



Submission No 6

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# The Role of Soft Power in Australian Security Policy

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*Preamble*

In preparing my submission, I have drawn extensively on the work done by the Lowy Institute in its 2009 report *Australia's Diplomatic Deficit*, and paraphrased and excerpted from Alex Oliver's article "Australia's deepening diplomatic deficit" from the November 2010 issue of the journal *Government, Business, Foreign Affairs and Trade*. These documents were forwarded to me by Mr Michael Danby's office and I took them as being the point of departure for the hearings. The data and on occasion the wording cited in the first five paragraphs below are drawn from these documents. Neither I nor Austhink Consulting have conducted any independent research to verify or supplement this data. The opinions and conclusions offered in the latter part of my submission are entirely mine. They are not to be attributed to the Lowy Institute or to Austhink Consulting as a business entity.

*Background data*

1. The subject before us is the condition, funding and future of the Department of Foreign Affairs and Trade. The basic data appear clear, going by two studies conducted by the Lowy Institute (in 2009 and 2010). They indicate that funding to DFAT has shrunk dramatically at a time when the Federal public service has grown even more dramatically, when almost all have departments have been building up their own international divisions and when the demands on Australia's foreign relations professionals have been growing. The questions that, I take it, are foremost in the Committee's mind are what should we, the citizens of this country, make of these facts and what should be done about the situation.
2. Though the basic facts will have been put to the Committee by a number of parties, it seems worth briefly reiterating them for the purposes of this submission. While the Federal public service grew by a whopping 25 to 30 percent between 1996 and 2008, DFAT contracted by 11 percent. Over the past twenty years, DFAT's diplomatic corps shrank by nearly 40 percent, from 870 overseas based staff in 1989 to 537 in 2009. While monies passed through DFAT for various purposes had increased by hundreds of millions of dollars per annum over the past decade, its

operating budget had suffered seriously. Indicative of relative neglect of DFAT is the fact that its resourcing has shrunk over the past decade from 0.43 to 0.25 percent of Federal government spending.

3. The most significant consequence of this reduction, both relative and absolute, in resourcing for DFAT has been what the present Secretary, Mr Dennis Richardson, describes as a kind of “hangover” affecting our overseas representation in several crucial respects. One of the starkest indices of this is that Australia has fewer overseas missions (89) than all but four members of the OECD. Those four are the Slovak Republic, Ireland, New Zealand and Luxembourg and far fewer than the OECD average of 150. Why would this be? Have we arrived at such a position by default or by design? Is there any reason why this might be considered a perfectly rational policy commitment, or has it come about because the functions of overseas representation have been allowed to wither without any serious thought being given to the consequences?
4. The data take us further. It transpires that even with so drastically reduced a number of overseas posts, we have actually increased (from 26 percent in 1986 to 40 percent now) the proportion of those posts that are small ones, i.e. consisting of one to three Australia-based staff. Moreover, twenty years ago, 40 percent of DFAT staff were posted overseas, a proportion similar to that of comparable countries ranging in size from Japan to New Zealand. Today the proportion is only 25 percent. It is not evident why this should be so.
5. Finally, language training appears not to have been given the increased priority that might appear warranted from the developments in the world over the past twenty years. The budget for it has remained largely stagnant, according to available data, at not much more than \$2 million per annum and the number of FSOs fluent in any Asian language remains comparatively small, with a disproportionate number by comparison fluent in French. Perhaps this is one index of the “hangover” to which Mr Richardson has referred. Perhaps the stagnation of the budget is less a symptom of neglect within DFAT than of the overall shrinkage in DFAT’s operating budget.

*What are we to make of all this?*

6. It has been suggested, by the distinguished research team assembled by the Lowy Institute, that the ALP government has so neglected to address the challenges facing DFAT that the department is in danger of slipping into an irreversible inability to perform even its most basic functions. Some of the blame for this state of affairs inevitably must be traced to the previous Coalition government, since the long decline in funding for DFAT goes back well before the Rudd and Gillard governments entered office. The issue is no more one of partisan politics than is Defence expenditure. It is something that must be addressed, with candour and concern, as a matter of bipartisan national interest.
7. It has been customary since the 1980s to chortle at public service claims on the public purse with wry allusions to Sir Humphrey Appleby and the bureaucratic empire building so beautifully satirized in *Yes, Minister*. One might, abstractly speaking, express less shock at the decline in DFAT’s numbers and resourcing than at the 25 to 30 percent swelling in the overall size of the Federal public service, predominantly under the Howard government. The fact that 18 of 19 departments have developed their own international divisions and the fact that the Department of the Prime Minister and Cabinet has gradually been arrogating to itself increasing oversight of foreign policy might be the subject for a whole series of episodes in a *Yes, Minister* kind of series.
8. Let it not be assumed, in other words, that DFAT should have grown in the same proportion as the Federal public service in general, since much of that growth might well be viewed with

dismay by citizens who would prefer to see a trimmer and less intrusive government at work in the country. Yet the disproportion is striking and the debilitation of the foreign service would appear to be a reality that we cannot afford to ignore very much longer, unless as a country we are content to see it wither on the vine. That, on the face of it, would seem to be the clear implication of the data before us.

9. Surely, above and beyond any specific budgetary considerations we should agree on several core principles which might then govern how we approach the matter of the funding of DFAT. They are, I submit, as follows:
  - i. Australia should and can aspire to having an excellent and internationally respected foreign service.
  - ii. That foreign service, while it will inevitably be supplemented by various ancillary arms of government representation, should be coherently administered and not distributed across numerous different departments with only loosely coordinated agendas.
  - iii. A central goal of such a foreign service should be to create a cadre of linguistically, economically and strategically competent specialists capable of providing to the amateurs in foreign relations who get themselves elected to the national parliament a quality of counsel and support up to the highest standards.
  - iv. This should include very strong and deepening language and country expertise pertaining to Asia, not least China and India, given the rapidly growing importance of this region – long since flagged in such reports as *The North East Asian Ascendancy* back in 1990 – to Australia's prosperity and security.
  - v. There need to be various kinds of objective assessment of such competence and the means for DFAT and its sister agencies in the national security arena to recruit and develop first class people.

If we are to hold our heads high in this region and in the world, I believe we should leave no stone unturned to ensure that we have the finest foreign service we can reasonably develop. It is arguable that we have in fact been well served by some of our more distinguished diplomats over the long haul. I have done enough work in the archives to be acquainted with some of this history. The present situation fairly clearly suggests that making this possible has ceased to be a priority of successive Australian governments. That is troubling and the implications are disquieting. I submit that the most serious consideration of this subject is warranted and that a rebuilding and revitalization of the foreign service on the lines adumbrated above should be contemplated as a bipartisan commitment.

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