



Australian Government
**Australian Customs and
Border Protection Service**

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University of Canberra National Security Lecture Series
Friday 25 March 2011

‘The role of Customs and Border Protection and our contribution to national security’

Good afternoon – I am Michael Carmody, Chief Executive Officer of the Australian Customs and Border Protection Service.

The Customs and Border Protection outcome statement – *the protection of the safety, security and commercial interests of Australians through border protection designed to support legitimate trade and travel, and to ensure collection of border revenue and trade statistics* – encapsulates, if a touch bureaucratically, the important and complex role performed by the Australian Customs and Border Protection Service.

In performing that role we:

- prevent, deter and detect the illegal movement of people across Australia’s borders;
- prevent, deter and detect prohibited, harmful and illegal goods from entering Australia;
- investigate suspected breaches of a range of border controls;

- counter civil maritime security threats in Australian waters through Border Protection Command, a joint Customs and Border Protection and Defence authority, located within Customs and Border Protection;
- facilitate legitimate trade and travel;
- deliver industry assistance, including through Australia's anti-dumping and countervailing and Tariff Concession Schemes;
- collect border-related revenue and statistics.

With the then Prime Minister's National Security Statement in December 2008, which embraced border integrity in its broader sense as a national security priority, we became an integral part of Australia's national security community.

The Australian Customs Service was renamed to the Australian Customs and Border Protection Service, reflecting the critical role we undertake in protecting the border. This was the culmination of events, including the events of 9/11, which saw the transition of Customs and Border Protection from its origins as primarily a revenue based agency to a significant contributor to national security.

Through our presence in the passenger, cargo, maritime and coastal surveillance environments, we operate in domains that play an important role in national security issues.

We bring to the national security table important capabilities. Primary amongst these are rich information sources, analytical and targeting capabilities, industry knowledge, extensive powers and surveillance and response and detection capabilities. We also bring extensive experience in collaborating with other agencies here and overseas to achieve results.

The Border Environment and Future Challenges

Let me just give you a few examples of the complexities facing us in the border environment. It is a challenging environment for a number of reasons.

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For example, between now and 2020 the total number of passengers entering Australia is expected to rise from around 12 million to 20 million per year, with similar numbers departing. Cargo movements are also expected to increase by almost double over the same period.

In addition to these increases in volumes, globalisation is increasing the complexity of supply chains and travel routes. This complexity increases the number of transit and transshipment points, making it even harder to determine the true origin of people and goods.

We will continue to face a number of security threats. The threats faced in relation to terrorism, organised crime and people smuggling are just three that will likely endure in the foreseeable future.

The increasing sophistication of technology will provide opportunities for enhanced law enforcement and service delivery capabilities. However, it will also provide opportunities for those that look to circumvent border controls as they adapt to new technology. We will need to keep pace with technological advancements to stay ahead of these threats.

We also need to be aware that we are operating in an environment of limited resources. An ageing population and a tightening labour market will challenge us into the future. There are already high expectations from the community as to what border protection encompasses. The expectations of the community are also broadening. The scope of the risks we deal with is growing, as does the demand to deal with these risks simultaneously.

There is also the reality that the available time for intervention at the border is limited, whether at airports, seaports or elsewhere.

Our Strategic Response

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Our strategic response to this environment is threefold.

We recognise that the issues we confront at the border often require an integrated response from a range of agencies and we seek to show leadership in collaborating to achieve this result.

We operate across what we refer to as the border continuum such that our responses start offshore in seeking to prevent risks arising or obtaining information to ensure we can appropriately target our interventions at the border.

We employ an increasingly intelligence-led, risk-based approach to our operations supported by assurance and disruption activities.

Collaboration at the Border

The move towards collaboration and integration is evident in the *Strategic Border Management Plan* – the result of coordination and collaboration by thirteen agencies led by Customs and Border Protection.

The Strategic Border Management Plan sets out the future principles for border management that will deliver us the agile border management community we need. *The Strategic Border Management Plan* also sets out the Government's highest priorities for the development of the border management community.

The Strategic Border Management Plan was developed through an intensive collaborative drafting process under the strategic direction and oversight of a senior advisory group made up of representatives from relevant Government agencies.

Within the whole-of-government framework border communities can coordinate and promote an active approach to policy setting. Future development and capability needs can be addressed through close collaboration between agencies. We can achieve this by focussing on shared outcomes and establishing a common

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understanding of current and future operating environments. In this way agencies can work together to deliver and improve core capabilities at the border, both within and across agencies.

At a practical level, what this means is that we recognise that no single agency can deal with these challenges alone.

As a result, Customs and Border Protection continues to operate closely with a number of border and law enforcement agencies to address risks at the border. These partnerships, used to address both operational and policy requirements, allow border agencies to coordinate strategic policy decisions and leverage resources for focussed interventions based on intelligence and risk.

There are dozens of joint law enforcement task forces operating at any one time working together to protect the border at an operational level. This brings the joint capabilities of agencies such as Customs and Border Protection, the Australian Federal Police, state and territory police and the Australian Crime Commission together to combat organised crime. The approach to countering maritime people smuggling ventures, which I will touch on further later, is another example of a joint approach to addressing complex border challenges.

This joint effort also extends beyond the direct operational realm. Customs and Border Protection chairs the Border Management Group (BMG), consisting of 12 border management agencies. The BMG is responsible for implementing the Strategic Border Management Plan and coordinating strategic responses. This is just one example, with Customs and Border Protection leading, and contributing to, a number of multi-agency policy fora.

The Border Continuum

We recognise a broader border than simply physical entry and exit points.

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We work, often in partnership with other agencies across a number of environments:

- overseas – we work with other countries to strengthen border controls, we support agencies engaged in disrupting people smuggling ventures and we obtain and analyse data to target our interventions at the border;
- in the maritime zone and territorial waters – we identify and intercept possible people smuggling, illegal foreign fishing and drug importation ventures through surveillance and response assets coordinated by Border Protection Command;
- at the border – we identify and prevent risks at the physical entry and exit points to Australia to prevent the illegal movement of people or good across the border; and
- within Australia – we work to provide and enforce the legal and operational framework that allows movement in and out of Australia through for, example, post-transaction audits or investigations.

Collectively we refer to this as the border continuum. We recognise that there is a need to work ahead of the border so that checking and screening commence well before people, cargo and vessels cross the physical border.

The layered, risk-based approach is a process that begins long before people or goods depart for Australia. Border clearance processes are pushed back as close as possible to the point of origin.

Capacity building and cooperation activities with overseas authorities can help to prevent risks flowing through to Australia by identifying suspect individuals or goods at the earliest possible point.

Intelligence Led, Risk-Based Approach

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We also recognise that the majority of travellers and goods that arrive present a low risk and we are committed to a risk based approach. This means that people and goods assessed as high risk are paid more attention than those assessed as low risk. This allows border agencies to focus their resources and their efforts where they will have the greatest returns.

Prior to a traveller arriving at Australia's border a pre-arrival risk assessment involving the examination of a range of data sources is undertaken. This assessment facilitates travellers who pose no risk and allows for a more in-depth review of travellers assessed as being of concern.

Advance cargo information is also provided prior to arrival at Australian ports. This enables the targeted selection of cargo for further scrutiny on arrival.

The ability to maintain knowledge of activity occurring in the maritime domain, undertake patrols and, where necessary, respond when Australia's interests are threatened is key to controlling this part of the border.

At the physical border, which we consider a secondary layer of intervention, we work to identify and prevent risks at entry and exit points.

At the border, passengers can be questioned and observed at the immigration line and in the baggage hall. Other capabilities, such as detector dogs, x-rays or trace detection technology can also be applied. Increasingly biometric technologies are also being applied. Depending on such factors as the level of intelligence available and the results of the container x-rays, cargo containers may be unpacked and subject to physical examination, pallet x-ray or examination by specialist chemical, radiological and nuclear material detection equipment.

Our risk-based approaches are backed up by sampling and campaign activities designed to monitor the effectiveness of our targeted interventions and to avoid predictability in our approaches.

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Counter terrorism

Turning to specific national security challenges and threats at the border, terrorism remains high on our agenda.

We are not a lead agency in counter terrorism. But our capabilities in analysing border-related reporting, in intervention and assessment and in providing physical surveillance and response in the aviation and maritime environment can support the government's response to the threat of terrorism.

Two relatively recent terrorism incidents illustrate our current and emerging contribution.

On 25 December 2009 a twenty three year old Nigerian national aboard Northwest Airlines flight NW253 from Amsterdam Airport Schiphol to Detroit Metropolitan airport, detonated an improved explosive device. He was restrained by passengers onboard the flight and the aircraft landed safely at Detroit airport shortly thereafter.

On 9 February 2010, the Australian Government announced a comprehensive package of measures to strengthen Australia's international and domestic aviation security regime against emerging threats.

As part of this Customs and Border Protection with its partner agency, the Department of Immigration and Citizenship (DIAC), will continue to develop a range of improvement opportunities to passenger risk assessment through the delivery of the Enhanced Passenger Assessment and Clearance Program and Next Generation Border Security proposals.

Under these measures we will enhance the collection, storage and use of advance passenger information to expand our current capability and to support multi-agency decision-making in relation to visa applications and passenger risk assessment and response.

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The second incident was the October 2010 Yemeni air cargo bomb plot.

Following this incident, the Australian Government moved immediately to increase security screening of cargo arriving in Australia. This included a requirement by the Office of Transport Security (OTS) that industry screen all cargo originating from or passing through Dubai, Abu Dhabi and Doha on arrival in Australia.

Customs and Border Protection initially assisted industry to meet this requirement by deploying staff and technology to screen cargo. No threats were detected.

The response was subsequently refined based on a cleared understanding of the threat. A replacement security direction was issued by OTS to air carriers on 5 November 2010. This prohibited cargo originating or passing through Yemen being carried to Australia.

OTS issued a further security direction on 16 December 2010 prohibiting cargo originating or passing through Yemen and Somalia from being carried to Australia.

In this context I should note all air cargo entering Australia is assessed by Customs and Border Protection against a range of threats, including terrorism. The risk assessment of air cargo is guided by intelligence produced by Customs and Border Protection and its law enforcement and intelligence partner agencies.

Prior to the Yemen air cargo incident, Customs and Border Protection had initiated a specialised air cargo risk assessment program to identify and prevent goods of national security concern from high risk origins, including Yemen, entering Australia.

This program involves physical inspection of goods and the sharing of information with Customs and Border Protection partner agencies.

In direct response to the Yemen incident, Customs and Border Protection has been working with OTS and other agencies to identify additional high risk ports of origin.

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Counter Proliferation

Australia is a member or signatory to a range of treaties and international agreements and various multilateral non-proliferation and export control regimes.

These are reflected in the Defence Strategic Goods List of items for which permission is required from the Minister for Defence before they can be exported. While the Department of Defence administers the permits regime, Customs and Border Protection is responsible for enforcing the export control on these goods.

A number of measures are in place to manage the risk of controlled goods being exported without permission. These include requirements for declarations by exporters, supplemented by risk-based profiles, inspections, campaigns and post-transaction monitoring and reporting.

Customs and Border Protection works closely with the Department of Defence and members of the Australian Intelligence Community to maximise the effectiveness of these controls.

Serious and Organised crime

Organised crime is a diverse area. Goods moved by organised criminal networks include such things as illicit drugs and precursor chemicals and counterfeit goods. The border presents opportunities for the commission of revenue fraud against the Government, as criminal groups try to evade import duties and related excise taxes.

The networks that perpetrate the more serious level of transnational organised crime can be characterised as flexible, dynamic, innovative and resilient. Driven by a profit-motive, these networks are opportunistic, risk-averse and commonly maintain a multi-jurisdictional and transnational presence. They may be involved in multiple illicit activities at any given time.

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Transnational organised criminals will continue to adapt with new and emerging technologies, which provide opportunities to increase the sophistication of organised criminal offending. They will continue to be dynamic and move into markets and places where profits are to be made and where they perceive risks to their operations to be lower.

Serious and organised crime has only relatively recently been recognised as a national security priority. But it too is at the centre of a whole of government effort. The Commonwealth Organised Crime Strategic Framework, led by the Attorney-General's Department brings together the efforts of law enforcement and regulatory agencies to respond to organised crime.

Coordinated responses and widespread sharing of information and intelligence are valuable tools in the fight against organised crime.

Some organised criminal networks operate like legitimate businesses. This includes investing in capabilities. Successful groups are able to use more sophisticated concealments, commit criminal activities on an increasingly larger scale, and work to lessen their business risks – such as through attempting to corrupt officials, infiltrate businesses involved in the supply chain, and employing counter-surveillance methods and technologies.

It is clear that established criminal groups give high priority to innovation in concealment, and will pay specialists to pack commodities to evade Customs and Border Protection scrutiny. A case in July 2009 saw 144 kilograms of cocaine packed into machinery dyes. It required extensive work by specialist engineers using industrial tools to drill their way through the thick steel plating for Customs and Border Protection officers to be able to extract the drugs.

In dealing with organised crime, our efforts are driven by strong tactical and strategic intelligence. We also employ a risk-management approach, allowing us to focus on the highest risks for intervention. Part of this approach involves learning more about criminal entities rather than individual transactions at the border.

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Customs and Border Protection has offices in every state and territory and a presence at all eight designated international airports and 64 seaports. Beyond that, Customs and Border Protection works in all channels across the border – air and sea passengers and crew, air and sea cargo, international mail, maritime and coastal surveillance. This provides us with a unique opportunity to contribute to the identification of links in the increasingly diverse methods of organised criminal networks.

We have intelligence holdings covering extensive parts of international trade transactions, passenger movements, and compliance with maritime regulations. These can be combined with data from other sources, for example with AUSTRAC's financial transaction holdings, to build up a more complete picture of both the transaction and those involved in it.

Our ability to collect large amounts of data on cross-border movements enables us to expand the breadth and depth of knowledge of organised crime in the law enforcement community. Customs and Border Protection has extensive information-sharing arrangements with our partner agencies.

The key to our approaches to serious and organised transnational crime is intelligence sharing and joint operations with law enforcement agencies.

In detecting illicit drug and precursor importations at the border we work closely with the Australian Federal Police (AFP) which has primary responsibility for investigation and prosecution of serious drug and precursor offences.

We also work closely with other partner Australian law enforcement agencies including State and Territory police, the NSW Crime Commission and the Australian Crime Commission (ACC). At any one time Customs and Border Protection would be involved in as many as 40 to 50 joint operations.

Attempted imports of illicit drugs and precursor chemicals is a particular focus.

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A recent notable example is the October 2010 operation on Queensland's southern coast. This operation started with an intelligence lead from the US Drug Enforcement Administration to the Australian Federal Police. Customs and Border Protection officers together with the Australian Federal Police, Queensland and NSW Police, joined forces to intercept 464kg of cocaine - the third largest cocaine haul in Australia's history. The cocaine could have potentially earned organised crime figures more than \$160 million on Australian streets.

Maritime People Smuggling

Responding to maritime people smuggling is an issue for which we were given an operational leadership role in the 2008 National Security Statement.

Our role includes leading a whole-of-government intelligence hub drawing the resources of the Australian Federal Police, the Department of Immigration and Citizenship, the Department of Defence and other elements of the Australian Intelligence Community in the one location. This integration provides a consolidated whole-of-government understanding of the threat environment across strategic intelligence reporting for Ministers, operational intelligence reporting for decision makers on-shore and overseas, and tactical intelligence support for investigations and disruption operations. We add to this by leading whole-of-government operational strategic planning.

Through Border Protection Command we provide Australia's civil maritime surveillance and response capability.

Border Protection Command (BPC) is the operational authority which, in concert with other government agencies, protects Australia's national interests in Australia's maritime domain by generating awareness of activity and by responding to mitigate or eliminate the risks posed by maritime security threats. BPC is a multi-agency command which directly controls the assigned Australian Defence Force (ADF) and Customs and Border Protection (including contracted) maritime aerial surveillance

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aircraft and maritime surface response vessels. BPC is commanded by a Rear Admiral seconded from Defence who, as Commander BPC, has operational control of both ADF and Customs and Border Protection assets. Given Customs and Border Protection's primary responsibility for border protection, BPC is administered on a day-to-day basis under Customs and Border Protection.

In the context of maritime people smuggling this capability operates to detect and intercept ventures headed for Australia. Generally interception can only occur at law once a vessel enters the contiguous zone, broadly 24 nautical miles from landfall.

Due to our proximity to those countries from which people smuggling ventures are known to launch or transit through, we often have a small window of opportunity to detect and intercept ventures headed for Australia. Just to give one example, Christmas Island is approximately 1,065 nautical miles from Broome but only 200 nautical miles from parts of Indonesia. A vessel can transit this distance in approximately 24 hours. To add to that, our northern exclusive economic zone (EEZ), the area most at risk of an irregular maritime vessel incursion, is approximately 500,000 square nautical miles. This is an area equal in size to Queensland.

The Broader Maritime Environment

But maritime people smuggling is only one threat we have to deal with in the maritime environment.

Border Protection Command is responsible for coordinating and controlling operations to protect Australia's national interests against the following maritime security threats:

- Illegal exploitation of natural resources
- Illegal activity in protected areas
- Irregular maritime arrivals
- Prohibited imports/exports

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- Maritime Terrorism, where we would have a support role
- Piracy, robbery and violence at sea
- Compromise to Bio-security
- Marine pollution.

As noted, Australia is responsible for one of the largest maritime jurisdictions in the world. Border protection challenges are magnified by the sheer size of our maritime domain and the diversity of conditions therein. Here again then, our operations are very much targeted on a risk basis.

In this context you may recall that in mid 2000 the highest maritime security threat was illegal foreign fishing in our northern waters. Strong on-water enforcement action combined with in-country communication campaigns turned this around. The deterrent effect of ongoing enforcement efforts over recent years has maintained this to the point where large concentrations of vessels sit just beyond the Australian Exclusive Economic Zone.

The Aviation Environment

The aviation environment too presents another diverse range of challenges. But it is also a good example of how a range of government agencies, industry participants and the broader Australian community are all working together on a day-to-day operational basis, as well as in a higher-level strategic way.

There is no doubt that the continuing growth in international travel from new and existing markets, together with the emergence of different aviation business models, is challenging our current border protection approaches.

In this context, the contrast between the simple linear movement of a person through an airport, and the highly complex systems, both from an industry and a government context, that supports such movement is striking.

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Despite short-term interruptions, aviation passenger demand remains strong, and this growth trend is likely to continue into the future.

Issues such as fluctuating oil prices, interest rates and the continuing effects of the global economic crisis are influencing the way airlines are looking to develop efficiencies. This includes investment in larger aircraft, which can increase the peak loads of passengers processed at certain times, and the current popularity of the low-cost carrier model, which are expected to increasingly operate out of new localities. These factors can impact significantly on our business.

In terms of complexity of risk, increasing passenger volumes now come from both traditional and emerging markets.

Adding another level of complexity for border management, airport infrastructure upgrades are complex, costly and may take many years to plan and complete, resulting in bottlenecks to passenger flows.

Historically the focus has been on identifying passengers for examination on arrival at the primary line, the physical border.

As already noted we are moving to analysis that, once mature, could better support the need for interventions prior to the arrival of the passenger in Australia.

Investment is underway on measures to strengthen passenger and air security by ensuring we can better analyse and share advance passenger information.

This will enable more timely and better informed decisions to be made about interventions needed both before and at the border.

There is considerable value we can extract from working with key strategic international partners, learning from experiences overseas to ensure the best outcomes for like-minded countries.

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In order to exploit the ever-expanding pool of information in the most timely and effective way there must be better collection and storage of data for assessment as well as a better focus on the use of intelligence.

Over a period of time we have been steadily increasing the range of passenger data we are able to use to make assessments about the need for intervention. We have also been enhancing our ability to use the data and any intelligence and information we have in different ways to improve that assessment capability.

We are improving our collection and storage of passenger data and building both an ability to appropriately share that data with other border and law enforcement agencies and an ability to engage in improved entity analytics and data pattern analysis..

We want to better anticipate the evolving intentions and tactics of those who seek to breach our border, and the complementary layers and collective strength of our existing system is a good place to start.

Cooperative, coordinated and consultative relationships here and overseas will provide the basis to share information and intelligence. In turn, this will enable us to take disruptive actions collectively.

Technology

As you can see from my overview of both the maritime and the aviation domains, we place a high value on intelligence as one of the tools to help us secure the nation and its borders.

Another tool is technology. And while those seeking to breach our border use technology to assist them in their endeavours, we too are using the rapid advances in technology to help us prepare for the future.

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Already technology has enabled us to better anchor a person's identity, reducing the risk of identity fraud. In addition to frontline officers, there is now also the option of automated border processing at certain entry points through SmartGate which can machine-read passports.

We also deploy technology in the form of fraudulent document readers at the primary line.

CCTV technology enables us to constantly monitor our environment.

Our Container Examination Facilities provide us with a safe, non-intrusive means of inspection while maintaining industry compliance rates. These operate in select ports and are purpose-built integrated examination facilities that house a range of x-ray systems that together with other technologies enable the rapid inspection and physical examination of selected sea cargo. This system is particularly effective at detecting shipments of illicit drugs, large or small, via sea cargo.

In another example, also from October 2010 at the Sydney CEF, 168kgs of heroin was found concealed in wooden doors. This was the fifth-largest heroin haul in Australia's history. The consignment was examined and x-rays revealed anomalies. This was a joint AFP and Customs and Border Protection operation that kept approximately \$58.8 million worth of drugs profits out of organised crime hands.

And we keep abreast of industry developments, always exploring opportunities to improve facilitation through the integration of border processing requirements with normal business processes.

Behind the scenes, the technological side of our risk assessment processes is undergoing a series of improvements.

This will allow us to better 'join the dots' leading to the discovery of illicit activity from among the masses of data we are required to deal with as part of the modern environment, much of which constitutes legitimate trade and travel.

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Information management strategies and systems will help us to make fast and accurate determinations on suspect activity.

The need for connectivity has never been greater. There needs to be an automatic feed between systems, people and data across all relevant areas.

Common enterprise architectures and data standards as well as interoperability from the outset can lead to better and more efficient applications of technology investments.

Decision-making in future will be based on an enterprise-wide view of the full range of knowledge and systems at our disposal.

Because of the rapid pace of change we can expect from the future, coupled with budget and competition pressures, there is already a need to not invest in or build capabilities in isolation.

The structures, processes and systems that we will come to rely on will need to be able to change direction easily and rapidly in ways that are not yet apparent. The technologies will need to support our business in the environment in which we are operating. And we will need to work together.

The Future

We have come a long way in a short period, but there is more that we need to do as part of the national security community.

This does not mean displacing the expertise of individual agencies but rather making sure that they are brought together in a coordinated fashion to direct resources and capabilities towards areas where the best outcome can be achieved – maximising our investment and ensuring the most effective approach is being applied to a long-term problem.

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We need to continue looking for smarter ways of doing business. This will be achieved by building upon our intelligence-led, risk-based intervention approaches and we need to ensure our vital corporate support services operate leanly and efficiently.

With the expansion of border agencies' roles into the national security community we have been working to re-focus our intelligence capability to enhance our ability to access and use sensitive national security information and produce strategic intelligence on border protection issues.

We will be working more closely with agencies in the Australian Intelligence Community; enhancing our approach to the development of analysts; and developing the appropriate analytical tools for them to work in a highly classified environment.

Border agencies will play their part in this journey, complying with new whole of government standards for data sharing - that is, the sharing of sensitive information on common information technology communication systems and processes, so that analysts across relevant agencies have ready access to the information they need to do their jobs, without it having to be 'pushed' to them by collection agencies.

To this end, Customs and Border Protection is working with other agencies towards building an integrated national security information environment and providing more centralised information storage and management solutions within the intelligence community.

Increasingly, intelligence partnerships are providing for more effective joint operations and intelligence-led responses. Border management and the Australian intelligence community are working together in national forums and in overseas locations.

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In terms of terrorism, this can help us pursue and dismantle terrorist networks. In terms of people smuggling, this can help us track the members of people smuggling syndicates for investigation, extradition and prosecution.

Over the coming years, national security and border security challenges will both increase and the distinctions between these two concepts will blur. The importance of complementary strategies operating overseas, in the maritime domain, at the physical border and domestically will become increasingly important to ensuring effective protection.

Thank you. I welcome any questions.