SHEDDEN PAPERS

The Future of Australia’s Pacific Patrol Boat Program: the Pacific Maritime Security Program

Linda McCann
Centre for Defence and Strategic Studies
Australian Defence College

August 2013
The Centre for Defence and Strategic Studies (CDSS)

CDSS is the senior educational institution of the Australian Defence College. It delivers a one-year Defence and Strategic Studies Course, a postgraduate-level educational program which places emphasis on practical rather than theoretical research, on teamwork and support for the personal and professional goals of course members.

Course members and staff share a commitment to achieving scholarly and professional excellence, with course members graduating with a Master of Arts or Graduate Diploma awarded by Deakin University or a Graduate Certificate awarded by CDSS.

Shedden Papers

These papers have been submitted as coursework as part of the Defence and Strategic Studies Course and have been chosen for publication based on their scholarly attributes and the timeliness of their topic.

For further information about CDSS publications please visit: http://www.defence.gov.au/adc/centres/cdss/publications.html

Copyright

© Commonwealth of Australia 2013

This work is copyright. It may be downloaded, displayed, printed and reproduced in unaltered form, including the retention of this notice, for personal, non-commercial use or use for professional purposes. Apart from any use as permitted under the Copyright Act 1968, all other rights are reserved. To replicate all or part of this document for any purpose other than those stipulated above, contact the Editor, Dr Bob Ormston on 0408 801 950 or publications@defence.adc.edu.au

Disclaimer

This work is the sole opinion of the author, and does not necessarily represent the views of CDSS or the Department of Defence. The Commonwealth of Australia will not be legally responsible in contract, tort or otherwise, for any statement made in this publication.
The author

Linda McCann commenced her public service career in 1999 as a graduate research officer at the Defence Signals Directorate (DSD). In 2002, she moved to manage Defence’s Cabinet and National Security Committee Secretariat, before joining International Policy Division in 2003. During her eight years there, she worked on Australia’s defence relationships with the US, Japan, South Korea, China, India, Pakistan, East Timor, PNG, Malaysia, Singapore and Brunei.

She also spent time as International Policy Division’s liaison officer to Headquarters Joint Operations Command in 2005-06 and was policy advisor to Australia’s national commander in Afghanistan in 2006. Linda attended the Defence and Strategic Studies Course at the Centre for Defence and Strategic Studies in 2012 and is currently a senior adviser in Defence’s strategic issues management.

Abstract

This paper addresses the future of Australia’s Pacific Patrol Boat Program, which has been successful in providing Pacific island nations with a means of patrolling their own exclusive economic zones. It asserts that the program has provided an effective means of countering illegal fishing, improving regional security cooperation and contributing to South Pacific nation-building in general.

The paper argues that continuing the program is in Australia’s and Pacific island nations’ strategic interests and that continuing the PPB program is an effective and proven way to meet our regional responsibilities to our Pacific neighbours and our global security partners, while addressing our own strategic objectives. A central proposal is the creation of a regional coordination centre to strengthen the regional security arrangements and maximise the overall effectiveness of the program for the region.
The Future of Australia’s Pacific Patrol Boat Program: the Pacific Maritime Security Program

Introduction

Australia’s largest and most complex Defence Cooperation Program (DCP) project, the Pacific Patrol Boat (PPB) program, is coming to a close, with the first of the donated patrol boats due to reach the end of its service life in 2018. The program has been successful in providing Pacific island nations with a means of patrolling their own exclusive economic zones (EEZs). While the Australian Government has announced that it will undertake an assessment of a new maritime security program to replace the current program when it finishes,¹ there has been no detail on what the follow-on program will look like, other than it is part of the Parliamentary Secretary for Defence’s responsibilities.²

This paper argues that continuing the PPB program is in Australia’s and Pacific island nations’ strategic interests. The current program has proved effective in countering illegal fishing, improving regional security cooperation and contributing to South Pacific nation-building in general. A Pacific maritime security program, based on the current PPB program but with some adjustments, could be even more effective.

This paper will first establish Australia’s and Pacific island countries’ strategic interests, their enduring nature, and where they overlap in the context of the South Pacific. It will then consider the current PPB program as a response to these interests, looking briefly at its history before analysing its achievements and limitations. The paper will look at how the strategic environment in the South Pacific has evolved since the establishment of the program in the 1980s, making a regional approach to Pacific maritime security even more relevant today.


Acknowledging the limitations of the existing program, the paper recommends a continuation of the PPB program as an effective way to address South Pacific maritime security requirements. The paper recommends that PPB program ‘Mark II’ has more of a whole-of-government focus, more active involvement with other Pacific Island Forum (PIF) members to ensure the resultant program meets South Pacific nations’ strategic interests, as well as Australia’s, and strengthens existing regional security arrangements and frameworks to maximise the effectiveness of the follow-on program.

A central proposal is the creation of a regional coordination centre to strengthen the regional security arrangements and maximise the overall effectiveness of the program for the region. The paper presents options for aerial surveillance to complement the program and presents two options for a lead Australian agency. The paper also includes an option of gifting the boats directly to the PIF Forum Fisheries Agency, instead of to individual countries. The paper concludes that continuing the PPB program is an effective and proven way to meet our regional responsibilities to our Pacific neighbours and our global security partners, while addressing our own strategic objectives.

**Australia’s strategic interests**

In many respects, the strategic interests of Australia in the South Pacific and those of South Pacific nations overlap. Both want a stable, prosperous, secure South Pacific region; Pacific island nations for the direct benefits that follow, and Australia because it reduces the threat of a challenging force basing itself in the region, lessens the need for Australian aid over time and lessens the chance of costly Australian military intervention in Pacific island nations. These interests have been articulated in Australian strategic documents going back to the 1944 ANZAC Pact, which outlined Australia’s perceived leadership role in the region.4

Australia’s sense of responsibility to contribute to the region’s security has been demonstrated several times over the last few decades. Some recent examples include Australian involvement in the Peace Monitoring Group in Bougainville, the Regional Assistance Mission in the Solomon Islands and support to Tonga following the riots of 2006. It has been a theme of all Australian Defence White Papers and strategic updates. The current Australian Defence White Paper

---

3 The FFA was established to help South Pacific countries sustainably manage their tuna fisheries. It administers and provides support for negotiations and meetings regarding several fishing treaties.

states that Australia’s second highest strategic priority is the security of the South Pacific. It asserts that, after the defence of Australia:

Our next most important strategic interest is the security, stability and cohesion of our immediate neighbourhood, which we share with Indonesia, Papua New Guinea, East Timor, New Zealand and the South Pacific island states. [F]rom a strategic point of view, what matters most is that they are not a source of threat to Australia, and that no major military power, that could challenge our control of the air and sea approaches to Australia, has access to bases in our neighbourhood from which to project force against us. Australia has an enduring interest in helping to build stability and prosperity in this region. Australian interests are inevitably engaged if countries in the region become vulnerable to the adverse influence of strategic competition.5

As recently as 9 August 2012, then Defence Minister Smith confirmed the enduring nature of Australia’s strategic interests in the South Pacific and foreshadowed that they will be reflected in the 2013 Defence White Paper. In a speech to the Lowy Institute, he noted that ‘The second priority task for the ADF is to contribute to stability and security in the South Pacific and East Timor’.6

A key strategic interest for the South Pacific countries is to address illegal fishing in the region. Fish accounts for between 70 and 90 per cent of the animal protein intake of Pacific islanders, with most of this coming from subsistence fishing. Fishing also contributes significantly to many of the South Pacific national economies, albeit the region loses about A$1.7 billion a year worth of fish due to illegal, unreported and unregulated fishing.7

Serious over-fishing of tuna stocks in the Southwest Pacific may place some tuna types ‘at serious risk of collapse within 3-5 years if corrective action is not taken’.8 As fish stocks in other parts of the world come under increasing pressure, focus on illegal fishing operations has turned to the Pacific Ocean, with the number of distant water fishing nations operating in the Southwest Pacific increasing in recent years.

---

7 See, for example, Marine Resources Assessment Group, Review of Impacts of Illegal, Unreported and Unregulated Fishing on Developing Countries, Marine Resources Assessment Group: London, July 2005.
The current Pacific Patrol Boat program

History of the program

Australia’s PPB program is the practical expression of the intersection of interests between Australia and Pacific island nations. It was announced in August 1983, with the first patrol boat delivered to Papua New Guinea (PNG) in 1987 under the auspices of Australia’s DCP. The impetus for the program came from the 3rd UN Conference on the Law of the Sea in 1979, which discussed a 200 nautical mile EEZ around sovereign coastal states, eventually resulting in the UN Convention on the Law of the Sea (UNCLOS) treaty in 1982.

While some nations welcomed the rights afforded them under this convention, the smaller Pacific island nations expressed concern about having responsibility for maritime security for such a large area. As an example, Kiribati has a land area of 684 square kilometres and a population of just over 102,000 but its EEZ is 3,540,000 square kilometres.\(^9\)

The PPB program was designed to give Pacific island states the capability to patrol their own EEZs. Twenty-two Pacific class patrol boats were gifted to 12 countries in the South Pacific, as listed in Table 1 (overleaf). The boats are 31.5 metres, can travel at 21 knots and have a range of 2500 nautical miles.

---

Table 1: PPB Program Boats

<table>
<thead>
<tr>
<th>Country</th>
<th>Number of boats</th>
<th>Date reach end of life</th>
</tr>
</thead>
<tbody>
<tr>
<td>PNG</td>
<td>4</td>
<td>2017 - 2022</td>
</tr>
<tr>
<td>Solomon Islands</td>
<td>2</td>
<td>2018 - 2021</td>
</tr>
<tr>
<td>Tonga</td>
<td>3</td>
<td>2019 - 2021</td>
</tr>
<tr>
<td>Vanuatu</td>
<td>1</td>
<td>2017</td>
</tr>
<tr>
<td>Fiji</td>
<td>3</td>
<td>2024 - 2025</td>
</tr>
<tr>
<td>Federated States of Micronesia</td>
<td>3</td>
<td>2020 - 2027</td>
</tr>
<tr>
<td>Republic of the Marshall Islands</td>
<td>1</td>
<td>2021</td>
</tr>
<tr>
<td>Cook Islands</td>
<td>1</td>
<td>2019</td>
</tr>
<tr>
<td>Kiribati</td>
<td>1</td>
<td>2024</td>
</tr>
<tr>
<td>Palau</td>
<td>1</td>
<td>2026</td>
</tr>
<tr>
<td>Tuvalu</td>
<td>1</td>
<td>2024</td>
</tr>
<tr>
<td>Samoa</td>
<td>1</td>
<td>2018</td>
</tr>
</tbody>
</table>

Each boat was designed to last 15 years. In 2000, Australia extended the program out to 2027, with the DCP funding a life-extension package for the patrol boats at a cost of A$350 million over 25 years, increasing the lifespan of individual boats from 15 to 30 years. A new program of third-iteration refits commenced in 2010 for nine of the boats, to provide deep level maintenance to take the boats through to their extended end-of-service life. As well as this direct support for the boats, crews are brought to Australia for extensive training. From 1992 to June 2012, over 4000 people participated in training at the Australian Maritime College (AMC) (see Attachment A for a breakdown of the training provided at AMC).

The Australian Government also offered recipient countries the support of a maritime security advisor and a technical adviser—both Australian naval personnel—to support the boats and crews. In many cases, DCP funding has extended to purchasing fuel for the boats, to ensure they can participate in maritime security operations and exercises. Other DCP expenditure has related to supporting the boats, including the construction of wharf facilities.

---

accommodation for crew and their families, and ongoing maintenance and repairs.

Follow-on support arrangements for the program were also established. This was provided by Tenix’s Follow-on Support Agency (FOSA) from 1987 until early 2011, when DMS Maritime took over responsibility for through-life technical support, advice and assistance. While Australia paid the running costs for FOSA, participating countries paid for all the equipment and spares they ordered.

**Successes of the program**

In 2011, Sam Bateman and Anthony Bergin described the PPB program as ‘the cornerstone of Australia’s strategic influence in the region’.

The Pacific island nations have embraced the program, as the patrol boats have provided them with a credible maritime surveillance capability, allowing them to protect their own maritime resources. For most of the recipient countries, the patrol boats are the only fisheries enforcement vessels they operate.

But the PPB program has also provided an asset to Pacific island nations that can be used to address other security and national priorities, such as search and rescue, medical evacuations, humanitarian assistance and disaster relief, and even transporting ballot boxes in national elections. The program gives the Pacific island countries an impressive asset that becomes a status symbol for these countries—a symbol of their sovereignty, fostering national pride.

One reason the program has been so successful is the partnership nature of the project. While Australia plays a facilitating role, it is the Pacific island nations themselves that actually operate the boats. One test of their commitment to the program is how often they take the boats to sea, noting that to do so takes a concerted, combined effort of personnel, budget and planning. Attachment B breaks down the number of sea days per vessel since 2006.

From this, we can see that Republic of the Marshall Islands (RMI), Cook Islands, Federated States of Micronesia (FSM) and Tonga have all averaged over 70 sea days per year since 2006 with at least one of their boats. While this might not be comparable to sea days achieved by vessels of countries like Australia and New Zealand, for a Pacific island nation with a small population, economy, bureaucracy and infrastructure, it is a considerable achievement.

---

Because most of the South Pacific countries operate the same vessel, the program has supported the evolution of a framework for regional maritime surveillance, with a suite of operations and exercises being developed over the years. An example of this framework being used effectively to target illegal fishing can be seen in 2011’s Operation KURUKURU, hosted by the FFA. Operation KURUKURU is an annual regional maritime security operation using the patrol boats, first held in 2004. The 2011 iteration was the largest monitoring, control and surveillance operation ever conducted in the region, resulting in the sighting of over 4000 vessels, the boarding of 80 and the apprehension of eight.

The operation covered an area of about 30 million square kilometres, including the EEZs of PNG, Solomon Islands, Tonga, Vanuatu, Cook Islands, FSM, Fiji, Kiribati, RMI, Nauru, Niue, Palau, Samoa, Tokelau and Tuvalu. The operation involved all FFA countries, as well as Australia, New Zealand, the US and France, with twelve PPBs participating. The operation was run out of the FFA Regional Fisheries Surveillance Centre in Honiara. This was the first operation to include the participation of all FFA members and the four quadrilateral defence coordination (Quads) countries of Australia, New Zealand, France and the US.

**Limitations of the program**

One limitation of the program has been legal follow-up to the successful patrol boat boarding and apprehensions of illegal fishing vessels. For instance, there is anecdotal evidence of illegal fishing vessels being towed to port by the patrol boats, only for them to be released within days following the payment of bribes. This can be particularly disheartening for the crews of the patrol boats, who participate in sometimes dangerous operations to detain the illegal vessel and crew at some personal risk, only to have the crew and vessel released before legal avenues are properly followed. There is insufficient data available to determine accurately the extent of this issue and this leads on to a second limitation with the existing program: poor record keeping.

Performance measures of a project this size are important and rely on comprehensive data being collected on activities such as the number of boardings and apprehensions of illegal fishing vessels, prosecutions of crew members and ships’ owners, and data on the number of sea days spent on other nation-building tasks. This data has been difficult to obtain at the unclassified level, making it difficult to draw definitive conclusions about the success of particular aspects of the program. While Australia funds and delivers the
project, only the Pacific island countries themselves can record all this information.¹²

A third limitation of the project has been the capacity of the recipient countries to manage and maintain the boats. Instead of the project costing Australia less over the years, it has been costing more, with most of the project maintenance milestones costing much more than estimated, due to the boats not receiving routine maintenance throughout their life.

Is the program still needed?

This section will first discuss how the strategic environment in the South Pacific has evolved since the 1980s and discuss some of the security challenges facing the region. This section will also highlight recent commitments to Pacific maritime security that Australia has made. The section will conclude that there is a case for a follow-on program to continue to address maritime security in the South Pacific, to address Australia’s responsibilities, and Australia’s and Pacific nations’ strategic interests.

Strategic environment since 1987

The strategic environment in the South Pacific has evolved since the 1980s in such a way that increases the need for Australia to engage its strategic interests in this region. New Zealand’s 2010 Defence White Paper noted:

Many more outside countries and non-governmental organisations are now involved in the South Pacific. This trend is likely to continue … [and] it may test our continuing ability, alongside Australia, to remain at the forefront of international efforts to support Pacific island states.¹³

New Zealand Navy Captain Andrew Grant went further when he noted in 2012 that ‘levels of government corruption and political instability leave states open to exploitation from unscrupulous governments, private companies and individuals’.¹⁴ In the same paper, he also noted that while there has always been a particular level of solidarity among South Pacific nations in dealing with common challenges, ‘there is a risk that this regional equilibrium could be upset by the entry of malevolent actors … buying a controlling share of power within a small Pacific island’.

¹² While the naval advisers could record some data, they are not always on the boats for every activity.
Regional competition has been increasing in recent years, with China and even Russia becoming increasingly active in the South Pacific. Hillary Clinton spoke of the ‘unbelievable’ competition with China in the South Pacific, when addressing the US Senate Foreign Relations committee in March 2011, going on to say that ‘China is in there every day, in every way, trying to figure out how it is going to come in behind us’.\(^{15}\) Some of the most active nations from outside the immediate region will be discussed briefly below.

**China**

China has been active in the South Pacific in recent years, and has the largest number of diplomats in the region.\(^{16}\) There have been many reasons given for China’s interest in the region: securing South Pacific countries’ votes in various international organisations; growing Chinese communities in the region; diplomatic rivalry with Taiwan and ensuing ‘chequebook diplomacy’; economic interests; access to natural resources;\(^{17}\) and replacing the US as the pre-eminent power in the wider Pacific.\(^{18}\)

As far back as 2005, Susan Windybank warned that ‘through a combination of trade, aid and skilful diplomacy, Beijing is laying the foundations for a new regional order with China as the natural leader and the United States as the outsider’.\(^{19}\) In one example of chequebook diplomacy, Vanuatu severed relations with China in 2004 and recognised Taiwan after being offered $30 million in aid from Taiwan.

**Russia**

China and Taiwan are not the only countries to engage in chequebook diplomacy in the region. There are only five countries in the world that recognise Abkhazia as a state separate from Georgia and three of them are in the South Pacific—Nauru, Vanuatu and Tuvalu.\(^{20}\) Establishing diplomatic relations with Abkhazia and South Ossetia reportedly earned Nauru a US$50


\(^{17}\) For instance, China is majority owner of a nickel mine in Madang, PNG, valued at $800 million.

\(^{18}\) Yang, ‘China in the South Pacific’, p. 8.


\(^{20}\) Russia declared South Ossetia and Abkhazia separate states after a brief war with Georgia in August 2008.
million assistance package from Russia in 2009. Over the last year, Russian and Georgian senior politicians have made several visits to the region. For instance, in October 2011, just days before Russia’s foreign minister was due to visit Fiji, a Georgian delegation visited, donating 200 notebook computers, with the clear intention of dissuading Fiji from recognising South Ossetia and Abkhazia. Hunt’s article in *The Diplomat* made the point that Russian-sponsored grants legitimise Fiji’s dictatorship and destabilise Vanuatu’s government, and come at the expense of compromised foreign policies among the PIF.

**United States**

Hillary Clinton announced in November 2011 that the US was refocusing on the Asia-Pacific. The implication is that the US’s focus has not been on this region for some time, and while the US took its eye off the ball in this region, strategic competitors, specifically China, moved in. Some commentators have expressed surprise that it took so long for the US to realise the Asia-Pacific’s relevance.

Previous Prime Minister Paul Keating, for example, noted in August 2012 that ‘why it took the United States until 2011 to make the so-called “pivot” back to Asia; to acknowledge the centrality of Asia in the new strategic settings, is a matter of wonderment.’ Even in this rebalance, however, as it has also been called, the South Pacific region does not feature prominently in US dialogue, with Southeast Asia, China and Japan being the apparent focus.

But Clinton is doing what she can to convince the Pacific island nations that they are also important. Clinton was the first US Secretary of State to attend the PIF dialogue partners meeting in September 2012. She announced that the Pacific is big enough for everyone, including China, saying,

---


22 Tim Hume, ‘Nauru and Abkhazia: One is a destitute microstate marooned in the South Pacific, the other is a disputed former Soviet Republic 13,000km away, so why are they so keen to be friends?’ *The Independent*, 14 February 2012: see <http://www.independent.co.uk/news/world/europe/vanuatu-and-abkhazia-one-is-a-destitute-microstate-marooned-in-the-south-pacific-the-other-is-a-disputed-former-soviet-republic-13000km-away-so-why-are-they-so-keen-to-be-friends-6894772.html> accessed 31 September 2012.


The 21st century will be America’s Pacific century, with an emphasis on the Pacific. That Pacific half of Asia-Pacific doesn’t always get as much attention as it should, but the United States knows that this region is strategically and economically vital and becoming more so.26

**Other nations**

Still others are turning their focus to the South Pacific as a way of meeting their own strategic objectives. Iran, for instance, has been flagging oil tankers as Tuvalu tankers in order to avoid European oil sanctions.27 There are even reports that India is turning its attention to the South Pacific, as a way of countering China’s growing presence in the region and securing support for its climate change stance and other initiatives in the UN and in the Commonwealth.28

Despite these influences, the PPB program has served to bring Pacific island nations together, with a common purpose. Neighbours working together to meet their objectives strengthens their position, making it easier to resist outside destabilising influences, and those with inimical interests.

In August 2012, Australia, New Zealand, France and the US jointly released a ‘Pacific maritime surveillance partnership’ statement, committing to ‘strengthen … maritime surveillance activities in the Pacific region, with a particular focus on fisheries surveillance’.29 The parties also committed to ‘work closely together, in partnership … with Pacific Island countries to ensure maritime surveillance activities—including overflights and surface patrols—are coordinated to maximise their operational effectiveness’.

More specifically, Australia has an obligation under UNCLOS to promote the transfer of marine technology to developing countries; the PPB program provides a vehicle for Australia to meet this responsibility.

---

26 Clinton at East-West Center, November 2011.
Proposed Pacific Maritime Security program

The PPB program has been addressing Australia’s and Pacific island nations’ strategic interests in the region since its inception in the 1980s and should continue to do so into the coming decades. Other options to address regional maritime security are not viable. For example, providing a comprehensive program of aerial surveillance does not provide an apprehension or enforcement capability, as the area is too large for the Quads member countries to patrol effectively, as their assets are already stretched, regardless of the obvious legal and sovereignty issues of patrolling the Pacific island nations’ EEZs. Having a program in which outside countries patrol the region also denies regional countries a sovereign asset with which to do it themselves, and certainly provides no incentive for Pacific island nations to deal with issues of corruption surrounding the release of apprehended trawlers.

The recommended option uses the current PPB program as a model, that is, Pacific island nations having their own surface assets to patrol their respective EEZs. In recognition of the success of the existing program, this paper recommends the follow-on program be delivered as part of a similar package: patrol boats; a network of naval advisers to support the program, the boats and the crews; supporting aerial surveillance; and a comprehensive training package. But in an effort to address the current program’s limitations, some specific improvements are also recommended: some new countries should be considered for entry into the program; it should be led by Defence but have more whole-of-government involvement; and it should involve closer cooperation within the PIF.

The paper offers options for consideration on various aspects of the program. For instance, instead of donating the boats to individual countries, they could be donated to the PIF and all maritime patrols run centrally from a regional surveillance centre. Two options for air surveillance are considered, and two different funding models. The paper also considers the costs and benefits of two different departments leading the program.

This paper recommends that the Australian Government invests heavily in regional engagement for this iteration of the program to ensure that the follow-on program continues to meet Pacific island nations’ needs. As well as engaging more actively with Pacific island nations, the paper also recommends that Australia engages more assertively with regional security partners, in order to secure appropriate levels of support.
**Whole-of-government approach**

Given the civil enforcement nature of much of the patrol boat activity and the number of Australian departments and agencies with an interest in national security, the follow-on program should have more of a whole-of-government focus than the existing program. For instance, as well as being able to detect and intercept illegal fishing boats, the Pacific island nations also need the capacity to apprehend perpetrators and then potentially prosecute individuals and organisations.

The Australian Attorney-General’s department should prepare a package of support in this area, focused on training crew members and/or Pacific island nation legal officers on relevant maritime laws and conventions, as well as legal processes. The AFP should also be able to provide guidance in this area, as well as the Australian Fisheries Management Agency (AFMA). The Department of Foreign Affairs and Trade has had minimal involvement in the program to date but has a role to play, particularly in the initial negotiations with Pacific island nations in determining the details of the program and ensuring all relevant agreements and commitments are taken into consideration.

Other Australian government agencies with a role to play in the program include the Australian Maritime Safety Authority (AMSA), the Australian Customs and Border Protection Service (ACBPS), Australian Agency for International Development (AusAID) and potentially the Australian Quarantine Inspection Service (AQIS).

**The vessels**

The initial boats were built by Australian Shipbuilding Industries Pty Ltd (now Tenix). The philosophy around the original boat design was that they had to be easy to operate, simple to maintain, cheap to run, supportable by commercial supply, and with repair organisations already established in the region. This philosophy should continue into Mark II and should underpin the tender request documentation. Consultation with Pacific island nations and MSAs will determine any specific technical, mechanical and communications improvements required to the existing platform.

**Regional Coordination Centre**

This paper recommends the establishment of a regional coordination centre (RCC) to run maritime security operations and share information. This is consistent with a recommendation made by the Senate Foreign Affairs, Defence and Trade Committee in 2008 to ‘develop a ‘supra-national’ enforcement
capability through, for example, the proposal for a Regional Maritime Coordination Centre’. While one option is establishing this facility at the Forum Fisheries Agency (FFA) base in Honiara, it is important that the ultimate location and set-up of this facility be determined by the Pacific island countries, possibly through the PIF, to ensure a sense of ownership.

The facility would have representatives from all participating countries, possibly rotating through. Ideally, staff would come from regional and Quads militaries, police forces, fisheries agencies and government legal organisations. Representatives from quarantine and immigration departments could also be involved in the future. The RCC would facilitate efficient sharing of information, knowledge, expertise, as well as establish personal links among participating countries.

It would coordinate boat movements during operations and exercises and would ensure any air surveillance, such as Operation SOLANIA and other Quads flights, were appropriately coordinated with surface vessels. Multilateral operations such as KURUKURU, BIG EYE, ISLAND CHIEF, and RAI BALANG could all be run from this RCC. The facility would also prove a useful way to coordinate ship-riding opportunities on visiting Quads platforms. Singapore’s International Fusion Centre could be a good model to use as a starting point for the various nations working together.

An RCC could facilitate the sort of cooperation envisioned by the Niue Treaty in 1992, when it was established to enable cooperation in fisheries surveillance and law enforcement among FFA member nations. It is an agreement on cooperation between FFA members about monitoring, control and surveillance (MCS) of fishing, and includes provisions on exchange of information (about the position and speed of vessels at sea, and which vessels are without licences) plus procedures for cooperation in monitoring, prosecuting and penalising illegal fishing vessels.

The Treaty is an agreement intended to provide flexible arrangements for cooperation in fisheries surveillance. It is proposed that bilateral or subsidiary agreements will contain clauses facilitating closer cooperation in more concrete ways, such as the physical sharing of surveillance and enforcement equipment,

---

31 Operation SOLANIA is the ADF contribution to Pacific regional maritime surveillance.
32 These are all Pacific multinational maritime security operations involving Pacific patrol boats.
the empowerment of each others’ officers to perform enforcement duties, enhancement of extradition procedures and evidentiary provisions.34

The Niue Treaty Subsidiary Agreement (NTSA) to strengthen MCS being finalised now will provide for: (a) the exchange of fisheries law enforcement data; (b) cross-vesting of enforcement powers to enable cooperative surveillance and enforcement activities; and (c) use of fisheries data for other law enforcement activities.35

Once details of the headquarters facility have been agreed, consideration should be given to constructing the headquarters as a DCP-funded project similar to Exercise PUK PUK—an annual DCP activity in which Australian Army engineers spend two months a year in PNG building and improving infrastructure alongside their PNGDF colleagues. The exercise results not only in improved infrastructure, such as buildings, sewage systems and bridges but is an effective trade-transfer opportunity, with the Australian Army and PNGDF working very closely together for the duration of the activity. Using the PUK PUK model, Australian construction engineers, project managers and trades persons could build the facility alongside their Pacific colleagues. PUK PUK has seen multiple successes in PNG in the past, in terms of building useful facilities, establishing good working relationships between the armies and transferring skills to the regional participants.

Establishing an RCC is an uncontroversial activity that could have wide regional involvement. Funding should be sought from China, Japan, US, Russia, France and New Zealand for the facility’s construction and eventual operation. These countries could also be invited to send tradespersons to participate in the PUK PUK activity.

Australian and New Zealand naval advisers

This paper recommends the continuation of the support provided by Australian and New Zealand naval advisers. At the commencement of the program, a


network of maritime surveillance advisers (MSAs) and technical assistants (TAs) was deployed across the South Pacific to support the effective use of the boats. There are currently 26 of these advisers posted throughout the PPB participating countries supporting the program, two of which are New Zealanders, posted to the Cook Islands.

The benefits of this network of Australian and New Zealand naval advisers has been displayed several times over the years, such as maintaining liaison with South Pacific countries that have no other defence representation, or having ADF or NZDF members on the ground immediately to support humanitarian assistance or disaster relief activities.

**Boat ownership**

**Option One: Boats to be donated to the Forum Fisheries Agency**

In this option, rather than boats being gifted to individual countries, as is the case now, boats would be donated as a block to the PIF, to be managed by the FFA. All current PPB program participating countries are members of the PIF.

This option has a number of advantages over the existing arrangements. Having all the boats based at a single point would make maintenance and most other support much easier; it would require a smaller MSA/TA network; and coordination of patrols would be much easier. Leadership of the coordination centre could align with the rotating PIF leadership, with all PIF members agreeing patrol schedules through the FFA. In support of this option, significant wharf facilities would be needed, as well as accommodation for patrol boat crews and maintenance facilities.

While this would result in an up-front cost to establish these facilities, it would result in savings over the life of the program. Ideally the patrol boat base would be collocated with the RCC but, again, this would be determined following consultation with Pacific island nations. A model for such joint ownership and management of a capability is the Strategic Airlift Capability, a group of 12 countries that own three C-17 Globemaster aircraft, based in Hungary.\(^3\)\(^6\) Boeing conducts most of the operational maintenance of the aircraft and member countries are allocated flying hours commensurate with their contribution to the scheme.

---

But this option is likely to be less popular with Pacific island nations. The patrol boats have become symbols of sovereignty in most of the Pacific island nations and countries are unlikely to want to give up these assets that foster such national pride. The countries would also be giving up use of an asset that they have grown to rely on to conduct important nation-building tasks. This option limits the boats to conducting tasks against the primary objective—countering illegal fishing. It would also concentrate the boats in one part of the South Pacific, substantially increasing transit time and fuel costs to reach the outer areas.

**Option Two: Boats to be donated to individual countries**

This is the recommended option and would see the boats donated to individual countries, as they are now. The boats would come with existing levels of support, including crew training, MSA and TA support and scheduled maintenance. In addition to the countries participating in the program now, this option would see additional countries being considered for inclusion in the program, such as East Timor, New Caledonia and Nauru. This paper recommends that Fiji be included in initial consultations on the follow-on program. The reasons for considering these countries will be discussed below.
New Caledonia

Consideration should be given to including New Caledonia in the program, in partnership with France. New Caledonia is geographically closer to Australia than most of the PPB participating countries, its EEZ borders Australia’s, and Noumea is the same distance from Brisbane as Norfolk Island (refer Map One). Including New Caledonia would bring an important part of the region into the program, improving maritime security in a strategically important sea approach to Australia.

This paper recommends early engagement with France to scope this possibility and the extent of potential French involvement. While New Caledonia does not yet have responsibility for its external defence, it will have a referendum in the coming years to determine whether it takes this responsibility from France. Now is an opportune time to begin consultations to determine if and how New Caledonia would want to be involved in the program.

37 1473km.
Nauru

Consideration should be given to including Nauru in the program. Although Nauru has been an independent country since 1968, Australia has remained one of Nauru’s most important trade and economic partners, with many assuming that any threat to Nauru’s external security would be addressed by Australia. Australia is Nauru’s largest aid donor. Nauru is becoming more relevant to Australia, given its role in Australia’s illegal immigration processes, and there would be benefits in widening the base of our engagement.

While Nauru does not have a military, it has a police force. As Nauru’s population is small (10,000), involvement in the program initially could be limited to one or two police officers participating in coordination of regional patrols, perhaps at the RCC, with future consideration being given to having their own vessel (noting that Tuvalu manages its vessel with relative success and has a population of only 11,000). Already Nauru has been participating on a small scale in multinational operations aimed at reducing illegal fishing in the region. While there is merit in considering Nauru as a candidate for the program, any decision would obviously follow consultation with Nauru to determine whether they want to be involved.

East Timor

This paper recommends consideration be given to gifting East Timor one or two patrol boats but under slightly different arrangements. East Timor has expressed interest in the PPB program in the past but settled on buying two patrol boats from China in 2008. East Timor faces very similar development and security challenges to many South Pacific countries. But a fundamental focus of the PPB program is South Pacific maritime security and East Timor is not in the South Pacific. East Timor is, quite rightly, focused on attaining membership of ASEAN. This paper recommends that any purchase of boats for East Timor be complemented by efforts to assist East Timor to integrate into the maritime security architecture in its own region.

Fiji

Fiji has been suspended from the existing PPB program since 2007 but consideration should be given to including Fiji in any follow-on program. While the Australian government does not support the military regime under Bainimarama and supports a return to democratic rule as soon as possible,

---

Australia must have a long term view. Should Fiji be excluded from the program, it is likely to foment ill will in Fiji, which could manifest in efforts to undermine the program, possibly through the Melanesian Spearhead Group, affecting the program’s effectiveness and regional cohesion.

**Leadership of the follow-on program**

**Option One: AusAID**

This paper recommends that, regardless of which Australian department or agency leads the program, it have more whole-of-government involvement. Accordingly, it does not have to be Defence that leads the follow-on program for Defence to remain significantly involved.

This option would see AusAID take over from Defence as lead coordinator of the program, while retaining the Defence network of naval advisers. This would help ensure that all activities under the program are in line with Australia’s broader aid program objectives, as articulated in AusAID’s Comprehensive Aid Policy Framework. It could also increase the chances of the program being ODA reportable but this will be discussed further in ‘Resource Implications’.

**Option Two: Defence**

This is the preferred option and would see Defence lead the follow-on program but with more whole-of-government participation. This paper recommends continuing with Defence as the lead department for the following reasons.

Security in the South Pacific is Defence’s second priority task. Defence, and the ADF specifically, has a long and mostly positive history in the region. As well as the PPB program operating since 1987, Defence has implemented a DCP in the region for several decades, in PNG, Solomon Islands, Vanuatu, Fiji, Tonga, Cook Islands, FSM, RMI, Palau, Tonga, Samoa and Tuvalu.

The DCP has funded activities such as military and governance training, infrastructure projects, and improvements in military capability. For instance, the ADF uniform is a familiar and welcome sight in many areas of PNG, following years of a substantial DCP since PNG became responsible for its own security. In recent years, the ADF has also had a visible presence in Solomon Islands, given its role in the Regional Assistance Mission in the Solomon

---

Islands. The ADF also regularly participates in health operations across the wider Pacific, often as part of the US Pacific Partnerships initiative, helping the ADF become a trusted and familiar brand.

The implementation of the DCP required a network of defence advisors and attachés be established across the region. In many of the smaller Pacific island nations, such as Tuvalu, the naval adviser is the only Australian government representative, resulting in these individuals being responsible for wider Australian government interests. This has led to important relationships with regional militaries, para-military forces and police forces being developed by the ADF, and even some important cross-government relationships as a result of DCP activities like Exercise LONGREACH, an emergency management/disaster relief table-top exercise that involves participation by several government agencies.

There is already a wealth of experience in the Defence organisation in managing the patrol boat program, not just at the strategic and operational levels but at the tactical level in the Pacific island nations. The MSAs and TAs work extremely closely with their host organisation to support the boats and crews, coordinate tasking and support whole-of-host-government interaction. The RAAF also has maritime security experience in the region as a result of several decades conducting maritime surveillance under Operation SOLANIA.

Anthony Bergin and Sam Bateman highlight another reason for leaving the lead of this program with Defence—it would send a message to the region that its maritime security is a high priority for the Australian government. They also note that Defence ‘is best placed to ensure that there’s the necessary strategic perspective in our future contribution to Pacific maritime security’.40

Complementary Air Surveillance

An important enabler for surface vessel efforts in the Pacific maritime security program will be appropriate air surveillance. RAAF aircraft have been participating since 1988 in Operation SOLANIA, which is ‘the ongoing maritime surveillance operation to support the Pacific island nations in fisheries law enforcement’.41 Currently, the planned RAAF commitment to Operation SOLANIA is P-3 Orion maritime patrol aircraft conducting four deployments a year but this is not always achieved. Two options are considered below for this aerial surveillance, with a combination of the two being recommended.

40 Bateman and Bergin, ‘Staying the Course’, p. 2.
Option One: Surveillance provided by contracted air support

Appropriate air surveillance to complement surface assets efforts could be provided by contracted air support. Coastwatch, a division of the Australian Customs Service, has a $1 billion contract with National Air Support to provide air surveillance of Australia’s northern approaches for 12 years. The Government could consider this as a model for providing air support to the follow-on program. While the Coastwatch contract only covers Australia’s maritime EEZ, one way to support the follow-on program could be to renegotiate the existing contract to include some or all of the South Pacific countries’ EEZs. Either way, an additional funding stream would be required to establish such a contract.

Option Two: Surveillance provided by RAAF

This option would see a commitment from RAAF to Operation SOLANIA flights. As P3 Orion operations in the Middle East are due to cease by the end of 2012, P3 Orion aircraft should be available to conduct more operations in the South Pacific. The number of Operation SOLANIA flights conducted by the RAAF has declined significantly in recent years, as the aircraft have had higher priority tasks elsewhere.

RAAF participation in Operation SOLANIA would not only meet Australian government objectives of contributing to South Pacific maritime security, it would serve to familiarise RAAF personnel with the operating environment in the region and work towards building networks among regional defence staff. As the P3s reach life-of-type from 2018, this paper assumes that responsibility for this task within the RAAF would move to the P8s as they come into service, or a combination of the P8s and the new UAVs.

Option Three: A combination of RAAF and contracted air support

Acknowledging that even after most ADF troops have withdrawn from Afghanistan there are still likely to be higher priority tasks for the RAAF to complete, this paper recommends a combination of options one and two for air surveillance in support of South Pacific maritime security objectives. While supporting deployed troops or border protection operations will always be more urgent than maintaining routine scheduled commitments in the South Pacific, this region remains Australia’s second most important strategic priority, and should therefore receive appropriate attention.

Regardless of which of the three air support options is agreed, this paper recommends engaging with the US to determine if UAV assets can be made
available to support regional maritime security. The US has a range of maritime patrol aircraft stationed at Guam, with reports that the MQ-4C Triton broad area maritime surveillance drones will also soon be deployed to Andersen Air Force Base in Guam, expected to be operational by 2014.42 Already stationed at Guam are Global Hawk UAVs, P-3C Orions and P-8A Poseidon maritime surveillance aircraft, all of which will be operational by the commencement of the follow-on program.

There has also been some reporting that Japan intends to base some of its drones at Guam, another option for Pacific maritime security air support. The US Defense Update noted in September 2012 that ‘as part of the United States’ “pivot” to the Asia-Pacific region, the US Navy is working towards reinforcing its maritime surveillance capability in the Pacific Ocean arena’.43 Concerted Australian diplomacy should be able to ensure that this capability extends to the South Pacific.

Royal New Zealand Air Force (RZNAF) P-3C aircraft conduct occasional patrols in the region. These flights could be better coordinated with RAAF flights, perhaps by the RCC, to avoid duplication and increase effectiveness if both were managed by the same regional coordination centre.

In the longer term, consideration should be given to involving PNG’s Air Transport Wing (ATW) in maritime surveillance operations, starting with PNG’s EEZ. As the capability of the ATW increases with planned DCP investment, and as supporting communications infrastructure allows, ATW assets could be deployed more broadly as part of regional maritime surveillance coordinated efforts.

Other complementary activities

There is scope for RAN ship visits to the region to be better coordinated and determined as part of a wider strategy of engagement in the Pacific. The Australian defence international engagement plan should look at the total number of possible ship visits in the wider Pacific area and allocate visits across the South Pacific to cover engagement with the maximum number of Pacific island nations—not necessarily directly with the PPBs but as part of the broader regional maritime security program and in consultation with the RCC.


43 Dudley, ‘US Navy to boost Pacific Airborne Maritime Capabilities’.
Training packages

The current program has included a comprehensive suite of training—initial training, advanced training and in-country training. The Australian Maritime College in Tasmania has been an integral part of the PPB training program since 1998, conducting courses in communications, seamanship, technical and management subjects. Defence has also offered positions on its international navigation and navigator yeoman courses. This paper recommends that the follow-on program retain a similar training schedule that is regularly released for tender. Attachment B has a breakdown of the amount of training given up to June 2012.

What would happen to existing boats?

This paper recommends that existing boats be returned to Australian ownership for disposal, in exchange for a new boat. This would avoid boats associated with Australia degrading into disrepair across the Pacific, and becoming a potential occupational health and safety and environmental threat. There is likely to be pressure from many of the Pacific island nations to keep the old boats. This paper recommends stringent criteria be met that demonstrates capacity to manage the boats in order to keep them.

Regional engagement

This paper recommends commencing regional engagement with potential recipient countries in the South Pacific, as well as regional security partners, as soon as possible in order to shape the details of the Pacific maritime security program, ensuring that it will meet Pacific island nation requirements and be within partners’ ability to support.

The South Pacific

The follow-on program must be in the strategic interests of the recipient countries. To ensure any follow-on program is accepted and embraced by the participating nations, meaningful engagement with proposed recipient countries should commence as soon as possible. Pacific island nations must be involved in the design phase of the program to ensure the resultant program is one that meets their interests and that they can manage and support.

It is likely that a follow-on PPB program will be agreed by Pacific island nations, given how strongly the original program has been embraced, as evidenced by the recent commitment to Operation KURUKURU, the number of sea days for most of the boats, and the funding devoted to running the boats.
from individual country budgets. For example, ex-Tongan Chief of Navy Satisi Vunipola, who has extensive experience with the program, has said that Tonga would ‘most definitely’ want to see the program continue.44

The design of the original PPB program followed a review conducted by defence experts from Australia and New Zealand, who visited the region, seeking views. As a result, the program was perceived as being shaped by the recipient countries, making it much easier for them to embrace it.

This paper recommends a similar review be conducted by eminent persons prior to the details of the Pacific maritime security program being finalised. As well as defence experts, the delegation would also ideally include representatives from other government departments, particularly AusAID, in order to ensure that the details of the program would be ODA reportable. Academics such as Sam Bateman or Anthony Bergin, both of whom conducted the 1997-98 review of the project, are also worth considering including in the review team.

As well as engagement on a bilateral level, this paper recommends engagement within the PIF as the most relevant regional forum. The PIF’s precursor, the South Pacific Forum was created in 1971 to provide a forum in which to discuss regional security matters, before being renamed the Pacific Island Forum.45 The Aitutaki declaration on regional security cooperation that was issued in 1997 gives the PIF a larger role in regional security issues.46

**Regional Security Partners**

**US**

The US has interests in the northern second island chain countries of Guam and the Northern Marianas. It also has free association compacts (CFA) with RMI, FSM and Palau. The US is responsible for the external defence of these countries and has rights to establish military bases there. These countries are relatively close to Guam and Hawaii, both of which have significant military infrastructure already. Given the significant distance from Australia of the CFA countries, and given US relative proximity to these countries from Guam and Hawaii, as well as the recently-announced US ‘pivot’ policy, we should seek greater US involvement in the follow-on program.

---

44 Interview with Satisi Vunipola, 9 November 2012, Canberra.
46 Aitutaki Declaration: see
The paper noted earlier the US Asia-Pacific pivot policy, announced in 2011. In discussing the policy, Hillary Clinton noted in November 2011:

> The time has come for the United States to make similar investments as a Pacific power. ... That means continuing to dispatch the full range of our diplomatic assets—including our highest-ranking officials, our development experts, our interagency teams, and our permanent assets—to every country and corner of the Asia-Pacific region.47

While the US still expects Australia to play a leadership role in the region and share the burden of South Pacific security, Clinton’s rhetoric suggests that the US would be open to ways it could demonstrate its renewed commitment to the region.

Whether or not the CFA countries should be included in the follow-on program will be determined following close consultation with these countries and with the US. This paper has already detailed some of the air assets stationed at Guam. The naval base at Guam is also home to several US Navy units and assets. As a starting point for negotiations with the US, this paper recommends continuing the CFA countries’ participation in the program but seeking either significant financial support from the US or an increase in the participation of US air and/or naval assets in operations and exercises.

**Japan**

Given Japan and Australia’s important bilateral security relationship, and the fact that our interests in this area occasionally diverge,48 it makes sense to work together in this uncontroversial effort—and there are opportunities to do so, even given Japan’s constitutional limitations. At a minimum, Japan could be involved in providing legal training to the patrol boat crews, paying for fuel for some of the boats, providing technical/mechanical training and providing maritime patrol aircraft. Japan could also be involved in providing supporting infrastructure for the boats, possibly using their military engineers. The trilateral security dialogue presents a framework for Australia, Japan and the US to work together in the region.

---


48 For example, Japanese whaling activity does not align with Australian interests in the region.
France

This paper recommends expanding cooperation with France in South Pacific maritime security. In addition to specific consultations regarding New Caledonia’s potential involvement in the PPB program, as a member of the Quads there is already a sound basis for engagement on the broader program. The most effective maritime security for the region can only be achieved by including New Caledonia and possibly even Wallis and Futuna.

France already conducts maritime surveillance from its islands in the Pacific, so it makes sense to coordinate this activity with the wider Pacific maritime security program, ideally through an RCC. The FRANZ agreement signed in 1992 between France, Australia and New Zealand already commits the countries to exchange information in humanitarian assistance/disaster relief situations and this has worked well in the past, which bodes well for more comprehensive cooperation. The agreement was used following the 2009 tsunami that hit Samoa and Tonga, enabling Australia, France and New Zealand to coordinate response efforts.49

More recently, the Joint Statement of Strategic Partnership between Australia and France, signed in January 2012, commits both countries to:

Continue actively to counter illegal, unregulated and unreported fishing, and to promote responsible and sustainable management of fish stocks, including through cooperation on air and sea surveillance and through regional fisheries management organisations.50

Working more closely on Pacific maritime security would be a good way of realising this commitment.

New Zealand

Australia and New Zealand have been cooperating in the Pacific since at least the ANZAC Pact of 1944. With regard to the PPB program, New Zealand currently provides the MSA and the TA in the Cook Islands to support the patrol boat Te Kukupa. This has so far worked well and has allowed the ADF to reduce its overseas non-operational postings by two but Australia still funds the

program in the Cook Islands, even though the Cook Islands is a protectorate of New Zealand.

This paper recommends that the Australian Government seeks a financial contribution to the follow-on program in the Cook Islands from New Zealand, and advises New Zealand as soon as possible that this will be the case at the conclusion of the existing program in the Cook Islands in 2019.

As well as the RNZAF contribution to maritime patrol tasks already mentioned, another way New Zealand complements the Australian PPB program is through visits by its offshore patrol vessels. For example, HMNZS _Otago_ completed a ten-week deployment to the South Pacific in October 2012, during which it facilitated Cook Islands police and fisheries officers boarding fishing vessels within its EEZ; gave fisheries officers from Samoa, Niue and Cook Islands ship-rider opportunities; and mentored PPB personnel.51

This paper acknowledges New Zealand’s limited capacity to contribute further to maritime security in the South Pacific in the short term, given its small size, global commitments, small budget and limited assets. The New Zealand Defence Force has experienced significant budget cuts in recent years and therefore is unlikely to be able to increase contributions to the existing PPB program. But New Zealand should be advised that more of a financial contribution to the follow-on program will be sought, should the Cook Islands participate.

The South Pacific presents a good opportunity for Australia and New Zealand to operationalise the Ready Response Force (RRF), a 2009 initiative of the Australian and New Zealand governments.52 The RRF was created so the two defence forces could jointly plan and exercise for disaster relief activities in the region and the Pacific maritime security program provides an opportunity for naval and air dimensions to the concept.

**Communications strategy**

An important part of the public affairs strategy in Australia will be expectation management and keeping the focus on the program’s strategic objectives. If the program’s success is judged in terms of sea days alone, it will likely not reflect

---


sound value for money, especially if the PNG vessels are used as examples (see Attachment A for these figures).

Accordingly, the key messages must be based on the growing communication between the Pacific island countries, leading to more positive relations and less chance of misunderstanding; Australian influence in the region; greater regional security flowing from improving maritime security; improving capability of the local defence and law enforcement agencies, leading to an increase in their ability to deal with security issues without Australian assistance; and helping the Pacific island countries help themselves.

The public affairs strategy in the South Pacific should focus on the Pacific island nations’ ownership of the vessels, Pacific island nations operating the vessels and the regional coordination of operations and exercises.

**Resource implications**

Should the additional countries proposed in this paper agree to participate in the program, there will be a net personnel and operating cost. An increase in the number of vessels and in the number of participating countries will result in additional naval advisers being required, as well as the cost of additional boats and related support and maintenance. The cost will include the vessels, maintenance, training, infrastructure and logistic support arrangements. The follow-on program is projected to cost $1.5 billion over the life of the project. This paper offers two options for financing the program, although they are not mutually exclusive.

**Option One: public private partnership**

In order to avoid large up-front costs and to minimise financial risk in the current budget climate, this paper recommends consideration of a ‘public private partnership’ arrangement to fund the project. The JOC headquarters facility in Bungendore was the first Commonwealth government project financed in this way and it was constructed on time and below budget, with the private financing companies bearing all the financial risk of the project. State governments have also used this model with some success.

This approach has the benefit of avoiding the government having to find large amounts of the estimated cost of the project up front. It also evens out the cost over the life of the project and makes future cost requirements predictable. Under this arrangement, the private financier would also be responsible for future maintenance costs, including any life-extension programs or half-life refits.
Option Two: AusAID to fund

While the DCP has funded the PPB program since 1985, Defence is experiencing significant budget cuts. In order to protect the new program, options to secure AusAID funding should be investigated. While it has not been possible in the past to secure official development assistance (ODA) funding for any aspects of the PPB program, this paper recommends defining the project in terms of national goals it can achieve in order to qualify for ODA funds.

As a minimum, this paper recommends engaging with AusAID to determine opportunities for supporting infrastructure being built using ODA funding. ODA is defined as:

... those flows to countries ... which are:
  i. provided by official agencies, including state and local governments, or by their executive agencies; and
  ii. each transaction of which:
      a) is administered with the promotion of the economic development and welfare of developing countries as its main objective; and
      b) is concessional in character and conveys a grant element of at least 25 per cent.53

Improving harbour and port capacity can have significant economic advantages for a country and the patrol boats could use this same improved infrastructure.

The OECD’s ‘Is it ODA?’ factsheet notes clearly that ‘the supply of military equipment and services’ are not reportable as ODA. This has been the main obstacle to securing aid funds for PPB program activities. But whether or not the patrol boats are ‘military equipment’ is a matter of definition. While PNG, Tonga and Fiji naval elements operate their patrol boats, most of the recipient countries do not have a military, the boats are not operated by military members and they do not perform a military function. The boats can be built to whatever specification the Australian Government decides is appropriate.

The Australian Government has released an aid policy framework that will focus Australian spending on aid over the next four years. Australia’s Comprehensive Aid Policy Framework to 2015-16 notes that:

[The] ultimate aim of aid is to help people to become self-sufficient and to lift their own standards of living .... We also provide aid because it advances our national interests by promoting stability and prosperity both in our region and beyond.54

53 AusAID, ‘Helping the world’s poor’.
54 AusAID, ‘Helping the world’s poor’.
The policy framework lists five strategic goals: saving lives, promoting opportunities for all, sustainable economic development, effective governance, and humanitarian and disaster relief. The PPB program, over its life so far, has saved lives, contributed to sustainable economic development and participated in humanitarian and disaster relief operations, therefore meeting the Australian Government’s own aid criteria.

**Risks**

The biggest risk to a program of this type is losing the support of the recipient countries. This risk can be mitigated if the recommendations in this paper are accepted; that is, early and comprehensive engagement with Pacific island nations to ensure the resultant program meets their needs and it is one they can support.

A similar risk is that Australia loses the support of regional partners. Again, this risk can be reduced by securing commitment from partners before commencing the program. A residual level of risk will remain, however, as circumstances and relative priorities of partner nations will change in the future, especially during times of fiscal constraint.

A third risk is that external powers exert inimical influence in the region. Russia, for example, encouraging Fiji to act in a way that is not supported by other Pacific island nations, can upset regional cohesion. Similarly, Fiji, if not participating in the program, could actively undermine program goals, particularly through lobbying their Melanesian Spearhead Group network.

One way to address this risk is to involve countries such as Russia and China in the program in uncontroversial ways, such as in the proposed RCC. The program could also be undermined by Pacific island nations turning to other regional partners to supply incompatible vessels, such as East Timor buying patrol boats from China in 2010. East Timor now has two patrol boats from China, two from Portugal and two have been promised by South Korea. To mitigate this risk, all Pacific island nations and East Timor must be invited not only to join the program but to shape it.

As with the first iteration, the program could cost much more than initially anticipated. To address this risk, this paper recommends incorporating the lessons learnt from the current program, in terms of introducing more regular maintenance, and investing more in general husbandry, including skills transfers so Pacific island nations can conduct this domestically.
The boats could also be used for purposes that Australia might not be completely comfortable with. While Australia does not have control of the patrol boats once they are gifted, this paper recommends that the MOU between Australia and the recipient country covering the program include a clause on activities that will result in Australia ceasing support for the program. The MOU should also include a specific requirement for Pacific island nations to record data on the boats’ usage.

**Conclusion or ‘if it ain’t broke, don’t fix it’**

The PPB program has achieved much since the delivery of the first boat 25 years ago. It has empowered Pacific island nations by giving them a capability to protect their respective EEZs. The way the South Pacific participant countries embraced the program is evidenced by the fact that the original PPB project was only for six boats but regional interest in the program saw this increase to 22, with the boats becoming an important symbol of sovereignty.

As a capability that is common across the region, the PPB program has helped build a regional security community in which member countries regularly conduct multilateral operations. The program has become a force multiplier in the Southwest Pacific, harnessing the various military and civilian capabilities in the region and providing the necessary training, mentoring and support to produce a significant outcome. The level of maritime security in the South Pacific facilitated by the program has been achieved with minimal ADF involvement.

A Pacific patrol boat program is just as relevant now as it was in the 1980s, if not more so, given the increasing strategic competition in the region. The fundamentals of the PPB program should be retained in the follow-on Pacific maritime security program: commission patrol boats, donate them to Pacific island countries, and provide continuing maintenance and support.

The changes recommended by this paper would not affect the core of the current program. The paper has provided viable options for consideration and strongly recommends that participating countries be consulted on these options and be involved in the decision-making process.
Under the auspices of the Defence Cooperation Program, International Policy Division sponsors the attendance of foreign military personnel on training courses in Australia. This training includes a suite of technical and non-technical courses for Pacific Patrol Boat Program nations through the Australian Maritime College Search Ltd in Launceston. AMC Search Ltd is the commercial arm of the Australian Maritime College. It has held the contract for training Pacific Patrol Boat personnel since 1992, at a cost of $3.8million per annum. The current contract expires in December 2012.

The suite of training provided within this program includes:

<table>
<thead>
<tr>
<th>Course</th>
<th>Conducted within Australia</th>
<th>Conducted Overseas</th>
<th>Total Courses Conducted Per Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communications Management Course</td>
<td>16</td>
<td>2</td>
<td>18</td>
</tr>
<tr>
<td>Management Course</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marine Technical Propulsion Level 1 Course</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marine Technical Propulsion Level 2 Course</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marine Technical Propulsion Level 3 (Base Technical Officer) Course</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>National Fisheries Officers’ Surveillance Course</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Safety Equipment Maintainers Course</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Seamanship Course</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cooking &amp; Hygiene Course</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Pacific Junior Officers Course</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Pacific Executive Officers Course</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South Pacific Commanding Officers Course</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>South West Pacific SAR Course</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technical Electronics Level 1 Course</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technical Electronics Level 2 Course</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technical Electronics Level 3 Course</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Between twelve (12) and nine (9) Students are paneled per course

Total number of students = 4,021
### PACIFIC-CLASS PATROL BOAT SEA DAYS

<table>
<thead>
<tr>
<th>PPB NAME</th>
<th>COUNTRY</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
<th>2011</th>
<th>2012*</th>
<th>Average over period**</th>
</tr>
</thead>
<tbody>
<tr>
<td>CIPPB TE KUKUPA</td>
<td>Cook Isl</td>
<td>43</td>
<td>100</td>
<td>73</td>
<td>76</td>
<td>56</td>
<td>105</td>
<td>57</td>
<td>75.5</td>
</tr>
<tr>
<td>MV NAFANUA</td>
<td>Samoa</td>
<td>49</td>
<td>46</td>
<td>40</td>
<td>51</td>
<td>45</td>
<td>54</td>
<td>53</td>
<td>47.5</td>
</tr>
<tr>
<td>HMTSS TE MATAILI</td>
<td>Tuvalu</td>
<td>38.5</td>
<td>29</td>
<td>38.5</td>
<td>18</td>
<td>73</td>
<td>106</td>
<td>52</td>
<td>50.5</td>
</tr>
<tr>
<td>RKS TEANOI</td>
<td>Kiribati</td>
<td>83</td>
<td>61</td>
<td>32</td>
<td>38</td>
<td>70</td>
<td>98</td>
<td>73</td>
<td>63.7</td>
</tr>
<tr>
<td>RVS TUKURO</td>
<td>Vanuatu</td>
<td>94</td>
<td>62</td>
<td>53</td>
<td>9</td>
<td>73</td>
<td>106</td>
<td>52</td>
<td>66.2</td>
</tr>
<tr>
<td>RMIS LOMOR</td>
<td>RMI</td>
<td>36</td>
<td>82</td>
<td>56</td>
<td>80</td>
<td>96</td>
<td>126</td>
<td>66</td>
<td>79.3</td>
</tr>
<tr>
<td>PSS PRESIDENT REMELIUK</td>
<td>Palau</td>
<td>59</td>
<td>55</td>
<td>49</td>
<td>34</td>
<td>59</td>
<td>42</td>
<td>50</td>
<td>49.7</td>
</tr>
<tr>
<td>FSS PALIKIR</td>
<td>FSM</td>
<td>43</td>
<td>82</td>
<td>110</td>
<td>28</td>
<td>79</td>
<td>109</td>
<td>35</td>
<td>75.2</td>
</tr>
<tr>
<td>FSS MICRONESIA</td>
<td>FSM</td>
<td>57</td>
<td>74</td>
<td>38</td>
<td>22</td>
<td>87</td>
<td>110</td>
<td>35</td>
<td>64.7</td>
</tr>
<tr>
<td>FSS INDEPENDENCE</td>
<td>FSM</td>
<td>6</td>
<td>86</td>
<td>87</td>
<td>69</td>
<td>190</td>
<td>30</td>
<td>44</td>
<td>78.0</td>
</tr>
<tr>
<td>VOEA NEIAFU</td>
<td>Tonga</td>
<td>42</td>
<td>86</td>
<td>87</td>
<td>85</td>
<td>71</td>
<td>59</td>
<td>37</td>
<td>71.7</td>
</tr>
<tr>
<td>VOEA PANGAI</td>
<td>Tonga</td>
<td>57</td>
<td>74</td>
<td>55</td>
<td>22</td>
<td>41</td>
<td>34</td>
<td>47</td>
<td>47.2</td>
</tr>
<tr>
<td>VOEA SAVEA</td>
<td>Tonga</td>
<td>34</td>
<td>39</td>
<td>57</td>
<td>89</td>
<td>26</td>
<td>29</td>
<td>30</td>
<td>45.7</td>
</tr>
<tr>
<td>RSIPV LATA</td>
<td>SI</td>
<td>102</td>
<td>75</td>
<td>79</td>
<td>28</td>
<td>42</td>
<td>49</td>
<td>44</td>
<td>62.5</td>
</tr>
<tr>
<td>RSIPV AUKI</td>
<td>SI</td>
<td>73</td>
<td>62</td>
<td>52</td>
<td>17</td>
<td>34</td>
<td>62</td>
<td>36</td>
<td>50.0</td>
</tr>
<tr>
<td>HMPNGS TARANGAU</td>
<td>PNG</td>
<td>34</td>
<td>51</td>
<td>1</td>
<td>1</td>
<td>61</td>
<td>8</td>
<td>25</td>
<td>14.5</td>
</tr>
<tr>
<td>HMPNGS DREGER</td>
<td>PNG</td>
<td>54</td>
<td>36</td>
<td>26</td>
<td>16</td>
<td>2</td>
<td>70</td>
<td>0</td>
<td>22.0</td>
</tr>
<tr>
<td>HMPNGS SEEADLER</td>
<td>PNG</td>
<td>33</td>
<td>50</td>
<td>49</td>
<td>1</td>
<td>62</td>
<td>54</td>
<td>40</td>
<td>22.2</td>
</tr>
<tr>
<td>HMPNGS BASILISK</td>
<td>PNG</td>
<td>11</td>
<td>42</td>
<td>47</td>
<td>28</td>
<td>96</td>
<td>7</td>
<td>20</td>
<td>21.3</td>
</tr>
<tr>
<td>RFNS KULA</td>
<td>Fiji</td>
<td>72</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RFNS KIKAU</td>
<td>Fiji</td>
<td>27</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>RFNS KIRO</td>
<td>Fiji</td>
<td>74</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

** cessation of support under PPB Program following suspension of defence engagement - no oversight of PPB activities **

* 2012 figures are up to June ** excluding 2012

Average Sea Days Per Year 56.2