



Supply chain scrutiny

In the wake of increasing illicit importations, the international logistics industry is looking to develop ways to thwart piggyback shipments, **Paul Zalai** writes

THERE HAS BEEN EXTENSIVE

media coverage of violence relating to gang wars with much debate on solutions in an environment where our law enforcement agencies acknowledge the difficulties in preventing related drugs imports hitting our streets.

In a presentation to the Trans-Tasman Business Circle on 12 July 2023, the Australian Border Force Commissioner Michael Outram stated that despite doubling its impressive strike rate in recent years in terms of the drug interdictions, wastewater testing reveals about 75% to 80% of illicit drugs succeed in getting across the border.

“In other words, despite the thousands of tonnes per year of drugs we are stopping – even on a good day we’re stopping

only about 20% to 25% of them. So, we have to do better. We can do better,” Commissioner Outram said.

GROWING WATCH LIST

Following on from this, the *Sydney Morning Herald* reported on 1 August that the ABF watch list compiled through Operation Jardena has “ballooned” to about 1000 people and more than 90 businesses working at the border suspected of being supply chain trusted insiders.

Jardena was established in November 2021 with 90 ABF officers dedicated to supply-chain operations, working closely with federal and state police and other regulatory agencies – both in Australia and abroad – to identify and disrupt border vulnerabilities that are being exploited.

According to Commissioner Outram in his July address, Jardena has issued 165 infringement notices totalling more than \$1.7 million in financial penalties for supply-chain-related offences. Several licences have also been cancelled with the ABF building the case for further legislative, regulatory and policy changes.

BETTER TARGETING

From an industry perspective, it is hoped that the intelligence received through Jardena allows for better targeting by the ABF of high-risk consignments rather than a potential knee-jerk reaction to the media reports by simply stopping more cargo. To ensure an outcome of continued trade facilitation outcomes, industry is turning its attention to solutions.

In its Autumn 2023 Good Compliance Update, the ABF highlighted multiple instances of fraudulent identity claims have been associated with the import of noncompliant and illicit goods.

The update labelled the misuse of an identity as a piggyback, referring to a shipment where a legitimate importer’s name is used by an entity not associated with them to import illicit goods.

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Paul Zalai,
director, FTA;
secretariat, APSA

The legitimate importer is unaware a consignment has been shipped in their name until the point there is a detection at the border, and they are contacted by the ABF.

The ABF is encouraging customs brokers to take reasonable steps to verify the identity of their clients, noting this is not necessarily an onerous task “for example, in the context of piggyback consignments, a simple search of your client on the internet or phone call to your client through the claimed company’s main switchboard could reveal discrepancies between the details you have been provided and the legitimate entity’s details “.

ID VERIFICATION

Freight & Trade Alliance, in partnership with the ABF, have communicated the need for verification of identity as being an essential obligation to customs brokers at this year’s Continuing Professional Development Border Compliance Program events.

Member feedback was subsequently incorporated into a comprehensive submission provided by FTA and the Australian Peak Shippers Association to the Simplified Trade System Taskforce that included 28 key recommendations.

Recognising the complexity of the Integrated Cargo System and difficulties in adjusting this aging system used for reporting import and export transactions to the ABF, a simple and pragmatic recommendation was provided to the Taskforce to harden the use of identity to strengthen the supply chain.

The ICS currently allows an importer to make direct payment of import duty, GST, and cost recovery charges. Alternatively, a licensed customs brokerage can make these payments on the importer’s behalf.

By limiting the ability of customs brokerages in making these EFT payments on behalf of client importers, the cargo owner would be forced to provide

financial banking data direct to the ABF. This data in turn can be used for risk assessment and identity verification, significantly reducing the risk of piggyback illegal imports consignments.

We look forward to ongoing engagement with the ABF and STS Taskforce to achieve both community protection and trade facilitation outcomes. ■

OPERATION JARDENA: A BRIEF HISTORY

■ The Australian Border Force established Operation Jardena in 2021 to “strengthen ABF efforts in combatting criminal infiltration of Australia’s international supply chain and is a focal point for bold, longer-term supply chain governance reform”, according to the ABF’s *Annual Report 2021-22*, published in September last year.

At the time, the ABF said it had identified more than 750 “entities of concern” with access to cargo systems and international cargo and were “suspected to be in the position to facilitate criminal activities”.

The ABF attributed the establishment of Operation Jardena with an increase of 56.1% in detections of “major illicit drugs and precursors” in 2020-21. It also said the operation led to a 109.1% increase by weight in detected illicit tobacco when compared with the previous financial year.

One of Operation Jardena’s successes includes the detection of 50 kilograms of cocaine hidden in a reefer container at the Port of Brisbane in November 2021.

The ABF said at the time it was targeting a global trafficking methodology known as a “rip-off”, which relates to smuggling drugs hidden in legitimate cargo.



Operation Jardena uncovered 50 kilograms of smuggled drugs hidden in a reefer container