

## The costs of discounted diplomacy

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### Executive summary

Australia's tendency to seek security through alliances, deterrence and border controls has left diplomacy in the shadows, underused and underfunded. If Australian governments had considered diplomacy critical to national security, for the past two decades they wouldn't have reduced the operating budget for foreign policy and diplomatic work by the Department of Foreign Affairs and Trade (DFAT) by 9%, while massively (and sensibly) expanding the budgets for defence, intelligence and border control.

This undervaluing of diplomacy is reflected in the current sorry state of Australia's relations with France and China. The formation of AUKUS and the decision to advocate for an international inquiry into the source of Covid-19 were arguably good Australian foreign policies, but both were overshadowed by inarguably poor Australian diplomacy.



Sign outside the Australian Embassy in Dublin, Ireland. iStockphoto/Derick Hydson.

Foreign policy and diplomacy are interwoven, but distinct. Foreign policy is design, while diplomacy is implementation. In a more contested and multipolar international environment, a middle power such as Australia will be safer, richer and better regarded if diplomacy plays a bigger role in implementing national security policy. Diplomacy is preferable to other ways of trying to implement foreign policy: military and economic coercion.

DFAT is the only arm of government that has diplomacy as its primary purpose (in addition to policy development and service delivery). Its resourcing problems, and most of the answers to them, can be better understood by focusing on the critical operating budget that the government gives the department to help it formulate and implement foreign policy.

Because that budget has wilted, the government isn't getting an adequate return on its substantial investment in physical diplomatic infrastructure (property, security, ICT). Many diplomatic posts are too small, and many lack budgets for the tools of diplomacy.

A capability statement for DFAT, and a financial plan to match capability needs, are overdue.

## Discounted diplomacy runs out of luck

The formation of AUKUS was a stark example of arguably good Australian foreign policy darkened by inarguably poor diplomacy. The Australian decision to advocate for an international inquiry into the source of Covid-19 was sound policy, but to advocate unilaterally was unsound diplomacy.

Foreign policy and diplomacy are interwoven, but distinct. Foreign policy is *what* states (such as Australia, France and China) and communities (such as the Quad and the EU), each with differing interests and identities, decide to do, or to try to do, to cope formally with each other—cooperatively, coercively and combatively. Diplomacy is *how* they do, or try to do, what they have decided upon.

Diplomacy isn't the only way that states implement foreign policy. Military and economic coercion are other ways.

### The Australian scorecard

Historically, Australian foreign policy and diplomacy have helped to make Australia, our region and the world safer, wealthier and healthier. Just weeks after the AUKUS announcement, the 30th anniversary of the Cambodian peace settlement was celebrated. Australia's role in that diplomatic triumph was fittingly recognised. In the 30 years since, Australia has contributed to the easing of conflicts in Bougainville, Solomon Islands and Timor-Leste.

Australian foreign policy and diplomacy have also fostered international and regional stability through the negotiation and sustenance of instruments including the UN Convention on the Law of the Sea, the South Pacific Nuclear-Free Zone, the Chemical Weapons Convention and the Comprehensive Nuclear Test Ban Treaty. In addition, Australia convened the 'Australia Group' of countries, which seeks to prevent the development of chemical and biological weapons, and Australia made a strong contribution to the adoption of 'responsibility to protect' principles. The establishment of the International Criminal Court and the formation of the ASEAN Regional Forum, the Asia-Pacific Economic Cooperation (APEC) forum, the East Asia Summit and the Group of 20 were shaped by Australian ideas, initiative and energy.

Australian foreign policy and diplomacy have expanded markets for Australian goods and services, including through their contribution to the completion of the Uruguay Round of multilateral trade negotiations, the conversion of the General Agreement on Tariffs and Trade into the World Trade Organization (WTO), the creation of the Cairns Group of agricultural free-traders within the WTO, engagement in the General Agreement on Trade in Services, the establishment of an APEC leaders meeting, and the negotiation of bilateral free trade agreements with 11 countries as well as four regional agreements.

And Australian foreign policy and diplomacy have played a role in protecting the global environment and human wellbeing through international agreements that ban mining in Antarctica, limit ozone-depleting gases, promote the protection of natural and cultural heritage, control narcotic drugs, protect endangered plants and animals, including whales, combat desertification,

and manage the transportation of hazardous wastes. Australian foreign policy and diplomacy also helped to shape the UN Convention on Climate Change and South Pacific Environment Programme, and led efforts to promote and protect plain packaging for tobacco products.

### The role of DFAT

DFAT wasn't the only arm of the Australian Government that contributed to those achievements, but governments did depend upon the department—in Canberra and overseas—having the specialist and generalist skills, including area expertise, to understand contemporary challenges, rivalries and conflicts and to help them to devise, articulate and implement successful Australian responses.

Most of the time, though, Australian diplomats and DFAT officials in Australia are tilting the balance in Australia's favour or, in some cases, preventing the balance being tilted against Australia, through an accumulation of small steps. Most of those steps are quiet and unseen, the painstaking building of networks of access and influence. Or other dogged, targeted work, much of it involving the logistics, agenda-setting, tasking, briefing, record-keeping, reporting and follow-up action associated with international meetings.

But strong Australian contributions have depended on DFAT having something left in its human and intellectual fuel tank after dealing with its day-to-day responsibilities. They have also depended on the government of the day seeking DFAT's advice and ensuring that the department was adequately funded.

### Australian diplomacy and luck

Australia's recent diplomatic underachievements have exposed an underappreciation of the role of diplomacy and an underinvestment in diplomatic capability.

They also prompt questions about whether, in the past, Australia has been lucky, and whether some of our luck has now run out.

### Great and powerful friends

Luckily, throughout modern Australian history, Australia's great and powerful friend—first Britain and then the US—also happened to be a superpower, not just one of several major powers. Australia hasn't had a free ride, but we've enjoyed a comparatively easy one.

The US will remain powerful, but Australia's future will be shaped more by competing major powers than by a trusty superpower. Within the new multipolar world order, the US and China loom largest, but other nations have substantial economic, political, military and diplomatic power, or they're attaining it.

In Australia's region, the competition between major powers will be intense. The US, China, India, Japan, Indonesia, South Korea and Russia already have, or will soon have, bigger economies, defence budgets, armed forces and diplomatic footprints than Australia has. We're likely to be safer, richer and respected if we know how to listen to them and how to get them to listen to us, which is mainly the work of diplomats. And, except for New Zealand, our history, culture and political system are markedly different from those of all our neighbours. So we have to work harder than most to understand our neighbourhood, to help our neighbours to understand us and to ensure that Australia has a say in the shape of the regional environment.

### The rules-based international order

Like-mindedness with the US has given Australia a privileged—lucky—position in international order-building. Here, too, we've had a comparatively easy ride. For the past 75 years, most Australian interests have been accommodated in an order that the US has partly nurtured and partly imposed. Australia has shared America's values (if not always its missionary zeal), and we've paid our dues as an ally. Australia has understood the motivations, aspirations and modes of conduct of the dominant power. In other words, the order wanted by the US, and the West generally, has been familiar.

Some of the main ideas underpinning that international order are now contending with the resilience of sovereignty, predilections for state rights and social rights over individual rights, and the magnetism of national and religious identities. Major non-Western powers such as Russia and China are agreeing to integrate only partially into the international economic order largely authored by the West and Western-dominated institutions such as the International Monetary Fund, the World Bank and the WTO. They're scoffing at Western notions that their political systems should be more liberal and democratic. Unsurprisingly, minor non-Western powers have resisted regime change. And, in the West itself, governments are destabilised by the socio-economic costs of globalisation and socially and politically disruptive flows of migrants and refugees.

Henceforth, Australia will have to work harder to influence the international order. This isn't to say that the international order will be less stable, although it may be. Rather, it's an acknowledgement that, in the future, Australia is likely to play a lesser role in achieving whatever stability is attainable, simply because the influence of the West internationally, while still substantial, will inevitably moderate. Emerging non-Western powers will insist on a bigger say in the shape of the continually evolving international order.

The success of a Western country such as Australia will depend on the extent to which it invests intellectually, socially and financially in understanding the motivations, aspirations and modes of conduct of the non-Western powers—major and minor alike—and in mediating differences with them. The clumsy diplomacy surrounding AUKUS suggests that we might also invest more into understanding and mediating differences with fellow Western powers.

## Soldiers, strike fighters and submarines

Australia hasn't valued diplomats and diplomacy as highly as it has valued soldiers, strike fighters and submarines. Potential war-winners have been favoured over potential war-preventers.

Subtly, perhaps, the high value that Australia puts on military software and hardware has been influenced by the Anzac legend, which has fostered the idea that national self-confidence can be boosted by participation in war.

Less subtly, and more sensibly, like other nations, Australia has wanted to militarily deter potential aggressors in our region and, if necessary, defeat them on the battlefield. Those objectives prompted Australia to enter a defence alliance with the US.

In the absence of military aggression against Australia, our capacity to fulfil those objectives is untested, thankfully. Equally untested is the willingness of the US to come to our assistance should the need arise.

For the past 70 years, Australian policymakers have, however, calculated, or at least hoped, that committing troops and resources to American-led military campaigns, even in distant lands like Iraq and Afghanistan, was a shrewd insurance policy.<sup>1</sup>

None of this is to argue against the value of soldiers, strike fighters, submarines, the Anzac legend, ANZUS, or shrewd insurance policies. It's simply to acknowledge that their prominence in Australian thinking about the implementation of foreign policy has tended to push diplomacy into the shadows.

## Border controls

At other times, Australian policymakers, again sensibly, have relied upon border controls more than diplomacy to protect Australians from various threats, real and imagined: non-white people, cheap labour, non-English speakers, exotic pests and diseases, arms dealers, drug runners, money launderers, terrorists, people smugglers, other organised criminals, people on boats, and viruses.

Again, this isn't to argue against the use of border controls, but to recognise that border controls have reflected the advantages—or luck—of geography, and to recognise that sometimes the luck of geography isn't enough. Our geographical disconnectedness and border controls can't protect us from challenges such as foreign interference in Australian domestic affairs, trade disputes or climate change.

When geography and border controls aren't enough, most states turn to diplomacy.

## Australian-ness

The historical and geographical reasons that have helped Australia to be safer and richer—and luckier—than many other countries have discouraged Australians from according a high priority to international affairs. Except during crises, most Australians find foreign policy and diplomacy far removed from their daily preoccupations.

Thirty-five years ago, a major assessment argued that Australians mistrusted diplomacy because our Western culture and institutions tended to be adversarial, even blunt and aggressive. In contrast, diplomats dealt with other cultures and sought to resolve conflicts and mitigate differences, and to tolerate ambiguity.<sup>2</sup> Australians, it was argued, tended to disdain that ambiguity as well as the indecision and compromise that often characterises international relations.

Thirty-five years later, the institutions, world view and temper of Australia remain Western. But the Western-centric expectation that the rest of the world would ultimately move towards liberal democracy as well as open markets has been dashed. The imperatives of security and prosperity have prodded us to adapt to neighbours whose institutions, world view and temper aren't like ours. And our changing demography is both moderating the impact of our Anglo-Celtic heritage and forcing us to recognise the vulnerability of some fellow Australians, such as Chinese-Australians, when our foreign policy and diplomacy risks alienating them or even questioning their loyalty.

## Reordering priorities

Whatever the reasons for Australia's underappreciation of diplomacy, the result is that the capacity of Australian governments to understand and influence the world isn't as strong as it might be, and the risk of policy miscalculations and clumsy diplomacy by Australian governments is higher than it might be.

In the new international environment, diplomacy should be central to Australia's national security policy, not an accessory or afterthought. In other words, Australia's security, prosperity and reputation should be pursued—or, in budgetary terms, bought—through active and adroit diplomacy as well as through alliances, deterrence and border controls.

## National security and DFAT

Certainly, Australian governments have given foreign policy a high priority and, naturally, DFAT is formally included in national security consultative mechanisms.

But if governments had considered diplomacy critical to national security, for the past two decades they wouldn't have reduced the operating budget for DFAT's foreign policy and diplomatic work by 9% (see below), while massively expanding the budgets for defence, the intelligence services and border control agencies.

This isn't an argument against properly funded defence, intelligence and border security agencies. Those agencies needed more resources to respond to the transformation in the international environment caused by 9/11, the wars in Iraq and Afghanistan, the Bali bombings, the attack on our embassy in Jakarta, the emergence of Islamic State, the rise of China, and so on.

Rather, it's an argument for a more considered assessment of the contribution that diplomacy should make to Australia's security, prosperity and reputation, and what resources DFAT should reasonably have to fulfil its role.

This thinking isn't radical. In 2013, the then head of US Central Command and later Defense Secretary, James Mattis, told Congress, 'If you don't fund the State Department fully, then I need to buy more ammunition, ultimately'.<sup>3</sup> In 2020, another former Defense Secretary, Robert Gates, wrote that 'The State Department should be the central nonmilitary instrument in US national security policy'.<sup>4</sup> Almost concurrently, former US Ambassador to NATO Nicholas Burns reminded his audience that former Chairman of the Joint Chiefs of Staff and Secretary of State Colin Powell 'has long maintained that America should place its diplomats out in front

(“on point” in the military vernacular), with the armed forces in reserve, to be used only when diplomacy fails’.<sup>5</sup> In the interests of balance, here’s a quote from Zhou Enlai: ‘All diplomacy is the continuation of war by other means.’<sup>6</sup>

Senior Australian defence officials have begun to speak in similar terms. Duncan Lewis, who was the ADF Special Operations Commander, ASIO Director-General and Secretary of Defence, has said that ‘across a succession of Australian governments’ diplomacy has been ‘underdone’. ‘Clever and innovative diplomacy,’ he said, ‘is particularly necessary for a middle power.’<sup>7</sup> The current Chief of the Defence Force, Angus Campbell, is reported to have said that he could keep his expensive tools in the shed if DFAT were effective.<sup>8</sup>

Diplomacy is neither optional nor frivolous. ‘When diplomacy is not about avoiding war it is about choosing to fight the right war at the right time with the right allies. It is every bit as serious as war itself.’<sup>9</sup> A properly funded DFAT can improve the government’s understanding of the motivations, intentions and capabilities of others, help the government to develop policies and coalitions that enable Australia to navigate risks and exploit opportunities, and advance and protect Australia’s security, prosperity and reputation as new regional and international norms and institutions are negotiated.

## A capability statement and a financial plan

If governments accepted diplomacy as an integral part of national security policy, the next logical step would be to prepare a comprehensive capability statement for DFAT, followed by a financial plan to match capability needs.

Australian governments released white papers on foreign policy in 1997, 2003 and 2017, and the *Australia in the Asian century* White Paper in 2012. Those white papers helped Australian governments to articulate, and the broader Australian community to understand, Australia’s place in the world and Australia’s hopes and ambitions for the future. White papers also help other countries to develop a more informed view of Australia’s interests, values and aspirations.

But those white papers have been policy-only documents. As Allan Gyngell wrote after the release of the 2017 White Paper, ‘something’s missing from all this. It’s as if the defence white paper had ended after describing a deteriorating security environment.’<sup>10</sup> In the same vein, Rory Medcalf wrote, ‘There is plenty of mention of improvements in security, intelligence, defence, cyber, education, infrastructure and industry but too little about how to modernise, expand and fund our diplomatic network for the turbulent times ahead.’<sup>11</sup>

Defence white papers have been different. They haven’t been policy-only documents. In addition to describing the security environment, defence white papers have either included or prompted capability statements—on equipment, personnel and training—and financial plans that seek to show how the government intends to fulfil the well-considered objectives expressed in the white papers.<sup>12</sup> Those plans have included indicative targets of total spending on defence as a percentage of GDP, expected annual average increases in expenditure on defence in real terms, or both.

Certainly, the capability and funding plans for defence have rarely been fully realised, but they have reflected a commonsense awareness that resources are needed to implement good policy.

In contrast, foreign policy white papers have been launched in a resources vacuum. They’ve been silent on how Australian diplomats should try to fulfil the government’s foreign policy objectives, what capabilities might be needed, and how much all that might cost. They’ve ignored the budget of the only arm of the government that has diplomacy as its primary purpose: DFAT.

## Understanding DFAT’s budget: 2 out of 3 isn’t a pass

In 2009 and 2011, the Lowy Institute published comprehensive reports that showed, notwithstanding Australia’s high economic, military, aid and globalisation rankings, that Australian spending on foreign policy and diplomacy was declining as a percentage of GDP, and that it was low as a proportion of the total Australian budget for national security and when compared with the

spending of countries of similar population and economic size.<sup>13</sup> Those reports also showed that, in terms of staff numbers as well as budgets, DFAT had barely grown while other Australian government agencies had increased measurably.<sup>14</sup> Subsequent assessments by Lowy<sup>15</sup> and others<sup>16</sup> have periodically drawn attention to DFAT's under-resourcing.

The initial Lowy report, *Australia's diplomatic deficit*, broke new ground by looking at what its authors called DFAT's 'true operating' budget, which excluded budget items that weren't under the control of the department.<sup>17</sup> With the benefit of hindsight, what a pity that the Lowy Institute or other analysts didn't continue to give that budget close attention.

Our assessment of the operating budget for DFAT's policy function—or DFAT's role in helping to formulate and implement the government's foreign policy—shows that over the past two decades it has shrunk in real terms by 9%.<sup>18</sup>

Before looking at this in more detail, it's useful to summarise what DFAT does. Put simply, DFAT does three things:

1. It helps to formulate and implement the government's foreign policy (including trade and aid policy).
2. It delivers passport and consular services.
3. It manages the overseas diplomatic network.

## The operating budget for DFAT's policy function

The critical operating budget for DFAT's policy function lies within, but is only part of, the first of those three things. A more technical explanation of the composition of this budget is in the appendix to this paper.

In *broad* terms, the budget for DFAT's policy function is what's left of the department's budget after services (passport and consular) and infrastructure (property, security and ICT) are funded.

In *operational* terms, the budget for DFAT's policy function is this broad budget for the policy function minus budget items over which the department has no discretion, such as the aid budget, which is determined by the government, and contributions to international organisations, which are calculated according to a UN scale of assessments.

With this operating budget, DFAT decides, for example, how many people it can employ, the individual budgets for posts overseas, divisions in Canberra and state offices in Australian capital cities, and the budgets for public diplomacy, sponsored visits and training.

Put schematically, the operating budget for DFAT's policy function looks like this:

|                                   |   |
|-----------------------------------|---|
| <b>DFAT total budget</b>          |   |
| <i>minus</i>                      | passport services                           |
|                                   | consular services                           |
|                                   | property                                    |
|                                   | security                                    |
|                                   | ICT   |
| <i>equals</i>                     | <b>Budget for policy function</b>           |
| <b>Budget for policy function</b> |   |
| <i>minus</i>                      | items not controlled by DFAT                |
| <i>equals</i>                     | <b>Operating budget for policy function</b> |

This operating budget can be extrapolated from DFAT annual reports since 1999–2000, when the government moved to accrual accounting.

### What's happened to it?

Since 1999–2000 (a period in which Australia has faced its most difficult external environment since World War II), the operating budget for DFAT's policy function has shrunk in real terms by 9% (Figure 1; the spike in 2013–15 is related to the integration of AusAID into DFAT).

Figure 1: Foreign policy—operating budget, 1999–2000 to 2019–20 (\$'000; 2019–20 dollars)

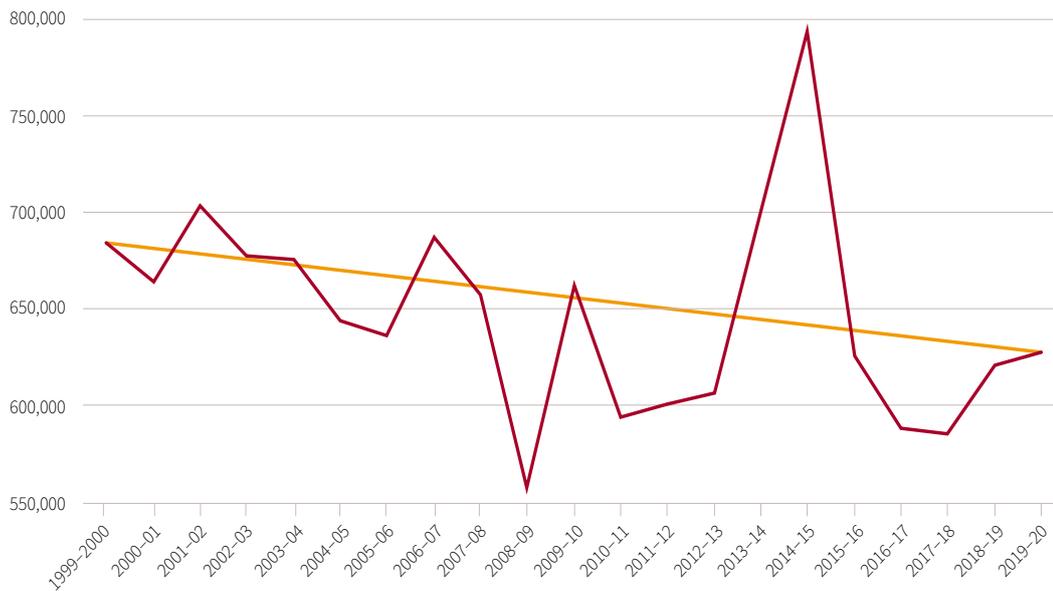
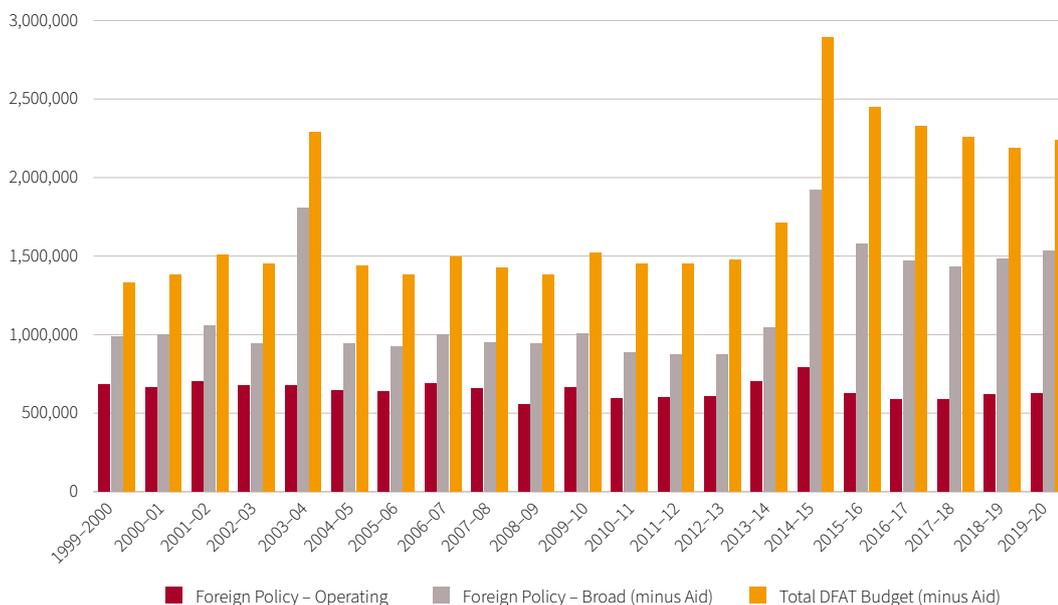


Figure 2 shows the gradual decline in the operating budget for DFAT's policy function, while the budget for the broad policy function and DFAT's total budget have grown.<sup>19</sup>

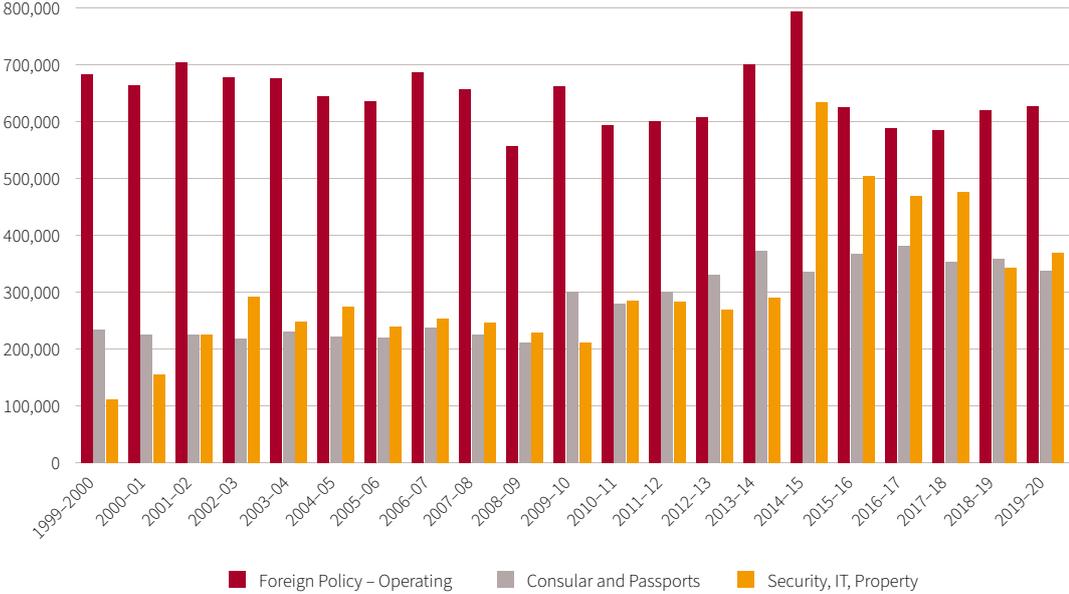
Figure 2: Operating policy budget vis-a-vis broad policy and total DFAT budgets (minus aid), 1999–2000 to 2019–20 (\$'000; 2019–20 dollars)



The policy function vis-à-vis services and infrastructure

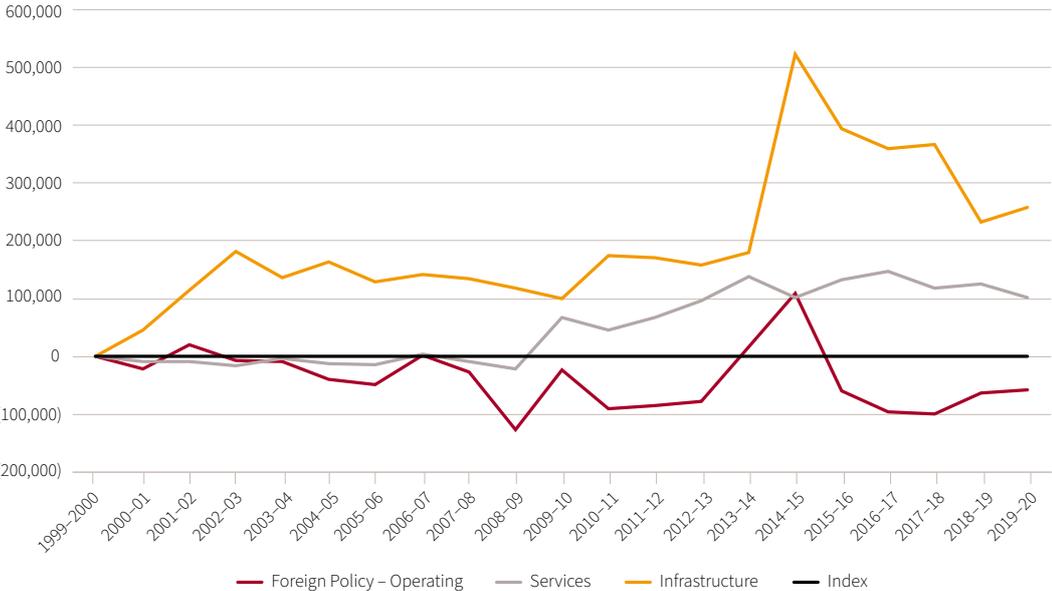
The declining proportion of the total budget allocated to the operating budget for DFAT’s policy function is explained by the steady growth in the budgets for services (passport and consular) and infrastructure (property, security, ICT), as Figure 3 shows.

Figure 3: Operating policy budget vis-à-vis services and infrastructure budgets, 1999–2000 to 2019–20 (\$’000; 2019–20 dollars)



These trends are reflected in Figure 4, which shows the comparative real growth rates of the operating budget for foreign policy, the services budget and the infrastructure budget.

Figure 4: Budgetary trends, 1999–2000 to 2019–20 (\$’000; 2019–20 dollars)



## Consular and passport services

Since 1999–2000, compared to the 9% reduction in the operating budget for foreign policy, the budget for consular and passport services has grown by 30%.

Australians are more familiar with the department's passport and consular services. Before the pandemic, each year they lodged more than 2 million passport applications and travelled overseas about 11 million times. Each year, more than 200,000 of those travellers sought consular services. During the pandemic, the demand for consular services swelled as Australians became desperate to return home or wanted some other unforeseen support.

Governments naturally become nervous about the media coverage and potential electoral cost if DFAT is thought not to respond adequately when Australians find themselves in trouble overseas.

Or, just as naturally, governments bask in the celebratory relief and glow of achievement when the department's consular work yields high-profile results, such as the release of an Australian hostage or the evacuation of at-risk Australians.

DFAT's consular operations also offer the media compelling human-interest stories, exemplified in real-life documentary TV programs such as *The Embassy*,<sup>20</sup> which can further prompt Australians to understand—and judge—DFAT by its services.

The high public profile of DFAT's consular services is in stark contrast to the department's role in formulating and implementing foreign policy, which rarely affects the daily lives of most Australians.

Governments have therefore insisted, and will continue to insist, that DFAT use its budget, first, to fund passport and consular services adequately, or better.

## Infrastructure

While the operating budget for foreign policy shrank by 9% and the budget for consular and passport services grew by 30%, the budget for property, security and ICT grew by 39%.<sup>21</sup>

The infrastructure budget has expanded for various reasons, including an increase in the number of overseas posts, the integration of AusAID, the expansion in staff from other departments and agencies at overseas posts, and the growing challenges to the security, including the communications security, of the overseas network.

Still, the gap between surging expenditure on infrastructure and sagging expenditure on policy work rekindles memories of an episode of the British comedy *Yes Minister*, in which the government has funded the construction and staffing of a hospital, but the hospital has no patients.

## A glimmer of hope?

Although this is a gloomy picture, things have been worse. From 1999–2000 to 2017–18, the critical operating budget for DFAT's policy function had declined by 17%, so the situation has improved slightly over the past two years.

But that slight improvement hasn't been sufficient to lift DFAT's capacity to fulfil its policy function to a level commensurate with Australia's weight or aspirations.

## Australia's diplomatic footprint: more foot than print

Another glimmer of hope in recent years has been the growth in Australia's diplomatic network.

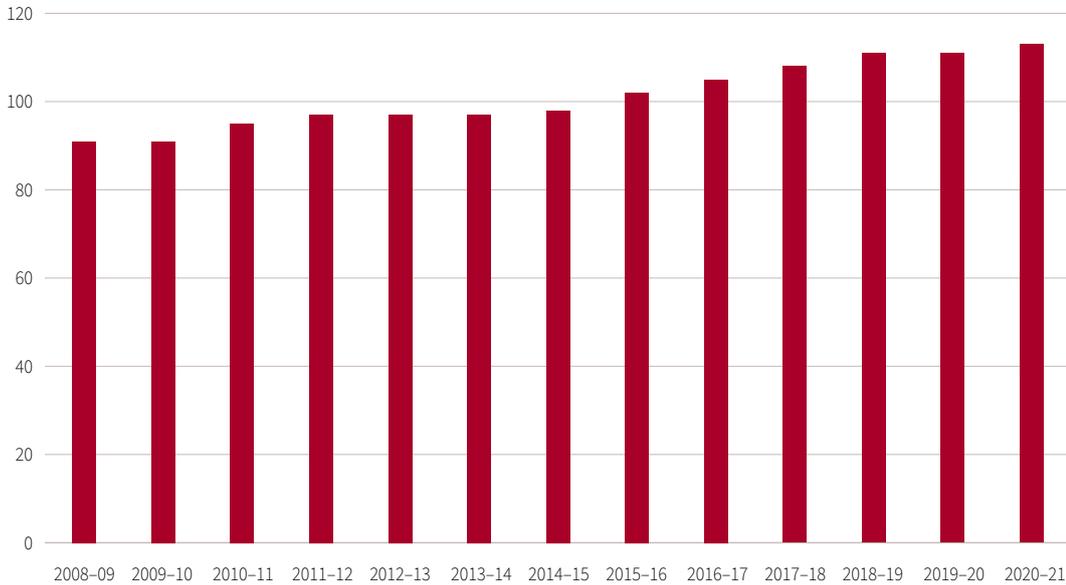
In 2009, *Australia's diplomatic deficit* concluded that, by international standards, Australia operated 'a disproportionately small diplomatic network. Our total of 91 missions compares very poorly with the OECD average of 150. Of 30 OECD countries, only Ireland, Luxemburg, the Slovak Republic and New Zealand operate fewer diplomatic posts.'<sup>22</sup>

Over 12 years later, Australia has a significantly bigger diplomatic network—not least because the Lowy Institute has kept a spotlight on the issue, including through the development of the Lowy Institute Global Diplomacy Index,<sup>23</sup> which compares the world’s most significant diplomatic networks. DFAT is now managing 113 posts (Figure 5): 83 embassies and high commissions, 23 consulates-general and consulates, five permanent missions/delegations and two offices (Taipei and Ramallah). (Austrade manages another nine consulates.)

Figure 5: DFAT’s 113 posts



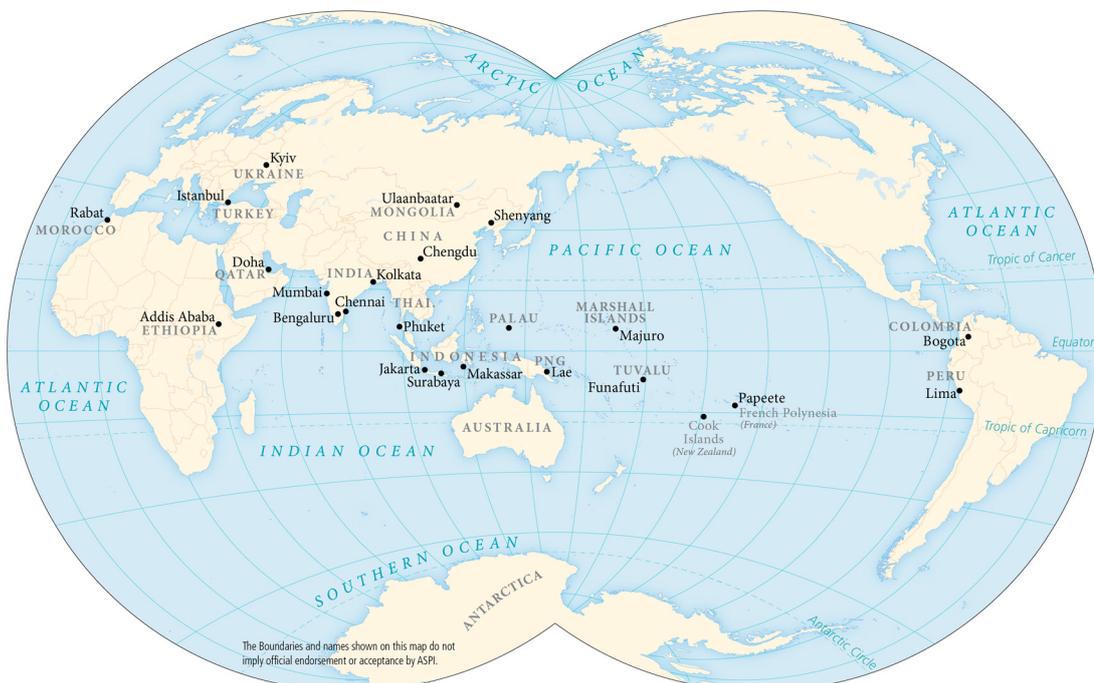
Figure 6: DFAT posts, 2008–09 to 2020–21



This expansion reflects a broadening as well as a deepening of Australia's diplomatic engagement. Representation has broadened through the opening of four new embassies and high commissions in the Pacific (the Cook Islands, Palau, Tuvalu, the Marshall Islands), two in Asia (Mongolia and the ASEAN Secretariat, partly offset in nett terms by the closure of the embassy in Afghanistan), two in Africa (Ethiopia, Morocco), two in Latin America (Peru, Colombia), one in the Middle East (Qatar), and one in Europe (Ukraine).

Representation has deepened with 12 new consulates in countries where Australia already had a substantial relationship: China (Chengdu, Shenyang), India (Mumbai, Chennai, Kolkata, Bengaluru), Indonesia (Makassar, Surabaya), Papua New Guinea (Lae), Thailand (Phuket), Turkey (Istanbul) and France (French Polynesia).

Figure 7: DFAT's new posts since 2009



According to the 2019 Lowy Institute Global Diplomacy Index, Australia ranked 20th out of 36 OECD countries—an appreciable improvement since 2009. But, although ahead of 16 other OECD countries, 11 OECD countries with smaller economies were still ranked above Australia: Turkey, Spain, Mexico, the Netherlands, Switzerland, Poland, Greece, Hungary, Portugal, Chile and Belgium.

In the G20, the only country with a smaller diplomatic network was Saudi Arabia. G20 countries with smaller economies ranked ahead of Australia were Turkey, Spain, Argentina, Mexico, South Africa and Indonesia.

### Where are—and aren't—Australian posts?

With the establishment of new embassies and high commissions in the Cook Islands, Palau, Tuvalu and the Marshall Islands, and new consulates in Lae and French Polynesia, Australia continues to have the most extensive diplomatic network in the Pacific. The recent expansion has been prompted largely by concerns about growing Chinese interest in the region. The other new posts are a partial response to the contention in the 2009 Lowy report that Australia was underrepresented in India, China, Indonesia, Africa, the Middle East and Latin America.

Arguably, though, with only eight posts in 54-nation Africa (and none in francophone Africa), Australia is underdone in this resource-rich and rapidly developing region—a region where Australian companies have already invested over \$30 billion. In the 33-nation Latin American and Caribbean region, Australia has seven posts.

The Lowy Institute identified Central Asia as another region worthy of additional Australian diplomatic resources, on account of its importance for resources security and mining interests. Australia still has no diplomatic representation in Central Asia. We had an embassy in Kazakhstan from 1995 to 1999. The strategic interests of an ambitious China and historically dominant Russia overlap in the region. If Australia wants to better understand and respond knowledgeably to the aspirations and anxieties of China, we should have a diplomatic presence in Central Asia.

### Right-sizing posts

In many places, Australia's diplomatic footprint is more foot than print. Often, DFAT posts are very small; consequently, they make a faint impression. In 2011–12, 35% of the then 95 posts had three or fewer staff. As the DFAT Secretary, Dennis Richardson, said at the time, 'the department's resources are thinly spread.'<sup>24</sup> They're spread even more thinly now. The 18 posts established since then, except for the mission to the ASEAN Secretariat, would have no more than three DFAT staff and, often, only one or two staff. As a result, well over half the current 113 posts would have three or fewer DFAT staff.

In some cases, having fewer than three staff is justifiable. Consulates with a consular-only function (for example, Phuket and Lae) or posts/offices whose administration is largely undertaken by another post (for example, Canakkale, Ramallah and the Holy See) can fulfil their responsibilities with one or two staff.

But deploying fewer than three Australian staff to embassies and high commissions is false economy, especially considering the high capital cost (property, security, ICT) in establishing and maintaining a diplomatic mission.

The capacity of a two-person post to tilt the international balance a little more in Australia's favour and to deliver consular services—the main reasons for its existence—is materially reduced by its administrative workload. That entails not only, or even principally, mandatory legislative and regulatory requirements, which will remain demanding for as long as governments are held accountable for the proper expenditure of public funds.

Posts require a strong administrative base because they operate in foreign currencies against a set budget, recruit and supervise staff in a foreign, and often difficult, labour environment, manage property, run classified and unclassified ICT systems, and maintain security systems. Often, those tasks involve working in unfamiliar and sometimes harsh operating environments and in foreign languages. Locally engaged staff provide support to the post's policy and administrative workloads, but many tasks can be

performed only by Australia-based staff or under their close supervision, although new technologies are enabling regional centres to undertake some administrative tasks formerly performed locally.

Two-person posts are often staffed by a head of mission (HOM) and either a senior administrative officer (SAO) or another officer undertaking mixed policy and administrative duties. The HOM is mainly responsible for the post's policy and advocacy work and overall management. When the second officer at the post is absent, he or she also assumes day-to-day administrative responsibilities.

The second officer—an SAO or mixed-duties officer—administers the post and provides consular services under the HOM's supervision. There are some exceptions, but most SAOs have neither the training or background to carry out policy and advocacy tasks nor an interest in or aspiration to do so. Much of the SAO's work is mandatory. He or she ensures that the lights are turned on—actually as well as metaphorically, in some places—and that appropriate transparency, accountability and reporting requirements are met. Consular cases have a high and often immediate, sometimes emergency, priority. Even if appropriately skilled, the SAO usually doesn't have the capacity to take on additional or discretionary policy- and advocacy-related tasks.

Where a post has a mixed-duties officer rather than a full-time SAO, he or she necessarily must, first, fulfil the mandatory administrative tasks and attend to consular cases as soon as they arise, leaving limited time for policy- and advocacy-related work.

This situation is exacerbated when the post has multiple accreditations,<sup>25</sup> even if they require only minimal servicing, or when the difficult living environment justifies additional recreation leave. Taking into account absences on official travel, mid-term consultations, recreation leave and personal carers leave (which includes what used to be called sick leave), a two-person post could be staffed by only one Australia-based employee for up to one-third of the time.

In 2009, the Lowy report observed:

[I]n practice small posts lack the resources to do much more than raise the flag and administer themselves. Little scope exists for anything beyond diplomatic contact with the foreign ministry necessary to maintain formal diplomatic relations. Travel outside the capital is sharply constrained, as are opportunities for contact with civil society and creative input into policy.<sup>26</sup>

That judgement was too harsh. The ability of talented and industrious DFAT staff to advance Australia's policy, commercial and other interests shouldn't be underestimated. The issue is more whether, with a permanently skeleton staff, the return on investment in property, security and ICT is adequate.

## The tools of diplomacy

In the highly competitive international environment, regardless of their size, posts need tools or instruments to tilt the balance a little more in Australia's favour, or to prevent the balance being tilted against Australia. Funding for those tools is reflected in the budgets for programs such as development assistance, public diplomacy and sponsored visits.

Each of those programs is worthy of its own assessment. Suffice to say here that, understandably and justifiably, most of the funds for aid, public diplomacy and sponsored visits are devoted to relationships serviced by our larger posts, especially in the Indo-Pacific region. Those posts should remain Australia's highest priority.

But where does that leave our smaller posts? Are they being allocated sufficient resources to do more than, in the Lowy report's words, raise the flag and administer themselves? In the absence of reasonable budgets for things such as aid, public diplomacy and sponsored visits, what sort of return can Australian taxpayers reasonably expect from their investment in small posts?

### Aid

Almost by definition, many of our smaller posts would have modest aid budgets, or no aid budget at all. If aid were an important element in the bilateral relationship, almost inevitably there would be at least three DFAT staff at the post. So Australia's current capacity to use its shrinking aid budget to influence countries serviced by small posts is somewhere between zero and negligible.

## Public diplomacy

The same is true for public diplomacy. In brief, public diplomacy seeks to influence public opinion in foreign lands; it supplements conventional diplomacy, which seeks to influence the thinking of foreign governments and commerce.

Most funding for DFAT's public diplomacy is embedded in the operating budget for DFAT's foreign policy function, which, as we've seen, has shrunk by 9% since 1999–2000. Since that year, though, DFAT's annual reports have included a budget item called 'public information services and public diplomacy', which is administered by the department for the government. It's a rough guide to the commitment of Australian governments to public diplomacy. Over the years, this budget has variously included funds for things such as *Radio Australia* and *ABC Australia TV*,<sup>27</sup> the international programs of the Australia Council, Australian participation in international expos, and funds for bodies, such as the Australia–Indonesia Institute and the Australia–Japan Foundation, established by various Australian governments to support Australia's public diplomacy.

As Figure 8 shows, funding for this budget item has been uneven, and it has collapsed in real terms.

Figure 8: Public diplomacy budget, 1999–2000 to 2019–20 (\$'000; 2019–20 dollars)



In current values, in 1999–2000 this budget was \$104.8 million. It was as low as \$4.9 million in 2016–17. In 2019–20, it was \$9.8 million. From 1999–2000 to 2008–09, the average annual budget was \$87.3 million; in the past 10 years, it's been \$18.3 million. In the past five years, the average annual budget has been \$7.4 million.

Most of DFAT's public diplomacy budget—incorporated in either the shrinking operating budget for DFAT's foreign policy function or the crumbling 'public information services and public diplomacy' budget—is devoted to major relationships serviced by our larger posts. Again, that's both understandable and justifiable.

Post-by-post information isn't available in DFAT's annual reports, but inevitably smaller posts are left with tiny public diplomacy budgets.

## Sponsored visits

An assessment of trends in DFAT-sponsored visits shows that small posts play only a very limited role in the department's efforts to develop productive ties with foreign leaders, decision-makers and policy influencers.

For decades, Australian posts have tried to identify the next generation of leaders, decision-makers and influencers in the countries to which they're accredited, with a view to making those people aware of, and sympathetic to, Australia's foreign

policy interests. Those efforts have been supported by the Special Visits Program (SVP), which has been directed at influential or potentially influential politicians, government officials, businesspeople, academics or people in important NGOs. In addition, the International Media Visits (IMV) program has given influential foreign journalists an opportunity to form up-to-date and balanced views of Australia.

Australia isn't alone in having such programs. All major and middle powers have them, as do some small powers.

DFAT annual reports stopped providing data on SVP projects in 2015–16. In 1987–88, when DFAT was formed with the amalgamation of the foreign affairs and trade portfolios, there were 37 SVP visitors, which also happens to be the average number of visitors for the 26 years for which data is available.

In 2014–15 (the last year for which SVP data is available) there were 39 visitors—an increase of 5% over 1987–88. During the same period, the number of DFAT posts increased by 9% (from 88 to 96 posts), so the program didn't keep pace with the modest growth in the number of posts.

Over the longer term (from 1987–88 to now), the number of DFAT posts increased by 28% (from 88 to 113 posts). If the number of SVPs had kept pace with the number of posts, there would currently be 47 SVPs annually. As noted above, SVP data for the past five years is unavailable. Some of the apparent reduction in the relative number of SVPs may have been offset by a new sponsored visit program called 'Canberra Fellows', but DFAT annual reports have no information on that program's specific purpose or on the duration, cost or number of visits each year.

The data on the IMV program, unlike the data for SVPs, is available until 2018–19, but it doesn't start until 1989–90. In that year, there were 153 visitors from 25 countries.

In 2018–19, there were 27 visitors under the program. The number of countries represented in that year isn't available, but it is for the previous year (66 visitors from 20 countries). For the 26 years for which data is available, the average number of IMV visitors was 81 per year, the highest being 193 in 1995–96 and the lowest 26 in 2000–01. Since 1999–2000, in only one year (2008–09) has the number of visitors been above the average of 81.

Because the number of SVP and IMV visitors has lagged the growth in the number of Australian diplomatic posts, and because almost all the new posts have been small, very few visitors would have been from countries covered by our small posts.

## Middleweight Australia: lightweight DFAT

Some readers (and vigilantes in the Department of Finance) will say: 'Close these posts!' But, to reiterate, the 2019 Lowy Institute Global Diplomacy Index showed that Australia's diplomatic footprint still ranks 20th out of 36 OECD countries and 19th in the G20. And, as we've seen, a footprint can become broader but still remain very shallow.

Whether Australia's diplomatic footprint should be even bigger may now be a matter for genuine debate, but to argue that Australia, facing the most uncertain international security and economic climate in its modern history, should have a smaller or even shallower diplomatic footprint is to misunderstand Australia's place in the world.<sup>28</sup>

Australia is the world's sixth-largest country, with the world's third-largest ocean territory. Our search-and-rescue region covers 10% of the Earth's surface. Although we often consider our population small, 132 of the world's 195 countries have fewer people.

Ranked ninth on the Democracy Index, Australia is the 12th largest contributor to the UN regular budget and the 11th largest financial contributor to the UN peacekeeping budget. Australia is the world's 12th largest aid donor. We're ranked ninth on the global Soft Power Index. We also have the world's 12th biggest defence budget, and we're the world's second-biggest importer of arms. Australia is ranked 10th on the Global Cybersecurity index.

In 2018, Australia had the world's 14th largest economy in US dollar terms and the 19th largest in purchasing power. Per capita, Australians were ranked 14th (US dollar) and 22nd (purchasing power). In terms of median wealth per adult, Australians are second

in the world, after Switzerland. Australia has the fifth-most resilient economy in the world. We have the world's sixth-largest pool of investment funds under management and the 16th largest stock exchange. Based on stocks of foreign direct investment (FDI), Australia is the destination of the 14th largest amount of inward FDI and the source of the 17th largest amount of outward FDI.

By value, Australia is among the top 10 exporters of 18 major commodities. Ranked seventh on the Travel and Tourism Competitiveness Index, pre-Covid Australia received the eighth-largest international tourist spend from overseas visitors.

Pre-Covid Australia was ranked first in the world for inbound student mobility. Australia has the third-highest number of universities in the world's top 100 universities, among which seven of our universities are included. Our education system has been ranked as the sixth best in the world, and we have the ninth-highest proportion of 25–64-year-olds with tertiary qualifications.

According to the Human Development Index, which measures education and life expectancy as well as income, Australia is ranked third.

In 2009, the Lowy Institute said about a much narrower list of rankings, 'Properly harnessed, these are important sources of domestic strength and international influence.'<sup>29</sup> Perhaps, 12 years later, a sporting analogy helps to tell the story: Australia is a middleweight country with a lightweight diplomatic footprint.

## Conclusion

In a more contested and multipolar international environment, lightweight diplomacy reflects lightweight thinking. Australia can be safer, richer, better regarded and more self-respecting if our diplomatic influence is enlarged, not if it remains stunted. Diplomacy should become central to the implementation of Australia's national security policy, not linger as an accessory or afterthought. That adjustment can be achieved through the development of capability statements and financial plans for DFAT, which would show how the government intends to implement and fund its policy objectives.

Submarines, strike fighters, the Anzac legend, ANZUS and deployments of Australian troops would continue to play important roles in the implementation of Australian foreign policy, but no longer would their prominence push diplomacy into the shadows.

Securing public and political support for increased funding for diplomacy will be hard. Neither foreign policy nor diplomacy impinge on the daily lives of most Australians. Unless consular services are affected, Australians have been understandably indifferent to the state of DFAT's budget. Unlike consular work, foreign policymaking and diplomacy have appealed mostly to a narrow section of the media, so underfunding foreign policymaking and diplomacy hasn't carried much domestic political risk.

Some international issues now hold more domestic political risk than before, such as the day-to-day management of a tougher and tenser relationship with China and dramatic leaps such as the formation of AUKUS. Businesspeople expect the department to increase and diversify opportunities for trade and investment. And the aid program has a public constituency that often agitates for increased expenditure on development assistance. Still, in gritty political terms, consular services will continue to matter more.

The issue here is not to assess the relative value of DFAT's services functions vis-à-vis its policy function. For ministers, MPs, and many Australians, that's a no-brainer, and even more so in the wake of the Covid-19 experience. They won't support additional funds for DFAT's policy function if services aren't already first rate.

And DFAT staff—whether they're working on passport and consular matters or foreign policy—are rightly proud of the services that the department has built. In brief, no one is arguing for reduced DFAT services.

Nor is the issue to question whether too much money has been spent on infrastructure, or hardware. DFAT, and the government more broadly, have relied on professional advice for their property, security and ICT investments.

Our main interest here is to ask whether, as a nation, Australia should put a higher value on DFAT's policy function. Australia's passport and consular services are among the best in the world because they're well resourced, and they put the safety of travelling Australians first. They're Qantas quality, and we should want to keep them at Qantas quality.

Australia's foreign policymaking and diplomacy, in contrast, are under-resourced. On DFAT's watery policy fuel, Qantas would struggle to get off the ground.

The problem won't be fixed without political leadership and public support. Australians will support good public policy, and want it funded adequately, if they're persuaded of its value. That's the job of political leaders, who are ultimately responsible for advancing the security, prosperity, reputation and self-respect of Australia.

## Appendix: The operating budget for DFAT's policy function

In DFAT's annual resources statement, the operating budget for the department's policy function lies within, but is only part of, the funding for Outcome 1:

**Outcome 1:** The advancement of Australia's international strategic, security and economic interests including through bilateral, regional and multilateral engagement on Australian Government foreign, trade and international development policy priorities.

The other two outcomes that the government expects from DFAT are:

**Outcome 2:** The protection and welfare of Australians abroad and access to secure international travel documentation through timely and responsive travel advice and consular and passport services in Australia and overseas.

**Outcome 3:** A secure Australian presence overseas through the provision of security services and information and communications technology infrastructure, and the management of the Commonwealth's overseas property estate.

In determining the operating budget for DFAT's policy function, the funding allocations for services (passports and consular—Outcome 2) and infrastructure (property, security, ICT—Outcome 3) should be isolated. (This funding is isolated from our calculations simply to determine the operating budget for DFAT's policy function. Clearly, the passports and consular functions are an integral part of DFAT's work. And DFAT couldn't perform its policy function without property, security and ICT infrastructure.)

DFAT's annual resource summary has been divided into these three outcomes only since 2009–10. From 1999–2000 (when the government moved to accrual accounting) until 2009–10, there were four outcomes. Funding for 'public information services and public diplomacy' was a stand-alone outcome until 2009–10, when it was included as a separate output in Outcome 1. In addition, over the same period, security and ICT were an output within Outcome 1. Also, until 2001–02, DFAT wasn't responsible for the management of overseas property (that was a responsibility of the Department of Finance and Administration). From 2001–02, property management became a separate outcome in DFAT's resources summary until 2009–10, when it was consolidated with security and ICT as the current Outcome 3. To achieve consistency over the whole period since 1999–2000, we've therefore reassigned:

- pre-1999–2000 funding for 'public information services and public diplomacy' to the current Outcome 1
- pre-1999–2000 funding for security and ICT to the current Outcome 3
- funding for property management from 2001–02 to 2009–10 to the current Outcome 3.

The next step in determining the operating budget for DFAT's policy function is to isolate 'administered expenses' under Outcome 1. Administered expenses cover activities that DFAT manages or oversees on behalf of the government. They differ from 'departmental expenses', which cover activities controlled or costs incurred by DFAT in its own right (that is, DFAT has some discretion in how it deploys those resources). For the entire period since 1999–2000, Australian contributions to international organisations have been an administered expense. Other major administered expenses reflected in the annual resource summary in the period have included:

- the aid budget (since 2013–14)
- contributions to multilateral development assistance organisations (since 2013–14)

- the New Colombo Plan (since 2013–14)
- Tourism Australia (since 2013–14)
- the Export Finance and Insurance Corporation (1999–2000 to 2008–09)
- pension schemes (2001–02 to 2007–08)
- depreciation expenses, amortisation expenses, make-good expenses, audit fees, concessional costs for loans, finance costs of impairment of financial instruments (since 2009–10).

Finally, to achieve consistency over the entire period since 1999–2000, we've isolated the departmental expenses associated with the aid budget since 2013–14 (as noted above, the aid budget itself is an administered expense).

Tables 1 and 2 show the operating budget for DFAT's policy function in nominal and real terms:

Table 1: Key data—nominal, 1999–2000 to 2019–20 (\$'000)

| Year      | Foreign policy | Foreign policy – operating | Foreign policy – other | Consular & passports | Security, IT, property | Total     |
|-----------|----------------|----------------------------|------------------------|----------------------|------------------------|-----------|
| 1999–2000 | 560,829        | 389,380                    | 171,449                | 133,566              | 63,433                 | 757,828   |
| 2000–01   | 592,286        | 393,863                    | 198,423                | 134,017              | 92,897                 | 819,200   |
| 2001–02   | 640,802        | 427,299                    | 213,503                | 137,381              | 137,326                | 915,509   |
| 2002–03   | 590,810        | 424,848                    | 165,962                | 137,034              | 183,469                | 911,313   |
| 2003–04   | 1,173,538      | 438,781                    | 734,757                | 150,534              | 161,343                | 1,485,415 |
| 2004–05   | 636,249        | 435,397                    | 200,852                | 150,224              | 186,127                | 972,600   |
| 2005–06   | 656,520        | 452,495                    | 204,025                | 156,702              | 170,660                | 983,882   |
| 2006–07   | 747,294        | 512,661                    | 234,633                | 177,833              | 188,926                | 1,114,053 |
| 2007–08   | 740,687        | 512,222                    | 228,465                | 176,743              | 192,082                | 1,109,512 |
| 2008–09   | 773,545        | 458,259                    | 315,286                | 174,711              | 188,702                | 1,136,958 |
| 2009–10   | 836,109        | 550,472                    | 285,637                | 250,570              | 175,626                | 1,262,305 |
| 2010–11   | 782,387        | 523,924                    | 258,463                | 247,046              | 252,325                | 1,281,758 |
| 2011–12   | 782,251        | 539,881                    | 242,370                | 271,156              | 254,482                | 1,307,889 |
| 2012–13   | 785,827        | 543,935                    | 241,892                | 296,145              | 241,538                | 1,323,510 |
| 2013–14   | 5,884,056      | 638,045                    | 5,246,011              | 339,014              | 264,844                | 6,487,914 |
| 2014–15   | 6,267,257      | 717,259                    | 5,549,998              | 304,210              | 574,084                | 7,145,551 |
| 2015–16   | 5,227,119      | 561,191                    | 4,665,928              | 329,822              | 453,581                | 6,010,522 |
| 2016–17   | 6,140,357      | 546,939                    | 5,593,418              | 355,418              | 437,559                | 6,933,334 |
| 2017–18   | 4,773,422      | 554,920                    | 4,218,502              | 334,899              | 452,653                | 5,560,974 |
| 2018–19   | 5,171,570      | 608,876                    | 4,562,694              | 352,839              | 336,510                | 5,860,919 |
| 2019–20   | 5,538,331      | 627,603                    | 4,910,728              | 337,038              | 369,603                | 6,244,972 |

Table 2: Key data—real, 1999–2000 to 2019–20 (\$'000)

| Year      | Foreign policy | Foreign policy – operating | Foreign policy – other | Consular & passports | Security, IT, property | Total     |
|-----------|----------------|----------------------------|------------------------|----------------------|------------------------|-----------|
| 1999–2000 | 986,285        | 684,772                    | 301,514                | 234,892              | 111,555                | 1,332,732 |
| 2000–01   | 998,565        | 664,033                    | 334,531                | 225,946              | 156,620                | 1,381,131 |
| 2001–02   | 1,055,926      | 704,111                    | 351,814                | 226,379              | 226,288                | 1,508,593 |
| 2002–03   | 943,077        | 678,161                    | 264,916                | 218,740              | 292,861                | 1,454,678 |
| 2003–04   | 1,808,170      | 676,067                    | 1,132,103              | 231,941              | 248,595                | 2,288,706 |
| 2004–05   | 941,907        | 644,564                    | 297,343                | 222,393              | 275,544                | 1,439,843 |
| 2005–06   | 923,656        | 636,614                    | 287,042                | 220,464              | 240,101                | 1,384,220 |
| 2006–07   | 1,001,629      | 687,141                    | 314,488                | 238,357              | 253,225                | 1,493,212 |
| 2007–08   | 950,315        | 657,190                    | 293,125                | 226,765              | 246,445                | 1,423,525 |
| 2008–09   | 941,546        | 557,785                    | 383,761                | 212,655              | 229,685                | 1,383,887 |
| 2009–10   | 1,005,697      | 662,124                    | 343,573                | 301,393              | 211,248                | 1,518,339 |
| 2010–11   | 886,705        | 593,781                    | 292,925                | 279,985              | 285,968                | 1,452,659 |
| 2011–12   | 870,116        | 600,522                    | 269,594                | 301,613              | 283,066                | 1,454,795 |
| 2012–13   | 876,962        | 607,017                    | 269,945                | 330,490              | 269,550                | 1,477,002 |
| 2013–14   | 6,460,427      | 700,545                    | 5,759,883              | 372,222              | 290,787                | 7,123,436 |
| 2014–15   | 6,933,408      | 793,497                    | 6,139,911              | 336,545              | 635,104                | 7,905,056 |
| 2015–16   | 5,826,952      | 625,590                    | 5,201,362              | 367,670              | 505,631                | 6,700,254 |
| 2016–17   | 6,606,713      | 588,479                    | 6,018,235              | 382,412              | 470,791                | 7,459,916 |
| 2017–18   | 5,035,047      | 585,334                    | 4,449,713              | 353,254              | 477,462                | 5,865,764 |
| 2018–19   | 5,275,001      | 621,054                    | 4,653,948              | 359,896              | 343,240                | 5,978,137 |
| 2019–20   | 5,538,331      | 627,603                    | 4,910,728              | 337,038              | 369,603                | 6,244,972 |

Table 3 shows statistics on the aid budget and the departmental expenses associated with the aid budget since 2013–14, which have been isolated in order to achieve consistency over the entire period since 1999–2000:

Table 3: Aid budget and staff costs, nominal and real, 2013–14 to 2019–20

| Year    | Nominal (\$'000) |           | Real (\$'000) |           |
|---------|------------------|-----------|---------------|-----------|
|         | Aid budget       | Aid staff | Aid budget    | Aid staff |
| 2013–14 | 4,619,475        | 311,895   | 5,071,975     | 342,447   |
| 2014–15 | 4,300,011        | 231,898   | 4,757,062     | 256,547   |
| 2015–16 | 3,571,445        | 240,823   | 3,981,283     | 268,458   |
| 2016–17 | 4,529,374        | 242,856   | 4,873,377     | 261,301   |
| 2017–18 | 3,168,832        | 248,927   | 3,342,512     | 262,570   |
| 2018–19 | 3,461,323        | 255,151   | 3,530,549     | 260,254   |
| 2019–20 | 3,744,534        | 258,978   | 3,744,534     | 258,978   |

Using this data as a starting point, analysts will be able to draw on information in future DFAT annual reports to calculate whether governments are increasing or decreasing the operating budget for DFAT's policy function—an important bellwether of their commitment to the role of diplomacy in Australia's national security.

## Notes

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- 2 Stuart Harris, *Review of Australia's overseas representation*, Australian Government Publishing Service, Canberra, 1986, 3.
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- 4 Robert Gates, 'The overmilitarization of American foreign policy', *Foreign Affairs*, July/August 2020, [online](#).
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- 6 Chas W Freeman Jr, *The diplomat's dictionary*, United States Institute of Peace Press, Washington DC, 1997, 75. Zhou was channelling von Clausewitz's famous line, 'War is the continuation of diplomacy by other means.'
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- 17 Broadbent et al., *Australia's diplomatic deficit*, 25, 61–62 fn 51.
- 18 Unless indicated otherwise, all statistical data is drawn from DFAT annual reports or, in the case of the recent increase in the number of diplomatic posts, from ministerial press releases.
- 19 To show the trend over the entire period since 1999–2000, we've removed expenditure data on aid and staff delivering the aid program, which came under the DFAT budget after the integration of AusAID in 2013–14. The available statistics don't allow us to remove the AusAID component of the infrastructure budget from the total DFAT budget. The spike in 2003–04 for both the broad policy budget and the total budget is related to changed accounting arrangements for the Export Finance and Insurance Corporation.
- 20 *The Embassy* was a highly regarded real-life TV series dealing with the management of consular cases in Australian embassies and consulates.
- 21 The more appropriate base year for the measurement of trends in the infrastructure budget is 2001–02, rather than 1999–2000, because in that year the budget for overseas property was incorporated into the DFAT budget. So it's since 2001–02, not 1999–2000, that the infrastructure budget has grown by 39%.
- 22 Broadbent et al., *Australia's diplomatic deficit*, 19.
- 23 Lowy Global Diplomacy Index, Lowy Institute, Sydney, [online](#).
- 24 DFAT, *Annual report 2011–12*, 5.
- 25 'Multiple accreditations' refers to a situation in which an ambassador or high commissioner is concurrently accredited to another country or countries. For example, the Australian Ambassador to Russia is concurrently accredited to Armenia, Belarus, Kazakhstan, Tajikistan, Uzbekistan, Kyrgyzstan and Turkmenistan.
- 26 Broadbent et al., *Australia's diplomatic deficit*, 21–22.
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## Acronyms and abbreviations

|      |  |
|------|--|
| ADF  | Australian Defence Force                               |
| ASIO | Australian Security Intelligence Organisation          |
| DFAT | Department of Foreign Affairs and Trade                |
| EU   | European Union   |
| FDI  | foreign direct investment                              |
| GDP  | gross domestic product                                 |
| HOM  | head of mission  |
| ICT  | information and communications technology              |
| IMV  | International Media Visits program                     |
| NATO | North Atlantic Treaty Organization                     |
| NGO  | non-government organisation                            |
| OECD | Organisation for Economic Co-operation and Development |
| Quad | Quadrilateral Security Dialogue                        |
| SAO  | senior administrative officer                          |
| SVP  | Special Visits Program                                 |
| UN   | United Nations   |
| WTO  | World Trade Organization                               |

## About the author

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## The costs of discounted diplomacy