

CHARACTERISTICS AND DYNAMICS OF COCAINE SUPPLY AND DEMAND IN SYDNEY AND MELBOURNE.

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Shearer, Johnston, Kaye, Dillon & Collins (2005).

Plain English summary and implications for police prepared by Roger Nicholas.

Methodology

This study involved surveying 298 cocaine users from Sydney and Melbourne. The users were surveyed via face to face contact, by telephone or via a web-based questionnaire. This group also included 20 'for profit' cocaine dealers. The study sought to describe the breadth (in terms of types of dealers and users) and depth (length of supply chains and overlap with other drug supply) of the cocaine market.

Key findings:

- The estimated total annual cocaine consumption in both cities was 2,916 kilograms. This would require the importation of 1,458 kilograms of high grade cocaine per annum. These estimates indicate that the seizures of hundreds of kilograms of cocaine in recent years at the Australian border were not aberrations, but were consistent with the quantities needed to satisfy current levels of demand.
- The study identified two distinct groups of cocaine users. The first were employed, well educated, socially and economically integrated users who occasionally snorted cocaine, typically with a range of other licit and illicit drugs. This group did not contain many individuals of high economic status, who are traditionally associated with cocaine use. Their cocaine use was funded through paid employment (or 'shouting' by friends), and the group primarily used cocaine in private social settings such as homes and at private parties. This group reported very few cocaine-related problems, largely because they used cocaine irregularly and at a low level.
- The second group of users identified were socially and economically marginalised users predominantly from Sydney who typically injected cocaine, often in conjunction with heroin. This group appeared to be the leading users of cocaine in Australia and could have been made up of heroin users who shifted to cocaine use following the heroin shortage that occurred in Australia commencing in early 2001. This group tended to support their use through government benefits, sex work, and dealing in cocaine, cannabis, and heroin. They also experienced a much higher level of cocaine-related harms including financial, relationship and legal problems, and had high levels of cocaine dependence. The researchers estimated that the monthly personal expenditure on cocaine of this group was \$2,800. This was ten times greater than for the integrated group of users.
- The cocaine dealers surveyed were mostly male, well educated, and employed, with above average incomes. Two types of dealers were identified. The first typically supplied cocaine to marginalised injecting drug users but had little involvement in supplying heroin. A second group of dealers typically supplied the socially integrated users and was involved in the retail supply of

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ecstasy. There appeared to be very little overlap, at least at the retail level, between the supply of cocaine and the supply of heroin or crystalline methamphetamine. Many dealers, in particular the younger drug suppliers, did not appear to appreciate the potential legal consequences of their trading activities.

- The majority of the financial rewards associated with the cocaine trade occurred either at the point of importation or when ounces or grams of cocaine were broken down and diluted into caps for cocaine injection. The financial returns gained by other middle level and retail dealers were reasonable but (in their view) not sufficient to compensate for the risk of apprehension and potential penalties. Indeed, apart from those dealers who were involved in the upper parts of the supply chain, most needed to have alternative employment.
- The researchers found no commercial market for crack cocaine.
- Large scale shipments of cocaine rapidly diffuse into the Australian market through short supply chains characterised by low levels of cutting and relatively low mark-ups. Cocaine primarily enters Australia via Sydney and rapidly reaches users through the short supply chains. These supply chains are often tightly socially based.

Implications for police

The fact that cocaine is imported into Australia via short supply chains, which are often tightly socially based, presents particular problems for law enforcement. Indeed, a major way in which the cocaine dealers in this study managed the risks associated with their activities was to restrict their customer base. Also problematic in this regard is the pace with which cocaine is distributed after landing in this country. This gives law enforcement little opportunity to intercept cocaine supply before it reaches end users.

This highlights the need to continue to focus efforts to reduce cocaine supply at or beyond the Australian border. This will clearly continue to be an important supply reduction strategy. There may, however, be some benefit in seeking to understand more about the retail structures of cocaine (and other psycho-stimulant drugs) which are socially based, or at least based on minimal profit. Without this understanding it will not be possible to devise ways to disrupt what represents a large proportion of the retail cocaine market.

One potential strategy stems from the fact that, as the researchers pointed out, many of the cocaine dealers had little appreciation of the potential legal consequences of their activities. In all probability they do not see themselves as criminals. This could present an opportunity for disrupting the supply chain at this level, by developing strategies to highlight to this group of dealers the potential legal consequences of their actions.

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