

Supplementary Submission to the Joint Standing Committee on Foreign Affairs, Defence and Trade Inquiry into Australia's overseas representation

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Answers to written questions from Ms Gai Brodtmann, MP, Member for Canberra, and question on notice from Mr Philip Ruddock, MP, Member for Berowra, in relation to the hearing of 17 February 2012

Note: Answers to Question 1, the question on notice and additional comments are provided by Alex Oliver. Answers to Question 2 and additional comments are provided by Fergus Hanson. The author of each answer or comment is noted beneath the corresponding question.

Question 1

Topic – diplomatic outcomes from larger diplomatic footprints

The Lowy submission focuses very much on structures and process: how many staff, how many posts, comparisons with others, descriptions of internet engagement. Claims are made about deficiencies of the diplomatic footprint [page 6], persuasive powers weakened [page 13]. The submission also focuses solely on DFAT: it doesn't address whole of government representation [with the exception of the slightly negative assessment on page 12]. This raises some questions:

- *On the comparisons with other countries, it would be useful to have some argument that the numbers quoted for larger foreign services in smaller countries in fact represent a good use of resources by those countries. For example, could you point to any specific superior outcomes achieved by Finland, Sweden, Norway, Belgium and the Czech Republic attributable to their larger diplomatic footprint: in what way do they outperform Australia? [part 1]*
- *Separately, I have asked DFAT for figures on whole of government overseas staffing: does Lowy have any idea of the extent of this? Does the whole of government picture meet any of your concerns, for example about geographical distribution of effort? [part 2]*

Answer to Question 1 part 1

Alex Oliver

In our submission to the Inquiry, we argued that our overseas representation “compared very poorly with almost all other developed nations’, including those located in more stable

neighbourhoods and enjoying the diplomatic benefits of belonging to a regional bloc such as the European Union".¹

Only 12 countries in the world have larger economies than Australia.² However, based on the number of diplomatic missions Australia maintains overseas, Australia's network of 95 missions is far smaller than the OECD average network size of 133 missions, putting it at 25th of all 34 OECD nations on the basis of its overseas network. Nations such as Finland, Sweden, Norway, Belgium and the Czech Republic maintain larger diplomatic networks but have far smaller populations and economies.

Whether these larger foreign services are generating more positive diplomatic outcomes for their nations is a complex question without a simple answer. There is a considerable body of academic literature on the diplomacy of middle powers, and that of smaller nations which have successfully used 'niche diplomacy' to increase their influence in global affairs.³ There are a plethora of factors which might, together or alone, contribute to diplomatic success – the reach and depth of a foreign service, involvement in peacekeeping operations, aid expenditure and contribution to development outcomes, international conflict mediation and resolution, security cooperation, participation in treaties and trade agreements, and representation in major international organisations, for example. Similarly, there are many ways in which success could be measured, and numerous indicators which might offer measures of diplomatic success.

Norway, for example, has developed a strong reputation as a peace facilitator in myriad ways: through its role in the 1992-3 Oslo peace accords, its hosting and selecting the Nobel Peace Prize, its peace and reconciliation efforts in many countries (including a mediating role between the Sri Lankan government and Tamil Tigers), backed by a "surprisingly large" foreign service and competent public diplomacy.⁴

Sweden has a similarly strong image:⁵ the home of IKEA, Ingmar Bergmann, H&M, Volvo, the Nobel Prizes, Bjorn Borg and Abba. It has been described by the *International Herald Tribune* as 'the most successful country in the world'.⁶ *The Economist* has claimed that "if policies were commodities, Sweden would have a large surplus on its trade balance": Sweden is renowned, among other things, for its social welfare model, its universal childcare policies and its widely imitated ban on smacking children in 1979.⁷

Another example of a successful small country with strong diplomatic networks is Finland (another peacekeeping power), which in 2010 reached 8th place in the FutureBrand Country

¹ Andrew Shearer, Fergus Hanson and Alex Oliver, Lowy Institute for International Policy, Submission No. 15, p 3

² Lowy Institute, Submission No 15, p 6

³ For example, Alan K Henrikson, Niche diplomacy in the world public arena: the global 'corners' of Canada and Norway. In Jan Melissen (ed) *The New public diplomacy: soft power in international relations*, 2007; Tim Moore, Norway's focused communication strategy, *American diplomacy*, December 2010, http://www.unc.edu/depts/diplomat/item/2010/0912/comm/moore_norway.html; Eytan Gilboa, The public diplomacy of middle powers, *Public diplomacy magazine*, 2009, <http://publicdiplomacymagazine.com/the-public-diplomacy-of-middle-powers/>

⁴ Moore, 2010; Henrikson, 2007 at 79; see also Jozef Batora, *Multistakeholder public diplomacy of small and medium-sized states: Norway and Canada compared*, paper presented at International Conference on Multistakeholder Diplomacy, Mediterranean Diplomatic Academy, Malta, 2005

⁵ Ministry for Foreign Affairs, Sweden, *Images of Sweden Abroad*, 2005

⁶ Jonathan Power, Sweden's success story has lessons for the world, *International Herald Tribune*, 12 August 2004, p 6

⁷ Importing policies: Swedish message, *The Economist*, <http://www.economist.com/node/3151329>, 2 September 2004

Brand Index.⁸ For a small country ranked 116th in size in the world, the 34th largest economy and a population a quarter the size of Australia's, Finland's projection of its reputation and amplification of its influence has been very successful. It has 96 diplomatic posts in its international network.

More recently, and perhaps more controversially, Argentina and South Africa have achieved considerable success internationally. Argentina is notable for its inclusion in the G20, despite its 27th position⁹ in terms of global economic clout and its erratic and unruly financial record.¹⁰ South Africa, also a member of the G20, has counterbalanced its mixed record in peacekeeping and responses to conflicts within Africa with its work on democratisation, reconciliation and nuclear non-proliferation (including destroying its own nuclear arsenal).¹¹ Argentina has 144 diplomatic missions globally, and South Africa has 117. They are ranked, respectively, the 27th and 28th largest economies in the world – around a quarter of the size of Australia's economy.

A more concrete and measurable indication of diplomatic success might be found in examining these nations' leadership records in key multilateral organisations. From the following set of tables and summaries, it is apparent that many of the smaller OECD and G20 nations have gained significant traction in the principal organs of the global governance framework: the UN Security Council, the International Monetary Fund, the World Trade Organisation, the World Health Organisation, the International Court of Justice, the UN Development Programme, the International Atomic Energy Agency and the UN Economic and Social Council.

The nations which recur frequently in these lists are Argentina, Belgium, Chile, Mexico, Portugal, South Africa, Poland, Netherlands, Denmark, Norway, Turkey, Sweden, Austria, Korea and Switzerland. These are all nations with smaller economies but larger overseas networks than Australia. By comparison, Australia's representation on these lists is slight.

This is an imperfect measure of diplomatic success, but there are no perfect measures in such an intangible, complex and imprecise science. There are, for instance, factors which may have stymied or impeded Australia's bids for a seat on the Security Council: its position in the Western European and Others Group within the United Nations means that almost every election is highly competitive¹² in comparison with the other groupings, where there is arguably less competition for the allocated seats on a regional and rotating basis.¹³

However, the cumulative impact of these measures, when taken together, has the makings of a more persuasive set of evidence indicating that a strong diplomatic network does assist a nation's international standing and influence.

⁸ In partnership with the BBC World News, <http://www.futurebrand.com/think/reports-studies/cbi/2010/overview/>. Australia ranked 2nd

⁹ World Bank GDP data, 2010

¹⁰ See for example, Rodrigo Orihuela, G20: Argentina belongs here, guardian.co.uk, 1 April 2009, and Alan Beattie, Hopes modest for concrete progress at G20, FT.com, 4 March 2009

¹¹ Gilboa, 2009

¹² See Security Council Report, Special Security Council Report No. 4, Security Council elections 2011, 21 Sep 2011, http://www.securitycouncilreport.org/site/c.gIKWLeMTIsG/b.1071693/k.E8B0/Security_Council_ReportBRMonthly_Forecast_March_2012.htm

¹³ Asian Group (2 seats), African Group (3 seats, and an Arab Swing Seat between them), the Latin American and Caribbean Group (GRULAC – 2 seats), and the Eastern European Group (1 seat). The Eastern European seat has become far more competitive after the breakup of the Soviet Union, increasing from 10 to 23 Member States.

Bearing in mind that Australia has the 13th largest economy in the world, some observations from the tables and lists below are:

- Australia ranks the **lowest of all G20 nations** (together with Saudi Arabia) based on its representation on the Security Council **from 1992** (i.e. over the last two decades) (**Table 1**)
- **Of the 42 OECD/G20 nations combined, Australia ranks in 35th place based on its representation on the Security Council from 1992** (**Table 2**)
- It ranks **4th lowest of G20 nations and 25th of the combined G20/OECD nations** on the basis of its Security Council membership since the creation of the United Nations (it has been a member four times, the last being 1985-6)¹⁴ (**Tables 1 and 2**, re-ranked based on number of times ever on Security Council)
- An Australian has **not held any of the most senior positions in the following principal organs of the UN and major international organisations**, including the UN Secretary-General position, Managing Director of the IMF, Director-General of the WTO or GATT, Director-General of WHO, Administrator of the UNDP or Director-General of the IAEA. In this, it differs from Korea, Austria, Sweden, Norway, Belgium, Netherlands, Switzerland, New Zealand, Denmark and Turkey. It has had one judge on the ICJ (compared with Argentina's two, Mexico's four, Norway's two and Poland's two) and three Presidents of ECOSOC (see **paragraphs A-H**).

Table 1: All G20 nations - Membership of the Security Council

Ranked by number of times on the Security Council from 1992.

Member	GDP rank	GDP	Number of times on UN Security Council	Number of times on Security Council from 1992	Number of diplomatic missions**
France	5	2,560,002	PM	PM	277
Russia	11	1,479,819	PM	PM	263
US	1	14,582,400	PM	PM	259
China	2	5,878,629	PM	PM	248
UK	6	2,246,079	PM	PM	242
Brazil	7	2,087,890	10	4	217
Japan	3	5,497,813	10	4	204
Argentina	27	368,712	8	3	144
Germany	4	3,309,669	5	3	214
India	9	1,729,010	7	2	176
Italy	8	2,051,412	6	2	222
Mexico	13	1,039,662	4	2	145
Indonesia	18	706,558	3	2	119
South Africa	28	363,704	2	2	117
Canada	10	1,574,052	6	1	133
Turkey	17	735,264	4	1	193
S Korea	14	1,014,483	1	1	146
Australia*	13	1,355,791	4	0	108
Saudi Arabia	26	375,766	0	0	108

¹⁴ Michael Fullilove, *The case for Australia's UN Security Council bid*, Lowy Institute Perspective, September 2009, <http://www.lowyinstitute.org/Publication.asp?pid=1129>

Table 2: OECD and G20 nations - Membership of the Security Council

Ranked by number of times on the Security Council from 1992.

Shaded rows are those members of the OECD/G20 with more diplomatic missions than Australia, but smaller GDPs (note that the table breaks across two pages)

	Member	GDP rank (2010 current prices World Bank)	GDP 2010 (current prices World Bank)	Population [^] (millions)	Rank based on population [^]	OECD	G20	Number of times on UN Security Council	Number of times on Security Council from 1992	Number of diplomatic missions ^{**}
1	UK	6	2,246,079	63.1	22	✓	✓	PM	PM	242
2	China	2	5,878,629	1343.2	1		✓	PM	PM	248
3	US	1	14,582,400	313.8	3	✓	✓	PM	PM	259
4	Russia	11	1,479,819	138.1	9		✓	PM	PM	263
5	France	5	2,560,002	65.6	21	✓	✓	PM	PM	277
6	Japan	3	5,497,813	127.4	10	✓	✓	10	4	204
7	Brazil	7	2,087,890	205.7	5		✓	10	4	217
8	Argentina	27	368,712	42.2	32		✓	8	3	144
9	Canada ^c	10	1,574,052	34.3	36	✓	✓	6	3	133
10	Germany	4	3,309,669	81.0	16	✓	✓	5	3	214
11	India	9	1,729,010	1205.1	2		✓	7	2	176
12	Italy	8	2,051,412	61.3	23	✓	✓	6	2	222
13	Belgium ^j	21	467,472	10.4	82	✓		5	2	132
14	Chile	43	203,443	17.1	63	✓		4	2	120
15	Mexico	13	1,039,662	115.0	11	✓	✓	4	2	145
16	Indonesia	18	706,558	248.2	4		✓	3	2	119
17	Portugal	37	228,538	10.8	77	✓		3	2	129
18	South Africa	28	363,704	48.8	26		✓	2	2	117
19	Poland	20	468,585	38.4	33	✓		5	1	135
20	Netherlands ^h	16	783,413	16.7	64	✓		5	1	150
21	Denmark	31	310,405	5.5	110	✓		4	1	97
22	Norway	23	414,462	4.7	120	✓		4	1	110
23	Turkey	17	735,264	79.8	17	✓	✓	4	1	193
24	Spain ^l	12	1,407,405	47.0	27	✓		4	1	229
25	Austria ^d	25	376,162	8.2	94	✓		3	1	108
26	Sweden ^{e, f, g}	22	458,004	9.1	92	✓		3	1	100
27	Ireland	42	203,892	4.7	119	✓		3	1	74
28	New Zealand	55	126,679	4.3	126	✓		3	1	54
29	Hungary	54	130,419	10.0	87	✓		2	1	93
30	South Korea ^m	14	1,014,483	48.8	25	✓	✓	1	1	155
31	Greece	32	304,865	10.8	78	✓		1	1	144
32	Czech Rep	46	192,152	10.2	84	✓		1	1	107
33	Slovak Republic	60	89,034	5.5	113	✓		1	1	80

	Member	GDP rank (2010 current prices World Bank)	GDP 2010 (current prices World Bank)	Population ^ (millions)	Rank based on population ^	OECD	G20	Number of times on UN Security Council	Number of times on Security Council from 1992	Number of diplomatic missions **
34	Slovenia	74	47,763	2.0	146	✓		1	1	57
35	Australia*	13	1,355,791	22.0	54	✓	✓	4		108/(95) *
36	Finland	34	238,801	5.3	116	✓		2 ^a		96
37	Switzerland ^b	19	523,772	7.7	96	✓				138
38	Saudi Arabia	26	375,766	26.5	46		✓			108
39	Iceland	115	12,594	0.3	179	✓				23
40	Luxembourg	69	55,096	0.5	173	✓				25
41	Estonia	102	18,674	1.3	156	✓				47
42	Israel	41	217,334	7.6	97	✓				94

	= smaller GDP than Australia, larger number of posts (based on DFAT count – 108 posts for Australia which includes Austrade posts which provide only consular services)
	= smaller GDP than Australia, larger number of posts (based on LI count – 95 full diplomatic posts for Australia)

Notes:

- * World Bank GDP data (latest available) for Australia is only available to 2009. Using ABS 2010 GDP current prices, Australia's USD 1,356,000 GDP puts it in 13th place, above Mexico (as it was in 2009).
- ** DFAT has investigated the number of posts for countries which are members of the G20. The Lowy Institute has conducted this investigation for members of the OECD. There is some overlap: where the numbers differ, we have used the smaller number for this analysis. In Australia's case, we have put the number of missions at its highest possible, by including the 13 Austrade-managed posts which conduct consular (but not policy or other diplomatic) services. If these are excluded, then Australia's network has 95 posts.
- ^ Global rank of 238 States, based on CIA World Factbook data, 2012

Notes on sample measures of global influence:

- ^a Finland: First female UN Assistant Secretary-General, Helvi Sipilä, 1972-1980
- ^b Switzerland is the fourth most recent member state of the United Nations, joining only in 2002
- ^c Canada: First Deputy Secretary-General of the UN, Louise Frechette, 1998-2006
- ^d Austria: Secretary-General of the UN, Kurt Waldheim, 1972-81
- ^{e, f, g} Sweden: Secretary-General of the UN, Dag Hammarskjöld, 1953-61
Sweden: IMF Managing Director, Per Jakobsson, 1956-63
Sweden: IMF Managing Director Ivar Rooth, 1951-56
- ^h Netherlands: IMF Managing Director, H. Johannes Witteveen, 1973-78
- ⁱ Spain: IMF Managing Director, Rodrigo de Rato, 2004-2007
- ^j Belgium: IMF managing Director Camille Gutt, 1946-51
- ^k Norway: Trygve Lie, First Secretary-General of the UN, 1946-53
- ^l Switzerland: Director-General of GATT (now World Trade Organisation), Arthur Dunkel, 1980-93
Switzerland: Director-General of GATT (now World Trade Organisation), Olivier Long, 1968-80
- ^m Korea: 8th Secretary-General of the UN, Ban Ki Moon, 2007-present

SUMMARY: LEADERSHIP POSITIONS IN PRINCIPAL ORGANS OF THE UNITED NATIONS

A: United Nations Secretaries General

There have been only **eight** Secretaries-General of the United Nations. The present Secretary-General, Ban Ki-Moon, is from **Korea**. Former Secretaries-General have come from **Austria** (Kurt Waldheim, 1972-81), **Sweden** (Dag Hammarskjöld, 1953-61, and **Norway** (Trygve Lie, First Secretary-General of the UN, 1946-53).

B: International Monetary Fund Managing Directors

There have been **eleven** Managing Directors of the IMF. Of those, **two** have come from **Sweden** (Per Jacobsson and Ivar Rooth), one from **Belgium** (the IMF's first Managing Director, 1946-51), and one from the **Netherlands** (H. Johannes Witteveen, 1973-1978). **Spain's** Rodrigo de Rato was MD from 2004-2007.

C: World Trade Organisation and GATT (General Agreement on Tariffs and Trade, the WTO predecessor) Directors-General

Two of the **eight** Directors-General of the WTO (previously GATT) have been from **Switzerland** (Arthur Dunkel, 1980-93) and Olivier Long (1968-80). One was from **New Zealand** (Mike Moore 1999-2002).

D: Judges of the International Court Of Justice

Of the **102 Members** (judges) of the Court since its creation in 1946, **one** has been **Australian** (Sir Percy Spender 1958-67). Of the G20/OECD members highlit in Table 2 above:

- **Argentina** has had two members (including a President of the Court)
- **Mexico** has had four members (including the current Vice-President)
- **Norway** has had two Court members (including a President of the Court)
- **Poland** has had two Court members, including Manfred Lachs, the Court's longest serving judge (1967-1993)
- **Slovakia** has had one member, the current President (Judge Peter Tomka)

E: World Health Organisation Directors-General

There have been **eight** Directors-General of WHO since its creation in 1948. Four of those eight Directors-General were drawn from the highlit countries in Table 2 above:

- **Denmark:** Dr H Mahler, 1973-1988
- **Norway:** Dr G. H. Bruntland (1998-2003)
- **Korea:** Dr Lee Jong-wook (2003-2006)
- **Sweden:** Dr Anders Nordstrom (2006-2007 – Acting)

F: UN Development Programme

Of the **nine** UNDP Administrators including the first (Paul G Hoffman in 1966 (US)), four have been from the US, two from the UK, and one from **Turkey** (Kemal Dervis, 2005-2009).

G: International Atomic Energy Agency Directors-General

The IAEA has had **five** Directors-General since its creation in 1957. Two of them, and the longest serving Directors-General, were from **Sweden** (Dr Hans Blix, 1981-1997, and Dr Sigvard Eklund, 1961-1981). The current Director-General is **Japan's** Yukiya Amano. The other two Directors-General were **Egypt's** Mohamed ElBaradei (1997-2009) and Sterling Cole (US, 1957-61).

H: UN Economic and Social Council Presidents

ECOSOC was founded by the UN Charter in 1945, and is concerned with the world's economic, social and environmental challenges. It has overall responsibility for around 70 per cent of the UN's financial and human resources.¹⁵ ECOSOC is one UN body in which Australia has had a significant representation. Of the 68 Presidents of ECOSOC since its creation, three have been Australian (Richard Butler 1994, Ronald Walker 1964, Douglas Copland 1955).

Additional observations on Question 1 Part 1: opportunity costs for Australia's interests by having a thinly-spread global diplomatic presence

As Mr Shearer pointed out in our evidence in this inquiry¹⁶, it is 'hard to prove a negative', that is, what opportunities have been lost, and what costs have been incurred, as a result of Australia's thin diplomatic presence overseas.

Australia's foreign service is regarded highly, both outside and within Australia.¹⁷ There has been extensive evidence in this and other inquiries of the Committee¹⁸ from major Australian banks, peak industry and business groups and other external observers, of the quality of DFAT staff, representation and performance.¹⁹

¹⁵ <http://www.un.org/en/ecosoc/about/index.shtml>

¹⁶ Proof Committee Hansard, Parliamentary Joint Committee on Foreign Affairs, Defence and Trade, Australia's overseas representation, Friday 17 February 2012, Canberra, http://www.aph.gov.au/Parliamentary_Business/Committees/House_of_Representatives_Committees?url=jfa/dt/overseas_representation/hearings.htm, pp 10, 13

¹⁷ See eg *Diplomatic Disrepair*, p11; Kevin Rudd, The future of the Australian foreign service. Commemorating the 75th anniversary of the establishment of the modern Department of Foreign Affairs and Trade, Canberra, 18 November 2010, http://www.foreignminister.gov.au/speeches/2010/kr_sp_101118.html

¹⁸ Joint Standing Committee on Foreign Affairs, Defence and Trade, *Report on the Inquiry into Australia's relationship with the countries of Africa*, June 2011, http://www.aph.gov.au/Parliamentary_Business/Committees/House_of_Representatives_Committees?url=jfa/dt/africa%2009/report.htm

¹⁹ eg Alex Thursby, CEO, Asia Pacific, Europe and America, ANZ Banking Group Ltd, Transcript 23 February 2012, p 2; Roderick Reeve, Coffey International, in *Report on the Inquiry into Australia's relationship with the countries of Africa*, p 24

Evidence in the *public* domain of opportunities lost because of inadequate representation is rare and anecdotal. Nor can there be any definitive proof of a causal link between overseas representation and diplomatic results, although again, there have been several examples provided in this inquiry and the Africa inquiry of the consequences of overstretching and under-resourcing.²⁰

Senior DFAT diplomats have commented on the damaging impact of budget cuts on the way the Department functions; for example:

*"I can't tell you what a shock it has been to find how dilapidated and diminished the DFAT structures have become. Because of the fixed costs of running the mission (salaries, utilities etc) so called "non-essential extras" have been cut ... [deleted examples] ... the list goes on. All this in contrast to other parts of the mission (AusAID and Defence especially) which are swimming in money."*²¹

This observation is one of many made to us in the course of our research in this area.²²

It remains impossible to provide the Committee with irrefutable proof that Australia would have been better served with a more comprehensive foreign presence. However, in the absence of such unattainable proof, the quantitative analysis set out above, which correlates overseas representation against senior positions in key international organisations, is an available concrete measure of these opportunity costs.

²⁰ Eg Prof John Langmore, Transcript 23 February 2012, p 12; Australian African Mining Industry Group, Submission No. 20; *Report on the Inquiry into Australia's relationship with the countries of Africa*, p 25-26

²¹ Senior departmental official, March 2009, following the release of *Diplomatic Deficit*

²² On condition of anonymity

Question 1 part 2

Topic – whole of government overseas staffing

- Separately, I have asked DFAT for figures on whole of government overseas staffing: does Lowy have any idea of the extent of this? Does the whole of government picture meet any of your concerns, for example about geographical distribution of effort? [part 2]

Answer to Question 1 part 2

Alex Oliver

In our 2009 report *Diplomatic Deficit*, the Panel observed that “combined, other government departments and agencies now have over 2½ times as many staff deployed overseas as DFAT”.²³ This was the result of a detailed investigation in late 2008 and early 2009 into the number of staff posted overseas from all other government departments. What was striking was the change in proportion between DFAT and non-DFAT overseas representatives since 1986 and the increasing dominance of non-DFAT personnel at our overseas missions. In 1986, (excluding Defence)²⁴ only 438 non-DFAT agency staff were posted overseas, **fewer than half** the number of DFA and Trade staff posted abroad (944).²⁵ DFA alone had 780 A-based staff overseas in 1986, compared with DFAT’s 578 staff (or 599 total headcount) posted abroad in 2011.

Other agencies now (excluding Defence personnel on military deployments)²⁶ have 633 staff posted overseas in total, compared with DFAT’s 578: that is, **10 per cent more non-DFAT staff than DFAT staff were posted abroad in 2011, compared with less than half, in 1986.**²⁷ Based on data provided in the submissions to this inquiry, the original *Diplomatic Deficit* data has been partially updated in the chart on the following page.²⁸

We described this phenomenon in *Diplomatic Deficit*, in *Diplomatic Disrepair*²⁹ and again in our submission to this inquiry. Generally, other government agencies are located with the Australian mission where possible – **replicating DFAT’s own geographical distribution, rather than adding to it.**

²³ Lowy Institute for International Policy, Blue Ribbon Panel report, *Australia’s diplomatic deficit: reinvesting in our instruments of international policy*, March 2009, p36

²⁴ The 2008 figure for Defence was 850 personnel on long-term non-operational postings, according to information supplied directly to the Panel secretariat by the Defence Department in November 2008. The difference between this and the data supplied by Defence in its submission in this inquiry suggests a difference of criteria

²⁵ *Diplomatic Deficit*, p 36-7

²⁶ Our 2008 figure for Defence was 850 personnel on long-term non-operational postings, according to information supplied directly to the Panel secretariat by the Defence Department in November 2008. The difference between this and the data supplied by Defence in its submission in this inquiry suggests a difference of criteria which may merit further investigation (Defence, Submission No. 27, p. 2)

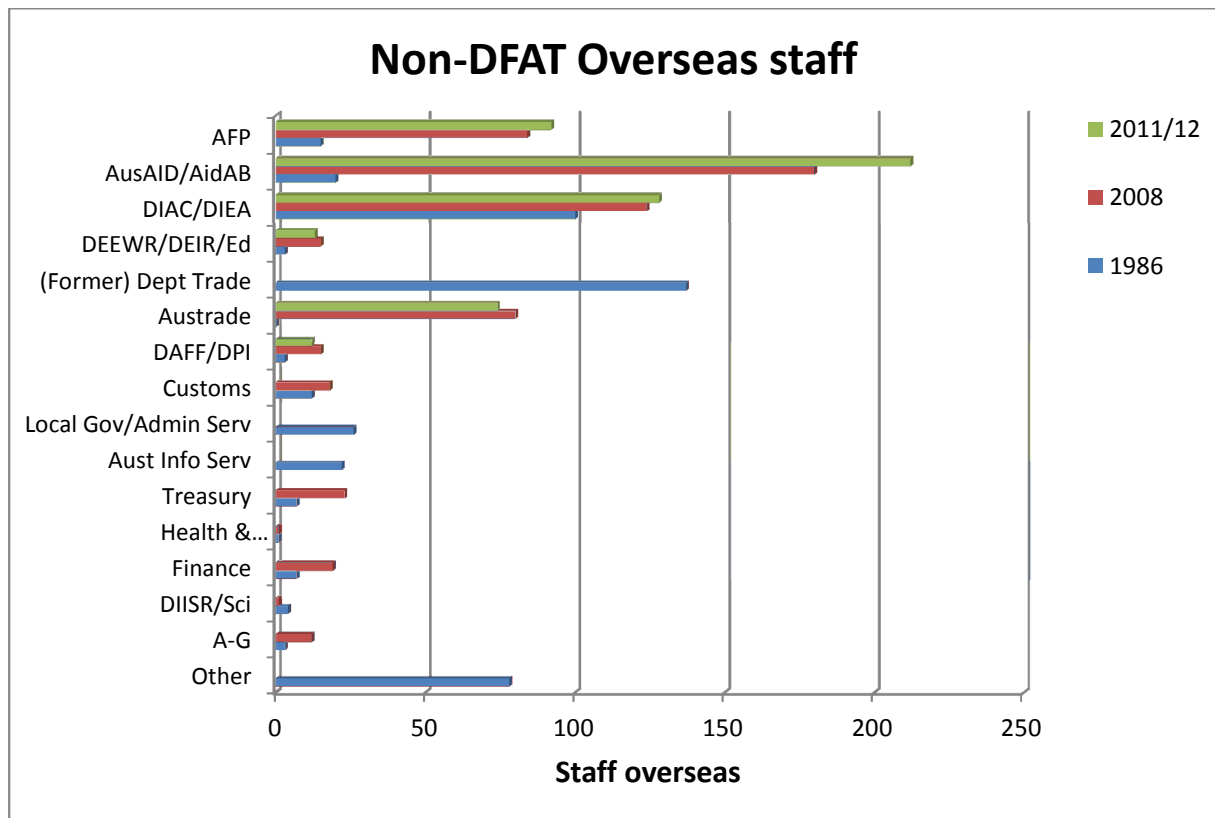
²⁷ DFAT, Submission No. 28, p 15 (the 586 staff referred to in 19 March 2012 evidence was as at 30 June 2011 (p 4))

²⁸ Original chart from *Diplomatic Deficit*, p36; new (2011/12) data from submissions in this inquiry by AusAID, Austrade, AFP, DAFF, DEEWR and DIAC

²⁹ Which updated and extended the research commenced in *Diplomatic Deficit*. Alex Oliver and Andrew Shearer, *Diplomatic disrepair: rebuilding Australia’s international policy infrastructure*, Lowy Institute for International Policy, August 2011, <http://www.lowyinstitute.org/Publication.asp?pid=1673>

The Australian Federal Police has 92 officers in 29 countries, the majority attached to Australian diplomatic missions.³⁰ Similarly, the Department of Agriculture, Fisheries and Forestry’s representation in 13 countries is located at the DFAT posts.³¹

Austrade is probably the largest single presence outside DFAT’s network. Of its 102 locations in 55 countries, Austrade has 47 offices located within or with a DFAT post.³² As clarified in Austrade’s supplementary submission, however, it has only 68 A-based staff posted overseas. Across all the 55 Austrade posts which are in unique (non-DFAT) locations, there are only **5 A-Based staff in total** (in Ulaanbaatar and Dubai) supported by 65 LES.



What is not known (and outside the present scope of our research) is the reach and impact of the various State and Territory government business offices. In India, for example, the Victorian government maintains a small office, but it is in Bangalore – far from the Embassy in the capital New Delhi. DFAT has missions now in Mumbai and Chennai (formerly Austrade posts). Austrade has a presence at 13 locations in India, but staffed by only 6 A-based officers in total, and those based only at the three posts of New Delhi, Mumbai and Chennai. The remainder are serviced by LES.

Where State governments lead large delegations to such countries, there is the likelihood that the very small State offices are unable to manage the load, relying heavily on the DFAT Head

³⁰ AFP, Submission No. 24, p 2
³¹ DAFF, Submission No. 12, p 1
³² Austrade, Submission No. 26, p 6

of Mission and staff for their contacts, networks, local expertise, language skills, access, (mandatory) coordination role and diplomatic authority to pull off a successful delegation. To take the example of India, a Victorian parliamentary delegation to India would require the assistance of the DFAT posts in New Delhi, Mumbai and Chennai, since the only Victorian office is in Bangalore.

AusAID's submission notes the pressures that the growing overseas presence of other government agencies imposes on DFAT:

“the growth in AusAID’s overseas presence has placed significant strain on available accommodation (office and housing) in overseas missions ... and also on DFAT’s ICT systems and resources. This strain will only be exacerbated as AusAID’s operations grow to meet the government’s commitment to increase the aid program to 0.5 per cent of GNI by 2015-16”³³

The Prime Minister's Directive on the Australian government presence overseas³⁴ makes it clear that the responsibility (and burden) of ensuring productive collaboration and coordination rests on the Head of Mission or Post. As argued in *Diplomatic Deficit*, “additional resources from other agencies have undoubtedly freed up DFAT staff from some tasks they used to perform on behalf of the rest of government before the relevant agency sent staff overseas.”³⁵ Those other agencies undoubtedly bring skills and specialised knowledge to the mission.³⁶ But this is strongly offset by their reliance on DFAT's capabilities, its networks, local knowledge, contacts, resources and systems. This reliance is noted repeatedly in the submissions to this inquiry, for example:

- *“this [the creation of minister-counsellor positions to the UN and US posts] cannot replace the crucial advocacy role of Heads of Mission in building Australia’s profile”³⁷*
- *“the capacity of Australia’s diplomatic network to support the [growing] aid program is one of the factors that will need to be taken into account when making choices on where to direct and how to deliver Australia’s aid”³⁸*
- *“we rely on DFAT information and communication technology systems and administrative support”³⁹*
- *“the Department [Resources, Energy and Tourism] ... relies heavily on posts to represent it at multilateral and bilateral meetings”⁴⁰*

This coordinating and leading role places responsibility and workload on DFAT. As observed in *Diplomatic Deficit*, “in a well-functioning post, coordination becomes a major activity in its own right, not just at the most senior level but across the mission”. While the administrative burden is addressed by formal service arrangements between the agencies and DFAT, the growth in the representation of other agencies at posts, combined with the shrinkage of DFAT's overseas representation over the last decades, means the pressures on DFAT are compounded exponentially.

³³ AusAID, Submission No. 23, p 11

³⁴ DFAT, Submission No. 28, p 5; Dennis Richardson, Transcript 19 March 2012, p 4

³⁵ *Diplomatic Deficit*, p 37-38

³⁶ Lowy Institute, Submission No. 15, p 12

³⁷ AusAID, Submission No. 23, p 6

³⁸ AusAID, Submission No. 23, p 2

³⁹ DAFF, Submission No. 12, p 3;

⁴⁰ Department of Resources, Energy and Tourism, Submission No. 4, p 2

This phenomenon is not unique to Australia. As British international relations expert Brian Hocking argues:

*“At the bureaucratic level, then, the conduct of international policy is now commonly seen as a ‘whole of government’ activity. But this raises the problem of coherence and coordination. Who, if anyone, takes the lead? ... Not surprisingly, foreign ministries may claim this role; but they are confronting simultaneously growing demands and shrinking resources”.*⁴¹

The whole of government picture, in summary, is a mixed one, both for Australia’s overseas representation and for DFAT’s ability to operate effectively on Australia’s behalf. There is limited representation (both in numbers and location) outside DFAT’s missions. Within those missions, the whole-of-government representation amplifies Australia’s capacity to some extent, but it also places serious burdens on Australia’s most important diplomatic representatives.

⁴¹ Brian Hocking, Reconfiguring public diplomacy: from competition to collaboration. In *Engagement: public diplomacy in a globalised world*, London, Foreign and Commonwealth Office, July 2008, pp 63-75

Other matters

Alex Oliver

Observations on the distribution of Australia's A-based staff overseas relative to total staff

In further testimony to this inquiry on 19 March 2012, Mr Richardson suggested that comparisons between nations in terms of proportions of their staff overseas are misleading, because Australia's passport staff (who will almost never be posted overseas)⁴² distort the comparison.

In our 30 November submission⁴³, we provided a chart comparing Australia's diplomatic 'tooth to tail' ratio with that of 12 other developed nations: the proportion of DFAT staff serving overseas was the lowest of all the services for which we obtained data on this measure. Acknowledging Mr Richardson's concern, the following chart removes any distorting effect of the passport staff factor, so that the staff numbers for Australia in 2011 are as follows⁴⁴:

Total DFAT staff	4154
Locally engaged	1661
Passports staff (APO)	411
Overseas staff ⁴⁵	578
Total A-based staff	2493
A-based staff excl. passports staff	2082
Proportion of staff overseas (excluding passports staff)	27.8%

This proportion, when the passport staff factor is excluded⁴⁶, differs slightly from the proportion when the Australian Passport Office staff are included (28 per cent vs 23 per cent). This places Australia **11th out of 13 developed nations on this measure** (above New Zealand and Belgium but below the remaining 10 nations, including Switzerland, Norway, Korea, Sweden, Spain, Netherlands, Finland, US, Denmark and the UK). Those nations also include corporate, consular, and in some cases passports staff in addition to policy staff in the staff counts they have provided to us.

As Mr Richardson confirmed in evidence, "I believed there needed to be a better balance between people serving abroad and people in Canberra and I thought that we needed to get a bigger percentage of our people overseas".⁴⁷ Since July 2009⁴⁸, the number of DFAT staff serving overseas has increased by over 60 personnel, or around 11 per cent.

⁴² Dennis Richardson, Transcript 19 March 2012, p 4

⁴³ p 9

⁴⁴ As at 31 October 2011, DFAT, Submission No. 28, p 15

⁴⁵ Excluding staff on short term missions or language training

⁴⁶ There are no dedicated passports staff posted overseas (see DFAT submission)

⁴⁷ Dennis Richardson, Transcript 19 March 2012, p 3

⁴⁸ Mr Richardson assumed the role of Secretary in January 2010

Question on notice (p 17)

Topic: Opening and closing posts, and criteria for determining the optimal geographic distribution posts

Mr Ruddock

I think we would be aided significantly if you could get down to some of the things that were suggested to us that we might ask. What is the cost and where should posts be opened? Are there other changes that should be made and where should they be? ... I do not know where else we are going to get that sort of information, and I would regard that as being particularly helpful

Answer

Alex Oliver

In DFAT's second appearance before the Committee on 19 March 2012, DFAT Secretary Mr Richardson⁴⁹ outlined for Mr Ruddock the sorts of criteria DFAT would apply in order to determine where its posts should be positioned: they included diplomatic and strategic weight (independently of economic relationships), economic and trade criteria, people-to-people links, global balance (global coverage), specific matters such as police presence (as in Cyprus), and regional proximity (for example, East Timor).

In our submission of 30 November 2011, we included an analysis⁵⁰ founded on two of those criteria - two-way trade and aid expenditure - broken down to the extent possible on the basis of the publicly-available statistics.⁵¹ That analysis pointed to some possible anomalies in the distribution of Australia's network:

- A potential underrepresentation in North Asia (Korea and China)
- A potential underrepresentation in South East Asia (including Indonesia), given Australia's aid commitments there
- A large number of posts in Western Europe and a significant representation in the Middle East

A more detailed breakdown of the trade and aid distribution (by country, rather than just by region, using data available to DFAT and Austrade but not in the public domain) may usefully point to more specific opportunities.

While it is beyond our present capacity⁵² (and our limited access to sufficiently detailed breakdowns of statistical information in the public domain⁵³), an elaboration of some

⁴⁹ Dennis Richardson, Transcript 17 February 2012, Canberra, p 2

⁵⁰ p 10

⁵¹ ABS and DFAT Composition of Trade data; for example, services data is provided only for 34 countries, while there is a full breakdown of two-way merchandise trade.

⁵² But note the preliminary analysis made in our first submission, Submission No. 15, p 10

⁵³ See note 51

of Mr Richardson's criteria might also be productive, if specific data could be sourced providing indications of the relative importance of Australia's bilateral relationships:

- Economic and trade criteria:
 - Gross Domestic Product or Gross National Income (absolute, and trends)
 - Exports by destination and value
 - Imports by source and value
 - Direct foreign investment abroad
 - Direct foreign investment in Australia
 - Tourism to Australia (ABS short term arrivals, by country)
 - Tourism by Australians (ABS short term departures, by country)
 - Educational exports (foreign students at Australian institutions)
 - Educational imports (Australian students at foreign institutions)
- People-to-people links:
 - Location of Australian diaspora
 - Foreign diasporas in Australia
 - Long-term migration patterns to Australia
- Strategic considerations, including military capabilities and defence expenditure, locations of existing and potential conflicts, disputes or unrest, Australian military deployment and expenditure (by destination of engagement) and AFP deployment
- Diplomatic considerations, including participation in and delegations to multilateral or multinational intergovernmental organisations
- Aid commitments (by country)

While not an exhaustive list, a matrix of the data against these criteria would contribute to a good picture of Australia's international engagement and make a useful cross-reference against the distribution of our diplomatic representation.

Any revision of Australia's overseas representation needs to be very carefully considered. Opening missions is costly, and closing them is inefficient. In our 2009 *Diplomatic Deficit* report, we outlined the opening and closing activity of DFAT missions between 1996 and 2009:

*"Australia has opened 12 new diplomatic missions since 1996 but closed four (Almaty, Bridgetown, Cape Town, and Caracas). Two were closed and reopened (Nauru and Copenhagen), and one was opened then closed (Damascus)."*⁵⁴

As Mr Richardson pointed out in his 19 March evidence, "closing a mission saves very little ... it might cost you \$25 million over three or four years to open a post, but if, 10 years later, you were to close that post you would probably only save \$2 million a year".

⁵⁴ *Diplomatic Deficit*, p 20

Given the now wider acknowledgment of the thinness of Australia's overseas representation, the closing of posts is not a sensible option and is a threat to Australia's interests. As argued in evidence to the inquiry, the overseas network should endure no more cuts, and Australia's overseas representation should be boosted by 20 to 30 new posts over the next decade in order to regain something of its strategic clout.

The announcement this month of a new post in Chengdu⁵⁵ in the booming province of Sichuan in Western China is welcome, and it is one of the priority regions identified in all of our reports and submissions over the last three years.⁵⁶ Recent reports of a potential new post in West Africa⁵⁷ are also encouraging, as a means of providing valuable support for Australian interests in Francophone Africa, as well as relieving the pressure on the overstretched mission in Abuja, Nigeria.⁵⁸

These are, however, just a beginning. Applying the criteria discussed above, there is a demand for further posts in inland China (Changsha, Tianjin or Wuhan, for example), in Eastern Indonesia (for example, Surabaya), Thailand (Phuket), Africa (West Africa and Tanzania, where a former post closed in 1987, now among several other African nations to which the Nairobi mission is accredited). There are also opportunities in Latin America and Central Asia.

With the four new DFAT posts opened since 2010 (Lima, Addis Ababa, Chennai and Mumbai) and the new post announced for Chengdu, the long task of rebuilding Australia's overseas representation has begun. Far more must be done, however, to bring the overseas network back to a size commensurate with Australia's standing, and interests, in the world.

⁵⁵ http://www.foreignminister.gov.au/releases/2012/bc_mr_120320.html

⁵⁶ *Diplomatic Disrepair*, 2011, p 22; Lowy Institute, Submission No. 15, p 11; *Diplomatic Deficit*, 2009, p 20

⁵⁷ Greg Sheridan, Bob Carr to find he has his hands full, *The Australian*, 5 March 2012, <http://www.theaustralian.com.au/news/opinion/bob-carr-to-find-he-has-his-hands-full/story-e6frg76f-1226288735996>; Kevin Rudd blog <http://www.kevinruddmp.com/2012/03/farewell-remarks-to-dfat.html>

⁵⁸ Australian African Mining Industry Group, Submission No. 20, p2; *Inquiry into Australia's relationship with the countries of Africa*, p247

Question 2

Topic: ediplomacy

There seem to be three distinct themes in your submission on eDiplomacy

- *The use of internet platforms for public outreach (for example old-style websites and blogs, blogs by Australian officials overseas, new-style social media such as twitter, facebook, smartphone apps) to convey the Australian point of view and to combat negative commentary,*
- *Use of these platforms to support consular operations – travel advisories, emergency information.*
- *The use of ICT within the department to improve efficiency and best use of resources – for example Wiki-style means of sharing information*

These can be assessed separately. The second and third uses of platforms appear relatively straightforward.

- *For example use of apps for customers is widespread commercially (for example in banking, real estate, print and TV media), and internal use of new platforms and approaches such as wikis appear sensible developments.*
- *I expect these would be undertaken as part of DFAT's normal process of technological improvements and efficiencies. For example I understand that a smartphone travel advice app is in the works, and that DFAT consulted you on its development. This process of improvement and upgrade might not necessarily require a specialist eDiplomacy office, given the very broad professional awareness of these applications. **[part 1]***

It is the first, the use of the internet and social media platforms for public outreach, that raises some questions:

- *Are you aware of any assessments by say the FCO or the State Department of the effectiveness of their public outreach tools? **[part 2]***
- *The FCO blogs for example are interesting and intriguing but in the small sample I looked at they do not appear to have elicited comments in any numbers (in both English and local language versions). **[part 3]***
- *What sort of click rate do these organisations report on their various platforms of this kind?*
 - *I understand you referred in evidence to a State Department analysis of “600 social media platforms” that provided access to an “audience of eight million a day”*
 - *Could you elaborate on this: what does “provided access” mean? Were there eight million clicks per day? **[part 4]***
- *Is it possible that the value of these tools, such as blogs, might be greater for think tanks and universities engaged in analysis and research than it is for influencing wider public opinion? **[part 5]***
- *This would be a laudable aim in itself - does Lowy find them of great value for its own work? In your opinion, would other influential research bodies find them helpful? **[part 6]***

Question 2 part 1

I expect these would be undertaken as part of DFAT's normal process of technological improvements and efficiencies. For example I understand that a smartphone travel advice app is in the works, and that DFAT consulted you on its development. This process of improvement and upgrade might not necessarily require a specialist eDiplomacy office, given the very broad professional awareness of these applications.

Comment on Question 2 part 1

Fergus Hanson

In relation to the need for a specialist Office of eDiplomacy, I would argue this is critically important to successfully implementing new ediplomacy tools across DFAT. Even though many of these tools would make DFAT's job easier, improve its effectiveness and in many instances save it money, there is cultural resistance that prevents their adoption. That is the natural response of almost any organisation, but particularly foreign ministries that have firmly entrenched ways of doing things. The improvements to the consular registration process are an example of a positive development. However, even though it was manifestly obvious this process needed dramatic improvement and was hamstringing DFAT's work, nothing was done for a very long time. DFAT post websites are another good example. These are among, if not the worst, websites hosted by any arm of the Australian government. This has been known since right after they were built, but efforts to get them replaced have been repeatedly delayed. These sites actively undermine Australian interests.

An Office of eDiplomacy would be able to work on understanding user requirements, explaining the benefits of improvements and helping to drive reform. As ediplomacy cuts across so many areas (I have identified eight at the US State Department) an Office of eDiplomacy would also act as a coordinating point for this work. It would also be able to help encourage innovation from staff.

Question 2 part 2

It is the first, the use of the internet and social media platforms for public outreach, that raises some questions:

- Are you aware of any assessments by say the FCO or the State Department of the effectiveness of their public outreach tools?*

Answer to Question 2 part 2

Fergus Hanson

Yes. At an overall level two major reviews include: Lord Carter of Coles Public Diplomacy Review (UK) and the Office of the Inspector General's Review of Public Diplomacy Efforts (US).

In terms of social media, the State Department and FCO both use various commercially available tools to measure the reach of their public diplomacy messages (although many of these tools still tend to under deliver). Increasingly, both Facebook and Twitter are also providing users with improved analytics. The State Department has also established an Office of Audience Research to specifically look at the issues of reach, impact and effectiveness (and not just with social media). Even though ediplomacy in many instances offers public diplomacy practitioners improved metrics compared with traditional public diplomacy activities they are still not perfect. For example, it is hard to measure how persuasive a particular Facebook message is on a reader.

A study by the Center on Democracy, Development, and the Rule of Law at Stanford University attempted to measure the impact of the Digital Outreach Team's messaging of extremists online and while it found the team's messages could actually inflame discussion, it was unable to determine what effect the messages had on people with extremist leanings who read their postings but didn't provide comment themselves.

Question 2 part 3

- *The FCO blogs for example are interesting and intriguing but in the small sample I looked at they do not appear to have elicited comments in any numbers (in both English and local language versions).*

Answer to Question 2 part 3

Fergus Hanson

That correlates with my experience in most instances. However, often blogs are not just being used for public diplomacy purposes. The UK Ambassador John Duncan, for example, used his arms control blog to draw together a niche arms control community, including his diplomatic counterparts. This sort of blog, with an influential readership, allows a skilful diplomat to help steer the agenda in a particular area in their country's national interests.

Question 2 part 4

- *[What sort of click rate do these organisations report on their various platforms of this kind?*
 - *I understand you referred in evidence to a State Department analysis of “600 social media platforms” that provided access to an “audience of eight million a day”*
 - *Could you elaborate on this: what does “provided access” mean? Were there eight million clicks per day?]*

Answer to Question 2 part 4

Fergus Hanson

To clarify, the State Department operates over 600 Facebook, Twitter and YouTube accounts. Collectively these three platforms reach over eight million people directly. (It also operates other country-specific social media platforms). This eight million includes:

- people or organisations who have ‘liked’ a State Department Facebook page (meaning that State Department Facebook feed will appear on their Facebook newsfeed);
- people or organisations who have ‘followed’ a State Department Twitter feed;
- people or organisations who have subscribed to a State Department YouTube channel.

So the State Department can reach eight million people directly using these platforms. However, the network effect that social media enables means State’s actual audience reach is much greater. For example, when users ‘like’ or ‘retweet’ State Department messages they can reach a much greater audience.

Question 2 part 5

- *[Is it possible that the value of these tools, such as blogs, might be greater for think tanks and universities engaged in analysis and research than it is for influencing wider public opinion?]*

Answer to Question 2 part 5

Fergus Hanson

My experience at two think-tanks (the Lowy Institute and the Brookings Institution) and from researching the use of social media and blogs at the State Department is that both can use them effectively for different purposes.

For think-tank researchers and diplomats alike, these social media tools can provide very timely and useful information from key officials and experts. For example, it would seem neglectful of a diplomat (and think-tank researcher) not to follow the Twitter messages of the foreign minister and/or Prime Minister of the country they cover.

As for public blogs, I am a little more sceptical about their utility for foreign ministries. In some circumstances, they can be used strategically to produce good results (for example in the arms control example discussed above). However, they consume a lot of time if they are done well and it is hard for diplomats to write in a way that engages a wide readership. Internal blogs, by contrast can be very useful in facilitating knowledge exchange and discussing developments.

For think-tanks, public blogs can be a very effective means of engaging a wide audience, hosting timely debates and discussing issues in greater detail than newspaper op-eds allow. Assessing the influence of these platforms is difficult. However, as the State Department reaches a much larger audience through social media than the two think-tanks I have worked for I would guess that government would have greater potential to influence wider public opinion using these tools.

Question 2 part 6

- *This would be a laudable aim in itself - does Lowy find them of great value for its own work?
In your opinion, would other influential research bodies find them helpful??*

Answer to Question 2 part 6

Fergus Hanson

Yes. The Lowy Institute makes extensive use of new media to engage its audience and was recently ranked among the top 30 think-tanks worldwide for the best use of the internet or social media to engage the public.

It would of course depend on the research bodies in question, but in general I would think these tools would be helpful to research bodies.