



Submission No 7

Inquiry into Australia's Overseas Representation

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UNITED MACEDONIAN DIASPORA
ОБЕДИНЕТА МАКЕДОНСКА ДИЈАСПОРА

**Submission of the
United Macedonian Diaspora (Australia)
to the
Parliament of Australia
Joint Standing Committee on Foreign Affairs, Defence and Trade
Inquiry into Australia's Overseas
Representation**

28 Nov. 2011



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Mr. Michael Danby MP
Foreign Affairs Sub-Committee Chair,
Joint Standing Committee on Foreign Affairs, Defence and Trade
PO Box 6021, Parliament House
Canberra ACT 2600

Dear Mr. Danby,

Re: Submission to the Inquiry into Australia's Overseas Representation

The United Macedonian Diaspora (UMD) congratulates the Parliament of Australia Joint Standing Committee on Foreign Affairs, Defence and Trade for initiating this timely and important *Inquiry into Australia's Overseas Representation*. Australia has a proud record of international engagement both globally and in the Asia-Pacific region. We are concerned that this proud record is under threat from underinvestment in Australian's diplomatic representation and adherence to some out-dated foreign policies and management practices. The key to closing Australia's diplomatic deficit and upgrading its capacity to better meet the challenges of a fast changing and interdependent world is through continuous innovation and co-investment involving the Australian Government and the Australian Parliament working in partnership with key stakeholders including diasporas, civil society, research institutes, the media and the corporate sector.

Australia's overseas representation and its ability to deliver soft power and better diplomatic, social, economic and international outcomes can be enhanced through fresh thinking, new leadership and new investments in strategy, operations and stakeholder engagement. This transformation can be enhanced and sustained if Australia's overseas representation is made a higher priority in the Australian federal budget and if it is expanded in neglected regions like South Eastern Europe in general and the Republic of Macedonia in particular.

We welcome the opportunity to contribute to national, parliamentary and public policy debates and discourse on strengthening Australia's overseas representation and its diplomatic and social impact. We look forward to participate in the public hearings in 2012 and to reading the Committee's report on the way forward for Australia's overseas representation.

Yours sincerely

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Executive Summary

The executive summary examines three key issues:

- The increasing importance of citizen diplomacy, multiculturalism, social inclusion, social innovation and diasporas to Australia's place in the world and their necessity to be a higher priority for Australian foreign policy makers and the Department of Foreign Affairs and Trade;
- The identification of key challenges facing Australian overseas representation;
- Recommendations to the Australian Government and Parliament to improve the effectiveness of Australia's overseas representation and the delivery of better diplomatic, economic and social outcomes.

The increasing importance of citizen diplomacy, multiculturalism, citizenship, social inclusion, social innovation and diasporas to Australia's overseas representation and their necessity to be a higher priority for Australian foreign policy makers and DFAT.

UMD defines **citizen diplomacy** as process of empowering ordinary citizens and civil society organisations to change the world by strengthening transcultural relationships, raising awareness and promoting global cultural understanding to overcome adversities and challenges. Unlike traditional diplomacy that most often involves government officials, this process involves people to people linkages and is gradually adopted by UN and other organisations. According to Melissa Conley Tyler, Executive Director of the Australian Institute of International Affairs Tyler (2011) 'the reason why citizen diplomacy matters is because we depend on others. How others view us matters to our security, our prosperity. It matter broadly.' Gorgievski (2011) from the Global Dialogue Foundation defines citizen diplomacy as 'a process aimed at promoting understanding among different cultures and contributing to strengthening ties between countries like Australia and India.'

UMD defines policies concerning **multiculturalism** in Australia as socially progressive and involving a whole-of-government approach. The policies aim to nurture and celebrate cultural diversity and create a sustainable society based on shared values, a democratic framework governed by the rule of law, equal rights and responsibilities of all citizens irrespective of their cultural, religious, country of origin, linguistic and ethnic identity. UMD also supports the principles outlined in the *Multicultural Victoria Bill 2011*.

UMD defines **citizenship** as a component of multiculturalism allowing migrants to be formally recognised as equal citizens with a strong voice in foreign and public policy formulation and implementation. This status enables all citizens to contribute to, and benefit from, the social and economic capital they co-create in Australian public and diplomatic life.

UMD defines **social inclusion** as public policy programs and projects for creating a system and a culture where all Australians enjoy high self-esteem, equality and access to programs that contribute to the advancement of Australian society and enhancing its place in world affairs. It is an attempt by the Australian Government to build a stronger and fairer nation through the social inclusion agenda. Social inclusion is about all Australians having the opportunity to participate fully in the economic, international and community life of the nation, recognising that some people need extra support to do this. Newly arrived migrants from developing countries and refugees from non-English speaking backgrounds are recognised as disadvantaged and eligible for social inclusion programs including participation in Australia's overseas representations and in public diplomacy.

UMD defines **social innovation** as a culture of continuous improvement and/or transformational change of society and public policies. This improvement is based on new ideas, new voices, strategies, organisational capabilities and practices essential for achieving better social outcomes for Australia. Innovation is essential for keeping Australia's overseas representation robust and relevant. Windrum (2008) describes that such

improvements can take the form of service and service-delivery innovation, administrative, organisational, conceptual, policy innovation and systemic innovation. All these forms of innovation can improve the quality and impact of Australia's international diplomatic network.

UMD defines **diasporas** as social, economic, political, cultural and environmental networks. These global networks engage in impact-oriented activities to deliver favourable public policies, programs and projects that build the capacity of the communities and their former homeland to reach full potential in partnership with host societies as well as regional and global institutions like the UN. (Fullilove, 2008)

Citizen diplomacy, multiculturalism, citizenship, social inclusion, social innovation and diasporas are of growing importance to Australian society and its international diplomatic network in an interdependent world. They can accelerate and facilitate the delivery of better diplomatic, foreign policy and social outcomes for Australia. Without them Australia's overseas representation cannot achieve its full potential.

We are aware that the effectiveness of delivery and impact of Australia's overseas representation has not been scientifically calibrated or benchmarked with best practices in other parts of the world. It is not clear who benefits from Australia's overseas network nor is it certain under which conditions the diplomatic missions work best. It is also uncertain as to whether DFAT's diplomatic network is truly organised to respond to the multiple pressing challenges facing Australia's international engagement. Closing the R&D and communication gaps in Australia's diplomatic network are the first practical steps to improving performance, enhancing value delivery and informing stakeholders.

There is definitely scope for improving the quality and impact of Australia's overseas representation through innovative policies and programs that embrace citizen diplomacy and innovation.

Key challenges for Australia's Overseas Representation in the 21st century

To maintain relevance into the future, Australia's international diplomatic missions and Australian foreign policies that guide their work must become better aligned with Australian society as well as with the host societies and regions in which they are located. Australia's diplomatic missions should become more stakeholder-focused with significantly improved communication, engagement and performance. The missions should also become more transparent, more effective and productive and more socially, economically and culturally inclusive. They need to focus less on traditional diplomatic activities and more on outputs, milestones, innovative outcomes and value creation. Australia's diplomatic network and the foreign policies that drive them must be more receptive to ideas arising from new research and diverse voices from Australia's multicultural society, from Australia's large diaspora and from the host societies especially civil society.

Australia's diplomatic missions need to learn to better collaborate and co-invest to become better positioned for collective impact in an interdependent world. There is a genuine need to not only inform the public, but also policy-makers alike, on the positive impact of diplomatic initiatives through widely-available and improved communication technologies, stakeholder engagement methods and flagship events.

The domestic social and political environment in Australia is more conducive to understanding, measuring and scaling the impact of Australia's overseas network than ever before. Australian tax payers expect a greater return on investment from Australia's diplomatic network. The best way DFAT can meet these expectations is to establish an Office for Overseas Representation Impact Assessment. Australian society and policy makers recognise the value of cultural diversity to the community and to the economy. This form of social capital needs to be managed strategically to achieve social progress and economic growth. Better diplomatic and social outcomes can be achieved through innovation and collaboration between government, the corporate sector, the social sector as well as diaspora communities. Superior diplomatic results can also be achieved if

Australia's diplomatic posts can recruit and retain the best available talent on the market by offering competitive salaries and benefits to match the offers made to Australian expatriates by the multinational and national corporations.

The international strategic environment is rapidly changing. The world's population is increasing in low to medium income countries, placing pressure on them and on the developed world to find innovative solutions to pressing unmet social needs including sustainable development. Global warming and the disasters that are linked to it, is posing major problems not only in the third world but also in the developed world as seen by the devastating floods in Australia. Global warming and rising sea levels are threatening entire coastal and island communities in our region and beyond. The recent nuclear disaster in the Fukushima region in Japan is putting pressure to migrate entire regions or communities to safe places like Australia.

Leaders meeting at the World Economic Forum in Davos and at the G20 in 2011 highlighted a transition of power from the advanced world to emerging markets. The Western world is experiencing a slowdown and emerging markets are experiencing growth (Lally, 2011). China, India, Brazil, Russia, Turkey and other nations have emerged as global economies with significant relevance for Australia. All of these countries must be engaged as partners for co-investment in science, intellectual property commercialisation, innovation and shared value creation.

Australia can also make better use of its experience and success with managing cultural diversity with its neighbours in the Pacific. According to Callick (2011) Papua New Guinea is on the cusp of an extraordinary economic social and political transition, not seen since gaining independence from Australia in 1975. PNG's place and status in the Pacific is experiencing a historic transformation through population growth and development of its natural resources. The Solomon Islands, Fiji and other nations across the Pacific can be returned into an 'arch of stability' through more effective Australian development assistance, knowledge transfer, social innovation and improved soft power diplomacy.

Australia would benefit from a stronger partnership with the European Union. Notwithstanding the current financial crisis in the Euro Zone, the EU is still the largest investor in the Australian service sector and is actively seeking to improve sustainability and cohesion through social innovation and better management of cultural diversity and multiculturalism. The EU and Australia should include collaboration in diplomatic, research and development assistance programs as part of the *Australia-EU Strategic Partnership Framework Agreement*. The EU has the largest research budget for social sciences in the world. Australia can exchange value with the EU by sharing its successful models, research and case studies on effective diplomatic network management with policy, research, business and parliamentary institutions in Europe.

The technological revolution, especially the web 2.0, and other forms of communication are connecting Australia with the rest of the world. These technologies need to be harnessed to expand the reach and influence of Australian diplomatic innovation as well as to improve its impact through exchange of ideas, information and collaboration.

The volume of research on the effectiveness of diplomatic missions and diplomacy has grown significantly in the last three decades. This is forcing foreign ministries, parliamentarians and policy advisers to abandon out-dated models and practices in favour of evidence based high-impact strategic and operational models and relationships. The value of investing in stakeholder engagement has been found to be positive and significant (Henisz & Dorobant, 2011).

In this context, Australia has an opportunity to rethink its theories of change and its diplomatic and stakeholder engagement models in order to deliver new and improved value from Australia's investment in its overseas diplomatic missions. The inquiry into Australia's overseas representation in 2011 is an ideal opportunity to closely examine the strategies, capabilities and budgets required for greater diplomatic, social

and economic impact. Australia's positioning and influence in international affairs can be significantly improved if it continues to provide timely, significant and evidence based solutions to the most pressing challenges facing an interdependent and internet-connected world. It is also a time to think about the workforce challenge at DFAT and how it can make better use of Australia's cultural diversity for competitive advantage. New models of recruitment of emerging talent as well as collaboration with industry, the social sector, educational institutions and diasporas are needed. Research from the Society for Knowledge Economics shows that organisations should adopt policies and practices that build leadership, culture and management capabilities across all workplaces as a means of lifting productivity.

Proposed recommendations to the Australian Government and the Australian Parliament to improve the effectiveness of Australia's Overseas Representations

The Australian Government and the Australian Parliament can play an important role in significantly improving Australia's diplomatic network, its innovation capabilities and stakeholder engagement by:

- Commissioning a Discussion Paper and Research Program on Australian's Diplomatic Network and Mission Effectiveness.
- Holding debates on diplomatic network and mission effectiveness in both houses of the Australian Parliament and in cities around Australia based on the 2011 Inquiry.
- Attracting co-investment from the private sector and the social sector in foreign affairs, trade and development assistance programs and projects.
- Allocating funds for the establishment of a Cooperative Research Centre in Diplomatic Network and Mission Effectiveness in partnership with leading research centres and key stakeholders from Australia, the EU, the Asia Pacific, Africa and North America.
- Making citizen diplomacy, multiculturalism, citizenship, social inclusion, social innovation and diasporas a high priority in Australian foreign, trade and strategic policy, programs and operations;
- Increasing the budget for Diplomatic impact and the number of volunteers in Australia as a means of scaling the impact and getting more cost effective outcomes of foreign affairs and trade projects.
- Requesting the Department of Foreign Affairs and Trade to implement the recommendations of the Management Advisory Committee Report from 2010 *'Empowering Change: Fostering Innovation in the Australian Public Service.'*
- Continuously innovating or transforming the foreign affairs, trade and defence agenda and programs to reflect the changing needs of the 21st century.
- Enabling diplomatic missions to become a bigger contributor to Australia's public diplomacy, soft power agenda, international image and reputation for social, economic and environmental innovation.
- Significantly increasing the quality and scope of education and training programs in foreign policy, international relations, foreign languages and stakeholder engagement across all levels of education and training in Australia in support of Australian diplomacy.
- Making funds available for specialist education, skills training and outcome oriented projects in foreign policy innovation and international relations targeting the Australian Public Service and diasporas.
- Requesting all Government Departments and agencies with an international focus to incorporate a foreign policy agenda in their strategic plans and performance reviews in support of collective impact (Kania & Kramer, 2010).
- Requesting Commonwealth and State departments and agencies to significantly upgrade their stakeholder engagement and communication strategies, resources and delivery capabilities in support of Australia's diplomatic effectiveness.

- Involving key stakeholders in determining where Australia's diplomatic missions should be placed.
- Expanding Australia's diplomatic missions in South East Europe in general and the Republic of Macedonia in particular to serve unmet needs in Macedonia, Kosovo and Albania.
- Recognising the Republic of Macedonia under its constitutional name as has been done by over 133 nations at the UN including the USA, UK, Canada, China, Russia, India, Israel, Malaysia, Singapore etc.

Please refer to the next section of this submission for a more detailed examination of specific recommendations that have been proposed in relation to the Terms of Reference.

United Macedonian Diaspora responses to Terms of Reference

1. *The activities that Australia's diplomatic posts must undertake*

UMD believes that Australia's diplomatic posts can be better positioned strategically and from an operational point of view to continuously add value to Australia and to the host society in which they are based. The missions need to be guided by a systemic approach and framework for optimal diplomatic impact. The focus should change from traditional diplomatic activities to outputs, outcomes and impact over short, medium and long term horizons. The diplomatic missions need to boost their capacity to nurture closer relations with all key stakeholders including civil society organisations, universities, think tanks, the media as well as with political elites. The diplomatic missions should have the capacity to address opportunities and threats in the business, political, diplomatic and social arenas in real time.

DFAT and Australian diplomatic missions can be better equipped to meet the economic, social, security and environmental challenges facing Australia and our region in an inter-dependent world. Years of neglect in organisational innovation, financial and human resources and strategic foresight have left DFAT in a less than optimal position to address global and regional challenges. The following reasons may be relevant:

- There does not appear to be a 'grand integrated strategy' guiding Australian foreign policy and the relations of diplomatic missions with key stakeholders. Grand strategy should be driving objectives, policy and resource allocation decisions using zero based budgeting.
- Australia needs to invest in developing grand strategists in foreign affairs because countries tend to be judged by their actions as well as their words (Drezner, 2011)
- There is no clear responsibility for key foreign, defence and trade policy issues and no agreed policy on how to enhance Australia's position in the world. Australian foreign policy is a result of uncoordinated actions taken by multiple Ministers, government and corporate stakeholders, operating in isolation of each other and without adequate knowledge exchange. Australia's diplomatic missions and key relevant stakeholders need to have greater input in shaping policies and customising services.
- The true test of foreign policy professionalism in a changing world is having an open mind and flexibility to respond sensibly to the big challenges we might face over the next 20-30 years (Richardson, 2011).
- The role of the Head of Mission needs to be strengthened as it has been undermined by representatives of various Australian government ministries who fail to brief the Ambassador, the diplomatic post or DFAT on their activities and impact in a particular country.
- DFAT and its diplomatic missions are not structured to deal effectively with the delivery of global branding, soft power and smart power campaigns or to engage with key stakeholders in business and civil society.
- DFAT's budget is relatively small in relation to the defence budget and has been stagnating at a time when Australia needs to boost its soft power, innovation and stakeholders engagement capabilities.

- DFAT is having difficulty recruiting and retaining top talent for its diplomatic posts as salaries and benefits offered by multinationals and the corporate sector in Australia and overseas can be superior.
- The Australian Public Service is reactive, defensive, risk averse and often lacks innovation capabilities or mechanisms for leveraging the unique assets in the system in support of Australia's positioning in the world.
- Australian embassies and diplomats need to be strengthened and evaluated on their ability to cultivate collaborative and robust relationships and outcomes with key stakeholders such as decision makers in business, government, media, universities, civil society organisations and diasporas.
- Australia's diaspora needs to be strengthened and engaged in more meaningful ways so that it can contribute to the performance and impact of Australia's diplomatic network and missions.
- Australia's diplomatic missions need to be better prepared to support pro-Australian economic, social and environmental networks and groups in order to leverage their social, political and business ties. Local units of the pro-Australia networks can enhance the effectiveness of Australian diplomatic missions by sharing their knowledge and insights and opening doors for high impact programs, projects and co-investment.

There is a compelling case for reorganising Australia's overseas representation in structure and in scope in order to respond effectively to current and emerging opportunities and trends. The need for constant innovation in foreign policy and ongoing improvement in the impact of Australia's diplomatic missions was confirmed most recently by The Honourable Kevin Rudd, MP and Minister for Foreign Affairs at the Charteris Lecture organised by the Australian Institute of International Affairs in Sydney on 24 Nov. 2011.

2. The geographic location and spread of Australia's Overseas Representation

Australia's former foreign minister Alexander Downer was quoted in the *Australian Financial Review* (25 Nov. 11) as saying 'If you don't have an embassy in a place, it is an indication of how high it is on our list of priorities'. The problem with this line of thinking is two-fold. First, priorities for locating Australian diplomatic posts are set by the Foreign Minister or DFAT for political, cost cutting and diplomatic reasons without any meaningful involvement of relevant stakeholders like parliamentarians, the corporate sector, diasporas and citizen diplomacy organisations that more often than not drive the relationships between Australia and other countries. Second, there is often a mismatch between political and bureaucratic priorities of the Foreign Minister and DFAT and the priorities of key stakeholders as is the case with Africa where there are relatively few diplomatic missions across the continent because it is not a priority for Canberra but a big priority for Australia's mining sector. Similarly, Australia still does not have an embassy in the Republic of Macedonia in order to appease Athens and the Hellenic lobby in Australia rather than advance its own commercial and strategic interests in Southeast Europe. Australia needs to finally acknowledge the significant contribution that the Republic of Macedonia has made since gaining independence 20 years ago as a good global citizen and exporter of security and peace in the Balkans, Afghanistan, Iraq and other NATO missions by recognising it under its constitutional name.

The United Macedonian Diaspora strongly recommends Australia should open an Embassy in Skopje and a Consulate-General in Bitola in the Republic of Macedonia in 2012. The need for these posts was calibrated through a *Survey of the Australian Macedonian Community and Links with Macedonia* involving 1065 respondents (Ben-Moshe & Pyke, 2010). These diplomatic posts will serve the unmet needs of tens of thousands of Australians who visit Macedonia, Kosovo and Albania and other parts of South East Europe. The posts will also help to strengthen ties with local elites in government, business, academia, culture and sport.

3. The appropriate level of staffing, including locally engaged staff

UMD believes Australia's diplomatic missions need to be staffed with a good mix of Australian and local staff. Staffing levels would depend on the importance of the post to Australia's foreign affairs, trade and defence priorities. Greater use should be made of so called smaller diplomatic missions to cover more places across the world. Greater use should also be made of local staff who have extensive knowledge and networks in the host society. In places like Macedonia, most university graduates speak two or more foreign languages and can greatly improve the effectiveness of the Australian diplomatic post.

4. The affect of e-diplomacy and information and communication technology on the activities of diplomatic posts.

UMD believes that DFAT and its diplomatic posts need to embrace innovation in web 2.0, government 2.0, e-diplomacy and stakeholder engagement as a means of improving its reach and influence in international affairs in support of Australia's national and international interests.

The websites of Australia's diplomatic missions need to be constantly upgraded and refreshed in order to show the best that Australia has to offer to the world in terms of economic, social, technological and environmental achievements, solutions and intellectual property. The websites need to make it as easy as possible for visitors to quickly find relevant information and to stay connected with the latest news from the diplomatic post, from DFAT and from other key stakeholders in Australia. The websites should also be a portal for promoting Australian culture, art, music, education, research, environmental and social innovation. The US State Department has made extensive use of social media to engage with relevant stakeholders based on the needs of special interest groups or segments. Australia's DFAT and its diplomatic posts should do the same.

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