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Australian Government

**Australian Customs and
Border Protection Service**

AUSTRALIAN CUSTOMS AND BORDER PROTECTION SERVICE

**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

Serious and Organised Crime Groups (SOCGs) pose a significant risk to the Australian border, an environment which encompasses both airports and ports. SOCGs are primarily motivated by profit and engage in the illicit cross-border movement of goods, the facilitation of irregular maritime arrivals and the perpetration of Customs fraud.

The Australian Customs and Border Protection Service (Customs and Border Protection) is Australia's primary border protection agency. While Customs and Border Protection's remit relates to people and goods crossing the border, it also supports the work of other law enforcement agencies in disrupting serious and organised crime at the Australian border.

Broadly, this role encompasses:

- the detection and interdiction of illegal cross-border movements of goods, including prohibited goods, in the aviation and maritime environments;
- the interception of irregular maritime arrivals;
- the investigation of certain border offences; and
- collaboration (including information and intelligence sharing) with domestic and international partners to disrupt and dismantle SOCGs and their activities.

Customs and Border Protection welcomes the opportunity to make a submission to the Parliamentary Joint Committee on the Australian Crime Commission (PJC ACC). Customs and Border Protection would be pleased to appear before the Committee to expand upon the issues discussed in this submission and to address any matters *in camera* that have the potential to be exploited by organised crime.

TERMS OF REFERENCE

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

SOCGs employ a variety of strategies to facilitate their criminal activities and maximise their exposure to opportunities. One such strategy is to infiltrate airports and ports and corrupt entities operating therein.

SOCGs seek to infiltrate airports and ports and related service providers in the supply chain (for example, logistics and transport providers) by gaining employment for their members or associates as airport or port workers or as service providers who handle cargo or make transactions for international trade. Similarly, SOCGs endeavour to corrupt individuals or groups currently operating within airports and ports to obtain their assistance in circumventing border and security controls. In both the maritime and aviation environments, SOCGs exploit the industry knowledge, position and connections of corrupt workers to facilitate a range of organised criminal activities, including the importation of prohibited goods, such as illicit drugs and their chemical precursors.

A recent joint agency investigation between Customs and Border Protection, the Australian Federal Police (AFP) and New South Wales Police illustrates the use of infiltration and corruption tactics by SOCGs to circumvent border controls.

In September 2009, six individuals were arrested and charged in relation to their involvement in a cocaine importation syndicate operating at Sydney International Airport. The syndicate has been linked to at least two importation attempts, one involving 5.7kg of cocaine inside an aircraft toilet rubbish bin in December 2007 and another involving 1kg of cocaine concealed inside an aircraft catering trolley in September 2009. Three of those arrested were current or former employees of an airline catering company.

SOCG infiltration and corruption also extends to the broader import/export supply chain. SOCGs seek to infiltrate the supply chain through involvement in legitimate businesses operating within the supply chain, such as import/export, stevedoring, freight-forwarding, transport and logistics, depot and warehousing and private security companies.

While the majority of entities operating within the aviation and maritime sectors are involved in legitimate enterprise, there are those who seek to exploit vulnerabilities for the purposes of facilitating serious and organised criminal activity. Infiltration of legitimate businesses provides SOCGs with a cover for their criminal activities and a means to disguise their proceeds of crime. SOCGs also corrupt individuals working within the supply chain, such as customs brokers, freight forwarders and port workers, who act as facilitators for their illicit activities.

SOCG infiltration and corruption within airports and ports is a significant concern for Customs and Border Protection. In particular, the maritime environment poses the highest risk in relation to the importation of prohibited goods into Australia, as the bulk of illicit imports enter Australia through the sea cargo environment. SOCGs seek to increase the likelihood of a successful importation by concealing larger quantities of illicit goods within or amongst large items, such as machinery, in the sea cargo stream. Due to the clandestine nature of organised criminal offending, estimating the scale of infiltration and corruption within the aviation and maritime environments is problematic.

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**
- **Prohibited items**
- **Tariff avoidance**
- **People trafficking and people smuggling**
- **Money laundering**
- **Air cargo and maritime cargo theft**

SOCGs engage in a diverse range of criminal activities within airports and ports. These include facilitating illegal imports and exports of illicit drugs, precursor chemicals, performance and image enhancing drugs, intellectual property rights-infringing and counterfeit goods, tobacco and cigarettes, alcohol, firearms and other weapons and endangered wildlife.

In some cases, for example with the trafficking of illicit drugs, SOCGs profit through the supply of illicit markets. In others, such as with the smuggling of tobacco and cigarettes, SOCGs profit through the evasion of taxes and duties. SOCGs can also facilitate their criminal activities through operators of duty-free stores operating in the on and off-airport environment and through dealings with the providers of ships stores.

SOCGs seek to engage in the cross-border trafficking of currency and bearer negotiable instruments to support their money laundering activities.

Other illicit activity which is known to occur on the waterfront includes the theft of bunker fuel from ancillary craft (such as tug boats) and fraudulent access to the port security zone.

- 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**

To avoid exploitation by organised crime, Customs and Border Protection will provide details addressing this term of reference to the Committee *in camera*.

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

As Australia's primary border protection agency, addressing organised crime forms an integral part of Customs and Border Protection's core business. Customs and Border Protection applies a range of measures to prevent the illicit movement of goods and irregular movements of people across the Australian border. Many of these measures address a broad range of risks, including the risk of serious and organised criminal activity at Australian airports and ports. These measures are described below.

The Airport Environment

In carrying out its border protection function in conjunction with other government agencies, Customs and Border Protection plays an integral role in addressing serious and organised criminality at international airports.

Air Border Security Teams

Air Border Security (ABS) teams provide a visible Customs and Border Protection presence in the airside aviation environment conducting border control activities and providing an intelligence collecting capability. ABS teams conduct daily airside operations including aircraft search, baggage monitoring and containment exercises, intelligence collection, transit passenger and crew checks, and airside and perimeter area patrols. ABS teams also work with the Joint Airport Investigation Teams (JAITs) and the Joint Airport Intelligence Groups (JAIGs) by being a deployable resource, identifying criminal activity for further investigation and assisting the AFP, as required, in conducting airside inspection for criminality of people for leaving the secure areas of airports.

The ABS teams provide 24/7 coverage at Sydney, Melbourne, Perth and Brisbane airports, and targeted 24/7 coverage at the remaining four international airports (Adelaide, Darwin, Cairns and Gold Coast).

Profiling of Passengers and Crew

Customs and Border Protection contributes to delivering aviation security, including the identification of criminal activity, through the profiling of passengers and crew. A number of systems are used to analyse flights to Australia and assess passengers and crew prior to their arrival. This analysis enables the deployment of our intelligence, targeting, inspection, examination, detection and investigation capabilities to reduce and target the movement of persons or goods of terrorist or criminal concern. Customs and Border Protection contributes to whole of government measures through referrals to other agencies and by working in partnership with industry.

Joint Agency Collaboration

Customs and Border Protection has officers posted to the Joint Airport Investigation Teams (JAITS) which have been established at five major international airports (Brisbane, Sydney, Melbourne, Adelaide and Perth). Under AFP command, the JAITS proactively target serious and organised criminality and trusted insiders who aim to exploit their positions of trust at all 11 Counter Terrorism First Response airports (Sydney, Melbourne, Brisbane, Perth, Adelaide, Cairns, Canberra, Darwin, Hobart, Gold Coast and Alice Springs) and include a dedicated surveillance capability.

Joint Airport Intelligence Groups (JAIGs) are the primary intelligence cell at each airport and act both to inform the Airport Police Commander and support other agencies in their airport functions. The primary focus of the JAIGs is airport crime, with a particular emphasis on serious and organised crime. JAIGs also provide intelligence which inform tactical and operational decision making and provide intelligence support to the JAITS. This includes both referring targets for investigation and providing analytical support to ongoing investigations.

Each JAIG, under AFP command, consists of permanent members (AFP, seconded State and Territory police and Customs and Border Protection) and visiting members the Department of Immigration and Citizenship, Infrastructure, Biosecurity Australia (formerly the Australian Quarantine and Inspection Service), Australian Security Intelligence Organisation (ASIO) and the Australian Crime Commission (ACC) who provide support and input as required. Customs and Border Protection has 12 intelligence positions assigned to the JAIGs.

The Port Environment

Daily in Australian ports, Customs and Border Protection officers undertake a range of activities that provide a level of assurance to the community and are aimed at detection and deterrence of border related offences. These are described below.

Boarding of Vessels

Customs and Border Protection officers board all high to medium risk commercial vessels arriving direct from overseas within one hour of their arrival. A range of compliance checks to verify crew details and vessel movements are undertaken. Enforcement actions are also undertaken as part of this activity and include face to passport check of all crew, verification of high duty ships stores, accuracy of crew declarations of goods in possession, examination of crew's quarters and living areas and general assessment of the vessel and its crew.

Waterfront Patrols

On a daily basis, Customs and Border Protection carries out random day and night patrols in all major ports, on foot, by car and on water, to provide a visible presence, deter illegal activity and gather information and intelligence about goods and people crossing the border. Customs and Border Protection has a physical presence in 41 ports around Australia. One of the core aspects of the functions of these offices is to provide waterfront patrols of their immediate port area and any adjacent ports. In addition, these ports are responsible for undertaking patrols of the general coastline and remote coastal areas. The patrols focus on a variety of activities including:

- gangway checks of persons coming and going on vessels to detect the movement of prohibited goods;
- gate checks of vehicles and persons entering or departing a waterfront area to deter theft or movement of prohibited goods from cargo or vessels;
- identity checks of people in restricted waterfront areas;
- to cordon and contain areas subject to other operational activities being undertaken by Customs and Border Protection;
- information collection from crew members and shoresiders present in the port environment;
- liaison with other agencies and development of community contacts in waterfront communities; and
- providing a visible deterrence presence.

Information gathered by waterfront patrols is shared with other law enforcement agencies as appropriate.

Vessel Searches

Customs and Border Protection officers are trained to search all types of maritime vessels to detect border related offences. Searches can range from a simple rummage of cabin and accommodation areas (a routine activity usually undertaken as part of the boarding process) to full scale. At times, major operations involve very detailed and extremely deep searches conducted by more specially trained officers and employing more sophisticated technology.

Joint Agency Collaboration

While Customs and Border Protection's remit relates to border protection, its expertise is called upon to support law enforcement agencies, particularly the AFP, to combat organised crime.

In the port environment, Customs and Border Protection works closely with the AFP, ACC and relevant State and Territory police agencies as no single agency has sole responsibility for organised crime. Arrangements are in place through liaison positions in all relevant agencies to facilitate the real time exchange of information and intelligence when serious and organised crime or security risks are identified.

When information or intelligence is received, agencies come together as part of a joint task force or joint target development teams to pool resources to successfully disrupt, apprehend and subsequently prosecute offending individuals or groups engaging in criminal activities at the border. The current administrative and law enforcement arrangements as well as information and intelligence sharing measure have led to some significant detections and disruption of SOCG activities in recent times.

A joint national operation in the 2007-2008 period involving Customs and Border Protection, AFP, Western Australia Police and the ACC targeted a complex organised crime syndicate importing narcotics into Australia on commercial vessels.

The results of this operation to date have included:

- 105 kg MDMA (ecstasy) powder seized;
- \$104,710 in cash seized;
- in excess of \$200,000 in additional assets seized;
- 12 arrests including two waterside workers and one crew member;
- two pill presses seized; and
- a greater understanding of corrupt links operating in the port environment.

This operation demonstrated the effectiveness of a coordinated inter-agency approach in pooling resources to address the threat posed by an international drug trafficking syndicate attempting to import drugs in the maritime environment.

Information and Intelligence Sharing

Liaison Officer Network

Customs and Border Protection maintains a liaison officer network. Officers within this liaison network engage and meet regularly with liaison officers from other Commonwealth and state and territory law enforcement and regulatory agencies to facilitate the timely exchange of information and intelligence on issues of mutual interest and responsibility.

Information and intelligence exchange covers issues surrounding serious and organised criminal activity at Australia's airports and ports and other forms of criminal activity more broadly.

The liaison officer network is a fundamental information and intelligence sharing means between those agencies with the responsibility of managing the risk of serious and organised criminal activity at airports and ports. Over the last 12 months, strong results have been achieved as a direct result of cross agency communication and interaction through the liaison officer network.

Use of the Australian Criminal Intelligence Database (ACID)

Sharing of information and intelligence is achieved at the federal, state and territory level through the ACC's ACID database which allows Commonwealth and state and territory law enforcement and regulatory agencies to share criminal information and intelligence in a timely manner.

As an outcome of the *Wheeler Review into Aviation Security*, it was recommended that the ACID database be the primary information and intelligence sharing platform for those agencies with responsibility for airport security.

Customs and Border Protection regularly uploads information reports to the ACID system to share with relevant partner agencies to address criminality not only at ports and airports, but criminality occurring across the wider Australian community as well.

Joint Management Groups

In addition to working with the ACC and other Commonwealth and state and territory law enforcement agencies on specific operations, Customs & Border Protection is involved in joint management and intelligence groups in each region and nationally.

These groups are designed to assist the flow and exchange of information between agencies regarding operational and intelligence matters and assist deconfliction and linking of activities.

These groups also discuss thematic areas of interest, developing operational and intelligence strategies to manage the risk of serious and organised crime.

Closed Circuit Television (CCTV)

Customs and Border Protection has CCTV infrastructure in 63 Seaports and eight International Airports. At these 71 sites there are over 2,000 CCTV cameras. The network of cameras in separate port and airport locations around the country links to local Customs Houses, regional monitoring centres in each state, and a National Monitoring Centre in Melbourne. These facilities permit the effective and efficient monitoring of Australia's waterfront and international airports.

Customs and Border Protection staffs control rooms at eight international airports around Australia (Sydney, Melbourne, Brisbane, Perth, Darwin, Gold Coast, Cairns and Adelaide). These cameras are located in Customs and Border Protection's controlled areas within the terminal and airside areas, including baggage make-up areas. There are also cameras in some airports in areas such as public carparks and arrival halls to assist Customs and Border Protection operations. It is expected that one hundred percent recording from Customs and Border Protection's CCTV cameras in Sydney, Melbourne, and Brisbane airports will be in place before 30 June 2010.

Customs and Border Protection uses the CCTV network to:

- detect unlawful activity that represents a threat to the Australian border;
- allow Customs and Border Protection and its partner agencies to respond to illegal activities in the monitored area;
- provide information so that the risk associated with different areas can be evaluated; and
- collect evidentiary material to assist in the prosecution of border offences.

The provision of data to other agencies for border protection and law enforcement purposes is subject to the permissible use and information security and privacy controls and accountabilities.

Cargo Controls

All cargo entering and leaving Australia is required to be reported to Customs and Border Protection through the Integrated Cargo System (ICS). Information collected through the ICS is assessed against known and suspected indicators of border risk, including drug importation, using the Customs and Border Protection Cargo Risk Assessment (CRA) system.

Cargo consignments that match CRA profiles are referred to cargo targeting officers for further analysis to assess whether inspection or examination of the goods or further investigative or compliance action is required. Cargo assessed as high or medium risk is referred for inspection or examination along with a selection of low risk cargo for sampling and compliance purposes.

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Inspection and examination may be undertaken:

- at Customs and Border Protection Container Examination Facilities (CEFs);
- using technology installed at major air cargo and postal facilities which are licensed under the *Customs Act*;
- using mobile inspection technology, including x-ray and a range of substance testing capabilities deployed in all capital cities and at some regional centres; and/or
- by physical unpack and examination by Customs and Border Protection officers.

Using a risk-based approach, a broad program of cargo inspection and examination activity is undertaken to detect, deter and disrupt the illicit movement of goods across the border. Categories of activity include:

- Targeted: All cargo is electronically risk assessed and all high risk consignments physically examined.
- Campaign: Flexible and scaleable intervention to address known or emerging risks.
- Coverage: A level of broad coverage across the environment is undertaken, including both known and unknown risks. In conjunction with Campaign activity, Coverage directs inspection resources towards a combination of known risk areas (such as specific flights, premises including depots, commodities), and emerging areas of suspected or unknown risk.
- Sampling: A sampling approach to monitor and assess underlying rates of leakage across the import air cargo environment is being developed and trialled (with the assistance of the CSIRO). This will provide a point of comparison against a baseline developed from results achieved through previous high volume inspection activities, and inform changes to coverage and campaign activity.

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.

Customs and Border Protection provided support to the ACC's Crime in the Transport Sector (CiTS) and Illegal Maritime Importation and Movement Methodologies (IMIMM) determinations. Due to the classified nature of the CiTS and IMIMM material, Customs and Border Protection is unable to comment on the findings of these determinations within this submission, though is prepared to do so in camera during a Committee hearing.