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AUSTRALIAN CRIME COMMISSION

SUBMISSION TO:
**THE PARLIAMENTARY JOINT COMMITTEE ON THE
AUSTRALIAN CRIME COMMISSION**

INQUIRY INTO:
**THE ADEQUACY OF AVIATION AND MARITIME SECURITY
MEASURES TO COMBAT SERIOUS AND ORGANISED CRIME**



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INTRODUCTION

This submission is focused on criminal exploitation of the aviation and maritime sectors. The Submission has drawn upon, but does not contain, classified Australian Crime Commission (ACC) intelligence reporting. The Submission does not go into detail about any vulnerabilities identified in relation to the Maritime Security Identification Card (MSIC) and Aviation Security Identification Card (ASIC) schemes. This information will be provided to the Committee *in camera* to avoid further exploitation by organised crime.

The Submission is drawn from redacted ACC intelligence reporting and is specifically structured to address the Inquiry's 'Terms of Reference' as outlined in Attachment A and is based on the ACC's understanding of the various sectors as defined in Attachment B.

The information in the report has been principally derived from the following activities undertaken by the ACC.

On 23 November 2005, the ACC Board authorised the Crime in the Transport Sector (CiTS) Determination in response to a referral from the Inter Governmental Committee of the ACC (IGC-ACC). This Special Intelligence Operation authorises the ACC to examine organised criminal activity in air and maritime ports, related rail and road transportation, s77G and s79 Customs Act depots and warehouses and export premises. The first phase of CiTS work focussed on the aviation environment and in December 2007, the determination was extended until 30 June 2008 to allow for the completion of its focus on the maritime environment.

The ACC's Illegal Maritime Importation and Movement Methodologies (IMIMM) determination, which ran from November 2006 to December 2008, focused on coercive examinations to develop a broad understanding of crime within the small craft and domestic fishing environments.

The ACC's Aviation Criminal Assessment Team (ACAT) was formed in February 2006 in response to recommendations of the Review by the Right Honourable Sir John Wheeler into Airport Security and Policing. It has gathered intelligence and prepared predominantly strategic assessments on the nature and extent of organised criminal activity in the Australian aviation sector.

Intelligence produced by the ACC can be summarised as follows:

CRIME IN THE TRANSPORT SECTOR (MARITIME)

3 Strategic Intelligence Reports

5 Discussion Papers

37 Operational Intelligence Reports and Port Profiles for dissemination to Law Enforcement Agencies (LEAs) and stakeholders

Approximately 350 Information Reports uploaded to the Australian Criminal Intelligence Database

ILLEGAL MARITIME IMPORTATION AND MOVEMENT METHODOLOGY

6 Strategic Intelligence Reports

3 Discussion Papers

13 Operational Intelligence Reports and Alerts for dissemination to LEAs and stakeholders

155 Information Reports uploaded to the Australian Criminal Intelligence Database

CRIME IN THE TRANSPORT SECTOR (AVIATION)

3 Strategic Intelligence Report

83 Operational Intelligence Reports and Alerts for dissemination to LEAs and stakeholders (NOTE: This figure includes Information Reports uploaded to the Australian Criminal Intelligence Database)

AVIATION CRIMINAL ASSESSMENT TEAM

13 Strategic Intelligence Reports

22 Operational Intelligence reports, Alerts and Updates for dissemination to LEAs and stakeholders

10 Information Reports uploaded to the Australian Criminal Intelligence Database

BACKGROUND

Both airports and maritime ports are ultimately commercial endeavours with a compelling national imperative to expeditiously facilitate trade. However, these sectors are also the gateway for the entry of illicit commodities into Australia. While it is accepted that the majority of individuals involved in the aviation and maritime sectors are focused on legitimate activity vital to the Australian economy, there are a number of groups and individuals who are exploiting vulnerabilities within these environments to undertake criminal activities.

The ACC assessment of criminality within the maritime and aviation sectors is made with the recognition that the transport industries exist in a constantly evolving environment. Airports and maritime ports have been the subject of scrutiny and regulation in recent years and the nature and scope of organised criminal infiltration of the environment is continuing to evolve in response to this scrutiny. This is particularly relevant to the findings of the aviation phase of the CiTS Determination, as a unified policing model for designated airports and other recommendations from the Wheeler Review have been implemented since the relevant collection activities were undertaken.

Any assessment of sector vulnerabilities and subsequent criminal infiltration of the environment must also recognise the degree of regionalisation that is characteristic of the aviation and maritime sectors. Whilst the systemic vulnerabilities to criminal infiltration identified within the sectors were largely national, the nature and extent of criminal infiltration differed significantly between each individual airport and port.

THE NEXUS BETWEEN CRIMINALITY AND TERRORISM

Maritime port and aviation security present significant national security¹ issues because organised criminal groups and terrorists groups—despite the differing objectives and motives—exploit similar sector vulnerabilities, including those found within the security and transportation industries. Internationally, terrorists have been known to fund their activities and facilitate their objectives through serious and organised criminal activity, such as drug trafficking. In addition, criminal groups provide terrorist groups with access to internationally structured criminal marketing and supply arrangements.

The nexus between terrorism and criminality suggests that safeguarding the maritime port and aviation environments against terrorist attack, and the detection and prevention of sector based crime are closely interrelated objectives. Hence, the disruption of crime within the maritime and aviation sectors and the prevention of terrorism are not, and should not be considered, mutually exclusive objectives.

METHODS USED BY SERIOUS AND ORGANISED CRIMINAL GROUPS TO INFILTRATE AUSTRALIA'S AIRPORTS AND PORTS, AND THE EXTENT OF INFILTRATION

MARITIME SECTOR

While there are a range of methods used in the criminal exploitation of the maritime sector, there are four methodologies that account for the majority of illicit importations (by weight) into Australia that specifically exploit maritime sector vulnerabilities. These are:

- Rip On/Rip Off—this method involves internal facilitators at the originating or transit port placing bags of illicit items into already packed shipping containers for retrieval before customs inspection. Neither the consignor or the consignee is aware that an illicit commodity has been transported within their consignment.
- Piggybacking—this involves the criminal importing syndicate using the identity and credentials of an unsuspecting legitimate importer to clear the shipment through customs without the knowledge of the listed consignee, thereby 'riding on the back' of the legitimate consignee's reputation.
- Nominal consignee—in this methodology the 'nominal' consignee is aware the shipment is coming as the shipping documentation lists the 'nominal consignee' as the importer of the listed goods. However, they are only the interim consignee because they are concealing the identity of the true importer.

¹ The 2008 *National Security Statement* defines several non-traditional national security threats as part of a revised national security framework. Transnational and organised crime (including weapons proliferation, illicit drug trafficking, illegal immigration and people smuggling, and environmental crime) are specifically and formally included in the revised and expanded scope of the Australian national security agenda.

- Theft of containers—there have been cases where whole containers full of goods have been stolen from Australian ports and depots. While the majority of container theft is related to tobacco or other high value/high duty goods, this methodology may also facilitate a major importation of illicit commodities to Australia.

CASE STUDY 1:

In 2007, a shipping container containing 4.4 tonnes of MDMA (ecstasy) valued at \$440 million (street value) was intercepted at the Port of Melbourne. The importation methodology in this case was piggy backing. The drugs were concealed within a shipment disguised as canned food and represented the world's largest single seizure of ecstasy. In August 2008, 22 people were arrested. One alleged criminal entity employed within the maritime freight environment had previously been charged with drug importation offences, and is alleged to have used trusted insiders and internal facilitators from within the maritime sector to import illicit drugs. These insiders have, by virtue of their occupations and possession of MSICs, free and unmonitored access to the port environment. In addition, money laundering and other drug importations (including cocaine and precursor chemicals for amphetamine production) that exploited vulnerabilities within the maritime sector were also identified.

As demonstrated by the case study above, these methodologies require, or are significantly assisted by, criminally complicit maritime workers to act as trusted insider/s or as an internal facilitating group within the Australian maritime sector.

- Trusted insiders are individuals or small groups with access to the environment who are trusted by external criminal groups to conduct criminal activity but are rarely themselves the principals involved in criminal acts.
- Internal facilitators are groups with access to the environment who collude to facilitate organised crime groups exploitation of vulnerabilities within the maritime sector. These facilitating groups often commit criminal offences within the maritime sector.

Trusted insiders and internal facilitator groups assist organised crime groups through enabling activities such as:

- deliberately ignoring criminality
- influencing human resource processes to facilitate possible criminal activity
- providing information or advice to criminal groups about vulnerabilities; within the maritime sector
- allowing criminal associates access to uncleared goods
- actively participating in the commission of an offence.

CASE STUDY 2:

In 2004, an Australian organised crime syndicate organised an \$40 million MDMA importation through Port Botany. It is alleged that the crime syndicate enlisted a stevedore and the manager of a transport company to locate, track and remove the shipping container from the port precinct prior to clearance procedures. Security guards were also suspected of being involved. Despite successful law enforcement disruption of the importation, elements of the alleged internal facilitation group remain employed within the maritime industry.

The extent of criminal infiltration is subject to organised crime's ability to recruit and utilise criminally complicit port workers. While the effectiveness of such recruitment is influenced by the size, reach and resources of the group, it is also dependent on having persons within the environment who are suitable targets for recruitment.

There are other sea cargo importation methodologies that are used to import illicit commodities to Australia, which do not require trusted insiders or the exploitation of maritime sector vulnerabilities. Other importation methodologies used in the maritime sector, but outside the scope of the CiTS Determination, include:

- Mis-labelling—mis-labelling is when contraband and illicit commodities are falsely described in cargo manifests as other legitimate cargo items.
- Concealment—there are many methods of concealment which are employed by those who wish to evade border inspections or defeat examination facilities. A primary methodology used by organised crime groups is the secretion of illicit goods within legitimate cargo.
- Shelf or Shadow Companies—the use of shelf or shadow companies for the importation of illicit commodities.
- Walk-offs—walk-offs involving the removal of illicit commodities from vessels by other people employed in the maritime environment.

Intelligence has identified persons linked to nationally significant serious and organised crime groups as present within the maritime environment. This includes members, associates or affiliates of ethnically based organised crime groups, significant regional crime syndicates or persons and outlaw motorcycle gangs. Criminality within the port environment is spread across the various work and skill types, and involves a range of industry groups within or linked to the maritime sector.

It has been assessed that there are higher levels of criminality present in New South Wales and Victorian container ports. This observation reflects the range of vulnerabilities presented by large cargo volume, workforce size, the local criminal environment and the proximity of these ports to the major illicit commodity markets.

MARITIME DOMAIN

Internationally, small craft and fishing vessels are utilised by organised crime groups to transport illicit commodities, including illicit drugs and weapons, to geographically dispersed illicit markets. Drug importations executed by small craft and fishing vessels primarily rely on the following four methodologies:

- consignments buried or scuttled at sea
- meeting at sea or commercial drop offs
- direct arrival by small craft
- aerial drop offs, Sea/Air Transfers and the use of semi-submersibles.

Historically, meeting at sea or commercial drop offs and direct arrival methodologies have been dominant in the Australian context. It is considered that these methodologies will continue to be used in the future and that there will be increasing use of the consignments buried at sea or scuttled at sea. Aerial drops offs, sea air transfers and the use of semi submersibles, while possible methodologies, are considered less likely to be used in the Australian context.

Although there has been a lack of detected small craft illicit drug importation into Australia for some time, this is not consistent with global trends, and it is therefore likely that these activities are ongoing within Australia's broader maritime domain.

The strategic decision by organised crime groups to import drugs into Australia using small craft is driven by drug market demand and profitability, viability of sourcing or producing domestically, viability of alternative import methodologies and cost, risk and capability. Operational risk mitigation by criminal syndicates for small craft importations include control of shipment, timing, location, continuity and counter-intelligence. As a result, small craft importation methodologies favour large quantity, low frequency importations by yacht, fishing vessel or involve domestic craft to exploit law enforcement response capabilities and minimise the potential of detection.

In addition to the traditional areas—East coast and northern approaches, international waters, and western and southern regions are emerging as high risk geographical zones for small craft importations. The concept of 'hiding in plain sight' is used to disguise illegal activity amongst common marine activities, and features in most of the associated methodologies as the camouflaging of illegal maritime activities within the busy and vast maritime landscape is easily achieved.

The Australian fishing industry is fertile ground for criminal infiltration and exploitation, as the industry has experienced an economic downturn and fishermen under extreme financial pressure are increasingly vulnerable to approaches from organised crime groups to assist in the facilitation of illegal activity. Data analysis for a twelve month ACC investigation identified in excess of 20 criminal networks with involvement in the domestic Australian fishing industry.

The global demand for high value, low volume seafood such as abalone, shark fin and rock lobster is expected to increase. Subsequently, organised crime involvement in illegal fishing and the supply of these commodities is also expected to increase. There is a nexus or pathway between organised criminal involvement in illegal fishing and other illegal activity including money laundering, drug trafficking and drug importation.

Overseas trends indicate the continued involvement of foreign fishing vessels for illegal activity, such as large scale drug importations and people smuggling. In Australia, fishing vessels have previously been used to import drugs, and there is a significant risk that they will be used in the future to move people, money, weapons and other illegal commodities into or out of Australia.

CASE STUDY 3:

In July 1994, a Thai fishing vessel was sighted anchored near Bathurst Island, north of Darwin. Australian Customs and Border Protection Service officers boarded the vessel at sea given ongoing illegal immigration operations, the poor seaworthiness of the vessel and suspicions generated by its lack of fishing activity. The vessel was escorted to Darwin and secured to a quarantine buoy. Hessian bags containing a large quantity of heroin that had been thrown overboard by crew were sighted. Additional heroin was later discovered that had been attached to a weight and sunk. The fishing skipper and the foreign crew of the vessel were charged with importing a commercial quantity of a prohibited substance.

AVIATION SECTOR

There are two modes of criminal infiltration that have been observed in the Australian airstream.

Internal Facilitators associated with criminal groups, syndicates or networks located outside the aviation sector who seek to shape or exploit the aviation environment by placing facilitators into sectors of the aviation industry to undertake specific activities or by recruiting persons already located within the aviation industry to provide information, undertake specific activities, or effect/influence change that assists the criminal enterprise. Organised crime has access to facilitators of differing levels and work areas, within both the airport and air cargo environments. It is possible for internal facilitators to assist criminal groups, syndicates or networks to commit serious and organised criminal activity by:

- deliberately ignoring criminality
- influencing rostering arrangements to facilitate possible criminal activity
- recruiting criminal associates into the air stream
- providing information or advice about vulnerabilities within the air stream
- providing information or advice about law enforcement activities
- actively participating in the commission of an offence.

Some facilitative behaviour will either not involve the commission of an offence, or it will be difficult to prove to the criminal standard that the facilitator assisted with the requisite knowledge of the intended criminality. Furthermore, the window of opportunity to identify these behaviours in the airstream may be narrow in circumstances where not all of the elements of the offence occur within this environment.

The second option for criminal infiltration of the aviation sector is through organised groups, syndicates or networks wholly contained within the aviation sector. Criminal groups or syndicates existing and operating wholly within the airstream are considered to be a more serious manifestation of infiltration as it is an indicator of a more entrenched form of organised criminal activity. While such groups are less likely in the airport environment, there are some groups with a presence at specific airports which have the capability to undertake organised criminal activity wholly within the airstream.

It is assessed that criminal groups, syndicates and networks operating wholly within the airstream are also more likely to feature in the air cargo environment rather than the airport environment. These groups are more likely to reflect a pattern of ongoing organised criminal activity or continuing conspiracy to commit offences of the same or similar nature. These offences are likely to involve tariff avoidance, excise fraud, theft of air freight (of small but high value items such as mobile phones, DVDs, electronic and computer goods) or narcotics distribution/importation activities through air cargo.

Some of the more serious incidents of criminal infiltration of the sector involve specific occupational groups with positions providing access to airports or in some cases in associated external premises such as bond stores. Activities by these entities have included fraud in relation to duty free goods, money laundering, domestic drug supply and trafficking and narcotic importations. Many of these positions involve access to airside security areas or where individuals acting alone retain the capability to facilitate criminal activity.

CASE STUDY 4:

In February 2005, the Australian Federal Police in conjunction with NSW Police and the NSW Crime Commission disrupted an alleged criminal syndicate operating at Sydney Airport which allegedly conspired to import up to 30 kilograms of cocaine from South America. The syndicate used corrupt baggage handlers to smuggle drugs through the airport.

In June 2006, a Vietnam Airlines pilot flying from Sydney to Ho Chi Minh City, was detained when he was preparing to board the plane at Sydney airport. The Australian Customs Service found that the pilot was carrying US \$540,000 with him without declaration. Investigations by the ACC-led Task Force Gordian, which was established in March 2005 to combat money laundering and tax fraud, revealed that the pilot had engaged in numerous money laundering activities between July 2005 and June 2006 where a total of \$6.5 million was smuggled from Australia.

There are currently close to 2000 operational airports and landing strips in Australia, with the majority being small privately owned facilities catering for general aviation aircraft. In comparison to the Regular Public Transport (RPT) aviation environment (as discussed above), the general aviation sector has a lower level of regulation. Currently there is no legal requirement for the screening of domestic general aviation passengers, crew, baggage or freight unless the general aviation aircraft is departing from the same apron and is within the operational period of a screened air service. The absence of screening potentially provides an alternate methodology for those seeking to circumvent domestic security screening processes at larger airports or to facilitate illicit commodity distribution activities.

CASE STUDY 5:

In March 2008, Western Australia Police reported the seizure of \$77 million worth of drugs from a light aircraft at Jandakot Airport—a small general aviation airport. Police seized 22 kilograms of methylamphetamine and approximately 35 000 MDMA (ecstasy) tablets. The aircraft had departed from another general aviation airport in New South Wales, on the previous day, before landing at Jandakot Airport.

RANGE OF CRIMINAL ACTIVITY CURRENTLY OCCURRING AT AUSTRALIA'S AIRPORTS AND PORTS

A wide range of criminal activity occurs in the aviation and maritime sectors, but much of this activity is opportunistic, lower level volume crime which remains common around the periphery of the broader transportation industry. A small but high impact proportion of sector criminality is attributable to organised crime. Intelligence indicates that organised criminal groups, networks or syndicates are exploiting transportation vulnerabilities for a range of criminal activities including but not limited to:

- illicit drug importation
- domestic distribution of illicit drugs
- money laundering and the movement of currency and other valuables
- firearms, firearm parts and weapons movement
- smuggling fauna and flora
- theft
- tobacco smuggling
- misdescribed or counterfeit goods
- tax or duty evasion.

The majority of organised crime within the maritime and aviation sectors involves the importation of illicit commodities, smuggling of dutiable goods or the large-scale theft of high value goods. Organised theft principally occurs where the cargo attracts high duty (such as tobacco), or where the cargo contains high value or illicit commodities.

Compared to the maritime sector, the aviation sector is a more timely method of importing and distributing illicit commodities with combined scatter importations or the use of air cargo can to facilitate the importation of sizeable quantities of illicit drugs. However, seizure data suggests that exploitation of the aviation sector has generally, in terms of the movement of bulk quantities of illicit goods, been less important to organised criminal enterprise than the maritime sector. For example, the ACC's Illicit Drug Data Report 2007-08 records that sea cargo only accounts for one per cent of the 627 cocaine seizures at the Australian border during the period—but at the same time, sea cargo accounted for over 80 per cent of the approximately 650 kg of cocaine that was seized at the border.

Although accurately assessing Australian markets for any illicit commodity is problematic, this level of detection and seizure remains significantly below estimated levels of supply. For example in the case of cocaine, a 2005 National Drug Law Enforcement Research Fund study estimated that the annual consumption in Sydney and Melbourne alone to be in the vicinity of 3000 kilograms. The task of assessing serious and organised crime exploitation of vulnerabilities to meet this demand is particularly challenging due to the clandestine nature of criminally complicit persons within the environment and the fact that criminal groups may also utilise the cargo stream to move legal and illegal commodities without the conscious involvement or knowledge of personnel employed in the maritime sector.

Although interlinked with issues relating to broader inter-modal transportation, maritime and air cargo is subject to a security regime that weakens as the goods move further down the cargo movement chain. Theft from bonded or packing/unpacking warehouses is not uncommon and was often not reported to law enforcement agencies, even when losses were apparent or persons of interest started to emerge. Often it is unclear where and when in the supply chain that theft has occurred.

Cargo losses or 'shrinkage' are generally covered by insurance and unless there is a direct impact on reputation or a significant profit implication, such losses are accepted and absorbed as business costs. There is presently no requirement for industry to report international and domestic freight losses to law enforcement and as a consequence it is difficult to quantify or track losses attributable to criminality or to identify patterns of criminality within particular states, sectors, companies or cargo flows. Industry reports that reporting losses post-event to law enforcement agencies seldom results in recovery of goods or provides a conclusive outcome.

For these reasons, the cargo environment is assessed as an environment especially vulnerable to the infiltration and execution of organised criminal activity as it presents criminal groups with significant opportunities for a diverse range of criminal endeavours. However, it is clear that there are a range of factors that can influence the identification of the extent of criminality, and these are considered to be:

- a natural reluctance on the part of businesses to acknowledge any vulnerability that would negatively reflect on their business practices
- the lack of common and transparent recording systems
- jurisdictional confusion over where freight in transit has been lost or stolen when it is being consigned or received interstate or internationally
- difficulties in determining what proportion of loss is attributable to criminality
- the type of in-house insurance and restricted liability practices in usage in the freight industry.

Large scale theft from the port precinct or bond stores requires the involvement of inter-modal transport to remove the goods/container. Theft of a container while loaded onto a trailer and coupled to a truck outside the port uses the trusted insider/s model of infiltration and is generally simpler for criminal groups to arrange than an internal facilitator group to remove a container undetected from a port. For freight targeted during the inter-modal transportation phase itself, a degree of information brokering is required to coordinate the theft and to ensure that the risk is warranted. The removal of unpacked goods from a depot minimises the number of complicit employees, although information brokers are still required if external parties are involved.

The provision of information or direct involvement of industry personnel is a key vulnerability in the air cargo environment as the security processes and oversight of the industry are less stringent than at airports. Notwithstanding the fact off-site cargo employees have the same or greater level of access to incoming and outgoing air freight as ASIC holding airside employees, they currently do not undergo the same level of security or criminal vetting.

ACC FINDINGS ON MSIC AND ASIC SCHEMES

The MSIC and ASIC regimes were created to establish minimum security requirements for the Australian aviation and maritime industries, with the aims of safeguarding against unlawful interference with sector facilities, and reducing the risk of potential terrorists infiltrating sensitive areas of Australian transportation infrastructure. The regimes were not intended to address the potential threat of organised criminality within the maritime or aviation industries.

A centralised regulatory body in relation to the ASIC and MSIC regimes has been established within the Attorney-General's Department to enable a uniform process for the two schemes and provide a central recording of breaches and timely intelligence accessible to authorised stakeholders.

ACC findings revealed that organised criminal groups exploited gaps, weaknesses and inconsistencies in the MSIC and ASIC regimes in order to gain or maintain employment, disguise criminal interests and undermine access controls.

The Department of Infrastructure, Transport, Regional Development and Local Government is currently reviewing the MSIC scheme. As part of this, it commissioned a report on the MSIC criteria by an external consultant, GHD. The publicly released GHD report points out that persons convicted of very serious offences can still be eligible to work unescorted in maritime secure zones and subsequently recommended significant strengthening of the MSIC criteria.

As indicated at the start of this submission, vulnerabilities found over the course of the ACC's work, in relation to these systems will be provided to the *Committee in camera* so that organised crime cannot further exploit the vulnerabilities identified.

ADMINISTRATIVE AND LAW ENFORCEMENT ARRANGEMENTS AND INFORMATION AND INTELLIGENCE SHARING MEASURES TO MANAGE THE RISK OF SERIOUS AND ORGANISED CRIMINAL ACTIVITY AT AUSTRALIA'S AIRPORTS AND PORTS

MARITIME SECTOR

Although the maritime sector does not have an aviation-type unified policing model, there are a number of federal, state and private sector authorities who jointly share responsibility for law enforcement and regulatory compliance within the maritime sector. The major agencies with jurisdiction within the defined *maritime sector* are:

- Australian Customs and Border Protection Service which has wide-ranging regulatory and enforcement powers within the maritime sector under Commonwealth legislation
- the Australian Federal Police (AFP) has primary responsibility for investigating federal crime in the wider maritime environment and enforcing Commonwealth laws. It does not, however, have the general powers of Customs unless authorised
- individual state/territory police services have primary responsibility for state offences and enforcing state criminal law within the maritime sector
- the Australian Quarantine and Inspection Service (AQIS) is responsible for controlling the movement of animal, plant and mineral commodities at the border
- the Department of Immigration and Citizenship (DIAC) is responsible for managing the entry and settlement of people in Australia—although these powers are usually exercised within the port environment by Customs Officers who act on behalf of DIAC at the border
- DITRDLG is responsible for the implementation of the maritime security regime to help safeguard Australia's maritime transport system and offshore facilities from unlawful interference
- the Australian Security Intelligence Organisation (ASIO) gathers information about maritime security issues as part of its broader security intelligence activities, produces threat assessments covering the maritime sector and provides security checking for MSIC
- AusCheck manages the MSIC regime
- port operators have regulatory powers to manage the operations of their respective ports and to ensure port safety
- state maritime authorities are responsible for on-water management of vessels and other users of navigable waters.

ACC intelligence from the maritime phase of CITS was used by the Australian Government Transport Security Policy Group (AGTSPC) and was incorporated into the Australian Maritime Security Risk Context Statement.

MARITIME DOMAIN

The Joint Agencies Maritime Advisory Group (JAMAG) is a Commonwealth multi-agency forum which serves to advise and assist the National Security Adviser to formulate whole-of-government policy and strategic direction with regard to Australia's maritime security. JAMAG is in turn informed by six multi-agency thematic working groups to assist in considering multiple perspectives, develop a common perception of threat and risk, determine viable courses of action, and examine potential changes to policy and operations. JAMAG consists of the:

- Australian Customs and Border Protection Service (Chair)
- Australian Crime Commission
- Australian Federal Police
- Australian Fisheries Management Authority
- Australian Security Intelligence Organisation
- Attorney-General's Department
- Australian Maritime Safety Authority
- Australian Quarantine Inspection Service
- Department of Agriculture, Fisheries and Forestry
- Department of Broadband, Communications and the Digital Economy
- Department of Defence
- Department of Environment, Water, Heritage and the Arts
- Department of Finance and Deregulation
- Department of Foreign Affairs and Trade
- Department of Infrastructure, Transport, Regional Development and Local Government (Infrastructure)
- Department of Immigration and Citizenship
- Department of the Prime Minister and Cabinet
- Department of Resources, Energy and Tourism
- Great Barrier Reef Marine Park Authority

Although the IMIMM Determination has closed, the ACC is represented on JAMAG and its relevant working groups.

AVIATION SECTOR

A unified policing model was developed by the Australian Federal Police (AFP) in response to key recommendations in the Wheeler Review. The model enables a comprehensive and coordinated approach to addressing criminality and terrorist threats in the aviation sector and provides a unified policing presence from Commonwealth and state resources at the major Australian airports. The unified policing presence comprises:

- Airport Police Commanders and Police Aviation Liaison Officers

- counter-terrorist first response capability and airport uniformed police
- joint airport investigation teams and Joint airport intelligence groups.

Joint Airport Intelligence Groups (JAIGs) collect, collate, analyse and disseminate information and intelligence relating to both criminal activity and threats to security in the airport environment. JAIGs are made up of representatives from the AFP, Customs and local state/territory police services. Infrastructure, the ACC, Australian Security Intelligence Organisation, Australian Quarantine and Inspection Service and Department of Immigration and Citizenship also second staff to these teams as necessary.

The ACC disseminates relevant ACC aviation intelligence and assessments to key clients and stakeholders, including JAIGs. This includes the provision of a regular assessment to the Office of Transport Security (Infrastructure) for inclusion in its Australian Security Quarterly Report and the Aviation Risk Context Statement produced for the aviation industry. The ACC's submission is prepared in consultation with the AFP and the Australian Customs and Border Protection Service.

The ACC also participates in a range of law enforcement and industry forums, such as the Aviation Intelligence Joint Working Group which is primarily concerned with managing intelligence flows and operational coordination among participants in the airport law enforcement and security environment.

FINDINGS OF THE ACC'S SPECIAL INTELLIGENCE OPERATIONS INTO *CRIME IN THE TRANSPORT SECTOR AND ILLEGAL MARITIME IMPORTATION AND MOVEMENT METHODOLOGIES*

KEY ACC FINDINGS

A wide range of criminal activity occurs in the maritime sector. Much of this activity is lower level volume crime but there is a proportion of high impact criminality within the maritime sector that is attributable to organised criminality.

Intelligence indicates that primary criminal activities within the maritime sector of organised criminal groups, networks or syndicates are illicit drug importation, domestic drug trafficking, duty avoidance on licit goods and organised theft.

Intelligence reporting revealed a dependence on trusted insiders and internal facilitating by organised crime groups for the recurrent methodologies that exploit maritime sector vulnerabilities for the major importations of illicit commodities to Australia.

Despite the recent lack of detection of illicit drug importations by small craft, that global trends and criminal strategic decision making and operational risk mitigation methodologies suggest small craft importations of particular illicit commodities by small craft into Australia are still considered by organised crime groups to be a viable methodology.

Varying levels of criminal activity have been identified in the majority of Australia's major airports. The principal criminal activity posing a threat to the airstream is the importation of illicit commodities, particularly drugs, into Australia. Patterns and trends need to be continually identified for law enforcement attention.

The level of criminal activity at an airport is influenced by a number of factors, including its volume of passenger and cargo movements, strategic significance of incoming flight routes including countries of origin and transits ports, proximity to domestic illicit markets, industry processes and airport culture.

ATTACHMENT A: TERMS OF REFERENCE

Pursuant to the committee's duties set out in paragraph 55(1)(d) of the *Australian Crime Commission Act 2002*,

(d) to examine trends and changes in criminal activities, practices and methods and report to both Houses of the Parliament any change which the Committee thinks desirable to the functions, structure, powers and procedures of the ACC;

the committee will examine the effectiveness of current administrative and law enforcement arrangements to protect Australia's borders from serious and organised criminal activity. In particular the committee will examine:

(a) the methods used by serious and organised criminal groups to infiltrate Australia's airports and ports, and the extent of infiltration;

(b) the range of criminal activity currently occurring at Australia's airports and ports, including but not limited to:

- the importation of illicit drugs, firearms, and
- prohibited items
- tariff avoidance
- people trafficking and people smuggling
- money laundering
- air cargo and maritime cargo theft

(c) the effectiveness of the Aviation Security Identification Card (ASIC) and Maritime Security Identification Card (MSIC) schemes; including the process of issuing ASICs and MSICs, the monitoring of cards issued and the storage of, and sharing of, ASIC and MSIC information between appropriate law enforcement agencies;

(d) the current administrative and law enforcement arrangements and information and intelligence sharing measures to manage the risk of serious and organised criminal activity at Australia's airports and ports; and

(e) the findings of the Australian Crime Commission's special intelligence operations into *Crime in the Transport Sector* and *Illegal Maritime Importation and Movement Methodologies*.

ATTACHMENT B: DEFINITIONS

MARITIME SECTOR

The *maritime sector* is that part of the maritime stream between arrival of a vessel at an Australian port and the collection of its cargo from the port or from Customs Act 1901 s.77G depots or s.79 warehouses. In the case of collection from the ss.77G/79 facilities, the maritime sector terminology is inclusive of the under-bond inter-modal transportation of sea cargo from the port to the bond store prior to customs/quarantine clearance. The maritime sector as used in this context does not include the overseas port of departure, the sea passage to Australia or the domestic delivery of the goods within Australia after they have been cleared by border authorities.

MARITIME DOMAIN

Maritime domain awareness is internationally defined as the effective understanding of anything associated with the global maritime domain that could impact the security, safety, economy or environment. For law enforcement, the *maritime domain* encompasses maritime activity occurring in all waters surrounding Australia and includes potential threats to Australia's security, safety or environment.

AVIATION SECTOR

Although the following terminology was agreed in 2007 (after the ACC CiTS aviation phase), the following aviation definitions are currently used by the ACC Aviation Criminal Assessment Team and partner agencies, and loosely align with the language used in earlier ACC CiTS reporting.

The *airstream* is the originating, destination and any intermediate airports and the flight leg(s) between these airports, and applies to persons (both passengers and crew) and air cargo.² The *airport* is an area of land or water (including any buildings, installations or equipment situated in the area) intended for use either wholly or partly in connection with the arrival, departure or movement of an aircraft. The term *aviation industry* refers to the regulatory, commercial and operational environment that encompasses international, domestic and regional air services, stakeholders and participants.

² Definition of 'airstream' as agreed by the Aviation Intelligence Joint Working Group (AIJWG), dated 17 January 2007.



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