
The Parliament of the Commonwealth of Australia

Australia's Overseas Representation—Punching below our weight?

Inquiry of the Foreign Affairs Sub-Committee

Joint Standing Committee on Foreign Affairs, Defence and Trade

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Foreword

This report follows the findings of two earlier inquiries by the Committee and identifies a chronic underfunding of DFAT over the last three decades.

The previous inquiries concerned Australia's relationship with the countries of Africa, and a review of the DFAT 2009–10 annual report.

In the review of DFAT's annual report, the Committee commented that there was a substantial question regarding DFAT's future role and the adequacy of the services it provides on behalf of Australia.

An underlying theme throughout this report is the effect of this underfunding on the spread and depth of Australia's diplomatic network (Chapter Two), the activities undertaken at diplomatic posts (Chapter Three) and the ability to take up innovative forms of e-diplomacy (Chapter Four).

DFAT has experienced cuts and financial constraints through successive governments and this has resulted in a diplomatic network which is seriously deficient and does not reflect Australia's position within the G20 and OECD economies. Australia has the smallest diplomatic network of the G20 countries and sits at 25th in comparison to the 34 nations of the OECD. Australia clearly is punching below its weight.

The Committee has recommended in this report that the budget priority for overseas representation should be significantly raised because of the benefits that accrue from diplomacy.

The Committee has also recommended that in the medium term Australia should substantially increase the number of its diplomatic posts to bring it to a level commensurate with its position within the G20 and OECD. This amounts to a least 20 posts.

In the longer term, funding to DFAT should be increased to a set percentage of gross domestic product sufficient to reflect Australia's standing as a middle power.

During the inquiry it became apparent that there appears to be no overall strategy for Australia's diplomatic engagement with the world or any criteria for establishing, continuing, or closing the diplomatic posts. To address this deficiency, the Committee has recommended that the Government produce a White Paper to set the agenda for Australia's whole of government overseas representation.

The Committee challenged DFAT to set out its priorities for increasing Australia's diplomatic footprint under three increased funding scenarios – annual increases of \$25 million; \$50 million; and \$75 million. Chapter Two contains DFAT's response.

The Committee also received a number of suggestions from interested parties for opening new diplomatic posts in particular countries. The Committee, however, has restricted itself to recommending that there should be additional posts in Asia, and in particular in China and Indonesia.

The Committee believes, however, there would be value in Parliamentary involvement when new embassies are proposed or posts are closed and has recommended that DFAT provide briefings or discuss the matter before this Committee at public hearings.

The Committee's review of the activities undertaken by Australia's diplomatic posts is contained in Chapter Three. The Chapter commences with a review of the activities which posts must undertake and proceeds with a review of the ability of posts to efficiently and effectively meet their responsibilities. This includes discussion of staffing levels at DFAT.

The Committee recognises the valuable activities undertaken abroad by Australia's representatives in promoting Australia's interests, promoting trade opportunities and assisting Australians abroad. It is unreasonable, however, to expect DFAT and Austrade to be successful in promoting a particular overseas market if business is unaware of the potential, or is focused elsewhere. As a result, the Committee has recommended that DFAT and Austrade broaden their contacts with Australian business boardrooms to deepen business understanding of how government agencies can assist business in facilitating their overseas activities.

In reviewing the effectiveness of overseas representation at the State, Territory, and Federal level, the Committee has identified opportunities for greater cooperation with consequent savings. Co-locating offices and sharing back office capacity may provide a significant benefit. The Committee recommends that the Australian Government place on the COAG agenda discussion of the location,

coordination and effective use of State and Commonwealth trade representations in the national interest.

A further way to save costs in the long term is to reduce the potential need for aid and rebuilding assistance by preventing conflict. This can be achieved through Australia acting as a mediator and legitimate third party. Mediation activities in South-East Asia and Pacific regions are poorly resourced so there is opportunity for Australia to take a leading role through the creation of a mediation unit. The Committee has recommended that such a unit be created within AusAID and funded from the aid budget.

Posts also undertake extensive consular work, assisting Australians who are living and travelling overseas. Over recent decades the number of Australians who travel abroad to work or on holiday has increased significantly – the demand for consular services has followed suit.

The Committee believes that meeting the costs of an ever increasing demand for consular services through existing resources is unsustainable. Diverting resources to meet consular demands reduces the ability of DFAT and Austrade to adequately represent Australia overseas.

The Committee has therefore recommended that the provision of consular services should be funded in part from revenue sources such as increased passport fees and a small tiered levy. This should be structured so that it takes into account those Australians who have taken out travelling insurance or who are unable to obtain travel insurance.

Chapter Three proceeds with an examination of the structure and effectiveness of DFAT's staffing regime. This includes a discussion of the proportion of Australian based staff who are serving overseas, the function of locally engaged staff serving at posts and the language proficiency of staff.

The Committee is generally satisfied with the performance of Australia's overseas representatives. The Committee notes, however, that issues relating to the effect of recent funding cuts on overall effectiveness, resource allocation of any additional funding and the number and performance of locally engaged staff would benefit from further examination.

Both Austrade and AusAID have undergone recent independent reviews, but it is some time since DFAT was independently assessed. Evidence suggests that such an external review would allow the canvassing of new ideas, allow community engagement, and correct inaccurate perceptions of DFAT's work.

The Committee has therefore recommended that there be an external review of DFAT to include consideration of the effectiveness and efficiency of DFAT activities; ensuring effective resource allocation; the appropriate use of locally

engaged staff; and ensuring that the department has the capacity to attract and retain high quality staff.

E-diplomacy, the subject of Chapter Four, provides great potential to more effectively manage information and facilitate communication within DFAT and the whole of Government, to improve consular service delivery, and to understand, inform and engage audiences both overseas and at home.

The creation of new information and communication systems has transformed the ways in which people receive and transmit information away from the traditional media of newspapers and television, towards the internet and social media platforms. Although DFAT has made significant steps towards a greater online presence, the Committee considers that the internet and social media remain underutilised, particularly as tools for public diplomacy.

The Committee believes that there is merit in establishing an office of e-diplomacy within DFAT as the best way to harness the potential and deal with the challenges of e-diplomacy, particularly in light of the constantly evolving nature of this technology. The US State Department's Office of eDiplomacy is considered to be a best practice model.

The Committee has also recommended that DFAT make better use of social media platforms to promote Australia's foreign policy, trade opportunities, and the department's role to the wider Australian public and key audiences in Asia and the Pacific.

Conclusion

Since World War II, Australia has traditionally played a significant role in the world. For example, Australia was the president of the UN General Assembly in 1948 and was involved in drafting the UN Universal Declaration of Human Rights. Australia was also the first President of the UN Security Council in 1946. Later, in 1986 Australia was instrumental in the creation of the Cairns Group and, in 1989, the Asia-Pacific Economic Cooperation group.

Throughout this Inquiry it has become clear that presence and person-to-person contact remains the cornerstone of diplomacy.

Such representation facilitates a deeper understanding of other countries and the broader international environment, allowing quicker and more informed responses to changing circumstances. It allows for the development of long-lasting networks, which in turn enhance Australian influence and the ability to effectively promote Australia's position on international issues.

The operations of our diplomatic network are limited by a lack of funding. They are also being challenged by the growth and development of Australia's economy,

the shift of global power towards Asia, the impact of technology, and the rising importance of public diplomacy.

This report along with recent reports by the Lowy Institute highlights the urgent need to rebuild Australia's diplomatic network and enhance our international standing.

Our diplomatic network must be resourced to grow if Australia is to again punch above its weight in the world.

Mr Nick Champion MP
Chair
Foreign Affairs Sub-Committee

Membership of the Committee

Chair Senator M Forshaw (to 30/06/11)

Mr M Danby MP (from 1/07/11)

Deputy Chair Mrs J Gash, MP

Members

Senator M Bishop	Hon. D Adams MP (from 24/03/11)
Senator the Hon. J Faulkner (from 30/09/10 to 14/02/11)	Hon. J Bishop MP
Senator D Fawcett (from 1/07/11)	Ms G Brodtmann MP
Senator the Hon. A Ferguson (to 30/06/11)	Hon. A Byrne MP (to 14/03/12; from 19/09/12)
Senator M Furner	Mr N Champion MP
Senator S Hanson-Young	Mr M Danby MP (to 30/06/11)
Senator the Hon. D Johnston	Hon. L Ferguson MP (to 19/09/12)
Senator S Ludlam	Hon J Fitzgibbon MP
Senator the Hon I Macdonald	Mr S Georganas MP (to 24/03/11)
Senator A McEwen (from 1/07/11)	Mr S Gibbons MP (to 7/02/12)
Senator C Moore	Hon. A Griffin MP
Senator K O'Brien (from 14/02/11) to 30/06/11)	Mr H Jenkins MP (from 7/02/12)
Senator S Parry (from 1/07/11)	Dr D Jensen MP
Senator M Payne	Hon R McClelland MP (from 14/03/12)
Senator the Hon. U Stephens (from 1/07/11)	Mrs S Mirabella MP
Senator R Trood (to 30/06/11)	Hon. J Murphy MP
	Mr K O'Dowd MP (from 25/10/10)
	Ms M Parke MP
	Mr S Robert MP
	Hon. P Ruddock MP
	Ms J Saffin MP
	Hon. B Scott MP
	Hon. Dr S Stone MP (from 25/10/10)
	Ms M Vamvakinou MP

Membership of the Sub-Committee

Chair Mr N Champion MP

Deputy Chair Hon. Dr S Stone MP

Members

Senator S Ludlam	Hon. L Ferguson MP
Senator the Hon. I Macdonald	Mrs J Gash MP (ex officio)
Senator A McEwen	Hon. A Griffin MP
Senator C Moore	Mr H Jenkins MP
Senator S Parry	Dr D Jensen MP
Senator M Payne	Mrs S Mirabella MP
Senator the Hon. U Stephens	Ms M Parke MP
Hon. D Adams MP	Mr S Robert MP
Hon. J Bishop MP	Hon. P Ruddock MP
Ms G Brodtmann MP	Ms M Vamvakinou MP
Mr M Danby MP (ex officio)	

Committee Secretariat

Secretary	Mr J Brown
Inquiry Secretary	Dr J Carter
Research Officers	Mr J Bunce Mr P Kakogiannis
Administrative Officers	Ms J Butler Mrs S Gaspar Mr R Jackson



Terms of reference

The Joint Standing Committee on Foreign Affairs, Defence and Trade shall examine and report on Australia's overseas representation, in particular:

- the activities that Australia's diplomatic posts must undertake;
- their geographic location and spread;
- the appropriate level of staffing, including locally engaged staff; and
- the affect of e-diplomacy and information and communications technology on the activities of diplomatic posts.

13 September 2011



List of abbreviations

Austrade	Australian Trade Commission
AIG	Australian Industry Group
AAMIG	Australia Africa Mining Industry Group
ACT Labor FADTC	ACT Labor Foreign Affairs, Defence and Trade Committee
ADF	Australian Defence Force
AEC	Australian Electoral Commission
AEI	Australian Education International
AFP	Australian Federal Police
AFUO	Australian Federation of Ukrainian Organisations
AGC	Australia Gulf Council
ANZ	Australia, New Zealand
APEC	Asia-Pacific Economic Cooperation
ASEAN	Association of Southeast Asian Nations
ASX	Australian Securities Exchange
AusAID	Australian Agency for International Development
CEO	Chief Executive Officer

COAG	Council of Australian Governments
DAFF	Department of Agriculture, Fisheries and Forestry
DEEWR	Department of Education, Employment and Workplace Relations
DIAC	Department of Immigration and Citizenship
DIISRTE	Development of Innovation, Industry, Science, Research and Tertiary Education
DFAT	Department of Foreign Affairs and Trade
DRET	Department of Resources, Energy and Tourism
EAS	East Asia Summit
EU	European Union
FCO	British foreign and Commonwealth Office
G20	Group of Twenty
GDP	gross domestic product
GNI	gross national income
GSC	Global Support Centre
HOM/HOP	Head of Mission/Head of Post
ICN	international communications network
ICT	information and communications technology
LES	locally engaged staff
MIA	Migration Institute of Australia
NATO	North Atlantic Treaty Organization
NGO	non government organisation
OECD	Organisation for Economic Cooperation and Development
PVA	postal vote application

PRP	Passport Redevelopment Programme
RFT	request for tender
SATIN	Secure Australian Telecommunications and Information Network
SMS	short message service
UK	United Kingdom
UMD	United Macedonian Diaspora
UN	United Nations
US	United States of America
USSR	Union of Soviet Socialist Republics
UYAA	Ukrainian Youth Association of Australia
VIP	very important person



List of recommendations

Australia's diplomatic footprint

Recommendation 1

The Committee recommends that Budget priority for overseas representation should be significantly raised because of the benefits that accrue from diplomacy.

Recommendation 2

The Committee recommends that the Government produce a White Paper to set the agenda for Australia's whole of government overseas representation. The White Paper should include, but not be restricted to:

- a consideration of the value to Australia of its diplomatic network;
- criteria for establishing, continuing or closing diplomatic posts; and
- a statement of the Government's priorities for expanding the network.

Recommendation 3

The Committee recommends that, in the medium term, Australia should substantially increase the number of its diplomatic posts to bring it to a level commensurate with its position in the G20 and OECD economies. This increase should be by at least twenty posts.

Recommendation 4

The Committee recommends that the Department of Foreign Affairs and Trade's funding be increased in the long term to a set percentage of gross domestic product sufficient for the creation of a diplomatic network appropriate to Australia's standing in the G20 and OECD.

Recommendation 5

The Committee recommends that Australia should increase its diplomatic representation, including increased Austrade representation, in North Asia and Central Asia, and in particular China.

Recommendation 6

The Committee recommends that Australia should deepen its relationship with Indonesia by opening a diplomatic post in Surabaya, East Java.

Recommendation 7

The Committee recommends that the Department of Foreign Affairs and Trade discuss the reasons for proposing to open or close Australia's diplomatic posts either by way of private briefings or public hearings before this Committee.

Activities at overseas posts**Recommendation 8**

The Committee reiterates its recommendation in its report of its Inquiry into Australia's Relationship with the Countries of Africa that the Government should increase the number of Austrade offices and personnel that are based in Sub-Saharan Africa.

Recommendation 9

The Committee, noting the valuable activities of the Department of Foreign Affairs and Trade and Austrade in promoting overseas trading opportunities, recommends that these agencies broaden their contacts with Australian business boardrooms to deepen understanding of how the Department and Austrade can assist in facilitating their overseas activities.

Recommendation 10

The Committee recommends that the Australian Government place on the Council of Australian Governments agenda, discussion of the location, coordination and effective use of State and Commonwealth trade representations in the national interest.

Recommendation 11

The Committee recommends that the Minister for Foreign Affairs should create a mediation unit within AusAID and funded from the aid budget. The aim of the unit would be to prevent conflict by providing timely

assistance to mediation efforts, and acting as a mediator and legitimate third-party.

Recommendation 12

The Committee recommends that the cost of meeting increasing demand for consular services should be met through a combination of increased passport fees and a small hypothecated and indexed travel levy.

Recommendation 13

The Committee recommends that the Department of Immigration and Citizenship engage in an ongoing dialogue with interested parties, including the Migration Institute of Australia, to identify poor client service performance by locally engaged staff at overseas offices and by Service Delivery Partners, with the aim of strengthening the performance management and training for underperforming overseas staff and Service Delivery Partners.

Recommendation 14

The Committee recommends that there be an external review of the Department of Foreign Affairs and Trade. The terms of reference for the review should include, but not be limited to:

- ensuring the Department is able to effectively carry out the Government's priorities as identified in its White Paper;
- strategies and procedures to ensure the integrity and probity of Australian businesses with which the Department's overseas operations become associated;
- ensuring effective resource allocation of current and any additional funding;
- the efficiency and effectiveness of multiple country accreditation and representation;
- back to back postings of A-based staff;
- the capacity of posts to provide infrastructure and accommodation to meet the needs of increases in AusAID staff and staff other agencies;
- examining the use of locally engaged staff; and
- ensuring that the Department has the capacity to attract and retain high quality staff.

E-diplomacy

Recommendation 15

The Committee recommends that the Department of Foreign Affairs and Trade immediately refurbish Australian embassy websites to make them more informative, attractive and user-friendly.

Recommendation 16

The Committee recommends that the Department of Foreign Affairs and Trade establish an Office of e-Diplomacy, subject to the external review, the Government White Paper and any increase in resources.

Recommendation 17

The Committee recommends that the Department of Foreign Affairs and Trade should make better use of social media platforms to promote Australia's foreign policy, trade opportunities, and the Department's role to the wider Australian public and key audiences in Asia and the Pacific.

