



Australian Government

Australian Government response to the
Joint Standing Committee on Foreign Affairs, Defence and
Trade report:

Strengthening Australia's Relationships in the Pacific

May 2024

Introduction

The Australian Government welcomes the opportunity to respond to the report of the Joint Standing Committee on Foreign Affairs, Defence and Trade: Foreign Affairs and Aid Sub-committee (the Sub-committee), on its inquiry into strengthening Australia's relationships with the Pacific.

The Government has carefully considered the report and agrees, fully, in principle or partially, with the majority of recommendations made by the Sub-committee. The Government appreciates the work of the Sub-committee and also recognises the valuable contributions made to the inquiry by communities, universities, think tanks, and Pacific peoples.

Australia sees the Pacific as family. Our relationships with Pacific island countries are long-standing and enduring, based on true partnership, respect, and friendship. These relationships are central to our national interest and national identity. Our priority is to ensure the Blue Pacific remains peaceful, prosperous, and equipped to respond to the challenges of our time.

Ministers have travelled to every Pacific Islands Forum member since taking office to renew our partnerships and listen to Pacific priorities. The Australian Government is delivering a whole-of-government package of support to the Pacific, harnessing all our national assets to respond to the Pacific priorities that we have heard.

As climate change continues to threaten Pacific communities, Australia is taking a regional approach to humanitarian relief and strengthening support for disaster preparedness, working closely with the Pacific to build resilience and support Pacific responses to crises. We are delivering real action on climate change, at home and in partnership with the Pacific, and working together to amplify Pacific voices, including by bidding to co-host the 31st United Nations Framework Convention on Climate Change Conference in 2026 with the Pacific.

The Government pledged to bring new energy and resources to the Pacific, to help build a stronger Pacific family. The October 2022-23 Budget reinforced our commitment with more action:

- delivering an additional \$900 million over four years in Official Development Assistance, to support the Pacific's development, economic, health, education, social and climate priorities
- advancing Pacific security priorities, including upgrading aerial surveillance under the Pacific Maritime Security Program to tackle illegal, unreported and unregulated fishing, and increasing practical cooperation between Pacific and Australian security forces
- expanding the Australian Broadcasting Corporation's (ABC) services and partnerships in the region, to ensure more Australian voices are heard across the region
- increasing the Australian Infrastructure Financing Facility for the Pacific (AIFFP) from \$3.5 billion to \$4 billion to support grant and loan packages to deliver quality, climate resilient transformational infrastructure in response to partner Government priorities

- expanding and improving the Pacific Australia Labour Mobility (PALM) scheme and creating a new Pacific Engagement Visa for up to 3,000 nationals of Pacific island countries and Timor-Leste each year to permanently migrate to Australia.

In the 2023-24 Budget, the Government announced a further package of support to the Pacific across 13 government agencies (around \$1.9 billion over five years) to deepen our connections, boost our investment in Pacific regional architecture and advance Pacific peace and security. This includes:

- continuing to expand and improve PALM, in line with Pacific aspirations and the needs of Australian businesses, enhancing conditions and better supporting workers, including through skills development
- expanding access to Australian media content and boosting media connections in the region under the Indo-Pacific Broadcasting Strategy, elevating Pacific voices and stories
- supporting faster and more efficient visa service delivery for visa applicants from Pacific island countries
- advancing Pacific regionalism through investment in regional architecture to support the Pacific family and to help deliver the 2050 Strategy for the Blue Pacific Continent
- delivering on bilateral security treaty commitments and deepening our security, law enforcement and criminal justice partnerships, including through investments in cyber resilience, national security capabilities and maritime security.

The Government thanks the Sub-Committee for its work in preparing this report and considering the submissions.

Response to the recommendations

Recommendation 1

The Committee recommends that Australia builds on the Partnerships for Recovery to lead a large-scale, multi-year post-COVID-19 aid and recovery package within the Pacific islands region, focussing on transformative public investment through grants and concessional lending.

Response:

The Government accepts this recommendation.

Australia has been increasing support to respond to the evolving fiscal, economic and social challenges facing the Pacific and Timor-Leste.

Australia will continue to support Pacific countries to mitigate the ongoing economic impacts of the COVID-19 crisis. The Government is increasing Australia's ODA to the Pacific and Timor-Leste by \$900 million over four years from 2022-23 and will work in partnership with individual countries to shape priorities. Our support includes a strengthened focus on climate adaptation and resilience, water, sanitation, and hygiene, gender equality, education, health, and support for people with disability, in line with the Government's election commitments.

Australia will be providing additional fiscal support as part of AUD 1.9 billion in funding for the Pacific and Timor-Leste in 2022-23 to help address the economic and social costs of the pandemic in the region. This support ensures essential services, including health, education and social protection continues, and vital transport corridors stay open.

The Australian Infrastructure Financing Facility for the Pacific (AIFFP) forms an important part of Australia's COVID-19 recovery efforts in the region by partnering with governments and the private sector in the Pacific and Timor-Leste to provide financing for high quality, transformational infrastructure.

The AIFFP provides concessional financing including both loans and grants to finance infrastructure projects that contribute to the overall stability and economic prosperity of the Pacific and Timor-Leste. AIFFP only provides grants in countries where loans are not suitable due to debt concerns.

In providing sovereign loans, the AIFFP, at a minimum, ensures its financing is consistent with Australia's international obligations on debt sustainability and tailored to reflect a country's specific debt circumstances.

To date, the Government has agreed to a total of \$1.3 billion in financing for 17 projects in ten countries, including:

- major investments in PNG's ports, roads and electricity sector;
- the Tina River transmission line in Solomon Islands;
- investments in Fiji's roads and airports;
- the East Micronesia Cable, which will connect FSM, Kiribati and Nauru;
- the rehabilitation of Nauru Airport;
- an undersea ICT cable and a solar farm in Palau; and,
- supporting the redevelopment of Dili Airport in Timor-Leste.

Recommendation 2

The Committee recommends the Australian Government:

- *pursue steps to scale-up the program, better support career development, and provide pathways for permanent residency, akin to those being developed for the Agriculture Visa Scheme; and*
- *explicitly recognise the relationship building and cultural exchange elements of the Pacific Australia Labour Mobility Scheme in its design and promotion.*

Response:

The Government in-principle accepts this recommendation.

An expanded Pacific Australia Labour Mobility (PALM) scheme is central to the Government's engagement with the Pacific region. It develops skills, addresses youth unemployment, supports economic integration of our region and binds our societies together.

The Government is improving and expanding the PALM scheme through an ambitious reform agenda to further enhance conditions for workers on the ground. The PALM scheme makes a significant contribution to the Australian economy. Economic modelling commissioned by DFAT estimated that as at December 2022, PALM scheme long-term workers generated \$403.5 million in profits for their employers; have paid \$51.9 million in income tax and \$23.3 million in superannuation tax; and – with their employers – have contributed \$1.3 billion to Australia's gross domestic product.

These reforms will make the scheme more attractive to employers facing workforce shortages and to Pacific workers interested in participating in the scheme. This includes:

- increasing the number of PALM workers in Australia;
- strengthening the Government's oversight of domestic operations which will enhance conditions and better protect and support workers to improve their experience in Australia;
- enabling employers to sponsor long-term workers to bring their families to Australia, initially for 200 families. This will include access to additional family assistance payments (Family Tax Benefit and Child Care Subsidy) and Medicare to ensure families have a positive experience and are supported while they raise their children in Australia;
- embedding skills development by providing additional training places for PALM scheme workers, and improved career pathways;
- supporting more workers to access their superannuation savings for when they return home;
- reimbursing employers for upfront travel costs that cannot be recouped from seasonal workers through no fault of the employer, to reduce the burden of upfront costs on employers; and,
- relocating the Australian Agriculture Visa (AAV) program under the PALM scheme by adjusting the scheme's settings to reflect key features of the AAV.

The Government is also committed to reducing red tape for employers and to better supporting smaller growers' participation in the scheme, while also improving conditions for workers and implementing all the recommendations of the Migrant Worker Taskforce. This will ensure Pacific and Timor-Leste workers value their experience in Australia and

continue to benefit from the program. The Government is consulting closely with Pacific island countries and Timor-Leste to understand their perspectives on labour mobility and to help shape and implement the reforms.

Planned improvements to the scheme will increase opportunities for workers to access training and skills development and provide a pathway for skilled migration. The PALM scheme Skills Development Program provides workers from the Pacific and Timor-Leste with access to training including Certificate I, II and III, benefitting workers and employers by improving technical abilities and increasing business productivity. This provides a potential pathway for skilled migration as employers may choose to sponsor eligible workers under the Temporary Skill Shortages visa in the future.

The Government has also committed to boosting Pacific permanent migration to Australia by establishing a new Pacific Engagement Visa (PEV) for citizens of the Pacific and Timor-Leste, commencing in 2024. Up to 3,000 visas will be allocated annually by a ballot process, with those selected from the ballot invited to apply for permanent residency. Applicants must secure a formal job offer in Australia prior to the granting of a visa. Former PALM scheme participants, and PALM workers in Australia on valid temporary visas will be eligible to register for the PEV ballot when applications open. Any further pathways for PALM workers would require close consultation with Pacific island countries and Timor-Leste governments.

The Government recognises the critical role that workers play in building people-to-people links between Australia and Pacific island countries. Initiatives such as the Community Connections program ensure workers are connected to church, diaspora, sports and other community groups that provide opportunities to create positive social networks. The Government will continue to seek opportunities to tell the positive story of the PALM scheme and amplify cultural exchanges to foster deeper connections with the Pacific family.

Recommendation 3

The Committee recommends that support for climate change mitigation and adaptation continue to be a high priority in Australia's immediate regional assistance program.

Response:

The Government accepts this recommendation.

The Australian Government recognises that climate change is the single greatest threat to the livelihoods, security and wellbeing of the peoples of the Pacific and an urgent global challenge.

The Government's climate engagement aims to strengthen Pacific resilience, reinforce sovereignty and help sustain the Pacific's tradition of global leadership on climate change. The Government has committed, as part of the International Development Policy, to ensure that 50 per cent of all new bilateral and regional investments valued at more than \$3 million will have a climate outcome by 2024-25, increasing to 80 per cent by 2028.

The Government has also increased ODA to the region by \$900 million over four years, including at least \$250 million in new funding for climate change adaptation and resilience in the Pacific. Examples of these programs include the Pacific led Weather Ready Pacific

initiative to enhance crucial early warning systems and an additional \$10 million from Australia to help rebuild schools in Fiji's Northern Division that were devastated by tropical cyclones in 2020 and 2021.

At the 52nd Meeting of the Pacific Islands Forum, Australia announced a package of climate assistance for the region, including at least \$350 million in climate resilient infrastructure, with at least \$75 million in off grid and community scale renewable energy in remote and rural parts of the Pacific. Australia also announced a foundational commitment to the Pacific Resilience Facility – a Pacific-led and managed initiative to support locally led, small scale climate and disaster resilience projects. The scale of this \$100 million commitment was confirmed at COP28.

At COP26, Australia increased its pledge to spend \$700 million over five years (2020-21 to 2024-25) to strengthen climate change and disaster resilience in the Pacific and is set to exceed this commitment. This builds on Australia's previous funding to the Pacific for climate and disaster resilience of \$408 million (2015-16 to 2019-20).

On 5 November 2022, Australia formally announced it would bid to co-host COP31 in 2026 in partnership with the Pacific, which was agreed by PIF leaders in June 2022. We are committed to elevating the importance of climate action and Pacific priorities on the global stage.

Recommendation 4

The Committee recommends that to enable program certainty, and retain and attract expertise, that the Australian Government consider providing a dedicated budgeted line item to the Federal Court of Australia to directly deliver the successful judicial capacity programs in the Pacific Islands region.

Response:

The Government notes this recommendation.

Reflecting the PIF Leaders' priorities as articulated in the 2050 Strategy for the Blue Pacific Continent, Australia is committed to embracing good governance and strengthening the full observance of democratic principles and values in the Pacific. Our bilateral and regional initiatives cover a broad range of support, including economic governance and growth, gender and social inclusion, public sector reform, support for civil society, legal and judicial development, and elections.

In particular, the Attorney-General's Department and portfolio has well-developed programs supporting the law and justice sector in the Pacific, with particular focus on law enforcement and criminal justice partnerships. The Attorney-General's Department supports Pacific regional partners to improve their capacity to address shared criminal law and justice priorities through training and mentoring Pacific officials, working in partnership on bilateral and regional legal policy and legislative reform projects and by enhancing regional collaboration on law and justice issues, particularly through the longstanding involvement in the Pacific Islands Law Officers' Network (PILON).

In March 2022, the Department of Foreign Affairs and Trade agreed to provide around \$3 million over three years to the Federal Court of Australia, to provide targeted judicial

support to Pacific judicial and court officers, to complement the broader judicial strengthening work currently funded by the New Zealand Government.

Recognising the absorptive capacity constraints within the region, it is important that any new judicial strengthening support complements existing efforts, fits in with bilateral partner priorities, and addresses specific needs and gaps.

New Zealand has been the lead funder of Pacific regional judiciary strengthening support since 2010, and its new *Pacific Justice Sector Programme* (PJSP) (NZ\$11.35 million over five years) is continuing to support the development of accessible, fair, responsive and efficient justice systems in the region. The new PJSP continues to provide the same assistance to Pacific judicial and court officers as the previous regional support programs: the *Pacific Judicial Strengthening Initiative*, which was administered by the Federal Court of Australia, and the *Judicial Pacific Participation Fund*, which was administered by the New Zealand Institute of Judicial Studies (Te Kura Kaiwhakawā).

The provision of any additional judicial strengthening funding would need to be carefully considered to ensure it did not duplicate existing assistance or place an additional burden on partners.

Recommendation 5

The Committee recommends the Australian Government considers creating a dedicated Pacific component within Australia's permanent migration intake, similar to the New Zealand model.

Response:

The Government accepts this recommendation.

The Australian Government will strengthen people-to-people links and deepen ties with the Pacific family by encouraging migration to Australia through the establishment of the PEV. The PEV will grow the Pacific and Timor-Leste diasporas in Australia and encourage greater cultural, business, and educational exchange.

The PEV is a substantive expression of the special relationship Australia has with Pacific island countries and Timor-Leste helping to address the underrepresentation of these countries in Australia's permanent migration program. Up to 3,000 visas, inclusive of partners and dependent children, will be allocated annually. Applicants will be required to meet conditions for the grant of the visa including securing employment in Australia and meeting English language, health, character and age requirements. The Government has been consulting extensively with Pacific partners and is listening to ensure the program meets shared needs and priorities in support of a peaceful, prosperous and resilient Pacific region.

Recommendation 6

The Committee recommends the Australian Government:

- *start dialogue with Pacific island countries about compacts of association considerations; and*

- *evaluate bold ideas for longer term Pacific region ‘deep integration’ including the creation of a significant compact of free association with countries in the Pacific island region—in particular microstates most vulnerable to climate change instability.*

Response:

The Government notes this recommendation.

The Australian Government is working closely with our Pacific partners on ways to deepen links and strengthen regional and bilateral cooperation on shared challenges and opportunities. Each Pacific country has a unique relationship with Australia.

The Government will continue to engage Pacific partners on ways to build on our deep cultural and people-to-people links with the Pacific family. This includes a new permanent migration pathway through the PEV and enhancements to the PALM scheme. These initiatives will deepen Australia’s integration with the Pacific and our contribution to its long-term development and economic sustainability.

The Government has also agreed to a request from Tuvalu to elevate our bilateral relationship to a more advanced, integrated and comprehensive partnership, to be known as the Falepili Union. *Falepili* is a Tuvaluan word for the traditional values of good neighbourliness, care and mutual respect. The Falepili Union is a unique agreement that reflects modern challenges, responding to Tuvalu’s special circumstances, including the existential threat to Tuvalu posed by climate change. It comprises a bilateral treaty between Tuvalu and Australia covering three main areas of cooperation on climate change, human mobility and security, as well as commitment in a joint leaders’ statement to uplift our broader bilateral partnership.

Recommendation 7

The Committee recommends the Australian Government considers steps necessary to expand Australia’s media footprint in the Pacific, including through:

- *expanding the provision of Australian public and commercial television and digital content across the Pacific, noting existing efforts by the PacificAus TV initiative and Pacific Australia;*
- *reinvigorating Radio Australia, which is well regarded in the region, to boost its digital appeal; and*
- *consider governance arrangements for an Australian International Media Corporation to formulate and oversee the strategic direction of Australia’s international media presence in the Pacific.*

Response:

The Government partially accepts this recommendation.

The Government is supporting Australia’s media and broadcasting presence in the Pacific, including through the provision of Australian public and commercial television, digital and radio content across the Pacific.

In the 2023-24 Budget, the Government committed \$23 million over four years to continue delivery of high quality Australian commercial television content to broadcasters in the Pacific via the PacificAus TV program (managed by the Department of Infrastructure, Transport, Regional Development, Communications and the Arts).

In the past two budgets, the ABC has also been provided with \$40.5 million in additional funding, including to: expand transmission infrastructure for Radio Australia in the Pacific; provide bespoke Pacific content for Radio Australia, ABC Australia, and ABC digital; and build media capacity in the Indo-Pacific. In accordance with its Charter, programming and editorial decisions for these services are the responsibility of the ABC's board and executive.

In addition, since 2008, the Department of Foreign Affairs and Trade's Pacific Media Assistance Scheme has invested \$25.9 million to support professionalism and independence of the Pacific media sector. The long-standing Media for Development Initiative (\$18.8 million 2017-2026) provides media training, infrastructure, and content development support in Papua New Guinea.

The proposal for an Australian International Media Corporation, to oversee the strategic direction of Australia's international media presence in the Pacific, is not accepted, due to the significant cost, likelihood of duplication with existing international services embedded within the ABC, and the alternative approach proposed by the Government through its commitment to an Indo-Pacific Broadcasting Strategy.

Recommendation 7 will be considered further as the Government finalises and implements the Strategy.

Glossary

AAV	Australian Agriculture Visa
ABC	Australian Broadcasting Corporation
ABF	Australian Border Force
ADF	Australian Defence Force
AFP	Australian Federal Police
AGD	Attorney General's Department
DFAT	Department of Foreign Affairs and Trade
DoD	Department of Defence
DoE	Department of Education
DoH	Department of Health
Home Affairs	Department of Home Affairs
ILO	International Labour Organization
IPPF	International Planned Parenthood Federation
PACMAS	Pacific Media Assistance Scheme

PALM	Pacific Australia Labour Mobility
PEV	Pacific Engagement Visa
PJSP	Pacific Justice Sector Programme
PMC	Department of Prime Minister and Cabinet
PMSP	Pacific Maritime Security Program
PPDP-R	Pacific Police Development Program - Regional
VET	Vocational Education and Training