

CHAPTER 1: BASIS, SCOPE AND CONDUCT OF THE INQUIRY

Basis for the inquiry

1.1 On 19 June 1991 the Senate referred the management and operations of the Department of Foreign Affairs and Trade (DFAT) to this Committee for inquiry and report. The terms of the reference were:

The management and operations of the Department of Foreign Affairs and Trade, and whether that Department is fulfilling its role to protect and advance Australia's foreign policy interests, with particular regard to the following:

- (a) management systems and program evaluation procedures;
- (b) security procedures and custody of classified material;
- (c) overseas conditions of service and their implications for efficiency and effectiveness; and
- (c) morale, staff performance and accountability.

1.2 The reference originated from concern on the part of some senators that there had been:

- . significant upheavals and controversies within DFAT in recent years, indicated by such phenomena as leaks, public accusations of malpractice, complaints to senators, and industrial disputes (Senate Hansard 19.6.91, pp. 4954, 5028);
- . a series of reports from the Auditor-General criticising DFAT (Senate Hansard 19.6.91, p. 5023, 5027);
- . financial irregularities and serious leaks giving grounds for concern about management systems (Senate Hansard 19.6.91, pp. 5028-9).

1.3 It was also argued that senators had been unable to satisfy themselves through the normal scrutiny of estimates and annual reports as to the efficacy of corrective action taken by DFAT (Senate Hansard 19.6.91, p. 5026).

1.4 Speakers in the debate stressed that there had been few external reviews of DFAT and argued that a Senate committee inquiry could help restore confidence in the Department's management if it confirmed that appropriate corrective action had been taken and could be a catalyst for change in areas where problems remained (Senate Hansard 19.6.91, pp. 4954, 5028-9).

1.5 The reference was opposed by the Minister and some senators on the basis that it would be of limited utility (Senate Hansard 19.6.91, pp. 4952, 5022, 5024; 7.11.91, p 2619). The Minister argued that:

- . the inquiry was unnecessary because there was ample opportunity under the estimates committee procedures to explore the kinds of issues raised in the reference;
- . there was no specific matter of concern that could justify a full scale inquiry into the Department;
- . the Department was in the process of implementing a comprehensive management improvement program.

The Minister suggested that the inquiry would be regrettable because "any inquiry of this time necessarily involves a major allocation and diversion of resources which simply, in the present environment, my Department can ill afford" (Senate Hansard 19.6.91, p. 4953). It would also be regrettable, the Minister said, that the inquiry would give the opportunity for "further airing of ... antagonisms towards the Department that are notoriously held by at least some people [and] that will not do much to help the morale of a Department which has been subject to quite a battering from assaults of this kind over the course of the last year" (Senate Hansard 19.6.91, p. 4954).

1.6 It was also argued that any inquiry be conducted by the relevant Senate standing committee, the Committee on Foreign Affairs, Defence and Trade. However, the Senate resolved to make the reference and to make it to this Committee (Senate Hansard, pp. 4954, 5022-5).

1.7 DFAT and its predecessors have been the subject of numerous external inquiries over many years. Indeed, the report of one major inquiry by a Senate committee as long ago as 1979 began with a section entitled "Why another inquiry?" and identified seven other reviews of the Foreign Affairs Department in the preceding four years (SSCFAD 1979, p. 1). There have been further inquiries relevant to the management and operations of DFAT since 1979, including:

- . two wide-ranging reviews of Australia's overseas representation (Harris 1986; 1988);
- . five reports on annual reports by the Senate Standing Committee on Foreign Affairs, Defence and Trade;
- . reports by the Joint Standing Committee on Foreign Affairs, Defence and Trade on the administration of overseas aid (two reports) and on Australian diplomatic representation in Africa; and
- . reports by the Auditor-General on passport issue and control and on officers entitlements and other staff-related matters.

There have also been inquiries into aspects of Australia's foreign relations by the Senate and Joint Committees on Foreign Affairs, Defence and Trade touching on aspects of departmental administration. These have included inquiries into Australia and Latin America; Australian relations with the South Pacific; Australian relations with ASEAN; and Australia-India relations.

Scope of the inquiry

1.8 Given this extensive previous review activity and because the inquiry arose out of specific concerns about DFAT's management, the Committee's inquiry and this report do not purport to be a complete review of the management and operations of the Department. The report instead describes the Committee's review of and conclusions on the particular matters raised with it by various interested parties.

Conduct of the inquiry

1.9 At the time the Committee received the reference from the Senate it was heavily involved in its review of the Office of the Commonwealth Ombudsman, a report on which was presented to the President of the Senate on 20 January 1992. While that review continued, the Committee sought written submissions on the DFAT reference from the Department and from the community generally. A substantial body of submissions was received and the Committee began its program of public hearings in the inquiry on 6 February 1992.

1.10 The Opposition and Democrat spokespersons on foreign affairs and trade, Senators Hill and Bourne expressed interest in the inquiry and the Committee resolved to invite them to its meetings relevant to the inquiry and to make available to them the papers received by the Committee in relation to the reference. Senators Bourne and Hill participated fully in the inquiry, attending most public hearings and discussions on the draft report.

1.11 The Committee received 107 written submissions to the inquiry. It held eight public hearings at which it took oral evidence from 78 persons appearing either individually or on behalf of 16 organisations. This evidence raised various matters which are mostly discussed under the four headings of the Committee's specific terms of reference in Chapters 7 to 12 of this report. However, two substantial issues or groups of issues were raised with the Committee which crossed the boundaries of the specific terms of reference.

1.12 A significant body of evidence related to the major management changes that have taken place in the Department since 1987. The Committee has separated the matters raised in this evidence from later chapters, instead discussing them together in Chapter 3. The Committee also received a very large amount of written and oral evidence from a small group of former and serving officers of DFAT styling themselves as the DFAT Reform Group. The Committee handled most of the matters raised by the Group separately from the other elements of the inquiry and these matters are discussed in Chapters 4 to 6 of the report.

Submissions and transcripts of oral evidence

1.13 The Committee has tabled with this report the evidence that it has authorised for publication. This comprises 88 submissions from 50 persons and organisations, miscellaneous papers and correspondence, and the Hansard transcripts of eight public hearings. Lists of the submissions and witnesses appearing at public hearings are at Appendices I and II.

Acknowledgements

1.14 The Committee acknowledges that this inquiry imposed a significant workload on DFAT. As well as preparing a lengthy and comprehensive initial submission, the Department was represented at each of the eight hearings held by the Committee and responded in writing to numerous requests for information or comment on other evidence. The Committee is grateful to the Department for the considerable effort it made to assist in the inquiry. The Committee also received written and oral evidence from an unusually large number of individuals and organisations and sincerely thanks those who took the trouble to assist in this way. Four members of the Committee's staff assisted in this inquiry, Peter Hamburger, Della McCay, Michael McLean and Jean Thompson, and the Committee is grateful for their typically professional support.