

SUBMISSION TO THE JOINT STANDING COMMITTEE ON FOREIGN AFFAIRS, DEFENCE AND TRADE

INQUIRY INTO AUSTRALIA'S DEFENCE
RELATIONSHIPS WITH PACIFIC ISLAND NATIONS

20 February 2020



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PAL Aerospace



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Executive Summary

PAL Aerospace and Air Affairs Australia are leading defence and aviation businesses, with specific expertise in providing aerial surveillance for Australia and its security partners. The two businesses have formed a strategic partnership that leverages Air Affairs Australia's local capabilities – including aircraft fleet, skilled personnel and specialised airborne and engineering services – and its understanding of Australian security interests, with the global maritime patrol expertise and advanced platforms of PAL Aerospace.

PAL Aerospace and Air Affairs Australia share an understanding on the necessity of appropriate intelligence, surveillance and reconnaissance (ISR) capabilities to provide awareness over vast maritime domains such as the Pacific Ocean. They welcome the opportunity to share with the Joint Standing Committee on Foreign Affairs, Defence and Trade (the Committee) their understanding of this requirement for island nations of Pacific, and their recommendations for Australia's defence relationships to provide greater support.

Australia's strong and longstanding defence relationships with its Pacific island neighbours form a cornerstone of our country's strategic approach to the region. These relationships are critical to protecting Australian security and economic interests and should be continually assessed to ensure they are framed and resourced appropriately.

A secure Pacific means a secure Australia, and while the Australian Defence Force (ADF) and our government agencies play a significant and highly valued role in ensuring the security of Pacific island countries, more can and should be done to empower these countries to better respond to their own security needs. As island nations, the ability for Pacific island countries to patrol and protect their marine resources and vast borders is the key requirement for their security and economic prosperity, however many lack the means to do so effectively.

This submission presents recommendations from PAL Aerospace and Air Affairs Australia on clear areas that deserve immediate attention in the Pacific:

- Improving maritime domain awareness through **enhanced aerial surveillance**;
- Improving **information sharing** throughout the region; and
- Improving the **immediacy of data** and making it accessible to relevant authorities.

There is an immediate need to enhance Pacific maritime surveillance capacity given the immense scale of the maritime domain and the increasing number and severity of threats to Pacific and Australian security interests. Australia's defence relationships with Pacific island countries represent the most appropriate mechanisms through which to provide enhanced support. Not only are there existing structures and programs in place – including Defence Cooperation Programs and the Pacific Maritime Surveillance Program – that can be expanded or extended, but there is also substantial goodwill between the ADF and the policing and security forces of Pacific nations.

Current Australian contributions to Pacific maritime security through aerial surveillance have been welcomed but need to be enhanced – both in hours flown and the capabilities of the aircraft deployed – in order to meet the challenge. While the ADF may have the ability to provide additional surveillance, the question is whether its assets should be deployed to such a role, or whether they are better utilised elsewhere. Use of ADF capabilities elsewhere would allow Australian businesses to contribute to the Pacific Step-up, providing aircraft, crews and surveillance equipment. This is already being done and can be expanded further to allow greater capacity building of Pacific island countries.



The additional data produced by increased maritime surveillance will provide a further challenge for Pacific nations looking to quickly share, assess and respond to relevant information. To address this, there needs to be a focus on developing the processes and systems that will allow Pacific island countries to collect, collate, process and share – in a timely manner – the actionable information that enhanced surveillance will provide. Lessons learnt from countries addressing similar challenges elsewhere across the global will be useful to consider. Ultimately, however, the needs of Pacific island countries must be determined by the nations themselves.

Finally, the Pacific touches a number of nations, who all share an interest in its security and prosperity. With that in mind, Australia should look to other powers in the Pacific – including its global security partners – to develop long-term relationships that can enhance and assist Australia's own contributions to Pacific security.

Recommendations

1. Australia to engage Pacific island nations on their requirement for additional aerial surveillance and develop a greater understanding of capability limitations across the Pacific.
2. Australia to explore immediate opportunities for Australia's Defence Cooperation Programs with Pacific countries to provide support for additional aerial surveillance under current arrangements.
3. Australia to consider increased funding for aerial surveillance components of the Pacific Maritime Surveillance Program and Australian contributions to multilateral surveillance exercises with Pacific island nations.
4. Australia to encourage its global security partners in the Pacific – including the US, New Zealand, Canada, Japan, France and the UK – to consider support for additional maritime surveillance initiatives.
5. Australia to engage with Pacific island nations and the Pacific Islands Forum Fisheries Agency (FFA) on building capacity to collate, process and share information that results from increased aerial surveillance.
6. Australia to review experiences and lessons learnt on maritime surveillance and information sharing from nations with similar security considerations to those of the Pacific, such as Caribbean and Indian Ocean island states.

Why Defence relationships in the Pacific matter to Australia

A secure and stable region is in Australia's national interests. As the *2016 Defence White Paper* notes, "instability in our immediate region could have strategic consequences for Australia should it lead to increasing influence by actors from outside the region with interests inimical to ours."

That regional stability will not happen on its own, given the capacity constraints faced by most Pacific island countries. The task they face in securing their economic resources – and dealing with the effects of climate change – is immense. Their combined exclusive economic zone covers some 27.5 million square kilometres, and they lack the means to effectively monitor and police it.

The federal government's Pacific Step-up is a welcome contribution to help these nations strengthen their ability to manage internal, transnational and border security challenges, including natural resource protection, and to build their resilience to natural disasters.

It is also welcome from a soft power perspective, showing neighbouring nations that Australia can be relied upon to provide assistance that is not just financial. This is a point that Pacific leaders have made in the past, particularly with regards to Chinese efforts to develop relationships in the region. Understandably they see "chequebook" diplomacy as insulting and patronising. As such, access to resources that empower these nations to protect and advance their own economic interests are to be welcomed.

The value to Australia of better maritime security capability in the region is manyfold. Resources that aid Pacific nations' economic security will reduce their need for assistance from other actors whose interests and intentions may not align with our own. It also hampers illicit activities such as smuggling – of people and contraband – thus reducing the likelihood of their reaching Australian waters, which would put a call on further domestic resources in Australia and in Pacific island countries.

Increasing the capacity of Pacific island countries to protect and patrol their waterways has obvious flow-on benefits to Australia, particularly with regards to the management of Defence assets in the immediate short term. In helping Pacific island countries to help themselves in patrolling the southwest Pacific, Australia can concentrate assets in other areas, such as the South China Sea and the Indian Ocean. Over the longer term, an increased capability of Pacific island countries to respond to ensure their own security and protect and enhance economic opportunities for their citizens reduces the requirement for Australia to provide a high level of ongoing support.

What do Pacific Island nations need?

Maritime security

The Australian Strategic Policy Institute's (ASPI) recent *Oceans Horizon* report¹ notes that maritime security includes not just traditional military threats, but also non-traditional security challenges such as piracy, maritime terrorism, natural hazards and smuggling. The report also listed the major maritime security challenges facing Pacific island countries:

- Illegal, unreported and unregulated fishing, which costs Pacific nations over US\$600 million per annum;
- Drugs and human trafficking are significant growing issues;
- Sea robberies of natural resources; and
- Search and rescue (SAR) capabilities are lacking and are ill-equipped to address incidents like ferry accidents and lost vessels.

ASPI's analysis of the Pacific island maritime security environment notes that there are significant operational gaps in Pacific island countries' maritime patrolling capabilities, especially in remote island areas. At present, air surveillance of remote areas, exclusive economic zones (EEZs) and adjacent areas of the high seas is conducted on a limited basis with no sovereign, dedicated aerial surveillance capability. Most maritime security agencies lack the equipment, maintenance and operational funds to develop an effective, integrated approach to deliver long-term maritime security for their countries, with the level of air and maritime surveillance particularly inadequate.

Recommendation

- Australia to engage Pacific island nations on their requirement for additional aerial surveillance and develop a greater understanding of capability limitations across the Pacific.

Information sharing & coordination

ASPI also acknowledges the lack of coordination within and between Pacific island countries when it comes to sharing information concerning maritime security. Information sharing between small island states is an integral aspect to ensuring that limited resources are effectively pooled to meet maritime security requirements. This sharing of such information between agencies and countries is not, however, a unique experience and Australia may consider how experiences and global best practices can be shared with the FFA. As a key partner of the FFA, Australia is best-placed to ensure it has the appropriate capability to collate, process and share information between Pacific island countries.

Recommendation

- Australia to engage with Pacific island nations and the Pacific Islands Forum Fisheries Agency (FFA) on building capacity to collate, process and share information that results from increased aerial surveillance.

¹ <https://www.aspi.org.au/report/ocean-horizons-strengthening-maritime-security-indo-pacific-island-states>, December 2019

Current activities & outcomes

The federal government's Pacific Step-up builds on a strong history of Defence engagement with the region under the auspices of Australia's successful Pacific Patrol Boat Program (PPBP) and its replacement initiative – the Pacific Maritime Security Program (PMSP), Australia's A\$2 billion commitment to the South Pacific and Timor-Leste over the next 30 years. The PMSP consists of three components administered by the Department of Defence: a Pacific Patrol Boat replacement program; integrated regional aerial surveillance; and strengthening regional coordination through cooperative patrols and equipment upgrades.

The PMSP aims to enhance Pacific island countries' capacity to effectively collect, analyse, manage, and share maritime security information. The patrol boat program is the largest component and involves Defence replacing the existing Australian-gifted boats across the region with 19 larger and more capable Guardian class patrol boats. Delivery of these boats to 12 Pacific Island countries started last year and will continue to 2023, with two further vessels to be gifted to Timor-Leste in 2023.

Defence has also contracted a civilian fixed-wing capability to support targeted, intelligence-driven maritime patrols in order to enhance the capacity of Pacific island countries to locate and stop illegal activity within their EEZs and adjacent high seas, such as illegal fishing and transnational crime. The capability aims to provide up to 1,400 hours of aerial surveillance each year across the Central and Western Pacific through two dedicated long-range aircraft based in the region, with aircraft tasking coordinated by the FFA. In 2017, Defence awarded a A\$68 million contract for the provision of "security surveillance and detection" for the PMSP to US-based business Technology Service Corporation (TSC), which runs to December 2023. TSC commenced flying two King Air 200 aircraft fitted with sensors, avionics and communications technologies in early 2018.

Australia's contributions to cooperative patrols with Pacific island countries is primarily coordinated through *Operation Solania*, the annual ADF mission to support the FFA to protect fisheries and other resources within the EEZs of its partner countries. Australia's asset contribution to the operation was a King Air B-300 aircraft and a C-27J Spartan aircraft to provide intelligence, surveillance and reconnaissance (ISR) support to detection and deterrence operations.

Assessment of current activities & outcomes

Australia's PMSP is an incredibly important initiative to support the security interests of Pacific island countries. It is a powerful indicator to our partners in the Pacific of Australia's ongoing commitment to the region and is highly valued by Pacific island countries. While the focus of the PMSP is entirely correct, there is scope to review and strengthen individual components of the program.

Patrolling the combined EEZs of some 27.5 million square kilometres presents its own challenges. Given the scale of the task, there is an immediate need to scale-up the contribution to aerial surveillance under the PMSP to widen the area covered. This would fit with comments by the Minister for International Development and the Pacific, the Hon Alex Hawke MP, who said there is scope for more Australian assistance in helping Pacific nations combat illegal and unreported fishing². Commentators have also acknowledged the value that increased and better air patrols will provide in combatting illegal activity in the Pacific,³ a key objective of the PMSP.

² <https://www.abc.net.au/qanda/2019-02-12/11730632>

³ <https://www.lowyinstitute.org/the-interpreter/pacific-air-patrols-will-do-more-combat-illegal-fishing>

The PMSP could be strengthened to meet Pacific island countries' aerial surveillance needs by adding an additional capability that can fly further and longer and increases the total area surveilled with improved ISR sensor abilities. PAL Aerospace and Air Affairs Australia are able to develop a suitable and cost-effective solution that meets this enhance aerial surveillance requirement.

Additional aerial surveillance capabilities

Additional aerial surveillance would provide Pacific island countries and Australia with greater awareness of threats and enhance their ability to respond more quickly and with greater frequency. Longer term, the accumulation of data from aerial surveillance would help them in better analysing and understanding their regions.

While the ADF has the ability to provide additional aerial surveillance to Pacific island countries, the question is whether its assets should be deployed to such a role, or whether they are better utilised elsewhere, with the private sector contributing to the Pacific Step-up. Private contractors can provide immediate turn-key solutions that can still be badged as an Australian contribution to underscore the strong relationship between Australia and its Pacific island neighbours, reiterating Australia's presence in the region and its role as the preferred security partner.

The private sector's contributions to the government can be in the form of additional or surge capability for aerial surveillance in support of key annual and ad hoc activities that form part of the PSMP strategy. This could be in addition to the continuous year-round capability provided by the current PMSP Aerial Surveillance contractor (as noted above) and could be deployed at relatively short notice to provide additional support to patrol exercises or respond to an urgent demand for ISR.

In addition to PSMP enhancements, Australia may also want to consider opportunities to provide additional and enhanced aerial surveillance under its individual Defence Cooperation Programs (DCP) with respective Pacific island countries.⁴ Under bilateral DCPs, Australia provides partner countries with a comprehensive annual assistance package. For Pacific countries this includes in-country ADF advisors, a range of training initiatives and bilateral exercises, capacity building initiatives, and equipment and infrastructure projects.

Recommendations

- Australia to explore immediate opportunities for Australia's Defence Cooperation Programs with Pacific countries to provide support for additional aerial surveillance under current arrangements.
- Australia to consider increased funding for aerial surveillance components of the Pacific Maritime Surveillance Program and Australian contributions to multilateral surveillance exercises with Pacific island nations.

⁴ http://www.defence.gov.au/Budget/18-19/2018-19_Defence_PBS_03_Appendices.pdf

What enhanced maritime surveillance capabilities are available?

PAL Aerospace and Air Affairs Australia have considered their ability to support an enhanced maritime surveillance capability for the Southwest Pacific in the immediate term and over a longer-term basis.

The businesses propose an adaptable and mission-ready capability that can support a range of ISR, search and rescue, and disaster response operations on an immediate and ad hoc basis. This would be in the form of PAL Aerospace's Force Multiplier Aircraft, which is available under wet lease arrangements for a set period of weeks or months. Air Affairs Australia can provide regulatory compliance, crewing, equipment and maintenance support to the Force Multiplier Aircraft from its base in Nowra, New South Wales.

To enhance capabilities over the longer term, PAL Aerospace and Air Affairs Australia would look to provide suitable aircraft fitted with advanced ISR sensors and systems providing actionable data to Pacific island countries in a timely way. This sustainable and cost-effective solution will support regular patrol activities and enable the quick response to tasking requests from Pacific island countries and the FFA.

Collaboration with partner countries

The Pacific touches a number of third-party nations, who all share an interest in its security and prosperity. With that in mind, Australia should look to its partners in the Pacific to develop long-term relationships that can enhance and assist Australia's own contributions to Pacific security. Part of this enhanced engagement could be in the form of sharing financial costs of providing commercial aerial surveillance solutions; committing complementary capabilities to surveillance activities; support with processing and analysing data, and other contributions to joint responses by Pacific island countries and Australia.

Nations and agencies that could form part of this multilateral engagement are explored below.

New Zealand remains Australia's closest partner in ensuring security for Pacific island countries and has announced a Pacific Reset policy with objectives aligned to Australia's Pacific Step-up policy. It has made specific commitments on maritime patrol aircraft,⁵ which will strengthen the collaboration between ADF and New Zealand Defence Forces (NZDF) on exercise and in the delivery of the PMSP which NZDF personnel support in the Cook Islands. As a fellow PIF and FFA member, New Zealand already contributes resources to these bodies and participates regularly in multilateral patrol exercises and is actively considering how to dedicate sustainable aerial capability to the region under its current Defence Capability Plan.

As a Pacific power, the **United States** has direct interests in supporting the security of Pacific island countries from Hawaii and its territories of American Samoa and Guam. It also has formal responsibility for the defence of Pacific island countries in compact association with the US, namely the Federated States of Micronesia, Republic of Marshall Islands and Palau. Through its annual Pacific Partnership initiative, the US Navy Pacific Fleet provides Pacific nations with humanitarian assistance primarily to support disaster relief preparedness and response capabilities. Such initiatives may be expanded or enhanced through an increased maritime and aerial surveillance component, noting the importance that this capability plays in disaster response, search and rescue and medical evacuation operations. US authorities will have useful lessons from experiences outside the Pacific that will be relevant for Australia and Pacific island countries, especially in addressing maritime security considerations and developing defence relationships with small island countries in the Caribbean via US Southern Command and in the Indian Ocean through US Africa Command. PAL Aerospace

⁵ <https://www.newsroom.co.nz/2018/07/09/146284/govt-signs-off-23b-nzdf-plane-deal>



has provided maritime surveillance to support US Africa Command security operations in the Indian Ocean, focused on counter-piracy efforts in the Seychelles exclusive economic zone.

While it has traditionally played a smaller role in South Pacific security issues, **Canada** is a member of the Pacific Maritime Investigation Coordination Forum alongside Australia, New Zealand, France and the US. This is an important multilateral mechanism to counter transnational crime and the flow of narcotics in the region.⁶ With an extensive maritime zone, Canada understands the aerial capabilities required for effective maritime surveillance and works with businesses like PAL Aerospace to provide such capabilities. Canada is also an important contributor to Caribbean security directly and, in partnership with its private sector, has created useful lessons for the Pacific. PAL Aerospace, for instance, provides enhanced maritime surveillance capabilities for the Dutch Caribbean Coast Guard.

Japan has developed strong diplomatic and aid links with Pacific island countries and is a trusted partner in the region, with interests closely aligned to Australia on almost all issues. Japan also has, in the past, provided significant funding support to Pacific island countries through a variety of development and security initiatives. Noting this, Japanese authorities may consider what support to additional aerial surveillance they may provide. Non-government organisations like the Sasakawa Peace Foundation can also be engaged in discussions on enhancing Pacific maritime domain awareness, noting the role it plays through its Pacific Islands Nation Program to build capabilities of national coast guards.

While the **United Kingdom** and **France** have a more limited focus on Pacific security issues, largely focused on their external territories in the region, they provide positive additions to regional security. Quadrilateral engagement between both countries, Australia and New Zealand provides a useful forum to support maritime security cooperation in the Pacific. Exercises led by the French Armed Forces in the Pacific, from New Caledonia and French Polynesia, may be enhanced by additional aerial ISR capabilities.

In addition to partner countries, Australia also works with a range of **multilateral agencies and non-government organisations** to support its objectives in the Pacific. These collaborative relationships may provide Australia with an opportunity to develop shared funding proposals for aerial maritime surveillance with bodies like the World Bank and Asian Development Bank, and provide additional support to the South Pacific Regional Fisheries Management Organisation and the Western and Central Pacific Fisheries Commission.

Recommendations

- Australia to encourage its global security partners in the Pacific – including the US, New Zealand, Canada, Japan, France and the UK – to consider support for additional maritime surveillance initiatives.
- Australia to review experiences and lessons learnt on maritime surveillance and information sharing from nations with similar security considerations to those of the Pacific, such as Caribbean and Indian Ocean island states.

⁶ <https://www.lowyinstitute.org/publications/stronger-together-safeguarding-australia-s-security-interests-through-closer-pacific-0>

Conclusion

Australia has developed close and effective defence relationships with the small island nations of the Pacific. These form a cornerstone of our broader bilateral and multilateral relationships across the region. Our defence relationships are highly valued by Australia's Pacific partners and are critically important to maintaining and advancing our mutual interests in a region facing ever-changing and increasing threats. They will continue to provide the primary means for Australia to support the ongoing security needs of Pacific island countries.

Australia and Pacific island countries recognise the pressing requirement to improve maritime domain awareness. This will enable Pacific authorities to respond promptly and effectively to security threats and to better protect their economically important marine resources. Enhancing the aerial surveillance capabilities available to Pacific nations is the most appropriate and cost-effective way of improving domain awareness across the region.

Australia is presented with an opportunity to provide this enhanced support under the auspices of its existing defence relationships. It should, however, consider that Pacific island countries have a natural suspicion of surveillance provided by foreign military assets. This concern can be mitigated through the provision of a private sector aerial surveillance solution administered by an empowered regional coordinator like the Pacific Islands Forum Fisheries Agency. Australia's contribution in this manner will help maintain our position as the trusted partner of choice for Pacific island countries and progress the broader objectives of the government's Pacific Step-up initiative.

PAL Aerospace and Air Affairs Australia welcome the opportunity to share their experiences in enhancing maritime domain awareness, both in Australia and in areas of the world that face similar challenges to the South Pacific. Both businesses look forward to answering any questions the Committee has in relation to this submission. PAL Aerospace and Air Affairs Australia will be available to provide any additional information that supports the Committee's consideration of this important topic.