SUBMISSION TO DEFENCE WHITE PAPER
COST EFFECTIVE BORDER SECURITY

EXECUTIVE SUMMARY

The convergence of the timing of the Defence White paper, the creation of the Australian Border Force (ABF) and the construction of a new class of patrol boat for the ACBPS provides a unique and once in a generation opportunity for Government to consider the implications of these events and activities on the protection of Australia's borders and offshore maritime interests.

The RAN and the ACBPS operate two similar ship classes, designed and built by the same builder. Both Navy and ACBPS provide these patrol boat assets to the Border Protection Commander to counter similar threats, such as transnational crime, people smuggling and illegal fishing amongst others.

Having similar assets that are required for the same task being managed by two separate government departments is inefficient, and not as effective as it could be. Consolidating constabulary assets within one organisation - the ABF - will reduce duplication of effort and government total cost of ownership. It will reinforce the Border Force’s maritime constabulary role and also allow Navy to focus on its core warfighting missions. There are precedents for such organisational structures around the world, and it works.

The simplest and most effective way to transition to the new ownership regime is to extend the current Cape contract and expand the patrol boat Fleet in the ABF. This would be done in concert with the decommissioning of the Armidales in Navy. It would not be cost effective to transfer Armidales to the ABF.

Notwithstanding that resources would need to be transferred to support the additional patrol boats in the ABF, this opportunity obviates the need for the Patrol Boat SPO and Navy’s PB Group. Significant savings are on offer.

Under this construct, the future Offshore Combatant Vessel (OCV) would still be an important element of the Defence Force Structure. In addition to undertaking the MCM and REA roles, the broader patrol role in support of anti-piracy and counter terrorism would still exist as a military response option regionally and internationally. The OCV project should be reignited with a view to leading the development and introduction of these vessels more rapidly. There are potential savings on offer by replacing complex and expensive warships currently undertaking these missions with OCVs, leaving advanced warfighting units to develop warfighting skills and readiness.

Transferring Defence’s border constabulary function to the ABF will consolidate assets into one organisation and reduce government’s total cost of ownership. It makes sense, and this opportunity should be addressed in this White Paper.
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Introduction

The White Paper will articulate the core tasks that Government wants the ADF to be able to achieve. The Government is committed to providing best value for the tax payer and as such the White Paper should propose policy settings that deliver both military capability and budget efficiency. This will inform the force structure and the funding necessary to meet required outcomes. The timing of the release of the Defence White Paper 2015, and the creation of the new Australian Border Force (ABF) next July, coincident with a build of a new class of patrol boat scheduled to complete in August 2015, provides a unique and once in a generation opportunity for Government to consider the implications of these events and activities on the protection of Australia's borders and offshore maritime interests.

Border Security Arrangements

The Australian Border Force

On May 9, the Government announced that on July 1, 2015 it will establish the ABF, a single frontline operational border agency, to enforce our customs and immigration laws and protect our border. It represents a step change in the way our borders are to be managed. Led by a Commissioner with the same standing as CDF, this is a most significant reform, and one that was supported by the Commission of Audit. Its implications need to be understood in the context of Operation Resolute, the ADF's contribution to the whole-of-government effort to protect Australia's borders and offshore maritime interests.

Border Protection in Navy

For many decades Navy has provided Patrol Boats as its core capability in support of constabulary tasks within our EEZ. To that end a dedicated patrol boat capability has been part of Navy’s force structure since the mid-60s, commencing with the Attack Class in 1967, the Fremantle Class in 1980 and now Armidale in 2005. A replacement for Armidale Class was highlighted in the 2013 White Paper.

Navy’s Patrol Boat Group comprises a Headquarters of about 20 people to oversee 13 patrol boats and 21 Crews under a multi-crewing construct. The DMO sustain Navy’s patrol boats through the Patrol Boat SPO consisting of about 35 people in Darwin. A commercial contract is in place with Serco DMS for the maintenance and upkeep of the Armidale Class.

Since their introduction, Defence has a commitment to force assign 7, and up to 9 vessels to the Border Protection Commander as part of Operation Resolute, the ADF’s contribution to the whole-of-government effort. Prior to formalising this arrangement, Defence provided Fremantle Class assets as part of Resolute’s predecessor, Operation Cranberry. Before that, Attack Class vessels (and some Fremantle units) were under the operational control of the responsible Naval Officer Commanding (NOC) an area of operations, such as NOCNA or NOIC Cairns, and in large part there was no encompassing operational name for this activity.

Border Protection in Customs
The Australian Customs Service commissioned its Bay Class patrol boats in 1998. A 38m vessel, they are assigned to the Border Protection Commander to protect Australia's borders and offshore maritime interests. A contract was signed in 2011 to replace the ageing Bay class with eight larger and more capable patrol assets in the Cape class patrol boats. That transition has now commenced, with the final ship due for completion in August 2015.

In addition to the Cape, the ABF will also acquire six fast inshore patrol craft designed to support tactical response operations and routine maritime patrol activities in rivers, bays, coastal and island locations. The new Long Term Ashmore Capability vessel has now entered service, as has the ADF Vessel Ocean Shield which was recently transferred from Defence to the ACPBS. These assets will form the cornerstone of an indigenous, flexible and capable patrol, surveillance and response fleet for the Australian Border Force.

What is clear is that over the past decade or so, the ACBPS has created a dedicated Fleet capability. The Department has proven it can argue and articulate a need, manage a complex acquisition program, provide the necessary in-service support structure and oversee the disposal phases of its assets. The Bay Class, Cape Class and LTAC are testament to this, with the Bay Class being gifted to regional countries in excellent condition, while Cape Class and the LTAC are being introduced into service on time and on budget. Talking with Customs sailors they are proud of their Service, its past and its developing traditions. They are well led and feel a sense of belonging essential traits for the success to any para military organisation.

It should not be lost on any observer that the ACBPS is now responsible for a diverse and effective fleet of vessels. It has achieved this Fleet build up without DMO. ACBPS is an informed customer and has effective governance processes in place to manage the resources required for constabulary operations.

**The Opportunity**

The RAN and the ACBPS operate two similar ship classes, designed and built by the same builder. Both Navy and ACBPS provide these patrol boat assets to the Border Protection Commander to counter similar threats such as transnational crime, people smuggling and illegal fishing amongst others.

Having assets that are required for the same task being managed by two separate government departments is inefficient, and less effective. Consolidating constabulary assets within one organisation – the ABF - will serve to reduce duplication of effort and government cost of ownership. It will reinforce the Border Force’s maritime constabulary role and also allow Navy to focus on its core warfighting missions. There are precedents for such organisational structures around the world – it is not new.

Notwithstanding that some resources would need to be transferred to support the additional patrol boats in the ABF, this opportunity obviates the need for the Patrol Boat SPO and Navy’s PB Group. Significant savings are on offer.

The convergence of the timing of the white paper, the creation of the ABF and the current build of a new class of patrol boat therefore provides an ideal opportunity to rationalise the framework for constabulary operations across Government. The allocation of all patrol boat assets to the ABF represents a step change for Defence and the ABF. While there may be detractors, this reform makes sense.

**The Offshore Combatant Vessel (OCV) and Navy’s Constabulary Role**

The 2009 White Paper first highlighted the potential rationalisation of 4 classes of vessels - MCM, Hydrographic and Patrol - into the one multi-role vessel called the OCV. The 2013
White Paper advised the concept was not yet mature enough to commit to at that stage, but was still to be considered as the concept developed. The proposal to transfer the patrol boat task from Navy to ABF does not obviate the need for the OCV concept to continue to have, inter alia, a patrol capability. The patrol function undertaken by Navy in OCVs would be for regional and international constabulary operations, including anti-piracy and counter terrorism missions like those in the Middle East at present. These missions will likely increase over time and the OCV would be the ideal response platform, obviating the need for more costly AWDs or future frigates to undertake these missions.

The OCV concept represents an innovative capability that needs an increased emphasis and focus on its development. Waiting until 2030 is risk averse. The concept represents the future as a domestic, regional and international military response option for Navy and should be expedited. Australian know how should lead the development of this concept, and the risk managed, not avoided.

Navy Training

Navy has long used patrol boats as a training and proving ground for its junior workforce and the experience these ships activities have provided over the years has been one of the arguments posited to retain patrol boats in Navy. This is an important function but it is not a force structure determinant. Other options exist. Gaining this type of experience would continue through the OCVs but in the interim, secondments to the ABF fleet could be used to achieve the necessary development. It is not a show stopper and not a reason to delay the transition.

Transition Plan

It would not be cost effective to transfer Armidales to the ABF. The simplest and most effective way to transition to the new ownership regime is to extend the Cape program and draw down the Armidales in concert with the build-up of assets for the Border force.

The new Cape Class represents the Government’s most recent patrol boat acquisition. The Armidale Class Patrol Boats have been in service for around 10 years and they are not in good material shape and their drawdown from service could be advanced. There would be productivity efficiencies in the order of $100m available if the Cape was extended under the current contract with ACBPS. In this scenario, as the Cape numbers increased in the ABF, the Armidale numbers would draw down concurrently from Defence. The window is open now to achieve a simple cost effective transition. It could be done by either a trickle or batch-build, depending on budget pressures and the desired timeline to the new command arrangements.

The transition then obviates the need for Defence Project SEA 1179 Phase 2a - replacement patrol boat - reducing cost pressure on the Defence Capability Plan.

Conclusion

The concurrent timing of the White Paper, the formation of the ABF and the Cape Class program provides a unique opportunity for Government. The White Paper should consider the most cost effective patrol boat support arrangements for border constabulary operations. The ABF represents a step change in the way this task will be managed from July next year, and this creates an opportunity to consolidate Navy’s and ACBPS border constabulary function into one organisation – the ABF. Navy would then concentrate on higher end warfighting activity.
The current Cape Class contract provides a cost effective basis for the development of a transition plan from Navy ownership to the ABF. An enhanced Cape Class fleet could be formed in concert with Navy’s draw down of the Armidale class. This proposal does not diminish the need for an OCV, with Navy requiring this asset for MCM, REA and regional and international counter terrorism and anti-piracy patrol, response and surveillance missions.

Consolidation of assets from two organisations into one will reinforce the role of the ABF and reduce overall government cost of ownership for its border maritime constabulary function. It represents a significant and effective Government reform and would be an excellent outcome for Defence, the ABF, and Government.

**Recommendations**

It is recommended:

- the Australian Border Force assume ownership of the patrol boat assets required for the nations border security tasks;

- Defence decommission the Armidale Class in concert with the build-up of an enhanced Cape Class fleet within the ABF

- The development of the OCV be expedited.

OSB

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