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Report 384

Review of Coastwatch

Joint Committee of Public Accounts and Audit

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Foreword

This report presents the Joint Committee of Public Accounts and Audit's findings of its review of Coastwatch. The review arose from the Committee's statutory obligation to review reports of the Auditor-General.

The report can be seen as comprising three parts—a review of Coastwatch itself; the challenges facing Coastwatch; and whether, in the light of these challenges, a Coastwatch type organisation is the best option for the future.

The Committee has seen at first hand Coastwatch operations and has come to the view that recent changes prompted by the Prime Minister's Task Force review in 1999 have resulted in an organisation which is functioning well and using its resources appropriately. There needs, however, to be a clear statement from the Government, in the form of a publicly released charter, setting out what the Government regards as its expectations for Coastwatch. Such a charter would not only inform the public of Coastwatch's intended role, but provide a basis for the assessment of Coastwatch's performance.

The Auditor-General has criticised Customs for the performance measures for its Coastwatch output. The Committee agrees and has developed a model balanced scorecard for Coastwatch by which its performance could be measured. The Committee is also critical of the information about Coastwatch provided to Parliament by Customs at Budget time, for Additional Estimates and in the Customs annual report. The output price information provided is unclear and appears in part to result from a misalignment of the Customs output structure with its program structure. While such a mismatch may improve flexibility for Customs, a consequence is poor pre and post-expenditure accountability to Parliament.

There has been speculation that Coastwatch, as a program within Customs, may be too close to Customs to the detriment of services provided to other Coastwatch clients. The evidence provided by Coastwatch's clients, however, has not supported this view. From this and other evidence, the Committee concludes that the relationship between Coastwatch and its clients is sound. This is no doubt assisted by the recent practice of seconding a serving uniformed Australian Defence Force officer to be the Director General of Coastwatch. The Committee has recommended that this practice continue. Coastwatch-client relations has also been assisted through the development of memoranda of understanding (MOUs) between Coastwatch and its clients. MOUs clarify the roles and expectations of all agencies involved in the coastwatch function. However, some MOUs are yet to be completed and these should be finalised.

The challenges faced by Coastwatch are wide ranging and demanding. The Committee has discussed the challenges of the unauthorised arrival of suspected illegal immigrants, illegal fishing, the movement of people across the Torres Strait, and the issue of unauthorised air movements in northern Australia.

The Committee believes that Coastwatch is performing well in detecting and coordinating the interception of illegal entry vessels in northern and north-western waters. These boat people are easily detected by Coastwatch because they do not attempt to arrive covertly. Consequently, providing additional resources to Coastwatch or creating a coastguard will not stem the tide. The solution is to prevent people illegally setting out for Australia. To this end, the Committee is satisfied that the Department of Immigration and Multicultural Affairs is making every effort to enter into MOUs with Australia's neighbours to thwart the people smugglers.

Regarding illegal fishing, the Committee considers that in northern and north-western waters Coastwatch's performance is limited by its ability to intercept the vessels it has detected, while in the Southern Ocean the limiting factor is one of actually detecting illegal fishers. The Committee has made a number of recommendations aimed at improving Coastwatch's performance in these areas.

The issue of unauthorised air movements (UAMs) was raised by the Auditor-General and the Committee has sought to ascertain whether the threat is real, and which agency should be responsible for addressing the issue. The Committee

believes that UAMs do not currently pose a threat, but has made a series of recommendations designed to place Australia in a strong position should a UAM threat materialise. The Committee has concluded that Customs is the agency which should take primary responsibility, but because UAMs pose a threat of national significance, Defence should be intimately involved in the contingency planning recommended by the Committee. Allowing Customs to assume responsibility and Defence to respond to UAM incursions may require amendments to legislation.

The Committee has evaluated various models for a future coastwatch function, including that represented by the current Coastwatch. The criteria used by the Committee has been whether the model provides better use of scarce resources and whether it will result in improved performance. The Committee has concluded that the current Coastwatch represents the best value for money. Indeed, Coastwatch could be regarded as an outsourced coastguard—its core function of coordination is retained, while its assets and the risks associated with asset ownership (performance, maintenance, repair and replacement) are borne by other entities. Such an arrangement allows flexibility in a world of changing threats and rapidly developing technology.

Attached to this report is a dissent. While it is regrettable that the Committee could not present a unanimous report, it is understandable because there is a minority view that an Australian Coastguard represents the best way forward. The majority of the Committee, however, firmly believe the weight of evidence is overwhelmingly against such a concept.

Bob Charles MP
Chairman



Membership of the Committee

Chair Mr Bob Charles MP

Deputy Chair Mr David Cox MP

Members	Senator Helen Coonan	Mr Kevin Andrews MP
	Senator the Hon Rosemary Crowley (from 12/10/00)	Mr Petro Georgiou MP
	Senator the Hon John Faulkner AM (until 12/10/00)	Ms Julia Gillard MP
	Senator the Hon Brian Gibson AM	Mr Peter Lindsay MP
	Senator John Hogg	The Hon Alex Somlyay MP
	Senator Andrew Murray	Mr Stuart St Clair MP
	Senator John Watson	Mr Lindsay Tanner MP
		Mr Kelvin Thomson MP

Membership of the Sectional Committee

Chair Mr Bob Charles MP

Deputy Chair Mr David Cox MP

Members	Senator the Hon Brian Gibson AM	Mr Petro Georgiou MP
	Senator John Hogg	Mr Peter Lindsay MP
	Senator John Watson	The Hon Alex Somlyay MP
		Mr Stuart St Clair MP

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Terms of reference

Following issues raised in *Audit Report 38, 1999–2000, Coastwatch—Australian Customs Service* the Joint Committee of Public Accounts and Audit will inquire into the operations of Coastwatch and in particular:

- the role and expectations (both public and government) of Coastwatch;
- the relationship of Coastwatch, as “service provider”, and its client agencies, as “service purchasers”;
- the effectiveness of Coastwatch’s allocation of resources to its tasks;
- new technologies which might improve the performance of Coastwatch;
- the adequacy of existing or proposed legislation which underpins Coastwatch’s functions;
- whether an Australian Coastguard should be created to take over Coastwatch’s functions; and
- any other issues raised by *Audit Report 38, 1999–2000, Coastwatch—Australian Customs Service*.



List of abbreviations

ADF	Australian Defence Force
AEEZ	Australian Exclusive Economic Zone
AEW&C	Airborne early warning and control
AFMA	Australian Fisheries Management Authority
AFP	Australian Federal Police
AMSA	Australian Maritime Safety Authority
AQIS	Australian Quarantine and Inspection Service
BCV	Bay Class vessel
CATO	Competency Assessment Training Officer
CEO	Chief Executive Officer
CPU	Coastal Protection Unit
Customs	Australian Customs Service
Defence	Australian Defence Force
DFAT	Department of Foreign Affairs and Trade
DIMA	Department of Immigration and Multicultural Affairs
DoTC	Department of Transport and Communications

DVP	Digital voice privacy
EA	Environment Australia
FLIR	Forward looking infra-red
FMA Act	Financial Management and Accountability Act
GBRMPA	Great Barrier Reef Marine Park Authority
GSE	Ground support equipment
HDTV	High definition television
HFSWR	High frequency surface wave radars
HIMI	Heard Island and McDonald Islands
ISAR	Inverse Synthetic Aperture Radar
JCPA	Joint Committee of Public Accounts
MAB	Management Advisory Board
MOSAIC	Multi-operational surveillance and interdiction capability
MOU	Memorandum of Understanding
NSC	National Surveillance Centre
OPAC	Operations and Program Advisory Committee
PAES	Portfolio Additional Estimates Statement
PASC	Planning and Advisory Sub-Committee
PBS	Portfolio Budget Statement
PCAS	Pacific Corporation Aviation Service
PFR	Post flight report
PMTF	Prime Minister's Coastal Surveillance Task Force
RAAF	Royal Australian Air Force
RAN	Royal Australian Navy

RF	Radio frequency
ROPAC	Regional Operations and Program Advisory Committee
SIEV	Suspect illegal entrant vessel
SLA	Service level agreement
SUNC	Suspect unlawful non-citizen
SWR	Surface wave radar
TAT	Telstra Applied Technologies
UAM	Unauthorised air movement
UAV	Unmanned aerial vehicle
UHF	Ultra-high frequency
VMS	Vessel monitoring system



List of recommendations

Recommendation 1

Coastwatch should undertake a comprehensive campaign to inform the public of its role in protecting Australia's borders. The campaign should be focused on the effectiveness of Coastwatch and how Coastwatch contributes to the outcomes of its client agencies. [Paragraph 2.19]

Recommendation 2

Customs should use public relations or media liaison officers to manage and promote media reporting of Coastwatch activities. [Paragraph 2.20]

Recommendation 3

The Government should provide Coastwatch with a charter outlining the Government's expectations. This information should be made publicly available. [Paragraph 2.40]

Recommendation 4

The practice of seconding a uniformed Australian Defence Force officer to the position of Director General Coastwatch be retained. [Paragraph 4.37]

Recommendation 5

Coastwatch should be able to access in a timely manner, vessel monitoring system data, therefore:

- Commonwealth legislation enabling the automatic monitoring of vessels should be amended to ensure the information passes on to Coastwatch; and
- the Commonwealth Government should enter into negotiations with State Governments with a view to enabling Coastwatch to have access to vessel monitoring system data. [Paragraph 4.76]

Recommendation 6

Based on Coastwatch's review of surveillance requirements in the Torres Strait, the Government should consider providing additional resources to increase surveillance coverage of the Torres Strait. [Paragraph 6.62]

Recommendation 7

Defence, Coastwatch, and Customs with advice from the Australian Fisheries Management Authority should review options for increasing Australia's ability to respond to illegal fishing in northern waters. If warranted, the Government should consider increasing Australia's response capability in northern waters. [Paragraph 6.79]

Recommendation 8

Defence should investigate, with subsequent advice to the Government, the cost of acquiring and outfitting a vessel to patrol the Southern Ocean and other remote areas, and the feasibility of mounting joint patrols of the Southern Ocean with other countries with an interest in the region. [Paragraph 6.124]

Recommendation 9

Defence and Coastwatch should continue to analyse the potential threats posed by unauthorised aircraft movements and develop response strategies. Once JORN is fully operational there should be an assessment of the frequency of unauthorised aircraft movements in the Torres Strait and Cape York. [Paragraph 6.155]

Recommendation 10

Defence and Coastwatch should develop contingency plans for the siting of sensors in the Torres Strait and Cape York to meet any identified unauthorised aircraft movement threat. [Paragraph 6.157]

Recommendation 11

Customs should promote the use of the Customs Watch free telephone line in remote areas for reporting suspicious aircraft movements and other activities. [Paragraph 6.158]

Recommendation 12

Customs, in consultation with other agencies, should create links and agreed protocols with law enforcement agencies of Australia's northern neighbours to enable the timely investigation of suspicious aircraft leaving Australian airspace. [Paragraph 6.160]

Recommendation 13

Customs, with advice from other agencies, should prepare a contingency plan for recommending to Government that the use of transponders on non-commercial aircraft be mandatory in areas where there is a demonstrated problem due to unauthorised air movements. [Paragraph 6.162]

Recommendation 14

Customs should review existing border legislation to determine whether it adequately allows Customs jurisdiction over UAMs entering and leaving Australia and the ability for Defence personnel, acting on Customs' behalf, to respond to UAM flights. The legislation should be amended if required. [Paragraph 6.173]



Preface—The Coastwatch experience

To many, the word Coastwatch conjures up images of dedicated groups of people standing on cliff tops with pairs of binoculars scanning the ocean for unusual ship movements and other occurrences. Older readers may recall the coastwatchers of World War II who reported the movements of enemy vessels. Present reality, as the Committee found during its inquiry into Coastwatch, is far from this vision. The cliff tops are replaced by aircraft and the binoculars by sophisticated electronic equipment.

The Committee began its review of Coastwatch with an inspection of the new Coastwatch National Surveillance Centre. The centre was commissioned in April 2000 by the Prime Minister and occupies a floor of the Australian Customs Service headquarters in Canberra. The visit began with a briefing from Coastwatch officers who told the Committee that Coastwatch's area of operations cover 37 000 kilometres of coastline and an area of 9 million square kilometres of sea and ocean—an expanse one fifth greater than the total area of Australia.

Far from just observing ship movements, Coastwatch undertakes tasks requested by some nine Commonwealth agencies. These tasks can range from reporting the numbers of whales migrating along the coast to actively searching for missing yachtsmen. The most common tasks at the moment, the Committee was told, were to look out for boat people coming to the north west of Australia in small fishing boats, and to look out for illegal fishing boats mainly in northern waters. Occasionally Coastwatch was also involved in Customs and police operations against drug smugglers.

Essentially the role of Coastwatch is to coordinate various maritime and aircraft assets to undertake tasks requested by its 'client agencies'. The aim is to position Coastwatch assets to allow its clients to take further action if they so chose. For example, Coastwatch would use intelligence information to mount air surveillance patrols in certain areas to look for illegal immigrants arriving by boat. If a boat was detected Coastwatch would organise naval patrol boats to intercept. Upon arresting the boat the decision could be made whether to escort the boat to harbour or to transfer the people to the naval patrol boat. If the foreign boat was unseaworthy or posed a quarantine risk, perhaps because it was infested by striped mussels, it would be sunk at sea.

At the conclusion of the briefing, the Committee found that the briefing room was in fact a viewing gallery which overlooked the operations floor of the Centre. The Committee saw various Coastwatch officers at computer consoles which could take direct feeds from various intelligence sources. There were large wall screens which could also display the same information.

During the Committee's visit an officer was monitoring a screen showing a foreign merchant vessel making its way through the Torres Strait. This vessel had not 'reported in' its position and Coastwatch was considering whether to scramble one of the Coastwatch helicopters based in the Strait for interception. The officer had provisionally identified the merchantman from previous tracking information and the decision to scramble depended on whether the vessel kept to the international shipping lane.

The Committee was also told about the Customs Watch freecall number which can be used by members of the public to report suspicious activities. It was a direct line to the operations floor and calls were received at an average of one a day.

Before it left the operations area the Committee paid a brief visit to the secure communications area where classified intelligence was received from various sources including Defence. As the Committee departed, the Coastwatch officer was still tracking the foreign merchantman.

During September 2000 the Committee inspected Coastwatch facilities across northern Australia. The inspections commenced in Darwin with a visit to Defence's Northern Command Headquarters. There the Committee again saw officers in front of computer consoles and big screens taking direct feeds of surveillance information such as over the horizon radar data. Some of the displays on the big screens would have been the same as those occurring on Coastwatch's screens back in Canberra.

The Committee also visited Darwin Naval Base where it inspected the Fremantle Class Patrol Boat HMAS Dubbo. This has a crew of up to 23—a number which allows the commander to place steaming parties on vessels that are arrested. Moored alongside was the Customs Bay Class vessel ACV Arnhem Bay. This is of a similar size to the Fremantle, but only carries a crew of 8 with space for an additional 8 officers from Customs or other agencies.

While the Fremantle can carry more crew and can travel faster, the Bay Class has advantages as regard to the sophistication of the equipment it carries and ability to rapidly launch its small boat to deploy its boarding party. The Committee could easily see why the Fremantles are nearing the end of their useful lives, and how valuable their replacements recently announced in the Defence White Paper—with modern engines and up to date radars and communications equipment—will be to future Coastwatch operations.

Continuing its inspection of Coastwatch facilities, the Committee then divided into two groups. One group took part in a routine Coastwatch surveillance patrol to Broome via Ashmore Reef, and the other group flew to Broome along the Kimberley coastline.

Before boarding the Coastwatch surveillance aircraft, the Committee was briefed on safety aspects and donned life jackets in case the aircraft had to ditch in the ocean. When undertaking initial surveillance the aircraft cruises at a moderate altitude, but to identify the radar contacts it has to descend to a much lower height. (If there had been engine problems at this altitude there would have been insufficient time to put on safety gear. Suffice it to say no Coastwatch aircraft has ever suffered engine problems which caused it to ditch in the sea.)

During the flight the aircraft would cruise and pick up contacts with its surveillance radar. As it descended to identify the contact, the radar operator would cue the infra-red camera onto the target and record the vessel on video tape. This procedure continued as the patrol flew out to Australia's 200 mile Exclusive Economic Zone (AEEZ) limit and turned westward towards Ashmore Reef.

On eight occasions the aircraft descended to 'challenge' a yacht. The master would be asked to confirm the name of the vessel identified by the Coastwatch flight crew, indicate the last port of call, destination, and whether anything noteworthy had been seen. By this means not only is Coastwatch able to add to its store of intelligence information, but additional assurance is provided to yachtsmen sailing in remote and potentially treacherous waters.

As the flight neared the boundary of the AEEZ the Committee observed several Indonesian motorised fishing boats fishing outside 'the line'. These motorised boats are called Type 3 vessels and are not allowed to fish in Australian waters. Several small vessels were observed by radar several miles outside the AEEZ, but because of their position the aircrew decided not to divert to identify them.

The Committee also saw numerous sail powered Indonesian fishing boats (called Type 2 vessels) which are permitted to fish in some areas within the AEEZ. As well, the flight spotted three Type 2 vessels fishing illegally. A Fremantle patrol boat was duly dispatched by the Coastwatch National Surveillance Centre to intercept these vessels.

After an overflight of the Ashmore Reef area where again there were numerous Type 2 vessels the aircraft turned south for Broome. Type 2 vessels are allowed to fish by traditional methods around Ashmore Hibernia and Scott Reefs under an international agreement with Indonesia. In total the patrol made 120 contacts which included 56 Type 2 vessels fishing legally.

As the aircraft was making its way to Broome it overflew the Customs barge *Samson Explorer* which was ferrying suspected illegal immigrants from Ashmore Reef to Broome. Because of quarantine risks, the passengers on SIEVs arriving at Ashmore Reef are transferred to the *Samson Explorer* and the vessels are then sunk offshore. (The following day the Committee took the opportunity to inspect the *Samson Explorer* when it was moored at Broome Wharf.)

The next day commenced with a visit to the Willy Creek Detention Facility. The Facility is used to house Indonesian fishermen awaiting court appearance on charges of illegal fishing. The Facility is situated some distance from Broome and is home to several beached and battered SIEVs awaiting destruction.

Later in the day the Committee was due to return to Darwin with its two groups swapping places. However, there had been developments during the previous night because an early morning Coastwatch patrol flight had spotted a 'suspected illegal entry vessel' (SIEV) carrying suspected illegal immigrants. (The vessel may well have been one of the radar contacts detected beyond the 200 mile AEEZ line during the previous day.) The routine surveillance patrol had now been rescheduled as a tactical response patrol.

The SIEV was quickly located and the aircraft remained circling within radar contact of the SIEV as a Fremantle patrol boat converged on the vessel. The aircraft maintained its vigil until the Fremantle was able to make radar contact with the SIEV. Throughout this period and when it was able to resume normal patrolling, the aircraft was able to make other observations. It identified 14 Type 2 vessels legally fishing in the area.

During this time the other half of the Committee returned to Darwin on a flight which took in the Kimberley coast. The Committee quickly understood why it is important for SIEVs to be intercepted before reaching the Australian mainland. The area has few roads and its many islands are separated by channels which are subject to ferocious rip tides. The speed of these currents was clearly visible from the aircraft. (Indeed, the Committee was told suspected illegal immigrants had drowned in those waters after making landfall.) The Committee also saw a large crocodile swimming amongst the islands—another hazard for anyone swimming in the area—and a 40 foot whale with calf.

The following day the Committee flew from Darwin to the Torres Strait to inspect Coastwatch operations in that area. On route the Committee overflew Telstra's surface wave radar site on Bathurst Island. The radar was being trialed and has the potential to complement Australia's JORN radar.

When it arrived in the Torres Strait, the party was met at Horn Island by one of Coastwatch's helicopters which was to ferry them to Thursday Island. The helicopter had been newly added to Coastwatch's assets following the Prime Minister's Task Force Coastwatch Review. The helicopter is equipped with surveillance equipment and is able to undertake night-time operations. It is also equipped with a winch which has been used on several occasions during search and rescue operations.

The Committee arrived at Thursday Island just as the other Coastwatch helicopter returned to base. It had been involved in transporting quarantine officers between the islands to check AQIS's fruit fly traps and other disease monitoring stations. The Torres Strait is an area of high risk for exotic diseases reaching Australia from Papua New Guinea. Consequently, AQIS is one of Coastwatch's major clients in the region.

During its stay in the Torres Strait the Committee was briefed by Coastwatch officers and officers from its client agencies. The Committee was told of the unique challenges of the region. Under the Torres Strait Treaty with PNG, local people are able to freely move between the islands and the PNG mainland to undertake traditional activities. With such large numbers of people moving, many in small boats, between PNG and Australia and from island to island, the Coastwatch challenge is to identify non-legitimate movement. For example, the Australian Federal Police and Customs are concerned about people transporting drugs and other illegal items, both into and out of Australia.

The Committee returned to Canberra after its five day inspection tour tired but a great deal wiser about Coastwatch. It had witnessed the day-to-day reality of Coastwatch operations.



Introduction

The Coastwatch function

Current Coastwatch operations

- 1.1 Australia's current offshore and coastal surveillance operations are provided by Coastwatch under Output 3 of the Australian Customs Service. The Chief Executive Officer (CEO) of Coastwatch, is a seconded officer from the Australian Defence Force (Defence) who reports directly to the CEO of Customs.
- 1.2 The Coastwatch organisation is described in the Customs annual report for 1999–2000, as providing:
 - ... air and marine based civil surveillance and response services to a number of government agencies. The aim is to detect, report and respond to potential or actual non-compliance with relevant laws in coastal and offshore regions.¹
- 1.3 The key government agencies served by Coastwatch include:
 - the Australian Customs Service (Customs);

¹ Australian Customs Service, *Annual Report 1999–2000*, p. 50.

- the Australian Federal Police (AFP);
 - the Australian Fisheries Management Authority (AFMA);
 - the Australian Maritime Safety Authority (AMSA);
 - the Australian Quarantine and Inspection Service (AQIS);
 - the Department of Foreign Affairs and Trade (DFAT);
 - the Department of Immigration and Multicultural Affairs (DIMA);
 - Environment Australia (EA); and
 - the Great Barrier Reef Marine Park Authority (GBRMPA).
- 1.4 To fulfil its role Coastwatch employs civilian aircraft contractors and is also able to call upon Defence assets (such as P3-C Orion surveillance aircraft and Fremantle Class Patrol Boats), and vessels of the Customs National Marine Unit.
- 1.5 Coastwatch's area of operations is vast, comprising some 37 000 km of coastline and over 9 million sq km of offshore maritime area (20 per cent larger than the Australian mainland).² Figure 1 below shows Australia's maritime zones.
- 1.6 In 1999–2000, Coastwatch and Defence aircraft flew 16 375 hours covering over 90 million sq nautical miles (nm).³ In addition Defence patrol boats and Customs vessels spent over 2 600 days at sea. The total cost of Coastwatch operations for 1999–2000 was \$179.3m.⁴
- 1.7 Information on Coastwatch's performance contained in the 1999–2000 Customs annual report concentrates on its efforts to detect suspect illegal entrant vessels (SIEVs) and apprehend suspect unlawful non-citizens (SUNCs). Minor information is given on the apprehension of suspected illegal foreign fishing vessels.⁵ It appears from this that DIMA-related activities are the main driver for current Coastwatch operations. However, this has not always been the case, and the history of the coastwatch

2 Customs, *Submission*, p. S192.

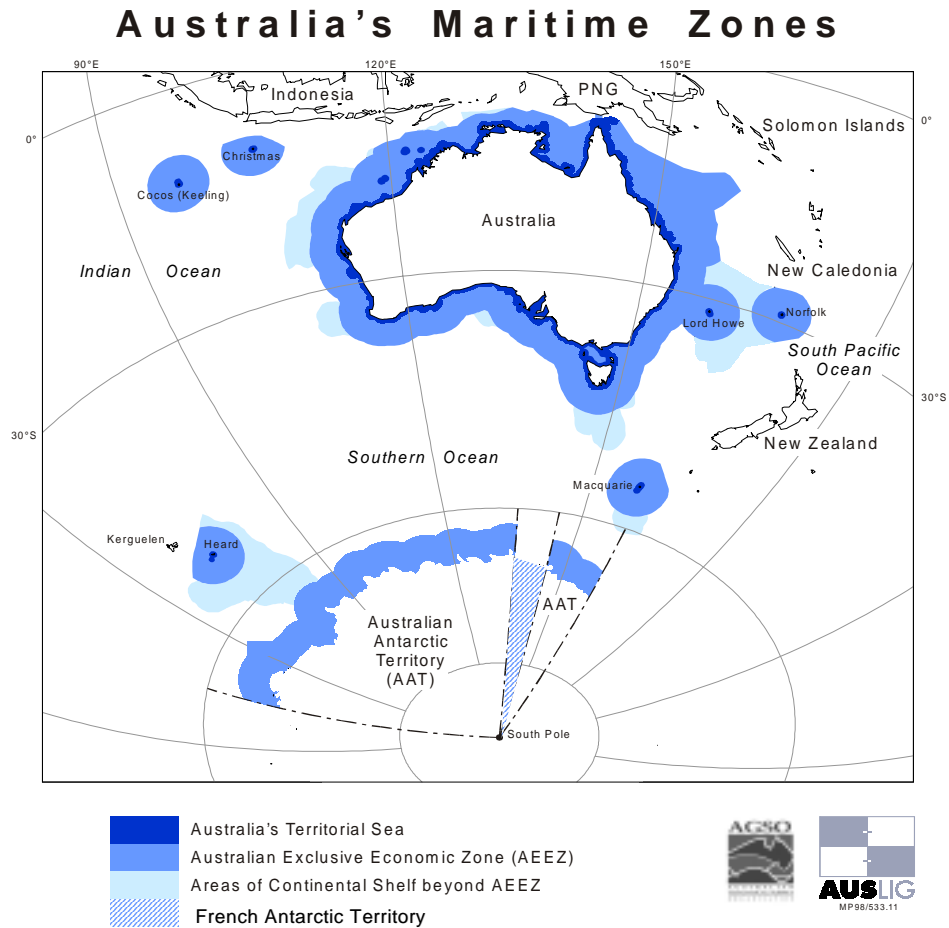
3 A nautical mile is 1.85 kilometres. 90 million square nautical miles is about 310 million square kilometres.

4 Customs, *Annual Report 1999–2000*, p. 50.

5 On page 51 of the annual report there is a section on illegal entrant activity with a table providing information on the numbers of SIEVs undetected and detected, and numbers of SUNCs undetected and detected for the three years from 1997–98 to 1999–2000. In contrast, there is a one line entry on page 50 recording the apprehension of 72 foreign fishing vessels in 1999–2000.

function shows a program evolving in response to changing threats to Australia's coastal border integrity.

Figure 1



Source: Australian National Audit Office

The history of Australia's coastal surveillance

The early years⁶

- 1.8 Coastal surveillance became imperative with the declaration in 1967 of Australia's 12 nm fishing zone. Following a request from the then Department of Primary Industries, surveillance commenced in 1968 using Defence P3-C Orion and Grumman S2E Tracker aircraft supported by RAN patrol boats.
- 1.9 During the early 1970s, surveillance operations were responding to the regular incursions of Indonesian fishing boats looking for trochus shellfish. Many of these boats landed on the Kimberley coast creating a quarantine risk for Australia.⁷ However, following concentrated efforts in 1975 and 1976 the fishing activity ceased, to be replaced by a new threat arising with the arrival of the first Vietnamese 'boat people' in 1976.
- 1.10 In early 1978, a government review was conducted, in part because of the impending declaration of the 200 nm Australian fishing zone. The result was an increase in Defence flying hours for offshore fishing patrols, and the introduction of inshore 'littoral'⁸ air surveillance patrols using chartered civilian aircraft. Some aircraft were surveillance radar equipped. The Minister for Transport was designated as the minister responsible for coastal surveillance with the department's Marine Operations Centre being responsible for coordinating operations. However, the offshore fishing zone surveillance was conducted on behalf of fisheries and the littoral patrols were on behalf of and funded by AQIS.
- 1.11 The profile of the surveillance program was boosted in 1981, with the creation of the title 'Coastwatch', and the introduction of specific uniforms for surveillance aircrew, and distinctive livery for the contracted civil aircraft.

6 Information taken from: Department of Transport and Communications, *Northern Approaches, A report on the Administration of Civil Coastal Surveillance in Northern Australia*, Hugh Hudson, AGPS, April 1988, pp. 1-8.

7 At that time AQIS was within the Department of Health, and quarantine was concerned with the introduction and spread of infectious or contagious diseases by people and animals arriving in Australia. This contrasts with the present primary industries concern (where AQIS now resides) relating to the introduction of exotic animal and plant diseases.

8 Littoral was defined as being between 1 mile inland and 3 miles offshore (between 1.6 km and 4.8 km).

- 1.12 1984 saw a change resulting from a review conducted by the then Minister for Aviation, the Hon Kim Beazley MP. It was decided that Coastwatch would apply more attention to the interdiction of the illegal entry of drugs while simultaneously retaining the existing fisheries and quarantine priorities. The responsibility for managing and coordinating civil coastal surveillance was transferred to the AFP which was to staff a central Coastal Protection Unit (CPU) and Regional Co-ordination Centres in northern Australia. However, there was no corresponding change in the source of funds for the littoral air surveillance patrols which remained funded by AQIS. Consequently, littoral surveillance priorities were still determined by AQIS so remained driven by quarantine concerns.
- 1.13 The consequences were revealed in 1986 in a report by the House of Representatives Standing Committee on Expenditure—the *Footprints in the Sand* report. The committee found that little had been done in civil coastal surveillance to increase efforts to counter drug smuggling. The committee saw little benefit from a law enforcement agency administering the coastal surveillance operation and recommended that staffing of the CPU be transferred to the Department of Transport. However, staffing of the regional centres should be retained by the AFP.
- 1.14 The then government, however, decided that the recommended changes were premature and that any decisions should await a further review in 1988.
- 1.15 In 1987, the Minister for Primary Industry appointed Professor David Lindsay to review the Commonwealth's agricultural quarantine function following the transfer of this responsibility from the health portfolio to the primary industries portfolio in 1984. The Lindsay Committee considered that quarantine was only a minor beneficiary of the littoral aerial surveillance and that AQIS resources which had been funding the surveillance were better directed to a more balanced and cost-effective quarantine program for northern Australia.
- 1.16 AQIS funding was redirected and Coastwatch was at a crossroad.

The Hudson Report

- 1.17 The pivotal review of the coastwatch function was the 1988 review commissioned by the Minister for Transport and conducted by Mr Hugh Hudson. The 'Hudson Report'⁹ concluded that littoral surveillance at that time was the 'minimum that can be sustained', but that the offshore aerial

⁹ DTC, *Northern Approaches, A report on the Administration of Civil Coastal Surveillance in Northern Australia*, Hugh Hudson, AGPS, April 1988.

surveillance of the Australian fishing zone did not 'fulfil Australia's obligation to manage the resources of the 200 nautical mile zone.'¹⁰

- 1.18 The report recognised the need for night surveillance capability and the clear relationship between new technology and surveillance costs. The report only considered surveillance options which would not exceed a doubling in costs over five years. The use of remote sensing through satellites costing hundreds of millions of dollars was therefore excluded.¹¹
- 1.19 The Hudson Report recommended that coastal and offshore surveillance be coordinated by a newly created independent agency, the Australian Maritime Safety and Coastwatch Agency. This agency would be serviced but not administered by the Department of Transport and Communications, except in maritime safety matters. The agency's executive director would be directly responsible to an appropriate Minister (apart from matters relating to maritime safety).¹²
- 1.20 It was recommended that the aerial surveillance program should be core funded rather than attempting to use notional inputs from users. Police, Defence and Customs equipment which might be subject to joint use should also be core funded through the relevant portfolio budgets for a base load per annum with additional hours available at the appropriate short-term marginal rate.¹³
- 1.21 Regarding operations, the Hudson Report advocated the coastwatch littoral surveillance effort be extended to cover the northern 200 nm fishing zone and include the use of night surveillance aircraft, while the southern fishing zone should mainly be covered by the RAAF P3-C Orion aircraft.¹⁴
- 1.22 Mr Hudson's recommendations, which with one major exception were largely accepted by the then government, provide the basis for present Coastwatch operations. The major exception was that in 1988 the government decided against creating an independent agency.¹⁵ Instead, the coastwatch function was placed within the Customs organisation, where it remains.

10 DTC, *Northern Approaches*, p. 57.

11 DTC, *Northern Approaches*, p. 57.

12 DTC, *Northern Approaches*, Recommendations 3 and 4, p. 58.

13 DTC, *Northern Approaches*, Recommendations 1 and 2, pp. 57-8.

14 DTC, *Northern Approaches*, Recommendation 18, pp. 63-4.

15 Minister for Science, Customs and Small Business, *Coastal Surveillance to Customs*, Media Release, 12 July 1988.

Prime Minister's Coastal Surveillance Task Force

1.23 After its creation in 1988 there have been several reviews related to Coastwatch operations.¹⁶ The most recent occurred after a series of undetected boat people landings early in 1999 which led to the announcement by the Prime Minister in April 1999 of the creation of a task force to review Australia's coastal surveillance. The task force was to review:

- intelligence gathering and analysis;
- the ability of the current aircraft and equipment of Coastwatch to cover Australia's 37 000 km coastline;
- the interface between Coastwatch and Defence/intelligence capabilities; and
- other related issues the task force may identify during its work.¹⁷

1.24 The task force report, released in July 1999, emphasised the importance of good information and intelligence as the most effective means of preventing illegal boat arrivals. The effective assessment and distribution of intelligence was also considered important. The report also suggested that Australia should seek to promote specific initiatives for multilateral cooperation in intelligence and information gathering with other countries confronted by people smuggling.¹⁸

1.25 The outcome of the task force review was the announcement that the government had agreed on a \$124m four year program 'to strengthen Australia's capacity to detect and deter illegal arrivals.' The major changes to Coastwatch were:

- the addition of two fixed wing surveillance aircraft and a night capable helicopter;
- the establishment of a national surveillance centre with electronic links to state government agencies and Defence establishments; and
- a restructuring of the senior level link between Coastwatch and Customs.¹⁹

16 A list of reviews can be found at: Auditor-General, *Audit Report No. 38, 1999-2000, Coastwatch, Australian Customs Service*, p. 111.

17 The Prime Minister, the Hon John Howard MP, *Coastal Surveillance Task Force*, Media Release, 12 April 1999.

18 Department of Prime Minister and Cabinet, *Report of the Prime Minister's Coastal Surveillance Task Force*, p. 1.

19 The Prime Minister, the Hon John Howard MP, *\$124 Million Boost for the Fight Against Illegal Immigration*, Media Release, 27 June 1999, p. 1.

- 1.26 A new position of Director General, Coastwatch, was created to be filled by a seconded senior Defence officer. This officer was to report directly to the CEO of Customs.²⁰ This change was significant because previously the head of Coastwatch reported to the National Manager of the Customs Border program.

Conclusion

- 1.27 The history of the coastwatch function has seen an organisation subject to continuous change since its inception. Commencing in 1968 as a Defence Force activity; it became part of Transport in 1978; moved to the AFP in 1984; was recommended to be returned to Transport in 1988, but became part of Customs in 1988; and in 1999 increased its independence from the Customs organisation with closer ties to Defence.
- 1.28 The underlying reasons for these changes have been the changing threats to Australia's border integrity and the resources required to respond effectively.

The Committee's inquiry

- 1.29 In April 2000, the Auditor-General tabled the report of his performance audit of Coastwatch.²¹ The report made fifteen recommendations which were accepted or 'agreed with qualification' by Customs. The audit focused on Coastwatch's relationship with its clients and civil aviation contractors; and its operations and corporate governance.
- 1.30 The Joint Committee of Public Accounts and Audit has a statutory duty to 'examine all reports of the Auditor-General', and powers to report to the Parliament 'on any items or matters' in the Commonwealth's 'accounts, statements and reports, or any circumstances connected with them'.²² As a consequence, the Committee resolved on 12 April 2000 to conduct an inquiry into Coastwatch, but with terms of reference extending beyond the audit report.
- 1.31 Invitations to provide submissions to the inquiry were advertised in the national press on 15 and 19 April 2000. As well, submissions were invited

20 The Prime Minister, the Hon John Howard MP, *\$124 Million Boost for the Fight Against Illegal Immigration*, Media Release, 27 June 1999, p. 1.

21 Auditor-General, *Audit Report No. 38, 1999-2000, Coastwatch, Australian Customs Service*, 6 April 2000.

22 *Public Accounts and Audit Committee Act 1951*, Sections 8(1)(c), 8(1)(d).

from Coastwatch client agencies, Coastwatch aviation contractors, the Auditor-General, and the Department of Defence. A list of the submissions received by the Committee can be found at Appendix A and a list of exhibits at Appendix B.

- 1.32 The Committee has inspected the Coastwatch National Surveillance Centre in Canberra and toured Coastwatch facilities in northern Australia. During the inspection tour the Committee joined a Coastwatch surveillance flight over the north west shelf area. A summary of the inspection itinerary and a report of an incident which occurred during the surveillance flight can be found at Appendix C and Appendix E.
- 1.33 The Committee held five public hearings in Canberra, Melbourne and Brisbane. A number of in camera hearings were also held. A list of participants giving evidence at the public hearings can be found at Appendix D.

The structure of this report

- 1.34 The report begins with a discussion of the expectations, both public and government, of Coastwatch. The chapter concludes with Committee comments on the expectations of Coastwatch. This theme is developed further in Chapter 3 where the Committee considers performance measurement and reporting and the recommendation from the ANAO that Coastwatch should consider a 'balanced scorecard' approach to performance measurement. Chapter 3 concludes with an examination of the information provided by Coastwatch to the Parliament and the public in the Customs Budget statements, additional estimates statements and in the Customs annual report.
- 1.35 Chapter 4 examines the relationship between Coastwatch, its client agencies, Defence and external service providers. The Committee concludes the chapter by discussing the benefits of Memoranda of Understandings and Service Level Agreements and good contract management practices.
- 1.36 The use of Coastwatch resources is discussed in Chapter 5. During the inquiry the Committee inspected a range of resources including Coastwatch's National Surveillance Centre, Defence and Customs vessels, and privately contracted aircraft. Comments on new and potential technological resources concludes the chapter.

- 1.37 The Committee has received evidence on a number of current challenges for Coastwatch and these are discussed in Chapter 6. The issues covered are the movement of people to Australia by boat; illegal fishing by foreign vessels; and unauthorised air movements across Australia's border.
- 1.38 The report concludes with consideration of the future of the Coastwatch function. The Committee has examined arguments that Coastwatch should be merged with other bodies, such as Australia's search and rescue organisation, or be taken over by Defence. As well, there have been calls for the creation of a stand-alone agency such as an Australian coastguard. The Committee has examined each of these proposals and has compared them with the performance of the current Coastwatch option.

The expectations of Coastwatch

Introduction

- 2.1 The increase in the number of 'boat people' arriving in Australia in recent years and the potential for increased illegal fishing activities in Australia's southern ocean waters has renewed public interest in the coastwatch function. The Committee believes there is value in examining the public expectation of Coastwatch to see, for example, whether this matches the expectations of government or, indeed, the actual performance of Coastwatch.
- 2.2 A key source of information about Coastwatch is the Customs annual report. It is by way of the annual report that Coastwatch accounts for the resources it receives from the public purse. The document provides information about performance measured against the targets identified in the Customs portfolio budget statements and portfolio additional estimates statements.
- 2.3 The public perceptions of Coastwatch's performance will also be influenced by government media releases and media reporting. This reporting of Coastwatch activities, achievements and failures will

subsequently impact on the expectations placed on Coastwatch by both the public and the government.

Public expectations

- 2.4 The Committee received 16 submissions from individuals and non-government bodies. The inquiry also benefited from the report of the Community Consultation Team¹ which canvassed public response to the *Defence Review 2000* discussion paper.²
- 2.5 Several submissions from the public did not provide comments about the expectations of Coastwatch per se, but instead called for the establishment of an Australian coastguard. For the purpose of this discussion, the roles envisaged for an Australian coastguard are combined with those identified for Coastwatch in submissions which did not support a coastguard.
- 2.6 The expectations for Coastwatch or a coastguard organisation included:
- providing a maritime police force and air-sea rescue service providing ‘adequate protection against smugglers, illegal immigrants and any potential foe’—a ‘maritime perimeter protector force’;³
 - apprehending illegal fishing vessels in Australian mainland and antarctic waters;⁴
 - preventing disease entering Australia through illegal landings along the coast, and involving people living in remote sections of coastline in monitoring and providing search and rescue information;⁵ and
 - environment protection, marine legislation enforcement, navigation aids maintenance, vessel traffic services, hydrography and oceanography, boating education and safety.⁶

1 Department of Defence, *Australian Perspectives on Defence: Report of the Community Consultation Team*, September 2000.

2 Defence, *Defence Review 2000—Our Future Defence Force, A public Discussion Paper*, June 2000.

3 Mr William Watson, *Submission No. 6*, Volume 1, p. S29.

4 Mr G O’Gorman, *Submission No. 3*, Volume 1, p. S5.

5 The Country Women’s Association of Western Australia (Inc), *Submission No. 15*, Volume 1, pp. S91–2.

6 The Company of Master Mariners of Australia Ltd, Western Australian Branch, *Submission No. 29*, Volume 2, pp. S284–5.

- 2.7 To this list could be added responsibility for detecting and responding to unauthorised air movements (UAMs) sometimes referred to as 'black flights'. A discussion of whether it is appropriate for Coastwatch to assume this responsibility is in Chapter 6.
- 2.8 The report of the Community Consultation Team noted in several places the concerns of those living in the north and west of Australia that the coastal surveillance capability was inadequate, especially in regard to illegal immigration, drug smuggling, attacks on information systems and terrorism.⁷
- 2.9 This view was reflected in a comment from Mr William Watson who advocates the creation of an Australian coastguard:

A country with a coastline of 37,000 kms needs adequate protection against smugglers, illegal immigrants and any potential foe. That protection has been lacking throughout Australia's history, as evidenced recently by the influx of 'boat people' which I believe Coastwatch and the Navy are hard-pressed to stem.⁸

- 2.10 At the Committee's final public hearing, the agencies appearing were asked for their comments about the public's and government's expectation of Coastwatch. Mr Lionel Woodward, CEO Customs, responded:

... the public's expectation of Coastwatch and the government's expectation of Coastwatch. In large part they mirror each other but there may be some divergences. ... there is an expectation that Coastwatch should be effective in the context of Australian geography; that our costs would be reasonably contained; that what we do is properly coordinated; that risk management principles would apply—and this is probably a greater expectation on the part of government than of the community; that conflicting priorities be able to be sorted out; that we should run as a professional service; and that there should be close relationships with Commonwealth, state and civil agencies. We must recognise the priorities and sensitivities of the government of the day. We must work closely with not only Defence ... but also [with] other agencies, including AQIS, the Maritime Safety Authority, AFMA, DIMA and law enforcement agencies.⁹

7 Defence, *Australian Perspectives on Defence: Report of the Community Consultation Team*, September 2000, pp. 7, 8, 11.

8 Mr William Watson, *Submission No. 6*, Volume 1, p. S29.

9 Customs, *Transcript, 30 January 2001*, p. 250.

- 2.11 The Committee notes the difference between the public's expectation of the coastwatch/coastguard function and Mr Woodward's understanding of that expectation—the public justifiably is interested in **outcomes**, whereas the CEO of Customs justifiably (for accountability reasons) is interested in the **process** of achieving outcomes.
- 2.12 The Committee therefore agrees with the comment provided by Defence that the public has a poor understanding of Coastwatch's role.¹⁰ This is because many of the outcomes expected by the public, listed above, are outcomes attributable to Coastwatch's clients. As Mr Andrew Metcalfe, Deputy Secretary, DIMA, said in relation to the recent influx of boat people from the Middle East:

... what Coastwatch is about is finding the boats to make sure that their arrival can be managed properly. It is not about stopping them.¹¹

Informing the public

- 2.13 The Committee was told that Coastwatch does not have a charter,¹² and during the inquiry was not provided with material designed to inform the public about Coastwatch's role. For members of the public who have access to the Customs annual report, for example via the internet, there is a two sentence description of 'Output 3' which is the coastwatch function:

This output covers the provision of air and marine based civil surveillance and response services to a number of government agencies. The aim is to detect, report and respond to potential or actual non-compliance with relevant laws in coastal and offshore regions.¹³

- 2.14 The Committee considers this does not provide an adequate description of Coastwatch's role or give adequate information to the public.
- 2.15 However, the Committee is pleased to note that its inquiry has resulted in information about Coastwatch, in the form of part of the Customs submission, being posted on Customs web site.¹⁴ The Committee considers this a good preliminary step to informing the public more widely about Coastwatch.

10 Defence, *Submission No. 28*, Volume 2, p. S274.

11 DIMA, *Transcript*, 30 January 2001, p. 310.

12 Customs, *Transcript*, 30 January 2001, p. 307.

13 Customs, *Annual Report 1999–2000*, p. 50.

14 <http://www.customs.gov.au/protect/coast1.htm>

- 2.16 Indeed, the Director General Coastwatch, Rear Admiral Russell Shalders, has acknowledged the need ‘to get out and educate the public and tell them what we do and how we do it and the good results that we achieve’. Rear Admiral Shalders also advised the Committee that an information campaign was in fact planned but presently was at the formative stage.¹⁵ However, Mr Woodward cautioned that a publicity campaign would have to be seen in the context of the broader protection of Australia’s borders.¹⁶
- 2.17 The Committee believes that while Mr Woodward may be correct regarding the context in which Coastwatch operates, any public information campaign about Coastwatch should focus on Coastwatch itself and how it assists its client agencies achieve their outcomes—for it is those outcomes which are the focus of public concerns.
- 2.18 The Committee also believes that a carefully designed publicity campaign could also act as a deterrent. Potential law breakers could be made aware of the likelihood of being detected by Coastwatch surveillance platforms, subsequently monitored, and eventually apprehended by Australia’s law enforcement agencies.¹⁷

Recommendation 1

- 2.19 **Coastwatch should undertake a comprehensive campaign to inform the public of its role in protecting Australia’s borders. The campaign should be focused on the effectiveness of Coastwatch and how Coastwatch contributes to the outcomes of its client agencies.**

Recommendation 2

- 2.20 **Customs should use public relations or media liaison officers to manage and promote media reporting of Coastwatch activities.**

15 Customs, *Transcript, 30 January 2001*, p. 254.

16 Customs, *Transcript, 30 January 2001*, p. 255.

17 *Transcript, 30 January 2001*, pp. 254–5.

Government expectations

- 2.21 A problem faced by the Committee in gaining an understanding of the Government's expectations of Coastwatch is that Coastwatch does not have its own legislation. Such legislation would clearly set out its powers and activities. Customs advised, however, that specific legislation was unnecessary for Coastwatch to manage its surveillance activities and coordinate responses to suspect incursions.¹⁸
- 2.22 In addition, it was revealed at the Committee's final public hearing that Coastwatch also does not have a charter setting out the role expected of it by government.¹⁹ However, the Committee understands that in 1988 when Coastwatch was established the Cabinet submission contained details about how Coastwatch was to operate.²⁰ The Committee has sought a copy of the Cabinet submission as it would have provided a background to the creation of Coastwatch and the role envisaged for it by the then government.
- 2.23 Unfortunately, the Cabinet submission has not been released to the Committee.²¹ In responding to the Committee's request the Secretary to the Department of Prime Minister and Cabinet, Mr Max Moore-Wilton, advised there was considerable amount of information about the establishment of Coastwatch, including the Hudson review which had largely been accepted by the then Government and ministerial statements on the subject.²²
- 2.24 In the absence of a formal charter for Coastwatch and the unavailability of information contained within the 1988 Cabinet submission, the Committee decided to review the expectations articulated in the Hudson Report and government media releases announcing the creation of Coastwatch.

18 Customs, *Submission No. 25*, Volume 1, p. S248.

19 Customs, *Transcript, 30 January 2001*, p. 307.

20 Cabinet Submission No. 5838, *Response to Hudson Report 'Northern Approaches'*.

21 Cabinet documents are by convention strictly confidential, and under the Archives Act are not publicly available for 30 years. However, the release of documents within that period is not unprecedented. In 1992 the then Joint Committee of Public Accounts sought and was granted the release of a 1977 Cabinet Minute as part of its inquiry into the Midford Paramount Case. The Minute is reproduced in *JCPA Report 325, The Midford Paramount Case and Related Matters*, AGPS, Canberra 1992, pp. 525–62.

22 Mr Max Moore-Wilton, Secretary to the Department of Prime Minister and Cabinet, *Correspondence*, 1 November 2000.

The Hudson Report's expectations

- 2.25 In proposing changes to the coastwatch function, the Hudson Report recommended combining the administration of aerial surveillance with the ship reporting and sea search and rescue function of the then Federal Sea Safety and Surveillance Centre. The head of the proposed agency was to be responsible directly to an appropriate Minister for the following:
- the direction and co-ordination of civil coastal and off-shore surveillance operations, and the management of the surveillance program budget;
 - the development of joint intelligence with respect to breaches of Australian law and sovereignty occurring through maritime or aerial incursions of Australia's coastline or in relevant off-shore areas;
 - the assessment of the adequacy of response to any breaches of Australian law;
 - the preparation of developmental plans for improving surveillance and incorporating new technology as appropriate;
 - the development of a centralised data-bank of information relevant to the off-shore areas and coastal hinterland of northern Australia; and
 - functions associated with the work of the Federal Sea Safety Centre.²³
- 2.26 The Hudson Report did not advocate the new agency being placed within the AFP, Customs or Defence because the 'operator of the service would naturally tend to give it the special slant characterised by the perceived priorities of the home department.'²⁴
- 2.27 The Committee considers that Mr Hudson's expectations of the agency he proposed are significantly different from the activities of the Coastwatch agency that was created in 1988. Therefore the expectations described in Mr Hudson's report do not necessarily reflect the then Government's expectations.
- 2.28 As an example of this mismatch of expectations, the Hudson Report suggested the new agency be responsible for developing joint intelligence regarding aerial incursions of Australia's coastline and develop a database regarding off-shore areas and coastal hinterland of northern Australia. Thus Hudson's Coastwatch would have taken responsibility for the UAM issue in northern Australia.

23 DoTC, *Northern Approaches, A report on the Administration of Civil Coastal Surveillance in Northern Australia*, Hugh Hudson, AGPS, April 1988, Recommendation 3, pp. 58–9.

24 DoTC, *Northern Approaches*, p. 27.

2.29 In contrast, the Auditor-General's report concluded there had been no studies by Coastwatch or its key clients into the extent of the number of UAMs, and concluded it was unclear which agency was responsible.²⁵ The Committee has considered which agency should be responsible for UAM incursions when the issue is discussed in Chapter 6.

Public statements announcing Coastwatch's creation

2.30 The Committee has examined the 1988 media release announcing the establishment of Coastwatch by the then Minister for Science, Customs and Small Business, the Hon Barry Jones MP, and the response to a question upon notice by the Minister's representative in the Senate, Senator the Hon John Button. Information from these documents indicate the following:

- Coastwatch would be within Customs because of operational economies of scale and improved co-ordination and direction;
- existing staff and equipment would be combined and collocated with Customs resources;
- liaison arrangements would be formalised between the new agency and organisations primarily concerned with Australia's civil surveillance effort;
- Customs resources would be used to 'forge broad links with Federal, State and local government authorities and the community at large, particularly in remote areas';
- there would be at least 10 000 hours of aerial surveillance per annum with appropriate levels of defence support;
- the arrangements would greatly facilitate an enhanced surveillance and response effort, particularly against drug trafficking;²⁶
- funds for aerial surveillance would be core-funded to Customs, and other agencies would not be required to contribute costs on a user-pays formula (as had applied previously); and
- the different requirements of client agencies would be dealt with through a system of regional and national liaison committees chaired by Customs.²⁷

25 Auditor-General, *Audit Report No. 38, 1999-2000*, p. 60.

26 Hon Barry Jones, Minister for Science, Customs and Small Business, *Coastal Surveillance to Customs*, Media Release, 12 July 1988.

- 2.31 In summary, the then Government's publicly expressed expectations of Coastwatch can be described as:
- liaising with other surveillance organisations;
 - forging links with other jurisdictions and the public;
 - conducting 10 000 hours of aerial surveillance, supplemented by defence support; and
 - responding to client needs through a system of liaison committees.

The Committee's conclusion

- 2.32 The Committee considers that the information in the public domain provided by the Government at the time Coastwatch was created does not provide adequate information about the expectations of Coastwatch.
- 2.33 The two sentence description provided in the Customs 1999–2000 annual report,²⁸ and information in the Customs submission to this inquiry posted on the internet are also, in the Committee's opinion, inadequate.
- 2.34 A key restriction on Coastwatch, not contained within the public documents produced before this inquiry commenced, is that as a service provider Coastwatch 'does not determine threat areas, nor does it determine clients' surveillance interests'.²⁹ In brief, as the Director General Coastwatch said, 'we do not task for ourselves'.³⁰
- 2.35 The Committee considers in fact the best information about the Government's expectation is that provided by Mr Woodward during the Committee's final public hearing.³¹ However, this cannot be regarded as a substitute for a clear official statement of the agency's objectives.

27 Senator the Hon John Button, Minister representing the Minister for Science, Customs and Small Business, *Answer to Question on Notice No. 498, Coastal Surveillance*, Senate Hansard October 1988, p. 1635.

28 Page 50 of the Customs annual report describes Coastwatch under Output 3 as providing 'air and marine based civil surveillance and response services to a number of government agencies. The aim is to detect, report and respond to potential or actual non-compliance with relevant laws in coastal and offshore regions.'

29 Customs, *Submission No. 25*, Volume 1, p. S197.

30 Customs, *Transcript, 30 January 2001*, pp. 296, 309.

31 Customs, *Transcript, 30 January 2001*, p. 307.

What should be the Government's expectations?

- 2.36 During the inquiry the Committee has obtained evidence from a wide variety of sources including Coastwatch's clients, its contractors, members of the public, and non-government organisations. As well, the Committee undertook a tour of Coastwatch's northern Australia area of operations.
- 2.37 The Committee believes it should comment briefly about what the expectations of Coastwatch should be.
- 2.38 The Committee considers expectations should fall within three main areas:
- to respond to client tasks by operating efficiently and effectively in gathering, analysing and disseminating intelligence to its client agencies, and taking appropriate actions as directed, through:
 - ⇒ the innovative use of the assets available to it (air and marine craft and other technologies);
 - ⇒ its processes for tasking its aerial and marine assets;
 - ⇒ using its communications systems and equipment; and
 - ⇒ using and developing its human resources;
 - to provide efficient and effective coordination with its clients and external service and information providers, including with:
 - ⇒ its key client agencies;
 - ⇒ client agencies from other jurisdictions, such as state government agencies;
 - ⇒ its external service providers, such as its external contractors and Defence;
 - ⇒ the public and non-government agencies; and
 - ⇒ foreign government agencies;
 - to be transparent and accountable to the Parliament and the public, and provide leadership and integrity, through:
 - ⇒ its internal reporting by:
 - determining meaningful performance indicators;
 - collecting meaningful performance information; and
 - using appropriate risk management processes; and
 - ⇒ its external reporting by:
 - providing meaningful performance measures in its Portfolio Budget Statements;

- providing clear explanations for its revisions in its Portfolio Additional Estimates Statements; and
 - reporting its achievements against its performance measures in its annual report;
 - creatively using other avenues to provide information to the Parliament and the public.
- 2.39 The Committee also believes that Coastwatch's area of operations needs to be defined because of the debate concerning whether Coastwatch should be responsible for addressing the issue of unauthorised air movements. The Committee's views on this matter are contained within Chapter 6.

Recommendation 3

- 2.40 **The Government should provide Coastwatch with a charter outlining the Government's expectations. This information should be made publicly available.**
- 2.41 Coastwatch's charter will be in effect a mission statement for the agency. It will therefore provide the basis for its objectives and performance measures.³² This is developed further in the next chapter when the Committee considers performance measuring and reporting.

32 R S Kaplan and D P Norlan, *Translating Strategy into Action—The Balanced Scorecard*, Harvard Business School Press, 1996, pp. 9–10.

Performance measurement and reporting

Introduction

- 3.1 It is incumbent on agencies to demonstrate to government (which allocates scarce resources) and to the public (which provides those resources) what their expectations are and how they are being met. Agencies therefore need to measure and report on their performance in using the resources that have been provided.
- 3.2 This is done by agencies specifying their performance measures in the Portfolio Budget Statements (PBSs), and Portfolio Additional Estimates Statements (PAESs), and finally reporting against those measures in the agency annual report.
- 3.3 There are two main difficulties faced by Coastwatch in measuring its performance:
 - its inability to provide complete area surveillance in its operational area; and
 - the difficulty in defining what constitutes success.

- 3.4 Coastwatch's area of operations is vast, encompassing 37 thousand km of coastline and 9 million km² of offshore maritime area.¹ The areas expected to be covered are the Australian coast, the Australian Antarctic Territory, and around Australia's island territories.² Figure 1 in Chapter 1 provides a map of Australia's maritime zones.
- 3.5 Because it is impossible to provide continuous surveillance of all this area, which is some 20 per cent greater than the area of the Australian mainland, Coastwatch's patrols are based on the risk analysis undertaken by Coastwatch's clients. Coastwatch does provide risk analysis support derived from 'the additional intelligence and predictive capability available in the Coastwatch National Surveillance Centre.'³ By their very nature, risk driven activities mean that on occasions Coastwatch will 'fail'.
- 3.6 A Coastwatch 'failure', such as the landfall of a SIEV, may be due to factors beyond its control, such as:
- the quality of information received from its clients;
 - the unpredictable behaviour of surveillance targets;
 - the weather; and
 - the availability of resources which Coastwatch does not control.
- 3.7 On the other hand measurement of Coastwatch 'success' is also not readily apparent because, as Rear Admiral Shalders told the Committee, Coastwatch successes are actually the successes of its clients.⁴
- 3.8 The success of Coastwatch should be measured in terms of how it is able to cost-effectively undertake the tasks of its clients and manage its way around the impact of factors beyond its control. As the Deputy Auditor-General, Mr Ian McPhee, put it when he appeared before the Committee:

The successful delivery of Coastwatch services depends on effective coordination between Coastwatch and its key client agencies, sound intelligence risk management procedures for the tasking of Coastwatch resources, clear lines of reporting and effective support systems for management of operations for greater effectiveness.⁵

1 Customs, *Submission No. 25*, Volume 1, p. S192.

2 These islands are: Heard and McDonald Islands in the Southern Ocean; Macquarie Island in the South Pacific Ocean; Lord Howe and Norfolk Islands in the Tasman Sea; and Christmas and Cocos Islands in the Indian Ocean.

3 Customs, *Submission No. 25*, Volume 1, p. S241.

4 Customs, *Transcript*, 30 January 2001, p. 309.

5 ANAO, *Transcript*, 18 August 2000, p. 6.

Performance measures

3.9 In Chapter 2 the Committee distilled the various expectations of Coastwatch into a statement which could be regarded as a mission statement. The mission statement included:

- to respond to client tasks by operating efficiently and effectively in gathering, analysing and disseminating intelligence to its client agencies;
- to provide efficient and effective coordination between itself and its clients and external service and information providers; and
- to be transparent and accountable to the Parliament and the public;
- and provide leadership and integrity.

3.10 If Coastwatch is to satisfy itself, its Minister, the Parliament, its clients and the public that it is meeting the expectations placed on it, appropriate performance measures must be devised. This is why the expectations of Coastwatch should be explicit, for how else can the Parliament and the public know whether the performance measures are appropriate?

3.11 Once performance measures have been formulated, there are two uses for the information collected against them:

- for internal management decision-making; and
- for external reporting to the Parliament and the public.

3.12 However, if the performance information that is collected is to be useful for management purposes, it must be comprehensive, representative of Coastwatch activities, and timely. Timeliness is also important for external reporting because it allows adjustments in time for the annual report of performance. These issues were recognised in the Auditor-General's recommendation that:

Coastwatch develop a more comprehensive and useful set of performance indicators that reflect key aspects of service delivery to client agencies and regularly monitor and report on these indicators as a means of improving Coastwatch's operations.⁶

6 Auditor-General, *Audit Report No. 38, 1999–2000*, Recommendation 12, p. 96.

- 3.13 The audit report added that it was important that 'Coastwatch provide a full explanation of external factors that may affect performance indicators so that performance information remains contextually relevant'.⁷
- 3.14 Coastwatch agreed with the Auditor-General's recommendation, and in its submission, Customs has acknowledged that its current performance measures were largely quantitative, being measures of work load and some broad measures of effectiveness. Coastwatch was seeking to adopt a more comprehensive approach for both quantitative and qualitative measures which were to be incorporated into its proposed Command and Support System.⁸
- 3.15 The submission added that 'the fundamental measure of Coastwatch's effectiveness will continue to be the level of client satisfaction.'⁹ The audit report acknowledged Coastwatch's efforts in seeking to establish a formal feedback mechanism for its clients by way of bi-annual client agency surveys, but recommended the use of post flight questionnaires be expanded.¹⁰

Problems with measuring performance

- 3.16 The Committee agrees with Customs that Coastwatch's performance measures largely reflect work load and broad measures of effectiveness. The Customs annual report provides a table of performance measures and the targets that are specified relate to aerial surveillance coverage, flying hours, number of marine taskings by clients, and number of sea days for Customs and RAN vessels. A further table showing numbers of detected and undetected SIEVs provides, in the Committee's view, a better measure of performance.¹¹
- 3.17 The Committee reviews below three problems with measuring Coastwatch performance:
- the potential for over-reliance on client satisfaction;
 - the difficulty in measuring how many targets are missed; and
 - the difficulty in measuring the contribution to the 'public good'.

7 Auditor-General, *Audit Report No. 38, 1999-2000*, p. 94.

8 Customs, *Submission No. 25, Volume 1*, p. S236.

9 Customs, *Submission No. 25, Volume 1*, p. S236.

10 Auditor-General, *Audit Report No. 38, 1999-2000*, Recommendation 13, p. 97.

11 Customs, *Annual Report 1999-2000*, pp. 50-1.

Client satisfaction

- 3.18 The Committee has concerns with placing too great an emphasis on client satisfaction as a fundamental performance indicator. In its relationship with its clients Coastwatch is in a monopoly position. In such a situation, clients will be cautious in criticising the monopoly provider. At the final hearing, the Committee was sceptical of the level of satisfaction expressed by Coastwatch's client agencies.¹²
- 3.19 A second risk with too much reliance on client satisfaction is that clients cannot be dissatisfied about unspecified shortcomings or undemonstrated failures. For example, a client may be happy with a certain number of reports of interest to it. However if the client knew this represented only 50 per cent of the total number of occurrences, that same client would be far from happy. The Committee emphasises that it is not implying Coastwatch is failing to report to its clients, but instead is raising the issue that surveillance activities may, for a variety of reasons including the lack of directions from its clients, not detect a number of targets.

Measuring what is not detected

- 3.20 It is easy to measure the numbers of illegal fishing boats sighted in northern waters and not apprehended, or numbers that had been intercepted but had absconded. In fact figures were provided for 1998 by witnesses from AFMA,¹³ and Rear Admiral Shalders told the Committee that of the 500 fishing vessels intercepted the previous 5 years, 2 had absconded.¹⁴
- 3.21 In addressing this problem, client satisfaction surveys have some use. For example, in the case of illegal fishing a deterioration in stocks in an area coupled with a lack of illegal fishing boat sightings may indicate Coastwatch is missing a significant number of boats. In such a case more than one client may be involved and so communication by way of Coastwatch's Regional Operational Planning and Advisory Committee meetings is pivotal in alerting Coastwatch.
- 3.22 Regarding people smuggling operations, the Committee is aware of public concern that boat people may be arriving and disappearing into the Australian population. The Committee does not believe this is a problem for arrivals in the north west of Australia where the boats make no

12 *Transcript, 30 January 2001*, p. 253.

13 AFMA, *Transcript, 8 September 2000*, p. 96.

14 The Committee was also told that during the year 2000, only one SIEV out of the 50 arrivals had been missed. Customs, *Transcript, 30 January 2001*, p. 300.

attempt at avoiding the authorities. However, it is along the east coast where there may be a problem. For example, in July 2000 several suspected illegal immigrants were arrested in Queensland. In this instance Coastwatch was able to coordinate the arrest of the fishing boat that had allegedly brought them to Australia.¹⁵

- 3.23 The issue of covert arrivals of illegal immigrants by boat was discussed with witnesses from DIMA.
- 3.24 Mr Andrew Metcalfe, Deputy Secretary, DIMA, told the Committee that although DIMA was able to intercept some 2 000 illegal immigrants at airports each year, there were about 53 000 illegal immigrants in Australia at any one time. He continued:

... we locate in the community around 13,000, about a quarter of the estimated overstayer population, each year. We cannot, from our collective memory, recall an incident where any of those 13,000 people have not been able to satisfy us that they came into Australia by anything other than ordinary commercial means: they came on an aircraft and overstayed, they came on a ship and deserted or they did not report as crew ... [with] that one-quarter of all illegal immigrants who are found in the community—we do not find situations where people satisfy us or where we are unable to explain that they have come in through a completely covert method without detection.¹⁶

- 3.25 The Committee is satisfied that the evidence presented to it shows that **covert** people smuggling to Australia does not pose a problem at present. It would seem easier for people trying to illegally immigrate to Australia to arrive as a tourist and simply overstay their visa. However, the people smuggling incidents in Europe and the US demonstrate the continued need for vigilance.

Measuring the 'public good'

- 3.26 Coastwatch operations can contribute to the public good in several ways such as:
- providing training and skills maintenance opportunities to Defence personnel engaged in Coastwatch operations;

15 Senator the Hon Amanda Vanstone, Minister for Justice and Customs, *Suspect boat detained by Customs—alleged organisers arrested*, Media Release, 15 July 2000.

16 DIMA, *Transcript, 18 August 2000*, p. 57.

- contributing to Defence preparedness and subsequent deterrence capability; and
 - assisting the law enforcement activities of the AFP and Customs and thereby contributing to a deterrent affect.
- 3.27 A Customs supplementary submission advised the Committee that Coastwatch had commissioned a study:
- to determine the actual and potential contribution of surveillance to civil law enforcement and military operations,
 - to assess the effectiveness of that contribution towards the achievement of overall operation success, and
 - to identify, as a result of that assessment, areas of weakness in the surveillance architecture.¹⁷
- 3.28 In addition, any public information campaign and increased public knowledge of Coastwatch operations will contribute to a deterrent effect.¹⁸ The difficulty in measuring such an effect was acknowledged in the Customs submission.¹⁹ The Committee agrees that measuring something which does not occur is challenging.
- 3.29 The level of deterrence will also be influenced by external factors such as the sentences and penalties handed down by the courts to offenders that are caught due to Coastwatch operations.
- 3.30 Mr Peter Venslovas, Senior Manager Compliance, AFMA told the Committee that while fisheries legislation allowed 'fines up to \$550 000 and also forfeiture of vessel, catch and gear', penalties handed down by the courts to foreign illegal fishermen sometimes did not reflect the maximum allowed. The Courts were also restrained by the United Nations Convention on the Law of the Sea which prevented penalties involving imprisonment under national laws. However, there were occasions where recidivists were imprisoned because of breaches of bond conditions arising from previous offences.²⁰

The Committee's conclusion

- 3.31 The Committee considers that Coastwatch should broaden its performance measures. It should also remain aware of the problem of determining what it doesn't detect and continue its efforts to quantify its contribution to the public good.

17 Customs, *Submission No. 56*, Volume 4, p. S662.

18 Customs, *Transcript, 30 January 2001*, p. 255.

19 Customs, *Submission No. 25*, Volume 1, p. S236.

20 AFMA, *Transcript, 30 January 2001*, p. 311.

- 3.32 The Committee notes that the Auditor-General also recognised a need for performance measurement to reflect ‘the range of objectives [Coastwatch] has to meet’. To achieve this the Auditor-General recommended Coastwatch should consider a ‘balanced scorecard’ approach to performance measurement.²¹ The Committee reviews the scorecard approach in the next section.

The balanced scorecard approach to performance measurement

- 3.33 The balanced scorecard concept was developed by Professor Robert Kaplan of the Harvard Business School. In his book on the topic, Professor Kaplan states:

The objectives and the measures for the Balanced Scorecard are more than just a somewhat ad hoc collection of financial and nonfinancial performance measures: they are derived from a top-down process driven by the mission and strategy of the [organisation].²²

- 3.34 In the Committee’s view, therefore, it is critical that Coastwatch has a clear view of its mission if it is to adopt a balanced scorecard approach.
- 3.35 In suggesting Coastwatch consider the balanced scorecard approach, the audit report described the scorecard as:

... a performance management tool which combines assessments of a range of operational features such as financial performance, learning and innovation, internal organisational processes ... and customer satisfaction to determine an organisation’s overall performance. ... [it] moderates the misleading effects of individual performance indicators, by basing overall performance on a combined weighted score of all key performance indicators.²³

- 3.36 The Management Advisory Board (MAB), in its publication, *Beyond Bean Counting*, made the further comment:

The balanced scorecard also serves to focus management attention on a smaller number of truly critical performance indicators, getting away from measuring everything, to deciding what are the key measures for the particular organisation, perhaps including

21 Auditor-General, *Audit Report No. 38, 1999–2000*, Recommendation 14, p. 101.

22 R S Kaplan and D P Norlan, *Translating Strategy into Action—The Balanced Scorecard*, Harvard Business School Press, 1996, pp. 9–10.

23 Auditor-General, *Audit Report No. 38, 1999–2000*, p. 100.

more of the 'soft' qualitative indicators, abandoning some and altering the frequency of others.²⁴

- 3.37 The MAB also commented that the balanced scorecard was 'a valuable tool for organisations in both the public and private sectors that wish to drive a process of strategic change', and it had 'a number of potential benefits for [Australian Public Service] departments and agencies.'²⁵
- 3.38 The audit report acknowledged it would take time and resources to develop a valid scorecard.²⁶ Mr Peter White, Executive Director, Performance Audit Services Group, ANAO, added that it was a 'longer term recommendation', but that the main point was that Coastwatch should examine its performance measurement system with a view to improving the information provided to Parliament and the public.²⁷
- 3.39 Rear Admiral Shalders responded that Coastwatch remained unconvinced that the balanced scorecard approach was the best way forward, but a study had been commissioned to look at Coastwatch's measures of effectiveness.²⁸
- 3.40 The Committee considers the value of a balanced scorecard approach is that the agency focuses on the full range of its activities and also has to decide the relative importance of those activities. This leads to a recognition that to achieve overall improvement, effort may be better spent on activities which have a greater weighting. The weightings will in large part be determined by the expectations of Government and the public and as these change, the weighting given to particular activities can be adjusted and if necessary effort redirected.

A possible model scorecard for Coastwatch

- 3.41 In Chapter 2 the Committee identified a possible mission statement for Coastwatch. The Committee has used this statement as the basis for a possible model scorecard for Coastwatch. Where appropriate the mission statement has been subdivided, and for each division the Committee has given examples of performance information which might be collected.

24 Management Advisory Board, *Beyond Bean Counting—Effective Financial Management in the APS—1998 & Beyond*, Management Advisory Board, 1997, p. 51.

25 Management Advisory Board, *Beyond Bean Counting—Effective Financial Management in the APS—1998 & Beyond*, Management Advisory Board, 1997, p. 54.

26 Auditor-General, *Audit Report No. 38, 1999–2000*, p. 100.

27 ANAO, *Transcript, 30 January 2001*, p. 286.

28 Customs, *Transcript, 30 January 2001*, p. 286.

- 3.42 The Committee emphasises that the list of performance information which could be collected is illustrative and not definitive. Also, the Committee has not attempted to weight the areas of performance as it believes such weighting would be premature, and in the event the actual weighting should be decided through discussions between Coastwatch and its Minister.

MISSION: To respond to client tasks by operating efficiently and effectively in gathering, analysing and disseminating intelligence to its client agencies.

Operational Coverage	Performance information <ul style="list-style-type: none"> ■ Aerial surveillance coverage ■ Aerial surveillance hours flown ■ Sea days provided by Customs and Defence ■ Number of SIEVs sighted ■ Number of illegal fishing boats sighted ■ Number of other sightings of interest ■ Number of law enforcement operations
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Internal organisation	Performance information <ul style="list-style-type: none"> ■ % of CATO accompanied surveillance flights ■ Nature and amount of training ■ Person hours evaluating new technology ■ Outcome of staff surveys ■ Staff turnover
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Cost effectiveness	Performance information <ul style="list-style-type: none"> ■ Average cost per surveillance flight hour ■ Average cost per patrol boat hour ■ Total costs—Defence, Customs marine fleet, contractors, and Coastwatch administration
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MISSION: To provide efficient and effective coordination between itself and its clients and external service and information providers.

	Performance information <ul style="list-style-type: none"> ■ Number of OPAC and ROPAC meetings ■ Outcome of client satisfaction surveys ■ Outcome of Defence satisfaction surveys ■ Extent of public relations campaigns ■ Number of useful Customs Watch calls
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MISSION: To be transparent and accountable to the Parliament and the public, and provide leadership and integrity

	Performance information <ul style="list-style-type: none"> ■ Number of media releases and public briefings ■ Number and results of internal audits ■ Responses to external reviews ■ Benchmarking comparisons with comparable agencies
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- 3.43 The performance information would be used to produce a numerical score against each performance measure. These would be weighted and added to provide a total score for Coastwatch.
- 3.44 In adopting such an approach it would be important to keep the performance measures unchanged for a number of years so that trend information can be obtained. The Committee envisages the overall score would increase over the years as performance improved until a plateau was reached. Maintenance of that plateau score would itself indicate an organisation meeting new challenges whilst continuing to perform at a high level.
- 3.45 The Committee notes Rear Admiral Shalders' advice that Coastwatch would be introducing a new Command Support System which would enable the provision of surveillance data in a form suitable to its clients' information needs.²⁹ The Committee believes the new system would allow Coastwatch to capture and process much of the data needed for the range of performance measures that would make up a balanced scorecard.
- 3.46 The Committee cautions that, as the Management Advisory Board has commented, it is important to focus on truly critical performance measures rather than attempting to measure everything.
- 3.47 The Committee believes the information collected for a balanced scorecard would form the basis of information included in the PBS and PAES and reported against in the annual report.

Information provided to Parliament

- 3.48 The audit report recommended that Coastwatch separate its budget and financial data from that provided by Customs for reporting purposes. The report suggested that this should be 'in sufficient detail to meet transparency and accountability arrangements.' The audit report also recorded that the recommendation had been agreed to, with Customs commenting:

The Coastwatch activities are a separate "Output" and as such all financial data will be identified and reported separately.³⁰

²⁹ Customs, *Transcript, 30 January 2001*, p. 284.

³⁰ Auditor-General, *Audit Report No. 38, 1999–2000*, Recommendation 15, p. 105 and p. 104.

- 3.49 The Customs submission confirmed its agreement with the recommendation, with further advice that the annual report now shows Coastwatch activities as a separate output.³¹
- 3.50 The Committee, nevertheless, has decided to review the information provided in the Customs PBS, PAES, and annual report for 1999–2000 to satisfy itself that the information is sufficiently detailed and reflective of Coastwatch’s activities.
- 3.51 As well, these three documents provide the first complete set of accountability documents under the present accruals-based budgeting and reporting framework. The Committee has also continued its review by examining the information provided in the PBS and PAES for 2000–01, and the PBS for 2001–02.

The accruals based framework

- 3.52 The present accruals-based budgeting and reporting framework was introduced for the 1999–2000 financial year. During the Committee’s review of the Financial Management and Accountability Act (FMA Act), the advantages of the new framework were noted by the Secretary to the Department of Finance and Administration who told the Committee:

... there will be a read across from the appropriation bills to the portfolio budget statements through to the annual report where agencies will be reporting on their performance against key indicators. Probably for the first time we will have systematic reporting of outputs and outcomes by agencies against performance indicators, and agencies will be able to discuss where they succeeded and where they did not ...³²

- 3.53 Information published by DoFA obtained during the FMA Act review inquiry indicated greater flexibility for agencies, because appropriations would be for stated outcomes and outputs rather than for specific programs. As well, CEOs would:

... be able to shift resources between outputs and outcomes. Subject to agreement by their Minister, agency managers may respecify or replace outputs with others that are more cost

31 Customs, *Submission No. 25*, Volume 1, p. S221; Customs, *Annual Report 1999–2000*, pp. 50–4.

32 DoFA, *Review of the Financial Management and Accountability Act 1997 and the Commonwealth Authorities and Companies Act 1997*, Transcript, 13 September 1999, pp. 4–5.

effective in achieving desired outcomes. Any such change would need to be noted in the annual report.³³

Accruals information provided in portfolio papers and annual report

- 3.54 In this inquiry the Committee has reviewed two aspects of the accruals information provided to Parliament—the description of Coastwatch activities, and the costs of those activities.

Description of activities

- 3.55 Customs activities fall within the one outcome:

Effective border management that, with minimal disruption to legitimate trade and travel, prevents illegal movement across the border, raises revenue and provides trade statistics.³⁴

- 3.56 Within that single outcome there are five outputs and as Mrs Marsden-Smedley, Director Coastwatch Resources, told the Committee:

... Output 3 is basically civil maritime coastal surveillance, and incorporated in that is some element of the Bay class, the marine fleet, which has been there historically. They do provide ... about 30 per cent of their work for us and that will be incorporated in there. In totality, Output 3 pretty well represents all of Coastwatch, including the appropriated funds that have gone to DIMA, with the free of charge services provided by Defence.³⁵

- 3.57 The Committee examined the descriptions for the various Customs outputs in the Portfolio Budget Statements for 1999–2000, 2000–01 and 2001–02, especially those for outputs 1, 2, and 3.

- 3.58 The broad descriptions for the outputs in the PBSs are:

- Output 1 Facilitation of the legitimate movement of goods across the border, while intercepting prohibited and restricted imports and exports
- Output 2 Facilitation of the legitimate movement of people across the border, while identifying illegal movements
- Output 3 Coastal and offshore surveillance and response³⁶

33 DoFA, *Accrual Resourcing Framework*, DoFA, 2000, p. 2.

34 This single outcome first appeared in the Customs Annual report for 1998–99 and has remained unchanged since then.

35 Customs, *Transcript, 18 August 2000*, p. 19.

36 In the PBS for 2001–02 the description is ‘Civil maritime surveillance and response’.

- 3.59 However, the more detailed description of outputs 1 and 2 both refer to the activity, aerial and marine surveillance/response for specific operations, while output 3—the Coastwatch output—contains the following information:

This output covers the provision of air and marine based civil surveillance and response services to a number of government agencies. The aim of the output is to detect, report and respond to potential or actual non-compliance with relevant laws in coastal and offshore regions.

Specific surveillance and response operations related to prohibited imports or illegal people movements are covered under outputs 1 and 2.³⁷

- 3.60 The Committee notes that the second paragraph has been **omitted** in Custom's *Annual Report 1999–2000*³⁸ (although it is reinstated in the PBS for the following two years³⁹).
- 3.61 From the activity information in the PBSs, the Committee infers that Coastwatch tactical⁴⁰ responses for the AFP, Customs and DIMA (but not for other client agencies) would be met from funds allocated to outputs 1 and 2. In contrast, the description for Coastwatch in the annual report implies on first reading that funds would come from output 3.
- 3.62 However, earlier in the annual report the description of output 2 retains the reference to 'aerial and marine surveillance/response for specific operations',⁴¹ but for output 1 the word 'aerial' has been omitted.⁴² From this revised reading of the annual report, the Committee infers that Coastwatch tactical responses for DIMA (output 2, the movement of people) funds may come from output 2 or output 3, but for tactical responses for the AFP and Customs (output 1, the movement of goods) funds could only come from output 3.

37 *Portfolio Budget Statements 1999–2000, Attorney-General's Portfolio*, p. 262; *Portfolio Budget Statements 2000–01, Attorney-General's Portfolio*, p. 243; *Portfolio Budget Statements 2001–02, Attorney-General's Portfolio*, p. 324.

38 Customs, *Annual Report, 1999–2000*, p. 50.

39 In the annual report the description of output 2 on p. 46, retains the reference to 'aerial and marine surveillance/response for specific operations'; whereas for output 1 on p. 31, the word 'aerial' has been omitted.

40 A tactical response is a response to immediate event. This contrasts to strategic operations which are planned medium to long term activities.

41 Customs, *Annual Report, 1999–2000*, p. 46.

42 Customs, *Annual Report, 1999–2000*, p. 31.

- 3.63 If the reader finds themselves confused at the activities information provided by Customs, so too is the Committee.

Funds expended on Coastwatch

- 3.64 The ANAO criticism of the financial information provided about Coastwatch, was that while the Customs 1999–2000 PBS showed total expenses relating to the coastwatch function, it was unclear whether the Defence contribution noted in the PBS was part of the total Coastwatch costs.⁴³
- 3.65 The Committee examined the price for output 3, Coastwatch, to track the changes between PBS through PAES to the annual report and on to the subsequent PBS and PAES to test whether explanations for the changes are transparent. The information is provided in the table below.

Source	Coastwatch price	Committee comment
1999–2000 PBS pp. 259, 267, 268	\$144.222m	Total revenue from other sources is given as \$117.803m with 'the bulk' coming from Defence. It is unclear to which output this Defence revenue contributes.
1999–2000 PAES, pp 77–8	\$153.239m	The increase is explained as due to increased funding of \$3.1m operating revenue, \$3.7m capital revenue to Customs for the Coastwatch National Surveillance Centre, and \$5.5m to DIMA to allow it to engage additional surveillance from Coastwatch on a user pays basis.
Annual Report 1999–2000, p. 28	\$179.307m	A footnote advised that the Budgeted price had been revised to \$186.030m because of additional free resources not identified by the Customs accounting system at the PAES stage, and revisions in attributing activity costs to the various outputs.
2000–01 PBS pp. 238, 241	\$216.558m	Figures were broken down into the appropriated amount (\$50.035m) and revenue from other sources (\$166.523m), but the Defence or DIMA contribution was not given.
2000–01 PAES p. 156	\$202.228m	The variation was due to a drop of \$14.595m in appropriated amount to \$35.440m. No explanation was given. The Committee notes appropriations for outputs 1, 2, 4 and 5 rose by \$11.915m.
2001–02 PBS pp. 321, 323	\$205.797m	Figures were broken down into the appropriated amount (\$36.409m) and revenue from other sources (\$169.388m), but the Defence or DIMA contribution was not given.

43 Auditor-General, *Audit Report No. 38, 1999–2000*, p. 104.

- 3.66 The Committee agrees with the ANAO's comment about lack of clarity in the PBS for 1999–2000,⁴⁴ and has its own reservations concerning the information about Coastwatch costs. These are:
- the increase in funds in the 1999–2000 PAES for output 3 is less than the increase provided in the explanation (\$9.0m as compared to \$12.3m);
 - the explanation for the revision in the 1999–2000 Annual Report is vague, refers the reader to a set of previous financial statements (which themselves provide no enlightenment⁴⁵), and does not separate the amount of free resources from increases in the attribution of activity costs;
 - in both the 2000–01 and 2001–02 PBSs there is no separation between the resources received free of charge from Defence from that received from DIMA; and
 - in the 2000–01 PAES there is no explanation for the reduction \$14.6m in the appropriation for output 3.
- 3.67 In regard to the final point, the Committee notes the remaining \$35.4m is close to the price in the audit report for the contract for fixed and rotary wing surveillance aircraft (given inflationary increases and the increase in contracted flying hours from 16 000 hours⁴⁶ to 19 750 hours⁴⁷).
- 3.68 The Committee sought an explanation for the reduction in the appropriation for output 3.
- 3.69 Customs' response contained within a supplementary submission provided reasons for the decrease in appropriations for output 3 of \$14.6m. These reasons included:
- 'a remapping of Marine activity' to Output 1 (-\$10m); and
 - 'a shift in funding for the Marine fleet (-\$4.668m)'.⁴⁸

44 Auditor-General, *Audit Report No. 38, 1999–2000*, p. 104.

45 In the Customs annual report for 1998–99 under the heading 'Revenues from Government' it notes that 'Resources received free of charge' amounted to \$136.363m. Customs, *Annual Report, 1998–99*, p. 100.

46 Auditor-General, *Audit Report No. 38, 1999–2000*, p. 68–9.

47 Budget Related Paper No. 1.2, *Portfolio Budget Statements 2000–01, Attorney-General's Portfolio*, p. 246

48 Customs, *Submission No. 58, Volume 4*, p. S670.

The Committee's conclusion

- 3.70 The Committee acknowledges that Coastwatch information has been largely separated out from other Customs information in the Customs annual report and the Defence contribution has been identified. However, the Committee considers there is some way to go.
- 3.71 A major problem in the Committee's view is that the Customs output structure is not aligned to its organisational structure. This has resulted in Coastwatch activities being included in outputs other than output 3 which has been identified as 'pretty well' representing all of Coastwatch. Unless there is complete and exclusive alignment of Coastwatch to output 3, it may be difficult to determine the true costs of Coastwatch before final figures are provided in the annual report.
- 3.72 This is because during the year some of the appropriations to outputs 1 and 2 could be legitimately transferred to output 3 to meet funding shortfalls. And on the other hand, funds may be moved out of output 3, as revealed in the 2000–01 PAES.
- 3.73 The Committee notes that the 'alignment problem' was raised by the Senate Finance and Public Administration Legislation Committee in its report on the PBSs. The report quoted a DoFA statement that 'alignment is likely to maximise the benefits of the new [accrual budgeting] framework for resource management and performance reporting'.⁴⁹
- 3.74 The Committee notes that while Coastwatch remains within the Customs organisation this misalignment, together with the CEO's ability to legitimately 'shift resources between outputs and outcomes', provides flexibility to meet unexpected resource demands. As Mr Woodward told the Committee:
- At the moment, if Coastwatch gets into financial difficulties, [Rear Admiral Shalders] comes to me and we talk. In all probability we work on the assumption that the Department of Finance and Administration will not help us, so we find a way through it.⁵⁰
- 3.75 Mr Woodward later referred to the funding of a Coastwatch initiative from the Customs area because it was important from 'the national border perspective'.⁵¹

49 Senate Finance and Public Administration Legislation Committee, *The Format of the Portfolio Budget Statements, Third Report*, November 2000, p. 10. The committee was referring to DoFA, *Outcomes and outputs—November 1999*, p. 12.

50 Customs, *Transcript, 30 January 2001*, pp. 263–4.

51 Customs, *Transcript, 30 January 2001*, p. 285.

- 3.76 A consequence of this improved flexibility, is that when Parliament provides appropriations to agencies for its outputs, it cannot be sure that the funds provided will actually be spent on the purpose Parliament intended. When changes are identified in the annual report, it is too late for Parliament to apply the brakes.
- 3.77 Reviewing the cost of Coastwatch identified in the information provided to Parliament, the Committee concludes there is a lack of clarity, and the identification of the value of the contribution of Defence and DIMA to Coastwatch is patchy.
- 3.78 The Committee also regards the explanation for the increased expenses for Coastwatch in the 1999–2000 Customs annual report as being inadequate. The revised amount in the PAES of \$153.2m was not provided and the explanation for the \$32.8m increase in the budgeted amount⁵² provided by Customs was:
- The total outcome price and the output prices vary from the published Portfolio Additional Estimates Statements. The total outcome price has been adjusted to reflect the increased resources received free of charge evident in the 1998–1999 financial statements. This information was not available when the Accrual Information Management System adjustments were made during additional estimates. The changed output prices reflect this additional resourcing and also take account of revisions made during the Output Pricing Review when activity costs and attribution to outputs were re-examined.⁵³
- 3.79 The Senate review also noted that ‘many of the quite large variations in output funding were explained as being the result of changes to the attribution of overheads.’⁵⁴
- 3.80 Nevertheless, the lack of reference to the original amount, the merging of two sources of variation and reference to an earlier annual report, all contained within a footnote, have the effect of obscuring results.
- 3.81 The Committee notes that surely it is not beyond Customs’ ability to establish, record and report on a chart of accounts which will capture the expense of Coastwatch.

52 The annual report indicates that only shows that the Budget amount was \$186.0m, but only \$179.3m was spent. Customs, *Annual Report, 1999–2000*, p. 28.

53 Customs, *Annual Report, 1999–2000*, p. 28.

54 SFPALC, *The Format of the Portfolio Budget Statements*, p. 13.

3.82 As a result of its ongoing concern about the quality of information contained within the accrual budgetary documentation, the Committee resolved on 4 April 2001 to undertake a review of the issues. The Committee's terms of reference identified its concerns which included:

- the link between the information contained in the PBSs and annual reports;
- the explanatory information in each PBS to assist Members and Senators to understand how funds were expended;
- the explanation of significant variations in budgeted program expenditure; and
- the relationship of the outcomes/outputs framework with the existing organisational structure of agencies.

Relationship between Coastwatch and other entities

Introduction

- 4.1 Coastwatch's role is to manage a range of assets and skills to provide a service to various Commonwealth clients. In such a service provider relationship there must be a good relationship between the parties. To develop a good rapport it is important that all sides have a clear understanding of their roles and responsibilities. Memorandums of Understanding (MOUs) and Service Level Agreements (SLAs) provide this level of understanding in the form of written agreements.
- 4.2 Defence contributes significantly to Coastwatch operations through the provision of Defence assets for both aerial and maritime civil surveillance requirements.¹ The link between Coastwatch and Defence has been significantly strengthened through the appointment of a seconded member of Defence as Director General Coastwatch arising from the Prime Minister's Coastal Surveillance Task Force (PMTF).

¹ Government mandates Defence to provide to the Civil Surveillance Program 1 800 days of RAN surface patrol and response and 250 hours of RAAF maritime aerial surveillance per fiscal year.

- 4.3 In addition to Defence assets, Coastwatch is able to call upon vessels from the Customs maritime fleet, and to complete the picture, Coastwatch manages surveillance aircraft from private sector contractors.
- 4.4 Coastwatch's civil surveillance program is comprised of both strategic and tactical operations. Eighty per cent of the flying program is undertaken for strategic surveillance purposes.
- 4.5 Underpinning its strategic surveillance taskings are three Coastwatch consultative forums:
- the Operations and Program Advisory Committee (OPAC);
 - the Regional Operations and Program Advisory Committee (ROPAC); and
 - the Planning and Advisory Sub-Committee (PASC).
- 4.6 All three consultative forums provide client agencies with a regular opportunity to discuss and plan surveillance requirements with Coastwatch and other agencies at both a regional and national level. Since most of the coastal surveillance activity is multi-tasked, the consultative forums provide valuable discussion and planning time.
- 4.7 Tactical operations have a specific objective and are based on operational intelligence or are conducted in response to an emerging incident. Until they are cancelled, tactical operations receive priority over strategic operations.

Client relations with Coastwatch

- 4.8 The Committee has been advised by client agencies that they were generally happy with the way Coastwatch is operating. Several client agencies remarked that given the present funding and resource allocation to Coastwatch, they are satisfied with the level of service they are receiving.
- 4.9 The following comment by DIMA was similarly reiterated by several of Coastwatch client agencies²:

The Department enjoys a productive working relationship with Coastwatch.¹³

2 AFMA remarked that they enjoy a good working relationship with Coastwatch. AFP stated that they have enjoyed a good relationship with Coastwatch over a number of years. AQIS commented it has developed a strong working relationship with Coastwatch at both a national and regional level. Environment Australia stated that Coastwatch has been responsive to EA's needs. *Submissions*, pp. S295, S67; *Transcripts*, pp. 82, 268.

- 4.10 The Committee is encouraged by the positive relationship Coastwatch has established with its clients. However, it notes that Coastwatch is the sole co-ordinator/provider of 'free of charge' services to these agencies, and therefore it is in the client's best interest to be satisfied with the free service they receive. During the final public hearing the Committee expressed some scepticism as to whether the relationship was as rosy as that being portrayed,⁴ and notes that it might change if there was a more contestable environment.

Improvements to client relations and Coastwatch operations

- 4.11 Coastwatch stated in its submission that the 'challenge for Coastwatch is to continuously improve the quality of the service provided to clients and to keep meeting the expectations that they and the general public demand and deserve.'⁵ The Committee was eager to establish what if any improvements could be made to the present Coastwatch model.
- 4.12 The Committee considers that at present Coastwatch's major clients are DIMA and AFMA. However many tactical operations are in response to DIMA-related requests which impact on strategic plans. Consequently, the Committee asked whether AFMA was satisfied with the existing Coastwatch model. Mr Peter Venslovas, Senior Manager Compliance, replied that 'from our perspective we have had fairly good service from the Coastwatch model.' Mr Geoffrey Rohan, General Manager operations, added that 'Coastwatch's strength is in the surveillance area' whereas AFMA's main concern with the model was 'in relation to the response capability.'⁶
- 4.13 Mr Venslovas informed the Committee of the difficulties that Coastwatch has in dealing with competing priorities when he told the Committee that '70 per cent of our requests have been met through the Coastwatch model'.⁷
- 4.14 Although AFMA recognised and accepted that illegal immigration is a current concern for the government, it suggested that improvements could be made to the Coastwatch model in the area of response capability. The submission from AFMA stated:

Coastwatch should possibly have more direct operational control of relevant patrol vessels and aircraft assets. Coastwatch's

3 DIMA, *Submission No. 24*, Volume 1, p. S184.

4 *Transcript, 30 January 2001*, p. 253

5 Customs, *Submission No. 25*, Volume 1, p. 209.

6 AFMA, *Transcript, 8 September 2000*, p. 87.

7 AFMA, *Transcript, 8 September 2000*, p. 87.

independence is important in identifying priorities and ensuring that agencies receive adequate service support in terms of planning, asset deployment and the use of suitably trained personnel.⁸

- 4.15 The audit report was concerned with this issue of competing priorities. ANAO made a recommendation for developing a common risk assessment process, which is discussed in the resource allocation section below (paragraph 4.58).
- 4.16 Rear Admiral Shalders estimated that Coastwatch was applying about 80 per cent of its efforts to long term programmed flying activity (strategic activities) and 20 per cent for tactical activity.⁹ Strategic surveillance involves the translation of planned, risk assessed taskings submitted by client agencies into ongoing flying programs. Tactical surveillance comprises flying which is the result of specific operational intelligence, usually received with little notice and which normally presents a more demanding scenario than routine, strategic surveillance.¹⁰
- 4.17 Tactical taskings occur primarily for DIMA, Customs, AFMA and Search and Rescue. Other clients often find that their strategic surveillance activities are rescheduled if they are unable to be carried out at the same time. However, Rear Admiral Shalders emphasised during the Committee's final hearing that strategic surveillance can still be carried out during a tactical operation.

... just because an asset is detailed to a tactical operation, it does not stop doing the strategic reporting once it is on that tactical operation. ... the Committee will recall that on one of the flights we took we were tracking an illegal entry vessel and coordinating a response to it but at the same time the aircraft was reporting the fishing vessels that were operating in the area. We can do more than one thing at a time.¹¹

The Committee's comment

- 4.18 Given the current resource allocation that Coastwatch receives it would be unreasonable for a client agency to expect to receive 100 per cent of its nominated surveillance for their programs. However a baseline figure for strategic surveillance would be useful for both Coastwatch and client agencies.

8 AFMA, *Submission No. 18*, Volume 1, p. S126.

9 Customs, *Transcript, 18 August 2000*, p. 29.

10 Customs, *Submission No. 25*, Volume 1, pp. 202–3.

11 Customs, *Transcript, 30 January 2001*, p. 270.

- 4.19 The Committee expects that Memoranda of Understanding and Service Level Agreements would include a clause stating a baseline percentage of strategic surveillance tasking that the client agency would receive. For example, AFMA might expect to receive a certain percentage of its strategic taskings.
- 4.20 The Committee makes further comments regarding response capability when it discusses the challenges for Coastwatch in Chapter 6.

Memoranda of Understanding and Service Level Agreements

- 4.21 MOUs 'outline the individual roles and responsibilities of Coastwatch and its key client agencies.'¹² An MOU is simply a document that formalises an arrangement between agencies, but is not legally binding. An SLA has the same characteristics as an MOU.
- 4.22 Mr Ian McPhee, Deputy Auditor-General, made the following positive statement in relation to MOUs/SLAs:
- I think it is recognised that the idea of having memoranda of understanding is a very pragmatic way of trying to get resolution with key stakeholder groups as to the various roles and responsibilities.¹³
- 4.23 Rear Admiral Shalders informed the Committee at the final public hearing on the present status of MOUs and SLAs between Coastwatch and its client agencies. He stated that:
- ... we have complete and current service level agreements or memorandums of understanding with six agencies. They are AMSA, DIMA, the Australian Federal Police, AFMA, the Great Barrier Reef Marine Park Authority and AQIS.¹⁴
- 4.24 The Committee was also informed that there were another four MOUs in progress with Environment Australia, the Department of Foreign Affairs and Trade, the border division of Customs' and the Queensland Department of Transport.¹⁵
- 4.25 That the establishment of an MOU/SLA helps to establish a good working relationship between Coastwatch and client agencies was confirmed by

12 Auditor-General, *Audit Report No. 38, 1999–2000*, p. 41.

13 ANAO, *Transcript, 18 August 2000*, p. 7.

14 Customs, *Transcript, 30 January 2001*, pp. 261–2.

15 Customs, *Transcript, 30 January 2001*, p. 262.

evidence from Mr Davidson, Chief Executive, AMSA. He told the Committee:

We do not actually have any strategic tasking for Coastwatch and consequently our utilisation is almost exclusively tactical. That comes at very short notice and with little warning, and we have found that the relationship has improved dramatically since we concluded our MOU in 1999.¹⁶

- 4.26 On the other hand, Mr Woodward, CEO Customs, discussed the difficulties he perceived with Customs formulating an MOU with Coastwatch. He stated:

I have a conceptual difficulty ... At the end of the day the person who accepts responsibility for the working of Coastwatch, notwithstanding the fact that there is a Director-General, is the CEO of Customs. So at its essence, the suggestion that there ought to be an MOU between Customs and Coastwatch is that I should sign an MOU on behalf of Customs. Theoretically, given that I also accept responsibility for Coastwatch, it could be argued that I should also sign it in relation to Coastwatch. That is something I have some difficulty in working my way through.¹⁷

The Committee's conclusion

- 4.27 The Committee sees merit in Coastwatch establishing an MOU with Customs. Despite the fact that the CEO, Customs ultimately makes decisions for both Coastwatch and Customs, the Committee believes that such a document would set out clear responsibilities for both agencies. The Committee believes an MOU would enhance the already successful working relationship between Coastwatch and Customs.
- 4.28 The Committee notes that a supplementary submission from Customs advising of the status of Coastwatch MOUs/SLAs indicated that an SLA between Coastwatch and Customs was 40 per cent complete.¹⁸
- 4.29 During the August public hearing the Committee questioned why the process of establishing and finalising MOUs with client agencies was taking so long. Admiral Shalders responded that he was not sure why, but assured the Committee that Coastwatch was working hard to implement the recommendation of the ANAO.¹⁹

16 AMSA, *Transcript, 30 January 2001*, p. 268.

17 Customs, *Transcript, 18 August 2000*, p. 25.

18 Customs, *Submission No. 55*, Volume 4, p. S658.

19 Customs, *Transcript, 18 August 2000*, p. 24.

- 4.30 The Committee fully supports the ANAO Recommendation 1 that 'Coastwatch finalise appropriate Memoranda of Understanding (MOU) with all key client agencies as a matter of priority.'²⁰ The Committee also urges all client agencies without a finalised MOU/SLA agreement to cooperate with Coastwatch in order to establish and finalise outstanding MOUs/SLAs.

Coastwatch's relationship with Defence

- 4.31 Defence provides surveillance and response assistance to Coastwatch through the use of RAAF aircraft and RAN patrol boats. In addition, Defence also shares military intelligence with Coastwatch. The Defence submission stated:

The sharing of military intelligence and planning information with Coastwatch is increasing, and provides a firm foundation for the planning and conduct of support to the civil surveillance effort.²¹

- 4.32 Defence has also played a significant role 'in the establishment of the National Surveillance Centre (NSC), which has permitted better access to classified intelligence.'²² The Prime Minister's Coastal Surveillance Taskforce emphasised that 'information and intelligence is the single most effective means of preventing illegal boat arrivals.'²³ Good information and intelligence gathering can also be considered a crucial means to prevent other illegal activity such as drug smuggling and illegal fishing.
- 4.33 The Committee has been impressed with the excellent working relationship that Coastwatch and Defence have demonstrated. The cooperation between agencies and coordination of response assets also appears to be operating well.
- 4.34 In particular, the Committee attributes the excellent working relationship between Defence and Coastwatch to the appointment of Rear Admiral Shalders as Director General, Coastwatch. The appointment of a serving military officer was an initiative of the PMTF.
- 4.35 The Committee endorses Recommendation 13 from the PMTF which states:

20 Auditor-General, *Audit Report No. 38, 1999–2000*, p. 43.

21 Defence, *Submission No. 28, Volume 2*, p. S276.

22 Defence, *Submission No. 28, Volume 2*, p. S276.

23 Department of Prime Minister and Cabinet, *Report of the Prime Minister's Coastal Surveillance Task Force*, p. 1.

That the position of Director-General Coastwatch be filled through secondment of a serving uniformed Australian Defence Force (ADF) officer ...²⁴

- 4.36 The secondment of a serving uniformed Defence officer has increased the understanding of the roles and responsibilities between Defence and Coastwatch. Mr Allan Behm, Head Strategy and Ministerial Services Division, Defence, commented that:

... the coordination mechanisms that have been developed over the last few years really do work very well and we know how to work with them.²⁵

Recommendation 4

- 4.37 **The practice of seconding a uniformed Australian Defence Force officer to the position of Director General Coastwatch be retained.**

External Service Providers

- 4.38 Coastwatch uses external service providers to provide the full range of services to clients. In addition to Defence, Coastwatch has access to eight new Customs 'Bay Class vessels that provide 1 200 sea days per annum'.²⁶ Coastwatch also contracts civilian assets through Surveillance Australia and Reef Helicopters.
- 4.39 Surveillance Australia²⁷ is a major contributor to Coastwatch operations as the provider of all civilian contracted 'fixed wing aerial surveillance services utilised'.²⁸ In its submission, Surveillance Australia highlighted the good working relationship they have established with Coastwatch:

... despite the contractor status with Coastwatch a high degree of personal ownership of the Coastwatch function exists, particularly amongst our employees, many of whom have been involved in the Coastwatch operation from its inception over 15 years ago and

24 Department of Prime Minister and Cabinet, *Report of the Prime Minister's Coastal Surveillance Task Force*, p. 5.

25 Defence, *Transcript, 18 August 2000*, p. 42.

26 Coastwatch, *Submission No. 25*, Volume 1, p. S196.

27 Surveillance Australia Pty Ltd, is a wholly owned subsidiary of the National Jet Systems Group.

28 Surveillance Australia, *Submission No. 22*, Volume 1, p. S153.

across multiple government departments, contracts and contractors.²⁹

- 4.40 Reef Helicopters is a private contractor responsible for the delivery of civilian rotary wing aerial patrolling, surveillance and general transportation services in the Torres Strait area. Two helicopters are used—a Bell Long Ranger and a larger Bell 412 EP.³⁰
- 4.41 Mr David Earley, CEO Reef Helicopters, told the Committee that there was 'a good working relationship with Coastwatch.' However he did highlight some contractual difficulties that were encountered with the larger helicopter surveillance contract which commenced on 1 January 2000.³¹
- 4.42 These difficulties were partly attributed to the urgency resulting from political pressure in the lead up to the contract as well as some of the aircraft specifications relating to equipment choice.³² However Mr Earley told the Committee that 'the situation now is settled and proceeding quite acceptably.'³³

The Committee's comment

- 4.43 During its inspection tour of Coastwatch operations in northern Australia the Committee discussed issues with the employees of Coastwatch's external service providers. The Committee was impressed with the professionalism of these employees and that they regarded themselves as part of the Coastwatch team.
- 4.44 The Committee is keen to ensure that all public sector agencies carry out efficient and effective contract management practices. In November 2000 the Committee tabled a report on *Contract Management in the Australian Public Service*. The Committee understands that contract management involves a complex set of tasks which must be brought together to successfully negotiate and fulfil the objectives of a contract.³⁴ The Committee highly recommends that Coastwatch and its clients consult the ANAO's *Better Practice Guide for Contract Management*, February 2001.

29 Surveillance Australia, *Submission No. 22*, Volume 1, p. S153.

30 Auditor-General, *Audit Report No. 38, 1999–2000*, pp. 50, 69.

31 Reef Helicopters, *Transcript, 24 October 2000*, p. 231.

32 Reef Helicopters, *Submission No. 27*, Volume 2, p. S268.

33 Reef Helicopters, *Transcript, 24 October 2000*, p. 231.

34 Joint Committee of Public Accounts and Audit, Report 379, *Contract Management in the Australian Public Service*, p. 4.

Consultative Forums

- 4.45 Coastwatch has a number of consultative forums that it uses to coordinate strategic and tactical operations with clients and external service providers.³⁵ These committees are:
- Operations and Program Advisory Committee (OPAC);
 - Regional Operations and Program Advisory Committee (ROPAC); and
 - Planning Advisory Sub-Committee (PASC).
- 4.46 The Auditor-General recommended that 'Coastwatch review the functionality of the Operational Planning and Advisory, the Regional Operational Planning and Advisory Committee, and the Planning Advisory Sub-Committee.' Coastwatch agreed to the recommendation and stated that the recommendation was already being 'actively pursued.'³⁶
- 4.47 OPAC overviews the development and the outcomes of the surveillance program. Initially OPAC met on a monthly basis, but following the audit the other consultative forums were reinvigorated and Coastwatch now considers it to be more effective to meet on a bimonthly basis.
- 4.48 ROPAC feeds into OPAC and is a network of regional committees that facilitates the input of regional requirements into the national surveillance program. These meetings are held in various regional areas around Australia:
- Darwin bimonthly;
 - Cairns monthly;
 - Brisbane biannually;
 - Torres Strait monthly;
 - Broome bimonthly; and
 - Perth quarterly.
- 4.49 PASC comprises of Coastwatch, client agencies and Defence representatives. It meets monthly to review and develop detailed surveillance plans.³⁷
- 4.50 The Queensland Government submission was critical of the lack of high level coordination in relation to Coastwatch activities that was occurring

35 Auditor-General, *Audit Report No. 38, 1999-2000*, p. 43.

36 Auditor-General, *Audit Report No. 38, 1999-2000*, Recommendation 2, p. 45.

37 Coastwatch, *Submission No. 25*, Volume 1, p. 204.

between State and Federal agencies. In its submission the Queensland Government commented:

The potential for the spread of disease across human, animal and plant species from unauthorised entry is very high and could pose an enormous social and economic cost to Australia. A high level of coordination between the Commonwealth and State agencies that intersect with Coastwatch is essential to protect against such outcomes.³⁸

4.51 Although a number of Queensland State agencies with an interest in Coastwatch operations have some input into the Cairns based ROPAC meetings, there is little direct contact with Coastwatch outside of these meetings. Another factor that restricts State agencies from developing a closer relationship with Coastwatch is the fact that State agencies are 'required to work through a federal sponsor.'³⁹

4.52 Rear Admiral Shalders responded to the Queensland Government's call for increased liaison between State agencies and Coastwatch in the following terms:

We accept the call and, ... we will undertake to ensure that the state agencies are able to attend our regional planning meetings. They do now. We will take advice from the Queensland government in terms of including other agencies as required.⁴⁰

4.53 EA commented in its submission that while the PASC processes are effective and efficient, the absence of some client agencies from this forum makes comparison of priorities between the tasks of the various agencies difficult.⁴¹ During the September public hearing Dr David Kay, Assistant Secretary Marine Conservation Branch made the following comment in relation PASC participation:

The intention is for Coastwatch to provide whole-of-government service, and unless there is a commitment from all departments to be engaged in the planning and deliberations, it has difficulties meeting that aim.⁴²

4.54 Dr Kay told the Committee that EA accepted that it was not considered to be a major Coastwatch client, but sometimes additional expenses were incurred when it did not receive the strategic surveillance that had been planned. He said:

38 Queensland Government, *Submission No.36*, Volume 2, p. S512.

39 Customs, *Transcript, 18 August 2000*, p. 20.

40 Customs, *Transcript, 18 August 2000*, p. 20.

41 EA, *Submission No. 11*, Volume 1, p. S67.

42 EA, *Transcript, 8 September 2000*, p. 111.

If, for some reason, a higher priority task comes along and we are 'bumped off' the vessel, all that expense and planning is for nought. It can be significant in long-term monitoring programs where missing a particular data set casts doubt on the legitimacy of the whole program.⁴³

- 4.55 The Committee asked Dr Kay if he could suggest a more effective way to allocate tasks and priorities however he did not have a suggestion. He simply commented 'it is an issue that needs to be kept under review.'⁴⁴ The Committee notes Dr Kay's comment in the final public hearing that EA's expectations of Coastwatch had 'generally been well met', that there was 'capacity to improve effectiveness in some areas', but there was 'no measure of real dissatisfaction.'⁴⁵

The Committee's comment

- 4.56 The Committee urges Coastwatch to further investigate the benefits of increased liaison between State agencies and Coastwatch for related coastal surveillance operations. This may reduce duplication of activities and increase the level and quality of intelligence information for certain operations.
- 4.57 The Committee is pleased that Coastwatch has responded positively to the Auditor-General's recommendation to review the Coastwatch consultative committees. Nevertheless, the Committee believes that the effectiveness of these committees should be regularly reviewed to ensure that improvements achieved to date are maintained.

Resource allocation

- 4.58 Coastwatch relies heavily on intelligence information and good judgement in order to task its resources effectively. The extent of the Australian coastline and the limited assets available to Coastwatch dictate that the surveillance effort should ideally be concentrated 'in the right place at the right time.'⁴⁶ In its submission Customs stated that:

43 EA, *Transcript, 8 September 2000*, p. 111.

44 EA, *Transcript, 8 September 2000*, p. 111.

45 EA, *Transcript, 30 January 2001*, p. 252.

46 Customs, *Submission No. 25*, Volume 1, p. 197.

... Coastwatch weighs up the risks inherent in each client's stated priorities and plans a service delivery that responds to the greatest national risk and/or most immediate threat.⁴⁷

Common risk assessment process

- 4.59 Coastwatch client agencies are required to rank in order of priority each strategic and tactical tasking operation. Whilst this procedure assists Coastwatch in its response planning, the ANAO noted that there was no evidence of a common risk assessment process to rank various client taskings against one another.⁴⁸
- 4.60 The Auditor-General consequently made the following recommendation:
- ... that Coastwatch in consultation with key client agencies, develop a common risk assessment process as a basis for ranking and treating client taskings for maximum effectiveness.⁴⁹
- 4.61 Although Customs agreed with this recommendation, it was qualified with a statement to include the right to 'exercise well formed professional judgement which will often have to be exercised on a case-by-case basis.'⁵⁰
- 4.62 The Auditor-General responded that a common risk assessment process would facilitate the recognition and prioritisation of a diverse range of clients' interests. Risk management did not remove the onus on management to make well informed decisions—it was a framework 'for the rigorous application of professional judgement in assessing, prioritising, monitoring and treating risks.'⁵¹

The Committee's Comment

- 4.63 While the Committee understands the ANAO's viewpoint, it draws attention to the complexity of creating a common risk assessment framework. Coastwatch's clients and the tasks they request differ widely and the Committee questions whether it is practical to arrange tasks into a common ranking structure. If such a ranking framework were achieved the Committee accepts that transparency for decision making would be enhanced. However, this may be at the expense of introducing rigidity which might inhibit the exercise of Coastwatch's professional judgement and ability to gain advantage of opportunities presented by circumstances. The finalisation of MOUs between Coastwatch and its clients will clarify

47 Customs, *Submission No. 25*, Volume 1, p. 227.

48 Auditor-General, *Audit Report No. 38, 1999–2000*, p. 47.

49 Auditor-General, *Audit Report No. 38, 1999–2000*, p. 47.

50 Auditor-General, *Audit Report No. 38, 1999–2000*, p. 48.

51 Auditor-General, *Audit Report No. 38, 1999–2000*, p. 48.

clients' expectations of Coastwatch and how Coastwatch will manage the tasks that they request.

Provision of vessel monitoring information to Coastwatch

- 4.64 As stated above, Coastwatch has Commonwealth agencies as its clients who provide intelligence information to assist Coastwatch operations. However, information collected by State agencies would also assist Coastwatch operations.
- 4.65 During the inquiry the potential usefulness of information collected from vessel monitoring systems (VMS) was drawn to the Committee's attention. Such systems are employed by various Commonwealth and State bodies to monitor the position of fishing boats and larger vessels.
- 4.66 For example the Queensland Government has introduced a VMS into its commercial fisheries for management and compliance purposes. A supplementary submission from the Queensland Government advised that about 700 commercial fishing boats were currently fitted with VMS and within two to five years as more commercial fisheries were included the number was likely to double. The VMS data was controlled from an operations room in Brisbane and relayed to ten regional offices along the coast and to five patrol boats.⁵²
- 4.67 A supplementary submission from Customs indicated that Coastwatch was actively seeking access to VMS data because such information would:
- ... give Coastwatch an enhanced capability to provide surveillance aircraft and response vessels with details of vessels reporting via VMS within Coastwatch areas of operation. Such data would reduce the need for aircraft to close on these vessels in order to achieve a positive identification, thus increasing the flight time available to deal with other unknown or unidentified targets.⁵³
- 4.68 In addition, Customs suggested, Coastwatch aircraft patrolling in areas frequented by VMS equipped vessels could be used to verify VMS data because there was anecdotal evidence suggesting that 'at least some operators of VMS equipped vessels may, from time to time, seek to mask their true position from the monitoring authorities.'⁵⁴
- 4.69 The Committee sought comment on the matter from the Queensland Government. In its supplementary submission the Queensland Government responded that while Coastwatch had informally expressed

52 Queensland Government, *Submission No. 54*, Volume 3, p. S657.

53 Customs, *Submission No. 41*, Volume 3, p. S569.

54 Customs, *Submission No. 41*, Volume 3, p. S569.

an interest in accessing VMS data, without a formal request detailing specific requirements, it was difficult to comment on the chances of such information being provided. The submission also raised potential legal problems because of the interpretation of the access provisions of the VMS enabling legislation.⁵⁵

- 4.70 Regarding the possibility of Coastwatch verifying the integrity of the VMS data, the submission advised that the system itself monitored its integrity and automatically provided relevant information if the system was deactivated. Once this occurred it was an enforcement issue for the Queensland Fisheries Service. Indeed several successful prosecutions had been conducted for offences relating to interference with the VMS using the information provided by the VMS itself.⁵⁶
- 4.71 At the final public hearing Mr Frank Mere, Managing Director AFMA, told the Committee that the use of VMS by State Governments to monitor vessels was 'patchy'. Both Queensland and Western Australia had the system, but he thought the Northern Territory did not have VMS.
- 4.72 Mr Meere said that the legislation under which the Commonwealth deployed VMS did not 'automatically provide for that data to be passed on to Coastwatch.' He added:

I think [the state's impediments] would be similar to ours. ... There would be confidentiality of data in terms of the commercial sensitivity side and there would be the question of whether the legislation which has implemented the VMS enables them to pass on that data.⁵⁷

The Committee's comment

- 4.73 The Committee believes that real-time access to VMS data would increase the efficiency of Coastwatch operations. During its inspection tour of northern Australia the Committee participated in two Coastwatch surveillance patrols. On several occasions, vessels were detected on the surveillance radar and the aircraft descended from its cruising altitude to identify the contact, only to find that the vessel was an Australian fishing boat. Had that fishing vessel been carrying VMS and had that information been available to the aircraft, the patrol would not have used up additional fuel and time which could have been used to detect and identify foreign vessels.

55 Queensland Government, *Submission No. 54*, Volume 3, pp. S657–8.

56 Queensland Government, *Submission No. 54*, Volume 3, p. S658.

57 AFMA, *Transcript, 30 January 2001*, p. 290.

4.74 The Committee appreciates the use of VMS data is affected by the privacy legislation, in particular *Principle 10—Limits on use of personal information*:

A record-keeper who has possession or control of a record that contains personal information that was obtained for a particular purpose shall not use the information for any other purpose unless:

- (a) the individual concerned has consented to use of the information for that other purpose;
- (b) the record-keeper believes on reasonable grounds that use of the information for that other purpose is necessary to prevent or lessen a serious and imminent threat to the life or health of the individual concerned or another person;
- (c) use of the information for that other purpose is required or authorised by or under law;
- (d) use of the information for that other purpose is reasonably necessary for enforcement of the criminal law or of a law imposing a pecuniary penalty, or for the protection of the public revenue; or
- (e) the purpose for which the information is used is directly related to the purpose for which the information was obtained.⁵⁸

4.75 From a whole of Australia perspective, the Committee believes VMS data should be made available for the purposes of maintaining Australia's border integrity. In providing such information to Coastwatch it is essential that it be provided electronically in real time so that Coastwatch can respond to such information in a timely manner.

Recommendation 5

4.76 **Coastwatch should be able to access in a timely manner, vessel monitoring system data, therefore:**

- **Commonwealth legislation enabling the automatic monitoring of vessels should be amended to ensure the information passes on to Coastwatch; and**
- **the Commonwealth Government should enter into negotiations with State Governments with a view to enabling Coastwatch to have access to vessel monitoring system data.**

58 Australian Privacy Commissioner, *Information Privacy Principles under the Privacy Act 1988*.

4.77 The Committee notes that Recommendation 9 from the PMTF referred to establishing a National Surveillance Centre with 'enhanced electronic communication links, including **with state agencies**'.⁵⁹ The Committee considers its recommendations above are consistent with the view of the PMTF.

⁵⁹ Department of Prime Minister and Cabinet, *Report of the Prime Minister's Coastal Surveillance Task Force*, p. 5. Emphasis added.

Coastwatch's use of resources

Introduction

- 5.1 Coastwatch uses Defence assets and intelligence, Customs marine vessels, intelligence provided by its clients, and privately contracted aircraft to service its client agencies. Two major private sector contractors, Surveillance Australia and Reef Helicopters, deliver the majority of Coastwatch fixed wing and rotary wing flying services respectively. In addition, the RAAF allocates to Coastwatch P3-C Orion aircraft 250 flying hours each year.
- 5.2 In addition to marine and aerial resources, the Committee examined Coastwatch's management of human resources. The Committee also discussed with Coastwatch, Defence, and industry the potential for new technology resources to enhance Coastwatch operations.
- 5.3 During the inquiry the Committee inspected a variety of Coastwatch facilities in Canberra and in the regional offices in northern Australia. The inspections included Coastwatch's National Surveillance Centre in Canberra on two occasions during 2000. In September 2000, the Committee conducted an inspection tour of Darwin, Broome and Thursday Island and were briefed by regional officer managers and inspected several marine and aerial resources that are used by Coastwatch.

National Surveillance Centre

- 5.4 Coastwatch Central Office is located within the Customs building in Canberra. Key organisational elements of Central Office include the National Surveillance Centre, the Standards Group, the Future Concepts Group and the Contracts and Administrative Group.¹
- 5.5 The National Surveillance Centre was an initiative resulting from the PMTF and became operational on 26 January 2000.² It was established in order to enhance electronic communication links and to receive and assess information gathered from agencies. Recommendation 9 from the PMTF stated:
- That a National Surveillance Centre be established within Coastwatch in Canberra with enhanced electronic communications links, including with state agencies, and an internal capacity to analyse information received from agencies to better manage the national effort.³
- 5.6 The National Surveillance Centre is a classified area which provides a 24 hour centralised communications and co-ordination point for all Coastwatch operations. It consists of the following groups:
- Operations Group—provides 24 hour/7 day oversight for all Coastwatch operational activity;
 - Analysis Unit—provides a 24 hour intelligence facility in support of the operational function; and
 - Planning Group—develops and monitors the national surveillance plans.⁴
- 5.7 The National Surveillance Centre is supported by a suite of electronic systems supplied from a range of Government agencies, including Defence. Intelligence analysts provide a capability to analyse and disseminate information received. These analysts use the electronic systems to assist client agencies with risk assessments and support Coastwatch activities by providing intelligence which allows for the more effective deployment of resources.⁵

1 Customs, *Submission No. 25*, Volume 1, pp. S201–2.

2 Customs, *Submission No. 25*, Volume 1, p. S207.

3 Department of Prime Minister and Cabinet, *Report of the Prime Minister's Coastal Surveillance Task Force*, p. 5.

4 Customs, *Submission No. 25*, Volume 1, p. S201.

5 Customs, *Submission No. 25*, Volume 1, p. S207.

Fremantle Class Patrol Boats

- 5.8 There are 15 Fremantle Class Patrol Boats (Fremantles) which are assigned to Coastwatch operations for 1 800 sea days per annum. Rear Admiral Shalders informed the Committee this represents 'eighty per cent of their available seagoing effort.'⁶
- 5.9 The Fremantles are the main marine response and patrolling platform for Coastwatch operations. As the Audit Office highlighted, this is not based on cost efficiency, but 'on the historical allocation by Government, since the average steaming day operating total cost of [a Fremantle] is \$61 738.'⁷
- 5.10 The patrol boats are able to undertake surveillance duties and can be called upon in tactical operations to chase, board, and escort illegal vessels to port. A crew of up to 23, permits several steaming parties to be deployed on apprehended vessels, and the 40mm fitted gun provides enforcement capability.
- 5.11 Despite the high operating costs for the Fremantles, Defence told the Committee that the marine surveillance and response platforms were very valuable for training junior naval officers during peacetime. During a public hearing Commodore Moffitt emphasised this point:
- It allows us to gain experience at an early stage in an officer's career in an important area of operations around Australia. So, in that context, the activities that the patrol boats are involved with Coastwatch do contribute significantly to the health of the Navy overall.⁸
- 5.12 Commodore Moffitt discussed with the Committee the issue of life extension for the Fremantles. He told the Committee that 'the first of the Fremantles entered service in 1980 with a design life of 15 years. They have a four-year life extension, but even that makes the oldest vessels more than 20 years old now.'⁹
- 5.13 Defence conducted an inquiry into the life extension for the Fremantles and initially approved to extend their service life until 2008. However, a further review advised that life extension until 2008 was not a cost-effective option. It therefore recommended that Defence acquire a commercially built commercial standard of construction vessel to replace the Fremantles.¹⁰

6 Customs, *Transcript, 30 January 2001*, p. 273.

7 Auditor-General, *Audit Report No. 38, 1999–2000*, p. 76.

8 Defence, *Transcript, 18 August 2000*, p. 46.

9 Defence, *Transcript, 18 August 2000*, p. 46.

10 Defence, *Transcript, 18 August 2000*, p. 46.

- 5.14 The Defence White Paper announced that all Fremantles will be replaced by a new class of patrol boat and are expected to enter service from 2004-2005.¹¹ Commodore Moffitt informed the Committee that the replacement Fremantle Class Patrol Boats would not be totality military specification vessels.¹² During the final public hearing he stated:
- They will be built to civilian classification society construction rules because there is no justification in terms of either the military role more specifically or the civil role that they will be employed in for mil spec, which incurs substantially increased cost.¹³
- 5.15 Commodore Moffitt told the Committee that specifications for the new vessels might be of the order of 55 metres of vessel with a beam of something in the order of 8 to 10 metres.¹⁴ It was also mentioned that there might be some minor variation from the Fremantle class crewing arrangements with the new vessels, although these specifications were yet to be established. However, Commodore Moffitt did recognise that 'you cannot reduce the crew of the Fremantles terribly much and continue to do the job that we ask them to do.'¹⁵
- 5.16 Coastwatch informed the Committee that Defence has already asked Coastwatch for some input into what requirements and capabilities are needed for coastal surveillance operations. Rear Admiral Shalders told the Committee that 'Defence has asked for our input in terms of what we need and we have been engaged in a dialogue with Defence for some five years now on this particular project.'¹⁶
- 5.17 The most important requirement that Rear Admiral Shalders put forward in terms of Coastwatch requirements was 'that we would like to see 1 800 sea days providing at least the same level of capability that is currently represented by the Fremantle class.'¹⁷
- 5.18 The Committee was interested to find out whether any Coastwatch clients had been consulted about the Fremantle replacement project. Rear Admiral Shalders commented that Coastwatch clients had indicated that the published specifications for the Fremantles satisfied their needs.¹⁸

11 Defence, *Defence 2000, Our Future Defence Force*, p. 91.

12 Defence, *Transcript, 30 January 2001*, p. 277.

13 Defence, *Transcript, 30 January 2001*, p. 278.

14 Defence, *Transcript, 30 January 2001*, p. 277.

15 Defence, *Transcript, 30 January 2001*, p. 278.

16 Defence, *Transcript, 18 August 2000*, p. 22.

17 Customs, *Transcript, 18 August 2000*, p. 22.

18 Customs, *Transcript, 18 August 2000*, p. 22.

- 5.19 AFMA informed the Committee that they had been consulted by the RAN and the procurement group. During a public hearing Mr Geoffrey Rohan, General Manager, Operations, AFMA stated:

We are quite happy with the consultations that have taken place in relation to the Fremantle replacements because they have taken on board the sorts of capabilities that we require to conduct patrols and apprehensions and have been responsive to those.¹⁹

The Committee's comment

- 5.20 The Committee agrees with Coastwatch that the minimum number of allocated days for Fremantles to assist in Coastwatch operations should remain at 1 800 sea days. The Committee makes further comments regarding the adequacy of Coastwatch's marine response capability when it discusses the challenges for Coastwatch in Chapter 6.

Bay Class Vessels

- 5.21 In addition to the RAN Fremantles, Coastwatch also has access to eight recently commissioned Bay Class vessels (BCVs) which are under the control of Customs. Rear Admiral Shalders told the Committee that the full fleet 'would generate about 1 200 sea days each year.'²⁰
- 5.22 Coastwatch discussed with the Committee the extent of time BCVs would be allocated to Coastwatch operations. Rear Admiral Shalders told the Committee 'it is expected that the BCVs would spend about 70 per cent of their time on civil marine surveillance and response roles although this figure was only an estimate since the last of the Bay Class had only just been commissioned.'²¹
- 5.23 Mr Woodward reiterated this point when he said:

There could be periods where they are almost working entirely associated with Coastwatch activities, but there are some other activities they undertake where there is not a close linkage with Coastwatch.²²

19 AFMA, *Transcript, 8 September 2000*, p. 88.

20 Customs, *Transcript, 18 August 2000*, p. 16.

21 Customs, *Transcript, 30 January 2001*, p. 273.

22 Customs, *Transcript, 18 August 2000*, p. 16.

- 5.24 An example for the BCVs being used for activities other than Coastwatch operations was during the Sydney Olympic Games 2000, when several of the vessels were stationed in Sydney Harbour.
- 5.25 Mr Woodward emphasised that the Bay Class Vessels have two roles—'one is detection and one is operational, but there is a very close linkage including communication linkage between the two.'²³
- 5.26 The BCVs have a crew of eight to nine Customs officers. As noted in the audit report, 'this number of crew may inhibit the ability to place boarding parties on a number of vessels and then escort these vessels back to an Australian port.'²⁴
- 5.27 During its inspection tour of Northern Australia, in Darwin last year, the Committee inspected the Arnhem Bay BCV and raised the issue of limited crew size with the Commanding Office, Mr Scott Pisel. It was agreed that Customs officers on board a BCV were stretched in the event of two officers forming a steaming party for an apprehended vessel. However, Mr Pisel pointed out that the BCVs were not fitted out to accommodate any more than 9 officers.

The Committee's comment

- 5.28 The Committee understands that the limited crew numbers on board BCVs during an apprehension operation increases the pressure on Coastwatch to position a Fremantle close by to provide assistance, if needed. This issue highlights the risk management challenge for Coastwatch when coordinating limited resources for surveillance and response operations.

Fixed wing aircraft

- 5.29 Surveillance Australia provides Coastwatch with approximately 20 000 hours of visual and electronic aerial surveillance using the following aircraft:
- 5 Bombardier de Havilland Dash 8 Series 200, fitted with digital radar and opto-electronics;
 - 3 Reims F 406, fitted with digital radar and opto-electronics and night vision equipment;

²³ Customs, *Transcript, 18 August 2000*, p. 15.

²⁴ Auditor-General, *Audit Report No. 38, 1999–2000*, p. 75.

- 6 Pilatus Britten-Norman islander; and
 - 1 Aero Commander AC500 Shrike.²⁵
- 5.30 The Dash 8 aircraft is fitted with Forward Looking Infra-red (FLIR), High Definition Television (HDTV) and radar equipment which provides Coastwatch operations with effective electronic surveillance. The Committee participated in a Dash 8 routine strategic surveillance flight between Darwin and Broome as well as a tactical response flight between Broome and Darwin.
- 5.31 The Committee noted during the Coastwatch strategic surveillance patrol that although the surveillance radar system and the FLIR were not completely integrated, the FLIR could be manually cued onto the radar targets. This task was carried out effectively by a Coastwatch radar and FLIR officer.

Rotary wing aircraft

- 5.32 Reef Helicopters is the private contractor responsible for the delivery of the following rotary wing aircraft in the Torres Strait region:
- 1 Bell Long Ranger; and
 - 1 Bell 412 EP, (funds allocated to DIMA for this helicopter will be transferred to Customs under a purchaser/provider model).²⁶
- 5.33 The role of the Coastwatch helicopter is significantly different to that of the fixed wing air assets. The Bell Long Ranger helicopter, given the topography of the area, is principally used to pick up and deliver equipment and personnel. It provides Coastwatch with approximately 1 000 contracted hours per year. The Bell Long Ranger has visual surveillance capabilities only.
- 5.34 The twin engine Bell 412EP helicopter was introduced into operation in January 2000 as a result of the PMTF. The primary objective for acquiring this aircraft was to overcome the shortfall in night capability stemming from the limited night and all weather capability of the existing single-engine Bell Long Ranger aircraft.²⁷ It is contracted out to Coastwatch operations for 500 hours per year. The Bell 412 EP is equipped with surveillance capabilities including FLIR, HDTV and night vision

25 Customs, *Submission No. 25*, Volume 1, p. S199. As a result of the PMTF the Government allocated two additional Dash 8 aircraft to DIMA for coastal surveillance purposes.

26 Customs, *Submission No. 25*, Volume 1, p. S199.

27 Customs, *Submission No. 41*, Volume 3, p. S577.

passenger equipment. In addition it has winch and rappel equipment for search and rescue purposes.²⁸

- 5.35 The ANAO was concerned with the lack of controls relating to the tasking of the helicopter and made a recommendation that Coastwatch review current controls with the aim of improving overall effectiveness. At the time of the audit report, Customs agreed with the recommendation and stated that a helicopter policy document was in the final stages of negotiation with all affected client agencies.²⁹
- 5.36 By March 2001, the Committee was pleased to note that Coastwatch had finalised its Helicopter Tasking Guidelines and Helicopter policy. The Helicopter policy outlines a list of appropriate helicopter taskings, clients and priority taskings.
- 5.37 In its submission Reef Helicopters commented that:
- ... there was a significant degree of urgency resulting from political pressure in the lead up to the helicopter larger surveillance contract [that] commenced 1st January 2000. They also noted that 'partly as a result of the urgency, some aircraft specifications, especially as they relate to equipment choice, interface, and ergonomic design, have proved less than perfect.'³⁰
- 5.38 The equipment suite of the helicopter was discussed with Reef Helicopters at the public hearing. Mr Earley advised the Committee that there had been technical problems with interfacing various pieces of equipment, however, since June 'everything has been working fine.'³¹ Mr Bizjak, Senior Observer, Reef Helicopters added that 'the FLIR system and the radar have been operable since day one'.³²
- 5.39 The Committee raised with the witnesses from Reef Helicopters criticism it had received regarding the usefulness of the FLIR for surveillance. Mr Bizjak responded that he believed the FLIR was not developed as a primary sensor, but nevertheless it was a very good sensor and did have a limited surveillance capability. As an example of its sensor capability he commented that the FLIR could detect a lit cigarette from 'probably 20 miles'. When questioned whether a surveillance radar should be fitted he drew attention to the weight implications:

28 Auditor-General, *Audit Report No. 38, 1999-2000*, p. 69.

29 Auditor-General, *Audit Report No. 38, 1999-2000*, p. 71.

30 Reef Helicopters, *Submission No. 27, Volume 2*, p. S268.

31 Reef Helicopters, *Transcript, 24 October 2000*, pp. 231-2.

32 Reef Helicopters, *Transcript, 24 October 2000*, p. 232.

At the moment, with four crew and a belly full of fuel one additional person will degrade the distance we can travel. Having a radar fitted would severely hamper the aircraft's distance.³³

- 5.40 The Committee also received criticisms regarding the appropriateness of the winch and rappelling equipment. Customs responded that the equipment incorporated on the Bell 412EP was, from a Coastwatch perspective, ancillary to surveillance operations. However, the decision to include it was made as a whole of Government initiative. This decision had been justified by a number of rescues where victims have been winched to safety.³⁴
- 5.41 The Committee pursued this issue and was informed by Coastwatch that although there were no specific discussions held with Defence or Coastwatch clients about the proposed acquisition, most client agencies (AFMA and AQIS excluded) were apprised of the proposed acquisition through the Prime Minister's Task Force process.³⁵

The Committee's comment

- 5.42 The Committee understands that there were time constraints for the delivery of the Bell 412EP arising from the PMTF. However, in general the Committee encourages Coastwatch to adhere to best practise and consult with all relevant client agencies regarding specifications for new equipment and resources.
- 5.43 Regarding the equipment suite for the Bell 412, the Committee agrees that the size of the helicopter and the need for longer range operations would probably prevent installation of both a surveillance radar and a FLIR system. Because the FLIR enables the identification of targets the inclusion of this type of equipment would be central to operations. The fact that the FLIR is able, through the ingenuity of its operators, to be used as a surveillance device justifies its inclusion on the helicopter.
- 5.44 The Committee understands that under Coastwatch operations other surveillance aircraft such as the Dash 8 would provide primary sensor information to be used to direct the helicopter which would act as a response vehicle.

33 Reef Helicopters, *Transcript, 24 October 2000*, p. 237.

34 Customs, *Submission No. 41*, Volume 3, p. S578.

35 Customs, *Submission No. 41*, Volume 3, p. S577.

Effectiveness of resources

- 5.45 AQIS utilises Coastwatch assets for ongoing and specific quarantine surveillance. Taskings involve the use of air surface assets primarily across northern Australia.³⁶ In the Torres Strait access to the Bell Long Ranger helicopter enables AQIS officers to visit the many islands 'across the 39 000 square kilometres of the Torres Strait for pest and disease monitoring purposes.'³⁷
- 5.46 In its submission AQIS stated that the 'additional twin engine helicopter has improved flexibility during peak demand periods (eg wet season with increased fruit fly monitoring and response activity).'³⁸
- 5.47 The Committee further questioned witnesses from AQIS whether the increase in Coastwatch resources arising from the PMTF review had benefited AQIS. Mr John Cahill, National Manager, Border Management Program, responded that additional resources to Coastwatch have meant that AQIS was able to 'maintain the hours that we need to access those resources, and the pressure from the competition, if you like, to utilise those assets has decreased because of the greater level of resources that have become available.'³⁹
- 5.48 The DIMA submission echoed this point in the following statement:
- ... the allocation of additional resources by the Prime Minister's Task Force on Coastal Surveillance ... has reduced pressure on available resources for surveillance required by clients in the traditional threat areas in the north and north west of Australia.⁴⁰
- 5.49 In terms of marine assets, AQIS noted in its submission that occasionally Coastwatch assets have not been operating to their full capacity. For example, during the public hearing Ms Helen Gannon, Manager, Seaports program stated:
- There have been occasions where the mechanics of the boats or assets have not been available or have not been fully functioning. We often use a smaller tender off the back of the vessel to get into ports along the coast. On occasion those tenders have not been functioning, which means that the expectations of the exercise

36 AQIS, *Submission No. 30*, Volume 2, p. S295.

37 AQIS, *Submission No. 30*, Volume 2, p. S295.

38 AQIS, *Submission No. 30*, Volume 2, p. S295.

39 AQIS, *Transcript, 18 August 2000*, p. 70.

40 DIMA, *Submission No. 24*, Volume 1, p. 184.

from our point of view are not always able to be fulfilled because of the use of the asset that we have.⁴¹

- 5.50 During the public hearing the AFP informed the Committee that they were holding discussions with Customs concerning the possibility of installing compatible communications equipment in Coastwatch aircraft.⁴² Mr Andrew Hughes, Acting General Manager National Operations, stated that 'if we had direct communications, with an aircraft then we are better placed to position our resources in a timely fashion.'⁴³
- 5.51 Although the high frequency radio sets are compatible with those on Coastwatch aircraft they are not secure. The AFP commented that 'we obviously want to have a degree of security on the communications' and are progressing discussions with Coastwatch on this matter.⁴⁴
- 5.52 In a supplementary submission Coastwatch informed the Committee that 'secure communications between Central Office and regional bases were significantly enhanced in early 2000.' Short-range communications between ground stations, aircraft and sea-going vessels can also use the Customs ultra-high frequency (UHF) radio network. The inclusion of a Digital Voice Privacy (DVP) capability within this network provides secure voice communications.⁴⁵

The Committee's comment

- 5.53 The Committee notes that the AFP is progressing discussions with Coastwatch on the subject of secure communications for strategic surveillance and tactical taskings. The Committee encourages Coastwatch to continue to enhance its secure communication systems for the benefit of all agencies.

Post Flight Reports

- 5.54 The outcome of each surveillance flight is recorded by the aircrew in a Post Flight Report. That report is forwarded to the NSC in Canberra where the information is automatically entered into the Coastwatch database.⁴⁶ Rear Admiral Shalders outlined the general practice for post flight reporting:

41 AQIS, *Transcript, 18 August 2000*, p. 68.

42 AFP, *Transcript, 18 August 2000*, p. 75.

43 AFP, *Transcript, 18 August 2000*, p. 75.

44 AFP, *Transcript, 18 August 2000*, pp. 75–6.

45 Customs, *Submission No. 41*, Volume 3, p. S570.

46 Customs, *Submission No. 25*, Volume 1, p. S204.

The aim is that the PFR (post flight report) should be sent within one hour of the aircraft landing. The NSC then sends a copy of the report to relevant client agencies and Coastwatch regional offices.

- 5.55 A few client agencies commented on some improvements that could be made to post flight reporting. During a public hearing, AMSA commented that they were aware that there had been some delays in receiving post flight reports. Mr Clive Davidson, Chief Executive, AMSA, told the Committee 'it is in our interest, if we are to take action for pollution incidents, to have them in as timely a fashion as possible so that we can do the forensic work in order to secure a successful prosecution.'⁴⁷
- 5.56 Dr Kay, Assistant Secretary, Marine Conservation Branch, Environment Australia (EA), commented that they did not think accumulating half a metre's depth of faxed post-flight reports within a five month period was an efficient way to do business.⁴⁸ EA made the following suggestion:
- The development of a Coastwatch database for recording this material and which can be used to summarise and process this data is highly desirable.⁴⁹
- 5.57 Rear Admiral Shalders acknowledged that information was difficult to extract from post-flight reports. He explained that Coastwatch is working on a system that aims to provide service to clients through a much quicker, smarter automated system when the Coastwatch Command Support System is delivered in 2001.⁵⁰

The Committee's comment

- 5.58 It is the Committee's view that post flight reporting is crucial in the successful delivery of Coastwatch services to its clients. The Committee encourages Coastwatch to expedite the delivery of the Command Support System and the development of customised reports to its clients.

Armament

- 5.59 The issue of armament for Coastwatch resources and personnel has been rigorously debated over the last few years. During the PMTF it was decided that the newly commissioned BCV would carry small arms and the crew would have access to them when it was needed.

47 AMSA, *Transcript, 8 September 2000*, p. 105.

48 EA, *Transcript, 30 January 2001*, p. 284.

49 EA, *Submission No. 11*, Volume 1, p. S68.

50 Customs, *Transcript, 30 January 2001*, p. 284.

- 5.60 Mr Woodward, CEO Customs, admitted that he was initially very reluctant to arm the Customs officers. However, he told the Committee that:
- ... there were increasing pressures, particularly through our fisheries responsibilities. Some of those who are involved in fisheries excursions are fairly aggressive and there were some agencies that simply refused to accompany unarmed Customs officers.⁵¹
- 5.61 Customs engaged a former South Australian Police Commissioner to undertake a study in relation to both protection and offence. Following this report, which Customs accepted, the decision was made to provide small arms to the Bay Class Vessels and make these weapons available to the crews if needed.
- 5.62 The Committee discusses whether Customs vessels should have fixed armaments in Chapter 6 when the issue of illegal fishing is discussed.
- 5.63 Defence has indicated that the replacement Fremantles will have both military and civilian specifications. The Committee questioned whether any of the military specifications might detract from the new patrol boat's Coastwatch function. Commodore Moffitt responded that he did not believe it would and added that the 'armament fundamentally goes to the vessel's military role, not its support to Coastwatch type role.'⁵²

User pays

- 5.64 A system of 'user pays' would entail money being allocated to Coastwatch clients who would then be charged for Coastwatch's services. The Committee noted that the Hudson Report in 1988 considered the issues of user pays and cost attribution in depth. Hudson did not support the user pays system and drew the following conclusions:
- [The] notional allocation of the cost of the service to one user or among the total group of users may seriously distort decision making; and
 - [The] notional attribution of costs of production of a public good or service does not generate effective cost consciousness or help curtail expenditure.⁵³

51 Customs, *Transcript*, 18 August 2000, p. 16.

52 Defence, *Transcript*, 30 January 2001, p. 278.

53 Customs, *Submission No. 25*, Volume 1, p. S227.

- 5.65 As a result of the findings in the Hudson Report, the Government decided that Coastwatch would be budget funded for all services provided to its key client agencies. It was agreed that this method of funding was more cost effective than individual agencies receiving funding for their own surveillance and response operations.
- 5.66 The Audit Office noted, however, there have been significant changes regarding the provision of services in the APS since 1988, particularly those based on purchaser/provider arrangements between public sector agencies. The ANAO considered that there was merit in Customs trialing a model involving the funding being allocated to the relevant clients (the purchasing agencies) with Customs supplying the services (as the provider) on a user-pays basis.⁵⁴
- 5.67 Customs cautioned the ANAO on this aspect and advised that 'an attributed funding approach is likely to prove administratively unwieldy and may reduce operational responsiveness and flexibility to constantly changing threat parameters.'⁵⁵ Customs also considered that the short comings of a user pays approach to funding the civil surveillance program identified by Hudson remain.⁵⁶
- 5.68 During a public hearing Mr Ian McPhee, Deputy Auditor-General, advised the Committee of the limitations with user charging where there was only one provider, basically, which was dependent on the money coming to it from users. Mr McPhee stated:
- ... we are basically suggesting that Coastwatch understand better its costs and where they fall. There is a risk that if you put the money out and agencies have different priorities, it could be the case that Coastwatch is short in terms of its fundamental core responsibility.⁵⁷
- 5.69 He concluded 'there are some real issues and tensions with user charging in this sort of environment,' and he suspected 'that was why it was not pursued when it was considered back in the late eighties.'⁵⁸

The Committee's comment

- 5.70 The Committee believes that one aim of user pays would be for it to act as a check on costs of services provided by Coastwatch. The current arrangement where Coastwatch is only able to respond to the tasks

54 Auditor-General, *Audit Report No. 38, 1999-2000*, pp. 52-3.

55 Auditor-General, *Audit Report No. 38, 1999-2000*, p. 53.

56 Customs, *Submission No. 25*, Volume 1, p. S227.

57 ANAO, *Transcript, 18 August 2000*, p. 10.

58 ANAO, *Transcript, 18 August 2000*, p. 10.

requested by its clients seems to be working satisfactorily and provides some limitations to Coastwatch costs.

Cost attribution

- 5.71 Following a recommendation from the PMTF, DIMA was allocated additional resources principally for detecting vessels of concern to immigration. This included two Dash 8 aircraft and an additional helicopter. Ms Philippa Godwin, Border Control and Compliance, DIMA, informed the Committee that the intention of the additional resources was 'to try to avoid any undetected arrivals in either of those areas (east or west coast), which we have identified as the areas of threat.'⁵⁹
- 5.72 In its submission, DIMA stated that 'a framework for monitoring provision of the service and managing the transfer of funds has been incorporated into the Service Level Agreement between DIMA and Coastwatch.'⁶⁰ Although DIMA has been nominated to trial cost attribution procedures for the additional Dash 8s and helicopter in the Torres Strait, DIMA expected that these flights would still be multi-tasked.⁶¹
- 5.73 The Auditor-General stated that 'Coastwatch could consider trialing a system to allocate costs against client taskings undertaken.'⁶² The Committee heard further evidence in support of cost attribution from the University of Wollongong. Mr Bateman, Associate Professor, commented that the contributions from the separate agencies should be properly costed.⁶³
- 5.74 Mr Woodward was hesitant about the usefulness of implementing a cost attribution process. During a public hearing he commented that 'We will do it but I am not sure just how useful it [cost attribution] will actually be.'⁶⁴ Rear Admiral Shalders advised the Committee at the August public hearing that Coastwatch had only looked at cost attribution very tentatively at this stage. He also made the following comment:

59 DIMA, *Transcript, 18 August 2000*, p. 59.

60 DIMA, *Submission No. 24, Volume 1*, p. S184.

61 DIMA, *Submission No. 24, Volume 1*, p. S186.

62 Auditor-General, *Audit Report No. 38, 1999–2000*, p. 51.

63 Associate Professor Walter Bateman, *Transcript, 8 September 2000*, p. 130.

64 Customs, *Transcript, 18 August 2000*, p. 29.

We certainly now need to look at some way of at least being able to report, at the end of a period, the breakdown of our flying activities between clients.⁶⁵

The Committee's comment

- 5.75 The Committee considers there is merit in cost attribution because it would improve accountability and transparency for the funds appropriated to Customs for Coastwatch. It would also provide Coastwatch clients with a fuller understanding of the costs involved in achieving their outcomes.
- 5.76 The Committee will follow with interest the progression of the financial arrangements Coastwatch has with DIMA in relation to the new aircraft being acquired following the PMTF.

Human Resources

- 5.77 Coastwatch is an operational division of Customs employing 60 staff.⁶⁶ Although Coastwatch does not have direct managerial control of many of those responsible for providing services to Coastwatch clients, it is responsible for managing its national and regional staff.⁶⁷

Competency of Coastwatch Staff

- 5.78 Coastwatch staff in regional offices are managed using a matrix system through Customs regional offices. Under the Customs system staff in regional offices are administered nationally or regionally, depending upon their classification and the type of duties they perform.⁶⁸ In general, Customs officers are rotated into regional positions for three years depending on the location. Customs officers on assignment to Thursday Island are assigned for two years with the option of extension for another year.
- 5.79 The Committee received evidence from a retired Customs Officer, Mr Lofty Mason, who commented on the lack of professionalism within Coastwatch personnel in regional offices. In his submission, Mr Mason argued that Coastwatch aircraft were crewed by professional aviators, who were trained and capable aircrew. On the other hand, Customs

65 Customs, *Transcript*, 18 August 2000, p. 28.

66 Customs, *Submission No. 25*, Volume 1, p. S201.

67 Auditor-General, *Audit Report No. 38, 1999-2000*, p. 82.

68 Auditor-General, *Audit Report No. 38, 1999-2000*, p. 82.

Officers (on rotation into Coastwatch positions) who control the programming and allocation of Coastwatch resources initially 'have no idea of aircraft operations, which leads to major errors in programming.'⁶⁹

5.80 During a public hearing, Mr Mason commented:

If you look at the people that are being posted in and out of Coastwatch, they are only in the position for about three years, quite often, and this leads to a lack of professionalism overall in the group.⁷⁰

5.81 Surveillance Australia also commented on the Customs rotational policy for Coastwatch operations in its submission:

Customs officer training is of limited relevance to the operational control of the aviation assets employed by Coastwatch. Hence these officers have been provided with a short internal course on aircraft resource management...in comparison to Operations Controllers in similar roles such as the AusSAR coordinators or the RAAF P3 operations officers the training provided is insufficient.⁷¹

5.82 Surveillance Australia was concerned that the recent substantial increase in and sophistication of the Coastwatch aviation assets combined with the recent addition of military intelligence data into the Coastwatch operational planning process had gone beyond the level of training that the Coastwatch operation controllers were receiving.⁷²

5.83 On the other hand, Defence emphasised during a public hearing that relevant training, rather than an aviation background was important for Customs officers assigned to Coastwatch operations. Group Captain Roberts stated that 'What we are really looking at here is putting appropriately trained people in Customs, rather than just saying we need aviators in there.'⁷³

5.84 Coastwatch is responsible for a range of training activities, including the Basic Visual Surveillance Training Course through to electronic Mission Coordinator training. Coastwatch informed the Committee that 'many of the training courses have recently been rewritten to meet competency based training standards and to supplement the existing training manuals which were not as comprehensive as was needed.'⁷⁴

69 Mr Lofty Mason, *Submission No. 31*, Volume 2, p. S302.

70 Mr Lofty Mason, *Transcript, 18 August 2000*, p. 33.

71 Surveillance Australia, *Submission No. 22*, Volume 1, pp. S160-1.

72 Surveillance Australia, *Submission No. 22*, Volume 1, p. S161.

73 Defence, *Transcript, 18 August 2000*, p. 48.

74 Customs, *Submission No. 60*, Volume 4, p. S707.

- 5.85 During its inspection tour of northern Australia, the Committee tested the level of competence of the Coastwatch officers it met in various regional offices. The Committee is satisfied with the level of qualifications and competence of Coastwatch personnel.

Competency Assessment Training Officers

- 5.86 Coastwatch does not have direct managerial control of staff of other organisations involved with Coastwatch operations. Aircrews are the responsibility of either the civilian contractors or the RAAF, while the RAN manages the Fremantle crews. In addition, Customs Border Management directly manages the crews of the Bay Class Vessels.
- 5.87 To monitor the performance of its civilian contracted surveillance aircrew, Coastwatch employs Competency Assessment Training Officers (CATOs). Crew compliance is monitored by in flight assessment. Examinations are set by the CATOs who debrief the crew, inform the contractors of scores achieved and provide feedback on flights assessed to help the contractors manage their human resources effectively.⁷⁵
- 5.88 Rear Admiral Shalders described the CATO function as:
- ... a routine activity. We have CATOs spread around the country, coordinated from Canberra, and their job is the quality control, training and monitoring of the contracted aircrew.⁷⁶
- 5.89 The Auditor-General reported that Coastwatch has a target of placing CATOs on 15 per cent of contractor flights to ensure that contract standards specifying levels of crew professionalism are met. Coastwatch received funding for four new CATO positions in order to cover performance monitoring requirements for the new aircraft operations arising out of the PMTF.⁷⁷
- 5.90 Coastwatch advised the Committee in a supplementary submission that 'The CATOs are now fully staffed to the necessary work value level which will allow for the full rate of 15% of flights to be achieved for the first time in three years.' The submission added that 'All new CATOs recruited have strong aviation backgrounds, either ex-military or civil aviation.'⁷⁸

75 Customs, *Submission No. 60*, Volume 4, p. S708.

76 Customs, *Transcript, 18 August 2000*, p. 14.

77 Auditor-General, *Audit Report No. 38, 1999-2000*, p. 83.

78 Customs, *Submission No. 60*, Volume 4, p. S707.

The Committee's comment

- 5.91 The Committee supports the notion of a rotational assignment policy provided the agency is able to demonstrate it is assigning capable officers into a position that enables officers to be trained suitably in a short space of time. Rotation enhances the general skill level within the organisation and promotes flexibility. It also serves to maintain enthusiasm because newly rotated staff are able to bring fresh eyes to problems and a fresh approach.
- 5.92 The Committee also recognises that the rotational policy is particularly useful for recruiting Coastwatch officers in regional areas. It also serves the two way benefit of skill and experience sharing between National and regional offices. The Committee encourages the concept of 'job shadowing' as part of training for regional manager positions.
- 5.93 The Committee is pleased to note that Coastwatch is now fully staffed to allow for the full 15per cent rate of CATO monitoring for all contracted Coastwatch flights. However, the Committee is concerned that monitoring levels drop when the CATO's training commitments increase. Therefore, Coastwatch should ensure that the PMTF funding for four new CATO officers be used in a manner ensuring that shortfalls in monitoring do not occur in future.

New technologies

- 5.94 During the inquiry the Committee discussed new and potential surveillance technologies with Coastwatch, several client agencies and numerous private companies. Coastwatch informed the Committee of the evolving relationship between Coastwatch and Defence. Coastwatch commented that their enhanced relationship is expected to bring major benefits to Coastwatch in terms of technological advances. Major Defence projects that are expected to have considerable impact on wide area surveillance include the Jindalee Operational Radar Network (JORN), Airborne Early Warning and Control (AEW&C) aircraft and the Global Hawk UAV.
- 5.95 While the Chairman emphasised that it was not the purpose of the inquiry to recommend use of a particular surveillance technology, the Committee received extensive briefings on the range and impact of new and potential technologies.
- 5.96 Coastwatch informed the Committee that within its National Surveillance Centre it had established a new Future Concepts section responsible for

evaluating emerging technology and maintaining firm links with the scientific and industry communities.⁷⁹ These new technologies can be divided into platforms for sensors, the sensors themselves, and integration systems:

- Platforms
 - ⇒ Unmanned Aerial Vehicles (UAVs);
 - ⇒ Satellites;
 - ⇒ Airships;
 - ⇒ Amphibious aircraft; and
 - ⇒ Tilt rotor aircraft.
- Sensors
 - ⇒ Sonabuoys;
 - ⇒ Synthetic Aperture Radar; and
 - ⇒ Surface Wave Radar.
- Integrated systems
 - ⇒ MOSAIC (Multi-Operational Surveillance and Interdiction Capability).

5.97 The Committee has received a substantial number of submissions and exhibits from technology providers and has received evidence from several providers at its public hearings. The sections that follow discuss some of the various possible new technologies for coastal surveillance.

Platforms

Unmanned Aerial Vehicles (UAVs)

- 5.98 Kingfisher Unmanned Aviation Systems told the Committee that they hope to introduce UAVs into Australia's commercial, civil and military airborne surveillance and remote sensing markets. In its submission Kingfisher stated that 'most UAVs are for military applications but are easily converted or adapted for civil and commercial applications by buying off the shelf components.'⁸⁰
- 5.99 During the public hearing Mr Peter Bale, Director Kingfisher Unmanned Aviation Systems, described how its UAV could enhance Coastwatch's surveillance operations:

⁷⁹ Customs, *Submission No. 25*, Volume 1, p. S201.

⁸⁰ Kingfisher Unmanned Aviation Systems, *Submission No. 7*, Volume 1, p. S37.

It has 20-plus hours endurance. It is capable of cruising at around 20 000 feet. Its avionics payload can be configured up to a 150-kilograms payload. It has a loiter speed of 55 knots. The following sensor packages are on offer: stabilised, gimballed, colour day/night electro optical system, forward-looking infra-red, synthetic aperture radar (observing in excess of 7 000 feet), and the system configuration comprises a two-person flight operation.⁸¹

- 5.100 Sonacom Pty Ltd in technical conjunction with Sydney University is developing two relatively small, unmanned, vertical take-off-and-landing fixed wing aircraft, which they have called the Mirli. The Mirli is designed to take-off and land vertically and therefore it will have the capacity to operate from either a land base or from the landing deck of a ship.
- 5.101 The Mirli-A version is a small aircraft designed for short range, local surveillance that can range up to 250 km from its departure location. The Mirli-B version is double the size of Mirli-A and has a range of up to 1 000 km from its departure location.⁸²
- 5.102 During mid 2001 Defence engaged with the United States on a project trialing the Global Hawk UAV to evaluate and further develop Global Hawk as an airborne surveillance system. Coastwatch also participated in these trials.
- 5.103 The Global Hawk is a high altitude surveillance platform which represents the current upper limit in wide area coverage capability.⁸³ It is jet-powered and equivalent in wing size to a Boeing 737 commercial airliner. It has a range of 14,000 nautical miles and can fly at altitudes of up to 65,000 feet (19,812 metres) for more than 30 hours.⁸⁴
- 5.104 The Committee notes that the Global Hawk has successfully completed its Australian trial during which it flew over eastern, northern and north western Australia, flying a total of 154 000 kilometres in over 250 hours of flight time.⁸⁵

81 Kingfisher Unmanned Aviation Systems, *Transcript, 24 October 2000*, p. 220.

82 Sonacom, *Submission No. 33*, Volume 2, p. 312.

83 Customs, *Submission No. 25*, Volume 1, p. 246.

84 <http://www.dsto.defence.gov.au/globalhawk/home.html>

85 Hon Dr Brendan Nelson MP, Parliamentary Secretary to the Minister for Defence, *Global Hawk set to break another record after a successful deployment*, Media Release, 7 June 2001.

Satellites

- 5.105 Coastwatch informed the Committee that wide area detection and identification was possible from satellites using a variety of sensors. However, satellite technology was a prohibitively expensive option.⁸⁶
- 5.106 In early 1988 Coastwatch had contracted a civilian radar satellite operator to undertake satellite surveillance of Australian Southern Ocean EEZ but unfortunately the trial was not successful.⁸⁷ The Committee notes that Coastwatch currently has access to classified Defence intelligence sources, including satellites.⁸⁸

Airships

- 5.107 Barry Douglas Australia Pty Ltd, an Australian representative of Advanced Technologies Group UK, are manufacturers of the 'SkyCat' range of hybrid aircraft. They advised the Committee in a submission that a 'small fleet of such platforms has the potential to provide a highly effective surveillance barrier around the entire Australian Coastline.'⁸⁹ The 'SkyCat' attributes were listed as the following:
- surveillance and interdictive capabilities;
 - long endurance;
 - low direct operating costs;
 - benign environment;
 - zero forward speed means no Doppler clutter;
 - non invasive, non threatening;
 - minimal GSE [Ground Support Equipment], easy to maintain; and
 - large payload volume, can carry large UHF radar.⁹⁰

Amphibious aircraft

- 5.108 Pacific Corporation Aviation Services (PCAS) is the Australian representative for the US based Lake Aircraft Company, which manufactures the 'Seawolf surveillance aircraft'. PCAS advised the Committee of the features of its proposal for a highly mobile amphibious aircraft force which they stated was capable of operating by day and night

86 Customs, *Submission No. 25*, Volume 1, p. S246.

87 Customs, *Submission No. 25*, Volume 1, p. S256.

88 Customs, *Submission No. 25*, Volume 1, p. S246.

89 Advanced Technologies Group, *Submission No. 53*, Volume 3, p. S647.

90 Advanced Technologies Group, *Submission No. 53*, Volume 3, pp. S646–51.

from remote dirt airfields, lakes and inland waterways, or from the open sea.

5.109 Capabilities of its aircraft include:

- wing pylon-mounted FLIR detector and video surveillance equipment;
- powerful search lights;
- 12 hours endurance at 140 knots;
- operating costs of less than \$140 per hour;
- ability to reconfigure the aircraft to surveillance or search and rescue mode within an hour;
- low maintenance and running costs;
- on-board surveillance radar; and
- secure communications and GPS navigation equipment.⁹¹

Tilt Rotor Aircraft

5.110 During a public hearing Reef Helicopters discussed the benefits of a tilt rotor technology which could possibly be available within the next 6-7 years. This technology could fill the surveillance role for the 90–400 mile (144–640 km) range. Mr David Earley, CEO, Reef Helicopters, described the tilt rotor as the following:

It is basically an aircraft that is capable of vertical take-off and landing with tilting large propellers that are allowed to slowly progress into forward flight and then enjoy the high-speed characteristics of a fixed-wing aircraft with reduced costs and range enhancement.⁹²

Sensors

Sonabuoys

5.111 Sonacom Pty Ltd has also designed 'Sonabuoys' which are surveillance devices, with floating components which support Radio Frequency (RF) antennas. Acoustic listening devices are suspended beneath the buoy. The buoys:

- are solar powered;

⁹¹ Pacific Corporation Aviation Services, *Submission No. 35*, Volume 2, pp. S509–10.

⁹² Reef Helicopters, *Transcript, 24 October 2000*, p. 237.

- incorporate a Global Positioning System;
 - can transmit data via RF link or satellite;
 - can be left at sea unattended for up to six months;
 - are designed to be deployed from aircraft or ships; and
 - can be self-anchoring in waters up to 300 metres deep.⁹³
- 5.112 Vice Admiral Chalmers also told the Committee that the buoys could detect, track and classify suspicious ships or aircraft through the noise they produce from their engines or the machinery they are operating. They could be used to detect and monitor unauthorised air movements and illegal fishing in remote areas such as the Southern Ocean.⁹⁴

Synthetic Aperture Radars

- 5.113 Coastwatch recognises that higher resolution Inverse Synthetic Aperture Radar (ISAR) capabilities may be useful in classifying small vessels from long ranges. They commented that ISAR will allow a reduction in the time spent deviating from the planned flight route to close in on the target for classification/identification purposes.
- 5.114 Elta Electronics Industries Ltd, a subsidiary of Israel Aircraft Industry Ltd, provided an exhibit to the Committee outlining information about its Synthetic Aperture Radars. The features of its systems include:
- optimal detection of small surface targets at medium and long ranges;
 - automatic detection and tracking without operator intervention;
 - high range resolution;
 - continuous operation under all weather conditions;
 - high reliability;
 - lightweight and low power consumption;
 - background digital map; and
 - interoperability with additional sensors.⁹⁵

Surface Wave Radar

- 5.115 Telstra Applied Technologies (TAT) has worked closely with Defence Science Technology Organisation, the cooperative research centre for

⁹³ Sonacom, *Submission No. 10*, Volume 1, p. S58.

⁹⁴ Sonacom, *Transcript, 8 September 2000*, pp. 140–1.

⁹⁵ Oceanic solutions, *Submission No. 14*, Volume 1, p. S85.

Sensor Signal and Information processing and Daronmont Technologies to create a Surface Wave Radar (SWR). TAT highlighted that SWR could provide continuous surveillance at a much lower cost than other sensors and could also be relocated as and when new high risk areas were identified. It could be deployed with real time radar track information fed directly to the National Surveillance Centre. TAT estimated that a single SWR could provide 24 hour air/sea surveillance over an area of 70 000 square km at a cost of \$3 000/day.⁹⁶

- 5.116 In the last half of 2000, Coastwatch participated in a trial conducted over Northern Australia for High Frequency Surface Wave Radars (HFSWR). In its submission, Coastwatch discussed the way HFSWR is a derivative of the Jindalee research now being actively marketed within the private sector. It commented that HFSWR has the potential to provide detection and tracking of larger surface vessels out to 300km and over an arc of 90 degrees. It can be made transportable and can be relocated to previously selected and prepared sites.⁹⁷

Integrated systems

MOSAIC

- 5.117 CEA Technologies, an Australian advanced technology company, discussed with the Committee its proposal called MOSAIC (Multi-Operational Surveillance and Interdiction Capability). CEA suggested MOSAIC would provide a national barrier to illegal intrusion into Australian interests.⁹⁸
- 5.118 The range of capability would include:
- radar (conventional and advanced active phased array);
 - sensor data fusion (coalescing detections from a wide range of active and passive sensors—radars, sonar, electro-optics, ESM, intelligence);
 - classification systems, techniques and algorithms to differentiate suspected targets from lawful traffic;
 - electronic support measures—long-range electronic detection;
 - communications systems—secure and non secure radio networks and electronic data links;
 - electronic System Research and Development; and

⁹⁶ Telstra Applied Technologies, *Submission No. 17*, Volume 1, pp. 101–6.

⁹⁷ Customs, *Submission No. 25, Volume 1*, p. S245.

⁹⁸ CEA Technologies, *Submission No. 37*, Volume 2, p. S519.

- provision of specialist consulting services.⁹⁹

The Committee's comment

- 5.119 The Committee was impressed with a number of potential and emerging surveillance technologies that were put before them. In seeking information about potential new technologies the Committee has had no intention of advocating particular technologies for adoption by Coastwatch. Rather, it believed it was necessary to develop an understanding of the new technologies in the market and the technologies which might become available in the near future.
- 5.120 However the Committee draws Coastwatch's attention to its report on government purchasing, Report 369, *Australian Government Procurement*, and the need to consider Australian suppliers when reviewing purchasing options.
- 5.121 The Committee recognises that the challenge for Coastwatch, Defence and the Government is to find the right balance between new technologies to assist with strategic surveillance and the purchasing and on-going costs of these technologies. The Committee supports the Future Concepts section within Coastwatch and encourages the already good working relationship Coastwatch has developed with Defence in terms of evaluating and trialing new technologies.
- 5.122 Further information about new technologies described above can be found in the submissions to the inquiry and the transcripts of the public hearings. These can be found at the Committee's website: <http://www.aph.gov.au/house/committee/jpaa/coastwatch/subs.htm>

⁹⁹ CEA Technologies, *Submission No. 37*, Volume 2, pp. S519-520.

Current challenges for Coastwatch

Introduction

- 6.1 During the inquiry the Committee has received evidence on challenges currently facing Coastwatch. These challenges, which are covered in this chapter are:
- the arrival by boat of people seeking refugee status or to immigrate illegally to Australia;
 - the movement of people across the Torres Strait;
 - illegal fishing by foreign fishing vessels; and
 - unauthorised air movements (UAMs) into and out of Australian airspace.

The movement of people by boat to Australia

- 6.2 Currently there are three people movement corridors to Australia from foreign countries. Each corridor is used by different groups of people, for different reasons, and each therefore poses a separate and distinct problem for Coastwatch. The three corridors are:

- to Ashmore reef and the north and north west of Australia with people coming predominantly from the Middle East via Indonesia;
 - to the east coast of Australia with people coming predominantly from China; and
 - through the Torres Strait with people predominantly coming from Papua New Guinea.
- 6.3 The Torres Strait currently does not appear to be used by illegal immigrants, but is of interest as a corridor for the movements of illicit goods including drugs.
- 6.4 The Customs annual report indicates that during 1999–2000 there was a total of 76 suspect illegal entry vessels (SIEVs) reaching Australia—a significant increase over the 42 SIEVs in the previous year and the 18 SIEVs in 1997–98. The number of suspect unlawful non-citizens (SUNCs) carried by these vessels has risen from 190 in 1997–98, to 923 in 1998–99, to 4188 in 1999–2000.¹ The vast majority of these SIEVs arrive off the north and north west coast.
- 6.5 Coastwatch’s role is to detect these SIEVs and coordinate their interception. However, the way and extent to which Australian authorities can respond to these arrivals is constrained by United Nations conventions and international law.

United Nations Convention on the Law of the Sea

- 6.6 In July 1999 the Prime Minister’s Coastal Surveillance Task Force concluded that Australian law did not implement fully the powers available to it under international law, and that Australian law should be amended to:
- ... incorporate all of the powers available to Australia under international law including the 1982 United Nations Convention on the Law of the Sea (UNCLOS).²
- 6.7 Subsequently the Border Protection Legislation Amendment Act which received Royal Assent in December 1999 addressed the Task Force’s concerns and strengthened Australia’s laws in this area.
- 6.8 There are four maritime zones recognised under UNCLOS:

1 Customs, *Annual Report 1999–2000*, p. 51.

2 Department of Prime Minister and Cabinet, *Report of the Prime Minister’s Coastal Surveillance Task Force*, p. 7.

- Territorial seas—waters within 12 nm³ of the coast. Vessels within this area fall under Australian law, but foreign flag vessels have the right of passage.
 - Contiguous zone—from 12 to 24 nm offshore. Vessels may be detained if a person on board has committed an offence within the territory or territorial sea. A vessel may also be stopped searched and warned off (but not arrested).
 - High seas—waters beyond 24 nm. On the high seas Australia can engage in ‘hot pursuit’ where a vessel having broken Australian law may be pursued, arrested and brought back to Australia. Mother ships can also be arrested if they have used smaller craft for illegal activities within Australian jurisdiction.
 - Exclusive Economic Zone—12–200 nm offshore. Australia has power to manage, protect and preserve the natural resources of the waters and seabed. It covers fisheries, non-living resources and pollution.⁴
- 6.9 The responses coordinated by Coastwatch therefore have to conform to these international laws if they are to be legal.

United Nations Convention Relating to the Status of Refugees

- 6.10 Australia is also a signatory to the 1951 United Nations Convention Relating to the Status of Refugees and the 1967 Protocol. The two articles of the Convention which are of prime importance are:
- Article 31—The Contracting State shall not impose penalties, on account of their illegal entry or presence, on refugees ... provided they present themselves without delay to the authorities.
 - Article 33—No Contracting State shall expel or return a refugee in any manner whatsoever to the frontiers of territories where this life or freedom would be threatened on account of his race, nationality, political opinion or membership of a particular social group.
- 6.11 As a signatory to the Refugee Convention, Australia has an obligation to act within these constraints. However, while permanent resident status is often granted to refugees, it is not stipulated under the Convention.⁵

3 12 nautical miles is 22.2 kilometres.

4 Department of Prime Minister and Cabinet, *Report of the Prime Minister's Coastal Surveillance Task Force*, pp. 7–8; Customs, *Submission No. 25*, Volume 1, p. S250.

5 Department of the Parliamentary Library, Information and Research Services, Research Paper No. 5 2000–01, *The Problem with the 1951 Refugee Convention*, p. 4.

- 6.12 It has been argued that the Refugee Convention is out of date and should be reviewed.⁶ The Committee has not pursued this issue as it has received no evidence on the matter and the issue is beyond the scope of this inquiry.

Boat people arriving in the north and north west of Australia

Factors driving the people movement

- 6.13 At the beginning of the year 2000 the United Nations High Commissioner for Refugees (UNHCR) had identified some 22.3 million people 'of concern'. Of these there were 11.7 million refugees and 4 million internally displaced persons. Most of these people were in poor countries. A recent UNHCR-commissioned report commented that people smugglers were the last resort for genuine refugees.⁷
- 6.14 Mr Andrew Metcalfe, Deputy Secretary DIMA, told the Committee that Australia was facing large numbers of unauthorised arrivals coming from the Middle East and South Asia who were originally from Iraq, Iran, Palestine, Afghanistan and Pakistan. He added that Pakistan was host to some 3 million refugees while 3 million displaced Iraqis were living in countries such as Iran, Jordan and Turkey.⁸
- 6.15 There is often pressure placed on refugees in poor countries because of the financial burden they pose. For example the Iranian Government, citing economic reasons, has in recent years:
- ... set several deadlines for refugees to leave the country, has declined to register new arrivals from Afghanistan and Iraq as refugees, has attempted to round up and confine refugees to camps, and, at times, has deported them summarily.⁹
- 6.16 Mr Metcalfe commented that there had always been 'push factors' where people were seeking a better standard of living or to leave countries where they were experiencing human rights abuses. However, he added, a new factor had arisen which was the:

6 DPL, Information and Research Services, Research Paper No. 5 2000-01, *The Problem with the 1951 Refugee Convention*.

7 DPL, Information and Research Services, Research Paper No. 5 2000-01, *The Problem with the 1951 Refugee Convention*, pp. 2, 3.

8 DIMA, *Transcript*, 30 January 2001, pp. 258-9.

9 United States Committee for Refugees, *Country Report: Iran*, <http://www.refugees.org/world/countryrpt/mideast/iran.htm>

... organised criminal business involvement who are just as prepared to package people off in a container to the UK as they are to send them on a boat to America or in a fishing vessel to Australia.¹⁰

- 6.17 People from the Middle East were paying between \$US5 000 to \$US10 000 to people smugglers who were employing Indonesian fishermen to bring them to Australia.¹¹ The Committee was advised during its inspection tour of northern Australia that the trip to Ashmore Reef takes about a day and that the Indonesian crew were being paid about \$US400.

The problem faced by Australia

- 6.18 The Customs annual report for 1999–2000 shows that some 4 100 boat people arrived in 76 vessels, an average of about 1 every 5 days. It is important for Coastwatch to detect the vessels travelling towards the north-west and northern Australian coasts and coordinate their interception for two main reasons:
- the quarantine risk due to the food and mosquitoes which might be on board the vessel and the risk of rabies being carried by any dogs on board;¹² and
 - the duty of care owed by Australia to the people on board because of the treacherous nature of the coastline.¹³
- 6.19 The urgency of Coastwatch's task is compounded because it only takes a day for a boat to travel from Indonesia to Ashmore Reef and then a day or so to arrive at the mainland. However, in Coastwatch's favour is the fact that the people on the boats are happy to be detected because they wish to claim refugee status.¹⁴
- 6.20 The problem of the number of potential refugees arriving by this route needs to be placed in the context of the other people unlawfully in Australia. Mr Metcalfe told the Committee that there are about 53 000 illegal immigrants in Australia at any one time with some 13 000 arriving

10 DIMA, *Transcript, 18 August 2000*, p. 61.

11 DIMA, *Transcript, 18 August 2000*, p. 61.

12 AQIS, *Transcript, 18 August 2000*, p. 67.

13 A supplementary submission from DIMA provides details of the drownings of 5 people seeking to arrive illegally by boat in Australia between December 1998 and December 2000. DIMA, *Submission No. 59*, Volume 4, p. S677.

14 DIMA, *Transcript, 18 August 2000*, p. 54.

each year and the same number being apprehended by DIMA. These people come through airports, desert from ships or overstay their visas.¹⁵

- 6.21 The numbers of illegal immigrants coming to Australia via SIEVs has become significant in 1999–2000 and continues to be of concern. The Committee considers that it is therefore important that a concerted effort be maintained to reduce the number.

Solutions to the problem

- 6.22 One commonly held solution to the problem is for the Government to:

... intercept the vessels off Australia's north coast, provide them with water, food, fuel and medical supplies, and send them back.¹⁶

- 6.23 The Committee considers this option is impractical for the following reasons:

- unless boats are within 12nm of Australian territory they are only able to be bordered and 'warned off'—under UNCLOS they cannot be arrested unless they have broken Australia's national laws;
- there would be nothing to stop the boats returning to Australian waters after being 'warned off';
- many of the boats are in a dilapidated state and could easily sink or be scuttled—Australia has an international obligation to save shipwrecked people; and
- Australia has an obligation as a signatory to the UN Convention on Refugees to respond to a request for refugee status and not return asylum seekers to a place where they faced danger.

- 6.24 The Committee concludes that 'pushing boat people back to sea' is not a viable option. Australia cannot ignore its international responsibilities. Instead Australia must work within the conventions and contribute to solving the problem at its source.

- 6.25 Witnesses from DIMA told the Committee that its first policy objective was to stop people leaving countries to come to Australia. Some 20 compliance officers had been placed in Asia, the Middle East, Africa and the Pacific to work with AFP and Foreign Affairs officers.¹⁷

15 DIMA, *Transcript*, 18 August 2000, pp. 57, 59.

16 Reported in *The Courier-Mail*, 15 February 2001.

17 DIMA, *Transcript*, 18 August 2000, p. 63.

- 6.26 At ministerial level there had been discussions with the countries which were hosting refugee populations in an attempt to shut down people smuggling rings. Efforts were a high priority, but the issues were complex and there had been no breakthroughs.¹⁸ A supplementary submission from DIMA indicated there were negotiations with Indonesia to create a broad framework within which the problem of people smuggling would be addressed,¹⁹ but as Mr Metcalfe told the Committee:

The [boat] people concerned are not Indonesian nationals. Therefore, Indonesia's obligation to take people back will only come about if Indonesia can be satisfied that they will not be left holding the problem. ... Indonesia has a substantial memory of the issues it faced when there was an exodus of Vietnamese from Vietnam in the late 1970s and early 1980s. At one stage, Indonesia had about 20,000 Vietnamese nationals living on an island called Galang in northern Indonesia. That required a comprehensive international solution ...²⁰

- 6.27 DIMA's supplementary submission also advised of its worldwide media campaign to inform smugglers of increased penalties and of the risks involved in trying to enter Australia illegally by boat.²¹ Further information can be obtained from the DIMA publication, *Protecting the Border—Immigration Compliance*.²²

Performance so far

- 6.28 While boat people continue to arrive off the north west of Australia, Mr Metcalfe advised the Committee that a large number of vessels had probably been prevented from leaving Indonesia due to the cooperation between the AFP and its Indonesian counterparts.²³
- 6.29 Mr Bill Farmer, Secretary to DIMA, has also told the Senate Legal and Constitutional Legislation Committee that between November 2000 and February 2001 there had been a reduction in the number of people arriving unlawfully by boat—1 315 down from 3 104 in the previous year. (There had also been a substantial reduction in the number of unauthorised air arrivals in the first 7 months of the current financial year.)²⁴

18 DIMA, *Transcript*, 30 January 2001, p. 259.

19 DIMA, *Submission No. 48*, Volume 3, p. S628.

20 DIMA, *Transcript*, 30 January 2001, p. 259.

21 DIMA, *Submission No. 48*, Volume 3, p. S629.

22 DIMA, *Protecting the Border—Immigration Compliance*. 2000 Edition, pp. 25–9, 45–50.

23 DIMA, *Transcript*, 30 January 2001, p. 259.

24 Senate Legal and Constitutional Legislation Committee, *Transcript 20 February 2001*, p. 122.

- 6.30 A media release from the Minister for Customs on 2 August 2001, however, indicated that the number of SIEVs arriving in the 2000–01 financial year was 4295 compared to the total of 4434 for the previous financial year.²⁵
- 6.31 Mr Farmer also told the Senate committee that Indonesia continued to detain people who were en route to Australia by boat and that there were currently 546 illegal immigrants detained in Indonesia under regional cooperation agreements.²⁶ The Committee notes an article from the Australian Associated Press of 18 May 2001 which reported that Indonesian authorities had over the previous year intercepted over 1100 people from the Middle East who had been destined for Australia. During the previous week, the article noted, 227 people had been intercepted in the ports of Medan and Makassar. According to an Indonesian official the flow of potential illegal immigrants from the Middle East to Australia was increasing.²⁷
- 6.32 The Committee is satisfied that the Minister and DIMA are doing all they can to address this issue. The need for continued effort will always remain for as long as people are subjected to persecution and human rights abuse. The Committee agrees with Mr Metcalfe when he said:
- While the numbers have dropped, we do have continuing information about people seeking to travel to Malaysia and Indonesia to access Australia. While there have been strong efforts to reduce Australia's attractiveness as a destination, it ultimately becomes an economic question as to whether Australia is harder to get to or cheaper to get to than some other destination. It is that very complex set of issues that will determine the numbers we see. We have been effective in dealing with the issue, but the price of that is continued work and continued vigilance.²⁸
- 6.33 However, there will be occasions when SIEVs will evade detection by Coastwatch and be able to land their cargo. The incident when 24 suspected illegal immigrants were detained some 1 300 km north of Perth in April 2001,²⁹ and the warning from Indonesia of increased flows of boatpeople, serves as a reminder that Coastwatch must not let its guard drop.

25 Senator the Hon Christopher Ellison, Minister for Justice and Customs, *Interception by Customs near Ashmore*, Media Release, 2 August 2001.

26 Senate Legal and Constitutional Legislation Committee, *Transcript 20 February 2001*, p. 123.

27 Australian Associated Press, *Indonesia warns of increase in illegal immigrants*, 18 May 2001.

28 DIMA, *Transcript*, 18 August 2000, p. 62.

29 AAP Wire Service, *WA: Police detain 24 suspected illegal immigrants on west coast*, 19 April 2001.

Boat people arriving along the east coast of Australia

- 6.34 The east coast corridor for illegal immigrant entry poses a different challenge for Coastwatch because the entry methods are covert and the consequence if the vessel makes landfall on the populous eastern seaboard is likely to be front page headlines.
- 6.35 Mr Metcalfe told the Committee that the people attempting to enter via the east coast of Australia were ethnic Chinese Vietnamese—a group of about 280 000 which had been displaced from Vietnam during the 1978 Sino-Vietnamese border conflict. They had been granted refugee status by China in the late 1970s with about \$US1 billion of international aid funding assisting their resettlement. However, Mr Metcalfe commented that the group had ‘shown themselves to be particularly interested in foreign travel’ with large numbers illegally travelling to Hong Kong and Japan.
- 6.36 Following a spate of arrivals, an MOU had been negotiated in 1995 with the People’s Republic of China (PRC). The MOU allows any member of the Sino-Vietnamese group to be repatriated to the PRC. This did not contravene the 1951 Refugee Convention because they were being returned to a safe third country from whence they had come. Mr Metcalfe concluded that the MOU had been particularly effective with this group of boat people.³⁰
- 6.37 A consequence of this success is that the people smugglers have attempted covert delivery of their charges. This impacts on Coastwatch because such illegal efforts are harder to detect, and the consequences of failure is likely to result in considerable media attention. In fact, two such ‘unexpected’ boat arrivals—at Holloways Beach, Cairns; and at Nambucca Heads, NSW—in March and April 1999 led to the Heggen Inquiry and subsequently to the Prime Minister’s Task Force review.³¹
- 6.38 After the announcement of the Prime Minister’s review, but before the release of the report, Coastwatch successfully coordinated the interception of another SIEV near Broken Bay NSW. The 40 metre long vessel had been detected 600 nm offshore and monitored for some 11 days until it crossed into Australia’s territorial sea. The vessel was apprehended and escorted

30 DIMA, *Transcript*, 30 January 2001, p. 258.

31 Minister for Justice and Customs, Senator the Hon Amanda Vanstone, *Minister orders inquiry*, Media Release, 12 March 1999; Australian Customs Service, *Heggen inquiry extended to Nambucca Heads*, News Release, 10 April 1999; The Prime Minister, the Hon John Howard MP, *Coastal surveillance task force*, Media Release, 12 April 1999.

to Sydney.³² A supplementary submission from DIMA advised that the master of the vessel was successfully prosecuted for offences under the Migration Act and was sentenced to 18 months imprisonment to serve 12 months.³³

- 6.39 A further SIEV successfully offloaded its passengers at Holloways Beach, Cairns in July 2000. There followed a series of arrests in Cairns and Brisbane which culminated in the arrest 300 nm north of Cairns of the 40 metre fishing vessel which had brought them to Australia.³⁴
- 6.40 Mr Metcalfe told the Committee that in this instance the people had each paid around \$US30 000 to the people smugglers and were 'virtually being held hostage' at Holloways Beach until confirmation that their relatives had paid the amount to the organisers in the PRC.³⁵
- 6.41 The supplementary submission from DIMA advised that it was determined there was insufficient evidence to charge 7 of the 11 crew members of the vessel. The 4 other crew members received sentences ranging from 12 months to 4½ years imprisonment. As well, 2 onshore organisers were sentenced to 2 years to be released after 1 year. Upon release DIMA advised they would be removed from Australia.³⁶

Efforts to combat the smugglers

- 6.42 Mr Metcalfe told the Committee that the Department's overseas information campaign had proved most effective in the PRC. There had been extensive work in the southern provinces where the people originated from and the campaign would increasingly be extended elsewhere.³⁷
- 6.43 As well, recent amendments to the Immigration Act had increased penalties for people smuggling. Penalties now range from up to 10 years imprisonment for smuggling 5 or fewer people, to 20 years for smuggling more people.³⁸ A supplementary submission from DIMA provided as an attachment details of the results of prosecutions in the Northern Territory

32 Australian Customs Service, *Suspect illegal entrant vessel boarded near Sydney*, News Release, 5 June 1999.

33 DIMA, *Submission No. 61*, Volume 4, p. S709.

34 Minister for Justice and Customs, Senator the Hon Amanda Vanstone, *Suspect boat detained by Customs—alleged organisers arrested*, Media Release, 15 July 2000.

35 DIMA, *Transcript, 18 August 2000*, p. 61.

36 DIMA, *Submission No. 61*, Volume 4, pp. S709–10.

37 DIMA, *Transcript, 18 August 2000*, p. 63.

38 DIMA, *Submission No. 47*, Volume 3, p. S628.

and Western Australia of the crews of SIEVs.³⁹ The sentences were commonly between 2 and 4 years with the maximum being 7 years, 3¹/₂ years non parole—this was for a crew member of a boat carrying 281 illegal immigrants which arrived at Christmas Island in February 2000.⁴⁰

- 6.44 The Committee also notes that the recently introduced *Crimes Amendment (Age Determination) Bill 2001* will allow officials to x-ray the wrists of people unwilling to disclose their identity to determine age.⁴¹
- 6.45 A supplementary submission from DIMA has detailed Australia's efforts to enter into agreements with foreign governments aimed to combat people smuggling. The submission advised that the department has entered into discussions/negotiations or has agreements with the East Timor Transitional Administration, Indonesia, Iran, Jordan, Pakistan, Papua New Guinea, PRC, Syria, and Turkey.⁴²
- 6.46 The Committee notes that DIMA and the AFP have also established a strike force to prevent people smuggling. Articles in the media have indicated that, in March 2001, investigations carried out by the strike force have resulted in the break up of a people smuggling and money laundering syndicate with arrests in Australia, Hong Kong and the United Kingdom.⁴³

The Committee's conclusion

- 6.47 The Committee believes the risk of covert landings along Australia's east coast will remain for some time despite the efforts of DIMA to combat the problem at source and Coastwatch's efforts at detection. This is because people smugglers are involved with the illegal departure of between 50 000 and 100 000 people from the PRC each year.⁴⁴
- 6.48 However, the Committee is satisfied that covert smuggling on the east coast has achieved little success to date. The evidence for this view was provided by DIMA witnesses who told the Committee that interviews with illegal immigrants who have been caught in Australia have indicated they had not arrived covertly by boat.⁴⁵ The issue has been discussed in Chapter 3.

39 DIMA, *Submission No. 59*, Volume 4, pp. S678–706.

40 DIMA, *Submission No. 59*, Volume 4, p. S702.

41 Minister for Justice and Customs, Senator the Hon Christopher Ellison, *New technology to combat people smuggling*, Media Release, 7 March 2001.

42 DIMA, *Submission No.59*, Volume 4, pp. S674–6.

43 AAP Wire Service, *Arrests a big breakthrough in people smuggling crackdown*, 14 March 2001.

44 DIMA, *Transcript, 18 August 2000*, p. 64.

45 DIMA, *Transcript, 18 August 2000*, p. 57.

- 6.49 There is, however, a warning for those combating people smuggling in the north west of Australia. If Australia's efforts to stem the flow of boat people from the Middle East succeed and enable Australia to repatriate such people to their source country, the people smugglers may well switch to covert smuggling. The risk will be compounded with the growth of a nucleus of people resident in Australia who may be prepared to be the Australian link in any smuggling chain.
- 6.50 It is unrealistic to expect any Coastwatch organisation to provide total coverage of the coastline all of the time, so good intelligence and risk management will be crucial to maintaining covert landings at an acceptable level. From time to time, boats carrying illegal immigrants are bound to evade detection and make landfall.⁴⁶ The test for Coastwatch will be its ability to respond to these incidents to 'plug the gap'.
- 6.51 The Committee is also confident that DIMA is doing what it can to combat people smuggling through its contacts with the governments of foreign countries that are the source countries or transit points for illegal immigrants.

The movement of people across the Torres Strait

- 6.52 During the Committee's inspection tour of the Torres Strait it was told that annually there were over 40 000 people movements between the southern coast of Papua New Guinea (PNG) and islands in the Strait. A DIMA publication indicates that the number of such movements has increased substantially, from 21 000 in 1994 to 46 000 in 1999–2000.⁴⁷
- 6.53 The movement of such large numbers of people across the Torres Strait provides a challenge to authorities to identify movements that are associated with illegal activities. The problem is compounded because the travel time by boat from PNG to the nearest island in the Strait can be as brief as 15 minutes and to the Cape York Peninsula about 8 hours.⁴⁸
- 6.54 The control and management of people movements is affected by the Torres Strait Treaty between Australia and PNG. The Treaty which was signed in 1978 describes the boundaries between the two countries and how various areas within the Strait may be used.

46 For example, in April 2001, 24 suspected illegal immigrants from Sri Lanka landed on the coast near Exmouth Western Australia. AAP Wire Service, *Police detain 24 suspected illegal immigrants on west coast*, 19 April 2001.

47 DIMA, *Protecting the Border—Immigration Compliance*. 2000 Edition, p. 50.

48 AFP, *Submission No. 43*, Volume 3, p. S585.

- 6.55 A large proportion of the Strait has been defined as the Torres Strait Protected Zone.⁴⁹ Within the zone and also in the nearby coastal areas of PNG, Torres Strait islanders and the coastal people of PNG are able to move freely and carry on traditional activities without the need for passports and visas. Traditional activities include:
- activities on land such as gardening and food collection;
 - activities on water such as fishing for food;
 - ceremonies and social gatherings; and
 - traditional trade.⁵⁰
- 6.56 However, no evidence was provided to the Committee to indicate that people smuggling was a major issue. This may in part be due to the remoteness of the Strait and Cape York Peninsula and also to a 1994 MOU between Australia and PNG. The MOU provides that 'people who cross the international border illegally in the Torres Strait will be returned.'⁵¹
- 6.57 A submission from the AFP stated that the major law enforcement issue for the area is the 'structured small-scale importations of cannabis from PNG to Northern Australia.' The drugs were being transported by fibreglass banana boat and aluminium dinghies from PNG to islands in the Strait and to Cape York Peninsula. Australian registered trawlers and light aircraft were also being used. In the mistaken belief that Coastwatch aircraft could not operate at night, illegal cross border activities tended to be carried out after dark.⁵²
- 6.58 The importation is funded by various goods leaving Australia. The AFP submission commented:
- Small amounts of cannabis is exchanged for cash, firearms, ammunition, fuel, outboard motors, dinghies, pornographic videos, methylated spirits, alcohol and food. Intelligence shows that relatively small quantities of munitions and methylated spirits are exchanged for cannabis. Generally single firearms are exported however caches ranging from five to seven firearms have been seized or reported. The types of firearms exported include handguns, rifles of various calibres, SKS and SKK semi-automatic
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49 About two thirds of this zone fall within Australia's seabed jurisdiction. Several islands are within the PNG jurisdiction but are Australian territory with their own 3 nm territorial seas. There is also a fisheries jurisdiction area which encompasses all of Australia's islands in the strait.

50 Department of Foreign Affairs and Trade, *Torres Strait Treaty and you*.

51 DIMA, *Submission No. 48*, Volume 3, p. S627.

52 AFP, *Submission No. 43*, Volume 3, pp. S585, S588.

carbines and shotguns. Methods of importation and exportation can be described as ad hoc, opportunistic and unsophisticated nevertheless they are effective.⁵³

- 6.59 The submission concluded that Coastwatch provided a vitally important role in ‘the detection of drug importations, people smuggling and firearms exportations’ and that ‘carefully planned and coordinated night operations’ involving Coastwatch aircraft and Customs vessels would provide useful intelligence and deter some criminal activities. The submission also noted that the installation of a ‘Suricate coastal surveillance radar (microwave) or high frequency ground wave radar on a strategically located island’ would be capable of ‘detecting and tracking small craft’ and augment Coastwatch surveillance.⁵⁴
- 6.60 The Committee has overflown islands in the Torres Strait during its inspection tour of northern Australia. The Committee has also been briefed by local officers of Commonwealth and Queensland Government agencies. The Committee was impressed by the proximity of the islands to each other and the Australian mainland and the consequent challenges this poses for law enforcement. The Committee believes that the installation of strategically placed surveillance radar facilities in the Torres Strait would enable continuous monitoring of the region and provide valuable intelligence for Coastwatch-coordinated operations. Enhancing radar coverage is of national significance as it would supplement Australia’s existing or future Defence radar coverage of the region.
- 6.61 The Committee notes Coastwatch’s advice in a supplementary submission that it has engaged a consultancy firm to undertake a study of Torres Strait surveillance requirements.⁵⁵

Recommendation 6

- 6.62 **Based on Coastwatch’s review of surveillance requirements in the Torres Strait, the Government should consider providing additional resources to increase surveillance coverage of the Torres Strait.**

53 AFP, *Submission No. 43*, Volume 3, p. S587.

54 AFP, *Submission No. 43*, Volume 3, pp. S588, S587.

55 Customs, *Submission No. 56*, Volume 4, p. S663.

Illegal fishing by foreign vessels

- 6.63 Dwindling fish stocks are a major concern to governments worldwide. Mr Frank Mere, Managing Director Australian Fisheries Management Authority (AFMA) told the Committee:

The United Nations Food and Agriculture Organisation estimates that one-half of the world's maritime fisheries are already fully exploited, with an additional one-sixth being overexploited. Coupled with this, we have an increasing growth in the number of world fleets and less homes, if you like, in which those fleets can legally fish.⁵⁶

- 6.64 A further factor is the likely ratification by Australia of the UNCLOS provisions relating to the Conservation and Management of Straddling Fish Stocks and Highly Migratory Fish Stocks. This agreement will require additional monitoring of fishing activities beyond the 200 nm limit.⁵⁷ A supplementary submission from Customs acknowledges that the agreement will require Australia to undertake 'fisheries surveillance and law enforcement action in a range of regions beyond Coastwatch's current area of operations.'⁵⁸

Fishing off the north and north west coasts of Australia

The pressure to fish illegally in Australian waters

- 6.65 During its inspection tour of northern Australia the Committee participated in two Coastwatch patrols between Darwin and Broome. The first was a strategic surveillance patrol along the 200nm limit to Ashmore Reef. The second patrol was a tactical flight in response to a SIEV that had been detected.⁵⁹
- 6.66 During the patrols the Committee saw at first hand the large number of Indonesian fishing boats that are allowed to fish in Australian waters around and to the south of Ashmore Reef under an MOU with Indonesia. The MOU defines an area where traditional Indonesian fishing boats are

56 AFMA, *Transcript, 8 September 2000*, p. 86.

57 DIMA, *Transcript, 30 January 2001*, p. 283.

58 Customs, *Submission No. 56*, Volume , p. S667.

59 Further information about the incident can be found in the House of Representatives publication, *About the House, Issue 6 November/December 2000*, and on the website at: www.aboutthehouse.aph.gov.au

permitted. These boats are non-motorised sail powered vessels classified as Type 1 and Type 2 vessels. Motorised fishing vessels, classified as Type 3, are not permitted within the 200 nm zone.⁶⁰

- 6.67 A supplementary submission from AFMA cited a CSIRO reef top survey of the area within the MOU which indicated severe overfishing of the species targeted by the traditional fishermen—trochus, beche-de-mere (trepang) and shark.⁶¹ Consequently, there is increasing pressure for traditional fishermen to fish illegally in Australian waters. As Mr Peter Venslovas, Senior Manager Compliance, AFMA, put it:

I do not have specific figures in relation to the current prices or market prices for shark fins or trochus shells, but we understand that, if an Indonesian boat can make a foray into the Australian fishing zone and escape successfully, then the investment that is directed towards that voyage is more than recouped on that first voyage, and that would include the value of the boat.⁶²

Coastwatch's performance

- 6.68 Figures provided by AFMA at a public hearing indicated that the apprehension rate of illegal fishing boats in 1998 was not high.⁶³ The figures provided for 1999 in an AFMA supplementary submission showed a deterioration in apprehension rate. For example, the rates for the areas to the east of Ashmore Reef showed the apprehension rate for Type 2 vessels and Type 3 vessels dropping from 2% and 6% in 1998 to 0.8% and 1.9% in 1999.⁶⁴
- 6.69 At the hearing Mr Venslovas commented that the apprehension rate figures should be interpreted with some caution because of the likelihood of multiple sightings of the same vessel. This was likely because the Coastwatch surveillance aircraft were usually asked by AFMA to remain covert to assist apprehension and this prevented positive identification of individual vessels.⁶⁵
- 6.70 Commenting on 'the ones that got away' Rear Admiral Shalders told the Committee that Coastwatch sometimes made a sighting which could not be dealt with because of the lack of assets in the area. He gave an example

60 A description of the vessels can be found at: AFMA, *Submission No. 46*, Volume 3, pp. S609–10.

61 AFMA, *Submission No. 46*, Volume 3, p. S610.

62 AFMA, *Transcript, 8 September 2000*, p. 94.

63 The figures were the ratio of apprehended boats divided by the number of boats detected plus the number not detected but subsequently arrested during a surface interdiction patrol.

64 AFMA, *Transcript, 8 September 2000*, p. 96; *Submission No. 46*, Volume 3, p. S621.

65 AFMA, *Transcript, 8 September 2000*, pp. 93, 96.

of four fishing vessels inside the line north of Arnhem Land against which a response could not be mounted.⁶⁶

6.71 A second reason for illegal fishing vessels escaping the net is that Australian response vessels are diverted to higher priority tasks. Mr Venslovas acknowledged that when an issue involving possible illegal immigrants arose fisheries matters would take second place.⁶⁷ The Committee too noted a similar redirection of priorities when the surveillance patrol it was on detected three illegal fishing boats, but the RAN patrol boat sent in response was diverted to assist in apprehending a SIEV.

6.72 However, despite these factors, Mr Geoffrey Rohan, General Manager Operations AFMA, told the Committee:

I note that there are many fishing vessels in Indonesian and Papua New Guinea waters, but particularly Indonesian waters, most of them Indonesian nationals, but some of them are also foreign vessels flagged or licensed by Indonesia that are tempted to come across the line, and I believe that we have been able to contain that to a large extent.⁶⁸

Combating the problem

6.73 There are three aspects to combating the problem of illegal fishing:

- the ability to detect;
- the ability to respond; and
- the ability to deter.

6.74 The Committee believes that at present Coastwatch's ability to detect illegal fishing boats is adequate and will improve as new land based radars such as JORN and surface wave radars become fully operational or are introduced. Acting in Australia's favour is the fact that illegal fishing vessels are for the most part far slower than the RAN patrol boats or Customs Bay Class vessels sent to capture them and Australian and international law permits hot pursuit of vessels escaping into international waters.

6.75 On the other hand, evidence of the low apprehension rate indicates the ability to respond is a major factor limiting performance. While the data

66 Customs, *Transcript*, 30 January 2001, p. 281.

67 AFMA, *Transcript*, 8 September 2000, p. 87.

68 AFMA, *Transcript*, 8 September 2000, p. 91.

provided is for 1998 and 1999, comments regarding the diversion of surface assets from fisheries matters to higher priorities, as well as the Committee's first hand experience, indicates the situation has not changed.

- 6.76 With the apparent depletion of stocks in the MOU area, the temptation to fish in Australian waters is almost certain to increase. In fact Rear Admiral Shalders told the Committee that illegal fishing activity was increasing, from 50 vessels apprehended in 1998–99, through 79 in 1999–2000, to 65 in the first 7 months of 2000–01.⁶⁹
- 6.77 Also, if at some future time Australia and Indonesia decide to ban fishing in the MOU to allow stocks to recover, the pressure will further increase. The Committee recalls the substantial number of Type 2 vessels it observed legally fishing in the MOU. The Committee notes that the Draft Management Plan for the islands within the MOU, released in May 2001, proposes the closure of the Cartier Island Marine Reserve to traditional Indonesian fishermen.⁷⁰
- 6.78 The Committee believes therefore it is important to increase Australia's ability to respond to incursions of foreign boats that may be fishing illegally. One way may be to boost Australia's presence in northern waters through the lease of additional vessels to respond when illegal fishing boats are detected or to undertake medium term patrols of the region.

Recommendation 7

- 6.79 **Defence, Coastwatch, and Customs with advice from the Australian Fisheries Management Authority should review options for increasing Australia's ability to respond to illegal fishing in northern waters. If warranted, the Government should consider increasing Australia's response capability in northern waters.**
- 6.80 Regarding deterrence, the Committee was advised by Rear Admiral Shalders that since December 1999 AFMA was able to conduct 'administrative seizures' which entailed the confiscation of gear and catch but with the release of the boat.⁷¹ However, Mr Rohan told the Committee

69 Customs, *Transcript*, 30 January 2001, p. 282.

70 EA, *Ashmore Reef National Nature Reserve and Cartier Island Marine Reserve Draft Management Plans*, May 2001, p. 32.

71 Customs, *Transcript*, 30 January 2001, p. 282.

that 'the vessels seized in northern Australia by and large are forfeited to the Crown.'⁷²

- 6.81 As well as forfeiture of vessel and catch, penalties include fines up to \$550 000. However, Mr Venslovas told the Committee that under UNCLOS Article 73, penalties under national laws could not include imprisonment. On the other hand, recidivists who had breached the conditions of previous bond arrangements could be imprisoned.⁷³ A supplementary submission from AFMA advised that the gaol terms for recidivists have ranged from 30 days to 525 days.⁷⁴
- 6.82 Mr Venslovas also told the Committee the sentences handed down by the courts was not helpful in creating a deterrent effect. He said:
- In terms of recidivists, we do have experiences when the occurrence of repeat offenders is quite high. However, it gets down to the deterrent effect our actions are having ... It is possibly true to say that, with the amount of recidivism, certainly in some areas we are not having the desired level of deterrence that we would like to have there, but we are at the mercy of the courts in terms of the penalties that are handed down.⁷⁵
- 6.83 A supplementary submission from AFMA stated that 'in Broome it [was] not uncommon for offenders to be apprehended on three separate occasions and sometimes more.'⁷⁶
- 6.84 The Committee believes it would be inappropriate for it to comment on the leniency or otherwise of the courts. The Committee recalls comments made to it during its inspection tour that would indicate that lengthy gaol terms might be having limited deterrence. This was because, it was alleged, prisoners received medical and dental treatment and were able to return to Indonesia with money and they had earned during their sentence. While such amounts might be modest, it could represent a reasonable sum in their home country.
- 6.85 A supplementary submission from DIMA advised that 'Indonesian nationals serving sentences for fisheries and people smuggling offences are paid gratuities to provide for daily necessities'. They were able to accumulate these to purchase items such as television sets and video cassette recorders. However, the Migration Act enabled the

72 AFMA, *Transcript*, 8 September 2000, p. 90.

73 AFMA, *Transcript*, 30 January 2001, p. 311.

74 AFMA, *Submission No. 57*, Volume , p. S669.

75 AFMA, *Transcript*, 30 January 2001, p. 311.

76 AFMA, *Submission No. 57*, Volume , p. S669.

Commonwealth to seize valuables and cash to cover the costs of detention and removal.⁷⁷ The money and valuables of unlawful non-citizens were seized when they were about to be repatriated, but they were allowed to keep some cash to enable them to travel to their home villages when they arrived in their country of origin.⁷⁸

6.86 The Committee expects this aspect of the Migration Act to be applied when people convicted for people smuggling and fisheries offences are removed from the country.

6.87 It occurred to the Committee that, as with countering the boat people arriving in the north and north west, in the long term it is better to solve the problem at source. For example, providing aid to Indonesian fishing communities which was designed to promote fish farming could help to alleviate the pressure on wild fish stocks.

6.88 The evidence from AFMA that Australia's legal response did not seem to be having the desired deterrent effect appeared to contradict other evidence from AFMA. Mr Rohan argued that a coercive capacity was needed because illegal fishermen were becoming increasingly aggressive because of fear of losing their vessels. He said:

To a large extent, we are dealing with people who are traditional fishers and not well armed. ... We sense that the response that the boarding parties are getting is of increasing resistance and less respect for the Australian authorities boarding the vessels, and that is fed by desperation from the prospect of losing their vessels if they come to port. As the vessel increases in value, that desperation increases.⁷⁹

6.89 Mr Venslovas cited an incident in 1998 where the crew of an Indonesian vessel attempting to abscond hit the shadowing Coastwatch helicopter with sinkers and other objects. He also cited occasions where fisheries officers were threatened by knives and machetes.⁸⁰

6.90 The implication of these remarks—that the Customs Bay Class vessels should be armed—was made explicit by Mr Rohan when he said:

... if the Customs Bay Class vessels were going to apprehend foreign fishing vessels—and the sorts of vessels they are likely to

77 Division 10 of the *Migration Act 1958* contains provisions relating to the costs of detention, removal and deportation.

78 DIMA, *Submission No. 59*, Volume 4, p. S676.

79 AFMA, *Transcript, 8 September 2000*, pp. 88, 90.

80 AFMA, *Transcript, 8 September 2000*, p. 89.

come across will be bigger than the Bay Class vessels—it helps to have some coercive stopping power.⁸¹

- 6.91 Air Vice Marshall Allan Houston, Head Strategic Command, acknowledged that there had been instances where non-lethal use of weapons had been used against illegal fishermen in northern waters.⁸²
- 6.92 However, Rear Admiral Shalders responded by saying that of the 79 fishing vessels dealt with in 1999–2000 he could not recall where force had been used against uncooperative illegal fishing vessels. It was a very rare occurrence, he added, and he unequivocally stated that no force had been needed to deal with the 65 foreign fishing vessels dealt with in the current financial year to the time of the hearing.⁸³
- 6.93 On the basis of the evidence before it, the Committee considers the argument that there is **increasing** violence by alleged illegal fishermen against the authorities has not been sustained. Consequently, the Committee does not believe there is a case for fixing weapons to the Customs vessels. The Committee notes that recent amendments to the legislation allow Customs officers to carry ‘approved firearms and other personal defence equipment’.⁸⁴ The Committee considers that at present this should be sufficient.
- 6.94 Whether RAN or unarmed Customs vessels are used in apprehending illegal fishing vessels is a management issue. The Committee is confident that Coastwatch in deciding which asset to deploy would be mindful of the possible response of the target vessel. It is not as if vessels resisting apprehension are able to quickly escape. The surveillance capability of Coastwatch and Australia’s right of hot pursuit up to the territorial waters of another country will mean that there will be adequate time to bring the necessary coercive power to bear.
- 6.95 An additional point made in a Defence supplementary submission is relevant. The comment provides a strong argument for caution in any decision to arm Customs vessels.

... enemy merchant vessels, which may be taken to include GNCS vessels [vessels on government non-commercial service], may be attacked as military objectives if they are, “armed to an extent that they could inflict damage to a warship. This excludes light individual weapons for the defence of personnel ...”. Such a

81 AFMA, *Transcript*, 30 January 2001, p. 280.

82 Defence, *Transcript*, 30 January 2001, p. 281.

83 Customs, *Transcript*, 30 January 2001, p. 281.

84 Customs, *Submission No. 25*, Volume 1, p. S253.

definition would most likely render armed GNCS vessels liable to attack in time of armed conflict.⁸⁵

- 6.96 The Committee considers that it is inappropriate to arm civilian vessels.

Fishing in the Southern Ocean

- 6.97 Australia lays claim to extensive areas of Antarctica and as a consequence has a large economic exclusive zone (EEZ) in the Southern Ocean adjacent to the Australian Antarctic Territory. There is also an EEZ around the Southern Ocean Heard and McDonald Islands (HIMI) some 4 000 km south west of Australia, and Macquarie Island between Tasmania and Antarctica.
- 6.98 Currently the main fishery around HIMI is for the Patagonian toothfish. The Patagonian toothfish are long lived, slow growing species and are only able to slowly replenish their numbers. Consequently, the potential impact of overfishing is more devastating.
- 6.99 The Committee understands that the value of this fishery to licensed Australian fishing boats is \$30m per annum on a sustainable yield basis. The value of the fishery is therefore substantial and is likely to increase as fish stocks worldwide become depleted through overfishing.
- 6.100 In 1997, Australia demonstrated a commitment to protecting its rights in its Southern Ocean EEZ when it became apparent illegal fishing for Patagonian toothfish was occurring around the HIMI. Subsequent RAN patrols in the area in October 1997 and February 1998 apprehended three foreign fishing vessels.⁸⁶
- 6.101 The submission from Customs acknowledges that operations in the HIMI area are outside Coastwatch's mainstream operations, but notes that the Director General Coastwatch chairs the HIMI Operational Group. As a consequence 'Coastwatch has maintained full visibility of operations, as well as a degree of responsibility for their conduct.'⁸⁷
- 6.102 The issues relating to combating illegal fishing in Australia's remote EEZ are different to those of northern waters. The main differences are the remoteness of the area, the harshness of the conditions, and the illegal fishing vessels confronting Coastwatch which are larger and carry more sophisticated equipment.

85 Defence, *Submission No. 50*, Volume 3, p. S639.

86 Customs, *Submission No. 25*, Volume 1, p. S255.

87 Customs, *Submission No. 25*, Volume 1, pp. S255-6.

- 6.103 The principles in the discussion that follow also apply to other areas of the Southern Ocean such as the South Tasman Rise where in 1999 factory trawlers over 90 metres in length were fishing for orange roughy for between two and three weeks. The area is just outside Australia's fishing zone but is cooperatively managed with New Zealand.^{88,89}

The ability to detect illegal fishing activities

- 6.104 The submission from Customs indicated that the distances involved created a challenge for Coastwatch regarding aerial surveillance of the HIMI area. Surveillance could only be provided using highly modified aircraft which could only employ visual, non-electronic, surveillance. In 1998, Coastwatch had trialed civilian-based radar satellite surveillance, but the results had been inconclusive. This was because of limitations in the software's ability to interpret the radar contacts that had been detected. However, the submission noted that Coastwatch did have 'constant access to classified surveillance sources from Defence which are used in support of Southern Ocean monitoring.'⁹⁰
- 6.105 A way to provide additional surveillance capability was suggested in a supplementary submission from Surveillance Australia. The submission drew the Committee's attention to a scoping study by Environment Australia's Australian Antarctic Division for an air link between Australia and the Australian Antarctic Territory. The study referred to the possibility of enhancing Australia's ability to conduct air surveillance of the Territory and the Southern Ocean.
- 6.106 Surveillance Australia's submission and subsequent evidence to the Committee at a public hearing provided detailed information about the aircraft requirements for such surveillance. The submission noted that during the winter months the aircraft could be used for surveillance duties in northern Australia.⁹¹
- 6.107 A further way to increase surveillance capability was suggested by Mr Gary Clarke, Managing Director Sonacom Pty Ltd. He told the Committee of a proposal to trial the deployment of sonobuoys in the Southern Ocean to monitor fishing vessel activity. The sounds of vessels

88 AFMA, *Transcript, 8 September 2000*, p. 91; *Transcript, 30 January 2001*, p. 283.

89 As a result of successful diplomatic efforts the South African Government withdrew the licences of three South African registered fishing vessels for taking endangered fish stocks. Defence, *Submission No. 28*, Volume 2, p. S280.

90 Customs, *Submission No. 25*, Volume 1, p. S256.

91 Surveillance Australia, *Submission No. 40*, Volume 3, pp. S564-5.; *Transcript, 17 October 2000*, p. 185.

would be detected and the information relayed via satellite to Australia. He said it was probably possible to identify up to six individual vessels in an area of about 20 nm by their acoustic signatures. The buoys which cost between \$2 000 and \$5 000 had a life of about 6 months and could provide continuous monitoring.⁹²

- 6.108 The Committee is not in a position to assess the merits of the proposals to increase surveillance capability in the remote Southern Ocean. However, there appears merit in the suggestion that aircraft supplying Australia's Antarctic bases undertake some surveillance activity, even though flights would have to divert from the Australia–Antarctic route to cover the HIMI.
- 6.109 The deployment of sonobuoys would also seem to provide a suitable low cost (when considering the 24 hours surveillance capability and costs of aircraft flights) solution to surveillance needs in the medium term.
- 6.110 The Committee notes advice provided by Customs in a supplementary submission that the HIMI Operational Group is preparing an options paper for Ministers on how to address potential threats to Australia's interests in the Southern Ocean.⁹³ The Committee endorses this review.

The ability to respond to illegal fishing activities

- 6.111 Australia's primary response to illegal fishing in the Southern Ocean has been to mount surface vessel patrols of the area. The Auditor-General noted that an interdepartmental committee examination of patrol requirements of Southern Ocean in 1997 concluded that 'Coastwatch or the RAN did not possess any marine vessels capable of undertaking interception and/or surveillance activities' of the region 'on a protracted basis.' It was recommended Coastwatch and client agencies 'assess the risks, develop options and assess costs of patrols of the Southern Ocean and Australian Antarctic Territory.'⁹⁴
- 6.112 Customs agreed with the recommendation with qualification, noting in part that government funding had been provided 'to charter a civilian vessel to carry out fisheries enforcement activities'.⁹⁵ The civilian vessel currently used is the 74 metre P&O vessel the *Southern Supporter* (previously known as the *Cape Grafton*). The most recent patrol by the

92 Sonacom, *Transcript*, 8 September 2000, pp. 143–4.

93 Customs, *Submission No. 56*, Volume , p. S666.

94 Auditor-General, *Audit Report No. 38, 1999–2000*, p. 59.

95 Auditor-General, *Audit Report No. 38, 1999–2000*, p. 59.

resulted in the apprehension of an illegal fishing vessel in April 2001.⁹⁶ In addition there have been RAN patrols of the area in 1997 and 1998 undertaken by two frigates and a fleet tanker.⁹⁷

- 6.113 The submission from AFMA noted that the funding commitment for this patrol activity ceases in 2003.⁹⁸ Consequently, the Committee has raised with witnesses the requirements for vessels suitable to patrol the region. The issue as to whether these vessels should be armed to facilitate apprehension was also raised.
- 6.114 The Committee has received a submission from Mr John Simmons, Marine Consultant on the matter. He advised that several civilian vessels were capable of operating in the Southern Oceans.⁹⁹ While unable to provide the acquisition costs of suitable weapons, Mr Simmons indicated that the cost of installing the weapons specified for the replacement patrol boats would be about \$180 000.¹⁰⁰
- 6.115 The Committee has discussed the need for arming civilian fisheries patrol vessels when discussing the illegal fishing problems in northern Australian waters. In this case it is likely that the value of the illegal fishing vessel will increase the likelihood that it will attempt to resist apprehension.
- 6.116 Indeed, during the April 2001 incident the illegal fishing boat, the *South Tomi*, attempted to abscond but was finally boarded in a combined Australian and South African defence forces operation 390 km south of Cape Town after a 4 100 km hot pursuit by the *Southern Supporter*.¹⁰¹
- 6.117 This strengthens the argument for an appropriately armed patrol vessel, because had the *Southern Supporter* had the necessary coercive capacity it would not have had to engage in a costly hot pursuit and abandon its patrol area, leaving the fishing zone open to any other illegal fishing boats which might be in the area.

96 Hon Wilson Tuckey MP, Minister for Forestry and Conservation, *Australia captures million dollar foreign fish poacher*, Media Release, 12 April 2001.

97 Customs, *Submission No. 25*, Volume 1, p. S255.

98 AFMA, *Submission No. 18*, Volume 1, p. S127.

99 The vessels would need to be ice capable and have sufficient range. They would also need to be sea capable in force 8 weather conditions.

100 Mr John Simmons, *Submission No. 45*, Volume 3, p. S598–600.

101 Hon Wilson Tuckey MP, Minister for Forestry and Conservation, *Australia captures million dollar foreign fish poacher*, Media Release, 12 April 2001; Hon Peter Reith MP, Minister for Defence, *Minister congratulates ADF and AFMA on successful mission*, Media Release, 12 April 2001.

- 6.118 This needs to be balanced by the value of the HIMI fishery which is worth some \$30m annually. However, the Committee notes that the *South Tomi* was found with some 90 tonnes of Patagonian toothfish valued at \$1.6m.¹⁰² It is evident therefore that the HIMI fishery remains lucrative to potential fish poachers.
- 6.119 The comment from Defence that an armed vessel becomes a legitimate target in times of war also mitigates against arming a Southern Ocean civilian patrol vessel. If a civilian vessel was contracted to undertake armed patrols it would either have to be on long term contract/lease or the weaponry would need to be removed each time the vessel undertook other activities.
- 6.120 It occurred to the Committee that if armed patrols of the Southern Ocean were to be undertaken, an ice capable civilian vessel should be purchased or a new vessel built and added to the RAN fleet. It would be ironic if the recently captured *South Tomi*, valued at \$1.2m,¹⁰³ was forfeited to the Commonwealth and converted to a Southern Ocean patrol vessel.
- 6.121 The Committee notes there are other remote areas that need to be patrolled such as the orange roughy grounds south of Tasmania and around the Christmas Islands and the Cocos (Keeling) Islands.¹⁰⁴
- 6.122 It is likely the need for remote patrols will increase when, as has been predicted, Australia ratifies the UN fish stocks agreement. Under the agreement Australia will need to monitor the harvesting of migratory fish species which may move beyond Australia's fishing zones to the zones of other countries.
- 6.123 It would seem sensible in such cases to mount joint patrols with other countries, especially with countries with an interest in the Southern Oceans, for example New Zealand and France.¹⁰⁵ It would be appropriate for those countries to contribute to the costs of those joint patrols.

102 Australian Associated Press, *Toothfish captain pleads guilty over haul charges*, 6 August 2001.

103 Australian Associated Press, *Captain remanded over toothfish haul*, 11 May 2001.

104 AFMA, *Transcript*, 8 September 2000, p. 83.

105 The French Kerguelen Islands share a common border with the Heard and McDonald Islands.

Recommendation 8

- 6.124 **Defence should investigate, with subsequent advice to the Government, the cost of acquiring and outfitting a vessel to patrol the Southern Ocean and other remote areas, and the feasibility of mounting joint patrols of the Southern Ocean with other countries with an interest in the region.**

The ability to deter illegal fishing activities

- 6.125 Operators of illegal fishing vessels have to balance the value of their potential catch against the possibility of being detected and apprehended, and the penalties which are incurred. As is apparent from the discussion above the poachers are advantaged by the remoteness of the HIMI which decreases the chance of detection and apprehension on the high seas. However, the potential penalties can include fines of up to \$550 000 and forfeiture of the vessel. In the case of the vessels fishing in the Southern Ocean, which can be some 80 metres long, forfeiture can represent a substantial penalty. This provides a significant deterrent.
- 6.126 In the cases where three illegal fishing boats had been apprehended in 1997 and 1998, two of the masters were each fined \$100 000 and forfeited a bond of over \$2m for the release of their vessels. The owners of the third vessel lost the vessel because of action taken by their mortgagee to have it sold.¹⁰⁶
- 6.127 Mr Frank Mere, Managing Director AFMA, when providing evidence to the Committee recalled an incident in September 2000 where a Falklands registered fishing vessel was observed fishing illegally in the waters around the HIMI.¹⁰⁷ He told the Committee that the owners and skipper of the Falklands registered vessel were fined considerable amounts and their authority to work in sub-Antarctic waters had been cancelled.¹⁰⁸
- 6.128 In the case of the *South Tomi*, the Captain pleaded guilty to two charges of illegal fishing with a maximum penalty of \$1.1m. He awaits trial on a

106 AFMA, *Foreign Fishing Vessel Aliza Glacial Sets Sail*, Media Release, 23 December 1998.

107 Hon Warren Truss MP, Minister for Agriculture, Fisheries and Forestry, *Patagonian toothfish poacher sighted in AFZ*, Media Release, 26 September 2000.

108 AFMA, *Transcript, 30 January 2001*, p. 300.

further charge of disobeying an order of a fisheries officer and faces a maximum sentence of a year in jail if found guilty.¹⁰⁹

- 6.129 The Committee considers that, provided illegal fishing vessels are detected and identified, there are significant deterrents to illegal fishing in the Southern Oceans. The Committee notes the advice from Customs in a supplementary submission that 'there has been a significant downturn in the level of and impact of illegal, unlicensed and unregulated fishing activities in the HIMI area.'¹¹⁰
- 6.130 However, the April 2001 incident indicates that Customs' optimism may be premature. At the very least it indicates the need for constant vigilance.

Suspect illegal flights into Australian airspace

- 6.131 Suspect illegal flights entering and leaving Australian airspace were raised in the audit report as an issue yet to be satisfactorily addressed. The Auditor-General recommended that Coastwatch determine whether these 'flights are within its scope of operations and, if not, advise Government of options to deal with such intrusions.'¹¹¹
- 6.132 These so called 'black flights' have attracted a deal of public interest. However, the Committee agrees with Customs that the term is a misnomer,¹¹² and should more correctly be unauthorised air movements (UAMs). Customs defined UAMs as being:
- ... unidentified civilian aircraft that do not report to Customs or other authorities for clearance on arrival in Australia and which are likely to be involved in illegal activities.¹¹³
- 6.133 However, the Committee believes the definition should be extended to also cover flights **leaving** Australia that are involved in illegal activity. The Committee acknowledges that this extended definition complicates the problem of how to address UAMs and which agency should be charged with the responsibility.
- 6.134 The issue has arisen because of the limited radar coverage across much of Australia,¹¹⁴ and that for most light aircraft flights, there is no requirement

109 Australian Associated Press, *Toothfish captain pleads guilty over haul charges*, 6 August 2001.

110 Customs, *Submission No. 56*, Volume , p. S666.

111 Auditor-General, *Audit Report No. 38, 1999-2000*, Recommendation 6, p. 61.

112 Black flights usually describe hostile covert military flights on intelligence gathering missions.

113 Customs, *Submission No. 25*, Volume 1, p. S257.

to lodge flight plans. The problem facing authorities is how to distinguish a legitimate aircraft movement from one with illegal intent. A corollary is: if a flight is identified as a UAM, how are authorities to respond?

Is there an unauthorised air movements problem?

- 6.135 Evidence put to the Committee by Customs, the AFP and Defence suggests that currently UAMs do not pose a problem.
- 6.136 Mr Rodney Stone, Director Coastwatch Operations, told the Committee that he could only recall one incident 'where a light aircraft was intercepted after having made an illegal crossing of the border.' It was intercepted in central Australia and was carrying cannabis.¹¹⁵
- 6.137 Mr Michael Palmer, Commissioner AFP, told the Committee that, as part of the normal operational arrangements the AFP had with other enforcement agencies both state and Commonwealth, it would be told about suspicious sightings. He advised that AFP intelligence did 'not indicate there is any orchestrated movement of organised crime directed black flights'.¹¹⁶
- 6.138 Brigadier Mike Silverstone, Commander Northern Command, told the Committee that in order to quantify the potential problem, Defence had analysed all their air track records obtained over the past ten years. The study had only identified 'four possible flights [that] could be identified as potential cross-border flights.' However, Brigadier Silverstone acknowledged that 'the data is neither complete nor necessarily accurate' because of the limited radar coverage over northern Australia.¹¹⁷
- 6.139 Rear Admiral Shalders also told the Committee that Defence Northern Command had conducted a two-week exercise in the Kimberley region where Defence had applied all its available sensors to the area, including ground based observers and the Jindalee radar. Rear Admiral Shalders advised that :

... over a two-week period, all but one aircraft track was able to be tied down to a legitimate movement, either by flight plan or by knowledge that we had from the launching site or whatever.

114 A map of the radar coverage in Australia can be found at the Air Services Australia web site at <http://www.airservices.gov.au/classroom/airspace/06rca.htm>

115 Customs, *Transcript*, 18 August 2000, p. 15.

116 AFP, *Transcript*, 18 August 2000, p. 72.

117 Defence, *Transcript*, 30 January 2001, p. 256.

Ultimately, that one track was also checked out and it turned out to be a pastoralist who was investigating his property.¹¹⁸

- 6.140 The Committee notes that Northern Command is taking advantage of fleet concentrations during Defence exercises to use air defence ships in conjunction with the Jindalee radar to monitor particular areas such as Darwin.¹¹⁹
- 6.141 However, the Committee considers that the Torres Strait area poses a significant risk because of:
- the lack of radar coverage;
 - its proximity to Papua New Guinea—currently a source of small scale importations of cannabis to Australia; and
 - the potential for gun running to Papua New Guinea and Irian Jaya.¹²⁰
- 6.142 The Committee also believes there is potential for covert people smuggling operators to use light aircraft, especially for people who could expect to be returned to their country of departure under existing memoranda of understanding with Papua New Guinea and the Peoples Republic of China. Such operations could be expected to use the Torres Strait and Cape York as the entry corridor.

How should the authorities respond?

- 6.143 As mentioned previously a major obstacle in detecting and responding to UAMs is the lack of an integrated microwave radar system providing unbroken coverage of the Australian coastline.¹²¹ As well, the audit report identified other difficulties:
- aircraft flying at low altitude may be difficult to detect by radar;
 - aircraft speed creates problems for tracking and interception;
 - the proximity of Australian airspace to that of Papua New Guinea reduces flight times and could cause jurisdictional issues for the pursuit of aircraft leaving Australia;
 - the numerous airfields in northern Australia;

118 Customs, *Transcript*, 18 August 2000, p. 12.

119 Customs, *Transcript*, 18 August 2000, p. 12.

120 For an assessment of law enforcement issues in the Torres Strait see, AFP, *Submission No. 43*, Volume 3, pp. S583–8.

121 Customs, *Submission No. 25*, Volume 1, p. S258, see the Air Services Australia radar coverage map at <http://www.airservices.gov.au/classroom/airspace/06rca.htm>.

- the radars in Coastwatch contracted surveillance aircraft are not configured for aircraft detection;
 - Civil Aviation Safety Authority regulations require aircraft separation so could compromise interception; and
 - RAAF aircraft are constrained in their pursuit of Australian owned aircraft.¹²²
- 6.144 The Committee believes that a major advantage in countering the problem is the remoteness of northern Australia. To minimise detection a UAM flight would be as short as possible after the border had been crossed. However, the landing fields chosen are likely to be at some distance from highway infrastructure and population areas. Travelling overland from the landing area to major population centres would be time consuming and could potentially arouse suspicion from the local population however sparsely spread.
- 6.145 Customs operates a free telephone number under its Customs Watch campaign whereby members of the public can report suspicious activity. This number is linked to the Coastwatch National Surveillance Centre and the Committee was briefed privately by Coastwatch on its usefulness.
- 6.146 The Customs submission advised that the line received between 60 to 100 calls a month. It also provided an example of a call in October 1999 which resulted in the detention of 25 Afghan nationals and 2 Indonesians within four hours of their landing on the north west coast of Australia.¹²³
- 6.147 Defence also has three regional force surveillance units operating in the Pilbara, the Kimberley and Cape York which 'rely on people who live in the local areas exploiting their local knowledge in terms of observing and reporting information.'¹²⁴
- 6.148 There are two basic types of response to UAM incursions—interception or forensic examination.
- 6.149 Brigadier Silverstone advised the Committee that given the relative infrequent reporting of UAM activity, Defence's response would be to support investigation to determine, amongst other things, who had flown and the location of the landing site.¹²⁵

122 Auditor-General, *Audit Report No. 38, 1999–2000*, p. 60.

123 Customs, *Submission No. 25*, Volume 1, p. S206.

124 Defence, *Transcript, 30 January 2001*, p. 292.

125 Defence, *Transcript, 30 January 2001*, p. 257.

- 6.150 However, this is not to say Defence is ignoring the interception option. Dr Bruce Ward, Chief of Defence's Surveillance Systems Division advised the Committee that work was being done to improve JORN's ability to detect light aircraft so that it could be the primary light aircraft detection system. It would be backed up by mobile ground based radars and the future AEW&C airborne radars.¹²⁶
- 6.151 Rear Admiral Shalders also told the Committee that during the 2000 Northern Shield exercise a major theme was UAMs:

... on one occasion, we injected a synthetic track into the intelligence area of Northern Command headquarters. Our measure was how quickly that synthetic track was recognised as being something that was unidentified and therefore suspicious. On another occasion we actually flew a Coastwatch aircraft on a suspicious profile and again measured the time. ... In the first instance, the time was longer than it should have been; it was a matter of minutes. On the second occasion it was far less, but you are talking about a matter of minutes to verify that it is not on a flight plan, that it perhaps has deviated from a normal flight route or that there is some indicator that makes it suspicious ...¹²⁷

- 6.152 The outcome of the exercise was the beginning of a process to refine the operational procedures that were required for coordinating a response to a UAM.¹²⁸

- 6.153 Rear Admiral Shalders also told the Committee that it was in fact possible to successfully combat UAMs but at considerable expense. He cited the example of the US Customs Service Air Interdiction Coordination Centre:

They track every movement in the continental United States and south—20,000 movements at any one time. If an aircraft deviates from a flight plan, that centre is alerted and they then have authority to put a response asset onto that aircraft track. ... US Customs actually have their own AEW&C. They have a fleet of old P3Bs with the appropriate radar fit, and they have other P3s which they call 'slicks', which are long endurance P3 Orion aircraft able to track unidentified aircraft. They also have a fleet of Cessna Citation business jets. They have a fleet of 24 Black Hawk helicopters to take response teams to where they might need to

126 Defence, *Transcript, 30 January 2001*, pp. 304–5.

127 Customs, *Transcript, 18 August 2000*, pp. 18–19.

128 Defence, *Transcript, 30 January 2001*, p. 257.

be—this is the US Customs Service, nobody else—and they do have access to US military aircraft to intercept ...¹²⁹

- 6.154 The Committee considers that the UAM threat currently posed to Australia does not warrant such a response force.

Recommendation 9

- 6.155 **Defence and Coastwatch should continue to analyse the potential threats posed by unauthorised aircraft movements and develop response strategies. Once JORN is fully operational there should be an assessment of the frequency of unauthorised aircraft movements in the Torres Strait and Cape York.**

- 6.156 The Committee has received evidence that acoustic sensors may be able to ‘fingerprint’ aircraft through the noise produced by the engine.¹³⁰ In addition, during an inspection of CEA Technologies Pty Ltd facilities the Committee was shown how CEA’s phased array radar could identify particular types of aircraft.

Recommendation 10

- 6.157 **Defence and Coastwatch should develop contingency plans for the siting of sensors in the Torres Strait and Cape York to meet any identified unauthorised aircraft movement threat.**

Recommendation 11

- 6.158 **Customs should promote the use of the Customs Watch free telephone line in remote areas for reporting suspicious aircraft movements and other activities.**

129 Customs, *Transcript*, 30 January 2001, p. 305.

130 CEA Technologies Pty Ltd, *Transcript*, 8 September 2000, pp. 156, 158.

- 6.159 The Committee believes it is important for authorities to investigate ways to respond to UAMs which leave Australia. In mounting the necessary rapid response to a departing UAM, there would need to be pre-existing links and agreed protocols with the agencies of foreign governments to avoid the potential for an international incident.

Recommendation 12

- 6.160 **Customs, in consultation with other agencies, should create links and agreed protocols with law enforcement agencies of Australia's northern neighbours to enable the timely investigation of suspicious aircraft leaving Australian airspace.**
- 6.161 The monitoring of aircraft movements in Australia's remote north would be assisted by mandating the installation of transponders on non-commercial aircraft. Dr Ward told the Committee that mandating transponders had occurred in the Caribbean to combat drug running. He added that despite the use of squawk codes by drug runners it was still possible to filter out legitimate aircraft movements and identify suspect flights.¹³¹

Recommendation 13

- 6.162 **Customs, with advice from other agencies, should prepare a contingency plan for recommending to Government that the use of transponders on non-commercial aircraft be mandatory in areas where there is a demonstrated problem due to unauthorised air movements.**

Which agency should have primary responsibility?

- 6.163 It is clear from the recommendations of the Hudson Report that monitoring and responding to UAMs would have fallen within the area of operations of the agency envisaged by Mr Hudson. Recommendation 3 of the Hudson Report makes reference to developing joint intelligence with

¹³¹ Defence, *Transcript*, 30 January 2001, p. 310-311.

respect to breaches of law through aerial incursions, and developing a data-bank relevant to the coastal hinterland of northern Australia.¹³²

- 6.164 As noted above, the Auditor-General was unclear as to whether UAMs fell within Coastwatch's scope of operations.¹³³ This was reiterated by Mr Woodward when he told the Committee that Coastwatch did 'not have a responsibility for surveilling inland Australia.'¹³⁴
- 6.165 However, if Coastwatch was to be the agency primarily responsible for detecting, monitoring and responding to UAM incursions, or departures, it would result in Coastwatch self-tasking.
- 6.166 The Committee accepts the self-tasking moratorium as being a mechanism to prevent Coastwatch pursuing activities on its own volition and for which there may be no need. As well, with no legislation to underpin its activities, resulting prosecutions may be jeopardised.
- 6.167 The following comment in the Customs submission indicates that Customs is the agency 'closest' to the issue in jurisdictional terms:
- Apprehension operations relating to UAMs identified crossing the Border and landing are, in the first instance, the responsibility of the Customs Border Division, in conjunction with the AFP and the relevant State/Territory Police Service. It should be noted, however, that Customs jurisdiction does not extend to criminal activity beyond the Border where no clear continuum with a Border incursion can be established.¹³⁵
- 6.168 Potential improvements in radar coverage and ability to track aircraft should be able to provide the continuum needed for UAM incursions to fall within the Customs jurisdiction. Nevertheless, it will ultimately lie with the Courts as to whether the continuum provided by radar tracking will be admissible as evidence.
- 6.169 On the other hand, there remains the difficulty of defining jurisdiction over aircraft taking off within Australia with the intent to leave the country, but which are apprehended **before** crossing the border.
- 6.170 Although Customs is the closest to this issue in jurisdictional terms, it is Defence which is closest to the issue in practical terms. This is because of its radar equipment, coordination centre, and future ability to mount a rapid response. However, if Defence were to assume prime responsibility

132 DoTC, *Northern Approaches*, p. 59.

133 Auditor-General, *Audit Report No. 38, 1999–2000*, p. 61.

134 Customs, *Transcript, 18 August 2000*, p. 15.

135 Customs, *Submission No. 25*, Volume 1, p. S258.

for UAMs it would mean it would be entering into a civilian law enforcement role. Notwithstanding its role in the 2000 Sydney Olympics, this would be a fundamental departure from its present role.¹³⁶ As the Defence supplementary submission commented:

Defence is primarily responsible for the defence of Australia, and available resources must be directed first and foremost to that purpose. In the final analysis this involves the concerted use of high levels of violence, under the authority of the Government, to destroy an enemy. Coastwatch involves, by contrast, the use of policing powers with minimal use of force.¹³⁷

- 6.171 The Committee concludes that Customs should be the agency having prime responsibility for UAMs. Customs should, if circumstances dictate, task Coastwatch to assume the surveillance and response coordination role using Defence resources as appropriate.
- 6.172 The Committee believes the ability to respond to UAM incursions is an issue of national importance as it has serious defence implications in times of conflict. The Committee therefore expects Defence to continue to take a leading role in developing strategies and procedures for responding to this potential threat.

Recommendation 14

- 6.173 Customs should review existing border legislation to determine whether it adequately allows Customs jurisdiction over UAMs entering and leaving Australia and the ability for Defence personnel, acting on Customs' behalf, to respond to UAM flights. The legislation should be amended if required.**

¹³⁶ A discussion of the use of the military in law enforcement can be found a paper by Mr Hugh Smith in *Policing Australia's Offshore Zones: Problems and Prospects*, *Wollongong Papers on Maritime Policy No. 9*, Centre for Maritime Policy, University of Wollongong, Ed. Doug MacKinnon & Dick Sherwood, *Exhibit No. 1*, pp. 74–97.

¹³⁷ Defence, *Submission No. 50*, Volume , p. S640.

The future for Coastwatch

Introduction

- 7.1 In Chapter 1 the Committee has provided a detailed history of the coastwatch function. In summary, the function was initially the responsibility of Defence but has since been moved from portfolio to portfolio, from agency to agency, often as a result of ‘crises’. The most recent change was in 1999 which was prompted by the unexpected arrival on the eastern seaboard of two illegal entry vessels.
- 7.2 As a result of the Prime Minister’s Task Force Review, Coastwatch was changed from being a sub-program within the Customs Border Program to a separate program within Customs. The organisation is now headed by a seconded officer from Defence.
- 7.3 The Committee has received much evidence concerning whether there should be further changes to the coastwatch function. The underlying reasons appear to be twofold—the belief that:
- the current Coastwatch is too close to one of its major clients—Customs, hence there is a bias towards Customs in its activities; and

- border surveillance and response has become sufficiently demanding to become beyond Coastwatch's ability to cope.
- 7.4 Several options for change have been presented in evidence:
- merge Coastwatch with Australia's search and rescue organisation—AusSAR;
 - Defence should take over the coastwatch function; and
 - create an independent stand-alone agency.
- 7.5 To these options must be added the 'no change option'—that the current arrangements for the coastwatch function should remain.
- 7.6 In assessing the merits or otherwise of these four alternatives the Committee has adopted the two criteria below:
- does the proposal represent effective use of scarce resources; and
 - is the proposal likely to result in improved performance?

Merge Coastwatch with AusSAR

Introduction

- 7.7 AusSAR, Australia's search and rescue organisation, is a business unit of the Australian Maritime Safety Authority (AMSA). Coastwatch and AMSA were both created as a result of decisions in the late 1980s which resulted in the transfer of their respective responsibilities from the then Department of Transport and Communications. Coastwatch assumed the civil surveillance function while AMSA took over the majority of the functions performed by the department's Marine Operations Division.¹ In 1997 AMSA assumed responsibility for aviation search and rescue.²
- 7.8 Besides coordinating aviation and maritime search and rescue (AusSAR's role), AMSA is also responsible for promoting the safety of seafarers and shipping; and protecting the marine environment from ship-sourced pollution.³

1 AMSA, *Submission No. 21*, Volume 1, p. S145.

2 AMSA, *Transcript, 8 September 2000*, p. 100; *Transcript, 30 January 2001*, p. 293.

3 AMSA, *Submission No. 21*, Volume 1, p. S144.

- 7.9 The area for which AusSAR is responsible is the internationally agreed Australian Search and Rescue Region comprising the east Indian, south-west Pacific and Southern oceans. The area is some 53 million square kilometres, about 10 per cent of the world's surface.⁴ Operations are controlled from a 24 hour Rescue Coordination Centre in Canberra.⁵
- 7.10 AusSAR provides equipment and training to 42 selected aviation operators around Australia including Coastwatch's aerial surveillance contractors.⁶ Ms Rowena Barrell, General Manager, AusSAR told the Committee that Coastwatch assets were only called upon when its civilian assets were unable to undertake a task.⁷ The submission from AMSA advised that the costs of searches undertaken by Coastwatch and the training of its contractors were borne by AusSAR.⁸

The reasons to merge Coastwatch with AusSAR

- 7.11 The proposal to create an independent agency by merging Coastwatch with AusSAR was put to the Committee by Mr Lofty Mason, a retired Chief Inspector of Coastwatch.
- 7.12 Mr Mason argued that Coastwatch had an inherent Customs bias citing examples where Coastwatch aircraft had been diverted to serve Customs' interests. Placing Coastwatch within any other agency would not remove the tendency for it to become biased towards its 'home agency'. He also commented that in the regions Coastwatch officers were Custom personnel seconded for three year terms, and the training and familiarisation they needed impacted on efficiency and professionalism.⁹
- 7.13 Mr Mason also told the Committee that Coastwatch was too small to operate as a stand-alone group, but could be combined with AusSAR because:

... there are many parallel requirements in aircraft, aircrew and operational staff. Indeed the Coastwatch aircraft and crews are already suited for, and used in Search and Rescue (SAR). With the addition of drop capability the Dash8 aircraft would be ideal SAR platforms. ... The search planning techniques and the Operational

4 In contrast, Coastwatch is responsible for 9 m square kilometres.

5 AMSA, *Transcript, 8 September 2000*, pp. 100, 107.

6 AMSA, *Submission No. 44*, Volume 3, p. S591.

7 AMSA, *Transcript, 8 September 2000*, p. 102.

8 AMSA, *Submission No. 21*, Volume 1, p. S147.

9 Mr Lofty Mason, *Submission No. 31*, Volume 2, p. S302; *Transcript, 18 August 2000*, pp. 33, 34, 36-7.

Control of Surveillance and SAR are closely aligned which would lead to a group of long term, professional Operations Staff and knowledgeable senior Directors.¹⁰

The response from AusSAR

7.14 Responding to the suggestion AusSAR's Ms Barrell commented there was no theoretical basis why Coastwatch and AusSAR should not be amalgamated. Mr Clive Davidson, Chief Executive AMSA, noted that the sea safety and coastwatch functions were combined in the 1980s within the Department of Transport. He added that within the Sea Safety Centre there had been 'the fisheries group, the coastwatch group and marine rescue coordination.'¹¹

7.15 Other evidence provided by Mr Davidson was that in conducting search and rescue, AusSAR first uses commercial aircraft 'mainly because of the area of operation', and in fact in 1999–2000 only 5.6 per cent of search hours used Coastwatch aircraft.¹² He commented that:

Coastwatch are tasked principally in areas where search and rescue events do not seem to occur because of the nature of where pleasure craft and so forth operate.¹³

7.16 A supplementary submission from AMSA showed that the 5.6 per cent amounted to 112 hours flight time (a total of 1943 hours were used by non-Defence aircraft). The submission also advised that slightly over 42 per cent of searches were maritime in nature, the rest being aviation and land related.¹⁴

The Committee's conclusion

7.17 There appears to be little overlap in AusSAR and Coastwatch operations. AusSAR uses commercial aircraft as and when needed, and the 112 hours using Coastwatch aircraft for search and rescue represents a mere 0.7 per cent of Coastwatch aircraft surveillance hours in 1999–2000.¹⁵ If Coastwatch aircraft had undertaken all of AusSAR's non-defence search and rescue flying in 1999–2000—some 1943 hours—this would have

10 Mr Lofty Mason, *Submission No. 31*, Volume 2, p. S303.

11 AMSA, *Transcript, 30 January 2001*, p. 293.

12 AMSA, *Transcript, 30 January 2001*, p. 293.

13 AMSA, *Transcript, 30 January 2001*, p. 294.

14 AMSA, *Submission No. 44*, Volume 3, p. S591.

15 The Customs annual report for 1999–2000 indicates that Coastwatch aircraft flew 16 125 hours, p. 50.

represented 12 per cent of Coastwatch's non-Defence flying hours. However, this would have resulted in Coastwatch aircraft being diverted from their normal area of operations thereby compromising Coastwatch's effectiveness.

- 7.18 It might be argued that savings could be achieved through combining the two organisations' operational centres. The Committee has inspected Coastwatch's National Surveillance Centre and considers that if a search and rescue incident and a surveillance tactical operation occurred simultaneously, both response efforts would be hampered. Consequently, it is likely that any combined organisation would retain separate operations centres.
- 7.19 There would also be little savings in merging Coastwatch's support services, such as its corporate function, with AusSAR because Coastwatch support services are currently undertaken by Customs.
- 7.20 Therefore, in the Committee's opinion, the proposal does not meet the criterion of representing more efficient use of scarce resources.
- 7.21 The Committee questions whether combining Coastwatch and AusSAR would improve the performance of either, because both entities do not have significantly overlapping operational areas and would be likely to retain separate operations centres.
- 7.22 In the regions, an independent Coastwatch/AusSAR would not have ready access to Customs information unless it was collocated with Customs. The ability to adequately staff independent regional offices might become an issue and could detract from performance. The Committee notes that the current Coastwatch arrangement would allow Customs officers to assist Coastwatch officers during personnel-intensive tactical operations.
- 7.23 On the side of information gathering, it could be argued that Coastwatch might have improved access to AMSA information about ship movements, but this may not be the case for an organisation independent of AMSA. (If Coastwatch was to be absorbed within AMSA the problem of client bias remains, but with AMSA as a beneficiary not Customs). On the other hand, Defence might not be so willing to provide classified intelligence information to the new organisation if it was likely to become available for non-surveillance activities.
- 7.24 Therefore in the Committee's opinion, the proposal does not meet the criterion of improving performance.

Defence assume the coastwatch function

Introduction

- 7.25 The report of the Community Consultation Team, which canvassed public opinion as part of the Defence Review 2000, commented that the adequacy of Australia's coastal surveillance capability was 'the subject of a great deal of comment, especially in the north and west of the country.' The report added that two strands of opinion emerged—that there should be a separate coastguard; and that Defence should have 'an increasing role in control and coordination of all aspects of coastal surveillance operations.'¹⁶
- 7.26 The following section examines this second suggestion and it is followed by a consideration as to whether an Australian coastguard should be created.

The reasons for Defence to assume the coastwatch function

- 7.27 The submission from the Returned and Services League (R&SL) and its witness to the inquiry, Captain William Owen provided the following arguments in favour of Defence assuming the coastwatch function:
- the operational control structure for EEZ surveillance which would be required in wartime should be the same structure as that operating in peacetime;
 - Defence's emerging strength is its intelligence surveillance and reconnaissance capability. With JORN virtually operational together with other intelligence resources, Defence is the only organisation equipped to process this information;
 - the aerial surveillance presently carried out by civilian contractors would be inappropriate in times of war or national emergency due to lack of operational flexibility and shortcomings in communicating with the RAN maritime assets or RAAF aircraft; and
 - guarding the northern sea frontier is basically a Defence responsibility which is the reason for the JORN radar and the airborne early warning and control aircraft projects.¹⁷

16 Department of Defence, *Australian Perspectives on Defence: Report of the Community Consultation Team*, September 2000, pp. 11, 13.

17 RS&L, *Submission No. 26*, Volume 1, pp. S269–70; *Transcript*, 8 September 2000, p. 126.

- 7.28 While the R&SL submission acknowledged that the current contractor arrangement for air surveillance was 'a comparatively low cost solution and an improvement on earlier regimes', it advocated that Defence acquire short to medium range patrol aircraft optimised for coastal surveillance to replace the civilian aircraft.¹⁸
- 7.29 The suggestion was also supported by Mr R G Stevens who argued that the current coastal monitoring role 'spread between Coastwatch the RAN, the RAAF, and to some extent Customs' was not desirable as it created duplication of effort and gaps in operation and control.¹⁹
- 7.30 To these arguments might be added:
- a significant proportion of Coastwatch response operations in the north and north west of Australia are conducted by RAN patrol boats;
 - some 80 per cent of patrol boat time is spent on Coastwatch activities;
 - Defence spends far more on Coastwatch related activities than Customs (in 1999–2000 Defence spent \$130m on Coastwatch compared to \$50m provided by Customs²⁰); and
 - it is only the Defence assets which currently have the offensive capability to enforce any order for a foreign vessel to stop and be boarded.

Arguments against the proposal

- 7.31 The Committee raised the issue of whether Defence should assume the coastwatch function with Defence witnesses. Mr Allan Behm, Head, Strategy and Ministerial Services, responded that the responsibilities of Coastwatch impinged on the responsibilities of several portfolios for which Defence did not wish to take responsibility. It would not be the best use of Defence resources, he said.²¹
- 7.32 The Committee pursued the matter, and in a supplementary submission Defence confirmed it would be inappropriate for it to take over Coastwatch. The submission stated:

Defence is primarily responsible for the defence of Australia, and available resources must be directed first and foremost to that purpose. In the final analysis this involves the concerted use of

18 RS&L, *Submission No. 26*, Volume 1, p. S270.

19 Mr R G Stevens, *Submission No. 20*, Volume 1, p. S141.

20 Customs, *Annual Report 1999–2000*, p. 51.

21 Defence, *Transcript, 18 August 2000*, p. 41.

high levels of violence, under the authority of the Government, to destroy an enemy. Coastwatch involves, by contrast, the use of policing powers with minimal use of force.²²

- 7.33 This view that there is a fundamental difference between military and policing philosophy was supported by the submission from Australian Defence Association (ADA), which advocates the creation of a coastguard. The submission from the ADA drew attention to the fact that Coastwatch activities may in some instances be directed towards Australian citizens who are presumed innocent until proved otherwise. The submission added that there was also a strong constitutional tradition dating back to Charles I and the English Civil War that the armed forces of a nation should not be used against its own citizens.²³
- 7.34 The difference between officers of the armed forces and the police has also been discussed by Associate Professor Hugh Smith, Australian Defence Force Academy. He has made the following points:
- the soldier has no powers beyond that of a citizen, so ‘special measures are needed to confer police-type powers on military personnel’;
 - as soldiers often serve as members of a formed unit they have additional responsibilities when compared with the citizen or constable, so may have good reasons not to exercise the powers of a citizen or constable in particular situations;
 - police normally act as individuals in dealing with the public so are able to use their judgement or initiative in dealing with breaches of the peace;
 - while soldiers are bound to conform to national and international laws, their ‘obligation in response to unlawful orders is simply to refuse obedience’; while
 - in contrast, police are ‘positively required to uphold the law of the land and to follow the requirements of the judiciary in the face of orders to the contrary’.²⁴
- 7.35 Beyond the philosophical objections, Mr Michael O’Connor, Executive Director ADA, provided a practical objection when he appeared before the

22 Defence, *Submission No. 50*, Volume 3, p. S640.

23 Australian Defence Association, *Submission No. 5*, Volume 1, p. S15.

24 Exhibit 1, *Policing Australia’s Offshore Zones – Problems and Prospects*, Wollongong Papers on Maritime Policy No.9. Centre for Maritime Policy, University of Wollongong, Ed. Doug MacKinnon & Dick Sherwood, Associate Professor Hugh Smith, *The use of armed forces in law enforcement*, pp. 83–4.

Committee. He commented that as the technologies of war develop, the gap between the RAN's ability to conduct war fighting operations and its ability to conduct law enforcement activities in Australia's EEZ will become ever wider. He believed that the RAN would become 'increasingly focused on missile based operations, war fighting operations and amphibious operations in a traditional naval sense' and so the law enforcement task would take lower priority. He also predicted that the RAN was likely to opt for a vessel 'more attuned to a war fighting capability than to a policing ability' when it replaced the Fremantle class patrol boats.²⁵

The Committee's conclusion

- 7.36 When considering this issue, it is important to be aware of the implications of Defence taking over the role of Coastwatch. While Coastwatch is currently just an organisation conducting surveillance and coordinating responses using the assets of other organisations, its officers being Customs officers, have a law enforcement role. The proposal would therefore mean that Defence personnel would be moving into law enforcement.
- 7.37 For the philosophical reasons outlined above, the Committee would be uncomfortable if this was to eventuate.
- 7.38 Regarding the use of resources, the Committee would expect:
- operations to be directed from a dedicated operations room similar to Coastwatch's National Surveillance Centre;
 - an increase in capital and running costs if Defence acquired short to medium range patrol surveillance aircraft to replace those currently provided by Coastwatch's contractors; and
 - an increase in costs if the Bay Class Customs vessels currently used by Coastwatch were replaced by RAN vessels. This would be represented by increased capital and running costs as well as the cost of under-utilisation of the Customs Bay class vessels.²⁶
- 7.39 The Committee considers that provided Defence just assumed the Coastwatch management role, and continued to use air surveillance

25 Australian Defence Association, *Transcript*, 17 October 2000, pp. 162, 164.

26 Customs indicated that about 70 per cent of the Bay Class vessel time would be expected to be spent on Coastwatch tactical operations (*Transcript*, 30 January 2001, p. 273.). The audit report provides figures for the costs of the RAN patrol boats as \$61 738 per day and the Customs Bay Class as \$13–17 000 per day (Auditor-General, *Audit Report No. 38, 1999–2000*, pp. 74, 77).

contractors and Customs vessels when needed the effect on use of resources would not be significant. In this case however the proposal does not represent 'more efficient use of scarce resources'.

- 7.40 Regarding performance, the Committee believes a Defence-based organisation:
- may receive increased or faster access to Defence classified information, although the Coastwatch National Surveillance Centre currently receives Defence classified information;
 - would possibly have reduced or slower access to Customs intelligence;
 - would, if Defence maritime assets were exclusively used, be able to provide increased assurance that illegal vessels could be coerced to stop and be boarded;
 - might experience increased recruitment because of the focus on law enforcement and civilian surveillance; but
 - may become distracted from its 'core business' of preparing to defend the nation against foreign threats.
- 7.41 The Committee does not believe increased performance is guaranteed and in fact would be concerned if Defence became distracted from its core defence function.
- 7.42 The Committee therefore does not support the view that Defence should assume the coastwatch function.

Create an independent stand-alone agency

Introduction

- 7.43 In considering the issue of whether there should be a stand-alone agency to undertake the coastwatch function, the Committee is aware there can be a range of models. At the minimal-change extreme there can be an agency within a portfolio directly responsible to a Minister. This model was recommended in the Hudson Report where it was suggested that Coastwatch should be directly accountable to the Minister for Transport and Communications.²⁷ At the other extreme is a fully independent paramilitary organisation based on the US Coastguard model.

27 DTC, *Northern Approaches*, pp. 58, 60.

7.44 The Committee has received evidence on these two models—a Commonwealth Coastal Control Service from Mr John Simmons—and a fully paramilitary coastguard in a number of submissions.

An independent agency responsible to a Minister

7.45 Mr Simmons told the Committee that regarding Coastwatch operations there was a perception that Customs ‘runs the show’. However, he did not necessarily agree with this view, commenting that many people in Customs believed Coastwatch had been separated too far and was not giving Customs enough support. Indeed, he quoted a comment made to him that ‘Coastwatch has gone feral’.²⁸

7.46 Mr Simmons criticised the current Coastwatch on the following grounds:

- detection performance was satisfactory, but surface response was inadequate due to the lack of sufficient vessel numbers;²⁹
- the surface functions were in a fragmented state comprising naval, Customs, state agency and chartered vessels;³⁰
- the ability to coordinate responses was ‘limited by having to negotiate with vessel managers, who guard their prerogative to control their resources’;³¹ and
- the need to organise representatives from client agencies to be present during tactical operations hindered efficiency.³²

7.47 To overcome these problems Mr Simmons proposed the creation of an independent Commonwealth Coastal Control Service directly responsible to a Minister. He acknowledged that it was:

... unlikely the proposed entity would be big enough to warrant a stand-alone administration, or that the capital and administrative costs of setting it up separate from an existing agency could be justified in the foreseeable future.

7.48 Mr Simmons discussed the various options for locating his agency but offered no opinion.³³ However, he provided information on its charter and

28 Mr John Simmons, *Transcript, 8 September 2000*, pp. 119, 118.

29 Mr John Simmons, *Transcript, 8 September 2000*, pp. 118, 122.

30 Mr John Simmons, *Submission No. 16*, Volume 1, p. S94.

31 Mr John Simmons, *Submission No. 16*, Volume 1, p. S94.

32 An example was provided where officers from fisheries, quarantine and immigration had to be helicoptered on board a Customs vessel conducting a drug raid. Mr John Simmons, *Transcript, 8 September 2000*, p. 120.

33 Mr John Simmons, *Submission No. 16*, Volume 1, pp. S96–7.

area of operations which would extend from the outer limits of Australia's EEZ to 'the hinterland of the coast including waterways connected to the sea.' The agency:

- would conduct aerial and surface surveillance, undertake control and enforcement action, collate and disseminate information to other agencies;
- could be created by 'transferring the personnel, equipment, and financial resources currently committed of the functions by Commonwealth agencies';
- could then rationalise the resources and conduct the functions more cost effectively;
- 'could be modelled so that it would cost roughly the same as the current arrangements, when all the hidden costs are taken into account';
- would need to train and authorise its officers 'to administer relevant Commonwealth legislation and to take enforcement action without consultation with agencies whose legislation is being monitored'; and
- would have to have its funds quarantined from those of the department or agency in which it is located to prevent seepage of funds to the corporate pool.³⁴

7.49 While Mr Simmons did not specify whether he considered the agency's vessels should be armed, his comment in a supplementary submission implied that armaments were unnecessary.³⁵

The Committee's view

7.50 In essence, the proposal to create a Commonwealth Coastal Control Service is similar to the organisation envisaged by Mr Hudson regarding being directly answerable to a Minister. It differs from the present Coastwatch because it would control all its assets and its officers would assume the tactical roles currently performed by officers from its client agencies.

7.51 The Committee observes that there seems to be an inconsistency in the proposal—airial surveillance would continue to be provided by contractors, yet surface assets would be controlled by the new agency. The

³⁴ Mr John Simmons, *Submission No. 16*, Volume 1, pp. S95-8.

³⁵ He commented that he would like the opportunity to convince the Committee that 'offensive weapons are neither appropriate nor necessary for enforcement of fisheries regulations.' *Submission No. 45*, Volume 3, p. S600.

Committee would see the new agency facing pressure to outsource the provisions of marine assets, for example by leasing RAN patrol boat time, or a cheaper alternative. Because of the high costs of using RAN patrol boats, the Committee believes that soon they would not be used at all.

- 7.52 Alternatively, as suggested in the proposal, if the RAN patrol boats were reassigned to the new agency there would be a significant cost to the new agency incurred in replacing them.³⁶ (The Committee makes further comment regarding the impact on the RAN of the loss of its patrol boats below.) If the RAN chose to continue with its own patrol boat replacement project there would be significant duplication and under-utilisation because currently 80 per cent of patrol boat hours are spent on Coastwatch duties.
- 7.53 Regarding the Customs Bay Class vessels, Rear Admiral Shalders told the Committee he expected that 70 per cent of operational hours would be used for Coastwatch activities. The Committee believes that it is not possible to transfer two thirds of the vessel fleet to the new agency and still maintain the same coverage for both the agency **and** Customs that is currently provided. Consequently, if vessels were to be transferred to the new agency, new vessels would be needed to make up any shortfall in coverage especially in the Customs area. If the new agency leased vessel steaming time from Customs the criticism levelled by Mr Simmons regarding the need to negotiate with vessel managers remains. Indeed negotiating with Customs managers might be made more difficult if the new agency was not under the wing of Customs but under the wing of a Minister.
- 7.54 The Committee therefore does not see the proposal as offering more effective use of scarce resources.
- 7.55 Turning to performance, the proposal would probably lead to unarmed non-military surface assets being deployed. Although the Committee does not agree wholeheartedly with the concerns of AFMA regarding the need for more coercive power in the northern and north western waters, it would be concerned if the option of calling on military patrol boats was denied future operational managers.
- 7.56 The Committee also notes that the success of current Coastwatch operations is influenced by the intelligence provided by client agencies. The clients have an incentive to provide Coastwatch with accurate and timely intelligence because it is the client that is responsible for the

36 The Fremantle Class patrol boats are nearing the end of their operational lives and are being replaced.

outcome. If as proposed, the new agency was responsible for 'control and enforcement action' there might be reduced incentive for current client agencies to provide accurate and timely intelligence. Either the new agency would have to duplicate the intelligence gathering of other agencies or it would have to face the risk of reduced performance.

- 7.57 The recent amendments to the border legislation has enabled Customs officers 'to exercise powers in relation to other Acts prescribed by legislation; in particular, the *Immigration Act*, *Quarantine Act* and the *Fisheries Management Act*.'³⁷ As a consequence, the example provided by Mr Simmons of inefficiencies due to the need to accommodate a myriad of agency officers on tactical Coastwatch operations,³⁸ has at least in part been addressed by changes to legislation.
- 7.58 The Committee therefore does not see the proposal as providing improved performance.

A paramilitary coastguard

Introduction

- 7.59 The proposal for the creation of a paramilitary coastguard has attracted support in a number of submissions to the inquiry.³⁹ The concept has been tested at some length by the Committee. The model upon which these suggestions appear to be based is that of the US Coastguard. There is some validity for this comparison because Australia has a similar land mass to the US and a similar length of coastline to patrol. However, it is fair to say that the coastal surveillance and response demands for Australia are currently not as great.
- 7.60 The US Coastguard has an annual budget of about US\$4 billion,⁴⁰ and while an organisation of a similar size could never be contemplated for Australia on the grounds of cost, lessons can be learnt from its use of resources and performance.

37 Customs, *Submission No. 25*, Volume 1, p. S250.

38 Mr John Simmons, *Transcript*, 8 September 2000, p. 120.

39 Mr Bill Willcox, *Submission No. 4*, Volume 1, pp. S7-10; Australia Defence Association, *Submission No. 5*, Volume 1, pp. S11-28; Mr William Watson, *Submission No. 6*, Volume 1, pp. S29-32; Centre for Maritime Policy, University of Wollongong, *Submission No. 12*, Volume 1, p. S71-82; The Company of Master Mariners of Australia Ltd, Western Australia Branch, *Submission No. 29*, Volume 2, p. S282-91.

40 Customs, *Transcript*, 30 January 2001, p. 274.

- 7.61 The Committee has again included in its assessment of this proposal its 'effective use of scarce resources' and 'likelihood of improved performance' criteria.

An Australian coastguard

- 7.62 The submission from the Maritime Policy Unit of Wollongong University suggested that the evolution of the coastwatch function has been characterised by 'an excessively reactive approach' which had distorted the changes 'towards one threat or another.' What was needed was for there to be a holistic view of Australia's requirement for maritime surveillance and enforcement, rather than the previous 'piecemeal and sectorial approach' which was 'hardly worthy of a sophisticated and wealthy nation.' The submission concluded that it was:

... inevitable that Australia will eventually move to an autonomous, professional, paramilitary organisation with responsibility for coordinating maritime surveillance and response operations in our offshore area.⁴¹

The reasons for a Coastguard

- 7.63 The submission from the Australian Defence Association (ADA) suggested that the challenges for Australia's coastwatch and response function are likely to increase:

The challenge which may not be far off will be to cope with offenders who will themselves be well-equipped and increasingly well-armed. Law enforcement officers will be faced with offenders using sophisticated electronic equipment and weapons of considerably more power than basic small arms.⁴²

- 7.64 Submissions from both Wollongong University and the Company of Master Mariners of Australia, Western Australia Branch also raised the risk of piracy and possible threats to oil and gas infrastructure in northern waters.⁴³

- 7.65 The ADA stated that these threats were faced by a 'Heath Robinson' structure comprising of a 'multitude of agencies including private sector contractors, each with the exception of the ADF specialising in a particular

41 Centre for Maritime Policy, University of Wollongong, *Submission No. 12*, Volume 1, p. S75, 79.

42 ADA, *Submission No. 5*, Volume 1, p. S17.

43 Centre for Maritime Policy *Submission No. 12*, Volume 1, p. S74; Company of Master Mariners WA, *Submission No. 29*, Volume 2, p. S282.

field.' That such a structure was effective was 'surely by accident coupled with the commitment and commonsense of the people involved.'⁴⁴

7.66 The ADA argued that a single law enforcement agency was necessary but the AFP was too small, under resourced and focussed on shore-bound operations; and Customs was inadequately equipped and trained to meet the looming threat. It was also inappropriate for Defence to be the agency responsible (the arguments in support of this view can be found above).

7.67 What was needed was:

A paramilitary force, that is not quite military but more than a lightly armed police force ... When dealing with ships or aircraft, that force may involve the use of weapons heavier than small arms and it follows that the users must be trained in the use of medium firepower conventional weapons as well as being disciplined to use only sufficient force.⁴⁵

Role and structure of a coastguard

7.68 The role envisaged for a coastguard included the activities currently undertaken by AMSA, AFMA, Coastwatch, the states search and rescue function, the RAN oceanography task, and the RAN patrol boats.⁴⁶ However, Mr Michael O'Connor, Executive Director ADA, told the Committee that long range Southern Ocean search and rescue capability would essentially remain the task for the RAN and RAAF because such instances would be 'a rare and remote, 100-year flood type of task for them.'⁴⁷

7.69 The ADA had researched the requirements of an Australian coastguard and its submission provided the following:

- some 50 vessels would be required, including 'short and long range patrol vessels, survey and oceanographic ships and lighthouse and buoy tenders';
- 'most, if not all vessels, would be armed' with weapons ranging from light automatic to a 76mm weapon and a 'ship-borne helicopter for search purposes';

44 ADA, *Submission No. 5*, Volume 1, p. S17.

45 ADA, *Submission No. 5*, Volume 1, p. S18.

46 ADA, *Submission No. 5*, Volume 1, pp. S18, 21, and *Transcript, 17 October 2000*, p. 166. Company of Master Mariners WA, *Submission No. 29*, Volume 2, p. S286.

47 ADA, *Transcript, 17 October 2000*, p. 166.

- 'aircraft would include short and medium range search aircraft, both fixed and rotary wing, for surveillance, and for search and rescue';
- operations would be conducted from a headquarters (in Perth or Brisbane), perhaps two larger bases for the larger vessels and aircraft in the north and south east, and from smaller bases around the coast;⁴⁸
- the organisation would comprise 'around 4 000 regular personnel including those under training as well as civilian support staff';
- the Commandant 'would have to be responsible to a Minister and derive his authority from an Act of the Parliament ... in the same relationship to government as a Commissioner of Police';
- state-based volunteer search and rescue groups 'boast some 3 000 members' and 'could be incorporated into a Coastguard' in much the same way as with the US Coastguard; and
- 'the ability of an Australian Coastguard to provide a combat capable naval reserve in time of war represents a significant benefit and should not be ignored.'⁴⁹

7.70 The ADA suggested that a coastguard could be created through transferring equipment and personnel from existing enforcement agencies on condition that 'only suitably trained and motivated persons would be considered for transfer to a coastguard.'⁵⁰

7.71 However, the submission from the Master Mariners envisaged a longer transition to a coastguard achieved through initially expanding AMSA's present responsibilities, renaming the organisation and acquiring vessels to support maritime patrol functions. Agencies presently charged with enforcing Australia's maritime and border law would in the transition phase continue their role, but using coastguard assets because it was impractical to retrain their present personnel for secondment to the new coastguard.⁵¹

Costs of a coastguard

7.72 The ADA suggested that the annual gross costs of a dedicated coastguard based on its suggested model would be 'unlikely to exceed \$500m at

48 The naval facilities in Cairns could be transferred to the coastguard and form one of the large bases. The smaller bases would be for search and rescue and other small operations and would comprise only one vessel. *Transcript, 17 October 2000*, p. 168.

49 ADA, *Submission No. 5*, Volume 1, pp. S18–22.

50 ADA, *Submission No. 5*, Volume 1, p. S22.

51 Company of Master Mariners WA, *Submission No. 29*, Volume 2, p. S288.

current dollar values'.⁵² When he appeared before the Committee Mr O'Connor, however, acknowledged that the \$500m was not a firm figure.⁵³

7.73 The ADA's submission drew the Committee's attention to the need to balance the costs against the:

... less quantifiable costs of not enforcing Australian laws in some quite critical areas which are likely to come under increased pressure soon, or not providing a more cost-effective search and rescue capability.⁵⁴

The Committee's view

7.74 There appear to be two underlying premises upon which the call for an Australian coastguard is based:

- that there is an increasing and changing threat to Australia's borders and this threat involves the potential for violence to be used against Australians; and
- the current arrangements for Australia's surveillance and response are intrinsically inefficient and likely to become increasingly ineffective.

7.75 The Committee has received no sustained evidence that there is an increased threat of violence. The possible increased level of aggressiveness from illegal fishing vessels was discussed in Chapter 6 and while the Committee noted there have been instances of aggressiveness in the past, it concluded on the evidence before it that the level has not increased.

7.76 The Committee is reassured that the changes to the legislation permitting the hot pursuit of vessels into international waters would allow sufficient time for appropriate coercive force to be brought to bear, provided that surveillance contact is maintained. A good example of this was the *South Tomi* incident in April 2001. The Patagonian toothfish poacher was hot pursued for over 4 000 km towards South Africa. Meanwhile Defence personnel were flown to South Africa to await the arrival of the *South Tomi*. It was subsequently apprehended in a combined Australian-South African defence forces operation.⁵⁵

52 ADA, *Submission No. 5*, Volume 1, p. S22

53 ADA, *Transcript, 17 October 2000*, p. 168.

54 ADA, *Submission No. 5*, Volume 1, p. S22.

55 Hon Peter Reith MP, Minister for Defence, *Minister congratulates ADF and AFMA on successful mission*, Media Release, 12 April 2001.

- 7.77 However, even maintaining contact has been shown to be unnecessary. For the example, contact was lost with the Falklands registered illegal fishing vessel detected in the Southern Ocean in September 2000, but the vessel was still apprehended and crew and owners punished.
- 7.78 The Committee was also told by Mr Behm that governments continually undertake threat assessments. He said:
- Successive governments—I have been around this business for 29 years ... have weighed up the risks associated with all sorts of threats to Australia, whether it is illegal immigration or AQIS and quarantine risks and so on. They look at the costs of managing those risks absolutely. Again, successive governments have made prudential judgments as to how much it is worth investing in having a much higher level of capability against a much lower probability of circumstances occurring.⁵⁶
- 7.79 The Committee provides further comments concerning the threat of terrorism when it discusses duplication of resources below.
- 7.80 Regarding the second premise—that current surveillance arrangements are intrinsically inefficient and increasingly ineffective—this is also discussed below when the Committee considers whether the present Coastwatch arrangement is really the ‘Heath Robinson’ organisation that has been suggested.

Effective use of scarce resources?

The costs involved

- 7.81 The suggested cost for an Australian coastguard is an annual cost of \$500m. This figure was acknowledged by Mr O’Connor to be a ‘back of an envelop figure’ based on what was understood to be the size of the operation.⁵⁷ Nevertheless, the Committee compares this with the cost of Coastwatch for 1999–2000 which was \$180m (including the Defence contribution)⁵⁸ and the annual Defence cost of some \$12bn.⁵⁹
- 7.82 The Committee notes that the cost of Australia’s involvement in the 1999 Interfet operation in East Timor was \$645m. The proposal for an Australian coastguard therefore amounts to approximately an East Timor sized operation each year. The Committee recalls that the Government

56 Defence, *Transcript*, 30 January 2001, p. 276.

57 ADA, *Transcript*, 17 October 2000, p. 167.

58 Customs, *Annual Report 1999–2000*, p. 51.

59 Defence, *Transcript*, 30 January 2001, p. 275; Defence, *Annual Report 1999–2000*, p. 21.

contemplated applying a taxation levy to finance the operation, but rejected the idea as Australia was in budgetary surplus. The Committee questions whether the Australian public would support the extra pressure on the Budget represented by the establishment and running of an Australian coastguard based on the suggested model.

- 7.83 When challenged, Mr O'Connor was unable to point out where Coastwatch had let Australia down sufficiently to warrant the spending of another \$350m a year.⁶⁰
- 7.84 While the Committee acknowledges comparisons with the US Coastguard may be unfair, some comments are warranted. The US Coastguard costs the equivalent of A\$8bn annually and employs 40 000 personnel. The A\$500m would proportionately provide for just 2 500 personnel, which compares with the 4 000 personnel envisaged for an Australian coastguard. (The US Coastguard equivalent cost if 4 000 personnel were employed is A\$1.6bn.) The Committee concludes that either:
- an Australian coastguard will be 'leaner and meaner' than its US counterpart;
 - the Australian coastguard will employ a significant number of volunteers; or
 - the costings are unrealistic.
- 7.85 The Committee has not attempted to cost the creation or running costs of an Australian coastguard but considers the capital costs of purchasing or refitting the 50 vessels envisaged to be substantial, as would be the annual costs for maintenance, replacement, staffing and organisational infrastructure. In effect a second navy would be created.⁶¹

Duplication of resources

- 7.86 As with previous proposals the Committee has highlighted the possibility that resources would be wasted by duplicating assets. Mr Woodward told the Committee:

If you look at the US experience, what has tended to happen ... is a tendency for agencies, including US Customs, to complement the capability of the US Coastguard by building up their own capability. I think US Customs has something like 20 vessels and

⁶⁰ ADA, *Transcript*, 17 October 2000, p. 168.

⁶¹ At page 275 of the transcripts Mr Behm provides a list of the vessels in the US Coastguard and a comparison with Australia's defence assets. The US Coastguard on paper represents a significant fighting force.

60 aircraft. ... My instincts tell me that what has happened in the US would develop in Australia, not just in relation to Customs but perhaps in other agencies, including perhaps the Defence ministry.⁶²

- 7.87 The Committee agrees that Defence would be likely to still have need for military patrol boats. Commodore Rowan Moffitt, Director General Navy Capability, told the Committee that the military role for the patrol boats encompassed 'surveillance, boarding operations and the insertion/extraction of troops between sea and shore—the sort of activity generally restricted to a scenario based on low-level contingencies.'⁶³ The patrol boats were also valuable training vehicles. As Mr Behm said:

The asset that is represented by the patrol boats is a critical asset for the Royal Australian Navy, all the way from the induction of junior staff through to the most senior command of Navy. To get to the top, you have got to start somewhere. As Commodore Moffitt said, for many of our most experienced naval officers the initial operational experience that they get through the patrol boats is integral to the expertise that the Navy brings to much higher levels of operational expertise.⁶⁴

- 7.88 The Committee does not believe that Defence would rely on using an Australian coastguard's patrol boats for military operations in low-level conflict situations.
- 7.89 Turning to counter-terrorism, one of the increasing threats predicted by proponents of an Australian coastguard is that of threats to off-shore oil and gas installations. In such a scenario the Committee believes that a coastguard vessel sporting machine guns and a 76mm cannon would not be a guaranteed deterrent to committed terrorists 'using sophisticated electronic equipment and weapons of considerably more power than basic small arms.'
- 7.90 To meet such a contingency an Australian coastguard would have to create a counter-terrorism unit. However, Australia already has such units—these were mobilised to meet contingencies during the 2000 Sydney Olympics.
- 7.91 Again, an Australian coastguard would lead to the risk of duplication.

62 Customs, *Transcript*, 30 January 2001, p. 274.

63 Defence, *Transcript*, 30 January 2001, p. 272.

64 Defence, *Transcript*, 30 January 2001, pp. 275–6.

Ability to recruit personnel

7.92 The creation of a paramilitary organisation comprising 4 000 personnel would place pressure on Defence recruitment. Commander Graham Harris, President Navy League of Australia, that a major worry to his organisation was the recruitment of personnel into the RAN.⁶⁵ The Committee notes that in the Defence annual report for 1999–2000, RAN enlistments decreased by 7 per cent and only 57 per cent of the RAN target was met. The annual report also advised that the RAN has almost 2 000 vacancies against requirements.⁶⁶ A Defence submission to the Senate Foreign Affairs, Defence and Trade References Committee in May 2001 indicated that recruitment difficulties continued into 2000–01.⁶⁷ However, a ministerial media release in July 2001 indicates an upturn in Defence recruitment.⁶⁸

7.93 It may be the case that an Australian coastguard might attract a different group of people. As the submission from Mr William Watson stated:

I believe that many unemployed people and others likely to reject the idea of military service will be willing to sign on for the Coastguard - especially if it can be demonstrated that it will serve as a humanitarian rescue service as well as a maritime interdiction "police force".⁶⁹

7.94 The Committee received no further evidence on this conjecture.

Effectiveness in time of war

7.95 The Committee questions whether an Australian coastguard would be an effective auxiliary to Defence during modern warfare. Without commenting on the resilience or training of its personnel, the capabilities of the vessels themselves (as described by proponents) would not provide a defensive capability to the types of weapons likely to be deployed against them. To provide that capability would incur significant costs both in equipment and training. The Committee believes those resources would be better spent on Defence itself.

65 Navy League of Australia, *Transcript*, 17 October 2000, p. 171.

66 Defence, *Annual Report 1999–2000*, p. 79.

67 Defence, *Submission to the Foreign Affairs, Defence and Trade References Committee Inquiry into Recruitment and Retention of Australian Defence Force Personnel*, 24 May 2001, p. 8.

68 Hon Bruce Scott, Minister Assisting the Minister for Defence, *Rapid rise in recruiting reflects growing community support*, Media Release, 5 July 2001.

69 Mr William Watson, *Submission No. 6*, Volume 1, p. S31.

Improved performance?

- 7.96 Mr Davidson provided comments to the Committee about the search and rescue performance of overseas agencies. He said that the paramilitary organisations tend to have a preference for dedicated platforms and vehicles.⁷⁰
- 7.97 While it could be argued that an Australian coastguard would be different, the Committee believes there would be a temptation to have dedicated platforms. This would not augur well for **improved** performance—dedicated platforms would be inflexible.
- 7.98 Mr Davidson also compared crewing levels of vessels engaged in AMSA-type activities and told the Committee of an AMSA lighthouse tender vessel which had a crew of 14—a comparable vessel operated by the US Coastguard carried a crew of 50. He also compared AMSA's Omega navigation system staffed by 8 people compared to the US Coastguards system operated by 'hundreds'.⁷¹
- 7.99 The Committee considers that if this was mirrored in an Australian coastguard this would not represent improved performance.
- 7.100 The most compelling evidence regarding performance was provided by Mr Michael Palmer, Commissioner AFP. He said:

My unqualified experience in looking at arrangements in countries where there are coastguard type arrangements ... is that I would gain no comfort at all from those arrangements. Those arrangements have caused a division through the investigative focus and it has caused competition between investigative agencies in a very counterproductive way. I can say, from conversations with my United Kingdom counterparts, that from a law enforcement perspective they would give their right arm to have arrangements similar to those which exist in Australia because [in the UK] there is a competition for intelligence and for investigative supremacy, if you like, that is absolutely counterproductive.⁷²

Is an Australian Coastguard warranted?

- 7.101 The Committee does not believe the premises upon which the Australian coastguard proposal has been based have been sustained. Moreover, the

70 AMSA, *Transcript, 30 January 2001*, p. 294.

71 AMSA, *Transcript, 30 January 2001*, p. 294.

72 AFP, *Transcript, 30 January 2001*, p. 265.

proposal fails on providing more effective use of scarce resources, and is unlikely to result in improved performance.

- 7.102 Indeed, the Committee is aware that the US Coastguard is experiencing problems. It is reported that the US Coastguard is facing a US\$91m budget deficit due to increased fuel costs and salaries and has reduced personnel, air and sea patrols by 10 per cent, and scaled back maintenance and spare part purchases.⁷³
- 7.103 The Committee suggests that an Australian coastguard is not the inevitability that is envisaged. Instead, the Committee argues below that the Coastwatch model, is the way of the future.

The 'no change' option to the coastwatch function

- 7.104 The Committee has considered whether, compared to the alternative models, the Coastwatch model represents an effective use of scarce resources and provides effective performance. This is not to argue that the current Coastwatch is perfect because, as with all organisations, there will always be opportunities to improve.

Effective use of scarce resources?

- 7.105 From the Commonwealth view, because Coastwatch does not own its assets there can be no duplication with other agencies such as Defence and Customs. The potential problem is that Coastwatch does not control those assets. However, this is balanced because:
- the contractor's surveillance aircraft are dedicated to Coastwatch under contract (if used for search and rescue it is with the approval of Coastwatch);
 - Defence benefits from the training and operational command opportunities provided to the RAAF and RAN by involvement in Coastwatch operations; and
 - Coastwatch has leverage with Customs because it is within that agency.
- 7.106 The Committee also expects any MOU with Defence and Customs would address the availability of assets.

73 *Deficits force coast guard to cut patrols, in The Virginian-Pilot (Norfolk, Va.), 9 March 2001.*

- 7.107 Because the assets used by Coastwatch belong to others, the risks associated with those assets are similarly borne by others. Such risks would be under-performance or unavailability which would necessitate an adequate maintenance and repair schedule and adequate crewing levels. The Committee acknowledges that these costs would in part be reflected in the contract prices with Coastwatch's contractors. However, the surveillance costs per area covered are much lower for the civil surveillance contract than the costs using RAAF aircraft.⁷⁴ As well, the Committee considers there would be an incentive to contractors to provide value for money especially when there is no guaranteed renewal of the contract.
- 7.108 An advantage of assets being controlled by other organisations is that when they are not used by Coastwatch they are available for other activities. The use of the RAN patrol boats and the Customs vessels are an example of multiple-use assets. In addition, the Committee notes that in specifying the equipment for the Bell 412 helicopter a whole of government approach was taken and the aircraft was equipped with a winch and rappelling device.⁷⁵ The Committee has been advised by AMSA that nine survivors have been winched to safety on three separate occasions.⁷⁶
- 7.109 The risk to Coastwatch is that it might not have enough of the scarce resources to fulfil its tasks. This has been recognised by the Committee when it discussed Coastwatch's ability to respond to foreign vessels illegally fishing in northern waters.

Effective performance?

- 7.110 The Committee was told by Air Vice Marshall Houston, Head Strategic Command, that ownership of assets was not really important, but instead that 'the capabilities that are presented are prepared properly so that if you need them you can respond appropriately.'⁷⁷ Mr Behm added that coordination was the key:

Certainly, the experience that we have had in areas such as counter-terrorism and emergency management have demonstrated that within the Commonwealth we are extremely

74 Surveillance Australia provided a figure of 21c per square mile covered by its Dash 8 aircraft compared to \$3.30 for the P3C Orions. *Transcript, 17 October 2000*, p. 193.

75 Customs, *Submission No. 41*, Volume 3, p. S578.

76 AMSA, *Submission No. 44*, Volume 3, p. S596.

77 Defence, *Transcript, 30 January 2001*, p. 271.

good at coordination. We understand how coordination works. We understand each other's roles. We understand particularly what each agency brings to the coordination arrangement and we know very well how to allocate responsibilities to the right agency at the right time. ... It is fair to say that the economy that we bring to much of this sort of activity within the Commonwealth is leading edge. It is certainly world class.⁷⁸

- 7.111 Regarding Coastwatch, the Committee has no reason to doubt that the organisation is able to successfully coordinate the assets at its disposal. The Committee notes in this regard the close and cooperative relationship between Coastwatch and Defence. This the Committee is sure, is due in part to the Prime Minister's Task Force recommendation that 'the position of Director General Coastwatch be filled through the secondment of a serving uniformed Australian Defence Force officer'.⁷⁹
- 7.112 In addition, the MOUs entered into with client agencies and asset suppliers would assist coordination. As well, client agencies have an interest in successful operations because they are responsible for the outcomes.
- 7.113 A further aid to performance is that the current Coastwatch is in a position to adapt to changing levels and types of threats. The organisation has not invested in assets and can change the suite of equipment at its disposal by redefining its needs and renegotiating contracts with its private sector air surveillance contractors. In contrast the US Coastguard still uses World War II vessels with consequent demands on maintenance.⁸⁰
- 7.114 As an example of a changing threat, there may in the future be a need to counter unauthorised air movements in northern Australia. Coastwatch would be able to request from Defence the use of different surveillance equipment and/or renegotiate the contract with Surveillance Australia to provide different aircraft and sensors. There would be less reluctance to change because Coastwatch would not be committed to particular assets and surveillance equipment.
- 7.115 On the cost of operations, Coastwatch because it is within Customs is able to call upon its department in the case of short term financial demands
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78 Defence, *Transcript*, 30 January 2001, p. 275.

79 Department of Prime Minister and Cabinet, *Report of the Prime Minister's Coastal Surveillance Task Force*, Recommendation 13, p. 6.

80 *Deficits force coast guard to cut patrols*, in *The Virginian-Pilot (Norfolk, Va.)*, 9 March 2001. The article reported that nine officers were dumped into the Bering Sea when a 1 000 pound steel arm snapped when lowering their small boat into the water. The article commented that maintenance had been reduced on the ship which was of World War II vintage.

due to the need to respond to changing threats.⁸¹ This linkage again raises the possibility that Coastwatch might be too close to Customs and the risk to performance this poses. However, the Committee considers that the secondment of a Defence officer to the Director General position has addressed this concern.

The Committee's conclusion

7.116 The Committee is of the view that the current Coastwatch model is in effect an 'outsourced coastguard'. The core business of coordination has been retained and the provision of services is provided by other entities both private and public sector. Australia has been able to achieve this position without the cost and pain of creating then dismantling a large and cumbersome coastguard. The Committee notes that Canada and England outsource their coastal surveillance operations. As well, the US Coastguard through its Deepwater Project is seeking to replace many of its assets and use commercial assets to bring down the cost of conducting operations.⁸²

Bob Charles MP
Chairman
8 August 2001

81 Customs, *Transcript, 30 January 2001*, p. 263.

82 Surveillance Australia, *Transcript, 17 October 2000*, pp. 190-1.



Appendix A—List of Submissions

1. Mr Peter Stagg
2. Mr Stephen Gillard
3. Mr Garry O’Gorman
4. Mr Bill A Willcox
5. Australian Defence Association
6. Mr William H Watson
7. Kingfisher Unmanned Aviation Systems
8. The Navy League of Australia
9. Australian National Audit Office
10. Sonacom Pty Ltd
11. Environment Australia
12. University of Wollongong
13. Department of Foreign Affairs and Trade
14. Oceanic Solutions Pty Ltd
15. The Country Women’s Association of Western Australia
16. Mr John F Simmons
17. Telstra Applied Technologies
18. Australian Fisheries Management Authority
19. Island Watch (Lagaw Asmer)

20. Mr Bob G Stevens
21. Australian Maritime Safety Authority
22. Surveillance Australia Pty Ltd
23. Australian Federal Police
24. Department of Immigration and Multicultural Affairs
25. Australian Customs Service
26. The Returned & Services League of Australia Limited
27. Reef Helicopters
28. Department of Defence
29. The Company of Master Mariners of Australia Ltd
30. The Australian Quarantine and Inspection Service
31. Mr Lofty Mason
32. Community and Public Sector Union
33. Sonacom Pty Ltd
34. Mr Michael D Robinson
35. Pacific Corporate Aviation Services
36. Queensland Government
37. CEA Technologies Pty Ltd
38. Government of Western Australia
39. Mr Lofty Mason
40. Surveillance Australia Pty Ltd
41. Australian Customs Service
42. Sonacom
43. Australian Federal Police
44. Australian Maritime Safety Authority
45. Mr John F Simmons
46. Australian Fisheries Management Authority
47. Oceanic Solutions Pty Ltd

48. Department of Immigration and Multicultural Affairs
49. Aimbridge Pty Ltd
50. Department of Defence
51. Department of Agriculture, Fisheries and Forestry—Australia
52. Island Watch (Lagaw Asmer)
53. Barry Douglas Australia Pty Limited
54. Queensland Government
55. Australian Customs Service
56. Australian Customs Service
57. Australian Fisheries Management Authority
58. Australian Customs Service
59. Department of Immigration and Multicultural Affairs
60. Australian Customs Service
61. Department of Immigration and Multicultural Affairs

The Committee also received a number of confidential submissions.



Appendix B—List of Exhibits

1. Douglas R MacKinnon, *Policing Australia's Offshore Zones—Problems and Prospects, Wollongong Papers on Maritime Policy No.9. Centre for Maritime Policy, University of Wollongong, Doug MacKinnon & Dick Sherwood (Editors)*
2. Douglas R MacKinnon, *Report on Critical Issues Workshop, The Regulation and Enforcement of Crime in Australia's Maritime Zones, and associated papers. Canberra 1998, Australian Federal Police and Centre for Maritime Policy, University of Wollongong. Douglas R MacKinnon*
3. Dr Jeremy H Ranicar, Director Oceanic Solutions Pty Ltd, *Coastwatch—New Technologies Brochures from Elta Electronics Industries Ltd*
4. Dr Jeremy H Ranicar, Director Oceanic Solutions Pty Ltd, *Coastwatch – New Technologies Brochures on Elta's Synthetic Aperture Radar (SAR) reconnaissance capabilities* Dr Jeremy H Ranicar, Director Oceanic Solutions Pty Ltd
5. Department of Immigration and Multicultural Affairs, Border Protection Branch, *Refused Immigration Clearance Report, June 2000, Unauthorised Arrivals Section and Fact Sheet-Unauthorised arrivals by air and sea*
6. Mr L B Woodward, Australian Customs Service, *Memorandum of Understanding for the Response to an Illegal Landing of a Suspect Illegal Entrant Vessel on Australian Territory*
7. Mr L B Woodward, Australian Customs Service, *Report by former South Australian Police Commissioner, David A. Hunt, into Safe Working Practices and Procedures for the National Marine Unit and Client Agencies in an Increased Risk Environment*
8. Mr Brian C Bates, Commissioner of Police, Northern Territory Police, *Northern Territory Government material to the Prime Minister's Task Force on Coastal Surveillance*

9. Australian Fisheries Management Authority, *Maps—Rate of Apprehension of foreign fishing vessels Jan 98-Dec 98* and *Pengaturan Maritim Antara Australia*
10. Pacific Corporate Aviation Services, *SEAWOLF maximizes your military budget, brochures on airbourne camera systems and a video*
11. Reef Helicopters Pty Ltd, *Aircraft and mission equipment serviceability status report* and *FLIR display video*
12. Barry Douglas Australia Pty Limited, *Skycat surveillance, Multi Functional—from detection to tracking*
13. Barry Douglas Australia Pty Limited, *At-10, Surveillance, Advertising, Law Enforcement and Training*
14. Barry Douglas Australia Pty Limited, *Skycat Ultra-Heavy Cargo Airlift, The Versatile Transport Systems for the 21st Century*
15. Barry Douglas Australia Pty Limited, *Skycat Peacekeeping & Disaster Relief, High and Low Altitude Command and Communication Systems*
16. Barry Douglas Australia Pty Limited, *Stratsat Telecommunication, High Altitude Telecommunication Platform*
17. Rear Admiral Shalders, Director General, Coastwatch, *Fuel Cost Limits Coast Guard's Missions*, article from *Norfolk Virginian-Pilot*
18. Rear Admiral Shalders, Director General, Coastwatch, *Coastwatch Helicopter Policy*
19. Rear Admiral Shalders, Director General, Coastwatch, *Coastwatch Helicopter Tasking Guidelines*

The Committee also received a number of confidential exhibits.



Appendix C—Inspection visits to northern Australia

Monday 11 September

Darwin

- Inspection of Headquarters Northern Command, Darwin and briefing by Commander Northern Command.
- Inspection at Darwin Naval Base of the Fremantle Class Patrol Boat *HMAS Dubbo*, and Australian Customs Vessel *Arnhem Bay*.
- Briefing by Coastwatch officers at Customs House, Darwin.
- Briefing by officers of Surveillance Australia at its Darwin base.
- Group A—Surveillance patrol Darwin–Broome via Ashmore Reef;
Group B—Low level coastal flight Darwin–Broome.

Tuesday 12 September

Broome

- Inspection of Willie Creek detention facility and briefing by representatives from Coastwatch’s Federal and State clients.
- Inspection of Surveillance Australia base, Broome.

- Group A—Low level coastal flight Broome–Darwin;
Group B—Tactical response patrol and flight to Darwin.

Wednesday 13 September

Darwin and Torres Strait

- Low level coastal flight Darwin–Horn Island via Bathurst Island and various Torres Strait islands.
- Inspection of Reef Helicopters base, Thursday Island.
- Briefing by Coastwatch, Defence, representatives from Coastwatch’s Federal and State clients, and Reef Helicopters.



Appendix D—Witnesses appearing at public hearings

Canberra, Friday 18 August 2000

Australian National Audit Office

Mr Ian McPhee, Deputy Auditor-General

Mr Peter White, Executive Director, Performance Audit Services Group

Mr Jonathan Hansen, Performance Analyst, Performance Audit Services Group

Australian Customs Service

Rear Admiral Russell Shalders, Director General, Coastwatch

Mr Rodney Stone, Director, Coastwatch Operations

Mr Lionel Woodward, Chief Executive Officer

Mr Keith Johnson, Superintendent, National Marine Unit

Mrs Christine Marsden-Smedley, Director, Coastwatch Resources

Australian Bureau of Criminal Intelligence

Mr Mark Holmes, Manager, National Intelligence Assessments

Australian Federal Police

Mr Andrew Hughes, Acting General Manager, National Operations

Mr Michael Palmer, Commissioner

Australian Quarantine and Inspection Service

Mr John Cahill, National Manager, Border Management Program

Ms Helen Gannon, Manager, Seaports Program

Mr Robert Murphy, Manager, Border Surveillance Programs

Department of Defence

Mr Allan Behm, Head, Strategy and Ministerial Services Division

Group Captain Enrico Casagrande, Director, Operations and International Law

Commodore Russell Crane, Director General, Intelligence, Surveillance,
Reconnaissance and Electronic Warfare

Commodore Warwick Gately, Director General, Joint Operations and Plans,
Strategic Command Division

Commander Mark McIntosh, Surveillance Coordination, Headquarters Australian
Theatre

Commander David McCourt, Staff Officer Grade One, Current Operations,
Northern Command

Commodore Rowan Moffitt, Director General, Navy Capability, Performance and
Plans, Royal Australian Navy

Group Captain Geoffrey Roberts, Director, Battlespace Management (Aerospace)
Air Force, Air Force Headquarters

Dr Bruce Ward, Chief, Surveillance Systems Division

Commander Robin Warner, Acting Director, Operations and International Law
Strategic Command

Department of Immigration and Multicultural Affairs

Mr Andrew Metcalfe, Deputy Secretary

Mr Peter Vardos, Assistant Secretary, Unauthorised Arrivals and Detention

Ms Philippa Godwin, First Assistant Secretary, Border Control and Compliance

Ms Karen Dundas, Assistant Director, Unauthorised Arrivals

Mr Douglas Mason, Private capacity

Canberra, Friday 8 September 2000

Australian Fisheries Management Authority

Mr Frank Meere, Managing Director

Mr Geoffrey Rohan, General Manager, Operations

Mr Paul Ryan, Manager, Foreign Compliance Strategy

Mr Peter Venslovas, Senior Manager, Compliance

Australian Maritime Safety Authority

Mr Clive Davidson, Chief Executive

Ms Rowena Barrell, General Manager, AusSAR

CEA Technologies Pty Ltd

Vice Admiral Don Chalmers, AO, RANR, Chairman

Mr Mark Foster, Marketing Manager

Mr Robert Spencer, Business Development Manager

Environment Australia

Mr Peter Taylor, Director, Marine Protected Areas (West), Marine and Water Division

Mr Sean Hutchens, Acting Assistant Director, Ocean Protection and International Section, Marine and Water Division

Dr David Kay, Assistant Secretary, Marine Conservation Branch

Sonacom Pty Ltd

Mr Gary Clarke, Managing Director

Vice Admiral Don Chalmers, AO, RANR, Executive Officer

Returned and Services League of Australia

Captain William Owen, Member, National Defence Committee

University of Wollongong

Professor Martin Tsamenyi, Director, Centre for Maritime Policy

Mr Walter Bateman, Associate Professor and Principal Research Fellow, Centre for Maritime Policy

Mr John Simmons, Private capacity

Melbourne, Tuesday 17 October 2000**Aimbridge Pty Ltd**

Mr Morris Joffe, Chief Executive Officer

Australia Defence Association

Mr Michael O'Connor, Executive Director

Krongold Group of Companies

Mr Lionel Krongold, Executive Chairman

National Jet Systems Pty Ltd

Mr Graham Giles, Group Commercial Manager

Navy League of Australia

Commander Graham Harris, President

Mr Frank Evans, Chairman, Advisory Committee

Pacific Corporate Aviation Services

Captain Trevor Noblet, Managing Director

Oceanic Solutions Pty Ltd

Dr Jeremy Ranicar, Director

Surveillance Australia Pty Ltd

Mr John Crowe, Chief Pilot

Mr Michael Johnston, Chief Observer

Mr David Ollerton, Operations Manager

Mr Anthony Patterson, General Manager

Telstra Applied Technologies

Mr Malcolm Morrison, National General Manager

Mr Barry Hibble, Consultant

Brisbane, Tuesday 24 October 2000**Island Watch**

Mr Brian Arley, Project Consultant

Kingfisher Unmanned Aviation Systems Australia

Mr Peter Bale, Director

Mr Peter Hill, Director

Reef Helicopters

Mr David Earley, Chief Executive Officer

Mr John Bizjak, Senior Observer

Canberra, Tuesday 30 January 2001**Australian Customs Service**

Rear Admiral Russell Shalders, Director General, Coastwatch

Mr Rodney Stone, Director, Coastwatch Operations

Mr Lionel Woodward, Chief Executive Officer

Australian Federal Police

Mr Andrew Hughes, Acting General Manager, National Operations

Mr Michael Palmer, Commissioner

Australian Fisheries Management Authority

Mr Frank Meere, Managing Director

Mr Geoffrey Rohan, General Manager, Operations

Mr Peter Venslovas, Senior Manager Compliance

Australian Maritime Safety Authority

Ms Rowena Barrell, General Manager, AusSAR

Mr Clive Davidson, Chief Executive

Australian National Audit Office

Mr Ian McPhee, Deputy Auditor-General

Mr Peter White, Executive Director, Performance Audit Services Group

Mr Jonathan Hansen, Performance Analyst, Performance Audit Services Group

Australian Quarantine and Inspection Service

Mr John Cahill, National Manager, Border Management

Mr Robert Murphy, Manager, Border Surveillance Programs

Department of Defence

Mr Allan Behm, Head, Strategy and Ministerial Services Division

Group Captain Enrico Casagrande, Director, Operations and International Law

Commodore Russell Crane, Director General, Intelligence, Surveillance,
Reconnaissance and Electronic Warfare

Air Vice Marshal Angus Houston, Head Strategic Command

Lieutenant Cameron Moore, Legal Officer, Directorate of Operations and
International Law

Commander Leslie Rixon, Staff Officer Grade One, Current Operations,
Headquarters Northern Command

Brigadier Mike Silverstone, Commander Northern Command, Headquarters
Northern Command

Dr Bruce Ward, Chief, Surveillance Systems Division

Department of Immigration and Multicultural Affairs

Mr Andrew Metcalfe, Deputy Secretary

Mr Greg Mills, Director, Unauthorised Arrivals

Environment Australia

Dr David Kay, Assistant Secretary, Marine Conservation Branch

Mr Philip Domachenz, Senior Project Officer, Marine Protected Areas

Royal Australian Air Force

Group Captain Brett Biddington, Director Battlespace Management (Aerospace)
DBM (Aero)

Commodore Rowan Moffitt, Director General Navy Capability, Performance and
Plans



Appendix E—Article which appeared in *About the House*

Coastwatch inspection turns to surveillance

“Suspicious contact. Bearing 230 at 8 miles. I think we’ve got a probable SIEV out here.”

When, as part of their review of Coastwatch, members of Parliament’s Joint Committee of Public Accounts and Audit participated in a routine coastal surveillance flight north-west of Australia, they had no idea that they would become involved in a real life surveillance and detention operation. But after hearing that a ‘suspect illegal entry vessel’ or SIEV had been sighted near Australia’s waters, Committee members soon realised that they had a valuable opportunity to see Coastwatch in action.

“Parliamentary committees often conduct inspections as part of their investigations,” said Public Accounts and Audit Committee Chair, Bob Charles (Member for La Trobe, Victoria). “But you don’t usually get to see a real life situation played out in front of you. What better way for our Committee to conduct its review of Coastwatch than to witness first hand its detection methods, surveillance procedures and coordination of resources?”

The real life drama began on the morning of 12 September 2000, when a Coastwatch Dash-8 aircraft sighted a suspect vessel about 110 nautical miles east of the Ashmore Islands (outside Australian territorial waters). Around 50 people were reported to be on the deck of what appeared to be a motorised Indonesian fishing vessel.

The sighting triggered an immediate response at the Coastwatch National Surveillance Centre in Canberra. Arrangements were made for Customs and Navy vessels (the *Wauri* and *HMAS Dubbo*) to intercept the suspect vessel. All relevant Commonwealth agencies, including the Immigration Department, were alerted.

After tracking the suspect vessel throughout the morning of 12 September, the original surveillance aircraft was replaced with another Coastwatch aircraft flying out of Broome. With Public Accounts and Audit Committee members on board, the new surveillance aircraft continued tracking the suspect vessel on its eastward journey and directed the Customs and Navy vessels to the area where an interception could take place. Once *HMAS Dubbo* made radar contact with the suspect vessel, the surveillance aircraft was able to continue on to Darwin.

Crew from the *Dubbo* boarded the suspect vessel in the early hours of 13 September. By then the vessel had been identified as a motorised Indonesian fishing vessel known as the *Darimun Badi*. At the time, the vessel remained outside Australian territorial waters, in the Exclusive Economic Zone—an area where authorities could legally board, but not apprehend, the fishing boat.

The passengers and crew, totalling over 100 people, were warned that they would be detained if they entered Australian territorial waters without proper authority. The crew also was told that they would face prosecution. At this point the master of the vessel claimed to be bypassing Australia and as such had a legal right to be in those waters under the rules of innocent passage.

The *Darimun Badi* was boarded twice more as it continued its easterly heading, with warnings re-issued. After the third warning, and after receiving fresh water supplies from *HMAS Dubbo*, the vessel turned north. Soon after it resumed its easterly passage, remaining outside Australian territorial waters.

Given concerns for the seaworthiness of the vessel, Coastwatch requested further Defence Force assistance with the escort task. *HMAS Geelong*, which had arrived in Broome late that evening delivering an illegal fishing vessel, was speedily refuelled and sailed soon after midnight to provide support to *HMAS Dubbo*.

HMAS Dubbo shadowed the *Darimun Badi* as it slowly headed east. Late on 13 September Coastwatch estimated that, if it continued its easterly heading, the suspect vessel was likely to enter Australian waters near Darwin on the afternoon of 14 September.

Shortly before 3pm on 14 September—two and a half days after it was first sighted—the vessel entered Australian waters, at which time authorities could board and legally detain it and all the people on board. As the *Darimun Badi* neared Bathurst Island, *HMAS Dubbo* issued a notice of detention and the boat was towed to Darwin. The vessel was checked by fisheries and quarantine officers for black striped mussel, which is a threat to Australia's marine life.

On arrival at Darwin Naval Base 101 passengers and three crew were taken into custody by Immigration officials and the Australian Federal Police.¹ Customs officers conducted a search of the vessel for prohibited imports and dangerous goods.

During the surveillance, and subsequent response, six government agencies worked together to ensure compliance with Australia's laws. About 120 people, in the air, at sea and ashore, were involved in the surveillance and response activities coordinated from the Coastwatch National Surveillance Centre.

The *Darimun Badi* was the 28th vessel successfully detected and apprehended by Australian authorities since January 2000. Over 1,600 suspected unlawful non-citizens attempting to arrive by boat have been handed over to the Immigration Department in that time.

According to Public Accounts and Audit Committee Chair, Bob Charles, the whole operation gave an important insight into the way in which Australia's coastal surveillance authorities respond to illegal boat arrivals in Australia's waters. "You can be told these things are being dealt with, but until you get to see the operations first hand you don't get a complete understanding of what is involved."

"The Committee will use the experience it gained during this inspection, or should I say surveillance, in preparing its recommendations on Coastwatch for presentation to Parliament," Mr Charles said.

For more information on the Coastwatch inquiry

Call: (02) 6277 4574

Email: jcpa@aph.gov.au

Visit: www.aph.gov.au/house/committee/jpaa

1 Two of the three crew members were sentenced to 30 months imprisonment, to serve 15 months. The third member was sentenced to 4 years imprisonment to serve 2 years (100 Indonesian rupiah and US\$300 were also forfeited from this crew member). DIMA, *Submission No. 59*, Volume 4, p. S689; *Submission No. 61*, Volume 4, p. S710.



Dissenting report

This report deals with the need to replace the current arrangements for operating the Coastwatch program with an Australian Coast Guard.

History

- 1.1 Maritime surveillance for civilian purposes began in 1968 to protect the new 12 nautical mile fishing zone that had been declared in 1967. The first surveillance was undertaken using RAAF P3 Orion aircraft. Approximately 150 hours of surveillance were flown each year. The RAN assisted with surveillance and response using patrol boats.
- 1.2 During the early 1970s the activities of foreign fishing vessels in Australia increased, with 431 sightings in 1974. The most serious threat was traditional Indonesian fishing boats landing in the Kimberley with attendant quarantine risks. Surveillance was increased to 800 flying hours and patrol boat operations extended.
- 1.3 In 1975 a detachment of three RAN Grumman S2E Tracker aircraft were based at Broome and Operation 'Trochus 75' was mounted to monitor traditional Indonesian fishing operations and prevent the illegal taking of trochus from Australian waters. The operation was repeated in 1976 but was so successful it was considered unnecessary the following year.
- 1.4 In 1976 the first refugees arrived by boat from Vietnam. In 1977 a six month trial program using RAAF Dakota and RAN Tracker aircraft was conducted over waters between Darwin and Broome.
- 1.5 In August 1977 Australia declared a 200 nautical mile Exclusive Economic Zone.

- 1.6 In 1978 the Minister for Transport was made responsible for civil surveillance and the Department of Transport's Marine Operations Centre, which was responsible for ship reporting and search and rescue, was redesignated the Australian Coastal Surveillance Centre. The Defence contribution to surveillance was increased and a new surveillance program using civilian chartered aircraft was initiated. It was proposed that the combined Defence and civilian surveillance effort would be of the order of 27,000 flying hours per year but because of delays not all contract arrangements were finalised until mid-1981.
- 1.7 In 1982 the civilian surveillance program was given the name 'Coastwatch', the aircrew were dressed in uniforms and provided with more extensive training. The aircraft were upgraded with weather radar, multi-channel radio equipment, and VLF/Omega navigation equipment.
- 1.8 In March 1983, the Hawke Government was elected and the new Minister for Aviation and Minister Assisting the Minister for Defence, Kim Beazley, conducted a review, finding that more emphasis needed to be placed on drug enforcement. Responsibility for managing and coordinating coastal surveillance was transferred to the Australian Federal Police. A Coastal Protection Unit with its own budget was co-located with the Sea Safety and Surveillance Centre at the Department of Transport with regional co-ordination centres in northern Australia.
- 1.9 In 1988 the Minister for Transport and Communications, Senator Robert Ray, commissioned Hugh Hudson to undertake a review of the coastal surveillance function. The Hudson Report found there had been a resurgence of Indonesian fishing boat activity in the Kimberley area and that there was a need for a night surveillance capability in the Torres Strait. Hudson recommended that the aerial surveillance be funded as a program 'rather than attempt to fund notional inputs into the program.'
- 1.10 Hudson recommended that the Australian Maritime Safety and Coastwatch Agency be established as an independent agency responsible directly to an appropriate Minister. This recommendation was not adopted and instead the coastal surveillance function was placed within Customs.
- 1.11 In 1999 the current government responded to a series of undetected landings by people from boats, establishing a Prime Ministerial taskforce to review Australia's coastal surveillance. The outcomes of that review included; the establishment of a national surveillance centre; upgrading Coastwatch's intelligence function; the addition of two fixed wing surveillance aircraft and one night capable helicopter; and the appointment of a two star naval officer as Director-General of Coastwatch.

Following the taskforce review Coastwatch, which had been incorporated into the Australian Customs Service's Border Management sub-program, was established as a sub-program in its own right.

- 1.12 On the 23rd of January 2000, the Leader of the Opposition, Kim Beazley; the Shadow Defence Minister, Stephen Martin; and the Shadow Justice and Customs Minister, Duncan Kerr, released a policy to establish an Australian Coast Guard. The policy defined the Australian Coast Guard's role as the detection, surveillance and law enforcement response to people smuggling, drug smuggling and illegal fishing, search and rescue operations, and maritime safety. Its charter would include defence, quarantine and fisheries functions, with responsibility for oil spill and environmental protection and pollution control.
- 1.13 The Australian Coast Guard would have primary responsibility for the maintenance and enforcement of Commonwealth maritime law. In peacetime operating as a maritime police force with the full range of law enforcement powers. In times of war or declared emergency, the Australian Coast Guard would come under military command and act as a fourth arm of the Australian Defence Force.
- 1.14 The financial, personnel and physical resources to establish the Australian Coast Guard already exist across various Commonwealth agencies. The Australian Coast Guard would be formed from these existing operational components. By bringing these resources together in one integrated agency, the Australian Coast Guard would be able to deliver coastal surveillance more effectively and more efficiently than under the current arrangements.
- 1.15 The Australian Coast Guard would be established under an Act of Parliament, located within the Justice and Customs portfolio, with an operational commander on secondment from the Australian Defence Force. The Act establishing the Australian Coast Guard would authorise Coast guard vessels to undertake combat duty when placed under ADF command.
- 1.16 The Australian National Audit Office conducted a performance audit of the Coastwatch function which was tabled on the 6th of April 2000.
- 1.17 The ANAO found significant scope still remains for Coastwatch to improve its administration and therefore its cost-effectiveness. The ANAO recognised that in some areas it's recommended improvements would be heavily dependent on the full cooperation of Coastwatch's client agencies and that this cooperation had not been forthcoming in the past.

- 1.18 The performance audit found; Coastwatch assets were only providing limited coverage of the far southern aspects of the EEZ and of the Australian Antarctic Territory; deficiencies in the provision of intelligence to Coastwatch by client agencies; the need for an appropriate replacement for the Freemantle class patrol boats to meet Coastwatch response needs; deficiencies in the performance measurement system for the surveillance contracts; a need for a more systematic approach to ranking Coastwatch tasks; scope for Coastwatch to adopt a more rigorous approach to risk management; Coastwatch's performance indicators were difficult to access and of limited value; potential for identification of alternative delivery platforms and administrative systems – such as those used by the US Coastguard – to improve Coastwatch's performance; and deficiencies in accountability, in particular Coastwatch did not provide sufficient detail in the ACS Annual Report and Portfolio Budget Statements to allow the Parliament and clients to determine readily either Coastwatch's total costs, including the Defence component, or allow ready assessment of its overall performance.
- 1.19 The performance audit identified unauthorised aircraft movements as a potential problem not being adequately dealt with by Government.

Comment

- 1.20 Since its inception as a Defence program in 1968 the coastal surveillance function has gradually evolved in response to changes in the area of Australia's interest, changes in the level and profile of relevant threats, and changes in available technology to conduct surveillance.
- 1.21 Administrative arrangements for delivering the coastal surveillance function have also evolved from a Defence operation in the beginning, to a departmental operation (variously under Transport, the Australian Federal Police and now Customs). In the past the coastal surveillance function has been grouped with other functions such as maritime safety and search and rescue with which it has useful synergies. A separate agency status was first recommended by Hudson in 1988 but not proceeded with. The most recent change has been to establish Coastwatch under its own sub-program within the Australian Customs Service.
- 1.22 The Australian Labor Party's policy to establish an Australian Coast Guard as a separate agency in the Justice portfolio and that its functions include maritime safety and search and rescue would be a logical and timely development of the institutional arrangements.

Public expectations of Coastwatch

- 1.23 It is only possible to speculate on the public's expectations of Coastwatch. There is no quantitative data available that might give an indication of the public's understanding of Coastwatch's role and the performance of its operations or what is possible or appropriate.
- 1.24 However, given the level of media coverage relevant incidents receive, it is reasonable to assume that there is a high degree of awareness of the threats Australia faces in and over its maritime approaches. The farming community is acutely conscious of quarantine risks.
- 1.25 It is the experience of most members of parliament that issues associated with unlawful immigration and illegal importation of drugs evoke strong public reaction. There is also broad awareness of illegal fishing, environmental issues such as marine oil pollution, and search and rescue operations.
- 1.26 The defence debate in this country has always focused on the difficulty of protecting a small population on an island continent with 37,000 kilometres of coastline and the public awareness of that probably extends to non-military threats to Australia's territorial integrity. It may well be the case, in terms of both military and non-military threats, that given the potential capability of current and emerging technologies, the community actually underestimates the practicality of Australia maintaining a high level of surveillance and response to threats in its maritime approaches.
- 1.27 Some submissions suggested that Defence should take over the Coastwatch function. This is a view that is based on the belief that Coastwatch is a Defence like activity and that Defence resources are appropriate for it. It is probably reinforced by Coastwatch's use of some Defence resources, in particular its routine use of patrol boats and its limited use of P3C Orion aircraft.

Comment

- 1.28 Military assets such as maritime patrol aircraft are optimised for warfare not civil surveillance and are too expensive to cost effectively deploy to run a civil surveillance program on the scale necessary for Australia. The simplest demonstration of this is that surveillance using a civilian Dash 8 costs 21 cents per square nautical mile compared to \$3.30 per square nautical mile using a RAAF P3C Orion. Cost was the original logic behind establishing a civilian, contracted Coastwatch and the logic of using

civilian platforms optimised for civil surveillance rather than military platforms optimised for warfare remains valid today.

Government expectations of Coastwatch

- 1.29 Coastwatch has neither its own legislation or a written charter, there is therefore no formal statement of the government's expectations for the organisation. Successive governments have made statements from time to time about the functions of Coastwatch and how it will operate. Generally these statements have been to announce reorganisations of functions or responses to emerging issues.
- 1.30 One of the reasons that there has been no separate legislation or formal charter is that the functions Coastwatch performs are undertaken on behalf of other agencies. The outcome it produces is the facilitation of the outcomes of the agencies that are its clients. At present Coastwatch has responsibility for:
- providing to its clients specified aerial surveillance for both strategic and tactical purposes;
 - coordinating the use of military surveillance assets where that is required;
 - coordinating response to particular threats using available defence and civilian assets; and
 - collating intelligence in support of those activities.
- 1.31 Coastwatch provides an administrative structure for the ordering of competing priorities amongst the demands made of it by its clients.
- 1.32 Coastwatch made categorical statements to the inquiry that it does not determine threat areas or clients' surveillance interests and it does not task itself.
- 1.33 With multi-tasking of most operational activities, a high proportion of clients' needs can be accommodated within the surveillance program. That provides clients with a level of surveillance that they could not obtain as individual agencies. However it needs to be recognised that where particular tasks are given priority, either for surveillance or response, the performance of other tasks requiring the same assets is likely to suffer.
- 1.34 The expectations of Coastwatch at an operational level are the expectations of its clients. The expectation of government at a wider level

are that Coastwatch will facilitate those agencies performing their respective functions with the highest level of effectiveness possible given available resources.

Comment

- 1.35 Without legislation or a formal charter, and with a diffuse set of mechanisms for determining operational priorities, there appears to be a gap between the growing demands on the organisation and accountability for its priorities and performance. The Australian Coast Guard model would address these deficiencies.

The relationship of Coastwatch with its clients

Resources

- 1.36 The clients of Coastwatch are not in a purchaser provider relationship. The funding for Coastwatch is provided directly to it through an appropriation. The client agencies receive its services without having to draw on their own appropriations. This funding arrangement protects Commonwealth outlays. Any contestable market for surveillance or response would risk costly duplication and/or a dilution of the total surveillance and response effort.
- 1.37 The funding arrangement was complicated by a decision arising out of the Prime Minister's Coastal Surveillance Task Force to allocate an increase in resources, not to Coastwatch but directly to the Department of Immigration and Multicultural Affairs. The reasons for, and any benefits resulting from this decision remain unclear.
- 1.38 Defence assets are provided to Coastwatch without any inter-agency charge. Defence is committed to provide a specific level of resources—in particular a given number of patrol boat days—and other resources when they are required and available.
- 1.39 Coastwatch has a contractual arrangement with two companies for the provision of surveillance services, Surveillance Australia for fixed wing aircraft, and Reef Helicopters for rotary wing helicopters used in the Torres Strait.
- 1.40 These companies provide the aircrew. In the case of the major contractor, Surveillance Australia, many have been involved since the inception of the

Coastwatch function and have a high degree of commitment to it. These contractors appear to integrate effectively with the Coastwatch organisation.

Comment

- 1.41 The coastal surveillance and response function needs to be funded directly and not through client agencies as a user pays system may result in costly duplication and/or a reduction in the total effort.

Formal inter-agency agreements

- 1.42 Each client has or is developing a Memorandum of Understanding (MOU) or Service Level Agreement (SLA) with Coastwatch setting out the individual roles and responsibilities of Coastwatch and the agency.
- 1.43 The only exception to this is the Australian Customs Service. The CEO of Customs advised that as the Coastwatch organisation is part of his department there was no need for an MOU. While in the CEO's view this did not cause him any difficulty it may be an area for concern for other agencies that are competing with Customs for Coastwatch resources. A supplementary submission from Customs indicated that Customs was in the process of negotiating an MOU with Coastwatch in accordance with the recommendation of the ANAO.
- 1.44 Surveillance plans are determined at both a national and regional level through three consultative forums:
- the Operations and Program Advisory Committee (OPAC);
 - the Regional Operations and Program Advisory Committee (ROPAC);
and
 - the Planning and Advisory Sub-Committee (PASC).
- 1.45 State agencies that have a need to work with Coastwatch are required to work through a federal sponsor. Currently the extent of cooperation between Coastwatch and State agencies is limited. It needs to be recognised that some State agencies have resources, such as Vessel Monitoring Systems, that could be particularly useful to Coastwatch. State agencies may be able to benefit by greater access to Coastwatch resources.
- 1.46 Ultimately the success of the Coastwatch operation is dependent on cooperation between it and its clients. While there appeared to be a strong and effective working relationship between Coastwatch and Customs, and Coastwatch and DIMA, some other agencies with requirements that had

been accorded lower priority expressed some reservations about the service their organisations are receiving.

- 1.47 The relationship with Defence is the most important to the success of Coastwatch. The response function is dependent on the provision of patrol boats and the use of defence intelligence resources is critical to improving the effectiveness of operations. The appointment of a two star officer on secondment as Director General of Coastwatch has been demonstrated to provide effective leadership through a period when there has been both a need for major organisational change and heavy operational pressures.

Comment

- 1.48 There are limitations on the extent to which coordination arrangements can adequately manage a growing and complex operation like the current Coastwatch function. The operation is now reaching the limits of the current arrangements and it is necessary to implement a more robust institutional framework in the form of an Australian Coast Guard with direct responsibility for the control of the principal surveillance and response platforms.

Allocation of resources

Allocation of resources by Coastwatch

Risk Assessment

- 1.49 Coastwatch asks its clients to rank their strategic and tactical tasking priorities. Coastwatch then attempts to weigh up the risks inherent in each client's stated priorities so that it can devise a plan that responds to the greatest national risk or immediate threat.
- 1.50 The ANAO found that there was no evidence of a common risk assessment process to rank priorities across agencies. ANAO recommended that Coastwatch consult with its clients to develop a common risk assessment process.
- 1.51 Customs agreed with this recommendation with the qualification that it include the right to 'exercise well formed professional judgment which will often have to be exercised on a case-by-case basis.' The Auditor-General's response was that risk management did not remove the onus on management to make well informed decisions, it was a framework 'for the

rigorous application of professional judgment in assessing, prioritising, monitoring and treating risks.'

Priorities

- 1.52 The priorities of Coastwatch change over time as particular threats emerge or recede. Priorities are not published but can be deduced from the allocation of Coastwatch resources.
- 1.53 The greatest current demand on Coastwatch resources is unlawful immigration by boat. In terms of the number of persons making unlawful entry to Australia the majority are doing so to claim refugee status and arrange their entry in a manner to ensure that they are apprehended swiftly so that they can make that claim and have it processed. The majority are landing at one place, Ashmore Reef, where they know they will be apprehended. Given the volume of arrivals, surveillance is necessary to provide adequate warning to manage response.
- 1.54 However, not all boats carrying persons intending to make refugee claims land at Ashmore Reef where the crew will be arrested as people smugglers. Given the penalties for that offence, some will inevitably attempt to land their human cargo in other places and escape. There are also a smaller number of other groups unlawfully arriving by boat who do not intend to claim refugee status, but rather intend to disappear into the general community to work as illegal immigrants. A small number of detected arrivals in this category have been in more southerly areas close to major population centres. These threats, together with illegal fishing result in the need for a wide strategic surveillance program.

Allocation of resources to Coastwatch

- 1.55 Coastwatch has available to it a range of fixed and rotary wing aircraft provided by its contractors Surveillance Australia and Reef Helicopters. The fixed wing aircraft provide about 20,000 operating hours per year and the helicopters about 500 hours.
- 1.56 In addition Defence provides about 250 hours per year of maritime surveillance using P3C Orions.
- 1.57 As a response capability the Navy provides 1800 sea days per year with its 15 Fremantle class patrol boats. This represents about 80% of their available sea going effort.

- 1.58 Customs is acquiring 8 Bay Class patrol boats which will provide about 1200 sea days per year, 70% of which is currently planned to be used by Coastwatch.
- 1.59 Coastwatch's new National Surveillance Centre utilises military surveillance and intelligence resources including satellite surveillance capability.
- 1.60 Coastwatch's client agencies (particularly the AFP, DIMA and AFMA) put their personnel on both Navy and Customs vessels when responding to relevant threats. Other agencies such as Environment Australia and DFAT use those assets from time to time to put their officers into remote locations.

Comment

- 1.61 Coastwatch is the first line of defence against a number of major threats to Australia's national interest. It is critical that there is a rigorous approach to managing these risks. The management of some of the major threats is the responsibility of Ministers outside the Justice portfolio. Processes need to be developed for prioritising threats across portfolios and for ensuring accountability for their management. Assessments of threats and the priority for dealing with them should be explicit and in a form capable of being reviewed and approved at Ministerial level.

Deficiencies in response to identified threats

- 1.62 As Coastwatch does not have unlimited resources competing priorities result in some tasks either not being done, being delayed or being done less effectively. Improving cost effectiveness means being able to get more done with the same resources. The Committee took evidence that demonstrated some of the tradeoffs inherent in current priorities, in relation to the use of both surveillance and response assets.

Surveillance

- 1.63 The Committee received evidence that there was an 80 per cent strategic and 20 per cent tactical split in the allocation of Coastwatch flying hours.
- 1.64 Mr Patterson of Surveillance Australia Pty Ltd told the hearing on the 17th of October 2000 that:

When you have an anti-drug operation, obviously that gains the highest profile and the highest resources. There will always be a back-off in the strategic flying program to handle that sought of high profile threat.

1.65 Mr Cox asked:

Say a drug operation goes on for five days: is that going to lead to a five-day hole in the strategic surveillance program?

1.66 Mr Patterson responded:

Not an entire hole, but there will be a diminution of the strategic surveillance operation for that five day period and for some time afterwards as you recover from that high level of activity during that five-day period.

1.67 Mr Cox asked:

So it would greatly increase the risk of either a suspected illegal entry vessel or an illegal fishing boat reaching our shores in another location?

1.68 Mr Patterson responded:

It would certainly increase the risk. The level of risk increase would be a question I could not answer.

1.69 Mr Cox asked:

In terms of these tactical operations taking up time, do the drug ones take up the longest time? If you said that there were a whole lot of threats, drugs, illegal immigrants, illegal fishing—he things you get diverted from general surveillance to go and do and which take the longest time – would drugs be first?

1.70 Mr Patterson responded:

Drugs tend to be for short periods of high intensity. You could say that, in terms of illegal immigrants, we have been on an illegal immigrant tactical operation for almost the last 18 months.

1.71 At the same hearing Mr Cox asked:

If you came to the conclusion that the amount of strategic flying was inadequate because of the day-to-day tactical requirements and there was a need to increase the financial resources applied, would you need financial resources only to provide for more aircrews, not financial resources to provide for more aircraft

1.72 Mr Patterson replied:

Yes. More aircrews are an incremental increase that would give better utilisation of a very expensive capital asset, being the aircraft assets. There is obviously a limitation to each airframe, but we would not be at that limit at this stage. There is more flying capacity out of the current assets that are employed.

1.73 Mr Cox asked:

Can you give us a rough percentage of what the level of capacity of the airframe for the Dash 8s is at the moment?

1.74 Mr Patterson responded:

It would probably be best to compare it to, say, an RPT (regular public transport) operation. If you were an operator of a Dash 8 aircraft in an RPT environment, you would be looking to get somewhere between 2,000 to 2,400 hours per annum out of the aircraft. In the Coastwatch operation, when the new aircraft come on board, it will be approximately 1,600 hours per year.

Fisheries

1.75 The Australian Fisheries Management Authority presented in evidence a map showing the rate of apprehension of foreign fishing vessels fishing illegally relative to the number of sightings. Indonesian fishing boats are categorised in three types; Type 1 – canoes; Type 2 – traditional sailing vessels; and Type 3 – motorised vessels. Apprehension rates were as low as 2 per cent for Type 2 vessels and as low as 6 per cent for Type 3 vessels in some areas. This provided an indication of the chance of an illegal fishing vessel being apprehended.

1.76 AFMA later provided a supplementary submission showing the same map, for the same period 12 months later. The number of sightings had increased dramatically and the apprehension rates had fallen in some areas to as low as 0.6 per cent for Type 2 and 1.4 per cent for Type 3 vessels.

[Include chart from page S621 of volume 3 of submissions]

1.77 At the hearing on Friday 8th of September 2000, Mr Cox asked the Australian Fisheries Management Authority:

It is pretty obvious to me that if you are a traditional Indonesian fisherman, and you are likely to lose your livelihood, you would not be fishing in Australian waters unless you thought you would get away with it.

1.78 To which Mr Rohan from AFMA replied:

I would agree. One further aspect is that it is an economic decision for them; weighing the value of the catch against the probability of being caught against successful trips where they are not caught, and it may still be a worthwhile risk.

1.79 Mr Cox asked what are shark fins and trochus shells worth, relative to an Indonesian fisherman's ordinary income and Mr Venslovas from AFMA replied:

I do not have specific figures in relation to the current prices for shark fins or trochus shells, but we understand that, if an Indonesian boat can make a foray into the Australian fishing zone and escape successfully, then the investment that is directed toward that voyage is more than recouped on that first voyage, and that would include the value of the boat.

1.80 Mr Rohan (AFMA) told the hearing:

We have to be careful about the interpretation of these figures, because sightings could be multiple sightings over a number of days of the same vessel. It is raw data, but we have assembled it to give a pictorial and numerical indicator of where vessels are seen and what proportion are actually apprehended.

1.81 Mr Cox asked:

Do you think that Coastwatch would be able to reduce the number of sightings down to the actual number of boats, to give us a better picture?

1.82 Mr Rohan (AFMA) replied:

We would like to work toward more refined figures. Coastwatch, in their recently upgraded capacity, have indicated a preparedness to work with us on that, but it is taking a little time. We are both having to upgrade our data bases to deal with it.

1.83 Mr Cox asked:

The Coastwatch surveillance is only going to be a sample of the activity, in any event. The figures could be somewhat worse, anyway, in terms of the total number of boats operating—is that correct?

1.84 Mr Venslovas (AFMA) responded: 'That is correct, yes.'

1.85 At the hearing on the 30th of January 2001, Mr Cox asked the Director-General of Coastwatch:

The other thing that interested me when we were flying over the Ashmore Reef fishing zone was that there are an awful lot of boats out there. We saw 160 or something like that. There were 140 contacts, or something of that order, and we had a discussion about how much we knew about each one of them or the patterns of what they were doing. I think at the time you said you did not have the resources and you had not got into the process of trying to identify individual boats to come up with any information about which ones were frequent illegal fishers, which ones were likely to be just transiting and therefore, by deduction, which ones might also be carrying SUNCs or other contraband. Has Coastwatch got that on the horizon as one of its tasks to develop a more in-depth understanding of the boats that are operating in that region?

1.86 Rear Admiral Shalders responded:

Yes, we do need to develop an in-depth understanding of what they do, why they do it, where they do it and when they do it, but going down to an individual boat or perhaps an individual crew is almost impossible because, as you say, of the number of them, how often they might change their fishing areas and so on. That is an almost impossible task.

What we have done in conjunction with Northern Command—only very recently, actually—is to promulgate to all the concerned players what we call a normalcy study or analysis. Through going back in history and looking at where boats were at certain times, analysing the sighting reports over, I think, the last 10 years, we are now able to predict with a fair degree of certainty where certain types of vessels are likely to be at certain times of the year. That analysis was produced in August this year. At the moment we are comparing those predictions against what we are seeing, and the correlation is actually very tight up to this point of the year, cyclone season notwithstanding. So we have now got a good feel of what we expect to see in certain areas, what sought of

vessels and what sought of densities we would expect to see at certain times of the year. That has proven most useful. But to take it that next step, down to individual boats or perhaps individual crews, is regrettably going to be resource intensive, I think.

1.87 Mr Cox asked:

Is that because it is too difficult, with current technology, to identify them as individual craft?

1.88 Rear Admiral Shalders responded:

It is difficult to do that from the air. As you have seen, they are all very similar in appearance. You would probably actually have to go and board and search each of those vessels. Of course, we do that routinely, and we maintain a database of what we have seen and which crew are on the particular boat, but that cannot hope to cover every single boat. We do not routinely board boats, for example that are legally fishing inside the MOU box; there is no point in doing that.

1.89 Brigadier Silverstone, Commander Northern Command added:

For about eight months now NORCOM have undertaken the practice of gathering information of the vessel name and master's name from the fish reports that our patrol boats do send in, so we are just starting to gather that data and we will see where that takes us. It meshes into the normalcy study that the Director-General of Coastwatch has mentioned.

1.90 The Committee also received evidence from Mr Bizjak of Reef Helicopters at the hearing on the 24th of October 2000 regarding the availability of response assets in the Torres Strait. Mr Cox asked:

But is it your impression that some targets are not responded to because of a lack of response assets—whether they are boats rather than helicopters?

1.91 Mr Bizjak replied:

That has happened on one occasion where there have not been boats available. We actually have detected a vessel inside the fishing area but, due to no assets being available, I do not believe there was any response.

1.92 The main limitation on response to illegal fishing is the number of available platforms. At the hearing on the 30th of January 2001, Mr Cox asked the Director-General of Coastwatch, 'Is your gut feeling that we do

not actually have enough platforms out in that part of the world?' Rear Admiral Shalders replied, 'It would be a foolish Director-General, Coastwatch, that said he had enough assets.'

- 1.93 The Rear Admiral went on to say, 'generally we do have enough assets to satisfy our clients' requirements. I think the statistics speak for themselves.' He pointed out that in the previous calendar year Coastwatch had only missed one vessel carrying illegal immigrants to Australia out of a total of fifty.
- 1.94 At the hearing on the 30th of January 2001 Mr Cox asked about the proportion of tasking of the RAN Freemantle patrol boats and Bay class Customs boats attributable to the Coastwatch function.
- 1.95 Rear Admiral Shalders responded:

Eighty per cent of the Freemantle class patrol boat effort is allocated to the civil maritime surveillance and response role. That is based on 15 boats and 150 days of sea time, which is a personnel tempo requirement that the Navy has. We get 1,800 days per annum which represents 80 per cent of their available sea going effort. In terms of the National Marine Unit and the Bay class vessels, as Mr Woodward has said they have only recently come on line so I cannot give a firm figure. We expect that, once the fleet is fully commissioned and operational and the appropriate number of crews are trained, we will get 1,200 sea days each year from eight vessels. My expectation is that about 70 per cent of that time will be allocated to the civil maritime surveillance and response role that we are responsible for. So, 70 per cent for the Bay class; 80 per cent for the Freemantles.

Environment Australia

- 1.96 Until December 1999 Environment Australia had contracted for a vessel to monitor Ashmore Reef and enforce its own legislation. Following a Government decision, Environment Australia now relies on RAN patrol boats operating under the Coastwatch function to conduct monitoring of sensitive environments.
- 1.97 Dr Kay (Environment Australia) told the hearing on the 8th of September 2000:

We do not always get what we ask for and sometimes that causes us expense that we would rather have avoided. A lot of planning goes into patrolling, monitoring and research in some of our remote nature reserves and parks. If, for some reason, a higher

priority task comes along and we are ‘bumped off’ the vessel, all that expense and planning is for nought. It can be significant in long-term monitoring programs where missing a particular data set casts doubt on the legitimacy of the whole program.

1.98 The Chairman asked:

So, as a minority player, you need some mechanism in order to give you a bit more clout in the decision making process. Is that fair?

1.99 Dr Kay replied, ‘I would not use the word “clout”. Perhaps a bit more certainty.’

Comment

1.100 Tactical operations, particularly for interdiction of illegal drug imports or people smuggling are properly given priority. This is at the expense of both strategic surveillance, increasing other risk factors, and response to illegal fishing, reducing apprehension rates below desirable levels.

1.101 Other Coastwatch clients such as Environment Australia report their planned operations being given a lower priority.

1.102 Should any additional need be identified, there is potential to increase surveillance at incremental cost, because the main resource limitation on operations is aircrew and not airframes.

1.103 Deficiencies in response, particularly to illegal fishing, require additional patrol boat sea days. These are limited by the Navy’s personnel tempo rate of 150 sea days per year. Placing the Freemantle patrol boat replacements under the control of an Australian Coast Guard would provide the opportunity for more flexible crewing arrangements—using more crews than vessels – and a greater availability for and utilisation of the patrol boats for the civilian surveillance and response function. The Coastwatch function utilises 80 per cent of the current patrol boat days at the existing personnel tempo rate. They are therefore principally being used as a civilian asset.

1.104 A major objective of both the last Labor Government and the current Coalition Government has been the civilianisation of non-military functions. Civil maritime surveillance and response is by definition a non-military function. This can produce significant savings in terms of military personnel costs including military superannuation, subsidised housing and service allowances. These would in part be offset by the civilian personnel costs that replace them. The objective of policy in this area

should be achieving greater surveillance and response capability within the existing level of resources.

Replacement of the Freemantle Patrol Boat

1.105 Replacement of the Freemantle class patrol boats was identified as a critical issue by the ANAO because it would determine the future effectiveness of the Coastwatch response function.

1.106 Commodore Moffitt, Director-General of Navy capability gave evidence to the Committee at the hearing on the 30th of January 2001 in which he set out the military roles of the patrol boats:

It is a relatively simple role which encompasses surveillance, boarding operations and the insertion/extraction of troops between sea and shore—the sort of activity generally restricted to a scenario based on low-level contingencies. We certainly would not envisage them being used in a high-level multi threat complex warfare type environment.

1.107 With respect to their usefulness for training he said:

We put quite junior people in command of these ships, in second-in-command positions and in navigators' roles. Also, it provides us with the opportunity to have a significant number of junior seaman officers undertaking their basic levels of training in a challenging but not overly complex war fighting type scenario. So they develop quite quickly in their basic mariner skills and then can springboard from there to the larger ships to learn more complex operational aspects. But it does go beyond officers to sailors as well. By the same token, we have junior levels of sailors in all specialist areas relating to the patrol boats, fulfilling roles which, in larger ships, would be undertaken by much more senior people. So we are putting a lower and less experienced level of person into a position of higher relative responsibility than they might experience elsewhere in the fleet. The spin-offs for us in doing that are quite significant. It means that we have a much larger basic pool of people with significantly developed mariner skills and capabilities that can then be developed with significantly less effort in the more complex environments of larger and more complex warfare scenarios and bigger ships.

- 1.108 Commodore Moffitt provided the Committee with the following information on the development of the specifications for the patrol boats to replace the Freemantle class:

The specifications that we have drawn up and are refining in the light of the publication of the white paper go specifically to a functional description of the sorts of things that we are seeking to achieve with these vessels. We will be asking industry to propose solutions for us. There are some constraints on just how far we can go. Assuming that we will be operating these vessels, we will be operating them within our own infrastructure. We are keen not to incur any substantial infrastructure costs where we do not necessarily need to do so. You would say we have a view that something of the order of 55 metres of vessel with a beam of something of the order of eight to 10 metres may well be a solution. There are different technical ways of cracking the nut. We are looking to industry to give us the answers on how we might do that within those constraints as I have outlined ... They will be built to civilian classification society construction rules because there is no justification in terms of either the military role more specifically or the civil role that they will be employed in for mil spec, which incurs substantially increased cost ... I cannot think of anything that we are specifying in that vessel which would be contrary or counterproductive in the Coastwatch role ... Putting 100 people (suspected unlawful non-citizens) on a vessel of this nature at any time is not necessarily easy. The actual number that we are specifying, from memory, is of the order of 20 or so. But that is with a certain level of comfort. You can always carry more with a more austere standard of comfort than that level over shorter periods than originally specified.

Comment

- 1.109 The patrol boats to replace the Freemantle class have two military roles. Military operations would be confined to low level contingencies and are consistent with the proposed role for an Australian Coast Guard in times of conflict or declared emergency. The significant contribution that the patrol boats currently make in providing training opportunities for junior naval officers and sailors can also be accommodated within the Australian Coast Guard model. Secondment to the Australian Coast Guard for an appropriate period would become a normal and necessary part of a naval career.

- 1.110 The forthcoming replacement of the Freemantle class patrol boats with a civilian specification vessel represents a critical point at which responsibility for this capability can be transferred to an Australian Coast Guard.

Transfer of Bay Class and RAN patrol boats

- 1.111 At the hearing on the 30th of January 2001, Mr Cox asked Defence:

Is there any reason why the specific military tasks that the patrol boats do could not be done by a paramilitary coastguard – that is, assisting Northern Command with inserting troops and surveillance?

- 1.112 To which the Head of Strategic Command , Department of Defence, Air Vice Marshall Houston, replied:

I guess you could have a whole different set of arrangements if you wanted to. The point I would make is that what we have here is a set of arrangements which serve us well now in peacetime, and we have the assets available for contingent circumstances should we require them. I think it is a great use of Defence assets in peacetime where they are providing a very real return in terms of support to Coastwatch. That is the view I have.

- 1.113 At the same hearing Mr Cox also asked the Australian Customs Service:

Mr Woodward, are there any things that you, as chief executive of Customs, would want the Bay class to do that could not be done if they were in the control of a paramilitary coastguard with an appropriate set of arrangements?

- 1.114 To which Mr Woodward replied:

To answer that I would need to look at the experience of other countries. You are getting us into areas that I do not particularly want to get into. If you look at the US experience, what has tended to happen—and, of course, you are talking about a \$4 million [sic—actually \$4 billion], 42,000-person operation—is a tendency for agencies, including US Customs, to complement the capability of the US Coastguard by building up their own capability. I think US Customs has something like 20 vessels and 60 aircraft. They were getting a couple of aircraft that I think our military would have loved to have had. There is a possibility of competition rather than complementarity in that and, frankly, duplication of

resources. A theoretical answer is that there is nothing that I would want Customs to do that could not be provided by a capability of the kind that you are suggesting, but in practice it would not work out that way.

Comment

- 1.115 Neither Defence nor Customs could identify any function they would want their respective patrol boats to carry out for Defence or Customs purposes, that could not be undertaken if the relevant asset was being operated by an Australian Coast Guard.
- 1.116 As 80 per cent of available Navy patrol boat days are committed to Coastwatch, and 70 per cent of available Bay class sea days will be committed to Coastwatch those assets are already primarily used in the civilian surveillance and response function envisaged for the Australian Coast Guard. Under the Australian Coast Guard model it is entirely possible that the number of sea days applied to relevant civilian taskings could be increased to meet the existing shortfall in response capability.
- 1.117 The comments of Air Vice Marshall Houston are indicative of a view that the Navy patrol boats are primarily for Defence purposes. An examination of the use of the patrol boats over their total life and the significant national interest operations to which they are applied in their civilian role may indicate that this is not the most appropriate way to view them.
- 1.118 The warning given by Mr Woodward about the duplication of assets and competition between US Customs and the US Coast Guard are not applicable to the Australian Coast Guard model, because under it all the responsibilities, assets, and resources undertaken by multiple agencies in the US would be contained within a single organisation. The Australian Coast Guard would provide surveillance and response (including putting officers of client agencies at the scene of any interdiction) to customs, immigration, federal police, fisheries, and environment agencies.

Unauthorised aircraft movements

- 1.119 One of the issues identified by the ANAO was the risk associated with unauthorised aircraft movements (UAMs) which the ANAO described (ambiguously from a military perspective) as 'black flights'. The ANAO recommended that Coastwatch, in conjunction with Defence and other appropriate agencies, determine responsibility for the detection,

surveillance and interception of black flights arriving into, or departing from, Australian territory where appropriate, and associated financing requirements.

- 1.120 The Chief Executive Officer of the Australian Customs Service, Mr Woodward told the hearing on the 18th of August 2000:

Coastwatch's role is coastal surveillance and offshore surveillance. What the Auditor-General identified in his report was a view, which we accepted, that there was not absolutely clear responsibility for what are seen as unidentified aircraft movements, so there is a point: where does the border begin and end? As far as Coastwatch is concerned, Coastwatch's responsibility is coastal and offshore surveillance; it does not have a responsibility for surveilling inland Australia.

- 1.121 The amount of information on UAMs is limited. The Commissioner of the Australian Federal Police, Mr Palmer, told the same hearing:

Certainly our intelligence does not indicate there is an orchestrated movement of organised crime directed black flights, although from time to time there are sightings.

- 1.122 Rear Admiral Shalders advised:

There has been significant effort in the past 12 months to attempt to quantify the extent of the problem. In particular, in recent weeks, we have conducted an intensive exercise with Northern Command out of Darwin, which I attended. That exercise was looking not only at the quantification of the problem but actual procedural issues that might be used to resolve the problem if these flights are detected ... we did conduct an exercise in the Kimberley Region some three months ago now. Over a specified period of time we applied all the sensors that we possibly could to a certain area, including people on the ground to see what was flying, whether it was legitimate, whether it had filed a flight plan and whether we had sufficient information on all those flights. That was conducted under the auspices of Commander Northern Command, with a Norforce patrol using Jindalee radar. The end result of that particular exercise was that the extent of the problem was far less than we had originally anticipated. By that I mean that, over a two-week period, all but one aircraft track was able to be tied down to a legitimate movement, either by flight plan or by knowledge that we had from the launching site or whatever. Ultimately, that one track was also checked out and it turned out

to be a pastoralist who was investigating his property. So that was a two week snapshot in a particular area.

1.123 Commander McCourt of Northern Command told the hearing:

At Headquarters Northern Command our intelligence Branch has done an analysis of black flights, UAM, over the last 10 years. I think the issue is twofold: firstly, that a flight is unidentified; and, secondly, whether that flight is actually conducting any illegal activity or not. The breadth of the problem over the 10-year period is that we only have data where we have been able to collect data. For example, the whole of the northern coastline of Australia is not surveilled 24 hours a day or indeed everyday or whatever. So what we have is a bunch of data that was collected during major exercise activities in particular areas or, say, in areas around Darwin where radars are operating all the time, we have good coverage there. Across that 10-year period, we have been able to analyse the data down to a number of unidentified air movements. By doing deeper analysis, we have been able to reduce the scale of the problem such that we think we have a handle on what are potentially illegal activities.

1.124 Group Captain Roberts of Air Force Headquarters told the hearing:

The Cape Yorke Peninsula is not under surveillance. So we have no idea of the types of activity that do or do not occur in that area.

1.125 At the hearing on the 30th of January 2001, Mr Cox raised the following hypothetical scenario in relation to UAMs:

Let us assume we that we discovered that there is a substantial problem with unauthorised aircraft movements and a large part of the next decade has to be spent on developing a capability ... it is hypothetical because conveniently we are unable to determine there is, or is not, a problem. Assuming that we discover that it is a problem, or because we get so good at dealing with SUNCs arriving in SIEVs that they start arriving on suspect illegal entry aircraft, and that becomes the issue, and they are coming as refugees and they are also coming as people who want to quietly settle into the community without us actually knowing about it, then we obviously have a huge set of challenges that we are not dealing with at all at the moment. What are the realistic options for dealing with that? My gut feeling is that project Wedgetail, with four tremendously expensive aircraft, is not going to be really tailored to dealing with that. It would be a very expensive way of going about it. How do you deal with it cheaply?

1.126 Air Vice Marshall Houston replied:

We have to look at this. Obviously, what you are postulating is in the future. We might have hordes of people coming in aircraft rather than in boats. If I can take it on a hypothetical basis, first it would be a major policy issue for government. In fact I think it would be a huge issue for them. What could we do about it? Let us assume at that stage we have the AEW&C, we have got an up and running JORN system and we have got, say, Global Hawk. I think we are going to be much better placed in the future to deal with that sort of problem because there will obviously be options which we could use to respond to exactly the sort of situation you have come up with. At the moment, we do not know the extent of the full problem or what threat we face ... It would have to be dealt with on a whole of government approach. Whether Coastwatch or Defence would coordinate it, I am not sure. I rather suspect Coastwatch would deal with the coordination and we would provide the assets to put the necessary arrangements in place. I am confident that, 10 years from now, if we had the scenario you paint, we would be able to come up with some sort of response which would address the specific problem you raise.

1.127 Dr Ward from DSTO provided the hearing with the following information on emerging radar technologies:

There is work going on in the Jindalee radar as we speak. It is looking at improving the detection performance against light aircraft and the use of it for intelligence purposes. This changes the focus from surveillance to reconnaissance and puts more resources in a given area. If you have intelligence about the likely areas in which these things are flying, then it is possible to actually increase the sensitivity quite significantly, which allows you to provide first order coverage. In terms of light aircraft coverage, there are times of the day when, if you had adequate understanding of the propagation, you might be able to improve your chances of avoiding detection. JORN as a first order detection for light aircraft is increasingly probable, backed up by high precision but more expensive assets such as ground based radars which are relocatable and airborne radars in the AEW&C.

1.128 Mr Cox asked:

The airborne radar is really too expensive an asset for that. If you have only four, you want to be using them essentially for defence purposes anyway. They would not have a high degree of

availability. How much does it cost to have a 737 in the air for an hour?

1.129 Dr Ward responded:

That is generally true. It would depend on the level of threat you perceived and the response you wanted. We have had a lot of collaboration with the US on OTH radar and the use of the Navy's ROTH radar in the Caribbean region for the last five years in counter-drug operations. Those two radars, located in Virginia and Texas, are of comparable size to the Jindalee radar's JORN radar. They have been responsible for pretty well closing down the importation of drugs from the Caribbean by air. It has not closed it down completely but it has made a dramatic impact to the point where the funding authorities are no longer prepared to spend the money on developing that capability. Their argument in the Pentagon is basically that the drug war has been won in the air. Now they are facing the fact that it has moved into ships. In that sort of context there is plenty of evidence that OTH radar should not be written out in terms of a front-line defence against small aircraft.

1.130 Rear Admiral Shalders commented on the US experience with UAMs:

Mr Cox, to pick up on your look into the future, we do have a model. The US have that problem right now. They have a large number of unauthorised, unidentified air movements. You have heard about some of the means by which they are dealing with it. The US customs service actually runs an Air Interdiction Coordination Centre at Riverside, California. They have feeds into that centre from all sorts of sensors, including their own aircraft, military aircraft, over-the-horizon radar, et cetera. They track every movement in the continental United States and south—20,000 movements at any one time. If an aircraft deviates from a flight plan, that centre is alerted and they then have authority to put a response asset onto that aircraft track. So they are confronting, right now, the threat that you are postulating. The Air Interdiction Coordination Centre has been in place now for three years, I think, and they are having significant success in dealing with the UAM problem as it confronts the US. I think the hypothetical you posed to us is manageable—at considerable expense, I would have to add. It is not an insurmountable problem. We know that it is being dealt with quite successfully in the US.

- 1.131 Mr Cox asked, 'What do they use to do the interceptions?' Rear Admiral Shalders responded:

US Customs actually have their own AEW&C. They have a fleet of old P3Bs with the appropriate radar fit, and they have other P3s which they call 'slicks', which are long endurance P3 Orion aircraft able to track unidentified aircraft. They also have a fleet of Cessna Citation business jets. They have a fleet of 24 Black Hawk helicopters to take response teams to where they might need to be—this is the US customs service, nobody else—and they do have access to intercept, through the joint inter-agency task force arrangements on the east and west coasts. There is a system there. It does work and it had pretty significant success against the sort of threat you postulated ... The point I am making is that there is a system that can be put in place depending on the level of threat you are confronting. The threat confronted by US agencies, the drug or narcotic threat particularly, is such that they have had to resource their defences to that level and extent.

- 1.132 Mr Cox asked:

Say it is an infrequent threat and it is 50 aircraft movements a year, is Norforce equipped to go and respond?

- 1.133 Brigadier Silverstone, Commander Northern Command answered:

We have been focusing on surveillance and identifying the threat; then the next issue is response. As I indicated in my first set of comments in talking about UAMs earlier this morning, we are focusing a fair amount of effort in developing the capacity with the regional force surveillance units to think about responding to these threats, because our predominantly reserve organisation has a very limited capacity to do that at the present time. Part of this process is because the circumstances you have identified are hypothetical but possible in the future. We are working steadily towards exploring the range of options open and looking at the processes and procedures we have in place, not least of which are the inter-agency cooperative processes that have to occur necessarily if it is a breach of law. We are concerned with domestic criminal activities; that is very much part of the AFP, Customs and other agencies.

For the time being, we would see ourselves being involved in what I described earlier as the forensic activity; that is, 'We have had a suspected UAM that may have landed in this area. Do you have the capacity to send a patrol there to verify that? Did something

happen? If so, where, when and what other information can be gathered?' We have the capacity to provide some short-term response, but it is very limited and it would have to be something that we would take a while to go and do in our current circumstances with our current resourcing.

- 1.134 The Chief Executive of Customs clarified Coastwatch's role and capability in relation to UAMs:

The main point I want to make is that I do not believe that it is within the current charter of Coastwatch to tackle the issue that Mr Cox is raising. Most certainly Coastwatch is neither equipped nor resourced to deal with the hypothetical situation that you are talking about. If there were a view that Coastwatch would have a role, there would have to be government endorsement of that in its charter, and it would have to be equipped and resourced to play a part in it. It is not now.

- 1.135 Mr Cox asked:

If Defence were to be part of that response mechanism, would it require some legislative backing to perform that policing function?

- 1.136 Brigadier Silverstone responded:

It really depends on a whole range of inter-agency activities.

- 1.137 Air Vice Marshall Houston added:

I think that the legal issues would be quite complex and we would have to take that on notice if you wanted us to pursue it.

Comment

- 1.138 The amount of available information on the extent and nature of the UAM threat is extremely limited. Radar coverage across northern Australia is restricted to a few areas. There is adequate coverage in some places like Darwin. Attempts to quantify the problem in other areas like the Kimberley have not revealed a large problem but this study was only carried out for a short period and could not be described as conclusive.
- 1.139 The Committee received evidence that no information was available about possible UAM movements on Cape Yorke Peninsula, which is a possible pressure point because of its proximity to New Guinea and West Irian. These are areas that are significant for maritime surveillance because of identified risks associated with drug importation and the illegal export of firearms.

- 1.140 The Committee was told that the US Government had demonstrated that strategies are available to deal with the UAM threat, however these were in an intense aviation environment quite unlike northern Australia, and they used expensive, sophisticated military type assets and many of them.
- 1.141 Northern Command indicated that its capacity to deal with the UAM threat was extremely limited. It described its current capability as 'forensic' meaning that if it were directed to respond to a UAM sighting it would arrive long after the event and its contribution would probably be confined to attempting to ascertain whether any suspect activity had actually taken place.
- 1.142 Customs was emphatic that dealing with UAMs was not within its current responsibilities and that it was not equipped or capable of dealing with them.
- 1.143 JORN may be developed to provide a suitable surveillance system for light aircraft but if a threat is identified additional surveillance and response assets may be required. These assets would need to be tailored to Australia's circumstances and the nature of the actual threat and would not require a US style operation.
- 1.144 Assumptions on the basis of current information that there is not a significant UAM problem or that Australia has 10 years to develop a response should not be relied on. The history of Coastwatch has been one of rapidly changing threats.

Search and rescue and maritime safety

- 1.145 There are significant synergies to be obtained from reuniting the Coastwatch function with both search and rescue and maritime safety.
- 1.146 At the hearing on the 30th of January 2001 Mr Cox asked the General Manager of AusSAR:
- Do you run a control room similar to the National Surveillance Centre that Coastwatch runs for the purposes of search and rescue?
- 1.147 To which Ms Barrell responded:
- Yes we do. We have a rescue coordination centre which does coordinate all search and rescue activity in the Australian region for vessels and for aircraft.

1.148 Mr Cox asked:

Does it have other functions?

1.149 To which Ms Barrell replied:

It runs the ship reporting system as well. It is also a 24-hour reporting point for any maritime incident—pollution reporting, incidents at sea and those sorts of activities.

1.150 Mr Cox asked:

On a theoretical basis, is there any reason why that and Coastwatch should not be amalgamated?

1.151 Ms Barrell replied:

On a theoretical basis, probably not.

1.152 The Chief Executive of the Australian Maritime Safety Authority, Mr Davidson, provided the following historical information:

In the 1980s, the sea safety and Coastwatch functions were combined under the Department of Transport. At that stage the aviation search and rescue function was not part of that centre and the then Department of Aviation ran five aviation search and rescue centres around Australia. We assumed responsibility for aviation search and rescue about 1996-97 and we combined the three aviation SAR centres into the single centre that we operate. In practical terms, the skill groups and the groups of people we have operating in that area would be a stand-alone entity. The experience of the eighties was that within that centre, which was then called the Sea Safety Centre, they had the fisheries group, the coastwatch group and marine rescue coordination.

1.153 Mr Cox asked:

The aviation SAR centre covers aircraft lost on the land area as well as the coastal area?

1.154 To which Mr Davidson replied:

Yes ... It covers the entire aviation SAR area, which includes all land within that.

1.155 Mr Cox asked:

Has Defence got its own search and rescue operation for aviation?

1.156 To which Air Vice Marshall Houston replied:

A few years ago we did a joint investigation into the best search and rescue arrangements that we could have for military and civilian functions. In fact, I worked very closely with Rowena (Barrell) on that. Out of that came a rationalisation of the search and rescue functions and they are now handled entirely by AMSA.

1.157 This occurred in 1997.

1.158 Mr Cox asked:

What sorts of vessel monitoring systems do Search and Rescue use?

1.159 To which Ms Barrell replied:

In Australia we have the Australian ship reporting system. This enables the larger commercial vessels arriving or departing the Australian search and rescue region or going between Australian ports to report to us their position on a 24-hour basis. We also cooperate with the Queensland Department of Transport with the reef reporting system, known as REEFREP. That is a joint initiative of AMSA and the Queensland Department of Transport. We have those two ship reporting systems. They actually work together. The vessels will participate potentially in AUSREP and then, when they move into the Great Barrier Reef, they will report to REEFREP. They will report back to AUSREP if they leave the reef area.

1.160 Mr Cox asked whether there were other AMSA functions that could theoretically be run in conjunction with a coastguard operation. The Chief Executive replied:

Yes. The US Coast Guard runs port state control functions. The Canadian one does not; that is done by the Department of Transport. The UK MCA also does port state control functions. There are different formulae that are applied around the world. The commonalities between AMSA and a lot of the extant coastguard models are pretty close in terms of coverage, that is, in search and rescue and other activities. The US Coast Guard go well beyond that because they do interdiction for illegal operations. They do customs type work and a range of other functions and, of course, everyone has drawn the parallels in terms of the relative costs, and I think that will stand.

1.161 The Chief Executive of AMSA provided some commentary on the costs of paramilitary maritime organisations:

Our observation is that, in straight-out cost terms, any of the paramilitary organisations tend to have a preference for dedicated platforms and vehicles. They tend to make them specialist to the particular function that they are undertaking, so if it is a SAR function the vehicle is prepared directly and only for SAR activities. In terms of their operation, they tend to be much more costly than we are.

Comment

1.162 There would be a number of benefits from re-amalgamating the Coastwatch function with search and rescue and maritime safety. It has the potential to provide a number of important synergies:

- a combined operations centre (possibly with only a single control room, producing significant savings);
- direct access for the coastwatch function to the vessel monitoring systems (VMS) currently used by the department of Transport;
- the aviation search and rescue function would provide a significant body of expertise for starting to deal with the UAM issue; and
- there would be savings in administration from reducing the number of entities.

1.163 As the Australian Coast Guard would continue to use charter aircraft for surveillance and search and rescue, there need be no impetus for the costly proliferation of dedicated platforms for different tasks seen with paramilitary organisations in other countries.

Comparisons with cost of the US Coast Guard

1.164 At the hearing on the 30th of January 2001 Defence provided information on the size and cost of running the US Coast Guard. Mr Behm, Head of the Strategy and Ministerial Services Division, told the Committee:

... the Coast Guard in the United States does spend a bit over \$US4 billion a year. It has a large number of personnel at something just over 40,000 people ... They have 12 ships similar to our FFGs, of which we have six. They have 31 medium endurance cutters, 85 patrol boats and 1,000 other boats. They have three polar icebreakers and 30 C130 aircraft, which is a few more than we have. They have 23 falcon jets, which is 23 more than we have, and

140 other aircraft. I suspect that is 140 more other aircraft than we have. I just mention that because we are dealing with comparable demands. The United States is a continent which is comparably the size of Australia, but Australia has a population of 20 million people and a GDP somewhat less than the state of California. I just think that issue about costs is a fundamental issue that we have to bear in mind in Australia. Defence spends about \$12 billion. We are talking about a continental coastguard arrangement which is about half the size of our national defence spend. That is a very significant issue.

Comment

- 1.165 Cost comparisons between Labor's Australian Coast Guard proposal and the US Coast Guard are totally spurious. The Australian Coast Guard would draw together in one organisation the management and control of the principal surveillance and response assets. Where these are currently provided under contract they would continue to be provided under contract.
- 1.166 The most significant resource issue is the transfer of the replacement of the Fremantle class patrol boats from Navy to the Australian Coast Guard, which offers the opportunity to either save money or increase availability.
- 1.167 The threats, in terms of drug interdiction and illegal immigration, with which the US Coast Guard must contend are of an order of magnitude many times greater than Australia can ever expect to face. And the US Coast Guard must deal with those threats in an environment of crowded sea lanes and the most heavily trafficked skies in the world.
- 1.168 Australia's situation is the opposite. Presently we face a comparatively low level of threat – though significant in terms of the cost to deal with it relative to the small size of our population. The remote environment in which that low level threat is projected toward Australia means that the focus is on achieving cost effective surveillance and closely matching an effective response to those threats.
- 1.169 The principal financial objective in implementing Labor's policy for an Australian Coast Guard, is to achieve an improvement in the performance of the various surveillance, interdiction, maritime safety, and search and rescue functions within the existing level of resources.

Recommendations

1.170 We recommend:

Recommendation 1

1.171 **The establishment of an Australian Coast Guard bringing together the financial, personnel and physical resources that already exist across various Commonwealth agencies and are applied to maritime policing functions, air-sea search and rescue, and maritime safety.**

Recommendation 2

1.172 **The Australian Coast Guard be established under an Act of Parliament and located within the Justice portfolio.**

Recommendation 3

1.173 **The Act authorise the Australian Coast Guard to undertake combat duty when placed under ADF command during time of war or declared emergency.**

Recommendation 4

1.174 **That processes be developed for assessing across portfolios civil threats arising in Australia's maritime environs. The priority for dealing with those threats should be explicit and in a form capable of being reviewed and approved at Ministerial level.**

Recommendation 5

1.175 **That the Australian Coast Guard be given responsibility for coordinating the assessment of risks associated with unauthorised aircraft movements and the development of a response to any identified threat.**

David Cox MP
Vice Chairman
8 August 2001

Senator John Hogg