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Our ref: 15/63726

Mr Stephen Palethorpe  
Committee Secretary  
Parliamentary Joint Committee on the Australian Commission for Law Enforcement Integrity  
PO Box 6100  
Parliament House  
CANBERRA ACT 2600

Dear Mr Palethorpe

**Inquiry into the integrity of Australia's border arrangements**

1. The Australian Crime Commission (ACC) welcomes the opportunity to make a submission to the Parliamentary Joint Committee on the Australian Commission for Law Enforcement Integrity's (ACLEI) inquiry into the integrity of Australia's border arrangements.
2. This submission is unclassified and may be published in the public domain.

**Introduction to the Australian Crime Commission**

3. The ACC is Australia's national criminal intelligence agency with specialist investigative capabilities. It works with and for its partners to discover, understand and respond to the threat of serious and organised crime, including public sector corruption.
4. The ACC is governed by the ACC Board, and works in partnership with Board member agencies, international law enforcement agencies, as well as other Australian Public Service agencies under task force, joint operations and intelligence-sharing arrangements, to gather intelligence and investigate serious criminal activity. The ACC maintains national criminal intelligence holdings, produces strategic intelligence assessments, and coordinates national responses to disrupt, deter, prevent organised crime impacting on Australia.
5. The ACC employs a composite approach to the gathering of criminal intelligence. This includes the use of a combination of coercive capabilities and traditional law enforcement techniques, such as telephone interception, physical and technical surveillance, controlled operations and covert human intelligence sources. Criminal intelligence generated by the ACC supports partner agency activities and responses, and provides government with an independent

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assessment of the risk, threat and impact of serious and organised crime on the community and national interests.

### **Criminality in the Aviation and Maritime Sectors**

6. The aviation and maritime sectors are highly desirable sectors for serious and organised criminal exploitation. They are a key link to the international illicit economy, facilitating the importation of illicit goods. As a result, criminal networks have an incentive to infiltrate these sectors by targeting and exploiting workers and key positions in order to further their highly profitable criminal activities.
7. Aviation Security Identification Card (ASIC) and Maritime Security Identification Card (MSIC) schemes were created to introduce minimum security requirements and reduce the likelihood of terrorism and other acts of unlawful interference by ensuring that individuals with access to secure areas of aviation and maritime ports undergo background checks. The schemes were not intended to address the threat of serious and organised criminality or corruption within the aviation and maritime sectors.
8. While the majority of individuals involved in aviation and maritime ports are focused on legitimate activity, there are a number of groups and individuals who are exploiting vulnerabilities within these environments to undertake criminal activities.
9. Gaps, weaknesses and inconsistencies in the ASIC and MSIC schemes are exploited by serious and organised crime groups who seek to gain or maintain employment, disguise criminal interests and undermine access controls.

### **Corruption at the Border**

10. Corruption at the border is driven by organised crime groups seeking to import illicit goods across the border. The high price and profitability of drugs and the rapid growth of the illicit drug market in Australia, make Australia an attractive target for organised crime groups. The resulting increase in market competition, combined with a strengthening of law enforcement capability at the border, is likely to result in increasingly sophisticated organised crime methodologies, including the corruption of public sector officials and other actors in the supply chain to ensure the success of organised crime activity.
11. Increased willingness by younger generations, including public sector employees, to partake in risk-taking behaviour, such as the use of illicit and performance and image enhancing drugs, and the conflict of interest these activities introduce, undermines the legitimate efforts of border control agencies to detect and deter illicit importation.

### **Public Sector Corruption**

12. The ACC's unclassified assessment, Organised Crime in Australia 2015, identified that corruption is a key enabler of serious and organised crime, as it can help facilitate, conceal and protect illegal activities. The extent, if any, to which public sector agencies are directly infiltrated by organised crime remains an intelligence gap. However, there is an ongoing risk of corruption of employees with access to border security measures and who work in key areas that can facilitate illegal activities. Those who can provide immediate assistance at border



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control points are targeted specifically, while those who may be of use in the future are also targeted more generally.

13. Although the integrity focus has traditionally been on 'front-line' operational staff, support officers in administrative, policy and information technology areas may also be in a position to access sensitive information or conceal improper actions. Support staff are less likely to be provided with specific training to recognise attempts by organised crime to corrupt them, or their colleagues, and are therefore at risk.
14. Inappropriate personal relationships between public sector employees and criminal entities have long been identified by law enforcement agencies and anti-corruption bodies as a corruption risk. These relationships can facilitate the inappropriate release of information, compromise law enforcement activities and facilitate organised criminal activity.
15. Two separate streams of corruption vulnerability are becoming apparent to law enforcement and anti-corruption agencies in Australia. The first is the historically identified risk of the corruption of public sector officials whose seniority or role/function can be exploited to facilitate or protect criminal activities. In some instances, organised crime groups may be more likely to target officers in lower levels, whose positions offer access to privileged information and who, if disenfranchised, may be susceptible to opportunistic targeting. The second is an emerging generational risk posed by younger employees. The increasing use of social media, combined with a lack of discretion about personal information and images placed online, provides organised crime groups greater visibility of public sector officials who may be susceptible to corruption. Contributing to these vulnerabilities are weaknesses within vetting regimes and the establishment and maintenance of inappropriate relationships. Corrupt public sector officials have been observed to target their colleagues by building trust, social obligation and complicity over time. A network of complicit staff increases the corrupt officer's capacity to engage in corrupt conduct, while increasing the opportunity for concealment. Corrupt networks of this type are of significant value to the business model of organised crime groups. ACLEI's Operation Heritage – an investigation into corrupt customs officers – identified systemic vulnerabilities in a high-risk operating environment at the border which were exploited through a corrupt network.

**Integrity measures**

16. The ACC recognises the need for a robust and multi-faceted approach to harden the environment against organised crime and associated corruption risks. Inadequate security vetting is an important risk factor for public sector agencies, including border security agencies, increasing their vulnerability to corruption. The ACC considers that effective security vetting and monitoring programs, including vetting assessments undertaken at the commencement of employment, ongoing assessment of organisational suitability, and revalidation processes, are necessary to combat corruption in the public sector. The utility of vetting and ongoing suitability arrangements can be enhanced through the introduction of complementary detection measures, such as the use of criminal intelligence in personnel security vetting.

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**Corruption Prevention and Response**

17. Addressing corruption risks and integrity remain an area of focus for the ACC as the agency seeks to understand, and adapt to, the changing threat and risk environment. Prevention and disruption, in addition to prosecution, are important strategies to target corruption and crime at the border.
18. In January 2014, the ACC commenced work to support Taskforce Pharos, initiated by the then CEO of the Australian Customs and Border Protection Service (ACBPS) Michael Pezzullo. Taskforce Pharos was established in November 2013 to identify hard-to-detect corruption within ACBPS.
19. The ACC supported Taskforce Pharos by drawing on the intelligence and tools of the ACC's Fusion Capability. On 30 occasions, the ACC provided intelligence to partner agencies relating to specific or general allegations or potential indicators of corruption or integrity threats.
20. Opportunities exist for ACC and other partners to work collaboratively to harness the ACC's National Criminal Intelligence Fusion Capability to target public sector corruption, including at the border. The Fusion Capability analyses disparate datasets and siloed information provided by law enforcement, government, national security and private sector partners to generate nationally significant criminal intelligence. This includes the National Criminal Target List, a contemporary listing of currently active and significant serious and organised crime groups operating in Australia that have been reported to the ACC by law enforcement partners. The Fusion Capability uses specialised analytical techniques to identify new leads and targeting opportunities, as well as actionable intelligence regarding known criminal threats.

**ACC Contact**

21. On behalf of the ACC, I thank you for this opportunity to make a submission to the Committee's inquiry into the integrity of Australia's border arrangements. Should you wish to discuss any aspect of this submission further, please contact Ms Judy Lind, Executive Director Strategy and Specialist Capabilities, on \_\_\_\_\_ or via email to \_\_\_\_\_.

Yours sincerely

Chris Dawson APM  
Chief Executive Officer  
9 June 2015