



## **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.<sup>1</sup>
- 1.3 The key government agencies served by Coastwatch include:
  - the Australian Customs Service (Customs);

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<sup>1</sup> 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).<sup>2</sup> 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).<sup>3</sup> 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.<sup>4</sup>
- 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.<sup>5</sup> 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

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2 Customs, *Submission*, p. S192.

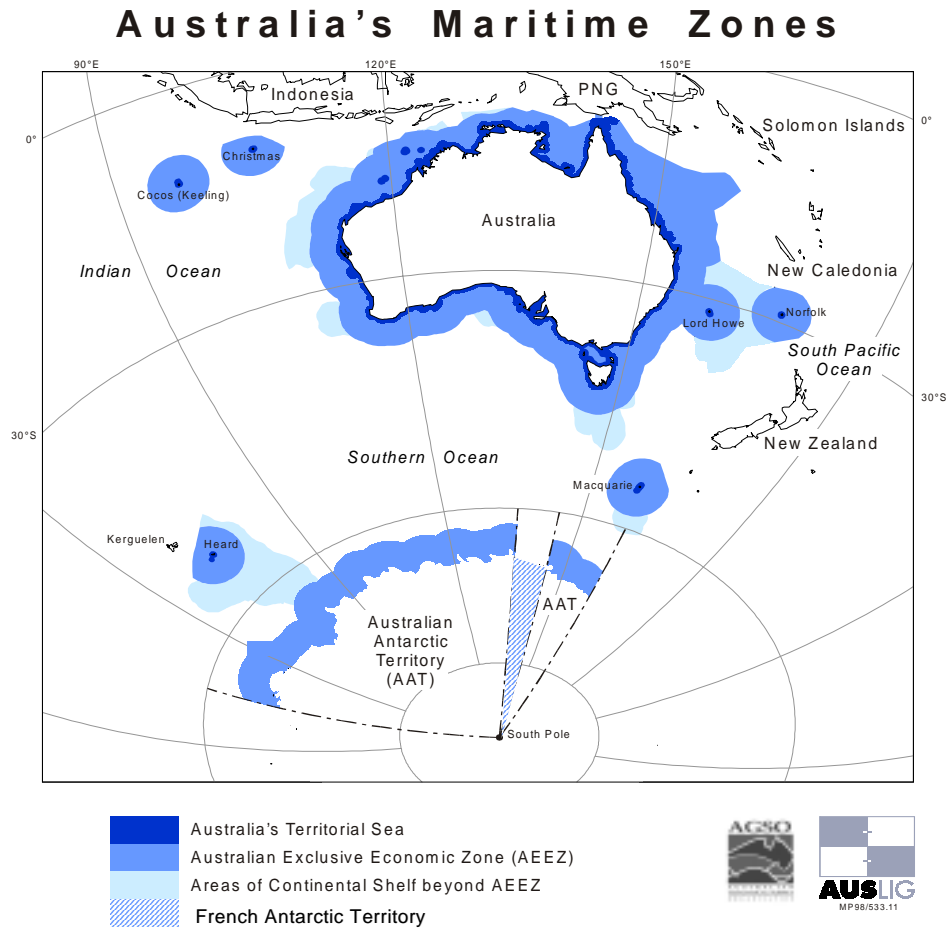
3 A nautical mile is 1.85 kilometres. 90 million square nautical miles is about 310 million square kilometres.

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 years<sup>6</sup>

- 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.<sup>7</sup> 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'<sup>8</sup> 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.

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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'<sup>9</sup> concluded that littoral surveillance at that time was the 'minimum that can be sustained', but that the offshore aerial

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<sup>9</sup> 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.'<sup>10</sup>

- 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.<sup>11</sup>
- 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).<sup>12</sup>
- 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.<sup>13</sup>
- 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.<sup>14</sup>
- 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.<sup>15</sup> Instead, the coastwatch function was placed within the Customs organisation, where it remains.

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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.<sup>16</sup> 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.<sup>17</sup>

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.<sup>18</sup>

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.<sup>19</sup>

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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.<sup>20</sup> 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.<sup>21</sup> 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'.<sup>22</sup> 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

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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.