

Chapter 14

Funding Australia's public diplomacy

14.1 Australia's capacity to deliver effective, well-coordinated public and cultural diplomacy programs, both in-country and overseas, depends crucially on adequate levels of public funding. This chapter examines the level of funding for Australia's public diplomacy programs and considers whether it is adequate and well targeted. It is also interested in recent trends in expenditure and how the funding for Australia's public diplomacy compares with other countries.

Resources for Public diplomacy

14.2 It is clear that significant effort is required to project and establish a positive image of Australia in a fiercely contested international space. It is an expensive undertaking for a medium-sized country to secure and maintain international recognition as an 'identity' in its own right. Considerable resources are needed for research and analysis before messages are crafted and promoted in a way that will convey a positive image of Australia and leave a lasting favourable impression.

Funding for Australia's public diplomacy

14.3 DFAT informed the committee that it has a two-tiered approach to funding its public diplomacy activities. It allocates funds to enable general public diplomacy work to be undertaken throughout the department as well as funds allocated explicitly for front-line public diplomacy programs.¹ In 2005–06, the actual expenditure on public diplomacy identified by DFAT was \$93.5 million which comprised:

- \$32.4 million on grants and contributions;
- \$8 million on Australia's participation at the 2005 World Expo in Aichi; and
- \$53 million on general departmental public diplomacy outputs.²

14.4 The \$53 million for general departmental public diplomacy is 'a real allocation'. It captures 'all of the work that is done on public diplomacy by the department in totality'.³ The figure was calculated from the department's activity based costing model. DFAT explained:

The model was developed through a survey completed by a large sample of officers in Canberra and at post, who together represented the operations of the department as a whole. The survey collected data on time spent on

1 *Submission 18*, paragraph 5.1, p. 58.

2 *Submission 18*, p. 58.

3 *Committee Hansard*, 14 March 2007, p. 29.

various activities, including public diplomacy. This information was used to determine an allocation of the department's resources across its Outcomes.⁴

14.5 It should be noted that the allocation from this activity-based model encompasses the full range of costs incurred by the department which contributes directly to public diplomacy and includes salary, travel, communications and property costs. It also includes 'a calculated share of overhead functions such as human resources management, financial management and other corporate services'. The following table indicates that over the last five years the general departmental public diplomacy expenditure has moved between approximately \$63 and \$51 million and now stands at \$54.8 million.

Table 14.1: Expenditure for the last 5 years (excluding administered items and revenue from other sources)⁵

2002–03	2003–04	2004–05	2005–06	2006–07
\$62.618	\$56.499	\$50.842	\$52.999	\$54.791

14.6 Dr Strahan, Assistant Secretary of the Images of Australia Branch (IAB), noted that the percentage of 'spending devoted to public diplomacy over the last six or seven years...has remained broadly stable. It has fluctuated between about 9.4 per cent of the total DFAT budget in 1999–2000 to about 8.7 per cent of the budget in the last financial year, with little bumps up and down'.⁶ He pointed out, however, that:

...the budget...which in current dollar terms is \$15 million higher than it was in 1999, is only part of the much more general federal public diplomacy spend and once you include the expenditure of related agencies, such as the Australia Council and Tourism Australia, you get a much larger number, of course, which gives a good picture of the total public diplomacy effort...On the general question of the figure of \$53 million, that relates to, as I said, a certain percentage of the total budget which is allocated to each outcome under the budget.⁷

DFAT's public diplomacy programs—IAB

14.7 The IAB has the primary responsibility for implementing the department's public diplomacy programs and accordingly administers the largest public diplomacy budget that was \$23.5 million in 2005–06.⁸

4 DFAT answer to written question on notice, received 1 May 2007, p. 8.

5 DFAT answer to written question on notice, received 1 May 2007, p. 7.

6 *Committee Hansard*, 14 March 2007, p. 20.

7 *Committee Hansard*, 14 March 2007, p. 29.

8 *Submission 18*, p. 58.

14.8 The table below shows a breakdown of IAB's expenditures on public diplomacy activities from 2002–2003 to 2005–2006.⁹

Table 14.2: Breakdown of IAB's expenditure on public diplomacy programs and activities it manages from 2002–03 to 2005–06

Expenditure by IAB	2002–2003	2003–2004	2004–2005	2005–2006
Public Diplomacy (Posts)	\$1,936,434	\$1,473,647	\$1,607,605	\$1,585,557
Australian International Cultural Council	\$1,080,276	\$1,027,473	\$1,076,790	\$1,067,540
International Media and Cultural Visits	\$484,082	\$468,235	\$447,393	\$537,206
Media Strategies and Publications	\$315,952	\$272,335	\$367,966	\$306,819
Public Diplomacy Contingency Fund	\$0	\$56,234	\$21,101	\$25,000
Cultural Relations Discretionary Grants—Administered	\$302,000	\$339,892	\$386,657	\$378,337
Australian Institute of International Affairs—Administered	\$60,000	\$65,000	\$65,000	\$71,000
ABC AsiaPacific (now Australia Network)—Administered	\$17,370,000	\$17,770,000	\$18,180,000	\$18,600,000
Musica Viva			\$130,000	\$130,000
Indigenous programs			\$135,471	\$120,830
Asia Link	\$445,465	\$353,478	\$130,000	\$130,000
Administration and Tender Costs	\$87,231	\$83,144	\$146,001	\$383,545
Internet	\$251,049	\$221,820	\$285,978	\$223,985
Public Communications	\$178,771	\$120,927	\$91,163	\$0
Asia Pacific Sports Program (AusAID)	-\$4,503	-\$13,949	\$0	\$0
Expos	-\$27,573	\$0	\$0	\$0
Total	\$22,506,184	\$22,238,236	\$23,068,125	\$23,559,819

* In 2005–06, the Public Communications Section was merged into other parts of IAB.

** The Asia Pacific Sports program is funded by AusAID and cost neutral to IAB.

*** Expo expenditure was not managed by IAB between 20003–04 and 2005–06.

14.9 Table 14.2 shows that the major items of expenditure were on the Australia Network (\$18.6 million), public diplomacy activities for posts (\$1.59 million) and the Australian International Cultural Council (\$1.07 million). These three items accounted for over 90 per cent of the Branch's total expenditure on public diplomacy programs for the financial year. Administered funding on Australia Network alone accounted for 79 per cent of total expenditures.

14.10 DFAT's submission mentioned that IAB is currently conducting a review of the public diplomacy funding for all posts 'to ensure that the current spread of allocations serves Australia's key foreign and trade policy objectives as effectively as possible'.¹⁰

General views on funding available for Australia's public diplomacy

14.11 A number of witnesses were of the view that Australia's public diplomacy is not a high priority for the government. Mr Kirk Coningham argued that:

The reality is that Australian public diplomacy has been relegated to a level of importance equivalent to that of Embassy gardens. It's now almost exclusively managed around the world by locally engaged staff. DFAT will argue that dedicating 30 percent of the duties of the 3rd Secretary Political as a 'supervisor' is sufficient for the task. It is not. Under DFAT this incredibly important function will remain the domain of the garden shed while the increasingly redundant work of the traditional diplomat will maintain its place in the ivory tower.¹¹

14.12 Mr Trevor Wilson suggested that the resources devoted to public diplomacy in Australia are 'pretty miniscule': that Australia is running its public diplomacy program 'on a shoestring'.¹² He explained:

I am actually quoting somebody in the department who is running it when I say that. If it is the high priority that the government says it is, it probably should be getting quite a lot more money. Most of the submissions that you have received from the individual councils say that. But on the other hand, I think it is very difficult to justify giving public diplomacy a lot more money without some more rigorous evaluation.¹³

14.13 He noted that a number of activities or programs listed by DFAT as public diplomacy would not fall within the definition of public diplomacy. He noted:

...a lot of their publications, which are actually targeted at the Australian public and not overseas. Of course, they are useful overseas as well, but

10 Department of Foreign Affairs and Trade, *Submission 18*, p. 54.

11 *Submission 1*, p. [3].

12 *Committee Hansard*, 11 April 2007, p. 7.

13 *Committee Hansard*, 11 April 2007, p. 7.

they are primarily for the Australian public. The trade advocacy program I would not particularly call public diplomacy.

The Economic Analytical Unit's work I also would not call public diplomacy. Their trade advocacy is mainly aimed at convincing people about good trade practice. You can put that into good governance if you like but I think it is a bit dubious. The Economic Analytical Unit is primarily aimed at informing Australian people about the economic situation in other countries. It is not aimed at the overseas public at all.¹⁴

14.14 Mr Freeman agreed that the funding available for public diplomacy was 'pretty modest by national standards'. He took the example of the IAB with their staff of around 12 or 14:

Their operational budget, once you take out the Australia Network and some of the discretionary cultural funding and so on, comes down to probably about \$4½ million.¹⁵

14.15 Aside from these general observations about the funding of public diplomacy by some witnesses, two areas attracted particular comment for their funding—the bilateral foundations, councils and institutes (FCIs) and cultural diplomacy.

Funding for the bilateral foundations, councils and institutes

14.16 There are nine bilateral foundations, councils and institutes. Although they have their own mission statements, in general their overarching objective is to develop and strengthen people-to-people links and to foster greater mutual understanding. The objectives of the Council on Australia Latin American Relations place an emphasis on economic ties (see appendix 4 for information on the FCIs).

14.17 DFAT explained that the funding arrangements for FCIs are determined by the instrument under which they were established—an Executive Order in Council or an Administrative Circular. It provided the following details:

FCIs established under Executive Orders in Council are funded from the administered Outcome 3 measure 'International Relations Grants Programme (IRGP)'. Applications for IRGP funding are assessed on an annual basis by DFAT's Senior Executive, usually in June, following which a recommendation is made to the Minister for the forthcoming financial year only.

FCIs established under Administrative Circular are funded via the department's own internal budgetary process. The initial funding for these FCIs was determined by the Minister upon establishment and set the basis for their permanent (or base) budget. In addition to their permanent budget, these FCIs are able to access the biannual Budget Allocation Review (BAR) mechanism in a similar manner to other work areas within the

14 *Committee Hansard*, 11 April 2007, p. 34.

15 *Committee Hansard*, 11 April 2007, p. 33.

department. It should also be noted, that while these FCIs are currently funded via the departmental appropriation, there is also scope for them to make a supplementary application for funding through the IRGP, as described above.¹⁶

14.18 The following table lists government funded expenditures by the nine FCIs from 2002–2003 to 2005–2006.¹⁷ The Australia–Japan Foundation spent \$2.5 million in government funds for the financial year; the next highest was the Australia–China Council with \$745,731.

Table 14.3: Expenditure by the nine foundations, councils and institutes

FCI Expenditure	2002–2003	2003–2004	2004–2005	2005–2006
Australia China Council	\$732,851	\$752,596	\$752,132	\$745,731
Australia India Council	\$738,172	\$749,900	\$749,390	\$739,419
Australia Indonesia Institute	\$848,583	\$785,104	\$784,390	\$729,275
Australia Malaysia Institute*				\$288,216
Australia Thailand Institute**				\$297,668
Australia Korea Foundation	\$719,731	\$743,229	\$746,190	\$737,854
Australia Japan Foundation***	\$3,413,093	\$3,322,763	\$3,159,338	\$2,500,000
Council for Australian–Arab Relations	\$149,583	\$399,899	\$492,030	\$470,528
Council on Australia Latin America Relations				\$414,493
Total	\$5,869,162	\$6,000,895	\$5,931,338	\$6,177,453

* The AMI was established in April 2005. Its first budget was for 2005–06.

** The ATI was established in June 2005. Its first budget was for 2005–06.

*** The AJF was an independent statutory authority until 2006. AJF expenditure includes staffing and administrative costs

16 DFAT, answer to written question on notice, received 1 May 2007, p. 16. *Bills Digest no. 7, 2006–07, Australia–Japan Foundation (Repeal and Transition Provisions) Bill 2006*. *Parliament of Australia, Parliamentary Library*, notes that the Australia–China Council, the Australia–Indonesia Institute, the Australia–Korea Foundation and the Australia–India Council were established by an Order-in-Council.

17 DFAT answer to written question on notice, received 1 May 2007, p. 8.

14.19 Only three FCIs were directly represented at the committee's public hearings. They indicated that they could certainly do more work with increased funding. Ms Dinah Dysart, Deputy Chair of the Australia–China Council, informed the committee that the Council's 'modest budget and the necessity to do more with fewer people' was their greatest challenge. She explained:

When I was appointed to the council in 1998 there were 12 members on the council. Now there are nine members, including an ex-officio member, and that is likely to reduce further to eight later this year. This reduction has occurred over time to reduce costs and maximise program funding. This has meant that the councils have had to work smarter, as there has been no reduction in the programs that we deliver. At the same time, China's profile in Australia continues to grow, as we all know, and with it interest in and expectations of what the council is able to fund have also grown.¹⁸

14.20 The Chair of the Council on Australia Latin American Relations (COALAR), Mr Bernard Wheelahan, told the committee he had recently written to the Secretary of DFAT asking for funding parity with other councils. He told the committee: '...what I am expecting is to get \$750 000...Representing 500 million people in 22 countries, I reckon that is value for money'.¹⁹ A member of the Australia–India Council, Professor Bruce Bennett, told the committee:

It is my view that a budget of \$1.5 million would be more appropriate to the sorts of activities that the Australia-India Council projects into the future, particularly in education, the arts and public policy, including media links. We are continually saying, 'No, we can't fund this.' We get excellent applications, many of which we have to turn back.²⁰

14.21 Professor Bennett told the committee that the Council was awaiting DFAT's inquiry into FCI funding before deciding whether to approach the department. Taking a broader perspective, he also commented on the funding for all councils:

I think also there is a sense amongst the bilateral councils, who meet informally once a month and discuss issues—secretariats and members—that together they add up to something very significant in public diplomacy and that none of them would want to make the kind of bold claim that I made a moment ago [the appropriateness of a budget of \$1.5 million] and thereby dislodge another council or councils.²¹

14.22 Ms Alison Carroll, Asialink, who is on the board of the Australia-Indonesia Institute, agreed that the FCIs are 'poorly funded'.²² Ms McGregor, Asialink, referred to a recent a proposal before a FCI for \$30,000.

18 *Committee Hansard*, 14 March 2007, p. 33.

19 *Committee Hansard*, 14 March 2007, p. 44.

20 *Committee Hansard*, 14 March 2007, pp. 44–45.

21 *Committee Hansard*, 14 March 2007, p. 46.

22 *Committee Hansard*, 15 March 2007, p. 12.

We are not only non-profit, we use other money to support any of the work that we do. We ended up getting \$10,000 from them for it. You just cannot make programs work like that, and it wastes everybody's time. A lot of time goes into a submission and there has got to be a more efficient way of delivering than this.²³

14.23 In 2004, JSCFADT recommended that funding to the Australia–Indonesia Institute should be substantially increased to enable it to maintain the breadth of programs it supports, to provide for continuity of successful core programs and to enable it to extend its reach significantly. It further recommended that the Australia–Indonesia Institute receive additional funding to expand its efforts in promoting culture and the arts and a portion of the increase in funding be dedicated to the furthering of the sports relationship between Australia and Indonesia.²⁴ Table 14.3 indicates that government funding to this institute has fallen since then.

14.24 Accountability is an important aspect of government funding. The committee notes that DFAT's Annual Report contains a section on the FCIs but conveys very little information especially on expenditure. Some FCIs produce an annual report that is presented to Parliament and some do not. The annual reports of the Australia–China Council, the Australia–Indonesia Institute and the Australia–Japan Foundation are tabled. Some FCIs, such as the Australia–Korea Foundation, have in the past had their annual report tabled in Parliament but now do not. The most recent annual report for the Australia–India Council available on DFAT's website is for financial year 2001–2002 and for the Australia–Korea Foundation is financial year 2003–2004.²⁵ Dr Alison Broinowski suggested that 'it was time to review the operations of the bilateral councils and consider whether their operations should be unified to make them 'more coherent, more recognisable, more brandable'.²⁶

Committee view

14.25 The committee agrees with the view that the funding for the FCIs is 'modest'. It accepts advice from the representatives of the councils that appeared before it that their activities are constrained by limited funding. The committee also notes that the nine FCIs have come into existence over a period of time and under different instruments. It suggests that it would be timely for DFAT to review the bodies as distinct entities and then as a group with a view to identifying any anomalies that may have arisen since the Australia–Japan Foundation was established in 1978 and which create unnecessary duplication in functions or in administration. The committee is in no doubt that increased funding to the FCIs would boost Australia's public diplomacy

23 *Committee Hansard*, 15 March 2007, p. 12.

24 Joint Standing Committee on Foreign Affairs Defence and Trade, Foreign Affairs Sub Committee, *Near Neighbours—Good Neighbours, An Inquiry into Australia's Relationship with Indonesia*, May 2004, pp. 143, 174, 176.

25 As at 10 August 2007.

26 *Committee Hansard*, 11 April 2007, p. 5.

efforts. It is the committee's view, however, that it would be unwise to consider such increases before such a review which would also provide the opportunity to identify areas where greater efficiencies may be gained.

14.26 In summary, the committee regards FCIs as very effective vehicles in contributing to the conduct of public diplomacy. Evidence suggested they could do with further funding. The committee urges the government to undertake a review with a view to increasing their budgets.

Recommendation 19

14.27 The committee recommends that DFAT undertake a review of the nine FCIs with a view to assessing their effectiveness in contributing to the conduct of Australia's public diplomacy. The review should consider, among other matters, whether the FCIs should receive an increase in funding.

14.28 The committee suggests that for increased accountability, the FCIs be required to produce an annual report and for the Minister to table the report in Parliament. This requirement would not alter the current arrangement of DFAT's annual report containing a summary of the FCI reports.

Recommendation 20

14.29 The committee recommends that each FCI produce an annual report to be tabled in Parliament.

Funding public diplomacy activities

14.30 This report has considered a number of public diplomacy programs that are making a valuable contribution to Australia's public diplomacy. They include visitors' programs, student exchanges, educational programs, sports development, promotional campaigns run by Tourism Australia or Invest Australia, and many different and varied cultural events and exhibitions.

14.31 Most organisations would welcome additional funding. For example, Tourism Australia stated that it looks for a whole-of-government approach wherever possible given that its funds 'are meagre when compared to other national tourist offices working in our source markets'.²⁷ Funding for public diplomacy, however, is finite and budgeting priorities must be established. Mr Matthew Cameron-Smith, Tourism Australia, stated:

There are markets that we do not target because we do not have the funds to target those markets. We have to decide which of the 23 markets, for example, are most appropriate to this country and where we can actually

27 *Committee Hansard*, 12 April 2007, p. 2.

derive the most economic benefit for Australia. They are the markets that we are active in.²⁸

14.32 Mr Greg Nance, Australian Sports Commission, contended that sport for development has a great public diplomacy effect and indicated that the ASC 'could go a lot further with this if resourced adequately. It is a good story'.²⁹ According to Mr Nance, if funding were provided on top of the \$2 million that ASC already receives from AusAID, ASC could 'reach farther for longer with the programs that we are undertaking now'. He gave the example as noted previously:

Last year I was at the Pacific Islands Forum education ministers' meeting in Fiji, where I spoke, representing our programs. After our presentation, which went for half an hour, every one of the countries represented at the forum approached us to bring the programs into their country.³⁰

14.33 When asked to provide a ballpark figure on the additional costs required to take the program into all of those countries, he replied:

There are 13 countries and we concentrate on four at the moment. If you multiply by a factor of 3½ or something like that on top of the \$2 million, you are there. With \$6 million to \$8 million we could reach all of the Pacific nations with programs that we believe are very successful and built on a lot of experience from our own system here in Australia.³¹

Funding cultural diplomacy

14.34 The committee also received strong representations on government funding for cultural diplomacy. Ms Jane Cruickshank, Australian Film Commission (AFC), informed the committee that increased funding in 2004 enabled the AFC 'to expand the breadth of the Embassy Roadshow program to establish Australian film festivals in key countries where there are identified diplomatic and cultural outcomes'. She noted that continued support of this funding would enable the AFC 'to expand Australia's international presence and develop Australian screen culture, and assist the strategic and diplomatic interests of Australia'.³² She maintained that the AFC cannot meet demand:

I have a list of requests for assistance to bring Australian films into other territories. Because our funding is targeted at AICC targets, they are the ones that we have to prioritise. For anything else we say, 'Unfortunately, we wish you well with this festival but we cannot assist you at this stage'.³³

28 *Committee Hansard*, 12 April 2007, p. 8.

29 *Committee Hansard*, 14 March 2007, p. 83.

30 *Committee Hansard*, 14 March 2007, p. 83.

31 *Committee Hansard*, 12 April 2007, p. 83.

32 *Committee Hansard*, 12 April 2007, p. 16.

33 *Committee Hansard*, 12 April 2007, p. 19.

14.35 Dr Gerard Vaughan, National Gallery of Victoria, observed correctly that the cultural organisations who came before the committee would say that more money would help. Speaking on behalf of his own institution, he said:

We would like to send more exhibitions overseas, particularly of Australian art. They are not easy to get up and running because, as I have said, overseas directors usually see them as a financial risk. If there were another source of money to underwrite them, or at least to underwrite some of the costs, I think that would be very helpful.³⁴

14.36 He suggested that the idea of some federal money expanding the national exhibitions touring support program 'to overseas would be a good one.'³⁵ Other organisations such as the Major Performing Arts Group also recommended substantial new funding.³⁶

14.37 The committee is in no doubt that the organisations cited above, as well as many others, could increase and improve their contribution to public diplomacy with more government support. But there are limits to government funds and the question then arises whether, within the overall budget, the funding made available to cultural diplomacy is adequate and appropriate.

14.38 Many of those engaged in cultural diplomacy suggested that Australia does not adequately fund its cultural diplomacy. It is a case of weighing up the overall benefits of supporting cultural activities, which involves economic and public diplomacy benefits, against the initial investment. Dr Vaughan said:

...it is coming back to whether or not government in Australia sees it as a good thing to have contemporary Australian art [promoted overseas], for government and national reasons—not just from the perspective of the individual galleries. If that is to be the case, I would suggest that some subsidies would have to be provided.³⁷

14.39 By way of illustration, he noted:

I want to emphasise that, with the great and notable exception of European Masterpieces that went to America, we send very few complete exhibitions overseas. The ones that we have sent, because of the funding issues, have tended to be fairly small and modest. I can see possibilities for the future.³⁸

14.40 Dr Vaughan cited Museums Australia, a peak body that represents the interests of all museums and art galleries of Australia, as 'chronically underfunded'.³⁹

34 *Committee Hansard*, 15 March 2007, pp. 38–39.

35 *Committee Hansard*, 15 March 2007, p. 39.

36 *Committee Hansard*, 12 April 2007, p. 49

37 *Committee Hansard*, 15 March 2007, p. 44.

38 *Committee Hansard*, 15 March 2007, p. 44.

39 *Committee Hansard*, 15 March 2007, p. 44.

14.41 Ms Carroll, Asialink, stated that comparatively Australia's public diplomacy is 'poorly resourced'.⁴⁰ In its submission, Asialink acknowledged competing priorities for Australia's public diplomacy but noted that no region is more geographically, politically and economically important to Australia than Asia.

Therefore, this region must be the top focus of Australia's public diplomacy efforts going forward, and this vision needs to be communicated clearly to all agencies, partners and stakeholders.⁴¹

14.42 Asialink noted in its submission that Australia Council funding for Asia 'was 35% of their international spend in 1993 and was down to 23% in 2006' (currently available figures).⁴² It observed further the increasing investment in public diplomacy by Asian governments and other institutions. Asialink cited countries such as Singapore and Korea which are dramatically increasing their spending in line with their European counterparts. As noted previously, China in particular is actively pursuing its public diplomacy in the region which includes promoting its culture. Asialink noted:

The investment by the Chinese Government in the establishment of over 120 Confucius Institutes in almost 50 countries and regions is also an example of the increased focus of China on their reputation and image in the world. The Chinese Government ambitiously intends to establish 1000 Confucius Institutes by 2020.⁴³

14.43 Asialink drew attention to what it believed was 'a disturbing trend'—the increasing under-representation of Australia in significant regional events. It provided the following example:

- Singapore Biennale 2006 had 46 Asian artists, 25 EuroAmerican, 22 others and 1 Australian;
- Shanghai Biennale 2006 had 49 Asian artists, 39 EuroAmerican, 4 others and 1 Australian;
- Taipei Biennale 2006 had 25 Asian artists, 14 EuroAmerican, and no Australians.⁴⁴

14.44 Ms Carroll gave the example of Indonesia. Citing from information contained in a 2004 report, she said:

The British, the French, the Germans, the Dutch, the Japanese, the Russians, the Indians are all investing in cultural centres in Indonesia and we do not...The Dutch spent \$300,000 on their cultural programs in Indonesia...The British spent \$3.9 million in Indonesia, promoting Britain

40 *Committee Hansard*, 15 March 2007, p. 5.

41 *Submission 8*, p. 5.

42 *Submission 8*, p. 5.

43 *Submission 8*, p. 1.

44 Also mentioned in paragraph 9.23. *Submission 8*, p. 1.

culturally in Indonesia. I know what we spend. It would be less than half a million dollars, and Indonesia is our next-door neighbour...[The French spent] 1.6 million. The Indians spent \$400,000; the Russians spent \$150,000 promoting Russian culture in Indonesia. The Australia–Indonesia Institute spends \$200,000, the Australia Council spends less than \$50,000.⁴⁵

14.45 Ms Carroll noted that Australia is also geographically isolated and concluded:

In light of the fact that we have these negative realities, we should be spending more than these other people that we are seeing in the same boat as ourselves, because people keep saying to me and to Jenny, and to all of us who are travelling in the region, 'You're missing the boat here. You're not taking advantage of your advance, which you had.'⁴⁶

14.46 In its submission to the inquiry, Asialink noted that Australia's budget for cultural diplomacy activities is well below that of other developed nations. It stated:

Australia spends just 17 cents per capita on cultural diplomacy, compared to Germany which spends approximately \$3, and the UK, which spends an impressive \$19 per capita.⁴⁷

14.47 Ms Carroll explained that the figures came from 'a mixture of public documents, like annual reports, and we got the Australian figure from DFAT'. She was prepared to accept that the problem in comparing statistics 'is one of definition and what you include'. She explained:

DFAT saw those figures and their response was, 'But we didn't include Radio Australia,' which was true, but neither did we include BBC World. We had a discussion in the office about including language training in this, and the decision was to do so, on the basis that language training—which does make a lot of money for the British because they have cornered that market pretty well—is a part of cultural or public diplomacy.⁴⁸

14.48 Dr Strahan informed the committee that he found the figures produced by Asialink misleading. To his mind, Asialink derived its figure of 17 cents by taking one aspect of DFAT's general budget—the International Relations Grants Program of \$3.5 million. He noted that many of DFAT's general public diplomacy programs have 'a cultural component, and trying to separate them out at that level is just not productive'. He then explained:

From the British figures, according to the FCO's own figures, total public diplomacy spending in the United Kingdom is around £600 million a year.

45 *Committee Hansard*, 15 March 2007, p. 5. According to Ms Carroll, the report was to the Australia-Indonesia Institute on the feasibility of setting up an Australian cultural centre. *Committee Hansard*, 15 March 2007, p. 6.

46 *Committee Hansard*, 15 March 2007, p. 7.

47 *Submission 8*, p. 1.

48 *Committee Hansard*, 15 March 2007, p. 6.

That is the equivalent of \$A1.4 billion or \$24 per person, which is a little bit higher than the figure that Asialink had, but fairly close.

The FCO figures are derived by adding up what they expend on the general FCO programs, what the British Council expends, what they expend on websites and what the BBC World Service expends. Out of that total you get around £600 million, according to their figures. By contrast, if you were to add up our comparable programs, Australia spends about \$455 million per year. That includes our scholarships program, which is now very large. That gives us a figure of about \$22.50 per capita, which is actually pretty close to the British figure; it is a little lower but not significantly so.⁴⁹

14.49 As noted previously, Ms Carroll conceded that it is very difficult to make international comparisons on public diplomacy spending 'because people define these things differently'. She added, however: 'I can give you a thousand figures, and it all shows the main point which is that...Australia spends so little'.⁵⁰

14.50 Mr Chris Freeman believed that there was considerable scope for increasing Australia's cultural activities. He suggested, as one alternative, 'to simply boost the Australia Council', which, in his view, is already an expert body. He said, 'give them the money but give them instruction to actually get out there and promote Australian culture in a more effective way than perhaps they have been doing already'.⁵¹

Additional funding

14.51 In the May 2007 Budget, the Australian Government provided \$20.4 million over four years to enhance Australia's cultural diplomacy and improve market access for Australia's cultural exports. This budget allocation, for a program 'Australia on the World Stage' will be implemented through the AICC. Its budget over the next four years will increase from \$1 million this financial year to \$3.6 million next year, then rise to \$5 million, to \$7.8 million and in the fourth year to \$7.9 million.⁵²

14.52 The minister announced that this injection of funds represents 'a six-fold increase in the AICC's budget and will take Australia's cultural diplomacy and cultural export promotion to a new level'. He regarded the additional allocation as a 'very substantial increase in funding for international multi-cultural promotion' which is going to be 'an important enhancement to our diplomacy'.⁵³

14.53 This budget allocation is intended to 'help create a better understanding of Australia in our region and further abroad'. The initiative includes increased funding

49 *Committee Hansard*, 15 May 2007, p. 39.

50 *Committee Hansard*, 15 May 2007, p. 7.

51 *Committee Hansard*, 11 April 2007, p. 37.

52 *Committee Hansard*, 15 May 2007, p. 38.

53 Minister for Foreign Affairs, the Hon Alexander Downer MP, Media Release, no. 053, 17 May 2007 and Transcript of doorstep, 17 May 2007: 'AICC meeting'.

for: major programmes in key countries including China, Indonesia and the United States; an expanded promotion of Australia's world-class film industry, using the reach of Australia's network of diplomatic missions; a new programme of grants to enable artists and performers to tour internationally; visits to Australia by international cultural decision-makers; and marketing material, website development and the promotion of Australian culture through international television broadcasting.

Committee view

14.54 The committee acknowledges the valuable contribution made to Australia's public diplomacy by the many various government agencies and government supported or sponsored organisations as well as NGOs. The committee welcomes the increased funding allocated to cultural diplomacy, especially the initiative 'Australia on the World Stage' announced in the 2007–08 Budget. Undoubtedly it will allow Australia's cultural institutions to make an even larger contribution to Australia's image abroad. In light of the proven capability of these institutions to contribute to Australia's public diplomacy and their willingness and enthusiasm to do more, the committee believes that the government should consider either a significant expansion of the program or strengthen its commitment to supporting their public diplomacy activities more widely.

Conclusion

14.55 Throughout this report, the committee has drawn attention to a range of government activities that portray a positive image of Australia. Whether it is in the area of development aid or humanitarian assistance, education, trade, investment, tourism or art and culture, these activities reach beyond overseas governments to wider audiences and help to enrich and strengthen Australia's international reputation. Clearly, increased funding to those engaged in Australia's public diplomacy would improve their capacity to do more to promote Australia's interests abroad. The committee, however, believes that, at the present time, the government's top priority should be determining the effectiveness of its public diplomacy programs. With this in mind, the committee has recommended that the government take steps to ensure that its public diplomacy programs are evaluated.

