

STATEMENT ON INTEGRITY ISSUES

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Senate Legal and Constitutional Affairs Legislation Committee
Consideration of Additional Estimates for 2012-13

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I would like to address the issue of corruption in the Australian Customs and Border Protection Service.

The Committee should expect more arrests of Customs and Border Protection officers, as a result of on-going investigations, which I will summarise in a moment. I wish to say at the outset that this is a matter of profound regret and disappointment to me and the vast majority of our officers.

Before going into a degree of necessarily limited detail on these matters, I should first like to acknowledge the silent majority in the Service – those who put on the uniform every day and protect our nation from harm coming across our borders. I would like to recognise the work of more than 5000 hard-working and committed officers of the Service - the vast majority of whom have done nothing wrong and are grievously tarnished by allegations of corruption. They have no voice in the public debate but mine. I speak for them in saying that, like me, they are committed to stamping out this alleged behaviour, and building a Customs and Border Protection Service in which the Australian community can place its trust.

On 20 December 2012, the Minister for Home Affairs, the Commissioner of the Australian Federal Police and I announced the results of an investigation into corruption and criminal conduct at Sydney International Airport, including (regrettably) by a number of Customs and Border Protection officers.

This investigation is on-going, and I expect to have more to say about it when this Committee next meets. What I can say at this stage is that two former Customs and Border Protection officers, both of whom were working at Sydney Airport at the time of their arrests, are facing criminal charges. One has entered a guilty plea and has been committed for sentencing. Neither person is now an officer of the Service.

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By: Mr Michael Pezzullo, Acting CEO
Customs

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The charges include conspiracy to import a commercial quantity of border controlled drug precursors, abuse of public office, and receiving a bribe. These are very serious matters. As Senators would appreciate, I cannot comment on the specific matters which have been alleged and are before the courts. I am also restricted by the ongoing investigations as to how much detail I can provide to the Committee.

What I can say is that this matter is ongoing. Further arrests will be made – including, as I said earlier, of other Customs and Border Protection officers. Separate from criminal proceedings, disciplinary proceedings are being initiated against a number of officers.

This Committee can be assured that the Service is committed to securing our borders and taking strong, resolute and urgent action to deal with those amongst us who have not upheld the required standards. The key focus at the moment is to track down each and every officer who has been involved in corruption, criminal behaviour and/or professional misconduct, and to deal with them, whether under the criminal law, the Service's provisions for dealing with breaches of the Australian Public Service Code of Conduct, or both.

I was briefed on this investigation in early September 2012, when I took over as interim Chief Executive Officer, after the retirement of the former CEO, Mr Michael Carmody. The activity in question had been detected in 2010, and referred to the Australian Commission for Law Enforcement Integrity (ACLEI) in January 2011, as soon as the Service came under its jurisdiction. ACLEI has the powers of a standing royal commission, and its role has been pivotal in the resolution of this matter. I wish to recognise the close collaboration that the Service has enjoyed with ACLEI and the Australian Federal Police in this joint investigation.

Customs and Border Protection has been alert to the risk of corruption and criminal infiltration for a number of years. We have appreciated the risk that criminal groups will attempt to infiltrate the Service so as to gain access to sensitive information or even active support for the smuggling of illegal, prohibited or regulated goods. With that in mind, I would like to take this opportunity to provide the Committee with a brief overview of our progress in recent years to harden the Service against the potential for corruption and criminal infiltration.

The Service first established an Internal Affairs Unit in 1979. In 2009, the Service established the Integrity and Professional Standards Branch, with responsibility for functions such as fraud control, security, including personnel security and vetting, and employment suitability checks. From around five staff in the former Internal Affairs Unit, more than 40 staff now work in the Integrity and Professional Standards Branch.

Corrupt officers will always seek to avoid systems and processes. Those systems and processes need to be continually enhanced and improved. To this end, legislation was passed last year to provide the Service with stronger corruption-fighting powers, building on reforms that had been progressively pursued since 2009. These additional powers (all of which will be in place by Friday 15 February 2013) are:

- the integrity testing of Customs and Border Protection officers;
- the power for the CEO to make a declaration that an officer's employment has been terminated as a result of serious misconduct;
- mandatory reporting requirements under which officers will be required to report misconduct, corrupt or criminal activity; and
- drug and alcohol testing for all Customs and Border Protection officers.

I am fully committed in my role as Acting CEO to use these powers to their fullest extent to harden our Service against the threat of criminal infiltration and corruption.

To ensure that we learn quickly from what has allegedly occurred at Sydney Airport, work is already underway to address the problems identified during the course of the investigation. This includes increased education of our airport staff in relation to the threat of criminal infiltration and corruption; increased job rotation for airport staff; leadership training for middle managers and supervisors; reviewing how rosters and task deployments are being managed at the airport; and commencing a longer term effort to reshape the workplace culture in our airport operations branches.

These initiatives will have more general application across the Service in the weeks and months ahead. Since December we have reminded all staff of their obligations to report misconduct and suspected corruption. These and other changes in governance, oversight, processes and procedures will be necessary and important measures, and will be rolled out in the weeks and months to come. They will not, however, be sufficient if they do not tackle deeper workforce issues, where more needs to be done.

The Customs Reform Board announced by the Minister for Home Affairs in December last year will help us consider more enduring measures in this area. I met with Board members earlier this month and reiterated our strong and unequivocal commitment as a Service to work with them to make this happen. I very much look forward to working with Justice James Wood and his fellow Board members.

While not wishing to limit the discussion, or the ability of the Board to make recommendations to the Minister as it sees fit, we will need to consider a wide-ranging agenda of reform, especially in the area of the Service's operating model and workplace culture. Ultimately, we will have to reset the Service's operating model, and its workforce capability and culture - through enhanced recruitment and career management processes, improved leadership and professional development programmes at all levels, and an improved enforcement agency culture to reflect the reality that much of our work is in fact that of a disciplined uniformed service.

In the interim, I will be pursuing an early focus in the following areas:

- further expanding the remit of the professional standards branch such that it directly manages all disciplinary processes undertaken under the provisions of the APS Code of Conduct – this will give us a more integrated approach to

managing professional conduct in our workplaces, fighting corruption and criminal infiltration, and dealing with misconduct;

- enhancing organisational suitability checking – with a view to making it one of the toughest regimes in the public sector, especially when it comes to detecting and dealing with officers with criminal associations;
- cracking down on the breeding ground for potential serious misconduct and corruption: poor appearance and presentation; the negligent performance of duties; unauthorised absenteeism; the performance of duties under the influence of alcohol or drugs; the use of illicit substances while off-duty; undeclared outside employment; and insubordination (for instance, by refusal to follow lawful and reasonable directions).

In concluding, I wish to again salute the silent majority of the Service – those who are at this very moment keeping our borders open to legitimate trade and travel, while ever watchfully standing guard on the ramparts of the nation, securing the community from the harms that our adversaries would seek to move across our borders. I say to them – stand fast and continue to do your duty. Your nation depends on you.

I expect to have more to say to the Committee on these matters at future hearings. I look forward to your questions.

ENDS