



Australian Government

Australian Commission for
Law Enforcement Integrity

BORDER-5 INTEGRITY DIALOGUE

“Building a corruption resistant system”

Michael Griffin AM, Integrity Commissioner
Wednesday, 4 February 2015

Langham Hotel
Melbourne

CHECK AGAINST DELIVERY

[Introduction]

Thank you for those words of introduction. It is a great pleasure for me and my senior staff to join you on this occasion. I especially welcome this opportunity to address an audience that has a common interest in the agency that I head – the Australian Commission for Law Enforcement Integrity (or ACLEI as it is also known).

[Why does integrity matter?]

The topic of my address this afternoon is *Building a corruption resistant system*. Anti-corruption measures can be expensive and sometimes controversial, so the first step is to spend a little time thinking about why integrity matters. I think there are a number of dimensions.

As you will appreciate, corruption in the public sector can be deeply upsetting for members of the community and – to varying degrees – can be a lightning rod for elected officials.

On a global scale, corruption skews markets and disproportionately disadvantages the poorest people on the planet. Even in developed countries, corruption has the potential to destabilise governments and economies. For all these reasons, it was pleasing to see the G20 leaders giving emphasis in Brisbane last year to fighting corruption, including in Customs environments.

Corruption can take many forms and, in the Australian Customs context, corruption means that drugs can get through our borders more easily. When you consider the devastating effect that methamphetamines and other illicit drugs have on our communities, fighting corruption takes on a more-urgent character.

Accordingly – to the extent we are able – our goal should be to make it as expensive and risk-laden as possible for organised crime groups to smuggle drugs and other contraband. We also need to be the best prepared we can be for this challenge.

As the heads of large, critical government agencies, corruption is important from another perspective – namely, the relationship between integrity and organisational capability. Corruption – your best estimate of the threat, your evaluation of your resistance –tells you something about your agency.

For instance, you are more likely to have corruption when your organisation is structurally weak. If professional standards are low, your standards in all areas will tend to be low. You will have bullying, harassment, wastage, dissatisfaction and dysfunction. The feedback loops and management systems you would normally rely on to improve your business won't be as effective as you need them to be. You won't be able to tap into the capacity you need to achieve your objectives.

On the other hand, a high performing agency will be more agile, responsive, energised and alert. Accordingly, integrity and high professional standards are key building blocks you need to be able to achieve your organisational objectives. This standard will be motivating for the people you want to keep and will be attractive to the people you want to hire. It builds trust with the other agencies you want to partner with to open the flow of intelligence and cooperation.

Because of the business you are in, you may – and probably will – continue to face corruption threats, but your ability to operate will be far less compromised. Paradoxically, the more effective you are, you may even face more concerted efforts from your opponents.

[Australian Border Force]

I expect you have already been briefed on the substantial changes that are underway in Australia to establish the Australian Border Force. Reforms of this size are very difficult to deliver and are not undertaken lightly. I realise that several of the Border-5 members have undertaken similar reforms in recent years, so you know what I am talking about.

However, strategic reform is necessary if we are to strengthen our borders. That is to say, by creating a new agency with the highest possible standards, the Australian Government's aim is to increase significantly our capability to fight smugglers and strengthen our economy and our national security.

ACLEI is pleased to be an integrity partner in the Australian Border Force initiative.

[ACLEI's role]

So, it may be useful to describe ACLEI's role in the Australian law enforcement system – its investigative capabilities and the legislation that supports it.

ACLEI's primary role is to investigate law enforcement-related corruption issues in Australian Government agencies (that is the Federal level of government). The governing enactment requires the Integrity Commissioner to give priority to serious and systemic corruption.

For this purpose, the Integrity Commissioner may use the full range of law enforcement powers – including, assumed identities, telephone intercepts, surveillance devices and controlled operations.

Information and evidence collected by ACLEI may be used in disciplinary proceedings and can be used in criminal prosecutions or for the recovery of the proceeds of crime. The Integrity Commissioner may also use coercive information gathering powers, such as a private or public hearing in which it would be an offence not to answer a question truthfully, and the usual privilege against self-incrimination is set aside. However, self-incriminating evidence may not then be used in a direct form to prosecute the person in a criminal trial.

To control corruption risks generally, and to ensure that law enforcement integrity standards remain high, the Integrity Commissioner makes recommendations to government for laws or agency practices and policies to be changed. This happened for instance following ACLEI's investigation into corruption at Sydney International Airport, whereby compulsory drug testing and a number of other integrity measures were introduced in Customs.

The agencies in ACLEI's jurisdiction are:

- the Australian Crime Commission
- the Australian Customs and Border Protection Service
- the Australian Federal Police
- the Australian Transaction Reports and Analysis Centre (AUSTRAC)
- the CrimTrac Agency, and
- prescribed aspects of the Department of Agriculture that deal with the border environment.

We work in very close partnership with each agency, rather than regard ourselves as being in an elaborate game of hide and seek, or of one-upmanship.

[The nature of corruption]

At ACLEI we use the phrase *corruption handshake* to describe the potential relationship that may form between corrupt law enforcement officers (on the one hand) and organised criminals (on the other).

Corruption inevitably involves a *trusted insider*—a person who, often (but not always) for monetary profit, perverts or misuses the tools, resources, discretions and privileges that are available to him or her. That is to say, the corrupt officer has a commodity to sell or trade, and – whether for money, malice, misplaced loyalty or blackmail – the officer is prepared to do so.

In serious or systemic forms of corruption, the *trusted insider* will collaborate with other willing participants to achieve his or her objective. I will talk more about this collaboration in a moment.

Of course, *concealment* is a key element of corruption. In fact, it is one of the great advantages that the corrupt insider may bring to the serious crime business model. Concealment delivers the capacity for criminals to cover their tracks. Concealment also offers the prospect of being able to replicate a crime, almost endlessly.

[The organised crime business model]

I want to move now to the drivers of corruption enabled border crime in the Australian context.

Australia is an attractive market for transnational criminal enterprises. We have well-established illicit markets, and well-organised clandestine distribution networks – thanks largely to outlaw motorcycle gang Chapters. These factors all help to regulate supply, price and profit.

The profits at stake can be enormous. From wholesale prices below \$2000 per kilogram in South America, a kilogram of cocaine at much lower levels of purity can be worth more than \$200,000 if landed in Australia. This margin is significantly higher than other developed countries, including the United States and United Kingdom.

High profit margins are also associated with steroids and precursor chemicals, including pseudoephedrine, both of which were imported by the corrupt network identified in Operation Heritage/Marca at Sydney International Airport.

That investigation was one of the largest anti-corruption operations in Australia in recent years and to date has resulted in the successful criminal prosecution of 26 people relating to the large-scale importation of narcotics worth more than AUD\$46 million. Just last Friday, a former Customs officer received a nine year jail term. Had he not received a discount for cooperating with the investigation, he would have been facing an 18 year sentence. He joins five other former Customs officers convicted in this matter.

[Organised crime methodology]

In order to make these profits, organised crime groups must circumvent regulatory and law enforcement controls. Though criminal methods are numerous, seeking corrupt assistance from relevant law enforcement and regulatory officials is one available option. High profit margins make this method affordable.

We understand that the experience in other western countries is that organised crime groups use deliberate and persistent tactics—such as grooming, softening and suborning individuals who are well-placed in organisations—to gain access to what the organised crime group needs, whether that commodity is information or influence over decision-making.

Large bribes can be offered. Infiltration or extortion can be used as methods. Familial, cultural and social ties can be manipulated or exploited. Selling cocaine to Customs officers is a current major threat – some of the younger employees seem to think it is a socially acceptable activity. The conditions for use of these tactics exist in Australia now, and there is evidence that it is occurring on an organised basis.

If we are to defeat these emerging methods, we must address the problem from many different approaches. Starving criminal groups of the proceeds of crime is a central strategy. Clamping down on avenues for money laundering is another aspect. Collecting criminal intelligence and focussing disruption efforts on the big players, who are also the potential corruptors, is another method.

[The Integrity Partnership]

ACLEI's operating model is based on the proposition that by finding a corrupt officer, he or she would lead investigators to their criminal collaborators. To achieve this objective, it is important that the *bad apples* are not pulled out of the barrel immediately, but the whole corrupt network including their criminal counterparts is investigated and prosecuted.

The *corruption handshake* metaphor that I mentioned earlier means that just as the corruptor and the corrupted work together, so too must agencies dedicated to disrupting organised crime and corruption.

Law enforcement and integrity agencies can respond to the *corruption handshake* from complementary perspectives. Key agencies—such as the Australian Crime Commission and the Australian Federal Police, and their counterparts at State and Territory level—contribute an understanding of organised crime, while agencies like ACLEI (and its counterparts) bring to bear specialist knowledge of corruption risk factors.

The ability to conduct penetrating investigations of corrupt law enforcement officers is necessary to maintain an effective deterrence, and is a substantial part of the ACLEI model. The most easily recognised opportunity for collaboration in this space is the joint investigation of serious corruption involving organised crime, in conjunction with law enforcement partners, just as we achieved in Operation Heritage/Marca.

With these partnerships now firmly established, I believe that the greatest opportunity over the next two years will be to increase the sophistication of our joint detection activities.

Since many organised crime groups operate on an international basis, then I think opportunities will arise for our agencies to share critical information with one another. There is no room to be embarrassed about corruption. In our economic context, we must expect it to occur (and be suspicious if we don't see any evidence of it).

While an image of corruption enabled border crime is emerging, as seen in Operation Heritage/Marca, the intelligence picture is by no means complete. What we do know for sure is that organised crime groups see corruption as the cost of doing business. It is part of their business model. The threat is an enduring one, with no expectation it will decline.

That is why ACLEI is planning to send a small delegation to the United States of America and to Canada in April this year. It is proposed that the delegation will discuss corruption enabled border crime risks with counterpart agencies, with a focus on learning about those organised crime groups that are likely to target Australia with similar methods.

We intend that the visit will focus attention on Australia's intelligence needs within the global criminal environment, and we look for areas of reciprocity.

This will be a further development in leading Australia's efforts to build a corruption resistant border.

[Conclusion]

Let me conclude my formal remarks with a cheat sheet or aide-memoire. I don't expect these concepts to be new to you, but they are always worth revisiting:

1. Make anti-corruption one of the top things you deal with every week. Tell your staff exactly what risks they face, and that you will face them together.
2. Designing-in corruption resistance increases your organisational capability to get on with the things that matter to you.
3. Build your integrity framework on the basis of responding to other risks to your business. If organised crime wants to compromise your organisation, then that is a risk you should attend to in a variety of ways.
4. Don't assume that anyone else is like you, or that they have your values. Corrupt officers are not like you, they don't share your values. Your integrity framework needs to expect those people are out there. Substance abuse testing is a good idea.
5. Use your personal stance on corruption and professional standards as a motivating factor for your organisation. Over time, you will keep the staff you want to keep, and attract the ones you want to attract.

6. Integrity drives trust. If you can show your partners you are serious about corruption risk, you will improve the quality of your relationships and your law enforcement outcomes.

Thank you for your attention. I welcome your thoughts.