

The logo graphic consists of a 3x3 grid of squares. The top row has three blue squares of varying shades. The middle row has a white square, a grey square, and a blue square. The bottom row has a blue square, a white square, and a dark blue square. The text 'NDLERF' is positioned to the right of the grid, with 'NDLE' in white and 'RF' in orange.

NDLERF

The causes, course and consequences  
of the heroin shortage in Australia

Monograph Series No. 3

Funded by the National Drug Law Enforcement Research Fund  
An Initiative of the National Drug Strategy

# **The causes, course and consequences of the heroin shortage in Australia**

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**Funded by the National Drug Law Enforcement Research Fund,  
an initiative of the National Drug Strategy**

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ISBN 0642 474 273

ISSN 1449-7476

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The research on which this report is based, was funded by the National Drug Law Enforcement Research Fund, an initiative of the National Drug Strategy.

## Executive Summary

### Chapter 2. Global heroin markets

- For the last decade, the two major opium-cultivating countries in the world have been Afghanistan and Myanmar. In 2002, these two countries cultivated 76% and 18%, respectively, of world opium supplies.
- A small amount of the world's opium is cultivated in Central and Southern America, and has little or no contribution to Australia's heroin supply.
- In 2001, there was a dramatic drop in opium being cultivated in Afghanistan, due to the actions of the Taliban ruling party. Opium cultivation in Myanmar was largely unchanged during this time.
- Heroin cultivated in the Afghanistan region is largely trafficked through the Middle East, Central Asia and Africa to the European and American markets.
- Heroin from the Myanmar region largely supplies Australia, Canada and East Asia through routes traversing Southern China and South East Asia.
- For the last decade, Australia predominantly received its supply of heroin from the opium cultivating areas of Myanmar.
- The wholesale price of heroin in both the United States and Western Europe has been steadily decreasing since the late 1980s.
- There were increases in the farm gate price of opium in Afghanistan in 2001, but these were not translated into heroin price increases in Western Europe, the region primarily supplied by Afghanistan.
- Farm gate prices of opium in Myanmar and Lao PDR did not show any major fluctuations in 2001.
- Canada, who receives its heroin from Myanmar, did not experience any alteration in heroin supply at the time of Australia's heroin shortage, nor did they experience any changes in heroin prices.

### Chapter 3. An overview of Australia's heroin markets

- Australia had a history of quasi-medical use of opiates in the 19<sup>th</sup> century
- Restrictions on access to opiates began in the 1890s and continued until heroin was prohibited in the mid 1950s.
- It has been proposed that illicit drug markets flourish only when a number of variables exist: supply of the drug; potential consumers; some level of corruption in law enforcement; the existence of organised crime; and the influence of such groups upon persons in positions of power. These factors (particularly the first four) have been documented in Australia in past decades.
- Illicit heroin use largely began in Australia in the early to mid 1960s, when it was introduced by United States servicemen on leave from the Vietnam War.
- The illicit heroin market increased after the end of the Vietnam War as organised criminals previously involved in prostitution and gambling began importing heroin from South East Asia.
- Law enforcement corruption has long been associated with the heroin market.

- In the mid 1980s a substantial increase in heroin use and associated harms resulted in the launch of a National Campaign Against Drug Abuse.
- A further increase in heroin use in the early to mid 1990s provided a clear indication of an expanding heroin market.
- In late 2000 heroin suddenly became very difficult for experienced heroin users to find.

#### **Chapter 4. Documenting the heroin shortage**

- In early 2001 heroin supply decreased in New South Wales, Victoria and South Australia.
- The time taken for regular heroin users to purchase the drug increased in New South Wales and the proportion of regular drug users reporting heroin as "easy to obtain" decreased in the three States.
- The price of heroin caps increased in New South Wales and Victoria from 2000 to 2001, but remained stable at \$50 in South Australia.
- The price per gram of heroin also increased in New South Wales, Victoria and South Australia in 2001, having decreased steadily (New South Wales, Victoria) or been stable (South Australia) since 1996. The price of catti (700g) also increased in 2001 following decreases since 1998.
- Heroin purity decreased in all states according to the subjective accounts of drug users and state police heroin seizures. The purity of Federal seizures was stable in New South Wales but was variable, appearing to decrease in early 2001 in Victoria.
- The amount of heroin seized at the border in 2000/2001 was at the lowest level since 1998/1999.
- The peak period of the shortage appears to have been January to April 2001.
- The heroin market appears to have stabilised, though it has not returned to pre-2001 levels.

#### **Chapter 5. Evaluating factors responsible for the heroin shortage**

- It is likely that the shortage was due to some combination of these factors that operated synergistically to reduce the availability of heroin in Australia in 2001. This has been suggested by many discussants of the reasons for the reduction in heroin supply.
- It is important to understand the market conditions that preceded the shortage. The heroin market in the late 1990s was of an unprecedented scale, and given the scale of the reduction in supply that occurred, it was likely to have been in some way related to the decline.
- In the early 1990s, Drug Law Enforcement in Australia received little funding. This probably made it easier for high level heroin suppliers in Asia (who may have needed to offload heroin displaced from the United States) to establish large scale importation networks into the country. This led to the increase of street based illicit drug markets around the country; increased purity of heroin, and decreased price of the drug.
- The heroin market in Australia was well established by the late 1990s, but it had a low profit margin, with high heroin purity, lower than ever before cost, and a large number of seizures that had increased risk. The increased funding of the Australian Federal Police and the Australian Customs Service as part of the National Illicit Drug Strategy probably made the risks of importation greater.
- The combination of low profits and increased success of law enforcement, probably led to the reduced dependability of key suppliers of heroin to Australia. This occurred against a backdrop of gradually declining production in South East Asia. These factors may have reduced the attractiveness of Australia as a destination for heroin trafficking.

- It is possible that heroin was sent to other countries instead of Australia, such as Canada or China, but the relatively small scale of the Australian market means that even if *all* heroin was diverted from this country, it would be difficult to observe the effects in another country given the larger scale of those markets.
- The heroin market is clearly still being supplied, but it seems to be more like previous decades than late 1990s: smaller, less consistent levels of supply.

## Chapter 6. Changes accompanying the reduction in the availability of heroin

- The reduction in the supply of heroin led to significant changes in patterns of drug use.
- There was good evidence that some drug users switched to cocaine, methamphetamine, and benzodiazepine use.
- The magnitude of changes differed across jurisdictions. Large or detectible changes tended to be observed in New South Wales and Victoria, but were less evident in South Australia, which had a much smaller population of heroin users.
- There was evidence to suggest that the extent (or frequency) of injecting drug use decreased. There may have also been a reduction in the number of injecting drug users in New South Wales which had the largest heroin market.
- There was a sustained reduction in the number of heroin overdoses in all States.
- Increases in psychosis and violence, associated with stimulant use were reported in all jurisdictions.
- Demand for opioid treatment reduced in the three States, but varied by different types of users. The demand for psychostimulant treatment was reported to increase.
- Following an initial increase, acquisitive crime decreased across the jurisdictions.
- There was evidence of changed drug distribution and importations methods.
- Health drug treatment agencies in all three States reported the heroin shortage impacted on their services, by way of increased client aggression and greater demand for the treatment of drugs other than heroin. Most services were able to adapt well.
- State police services reported a shift in focus away from heroin, but there was no fundamental change in strategies and approaches with regard to drug law enforcement.

## Chapter 7. Implications for health

- The population level harms associated with heroin use decreased following the reduction in heroin supply, for example, a significant decrease in fatal and non-fatal overdoses.
- However, supply reduction appeared to have mixed health effects upon different groups of heroin users. Younger (less entrenched) heroin users appeared to be particularly affected by the reduction in heroin supply, with many indicators suggesting that they might have ceased (or substantially reduced) heroin use. There were indications that this younger group may have switched to psychostimulants, but may not have been injecting these drugs. This probably led to decreased aggregate harms related to heroin *and* injecting drug use among younger age groups.
- Older, more entrenched users did not seem to be as affected, with smaller reductions in harms related to heroin use and possibly the addition of other risky forms of drug use to their repertoire. There is a need for harm reduction initiatives among this group given that they may

experience significant harms associated with (for example) the injection of benzodiazepines and pharmaceutical opioids, as well as of cocaine and methamphetamine. There may also be a need for demand reduction through this group, which might be achieved through the development and delivery of effective treatments for these other drug problems.

- There was suggestive evidence (in New South Wales) that users in opioid pharmacotherapy may have increased their adherence to treatment when heroin supply was reduced.
- The heroin shortage placed many changed demands upon health and drug treatment services, and highlighted the need for such services to be flexible to changes in drug markets, as well as skilled to deal with an increasing range of drug use problems among their client base.

## Chapter 8. Implications for law enforcement

- The behavioural consequences of the use of cocaine and methamphetamine had significant implications for police, who needed to deal with an increase in incidents involving violent and aggressive individuals and, in New South Wales, short term increases in illicit sex work and acquisitive crime.
- Police were not always aware of the reason for the change in the behaviour of drug users or the change in drug use patterns amongst drug users, signalling the need for improved communication across all levels of policing.
- The decline in heroin use reduced media attention and political pressure on the policing of illicit drugs at Federal, State and local levels.
- The apparent addition of other drug types to some users' repertoires may need to be considered by those in law enforcement who will come into contact with this group.
- It is difficult to clearly document changes in criminal activity among organised crime groups; however, heroin distributors in Australia appeared to be flexible and possibly adapted to the reduction in heroin availability by switching to other drug distribution and/or other crime types.
- Some low level dealers may have shifted in the short term from heroin to other drug distribution around the time of the heroin shortage.
- In the absence of assistance from skilled trafficking facilitators, there may be opportunities for law enforcement to apprehend less experienced high level distributors.
- Street level policing may have some deterrent or displacement effect and improve public amenity, but drug supply was not significantly affected through policing at the street level.
- Law enforcement agencies at both Federal and jurisdictional levels (in particular New South Wales) have increased the number of monitoring tools and increased the number and the size of drug units.

## Chapter 9. Policy implications of the reduction in heroin supply in Australia

- Reducing the availability of heroin in Australia appears to have produced significant reductions in the aggregate harm caused by illicit heroin use by substantially reducing fatal and nonfatal overdose. There has probably also been a reduction in the number of regular heroin users, most markedly among younger age groups.
- More entrenched heroin users probably have *not* ceased heroin use, and some may have also begun using other drugs in a risky fashion. Some younger drug users may have shifted to stimulant drugs.

- The heroin shortage was probably caused by changes in heroin supply to Australia related to Australian drug law enforcement rather than to natural events (such as changes in heroin production).
- The most important implication of the heroin shortage is that it is possible *under some circumstances* for law enforcement to accomplish a substantial reduction in the availability of imported drugs like heroin. It is most likely the result of actions aimed at the very high levels of drug trafficking. This suggests the importance of maintaining programs at that high level and of developing a better understanding of how such interventions affect supply.
- It is uncertain to what degree the reduction achieved in heroin supply in Australia in 2000 could be easily reproduced by an act of policy. Such events have been rare in the history of Australian heroin markets and the 2000 event may have arisen from a confluence of events. These included a marked increase in heroin availability in the 1990s followed by a sharp decrease in supply at the beginning of 2001 that was produced by a major increase in Federal resources for DLE in 1998-1999.
- Supply reduction is an important part of drug policy but it is important to also have policies that aim to reduce *the* demand for drugs, as well as the harms among those who use drugs despite our best efforts to discourage use.

## Chapter 10. Research strengths and limitations

- There were inherent problems with the retrospective research required in this study.
- Researching an event such as the shortage necessitated an "historical" approach and use of data that existed at the time, rather than data collected to a pre existing plan.
- The available indicator data was sometimes incomplete, unreliable, inconsistent across jurisdictions and often took considerable time to obtain.
- Key informant data offered valuable insights but was subject to recall bias.
- There were significant problems associated with recruitment of IDU and the use of information gained from these interviews. This included recall and selection bias as those recruited were from treatment agencies and not representative of the overall population of IDU.
- Obtaining information about illicit drug markets is difficult particularly as a result of their illicit and often clandestine nature. In light of this, evidence from a wide range of sources was used to infer events.
- The project has highlighted the need for ongoing prospective cohort studies of illicit drug users in Australia.
- Given these concerns, the project demonstrated considerable strengths. These included triangulation of numerous data sources to confirm findings, close collaboration with agencies and individuals providing data to ensure accurate interpretation and use of classified data providing new insights into drug market activity.