# Briefing paper

This Briefing Paper summarises a three year research study of the public-private sector approach to managing security in the maritime environment. The project reviewed the efficacy, benefits and challenges of public-private interactions at two ports, one in Australia and the other in the USA. The author's conclusions identify trust, commitment, shared responsibility and mutual understanding of each sector's goals as being essential to maintaining a secure, productive and efficient transport network. Contrasts between the Australian and US experiences are noted, and recommendations to enhance public-private interactions regarding port security are suggested.

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# A snapshot of crime prevention partnerships on Australian and American waterfronts

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## Overview

This briefing paper summarises some of the key findings derived from three years of research into crime prevention arrangements on the waterfront. In particular, this briefing probes the partnerships between government and industry stakeholders implemented to enhance safety, security and prevent unlawful activity on the waterfront. Using data collected at both an Australian and American port, it was possible to assess and evaluate the structure, nature, strength, and efficacy of collaboration in each jurisdiction. The findings showed that American authorities had considerably more success than their Australian counterparts in terms of building and maintaining constructive and effective security partnerships with industry.

## Unlawful opportunities on the waterfront

The waterfront is considered by many to be vulnerable to criminal activity and exploitation for unlawful purposes (Baker & McKenzie 2012; Morton & Robinson 2010). Whilst the overwhelming majority of business, commerce and people that flow through ports do so legitimately, a small proportion of this traffic is known to be illicit (ACBP 2009; AFP 2009). Previous commentary on organised crime and trafficking networks has shown that illicit traders, such as those moving drugs, weapons, protected wildlife, humans, or other illegitimate goods make use of international shipping lines by concealing contraband in cargo as a way of moving it across borders – using the port as the 'gateway' (ACBP 2009; AFP 2009; United Nations 2009; United Nations 2010). Other vulnerabilities include the threat of terrorism; where unprecedented growth of the maritime transport industry has rendered it susceptible to exploitation by militant groups. An act of terrorism in the maritime domain could have serious consequences for the world economy, as a substantial disruption to cargo flows would likely bring international trade to its knees (OECD 2003). The risks themselves are numerous, and are not limited to the integrity of cargo or the supply chain, but could also entail the loss of human life and physical assets such as vessels, facilities and equipment.

## The role of public/private partnerships in controlling crime on the waterfront

Recognising these threats, many governments have taken steps to safeguard waterfront environments from such illicit activity. In the United States, and other Western nations like Australia, Canada and England, governments have engaged in a new form of networked-policing (see Loader 2000), comprising an elaborate mix of interagency arrangements involving

police authorities (e.g. municipal, state and federal), intelligence agencies, and regulators (e.g. customs authorities and transport regulators). Many of these authorities have, in an effort to further enhance security on the waterfront, also sought to partner with the private sector (e.g. industry stakeholders such as port authorities, shipping companies, terminal operators and unions). It is this latter form of partnership that remains the primary focus of this research brief (please contact author for additional materials on interagency arrangements on the waterfront).

The public/private partnership approach reflects a growing policy trend in Western democracies whereby the activities undertaken by private actors, are being used to complement those of state agencies and institutions (Ayling et al. 2009) in an effort to achieve 'collaborative advantage' - that is, to achieve something through collective engagement that could not be realised by a single organisation acting alone (Huxham 2000). Over the last decade, the influence of this trend has unquestionably spilled over into the waterfront domain (in both Australia and abroad). Regulators and police in this sector have in some ways redistributed their operational activities by articulating a desire to 'work together' with community stakeholders (industry in this case) towards 'increasing efficiency' and achieving 'shared security outcomes'. By enlisting the private sector in security, governments are able to greatly enhance their reach through a number of ways. They have, for example been able to draw upon industry's access to *physical capital* (e.g. assets, equipment, infrastructure, technologies), *human capital* (e.g. knowledge, skills, training, and expertise), and *social capital* (access to people and networks). Accordingly, understanding the factors that make such partnerships work (or not work) is of critical importance to the provision of security in the maritime domain.

## A snapshot of partnerships at two ports

This research draws upon both quantitative and qualitative data derived from 49 semi-structured interviews conducted in 2009 and 2010 with key government and waterfront industry stakeholders involved in networked-policing in Melbourne (the Port of Melbourne), and Los Angeles/Long Beach (the Port Complex). The data gathered

during these interviews revealed much about the nature of security partnerships at these sites - particularly the extent to which partnerships were mobilised, and the degree to which social ties were trusting and efficient. The following discussion provides a general overview of the trends that emerged from the interviews. Additional commentary detailing these trends will be made available in forthcoming publications.

## Policing partnerships at an American port

Overall, public/private security partnerships on the Los Angeles/Long Beach waterfront were shown to have had much success. This research found that both government authorities and industry stakeholders were generally very cooperative and constructive when working together on matters pertaining to security – a result of having extensive, efficient, and trusting social ties. This is not to say that all partnerships or partners were created equal. Rather, the results showed that control over information, operations, and resources was concentrated amongst an 'elite' group of government authorities, with industry coming together as part of a 'peripheral' group that was not fully integrated. This concentration of control was, however, mitigated as a result of key organisations (especially the two port authorities, Customs and Border Protection, and the Coast Guard) that were instrumental in bridging the divide between public and private stakeholders and enabled communication, information, and resources to flow without substantial hindrance. These bridging organisations were successful because there was a much greater alignment of perspectives on trust and partnership through the network as a whole.

### Government perspectives on partnership in Los Angeles/Long Beach

The ability to bridge the gap between public and private stakeholders was in no small part due to an overwhelming consensus amongst most authorities that community engagement was a positive endeavour, and that opening the lines of communication would foster more public/private exchange and enhanced security capabilities. Reinforcing this consensus was a genuine belief in the public sector of the 'value-add' of garnering industry participation in policing and security (i.e. by drawing upon more

'eyes and ears', or having more 'boots on the ground'), but also an understanding that building trust amongst their industry partners would be of critical importance to making effective use of these partnerships. To this end, authorities recognised the importance of providing fast, efficient, and effective service delivery as a way of engendering trust, in addition to showing a deep consideration for the industry's needs - illustrated through a desire to mitigate the impacts of policing on legitimate business activities.

While it would be inaccurate and misleading to suggest that government was entirely open or unequivocally shared information/resources with its private sector partners, they reported that appraisals of industry were, for the most part, generally quite positive and trusting. As a result of said trust, authorities placed much faith in industry, which enabled them to realise numerous benefits from delegating certain responsibilities for security to the private sector.

### Industry perspectives on partnership in Los Angeles/Long Beach

Even though power and control of security at the Port Complex was largely isolated amongst governmental 'elites', industry stakeholders nevertheless held attitudes towards authorities that were predominantly positive. This is not to say that stakeholders did not take issue with the concentration of control over information, resources and power – they most certainly did, and routinely cited this issue as one of their chief sources of frustration with public/private interactions. Notwithstanding these tensions, however, there was evidence to suggest that industry stakeholders felt they were able to effectively engage with government partners. This was found to be in large part due to the pivotal role undertaken by the abovementioned organisations that bridged the elite/peripheral silos and enabled access to information and resources, and encouraged cooperation amongst those parties that may have otherwise been less connected.

Also crucial to allowing this exchange to occur was an overarching industry perception of a 'trustworthy government'. This trust was very much based upon impressions of efficient processes and effective service delivery. In spite of industry concerns over productivity, profitability, and the risks associated with over-regulation, stakeholders typically cited

being content with the rollout of security policies in the maritime security space, and in many instances praised authorities for displaying strong leadership, professionalism, offering clarity, and instilling a sense of confidence such that these agencies could be trusted and relied upon. Further, government authorities (particularly local agencies) were very much lauded by industry for the 'value-add' that they provide. This is because of the perceptibly relevant and timely services government offered, as well as a compatible value set that was sensitive to the needs of industry, and espoused increased efficiency and delivering stakeholders' 'bang for their buck'. In the same vein, industry stakeholders recognised that trust would also be earned through similar adherence to such norms as competence, reliability and predictability, thus spawning greater commitments towards compliance, and fostering a mindset that considered visibility and transparency an integral component of government-industry relationships. These attitudes towards 'productive advocacy' were pervasive across the industry, and were commonly viewed as a tremendous opportunity to build trust and improve access to information and resources. As such, industry stakeholders were for the most part amenable to engaging with their public sector partners. Rather than controlling potential security threats/breaches amongst themselves, they reported a preference toward involving the police as much as possible, in addition to being committed towards delivering their own security services at the behest of government.

## Policing partnerships at an Australian port

In contrast with the American case study, relations between government and industry stakeholders in the Australian maritime security space were not found to be particularly generative. The distribution of control over information, operations, and resources at the Port of Melbourne differed substantially from those observed in Los Angeles. In Melbourne, stakeholders (public and private) were shown to come together almost exclusively with those who shared overlapping roles, duties, and concerns. Police and intelligence gathering authorities grouped together and generally shared information and resources amongst themselves. Those federal regulators and industry stakeholders concerned with regulation and compliance (e.g. unions,

shipping companies, and transport operators) were tied together in a second grouping, while organisations concerned with critical infrastructure/asset protection (e.g. state regulators, facilities and the port corporation) also clustered together as a third grouping. The lines of communication and exchange amongst organisations within these distinct groups were often constructive, although stakeholders wishing to engage with those in other groups encountered difficulty. The result was a security network divided along somewhat parochial lines, with control over information, resources and operations being relatively localised, as well as relationships between many stakeholders in different groups (particularly public/private) being strained. While there were some stakeholders that did play an important role in bridging these groups (particularly the Port Corporation, Customs and Border Protection, and the Victoria Police), their efforts were limited by a range of conflicting perspectives on the part of government and industry that contributed to a lack of trust on both sides, and hampered cooperation.

### Government perspectives on partnerships in Melbourne

Many government authorities on Melbourne's waterfront reported having somewhat problematic engagement with their industry counterparts. Concerns over the trustworthiness of some industry groups served to encourage a degree of reticence on the part of government. While it would be misleading to suggest that all authorities looked upon all industry relationships unfavourably (some were actually quite positive), a number of recurring concerns were brought to light that warrant consideration here. For example, some authorities reported not being content with the level of commitment that some industry stakeholders appeared to hold towards securing their facilities/workplaces, or complying with reporting requirements. In addition, some authorities expressed concerns over whether their counterparts could be considered predictable, reliable, or competent crime control partners, and questioned the extent to which industry was willing to embrace the 'benefits of good security'. As a result, industry was sometimes perceived as being self-interested, defiant at times, not sensitive to the needs of government, and not holding compatible goals. As such, these perceptions, alongside the already fragmented nature of

maritime security in Melbourne, did little to engender trust in the eyes of many authorities - and thus promote communication, exchange and collaboration with the private sector.

### Industry perspectives on partnership in Melbourne

The evidence showed that industry participants in Melbourne also encountered substantial difficulties when it came to broaching public/private partnerships, perceiving their ties to be strained, and problematic. Accordingly, questions arose as to whether trust could be placed in government, whether partnerships could be realistically mobilised to gain access to information and resources, and whether truly collaborative activity could actually occur. More often than not, trust from industry was not forthcoming. This was in large part due to some government authorities who were perceived as lacking core skills, delivering inconsistent advice/services, and being construed as inflexible or unfair. Furthermore, where American industry stakeholders believed that government had their best interests at heart, the same could not be said of their Australian counterparts. While the 'security message' imparted by the Australian government was reported to have been heard by industry, it failed to gain widespread traction and acceptance as a genuinely 'shared vision'. Many industry representatives questioned the sincerity, constructiveness, inclusiveness and legitimacy of the implementation of security reforms, and rather than upholding in-common values, adopted the view that government interests directly conflicted with those of industry. Accordingly, these views precipitated a certain degree of defensiveness amongst stakeholders as a means of safeguarding their own interests and long-term viability.

While it is important to highlight that there were a few relationships that industry stakeholders did praise, the overall end result was a scenario in which trust was generally perceived to be quite weak, thereby limiting the appeal of engaging with government. What was clear from the interviews was that stakeholders believed that a number of their government counterparts were reluctant to integrate the private sector into an ongoing and cohesive port security framework. As a result, most industry participants demonstrated an inclination to resist, fend for themselves, and operate independently

of government. Some suggested that it was incumbent upon them to take responsibility for their own security processes in order to augment perceived shortcoming in existing services, whereas others simply did not see any benefit to becoming involved with government in the first instance.

## Lessons learned from LA

Despite having remarkably similar security policies and practices on these two waterfronts (e.g. legislation, reporting requirements, roles and duties), there were a number of key differences in the way that Australians and Americans approached security. Because of these differences, Americans were far better equipped to overcome barriers to engagement, effectively build trust with their partners, and eventually engender stronger and more effective public/private security partnerships. This brief concludes by outlining some of these differences.

### Assuming shared ownership and costs

The perception of having 'shared' or 'mutual' ownership over security matters was viewed as a particular source of strength and trust amongst both American officials and industry stakeholders. While the costs of implementing and maintaining security services at the Port Complex has proven to be very costly, both government and industry stakeholders have undertaken to assume some of the associated costs. For example, while industry stakeholders are generally responsible for securing their facilities, the United States Federal Government has invested significant sums in the Port Security Grant Program, which offers financial incentives to diligent and innovative stakeholders to deploy their security infrastructure, thereby assisting them in making their investments perceptibly more cost-effective/cost-neutral. Strategies such as these have been quite successful in encouraging investment, and shaping a proactive stance towards security by American stakeholders.

In Melbourne on the other hand, the perceived 'ownership' of security was a point of contention. It was found that many industry stakeholders voiced concerns over the costs associated with the implementation and ongoing maintenance of security. These costs were often viewed as an 'imposition', that was expected to 'worsen over time'

- thus serving as a source of ongoing disagreement. Some type of contribution/ commitment on the part of government to allay this predisposed mindset would go a long way toward building these partnerships.

### Pushing efficient and effective service delivery

The perceived absence of efficiency and effectiveness in Melbourne was shown to undermine relations between government and industry. Industry stakeholders for example, often voiced concerns over a lack of clarity, purpose, and inconsistent service delivery on the part of government. Some authorities on the other hand, were equally concerned over the timeliness and accuracy of information provided to them by their industry counterparts. By contrast, public and private stakeholders at the LA Port Complex viewed their partnerships as being far more efficient, timely, and accurate, and as a result were more willing to engage with one another on a consistent basis. Industry's interface with government was considered to be fluid and painless, and the flow of information, resources and assistance was generally deemed to be well integrated and streamlined. Whilst it would be an overstatement to conclude that American partnerships were completely open and salubrious, the strong commitment to efficiency and effectiveness by authorities and industry bodies enabled these stakeholders to be well-placed to share ideas and maintain open lines of communication and exchange.

### Creating credible partners

The assessment of one's credibility as a partner in security on the waterfront proved to be a considerable source of trust (or distrust) amongst public and private stakeholders. American authorities and industry stakeholders were, for example, generally well respected by one another. As a whole, these parties were considered competent, effective, well-resourced, interoperable, and knowledgeable of maritime operations and traditions. Accordingly these proclamations of credibility appeared to go a long way towards promoting positive judgements of partners and collaboration more generally amongst these partners. However, where credibility was lacking, the integrity of government-industry relations was adversely affected. The Australian results provide evidence of this - industry stakeholders cited concerns over a perceived lack of clarity,

relevant skills/experience, and resources when it came to some of their dealings with government authorities, and approached these partnerships with some trepidation. Similarly, some government authorities also expressed concern over the credibility of some stakeholders as reliable and entirely dependable partners, thus casting doubt on the quality of information and exchange that does take place.

### Securing buy-in by promoting a moral obligation towards security

Encouraging stakeholders to become active, committed, and willing participants in collaborative crime control interventions (i.e. without coercion) also requires that they first accept their moral obligation to comply with the rules/laws/requirements of the system (Braithwaite 2009). In Melbourne, Australian industry stakeholders did not appear to feel obligated to the port security beyond their mandated requirement – in large part attributable to a feeling that their interests were not being adequately represented, and that government was more interested in 'influencing' industry than actively 'listening'. These findings contrasted sharply with those in Los Angeles/Long Beach, where a sense of obligation appeared to resonate far more strongly. American stakeholders generally believed that authorities had done a good job in appealing to the business culture and climate, and were, for the most part, attuned to the concerns of industry such as business continuity, profitability, and productivity. Just as importantly, there was a view that industry stakeholders 'had a voice' and that any concerns would be heard by authorities and duly considered.

Industry stakeholders in both case studies also had a strong desire for a sense of inclusion and value – particularly when it came to providing input into deliberations, gaining access to information, and making contributions to the system. Australian industry stakeholders often expressed feeling as if they were on the 'outside looking in', that government had 'no desire to truly integrate', and thus felt little 'attachment' or 'ownership' of security. Conversely, Australian authorities, were also left feeling that their efforts were being 'under-utilised' and sometimes 'discounted' by industry, despite having good intentions. These views contrasted strongly with Americans who (both government and industry) felt that

their contributions were genuinely valued and used by other parties, thereby reinforcing their ongoing commitment and involvement.

## Creating a security 'value-add'

Creating and realising benefits for 'good security' were also shown to have substantial implications for bringing government and industry stakeholders together in the United States. The findings suggest that industry stakeholders were very cognisant of, and concerned with the cost implications and value of their investments in security. While Australians often reported seeing little return for their investments in security, and sometimes construed them as a barrier to economic activity, Americans were far more likely to view investments in security as a 'value-add' – and as a result, were more likely to favour collaborative ventures. Through programs such as C-TPAT (see USCBP 2004), 10+2 (see USCBP 2009a), and the 24 hour rule (see USCBP 2009b), stakeholders saw tangible incentives in the form of expedited cargo clearance times, streamlined reporting requirements, and more efficient processes, which had positive impacts upon productivity and thus profitability. By favouring cost-effective 'carrots' just as much as it did 'big sticks', the American authorities were in a far better position to enlist commitment to their system, using dictum that viewed 'good security' as a 'competitive advantage', rather than being viewed as nothing more than a 'burden' (as was the case in Australia).

## Promoting equity, fairness, and reciprocity

The extent to which security policies and practices promoted a sense of equity, fairness and reciprocity was also shown to impact considerably on government-industry security partnerships. For example, many Australian industry stakeholders were reluctant to either accept, or endorse increased security provisions due to what was perceived as an un-level playing field. Some expressed concern over the fairness and inequity inherent in the implementation of some policies, while others were concerned over the reciprocal flow of information and resources. American government and industry stakeholders on the other hand were again far more likely to contend that the system and its administration was by and large fair, equitable, and reasonable, and as such were more likely to garner support and commitment, and ultimately mobilise

collaborative action.

## Building better partnerships

Considered together, all of these differences alluded to in the above section go a long way toward explaining why Americans were able to mobilise highly active collaborative partnerships, while their Australian counterparts found this difficult. If the results of the Los Angeles/Long Beach case study tell us anything, it is that strong, trusting security networks on the waterfront are attainable – but the process must be carefully considered and orchestrated. Accordingly, any undertaking of policy/practice implementation (or reform) must affect change in numerous areas.

1) The implementation of security policies should be cost-effective and shared across both the public and private sectors.
2) The services and advice provided by government be streamlined, fluid and efficient.
3) Partners (both public and private) need to be considered to be both credible and reliable.
4) A greater sense of obligation should be cultivated amongst both industry and government through an administration that shares mutual goals and aspirations, and also undertakes to ascribe value to said stakeholders and their contributions.
5) Tangible benefits and incentives for participation should also be promoted and easily recognisable – either through improved service delivery, or a value-add in terms of increases in productivity and profitability.
6) A commitment to equity, fairness and transparency should resonate across the network, and espouse a high degree of reciprocity amongst the public and private stakeholder involved.

Only then can there be hope to build the trust required to effectively garner committed engagement toward collaborative crime control efforts.

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