

PACIFIC ENGAGEMENT STRATEGY

COUNCIL: ALL TNQ STATE ELECTORATE: ALL TNQ FEDERAL ELECTORATE: KENNEDY, LEICHHARDT

↓ THE ISSUE

Prime Minister Scott Morrison stated in January 2019 that “Cairns [is] a Pacific capital of Australia, a tropical capital of Australia. Cairns is very important to our engagement with the Pacific.” As such, Cairns is Australia’s natural home for administering the national Pacific Engagement Strategy, providing the Department of Foreign Affairs and Trade’s new Office of the Pacific with close direct air and sea access to Pacific nations, enabling stronger partnerships for economic growth, regional security and free trade.

The establishment of Cairns as the Pacific hub for Australia is aligned with the Federal Government’s own agenda. Cairns is home to a multicultural society and with 10,000+ Papua New Guinea (PNG) nationals residing in the region, is already a base for Australia’s participation in the development of: cultural and education research and teaching; health care; marine training; logistic support including maintenance and enhancement; and security support for South Pacific nations.

From now until 2030, the Pacific region is estimated to need US\$3.1 billion in investment per year. While Australia has consistently been the largest investor in the region averaging \$1.3 billion per annum, a total of 62 countries are active Pacific investors with the top five being Australia, China, New Zealand, the United States and

Japan. Australia has traditionally focussed on building capacity for social initiatives such as health care, policing and security, while other countries such as China have focussed on catalytic infrastructure projects such as marine facilities, airports and roads.

Australia’s Step-Up to the Pacific program, which sees engagement in the Pacific as one of the highest priorities of Government, is tied to the 2017 Foreign Policy White Paper and commits Australia to a more ambitious level of Pacific engagement. The Pacific nations themselves have identified a number of challenges in regard to pursuing economic growth. These include unreliable telecommunications networks, shortages around skills and expertise, concerns regarding law and order (security), and control of fisheries, their most prolific natural resource.

While the newly formed Office of the Pacific has been tasked with overseeing Australia’s Pacific Engagement Strategy, Cairns already has strong established networks and links with nations of the Pacific, together with expertise in working with dispersed populations and tropical climates. The city is therefore well-placed to facilitate the administration of the next phase of security, education, health, trade and investment conversations in the region.



BRIEFING NOTE SUMMARY

- Cairns is the ideal strategic hub for the implementation of Australia’s Pacific Engagement Strategy.
- The ambition to establish Cairns as the Pacific hub for Australia is aligned with the Federal Government’s own agenda, meeting the needs of the Step-Up to the Pacific program.
- Cairns has the structures and relationships in place to support the establishment of an Office of the Pacific to administer the Pacific Engagement Program from northern Australia.

<https://www.pm.gov.au/media/interview-john-mackenzie-4ca-cairns>
 Prime Minister Morrison, 8 November 2018:
<https://www.pm.gov.au/media/address-australia-and-pacific-new-chapter>
 Department of Foreign Affairs and Trade, Fact Sheet: Stepping-Up Australia’s Pacific Engagement, November 2018
 Papua New Guinea Business and Investment Guide, 2019

“ We see it as a strategic port, as a port of national significance... it’s link between here and the Pacific is a key part of why we believe that is so strategic. ”

Prime Minister Scott Morrison, 22 January 2019

↓ BACKGROUND

Over the past 18 months, growing tensions between the United States and China have elevated the strategic importance of the Pacific, and Australia is now more than ever a frontline player in terms of engagement and development of the region. Increased emphasis on the region is largely due to tensions around trade agreements, which reflect strong economic growth in the Pacific. However in the case of China, trade agreements are linked to repayable loans and as developing economies with scarce national resources, they appear to be beyond the capacity of Pacific nations to service. This has increased the need to secure their fisheries, resource productivity, policing and security.

Evolving geo-political tensions in the region have led to a number of significant collaborations in the Pacific. These include a bi-lateral agreement between the US and Australia to reinstate the Lombrum Naval base on Manus Island in PNG, and a tri-lateral partnership between Australia, Japan and the United States to mobilise infrastructure investment in the Indo-Pacific. In addition, Australia has established a \$2 billion Australian Infrastructure Financing Facility (AIFF) for the Pacific, signalling the significance of the future economic partnership.

On the back of these collaborations, the Pacific is a region which has undergone and is undergoing profound change. This will be further accelerated through the establishment of the PACER Plus free trade agreement, through which 14 signatory countries (including Australia) are collectively focussed on facilitating trade to strengthen the global position of the Pacific.

↓ NEXT STEPS

Cairns is already home to many of the Commonwealth's Pacific engagement initiatives, covering security, education, economic development, infrastructure financing and foreign affairs and trade. As stated by the Prime Minister in January 2019: "We see it as a strategic port, as a port of national significance... it's link between here and the Pacific is a key part of why we believe that is so strategic."

Basing an Office of the Pacific in Cairns will enable Australia to quickly build stronger relationships with our Pacific neighbours, providing a more coordinated strategic approach and providing the Commonwealth with better value for existing budgeted measures. For example:

- **Defence and Marine** – The Cairns Marine Precinct is home to HMAS Cairns, one of only five naval bases in Australia, and is the ideal base for OPV and Border Force vessel sustainment and maintenance, the Pacific Maritime Security Programme and the Pacific Mobile Training Team. Under the Security of Critical Infrastructure Act (2018) the Cairns port is a critical national infrastructure asset.
- **Education** – Strong alignment exists between Cairns' tertiary institutions and the Australia Pacific Training Coalition, with structures already in place to administer the new Australia-University of the South Pacific partnership worth \$84 million over six years (2019-24). University research projects already exist and there is scope for further engagement. Cairns also offers essential marine training through its Great Barrier Reef International Marine College, which provides the opportunity to contribute to the development of South Pacific nations fisheries control and security.
- **Infrastructure and Development** – With the Northern Australian Infrastructure Fund headquartered in Cairns, the structure exists to either manage or co-locate the \$2 billion Australian Infrastructure Financing Facility for the Pacific (AIFFP) from the region. Cairns is also supported by direct flights and shipping links to and from the Pacific nations.
- **Sport** – Cairns is the ideal base for elite athlete training camps associated with the Australia-Pacific Sports Linkages Program, has strong links established through the Pacific Games, and provides the perfect base for hosting future Pacific Games.
- **Government and Trade** – Cairns is home to the Exchange Innovation and Information Centre (EiIC), which works in partnership with PNG Government to promote business and educational links between Cairns, PNG and the Pacific. The EiIC is unique within Australia and houses the offices of Tradelinked Cairns PNG Pacific, and of PNG National and Provincial agencies. Cairns also hosts 12 Foreign Consulates and through existing business links, is engaged with and supports the Pacific Labour Scheme.
- **Health** – Cairns and Hinterland Hospital and Health Service, in partnership with James Cook University (JCU), is established as a world-leader in tropical health and diseases, knowledge that is vital to our Pacific neighbours. And through its Division of Tropical Health and Medicine, JCU has already established research relationships with the University of the South Pacific and Fiji National University.

OUR RECOMMENDATION

- That, through the Department of Foreign Affairs and Trade, the Federal Government establish an Office of the Pacific in Cairns to drive the implementation of Australia's Pacific Engagement Strategy from northern Australia, and formally designate Cairns as Australia's northern hub for delivering the Step-Up to the Pacific program.
- That to build on existing education links in the Pacific, the Federal Government reassign the contract for the Australia Pacific Training Coalition from TAFE Queensland in Brisbane to TAFE Queensland in Cairns.
- That to facilitate hosting the Pacific Games in northern Australia, the Australian Olympic Committee becomes a member of the Pacific Games Council and works with the three levels of government to secure the Pacific Games in Cairns.
- The Federal Government provides \$1.5 million for developing a comprehensive strategy to identify and maximise initiatives to position Cairns as the Pacific capital of Australia as part of delivering its Step-Up to the Pacific agenda.