidden fruit or foolishly dangerous.

Law enforcement is given a role in demand as well as supply reduction. The most obvious demand reduction role is attempted deterrence of new and existing consumers. The deterrence of existing consumers shades into motivating dependent drug users into treatment. Whether the benefits associated with motivating users to enter treatment outweighs the harms that law enforcement is known to inflict on users is questionable. What is certain is that treatment is a most effective means of securing withdrawal of dependent users from the illicit drug market. Some evidence for this is mentioned below.

Before doing so, it needs to be recognised that the withdrawal of dependent users may impact on supply at the retail level as well as demand. This is because of how illicit drugs are marketed at the retail level. Unlike most retail commodities which are sold to the consumer by retailers separate from the consumer, the grass root supply of illicit drugs is generally in the hands of those who use as well as sell. By this means, many users secure the finance for their own habit. Where other legitimate sources of finance are inadequate, many dependent users see dealing as preferable to cheating families and friends, theft or prostitution. Withdrawal into treatment of a large number of user dealers from the market will weaken the retail distribution system as well as reduce demand and reduce the induction of new users.

What indicators are available to throw light on whether one rather than another of the possible influences on the illicit drug market is effective? In the context of measuring the performance of law enforcement, what indicators might show whether, for example, it is increased law enforcement effort or easier access to treatment that is responsible for a reduction in the number of people using illicit drugs?

Performance indicators of wholesale level supply reduction

Supply reduction at the wholesale level would be reflected in market indicators such as higher wholesale and retail prices, lower retail quality and widespread reports from surveys of reduced retail availability. However there needs to be an additional measure to enable law enforcement to take credit for this trend.

On the analogy of fishing, a declining catch for a constant effort would point to a decline in fish stocks. The explanation for this decline in supply would not need to rely exclusively on criminal intelligence. With good estimates of the size of the drug market, as we have recommended which can and should be regularly made, it would be possible to judge whether seizures as a proportion of consumption had changed. Trends of high seizure proportions would point to law enforcement being responsible. Trends of similar or lower seizure proportions would point to a non-law enforcement explanation. See the table below:

Measures	Supply reduction caused by law enforcement	Supply reduction caused by other measures
Seizures as a proportion of drug market	High	Similar or low
Wholesale and retail prices	Rising	Rising
Retail quality	Falling	Falling
Retail availability	Falling	Falling

In contrast to a steady reduction over a lengthy period, a sudden large reduction in supply as occurred in the heroin drought is not consistent with law enforcement tightening supply. As charts in our submission showed, there was a sudden change of drug market indicators from about Christmas 2000: a sharp rise in price, an equally decline in purity and widespread reports of reduced availability. In the absence of near elimination of heroin imports by law enforcement interdiction or disruption of criminal networks - unprecedented occurrences and possibilities negated by steeply increasing importations of methamphetamines through similar channels and from similar sources – other factors were clearly responsible. Criminal intelligence identified the immediate cause as a decision of heroin financiers to withdraw from the Australian market. Even if this was influenced by Australian law enforcement, it was made in a context of a source country heroin supply shortage and rising demand elsewhere. Law enforcement did not bring about this market shortage and could not replicate it.

Retail level supply reduction and demand reduction

A reduction in retail supply would be indicated by rising retail prices and surveys reporting reduced retail availability. If law enforcement were responsible then one would expect the effect to be localised.

Reduced demand would be evident from surveys of declining levels of consumption combined with drug market indicators showing declining price, rising or steady purity and survey reports of greater availability. Thus, the market indicators would be the reverse of what one would expect from supply reduction at the wholesale level.

Measures	Retail supply reduction caused by law enforcement	Demand reduction
Retail prices	Rising	Falling
Retail availability	Falling	Rising
Retail purity		Rising
Consumption		Falling
Effect localised	Yes	

See appendix A for a full explanation.

In contrast to weak evidence of the success of law enforcement in reducing demand, there is persuasive evidence that treatment has a much greater potential of doing so (up to seven times more effective). There are many studies that show that a wide range of treatments from abstinence based rehabilitation to substitution therapies involving drugs like methadone and buprenorphine lead to big reductions in acquisitive crime by dependent users. Given that dealing is a common means by which dependent drug users finance their habit, treatment, if widely enough accessible and if it attracts a significant proportion of the user population, can disrupt the retail distribution system for illicit drugs. This disruption is in addition to the impact on the market of withdrawal of the users themselves.

For a fuller explanation see appendix B.

Conclusion

This supplementary submission has considered the point raised during the hearing of the extent that it may be possible to develop performance measures for the effectiveness of drug law enforcement directed at wholesale and retail supply, and demand reduction. Our submission had considered only performance measures for wholesale supply reduction. A measure is useful as a measure of the effectiveness of law enforcement only if it is capable of distinguishing between that influence and other possible measures. The submission pointed to the application that may be made of a comparison of drug market indicators like price, purity and availability with the results of law enforcement activity such as seizures at the wholesale level. A similar analysis could be made of law enforcement directed at retail levels. The assessment of law enforcement at this level is likely to be more complex, though, because of other measures of government policy (as well as other factors) that may influence demand. In particular it would be important to distinguish the effect of retail level law enforcement in reducing demand from that achievable by the well recognised benefits of treatment of dependent users.

The development of performance indicators for retail supply and demand reduction is possible. Much of the information required such as the age of initiation, the number of new

users, the frequency of drug use among users, the quantity of drug use per day among users and the number of dependent users entering treatment is already gathered. Additional sources of information may need to be developed, particularly to detect the impact of localised supply and demand reduction measures. If only because of the high cost of drug law enforcement and the incidental harm that it is known to cause, Families and Friends for Drug Law Reform has no hesitation in urging that the ACC undertake such assessments.

Resources should be allocated on the basis of the effectiveness of the various programs, ie supply reduction or demand reduction, and a more holistic approach taken. There appears to be little if any attempt to make such a rational allocation. It would seem logical that if one method of reducing usage of drugs is better and has the effect of also reducing the drug market and thus achieving the ACC's objective of reducing crime, then that method should be appropriately supported and resourced.

B McConnell
President

Appendix A

Performance indicators of retail level supply and demand reduction

Whether there is a shortage of supply in a retail rather than the wholesale market would be revealed by rising retail prices and surveys reporting reduced retail availability going hand in hand with information from criminal intelligence of no increase in import prices or other prices close to the point of production. One would expect retail supply shortages to be localised i.e. not be manifested across all retail markets supplied from the same sources. That such retail discrepancies exists across Australia is strongly suggested by variations in drugs detected in differing proportions of police detainees at various sites as part of the Institute of Criminology's Drug Use Monitoring Program (DUMA). Localisation would certainly be evident if law enforcement were responsible for the retail supply shortage. It would flow from intense policing in a particular area, say Cabramatta, involving an effort beyond law enforcement capacity to mount across the whole country. One would also expect displacement. "Drug markets are rather like a squishy balloon: apply pressure to them in one place and there will be some diminution of the problem, yet it is likely that the market will balloon out in another place or on an adjacent site, involving new and possibly more cautious or sophisticated dealers and perhaps a different range of drugs. These outcomes are, respectively, examples of geographical, social and substance displacement."¹

Law enforcement at the level of retail markets is in the hands of state and territory law enforcement agencies. It would probably require the additional surveys and additional sources of information if the ACC were to attempt performance measures of such law enforcement effort.

Reduced demand would be evident from surveys of declining levels of consumption combined with drug market indicators showing declining price, rising or steady purity and survey reports of greater availability. Thus, the market indicators would be the reverse of what one would expect from supply reduction at the wholesale level. Because demand reduction measures work up from the bottom of the market rather than from the top down, to detect their effect it may be necessary to gather regional drug market measures of price, purity and availability. The illicit drug reporting system and other regular surveys are carried out a state-by-state basis. In the case of demand reduction, indicators like seizure of law enforcement achievement may even increase in an environment of demand reduction.

Guidance on whether law enforcement working as a deterrent or serving to withdraw users from the market by arrest or motivating them to undertake treatment can take credit for a reduction in demand may be obtained through surveys of users or potential users. It would be most unlikely, though, that law enforcement was responsible for a decline in demand if there was no significant change in the level of law enforcement activity compared to period when demand was static or rising. A recent review of the role of police in preventing and minimising illicit drug use and its harms refers to "concerns that some drug law enforcement practices are detrimental to public health and safety". Families and Friends for Drug Law Reform shares these concerns. For example, the study points "to evidence that aggressive street-level drug law enforcement has prompted some heroin users to engage in

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1. Dorn N, Murji K. "Low level drug enforcement" in *International Journal of the Sociology of Law* 1992, vol. 20, pp. 159-171 at p. 170 quoted in Catherine Spooner, Mark McPherson & Wayne Hall, *The role of police in preventing and minimising illicit drug use and its harms*, NDLERF Monograph Series No. 2 (Funded by the National Drug Law Enforcement Research Fund, an initiative of the National Drug Strategy, [Marden, SA], 2004) pp. 73-74.

unsafe injection practices.”²² These concerns are heightened by the paucity of evidence that law enforcement at the retail level actually serves to achieve any significant reduction in demand by deterrence or motivating dependent users to undertake treatment. This uncertainty makes it all the more important that effort be put in to the establishment of law enforcement performance measures for this aspect of drug law enforcement.

2. Spooner *et al. op. cit.* pp. 78-80 at p. 78.

Appendix B

Impact of treatment in reducing demand

In contrast to weak evidence of the success of law enforcement in reducing demand, there is persuasive evidence that treatment has the potential of doing so. There are many studies that show that those on a wide range of treatments from abstinence based rehabilitation to substitution therapies involving drugs like methadone and buprenorphine lead to big reductions in acquisitive crime by dependent users. Given that dealing is a common means by which dependent drug users finance their habit, treatment, if widely enough accessible and if it attracts a significant proportion of the user population, can disrupt the retail distribution system for illicit drugs. This disruption is in addition to the impact on the market of withdrawal of the users themselves.

A highly regarded study on the control of cocaine undertaken by the Drug Policy Research Center of RAND in California compared the relative effectiveness of treatment with various forms of law enforcement in achieving a reduction in the number of users, the quantity of the drug consumed and the societal costs of crime and lost productivity that arise from use of the drug. The study estimated that “the costs of crime and lost productivity are reduced by \$7.46 for every dollar spent on treatment.” Described in other terms, domestic law enforcement, the most efficient form of law enforcement, “costs 4 times as much as treatment for a given amount of user reduction, 7 times as much for consumption reduction, and 15 times as much for societal cost reduction.”³

Addiction, being a chronic relapsing condition, it is to be expected that many users will leave treatment early or relapse before they achieve long term abstinence. To the objection that for this reason treatments tend to be ineffective the study has an interesting response:

“... this report concludes that treatment of heavy users is more cost-effective than supply-control programs. One might wonder how this squares with the (dubious) convention wisdom that, with treatment, ‘nothing works.’ There are two explanations. First, evaluations of treatment typically measure the proportion of people who no longer use drugs at some point after completing treatment; they tend to underappreciate the benefits of keeping people off drugs while they are in treatment—roughly one-fifth of the consumption reduction generated by treatment accrues during treatment. Second, about three-fifths of the users who start treatment stay in their program less than three months. Because such incomplete treatments do not substantially reduce consumption, they make treatment look weak by traditional criteria. However, they do not cost much, so they do not dilute the cost effectiveness of completed treatments.”⁴

The benefits of treatment in reducing illicit drug consumption and acquisitive crime is being demonstrated in Australia by the Australian Treatment Outcome Study for heroin dependency. For example, the report of the outcome after twelve months in New South Wales reported the following reductions in criminal activity at baseline compared to 12 months according to the form of treatment that users were in at the commencement (maintenance

3. C. Peter Rydell and Susan S. Everingham, *Controlling cocaine: supply versus demand programs prepared for the Office of National Drug Control Policy, United States Army* (RAND, Drug Policy Research Center, Santa Monica, 1994) pp. xv-xvi.

4. *Ibid.*, pp. xvii-xix.

therapies like methadone, detoxification, residential rehabilitation) compared to a group not in treatment then. Maintenance therapies were associated with the most striking reductions in dealing:

	Maintenance Therapies (N=167)		Detoxification (N=171)		Residential rehabilitation (N=104)		Not currently in treatment (N=53)	
	BseLine	12mth	BseLine	12mth	BseLine	12mth	BseLine	12 mth
Any crime in preceding mth (%)	47	19	59	25	56	25	60	40
<i>Type of crime committed (%)</i>								
Property	31	14	40	17	44	12	42	25
Dealing	20	6	25	11	23	11	40	23
Fraud	10	2	15	5	24	7	21	15
Violent	4	2	12	2	8	0	2	2

SOURCE: Maree Teesson et. al., (2003) *Twelve month outcomes from the treatment of heroin dependence: findings from the Australian Treatment Outcome Study (ATOS), New South Wales* (Technical report no. 191, National Drug and Alcohol Research Centre, University of New South Wales, Sydney) p. 21.

The report added that “Reductions in self-reported criminal activity were paralleled by reductions in the percentages of respondents who reported criminal activity as their major source of income. Specifically, the percentage of people reporting criminal activity fell from 17% to 2% among those entering [maintenance therapy], from 24% to 4% among those entering detoxification and from 26% to 2% among those entering residential rehabilitation. In contrast the reduction in the percentage of people in the non-treatment group who reported criminal activity as their primary income source was less marked: from 32% to 17%” (*ibid.*, 21).

Crime reductions accompanying methadone maintenance treatment has been carefully assessed in a lot of studies. For example, a large American one reported an 80% reduction in “drug business” among 491 male patients after stabilization in methadone maintenance treatment:

Offense	Pretreatment: last addiction period		In treatment 6 months or longer		Percent reduction	
	No. of offenses	No. of addicts	No. of offenses	No. of patients	No. of offences	Persons
Drug business	78,548	284	15,264	80	-80.6%	-71.8%
Total	242,358		50,103		-79.3%	

SOURCE: From table 10.4 at John C. Ball & Alan Ross, *The effectiveness of methadone maintenance treatment: patients, programs, services, and outcomes* (Springer-Verlag, New York, Berlin &c, 1991) p. 202.

There was a huge reduction in the prevalence of dealing by those on the Swiss heroin prescription programme and an even more striking reduction in the incidence of dealing – 92%. In other words, in addition to the high proportion who stopped dealing entirely, those who continued dealing did so far less.

Drop in prevalence and incidence rates of self-reported drug dealing after one year of treatment in the Swiss programme of heroin prescription, compared to the time before admission (reference period of 6 months, N=305).		
<i>Offense type</i>	<i>Prevalence rates</i>	<i>Incidence rates</i>
Selling "soft" drugs	– 52 %	– 76 %
Selling "hard" drugs	– 83 %	– 92 %

SOURCE: Extracted from table 6 at Martin Killias, Marcelo Aebi and Denis Ribeaud, “Key findings concerning the effects of heroin prescription on crime” in *Heroin-assisted treatment: work in progress* edited by Margret Rihs-Middel, Robert Hämmig & Nina Jacobshagen (Verlag Hans Huber, Bern etc, 2005) pp. 193-98 at p. 195.