

# POLICY ANALYSIS



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## Making waves: Australian ocean development assistance

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Australia is a three-ocean country, with the Pacific Ocean to the east, the Southern Ocean to the south, and the Indian Ocean to the west. We are linked to our archipelagic neighbours to the north by a chain of seas from the Timor Sea in the northwest through the Arafura Sea and the Torres Strait to the Coral Sea in the northeast.

Australia has the largest area of maritime jurisdiction in the Indo-Pacific region, including an exclusive economic zone (EEZ) of 8.15 million square kilometres. Our archipelagic neighbours—Indonesia, Papua New Guinea, the Philippines, the Solomon Islands, Fiji and Vanuatu—all have large EEZs. Madagascar, Mauritius and the Seychelles in the Indian Ocean and many Pacific island countries have EEZs of over 1 million square kilometres. So do several East African countries, including Somalia. The economic potential of the maritime zones of these developing countries is mostly unrealised.

### Oceans management

Australia has a vital national interest in the management of its adjacent oceans and seas, and should be playing a leading role in ocean management and development in the region.<sup>1</sup> This would include helping regional coastal and island states to develop the capacity they need for managing their maritime zones and maritime interests, and for exploiting the resource potential of offshore areas. This role was recognised in *Australia's Oceans Policy*, which was released in 1998. It's still the key strategy document guiding Australian Government policy on ocean management and development.<sup>2</sup>

*Australia's Oceans Policy* proposes a leadership role for Australia in helping to ensure that international ocean management regimes are implemented effectively in the Indian, Pacific and Southern oceans, as well as in the East Asian seas to our north:

Oceans affairs are rightly a central part of our broader political and strategic relations in the regions in which our neighbours have extensive maritime interests, including exclusive economic zones. They also have an urgent need to build their capacity to manage these areas ... Australia has the capacity and the direct interest to offer cooperation and regional leadership in the western and central Pacific Ocean, the Indian Ocean and the Southern Ocean, to establish observing systems of regional interest and to promote international management and research programmes with other Southern Hemisphere countries.<sup>3</sup>

While Australia has extensive economic, environmental, political and strategic interests in the oceans, the 2009 Defence White Paper picked up specifically on the strategic importance of the adjacent maritime domain to Australia. It noted that our approach to defence planning requires principally a maritime strategy,<sup>4</sup> and identified the Indian and Pacific oceans as central to our maritime strategy and defence planning.<sup>5</sup>

## **Australia's international aid policy framework**

Despite these important policy statements, maritime assistance doesn't figure prominently in our international aid. We need a greater focus in Australian aid policy on oceans management and development. Our development assistance agency, AusAID, should make oceans a key theme of its work. This would reflect our vital economic, environmental, political and strategic interests in the surrounding oceans and seas.

In May this year, the Australian Government released a comprehensive international aid policy framework that will guide the growth of our aid budget over the next four years. It identifies five core strategic goals: saving lives, promoting opportunities for all, sustainable economic development, effective governance, and humanitarian and disaster relief.<sup>6</sup> Despite the major maritime aspects of these goals for countries in our region with large EEZs, the aid policy framework makes no specific reference to oceans or maritime issues. AusAID's website lists 20 areas that it focuses its work on, but there's no specific reference to ocean development.

## **Maritime assistance**

But this is not to argue that Australia isn't working to help regional countries manage their maritime interests.

AusAID, for example, has a range of program activities underway in the area of oceans management and governance. It's currently working with the University of Wollongong to develop a short course on ocean governance and maritime security for a number of African countries as part of the Australia Leadership Award Fellowships. The course would be offered to African countries facing similar challenges in ocean governance and maritime security, including piracy, to help them work collectively across the region to deal with problems and foster better relations. This initiative follows requests for capacity building in this area made during the 2011 Commonwealth Heads of Government meeting.

AusAID has a fisheries program in the Pacific, guided by its 2007 Pacific Fisheries Framework, which outlines AusAID's key objectives in the sector. The framework is scheduled for a mid-term review this year to address new and emerging threats and opportunities.

The government recently announced the Commonwealth Marine Reserve Network to provide a system of marine reserves and special purpose zones covering 3.1 million square kilometres of Australia's EEZ, including a large part of the Coral Sea.<sup>7</sup>

Last year, the Pacific Islands Forum leaders reaffirmed the importance of ensuring the sustainable development, management and conservation of the ocean and called for the 2012 Rio+20 Conference to recognise the significant global value and contribution of the Pacific Ocean to sustainable development.<sup>8</sup> The government is helping to protect environmentally threatened inshore fisheries, which are a vital source of food for millions of Pacific islanders. Australia's \$25 million commitment to the Pacific Oceanscape Framework was announced at Rio+20.

Details of Australia's commitment to the Pacific Oceanscape Framework were outlined at the Pacific Islands Forum last month. This included supporting the Forum Fisheries Agency; helping Pacific island countries define maritime boundaries; improving surveillance and enhancing fisheries management and training; supporting community-based efforts to manage fisheries and coastal resources; and strengthening national fisheries policies and institutions.<sup>9</sup>

Australia contributes to the Indonesia Transport Safety Assistance Package, which has a significant maritime dimension, and plays an active role in regional arrangements for ocean management through work with the Coordinating Body for the Seas of East Asia. We're also involved in the various maritime-oriented working groups established by APEC and provide support for the Coral Reef Triangle initiative.<sup>10</sup>

We assist the Regional Maritime Program, which helps Pacific island countries with the implementation of International Maritime Organization measures for the safety and security of shipping. And Defence supports our island neighbours with the Pacific Maritime Security Program (see below).

While this maritime aid is laudable, these activities tend to be uncoordinated and without focus. Many different Australian Government departments and agencies with maritime responsibilities seek funding for offshore maritime programs directly from AusAID, while the Department of Defence manages its own overseas assistance through the Defence Cooperation Program. There's no formal process through which these programs are coordinated.

## **An oceans foreign policy**

Australia's Foreign Minister, Senator Bob Carr, has recognised the importance of the oceans to Australia. He's made clear that Australia should focus much more on oceans policy and management as part of our international engagement. In his maiden speech in the Senate in March this year, Carr surprisingly highlighted the problem of ocean acidification:

According to one measurement, the Southern Ocean, which lies between us and the environment of Antarctica, absorbs about 40 per cent of all the human-driven carbon dioxide released around the world each year. The chemical composition of the oceans is changing—a process known as ocean acidification. Currently about one-quarter of the carbon dioxide released each year by human activities is absorbed by those oceans. As the concentration of carbon dioxide increases, the water becomes more acidic. Its chemical composition changes as that of the atmosphere has been changed, and so many disastrous implications follow.<sup>11</sup>

Senator Carr went on to point out in the same speech that we're an island state with the third-largest marine jurisdiction in the world: 'We have a great issue here. With our partners, the small island states of the South Pacific, there is a lot involved in it. I understand that those small island states are eager to have us make a commitment to the blue economy.'

In a significant speech in Washington this year,<sup>12</sup> the Foreign Minister noted the recent establishment of a US Senate Oceans caucus and the important work of a US Senate subcommittee that's exploring challenges to the health of the world's oceans.

Senator Carr noted the work of the World Bank's new ocean initiative, which was announced this year. The initiative brings together states, scientific bodies, non-government organisations, international organisations, and the private sector to pool expertise and investment to help make oceans healthy and productive again.

Carr observed that it's 'frightening to reflect that there are now 40 huge areas of the world's ocean that are dead—some areas as large as the land area of New Zealand' and that he wanted Australia to work with our region on international oceans management.

He repeated the message in April this year when he met Secretary-General Ban Ki-moon at the UN headquarters in New York.<sup>13</sup> More recently, in launching the UN Oceans Compact at a conference in South Korea, the Secretary-General called for new international momentum to maintain the oceans' sustainability and improve their health.<sup>14</sup>

## **The requirement for good marine science**

The effective management of the oceans requires a close interaction of science, law and policy. Generally, the legal frameworks are in place, but we currently lack the marine science to deal properly with environmental threats to the oceans around us, such as ocean acidification.

Australia shouldn't just conduct marine scientific research in our own maritime domain, but should lead research in our adjacent oceans and seas. However, we have just one dedicated ocean-going scientific research vessel, which works mainly in our own waters. Other regional countries, including India, China and Japan, have large scientific research fleets that work across the world's oceans.<sup>15</sup>

While there are cooperative scientific research activities in the Pacific, cooperation in the Indian Ocean is underdeveloped. The Indian Ocean remains relatively under-researched in comparison with the Atlantic and Pacific oceans. The western Indian Ocean, with the South African Network for Coastal and Ocean Research and the Western Indian Ocean Marine Science Association, is better organised for cooperative marine scientific research than the eastern part of the ocean.<sup>16</sup>

The Perth regional office of the Intergovernmental Oceanographic Commission provides a regional focal point for coordinating data on oceanographic and related marine ecological and meteorological processes in the Southern Hemisphere.

Australia has a coordinating role for the Indian Ocean Tsunami Warning and Mitigation System. The secretariat of the system is co-located with the Intergovernmental Oceanographic Commission in Perth. The program is well positioned to enhance its educational and capacity-building components in littoral and island countries of the Indo-Pacific region, with considerable potential benefits for natural disaster prevention and mitigation.

## **An AusAID ocean management and development strategy**

Australia's aid budget is \$5.2 billion, or 0.35 per cent of our gross national income. There's a commitment to increase it to 0.5 per cent of gross national income by 2016–17. In terms of expenditure, AusAID will then be the fifth-largest Australian Government body.

Most developing island and coastal states in the Indo-Pacific region lack the capacity to manage their areas of maritime jurisdiction, including for maritime surveillance and enforcement, search and rescue, marine scientific research, and resource management.

They require institutional arrangements for the development, implementation and coordination of maritime policy without duplication or overlaps of responsibilities, legal frameworks with appropriate national legislation and regulations, and human and other resources.

Australia should develop a coordinated aid program for oceans management and development, starting with a cluster of maritime assistance activities within our existing international aid policy framework.

The geographical area of focus for this aid should be the island states of the Pacific and Indian oceans and East Africa. In contributing in this way, Australia would be displaying leadership in regional ocean management and development while contributing to the more effective management and overall protection of regional oceans and seas.

AusAID should develop a strategic framework for oceans policy, management, and development, as well as guidelines for designing and implementing Australian aid in ocean management. This would be a tool for planning Australian aid in the maritime sector.

We should aim to be a global leader in aid in the management and uses of the ocean. The strategy would highlight where Australia's maritime experience could assist in sustainable ocean management and development in the regions listed above.

Australia's know-how and skills in ocean management and development are extensive. At the same time, we've been an active proponent of sustainable ocean development both nationally and at the international level. An ocean development and management focus in our aid policy would build on that expertise and capabilities.

### **Strengthening Pacific maritime security**

Pacific maritime security is a key area for Australian maritime assistance. In a recent speech, the Minister for Defence noted the importance of an evolving Pacific Maritime Security Program. He observed that such a program offers the opportunity to build maritime control and surveillance across the region in a way that hasn't previously been possible.<sup>17</sup>

The Pacific Maritime Security Program follows on from the Pacific Patrol Boat (PPB) Program, which involved the transfer of twenty-two PPBs to the Pacific island countries between 1987 and 1995. The program is the largest component of the Defence Cooperation Program. It was highly successful, but despite a life extension program (approximately \$4.3 million per PPB) and forthcoming third refits (estimated at \$2.5 million per PPB), the patrol boats are near the end of their economic lives.

Despite years of study, there's still no decision on what form the Pacific Maritime Security Program might take. Program development has been hampered by some procrastination. Responsibility for the Program was passed at one stage from Defence to the Australian Customs and Border Protection Service, but is now back with Defence.

### **Where should the funds come from?**

No-one questions the importance of Pacific maritime security to Australia. It's just a matter of where the funds should come from.

Defence has demonstrated a long-term commitment to the maritime security of the Pacific through the PPB Program, but that commitment may be difficult to sustain in the future. Given Defence's tight budgetary outlook, if the necessary funds are to come out of the Defence budget there's a real risk that Defence will propose a least-cost solution that won't be in the best interests of either Australia or the Pacific island countries.

It's most important that the assistance we provide is the result of close coordination between departments and agencies with an interest in Pacific maritime security. It shouldn't be subject to buck-passing between agencies and cost-cutting.

Maritime security assistance for the Pacific island countries goes well beyond security in the narrow sense—it's also an important part of nation-building. It will support their capacity to manage their large EEZs, including the resources within those zones, and to undertake sovereignty protection, law enforcement, search and rescue, humanitarian assistance and disaster relief activities. Therefore, it should be seen as a whole-of-government activity by Australian agencies and funded within our international aid program, rather than solely through the Defence Cooperation Program.

A previous ASPI report on Australia and maritime security in the South Pacific recommended the following as the central elements of maritime security<sup>18</sup>:

- air surveillance of regional EEZs by civil aircraft working under a contractual arrangement similar to that used by Coastwatch in Australia
- surface surveillance and patrol by a mix of coastal patrol vessels and larger offshore patrol vessels, with the smaller vessels operated by the Pacific island countries at the national level and the larger ones operated at the regional level in response to bids from individual island countries
- a regional maritime coordination centre for the collection, analysis, and dissemination of information and for the coordination of operational activities.

The criteria for determining whether Australian assistance in providing these elements should be funded through either AusAID or the Defence Cooperation Program might be based on the relative contribution of the elements to national development and civil tasks, including fisheries protection and search and rescue.

Thus, AusAID funding would be appropriate for the air surveillance program and the coastal patrol vessels, while the larger offshore patrol vessels and Australian assistance with the regional maritime coordination centre might be funded through the Defence Cooperation Program.

In determining the criteria for what states can count as official development assistance (ODA), the Development Assistance Committee of the Organisation for Economic Co-operation and Development states in its guidelines that the final criterion is a 'matter of intention'.<sup>19</sup> The development intention underpinning assistance is the crucial benchmark.

The principal intention of providing patrol boats in the Pacific islands is to ensure good law and order at sea. Securing that objective entails such missions as resource protection, environmental monitoring, search and rescue, and disaster response. The primary purpose of the PPBs is to 'perform development services' in line with ODA eligibility, not defence.<sup>20</sup>

The patrol boats in Fiji, Tonga and Papua New Guinea are operated by the military, while the vessels of the other recipient countries are operated by the police. But regardless of who operates them, their primary purpose remains to provide good law and order at sea. They're performing essential civil maritime policing, which meets four out of AusAID's five strategic goals for effective aid<sup>21</sup>:

- *saving lives*: patrol boats provide search and rescue support
- *sustainable economic development*: they assist in environmental monitoring (which affects food security), create more opportunities for people to travel between islands, and protect marine resources through maritime enforcement
- *effective governance*: they safeguard maritime governance (building basic onshore civil policing qualifies as ODA, and so should building civil policing at sea)

- *humanitarian and disaster response*: they strengthen disaster preparedness and deliver effective responses during humanitarian crises.

Our ODA is about helping national development where we can make a difference and where our resources can be deployed most effectively.

The Defence Cooperation Program should cover the costs of in-country maritime surveillance and technical advisers, as is the case at present. These personnel are an essential visible element of Australia's contribution to Pacific maritime security.

The offshore patrol vessels should be a regional asset. While Australia might pay the acquisition costs, the vessels' operating costs would be funded under a centralised arrangement. They would be manned by civilian crews, and law enforcement teams from island states would be embarked as required. Their role would be to undertake regular patrols through the high seas and EEZs of the island countries, usually in conjunction with scheduled air patrols.

## Where to from here?

Our aid is a long-term strategic investment, so we need to be selective. We can't be generous to everyone: the world's full of poor people who need our help. That's why it's realistic that the government's new aid plan prioritises aid funding to help poor people in areas of strategic importance to Australia, sensibly focusing on our region.

Assistance in developing and protecting the economic potential of regional countries' large EEZs would be a significant contribution to poverty alleviation in the region.

The littoral and island countries of the South Pacific and Indian Ocean all have significant interests in the oceans. They should continue to receive the lion's share of Australia's aid program because those oceans are where our key security and economic interests are engaged. Specific priorities for Australian assistance might include:

- targeted assistance to particular countries to help them manage their maritime zones and develop their marine resources
- marine scientific research programs, including support for regional programs and assistance to particular countries in building their capacity in fields such as responding to climate change and managing coastal zones
- the Pacific Maritime Security Program, covering all three requirements of maritime security: vessels, air surveillance and a regional maritime coordination centre.

A dedicated focus in Australian aid across the spectrum of ocean management and development would support our aid priorities in fostering economic growth in neighbouring developing countries and helping them to protect the marine environment.

In developing such a holistic approach to maritime aid, we should draw upon the experience of Australia's ocean industries in areas where they have unique capabilities.

## Notes

1 Sam Bateman and Anthony Bergin, *Sea change: advancing Australia's ocean interests*, ASPI, Canberra, March 2009, pp. 57–58.

2 Commonwealth of Australia, *Australia's Oceans Policy, vols 1 and 2, Environment Australia, Canberra, 1998*.

- 3 *Australia's Oceans Policy*, vol. 2, p. 39.
- 4 Australian Government, *Defending Australia in the Asia–Pacific century: Force 2030, Defence White Paper*, Department of Defence, Canberra, 2009, p. 54, paragraph 7.6.
- 5 *ibid.*, p. 37, paragraph 4.43.
- 6 <http://www.usaid.gov/Publications/Pages/comprehensive-aid-policy-framework.aspx>
- 7 <http://www.environment.gov.au/coasts/mbp/reserves/index.html>.
- 8 <http://www.uncsd2012.org/rio20/index.php?page=view&nr=464&type=510&menu=20&template=529&str=Jobs>.
- 9 <http://www.pm.gov.au/press-office/saving-pacific-fish-stocks-and-ecosystems>.
- 10 The Coral Triangle Initiative is a multilateral partnership between Indonesia, Malaysia, Papua New Guinea, the Philippines, Solomon Islands and Timor-Leste. The Australian Government provides support for the initiative.
- 11 [http://www.foreignminister.gov.au/speeches/2012/bc\\_sp\\_120321.html](http://www.foreignminister.gov.au/speeches/2012/bc_sp_120321.html).
- 12 [http://www.foreignminister.gov.au/speeches/2012/bc\\_sp\\_120425.html](http://www.foreignminister.gov.au/speeches/2012/bc_sp_120425.html).
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- 16 Sam Bateman and Anthony Bergin, *Our western front: Australia and the Indian Ocean*, ASPI, Canberra, March 2010, p. 43.
- 17 Stephen Smith MP, Minister for Defence, speech to the Lowy Institute on the 2013 Defence White Paper, 9 August 2012, available from: <http://www.minister.defence.gov.au/2012/08/09/minister-for-defence-speech-to-the-loy-institute-on-the-2013-defence-white-paper/>.
- 18 Sam Bateman and Anthony Bergin, *Staying the course: Australia and maritime security in the South Pacific*, Strategic Insight no. 52, ASPI, Canberra, May 2011.
- 19 Organisation for Economic Co-operation and Development, *Is it ODA?*, November 2008, p. 2.
- 20 *ibid.*
- 21 AusAID, *An effective aid program for Australia*, Australian Government, Canberra, 31 July 2012, available from: <http://www.usaid.gov/makediff/Pages/aid-policy.aspx>.

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