

Julian Yates

The Secretary  
Joint Standing Committee on the National Capital  
and External Territories  
Parliament House  
Canberra ACT 2600

Dear Sir or Madam

## **INQUIRY INTO THE STRATEGIC IMPORTANCE OF THE INDIAN OCEAN TERRITORIES**

As a former Australian Public Service officer with responsibilities for the Indian Ocean Territories for some years and with a continuing interest in issues relating to Australia's national security, I wish to make a submission to this inquiry. Given the rapid change in the capabilities of many countries in Australia's region and the apparent inability of the 'global rules based order' to deal with many of the threats to peace and stability, I think this is a very important topic, but one I suspect has a low level of salience to the broader community and to many Commonwealth decision makers.

At the outset of my submission I would like to make some observations about Australia's strategic interests in Christmas Island and Cocos (Keeling) Islands that I believe are critical to this topic (and I note here that some of the material below has been raised by me in previous submissions to this Committee on other matters, but as the membership has changed I think it worth restating).

My first point relates to the origins of both islands as part of Australia (treating Cocos as a single entity for this point). Prior to World War II, neither island had any significant contact with Australia, apart from the brief naval engagement in 1914 between HMAS Sydney nor SMS Emden at Cocos and having an undersea cable pass through Cocos on its way from Asia to Australia. They were not part of Australia at Federation and hence not considered in the Constitution apart from Section 122 which allowed '*any territory placed by the Queen under the authority of and accepted by the Commonwealth, or otherwise acquired by the Commonwealth, and may allow the representation of such territory in either House of the Parliament to the extent and on the terms which it thinks fit.*' The framers of the Constitution gave the Commonwealth wide powers to determine how it would deal with territories as an when they became part of Australia. This provides the Commonwealth with significant freedom to determine the governance of the Indian Ocean Territories and what assets and capabilities it chooses to place, or not place, on them.

My second point relates to why the Commonwealth has an interest in the Indian Ocean Territories. Given their considerable distance from mainland Australia, their original placement in other parts of the then British Empire and the resident population links to South East Asia, the question can arise why they are even part of Australia? Indeed, this question is asked from time to time in opinion articles or letters to the editor in newspapers in Singapore

where it is well known that Christmas Island was a part of the former Colony of Singapore prior to Singapore's independence. The answer for both islands comes down to an assessment of the strategic importance to Australia's national interests.

For Christmas Island, the assessment in the 1950s was twofold: firstly, the island was an important source of phosphate for fertilizer and Australia was keen to ensure supply security for the agricultural industry; and secondly because its proximity to South East Asia would enable better defence of Australia's northern approaches. It must be recalled that at the time, the region was one of significant change and disruption as former colonies became independent (both peacefully and otherwise) and concerns about the rise of Communism. Christmas Island was transferred to Australian sovereignty on 1 October 1958 by the British Government. No consultation took place with island residents on the grounds that there was no indigenous population and all the people living there had citizenship in some other place.

The strategic importance of Cocos (Keeling) Islands had been significant to Australia since World War I; the placement of a cable repeater station on Direction Island attracted German naval attention early in the war, resulting in the Sydney-Emden action. During World War II, Cocos hosted allied air forces and was subject to Japanese air attack, although unlike Christmas Island, was never occupied by Japan. After World War II, the growth of air transport saw Australian interest in Cocos as a refuelling point for civilian and military aircraft. Unlike Christmas Island, Cocos did have a resident indigenous population who had made the island group home since being brought to it by the Clunes-Ross family in the early 1800s. Formal transfer to Australian sovereignty from the Colony of Singapore took place on 23 November 1955. An 'Act of Self-Determination' was held somewhat later in 1984 where the Cocos Malay people on Cocos voted in favour of integration with Australia. The Commonwealth agreed to respect the rights and traditions of the Cocos Malay people.

The strategic importance of both Christmas Island and Cocos (Keeling) Islands to Australia remains enduring, although the details have changed over time. Christmas Island is no longer a critical source of phosphate for Australian agriculture and Cocos only occasionally sees a civilian aircraft refuelling there (usually enroute to Africa). Their location in the Indian Ocean however means they remain critically important to Australia:

- The Indian Ocean is a region of great potential economic growth over coming decades.
- India is on a path for being a great power: whilst it has many internal challenges, unlike China it is a democracy, has rule of law (perhaps not to Australian standards as yet), has an increasingly highly educated and affluent middle-class and, again unlike China, has a population trajectory of continuing growth (whereas China has or is about to reach peak working age population).
- Major sea lanes of communication and air routes pass in relatively close proximity, including those that connect Australia to its major trading partners and, critically connect China to its markets and energy supplies.
- Many nations bordering the Indian Ocean, notably India, Malaysia and Indonesia have growing economies, increasing levels of wealth and education and more capable militaries.
- Unresolved border disputes exist throughout the region to the north and west of Australia and mechanisms to resolve them are fragile or ineffective. The South China

Sea dispute between China and most of the region is the most prominent, but there are numerous other points of contention between most nations of the region.

It is for these reasons that Australia acted after World War II to acquire the Indian Ocean Territories and I, for one, argue that Australia has enduring national strategic interests in these territories and is it vital that it continues to invest in them to demonstrate on-going sovereignty. In this respect, the Indian Ocean Territories have much greater strategic importance to Australia than, for example, Norfolk Island or the Coral Seas Territory.

I would now like to turn to the terms of reference and make some comments against each of them.

### **The changing regional security environment and security contingencies**

Australia's nation security environment is one characterised by rapid change and increasing uncertainty. In years past, Australia enjoyed a number of advantages that gave it a relatively benign security environment. Our defence forces, albeit small, had substantial qualitative advantages over any regional state; we were under the US nuclear umbrella and a key US alliance partner with access to technology, equipment and intelligence that far outclassed any conceivable opponent. We enjoyed a high standard of living and an advanced economy, ranking very high in most measures of success. Many of the countries in our region were relatively under developed with militaries more suited to internal security with little or no force projection capability.

Our circumstances are now quite different and are most likely to continue to change in ways that reduce or eliminate our previous strategic advantages. Our defence forces, although still highly capable, remain small compared to some regional countries and as the economies of many regional countries have improved, many dramatically, our qualitative advantage has been substantially reduced. In the near future, we may find in some areas we will be at a qualitative disadvantage with some regional militaries with capabilities superior to our own.

In addition to increasing military capabilities in our region, we must allow for a much less stable strategic environment in our region. There are many unresolved border disputes in the Indo-Pacific, particularly in areas close to or of great significance to Australia. The South China Sea with its multitude of overlapping claims between many of the states bordering sea is no doubt the best known of the border disputes and provides a troubling example of how a great power, China, can choose to ignore international rules and practice and simply seize an important area of the globe confident that its size, power and veto power on the UN Security Council will protect it from adverse action by other countries.

We should also take into account the number of 'ungoverned spaces' in the further reaches of our region. These areas of the globe are characterised by significant lawlessness, piracy, terrorism and can be home to major criminal activities. Piracy is an area of particular concern and is an activity that appears to be on the rise in our broader region and is a contingency which could affect the Territories that Australia must be able to respond to.

Australia's Indian Ocean Territories provide both benefits and risks in this changing environment. Their location provides Australia with land based facilities such as airports and ports that permit surveillance of large areas of the Indian Ocean and adjacent areas; these facilities can also be used by alliance partners, thus strengthening Australia's role as an alliance partner. On the other hand, they are also remote islands far from mainland Australia

that a hostile country might attempt to invade to prevent Australian or alliance partner use. Remote islands, as Great Britain found with Falkland Islands and the United States with Hawaii, are at risk of surprise attack and can be difficult to retake against an advanced and determined adversary. Those events also demonstrate that attacks can occur with little or no warning.

In short, our security environment is no longer as stable and predictable that it used to be and we must be prepared to respond effectively to defence and other security contingencies in the Indo-Pacific that may involve the Indian Ocean Territories

### **Defence capability in the territories and associated infrastructure development**

It would be a mistake, in my view, to see defence capability solely through the lens of building specific physical infrastructure in the Indian Ocean Territories. Defence capability involves many factors working together, many which do not involve physical infrastructure. Factors include the skill sets and training of the people in the defence forces, the equipment they have and how well it is maintained, how well this equipment and training compares to that of adversaries, the support provided by alliances, and, probably of greatest importance, the willingness of the government to use the capabilities to achieve outcomes.

The Indian Ocean Territories' islands are small and isolated. It would be very expensive to construct defence specific infrastructure on the islands. The land needed to do this would also have significant adverse impacts on the local communities for comparatively little gain in defence capability.

The most appropriate defence infrastructure investments will be through augmenting existing civil infrastructure to ensure it is able to support a wide range of defence capabilities over time. The following examples are offered on where such investments might be made:

**Airports.** Maritime surveillance is best undertaken by a mix of space assets, which require little or no ground assets in the Territories, and air assets, which may. While UAV technologies, such as the Global Hawk, will become increasingly important for maritime operations, larger maritime patrol aircraft such as the AP3C Orion and its replacement the P8A Poseidon require long runways, parking areas, fuel and crew amenities. Similarly the E7A Wedgetail Airborne Early Warning Aircraft and the KC30A Multi Role Tanker Transport aircraft require long runways for maximum effectiveness. Neither Christmas Island nor Cocos (Keeling) Islands has adequate airports for maritime patrol capabilities at present. The current Defence White Paper recognises that investment in the runway at Cocos will be necessary to enable P8A operations: this is a critical investment that must go ahead if Australia's maritime patrol capability is to be effective from Cocos.

Consideration might be given to lengthening the runway at Christmas Island to provide similar capability, but the presence of large depressions at each end of the runway would make this an expensive and challenging task.

Aviation fuel stocks on both islands are probably adequate, although both are at risk of supply interruption during periods of conflict. More importantly, investment may be needed to ensure the fuel farm on West Island in the Cocos group is adequately protected from coastal erosion. Defence should develop contingency plans for fuel supply in the event that either the supply chain is interrupted or the fuel stores are destroyed.

Consideration should also be given to installing precision approach capabilities for the airports on both islands. At present, the airports are served by non-precision approaches that are limited to cloud bases of 1400' (Christmas Island) and 550' (Cocos). Lower cloud bases, which are not that uncommon, prevent aircraft operations. Precision approaches can permit landings with zero visibility and cloud on the ground. While it is unlikely that civil operations could justify installation of precision approaches, this is an area where a relatively small defence investment would benefit both defence operations and the civil community as fewer aircraft would be diverted due to poor weather.

**Ports.** Both islands are challenging in terms of improving port capacity to support defence operations. Christmas Island's ports are very exposed to weather effects and must be closed regularly due to combinations of wind and waves that makes conditions unsafe. Consideration could be given to investments in detailed mapping the bathymetry of the ports and their surrounds and to strengthening the deep sea anchoring system in Flying Fish Cove. There is probably little more that can be reasonably done at Cocos given completion of the Rumah Baru port project several years ago.

**On-Island Enabling Infrastructure.** This includes utilities such as power, water and sewerage, accommodation, roads and the like. Both Christmas Island and Cocos have reasonably good enabling infrastructure but in most cases it is not particularly robust and can be demand limited (potable water is a particular issue on both islands with limited storage). Consideration could be given to hardening critical physical infrastructure against damage when the infrastructure is renewed. This would benefit the civil community through greater disaster resilience as well as strengthening defence capability.

**Beyond Infrastructure – Determination to Defend.** One of the most important actions the Australian Government could do would be to use existing Defence capabilities on a regular basis to demonstrate Australia's determination to defend the Indian Ocean Territories. Regular maritime, land and air exercises, in partnership with allies and regional partners, based on and around the Territories to show that Australia has the capability and intention to defend the islands from hostile action would provide a powerful deterrence to any actor thinking about attempting to seize or otherwise disrupt Australian prerogatives in the Territories. Exercises like these require little or no new infrastructure and could be undertaken almost immediately.

### **The scope of maritime, air and other cooperation with Indo-Pacific partners**

Australia's national security is greatly enhanced by its alliances and partnerships. In addition to the great benefits from the US alliance and the Five Eyes framework, Australia is a key member of the Five Power Defence Arrangements (FPDA) which is focussed on the region adjacent to the Indian Ocean Territories. This arrangement is directly relevant to the Indian Ocean Territories because of its immediate proximity to the north. With appropriate work with FPDA partners, it would seem quite feasible for the Territories to participate in FPDA exercises without any new arrangements or agreements to be put in place.

There also appears to be the potential to expand Australian interaction with India through cooperative activities with their air and maritime capabilities. India is clearly growing into a significant maritime power with which Australia should have strong and enduring engagements. Due to their location, the Cocos (Keeling) Islands would be well located for this type of activity.

This type of cooperative activity would be enhanced by the improvements to the runway at Cocos noted above; at present the condition of the runway limits the operational effectiveness of most maritime patrol aircraft.

Every opportunity to engage with defence forces from Singapore, Indonesia, Malaysia and Thailand should be pursued; again the facilities provided by Christmas Island and Cocos (Keeling) Islands will assist this.

### **Impacts on local communities**

Economic development for the Indian Ocean Territories has long been the goal of successive Australian Governments; not only would it reduce the burden on the taxpayer, but would provide real benefits to the communities. Well-designed defence investment in the Territories can assist with economic development.

On the other hand, inappropriate or poorly designed investment could continue the boom-bust economic cycle that has so bedevilled the islands for many years.

It will be very important to consult broadly with the communities and use any investment as opportunities to grow local employment and provide for a diverse range of economic activities.

Thank you for the opportunity to make this submission and I wish you well in your deliberations.

Yours sincerely

19 January 2017