



STATEMENT BY MICHAEL PEZZULLO

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AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE

Senate Legal and Constitutional Affairs Legislation Committee

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Fifteen months ago, in February 2013, I briefed this Committee on significant corruption issues in the Australian Customs and Border Protection Service, and reforms which were being implemented to address these issues. I subsequently updated this Committee on these issues, in May and November 2013, and in February this year. Today, I should like to further update the Committee on these matters. This statement to the Committee should be read with the one that I made earlier, regarding the establishment of the Australian Border Force within the Department of Immigration and Border Protection from 1st July 2015.

With the changes that the Secretary and I described earlier, along with the significant funding injection that was contained in the 2014-15 Budget, and the earlier Tackling Crime package of measures, in the coming year we will be able to tackle, in a more holistic way, the challenges that confront us at the border: an increasing threat posed by serious and organised crime; more complex cargo supply chains and passenger routes; ageing technology and systems; and increasing trade and passenger volumes. Accordingly, reform activity will continue to be progressed within ACBPS over the coming year in order to create a strong foundational capability for the ABF.

I turn now to the important matter of integrity and professional standards. Today, as has been my practice at previous Committee hearings, I will provide you with an update on prosecution action against corrupt serving and former ACBPS officers, and other related activities.

- Two former officers are now in jail serving seven and eight year sentences respectively.
- Another former officer remains remanded in custody after pleading guilty to a variety of charges in February 2014, including inciting the crime of robbery, receiving a bribe and perverting the course of justice. He is due to be sentenced in July 2014.
- Another officer is on bail and suspended without pay and will face trial in August 2014 in relation to drug importation and bribery allegations.

- Two others, one former and one current officer who is suspended without pay, have now pleaded guilty to conspiracy to unlawfully import certain goods and receiving a corrupt benefit, amongst other charges. They are due to be sentenced in late July 2014.
- Another former officer was charged with importing marketable quantities of a border controlled drug and trafficking a marketable quantity of a controlled drug. She is currently on bail.
- Finally, another former officer will be sentenced next month after pleading guilty to unauthorised access of an IT system and abuse of public office.

Regrettably, in view of current and future operations which are known to me, these are NOT likely to be the last arrests and charges that we will see in relation to officers of the Service in the coming year. Of concern, we still have a very small number of officers who maintain that what they do in their private time in terms of drug use and consorting with violent criminals is acceptable behaviour. It is not. For officers still engaged in those behaviours, hard days are coming. We owe it to the vast majority of good, hardworking officers to protect them and the good reputation of the Service.

To combat these challenges, we have continued to strengthen our integrity and professional standards capability since the last hearing of this Committee, and to further harden the Service against criminal infiltration. As previously advised, we have rolled out drug and alcohol testing of officers, integrity testing, and mandatory

reporting of serious misconduct, corrupt or criminal behaviour by our officers, amongst other measures.

In addition to these integrity measures, the Service has now introduced a *declarable associations policy*. This requires all ACBPS officers to avoid, or where that is not possible, mitigate, the integrity risks associated with contact with individuals, groups or activities that present a conflict of interest to the Services' mission. For example, associating with criminals or members of outlaw motorcycle gangs increases the risk to ACBPS officers for 'grooming' and opens the door to corruption. Our officers are required to report these particular associations as soon as they become aware that they exist. This includes when they become aware that other officers are or may be engaging in a possible declarable association.

Having been warned, there will now be zero tolerance shown to officers with undeclared criminal associations - who are 'riding out' what they might perceive to be a 'passing fad' of integrity. If they think that this is all going to go away, they are very much mistaken.

We have also instituted a strengthened 'outside employment policy', which identifies a range of high risk secondary employment situations which could potentially compromise our officers, or create perceived or actual conflicts of interest. This policy is being trialled and will be further refined over time.

Task Force Pharos is our latest initiative in relation to combating corruption in the Service. Since its establishment in December 2013, the Task Force has developed multiple lines of inquiry. As a lead- generating intelligence activity, the Task Force is

focusing on four key priorities: (1) criminal infiltration; (2) criminal associations; (3) drug use and associated activities; and (4) inappropriate use of the Service's information systems. The Task Force is working closely with the Australian Commission for Law Enforcement Integrity (ACLEI) and other law enforcement agencies. All matters involving corruption and criminal activity are reported to ACLEI as required by law.

I do not intend to provide details about those operations or the methodologies which are being employed by the Task Force. However, I will report back to this Committee on the achievements of Task Force Pharos activities once the operational activity has concluded.

I have previously briefed the Committee on the introduction of our mandatory drug and alcohol testing programme last year. Since testing commenced last year, there have been 2,311 drug and alcohol tests conducted, with ten verified positive tests. This includes the five officers I have mentioned in the previous Estimates hearing in February 2014. These five additional verified positives relate to readings for illicit drugs.

I should like to assure this Committee and, through it, the Australian public that I will remain vigilant in respect of individual and organisational integrity. If I were to provide an assessment of where we stand in these endeavours, it would be this. We have restored the good name of the Service and its members through the hard campaign against corruption and criminal infiltration which has been waged in recent months. That reputation could, however, been demolished in an instant if we were to relent in that campaign, and again allow an unconscionable few, acting in unison

with their criminal confederates, to compromise all of us. We have the boot at the throat of the problem, and some who are hiding in shadows will soon come to regret what they have done. We must not, however, relent; never waver; and never compromise on integrity. We are not completely out of the woods, but we can see the sunlight and better days.

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