

Philip Flood, AO

Secretary, Department of Foreign Affairs and Trade, 1996–99

Background

The advent of the Howard Government in March 1996 was very significant in foreign policy terms because foreign policy was seen as one of the issues that led to the defeat of the Keating Labor Government. Howard, with Alexander Downer as his Foreign Minister, brought significant changes to the priorities and conduct of Australian policy.

Philip Flood was appointed as secretary by the Howard Government at the beginning of its term of office. He had already had a distinguished career serving governments of both political persuasions in high-level positions, including as director-general of the Office of National Assessments (ONA) (1995–96), director-general of the Australian Agency for International Development (AusAID) (1993–95) and chief executive officer for Special Trade Representations (1977–80). He was also Ambassador to Indonesia (1989–93).

During Flood's secretaryship, the first challenge was to respond to the Howard Government's determination to differentiate itself from the foreign policy of its Australian Labor Party predecessors. In Flood's term he was involved in preparation of Australia's first ever *White Paper* on Foreign and Trade Policy, which was notable for confirming the government's strong preference for bilateralism over regionalism and multilateralism. A further early challenge was dealing with the 1997 Asian financial crisis that transformed the region in favour of China and eventually terminated the Soeharto regime in Indonesia.

Australia's alliance with the United States would reach new levels of intimacy and policy convergence. While this reflected Howard's strong conviction that the United States would be more, not less, important to Australia, it also occurred partly through coincidence of events as much as planning. In time, the Howard Government would also attach high priority to engagement with Australia's broader Asia Pacific region; his government would prove highly pro-active in its nearer region of the South Pacific and East Timor and would bring Australia into a closer relationship with China.

One of the more serious managerial tasks for DFAT at this time was dealing with the reductions in the departmental budget and, therefore, staff numbers, directed by the new government. Despite this challenge, Flood secured strong staff support for far-reaching changes to employment conditions, bringing much

greater flexibility to the management of the Department. A significant event was the Department's move into new premises designed to meet the special needs of a foreign ministry, the first time this had been done.

After his term as secretary, Philip Flood was appointed High Commissioner to the United Kingdom. Subsequently, he conducted several public inquiries for the Australian Government, including a sensitive inquiry into Australia's Intelligence Agencies in 2004.

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Cardinal de Richelieu (Armand Jean du Plessis), the French statesman and cleric, formed the first distinct foreign ministry in 1626. Since France dominated European power politics in the century after Richelieu's death, France's system of foreign policy organisation was gradually emulated by other states. Richelieu's confidant, the Capuchin friar Père Joseph (born François Le Clerc du Tremblay), was the diplomat used by the Cardinal in all of the most difficult negotiations of a critical period that included the Thirty Years' War. Because of the colour of his habit, Le Clerc became known as the *éminence grise* and this term was subsequently used to describe any unelected power behind a throne.

Papua New Guinea applied the term to me on 19 March 1997. I had been asked by Australia's Prime Minister to be his emissary in negotiating with Papua New Guinea's Prime Minister the removal of mercenaries from his country's territory. The handling of this issue, and its outcome, highlighted an important shift in the Australian Government's approach to foreign policy.

On 18 February 1997, the Office of National Assessments had briefed the Prime Minister and other ministers on the basis of intelligence that the PNG Government had signed a \$36 million contract with a British-based private military consultancy firm, Sandline International. In entering into this contract — which was for the supply of arms, training and mercenaries — the PNG Government had the dual objectives of destroying the Bougainville Revolutionary Army and reopening the Panguna copper mine on Bougainville. For a long time an intractable rebellion had been underway there, forcing the closure of the mine and causing extensive death and suffering.

For Australia, this represented a major foreign policy issue, for several reasons:

- mercenaries were being brought into Australia's sphere of influence;
- there was considerable risk that the arrangements between the PNG government and Sandline would bring great instability to our closest neighbour which, at that time, was receiving over \$300 million in civil aid, as well as substantial defence assistance; and
- many of the up to 10,000 Australian citizens living in PNG would be at risk if there were to be a breakdown in law and order.

In response to the ONA briefing, the Prime Minister summoned several ministers and senior officials — members of the National Security Committee of Cabinet — and the lines of Australian policy were determined. Broadly speaking, they were:

- we should aim to stop the mercenaries, then training in Wewak, from deploying to Bougainville;
- we should then get the mercenaries out of Papua New Guinea;
- the Australian Defence Force should look at options for assisting in this operation; and
- we should try to achieve our objectives in such a way as to do the least damage to relations with Papua New Guinea.

The Prime Minister spoke by telephone to PNG's Prime Minister, Sir Julius Chan. Sir Julius was less than frank about his plans. However, as it happened, there was to be another opportunity for Australia to sound him out on Sandline's activities. Australia's Foreign Minister, Alexander Downer, was due in Port Moresby on 19 February — the day following the ONA briefing — and while there he was able to meet face to face with Sir Julius. The essence of his advice to Downer was that what was taking place in Wewak was no more than the training of the PNG armed forces.

The two Prime Ministers subsequently met at Kirribilli House, the Prime Minister's official residence in Sydney. Again there was no movement in regard to the substance of the issues that were of concern to Australia.

On Monday 17 March the crisis deepened when, in defiance of his Prime Minister, Brigadier General Jerry Singirok, Commander of the Papua New Guinea Defence Force, launched an operation — codenamed 'Rausim Kwik' — to remove Sandline from PNG. Singirok ordered the arrest of Tim Spicer, the Sandline chief in PNG, and then provoked a constitutional crisis by demanding the resignation of his country's Prime Minister, Deputy Prime Minister and Defence Minister.

Sir Julius Chan sacked Singirok that same afternoon and appointed an interim Commander of the Papua New Guinea Defence Force. Singirok refused to budge and unrest spread in Port Moresby. The Government's response divided the army. The police, however, supported the Prime Minister.

On Tuesday 18 March, after consulting the National Security Committee, Prime Minister Howard told Parliament that:

- Australia supported the elected government of Papua New Guinea (i.e. we did not support Singirok's demands for the resignation of ministers);
- Australia remained opposed to PNG's use of mercenaries; and
- the Australian Government was concerned for the welfare of Australian citizens at risk of being caught up in the civil unrest.

On Wednesday 19 March, following further consultations with the National Security Committee, the Prime Minister telephoned Sir Julius Chan and told him that the sacking of Singirok had Australia's support. Howard also asked him if he would receive me as his personal emissary. Sir Julius, who knew me from previous negotiations I had conducted with him over aid to PNG, agreed. That same afternoon, I left for Port Moresby in the Australian Government's VIP Falcon jet. I was accompanied by Hugh White, deputy secretary of the Department of Defence, and Allan Taylor, then with the Prime Minister's Department.¹ Allan Taylor is an outstanding diplomat and Hugh White is Australia's foremost authority on defence and strategic policy. When in the air, Hugh prudently observed that we could not be sure we would be able to land should troops loyal to Singirok choose to intervene. Fortunately, this proved not to be a problem.

I met Sir Julius the next morning, in his office on the fourth floor of PNG's Parliament House. Australia's High Commissioner, David Irvine, joined my colleagues and me. Sir Julius was accompanied by the head of his department, Noel Levi. Sir Julius had contributed much to PNG and this was his second term as Prime Minister. He had also been PNG's first Finance Minister following independence. An arresting-looking man, with features drawn from his Chinese father and New Ireland mother, Chan was a strong nationalist. Hardworking and competent, he was also autocratic and aloof.

I told Sir Julius that, if he did not abandon the idea of using mercenaries, Australia would take drastic action and that it would affect both the aid program and the Defence Cooperation Program. He was taken aback. He was then offered additional assistance if he walked away from the Sandline deal. Eventually he tried to bargain. 'Perhaps Australia might like to pay for the mercenaries?' I said no. There was a total deadlock. The meeting broke up after some hours and I returned to our hotel. That evening Sir Julius's office telephoned to advise that he was reviewing his position and would see me in the morning.

On Friday 21 March he told me that he was suspending the Sandline contract while he set up a judicial inquiry and, most importantly, that the Sandline mercenaries would start leaving PNG that afternoon. My party flew out of Port Moresby later that day. Mr Howard met us in Sydney and he announced the outcome. The events surrounding the Sandline affair led to Sir Julius Chan's resignation on 26 March and the end of his political career.

The immediate outcomes of our negotiations were:

- (of course) the withdrawal of the mercenaries from PNG;
- the upholding of the integrity of the PNG constitution (in other words, the military commander Jerry Singirok neither determined the civilian government nor took control himself); and

- the opening up of new opportunities to address the problems in Bougainville.

The Howard Government's approach to this crisis marked a departure in Australia's South Pacific policy — breaking the mould in terms of official forbearance towards PNG and demonstrating a willingness to be more proactive in the region. The resolution of the crisis demonstrated Australia's capacity to bring considerable leverage to bear in regional diplomacy.

The handling of the events of early 1997 also demonstrated the importance of the National Security Committee (NSC) in the Government's approach to foreign, defence and security policy. Like Hawke, but unlike Whitlam, Keating, Blair or Bush, Howard is a cabinet traditionalist who cares strongly about orderly cabinet process. Accordingly, the NSC, which John Howard has called 'one of the very significant successes of the Government in terms of governance arrangements', is a key cabinet function under the Howard Government. The NSC has also given the Prime Minister a strong grip on the details of foreign, defence and security policy and, under Howard, has had a broader agenda than any comparable committee used by any of his predecessors.

I had the privilege of being secretary of the Department of Foreign Affairs and Trade at the time of a new government with different ideas about foreign and trade policy. Changes of government have occurred on only four occasions in the past 50 years. Other secretaries who had the experience of guiding the Department as it adjusted to a new government were Sir Keith Waller in 1972, Alan Renouf in 1975 and Peter Henderson in 1983.

In a broad sense Howard and Downer came to government with an assessment of Australia's place in the international community that was similar to the perspective of the Hawke and Keating governments. All held an optimistic view of Australia as a leading middle power with the capacity to influence events. All believed that Australia — while of course lacking the strength upon which a great power can draw in order to impose its will — is large enough and clever enough to advance specific interests in key areas.

But beyond this similarity, much about foreign and trade policy changed with the advent of the new government. Howard and Downer changed substantially the direction of Australia's foreign and strategic policy. They brought to government a very different perspective on major power relations, a different view of Australia's relationship with the United States, a different perception of other major bilateral relations, a different approach to trade and to the environment, and a different assessment of what the United Nations and other multilateral institutions should be tasked to achieve.

John Howard brought, in particular, a more expansive and optimistic view of the influence of the United States and a conviction that the United States and Australia are destined to grow more important to each other. He wanted strong

links with Japan, China and Indonesia but he would never use Keating's narrow, if confident, construction, 'Australia must find its security in Asia, not from Asia'.² Howard came to office respectful of Indonesia but less enamoured than Keating became with Indonesia's President Suharto. A passionate believer in parliamentary democracy and the rule of law, Howard was always going to have more reservations about Suharto. In a conversation shortly after his election, and following a successful first meeting with Malaysia's Prime Minister, Dr Mahathir, the Prime Minister discussed with me his approach to foreign leaders. He remarked: 'We are proud to be Australian, proud of our culture and traditions — we do not grovel to foreign leaders. I will be defiantly Australian without being gauche or provocative.'

One of Alexander Downer's early decisions was to issue the *White Paper on Foreign and Trade Policy*.³ I would like to say that this was done on my recommendation, but it was not. Downer personally took this initiative and, at the time, I reflected how strange it was that his two energetic and capable predecessors — Hayden and Evans — had not done so. Downer set up an advisory committee, consisting of business people, a former Prime Minister, former policy advisers and academics to give him additional advice.

One of the best decisions I made was to agree to the request of Peter Varghese, the present Director-General of ONA, that he be in charge of the secretariat charged with drafting the text of the *White Paper*. Downer drove the process personally and, given the closeness between his strategic vision and that of the Prime Minister, it was not a difficult matter for the Foreign Minister to secure cabinet endorsement for his text.

The *White Paper* acknowledged elements of continuity between governments and noted 'the priority accorded to the Asia Pacific and, especially, to the countries of East Asia, the forging of close relationships with the United States, Japan, Indonesia and China, the commitment to further trade liberalisation and strong support for the World Trade Organisation and APEC'.⁴ The document further set out four strategic priorities:

- The Government will apply a basic national interest test to its foreign and trade policy: does it advance the security, jobs and standard of living of Australians?
- Australia has global interests that require an active foreign and trade policy, of broad scope. In terms of this policy, the Asia Pacific is the highest priority.
- Bilateral relationships will be the principal means of advancing Australia's interests, and will be the basic building blocks for effective regional and global strategies.

- Australia will adopt a more selective approach to multilateral issues and must concentrate its multilateral efforts in those areas where Australia's security and economic interests are closely engaged.

The following brief extracts from the *White Paper* give a sense of its flavour:

- Australia's foreign and trade policy is about advancing the interests of Australia and Australians ...
- The United States will remain, over the next 15 years, the single most powerful country in the world. The Government's judgment is that the United States will also continue to see its best interests being served by maintaining its strategic engagement in East Asia ... The strategic engagement and commitment [of the United States] underwrites the stability of East Asia ...
- China's economic growth, with attendant confidence and enhanced influence, will be the most important strategic development of the next 15 years. How China manages its economic growth and pursues its international objectives, and how other nations, particularly the United States and Japan, respond to China will be crucial ...
- Australia's strong links to Europe and the United States ... enhance Australia's value to East Asia ... Australia does not need to choose between its history and its geography ...
- Australia must be realistic about what multilateral institutions such as the United Nations system can deliver ...
- Central to the strategies in this paper is adopting a whole-of-nation approach which emphasises the linkages between domestic policies and foreign and trade policies.

Behind the words in the *White Paper* were many nuances of difference with the previous government. One of the document's underlying messages was that Australia should be proud of its unique identity and that our neighbours should value us for what we are: a responsible, constructive and practical nation with remarkable achievements in medicine, agriculture, mining, education, law and, not least, in governance and public administration.

Howard and Downer had a more positive view than their predecessors with regard to Australia's relationship with Britain. This was no yearning for an Anglo-Celtic past. Neither had any illusions that Britain would stand up within the European Community when issues with the potential to affect Australia's agricultural interests arose, but both had greater respect than Keating for what Britain represented and what it could bring to the international table. Both also valued highly Australia's military and intelligence links with Britain.

Similarly, Downer had no illusions about France's capacity to play an idiosyncratic role in global affairs but he was much more convinced than his

predecessors had been about the importance of keeping France — indeed Europe — engaged in the South Pacific. He shared with Paul Keating an affection for French culture, but drew different conclusions about France's approach to its territories in the Pacific.

On China, the *White Paper* sent a clear message to Australians: they should understand that China will be a powerful force in our region and a powerful factor affecting the fortunes of Australia. The policy rejected the 'China threat' view, which had taken hold in some influential quarters in the United States. Americans had been debating, and still debate, whether the United States should see China as a strategic competitor or a strategic partner.

In its very early months the Howard Government took a less nuanced approach to China. Responding to a temporary crisis over the Taiwan Straits, Australia gave prompt and strong diplomatic support for American naval manoeuvres intended to reassure Taiwan. In July 1996 the 'Sydney Statement' was issued following the Australia-United States ministerial talks (AUSMIN). China wrongly interpreted this statement as a manifestation of Australian involvement in a US policy of containment. A change in each country's perception began when the Prime Minister met China's President, Jiang Zemin, at the APEC forum in November that year, and both agreed to exchange head of government visits.

Prime Minister Howard's first visit to China, in March 1997, marked a major turning point in his approach to Sino-Australian relations. I had been asked to go ahead and clear the way for a changed approach on several issues. Howard's visit was an outstanding success and laid the foundation for a more strategic relationship and for subsequent commercial achievements.

In addition to its positions in respect of specific bilateral relationships, the *White Paper* gave priority to reforming the treaty making process so as to provide for greater transparency and accountability. Downer also had new ideas about foreign aid policy and he set about changing Australia's aid program. He had strong views about consular matters as well. On my first day as secretary he made it clear that he wanted consular matters to have a higher standing in the department and he wished to be personally involved in any significant consular issue.

On the issue of race, the *White Paper* delivered a strong, principled and unambiguous statement:

Central to the values to which the Government gives expression is an unqualified commitment to racial equality and to eliminating racial discrimination ... The rejection of racial discrimination is not only a moral issue, it is fundamental to our acceptance by, and engagement with, the region where our vital security and economic interests lie.

Racial discrimination is not only morally repugnant, it repudiates Australia's best interests.

The issue of race had become a substantive problem for the Foreign Affairs and Trade portfolio because of statements made by the newly elected member of parliament, Pauline Hanson. On 10 September 1996 she had told the Parliament that 'Australia is in danger of being swamped by Asians ...' Hanson revived a false image of Australia as a nation opposed to Asian immigration and to strong links with Asia. She also had a warped idea of evidence. She coined the term 'book facts' for the evidence that could be found in books. When challenged to support her assertion that one million illegal immigrants were entering Australia each year, via New Zealand, she replied: 'But you are just asking for "book facts". We don't need "book facts": we know it is happening'. I found her statements on race offensive and, much more importantly, so did Alexander Downer and Tim Fischer, the Minister for Trade. Both portfolio ministers spoke out courageously against Pauline Hanson's views.

The racial aspect of Hanson's speeches was doing Australia damage in a number of Asian capitals and I had several lengthy disagreements with the Prime Minister's office. The Prime Minister had broader political concerns on other issues and these influenced his handling of Hanson. On 8 May 1997, eight months after Hanson's offensive speech in the Parliament, he included an excellent statement on race in the speech he made at a dinner in Sydney to launch the Australian Centre of the Asia Society. He said:

She cannot have it both ways. She enjoys freedom to express her views. Equally, she has to be accountable for those views. She cannot evade responsibility for the consequences of her statements ... She is wrong when she says that Australia is being swamped by Asians. She is wrong to seek scapegoats for society's problems. She is wrong when she denigrates foreign investment, because its withdrawal would cost Australian jobs. She is wrong when she says Australia is headed for civil war.

At the dinner the Prime Minister's Chief of Staff, Grahame Morris, came across to me immediately after the speech and said, 'Are you satisfied now, Philip?', I replied that the Prime Minister's statement was admirable but that — from a foreign policy perspective — it was several months too late.

On trade policy, the new Government was highly committed to APEC and to continuing multilateral reform, but placed more emphasis on bilateral negotiations. The Minister for Trade, Tim Fischer, similarly placed a greater emphasis on bilateral trade marketing.

The integration of Trade functions within a combined Foreign Affairs and Trade portfolio had been a decision of the Hawke Government in 1987. The shift

reflected the greater integration of political and economic activities internationally, the growing priority accorded economic issues with the passing of the intensity of the Cold War and continually evolving linkages between domestic and foreign policies. The merging of the two departments also reflected a more strategic approach to public administration.

As Minister for Trade, Tim Fischer introduced an annual Trade Outcomes and Objectives Statement. This was a vehicle for monitoring the effects of efforts to open up markets and for ensuring that trade policy and promotion efforts adequately responded to changing circumstances.

The most important issue the Howard Government had to deal with after those addressed by the White Paper was the collapse of South-East Asian economies. The crisis began on 2 July 1997, when the Thai Government floated the baht. This course of action followed months of pressure from speculators and was undertaken only after the Thai Government had drained the entire reserves of the country's central bank in a futile effort to defend the currency. Then, like a virus, the contagion spread to neighbouring economies — the pressures associated with growth had become too great for the institutional structures of these countries to cope with. Within a year the economies of the countries most affected — Thailand, Indonesia, the Republic of Korea and the Philippines — had shrunk by 18 per cent. Millions of people were plunged back into poverty.

Australia responded generously. Australia and Japan were the only countries to contribute to all three bail-out plans (for Thailand, Indonesia and Korea) by the International Monetary Fund (IMF) with Alexander Downer also playing a critical role in softening the IMF's approach to Indonesia. This involved a blunt showdown between Downer and the US Treasury. And the fact that Australia weathered the crisis influenced the way in which South-East Asia and other regions looked at this country.

As a young Departmental officer having returned from my first posting, I had the privilege of serving for two years as Executive Assistant to the then secretary of the Department, Sir Arthur Tange. Like many others, I admired Tange's intellect, integrity and work ethic, his sense of fairness, his forthright manner and his belief in a distinctively Australian approach to foreign policy and diplomacy. He wanted a department that was vigorous and creative in serving the government of the day. During the time I worked for him, Tange served two ministers: Sir Garfield Barwick and then Paul Hasluck. Both were highly intelligent, hardworking and dedicated to advancing Australia's interests as they saw them. Their differences were instructive.

Garfield Barwick was frank and open with Tange, courteous and trusting, relishing open debate and quickly coming to clear conclusions on the issues at hand. Both minister and secretary understood fully the other's role and prerogatives. Tange was never involved in party politics but he made it his

business to understand thoroughly the wider parliamentary and domestic political context in which Barwick had to function. Tange was never subservient and he had the confidence to argue forcefully against what he saw as poor policy.

Paul Hasluck was a fine historian and poet and was widely read. But, in contrast to Barwick, Hasluck could be suspicious, querulous, frequently remote, sometimes rude, resentful when queried about a decision, and intrusive in matters of departmental administration with which a minister would not normally be engaged. He kept oral communication with his secretary to a minimum, preferring the exchange of written notes. Hasluck wrote exceptionally well but, since he was not always frank, his notes often failed to compensate for the want of candid discussion.

The mutually respectful, friendly and open relationship between Barwick and Tange seemed to me then, and still does now, the best possible example of a relationship between minister and secretary. It is the kind of relationship most likely to advance the government's and the minister's interests and most likely to be conducive to good governance. As secretary, I was fortunate to have such a relationship with both Alexander Downer and Tim Fischer.

Both ministers wanted, in addition to virtually daily contact with me, a regular weekly dialogue with the department's senior executive, in those weeks when they were not overseas. Mostly, I had separate meetings with the two ministers, but on occasion they would hold a joint meeting, including also the portfolio's two parliamentary secretaries. What both ministers sought from me and my colleagues were ideas, suggestions and robust debate about options. As secretary, I travelled mostly with the Prime Minister, but I also accompanied Alexander Downer on his first visit to South-East Asia and went to South Asia with Tim Fischer.

Fischer did not bring to the portfolio the inside knowledge of policy that Downer had, but he did bring a remarkable array of high-level friendships around Asia, developed as a result of his love of travel in the region, his prodigious memory for names, his personal warmth and his empathy with many Asian cultures. He also knew something of Latin America. As Deputy Prime Minister and Leader of the National Party, and as the devoted father of two young boys, he had exceptional demands on his time outside of his portfolio responsibilities.

Many observers took longer than they should have to appreciate that Fischer was shrewd and calculating, with an unusual ability — as he demonstrated to his cabinet colleagues and to other Trade ministers — to persuade others of his point of view (beware of Tim Fischer when he tells you that a situation is 'win-win!'). Fischer showed political courage and conviction in resisting his party on agricultural protection (and on gun ownership). He showed leadership — unquestionably controversial in the eyes of dedicated multilateralists — in his preference for bilateral approaches to international trade relations. He much

preferred oral debate to long submissions and I was fortunate to have experienced trade deputies in Peter Grey and Joanna Hewitt,⁵ both of whom excelled in extempore explanations of complex issues. Fischer was also exceptionally well served by Jenelle Bonnor on his staff.

While Fischer was Deputy Prime Minister, Downer was the senior portfolio minister and took the final decision on broad strategic directions, portfolio budget matters and diplomatic appointments. Downer had the advantage of having worked in the department as a diplomat for several years before pursuing his private sector and, then, political, career. He knew the department had a lot of talent and he knew what a well-directed department could accomplish.

In his first months as Foreign Minister, the media misjudged Downer. Many were convinced he would stumble. Even the conservative columnist Piers Akerman⁶ forecast that before the year was out Downer would be posted to The Hague. Downer soon demonstrated to the media, however, that he was more than 'a dedicated Tory' (to use his term) and robust party politician. Those like me who had never worked with him previously found out quickly that he is passionately dedicated to advancing Australia's interests, highly intelligent, forthright, courageous, strategic and especially well read in history and economics. His knowledge in these areas had been as well concealed as Bill Hayden's knowledge of philosophy and art. Downer was particularly well served at that time by Greg Hunt [later to become a Parliamentary Secretary in the Howard government] and by Bill Farmer,⁷ John Dauth⁸ and the other deputy secretaries.

In some previous governments, the Department of Foreign Affairs and Trade had played second fiddle to the Department of Defence on broad strategic issues. In the Howard government, Downer dominated this area.

To lead a major Commonwealth department and be the minister's principal adviser on all important policy and strategic issues, a secretary has, in my view, five important tasks. He or she should:

- ensure that the Department has in place a set of well-understood goals and objectives;
- foster a collegial system for considering all current major policy issues and for anticipating future issues and opportunities;
- establish an appropriate pattern of delegation of responsibility, with accompanying accountability implications;
- make sure the Department has a well-understood management philosophy and an appropriate and effective allocation among divisions; and
- give high personal priority to staffing and human resource development policy.

Unquestionably, the major task for the secretary is running the department and inspiring departmental staff as they serve portfolio ministers. There are a host of other tasks: developing good relations with all parliamentarians concerned with foreign and trade policy and developing in particular a good working rapport with the relevant parliamentary committees; being accessible, subject to ministerial wishes, to the media, the business community and the academy; receiving foreign delegations; maintaining effective relations with the local diplomatic corps; and, last but not least, serving the Governor-General of the day by providing access to relevant information and, if required, material for use in speeches.

When I became secretary, the stated aim of the department, as set out in its Corporate Plan, was: 'To win a future for Australia in the world'. There is an element of idealism reflected in this aim, but also a streak of uncertainty and pessimism that was out of touch with the Howard Government's optimism and pragmatism. I changed this text to: 'To advance the interests of Australia and Australians internationally'.

The department's stated goals were also changed. The first goal became: 'To enhance Australia's security'. A previous goal, 'To advance Australia's standing as a good international citizen', was changed to: 'To strengthen global cooperation in ways which advance Australia's interests'. Highlighting Downer's strong commitment to give greater emphasis to consular issues, the goal of helping Australians overseas was changed to: 'To help Australian travellers and Australians overseas'. A new goal was added, reflected in the issuing of the 1997 *White Paper*: 'To promote public understanding of Australia's foreign and trade policy'. The framework of the Corporate Plan that I established in 1997 is, in terms of its stated aim and goals, still largely unchanged today.

A corporate plan as such has limited usefulness. However, the process of developing such a document and debating the relevant issues with senior and junior departmental staff is a valuable way of ensuring that the goals and objectives of a government are understood by the department as a whole.

I was fortunate as secretary to inherit the opening of the department's new building, which had been planned by the previous Government and, especially, by Gareth Evans. The opening by the Prime Minister was attended by four previous prime ministers: Sir John Gorton, Gough Whitlam, Malcolm Fraser and Bob Hawke. Two brilliant tapestries by the Victorian Tapestry Workshop were commissioned for display in the entrance foyer. The work, based on John Olsen's painting *Rising Suns over Australia Felix* reflects the building's confident nationalism. The other work, *Wamungu — My Mother's Country*, based on the painting of that title by Ginger Riley Munduwalawala, pays homage to indigenous culture.

The government had decided that the new building should be named the R.G. Casey Building, to honour Australia's then longest-serving foreign minister. Downer and Fischer readily agreed with my proposal that the selection of names for areas within the building should be made on a bipartisan basis and should also acknowledge the separate origins of the Department of Trade. Thus the department houses the H.V. Evatt Library, the Gareth Evans Theatre and the J.D. Anthony Conference Room. There are meeting rooms named after former secretaries Sir John Crawford, William Hodgson, Atlee Hunt, Jim Scully, Sir Arthur Tange and Sir Alan Westerman. There is also the (Sir James) Plimsoll Dining Room. The street in front of the building is John McEwen Crescent, named in honour of Australia's longest-serving trade minister.

I felt it was important that, unlike the department's previous homes, this new building should convey a sense of Australia's history and remarkable artistic heritage. I commissioned a talented officer to assemble from the archives of the department, the National Library of Australia and major newspapers, a collection of photographs illustrating Australia's diplomatic history. Photographs from this collection are today a feature on virtually all of the Casey Building's walls. Antonia Syme, of Artbank, and my wife, Carole, helped ensure that original paintings by Australian artists are displayed in all significant rooms.

Given the demands associated with posting families overseas and with managing up to 90 overseas posts, the department has for a long time had in place a well-developed system of personnel administration. The dismantling of the old 'closed shop' culture of the department was begun by Sir Keith Waller and Mick Shann in the 1970s. The process was completed when Stuart Harris was secretary. During his term, when the former Department of Trade was amalgamated with the Department of Foreign Affairs in 1987, all systems were extensively reviewed and a conceptual framework for integrating foreign policy and trade policy issues was introduced.

Many outstanding people — including David Hay, Peter Henderson, David Goss, Frank Murray, Joanna Hewitt and a legion of others — have contributed to the well-deserved reputation for integrity and fairness enjoyed by DFAT's personnel system. In earlier years, the department had been slow to recruit women and even slower to promote them to senior levels. This situation had changed well before I became secretary. My contribution was to recommend more women for appointment as heads of mission than had ever previously been charged with this role.

More than one minister in the first Howard Government — but not Downer, Fischer or the Prime Minister — would cheerfully have outsourced diplomatic missions to the private sector if he felt this was feasible. No country of any significance (indeed, as far as I know, no country) has done this. The model of diplomatic missions managed by government has endured for hundreds of years,

across cultures and countries, and has survived because it has been able to adapt effectively to dramatic changes in the international landscape and, in recent years, to profound changes in technology.

One very regrettable budgetary event during the first Howard Government concerned ownership of the Casey Building. The Minister of Finance was successful in persuading his colleagues — against the advice of Downer and Fischer — that the department's headquarters building should be sold to the Motor Trades Association of Australia. I remonstrated strongly with the Minister of Finance that this was an absurd proposal. It virtually guaranteed a private-sector owner access to monopoly rents after a grace period, since it was not practical for a foreign ministry to shop around for new locations, not least because of its communications installations. My representations were not successful.

Another complex issue brought on by budgetary pressures concerned journalists from the old Australian Information Service. They had joined the department, in most cases against their own wishes, as part of portfolio changes in 1987. My predecessor had sensibly started the process of reducing the number of journalists within the Department. I failed to see why, in the Internet age, the department needed 50 journalists to collate and distribute factual and positive information about Australia to the governments and media of other countries. One of the doyens of the Parliamentary Press Gallery, Wallace Brown, described as 'draconian and short-sighted' my view that there was more useful work the officers could do in the department or in the private sector. The majority of the Press Gallery evidently disagreed, since Brown's campaign failed and the decision was quickly accepted as sound public administration.

In 1997 I successfully negotiated a far-reaching Certified Agreement with the department's staff. This meant: major changes to salaries and the introduction of broad-banded salary classifications and salary packaging; a new system of performance pay and performance assessment; the elimination of centrally imposed restrictions on working hours, together with the old rules on increments and higher duties allowances; more streamlined procedures for dealing with inefficient or recalcitrant officers; and the introduction of formal arrangements for permanent part-time work, job sharing and home-based work.

In effect, these changes represented a first-time opportunity to gear employment conditions to the department's specific needs. In a secret ballot, the Agreement was approved by an overwhelming majority of staff. The changes were to bring less administration, enhanced organisational flexibility and a greater chance for staff to earn more through high performance. In addition, the department took over full responsibility for overseas allowances and conditions of service — issues that had been a continual source of frustration for over 50 years. This last

set of changes was the culmination of a process to ensure that managers were responsible for the financial costs of their decisions.

The career paths of all of the Department's secretaries are remarkable for their diversity. Before I joined the Department, I studied economic statistics and mathematics at University and worked for three years for a major insurance company — studying to become an actuary.

I served six Coalition and three Labor governments. Successive Labor prime ministers appointed me as High Commissioner to Bangladesh, Ambassador to Indonesia and director-general of the Office of National Assessments. The present Government appointed me as secretary of DFAT. I had much earlier been appointed by the Coalition as Chief Executive for Special Trade Negotiations. It is one of the greatest privileges in Australia to be secretary of the Department of Foreign Affairs and Trade. For me it was the most professionally fulfilling role in 43 years of public service.

ENDNOTES

¹ Taylor, originally from Foreign Affairs, was First Assistant Secretary, International Division, Department of the Prime Minister and Cabinet.

² This statement was made in a speech entitled, 'Australia, Asia and the New Regionalism' that Keating gave at the Institute of Southeast Asian Studies in Singapore on 17 January 1996.

³ Entitled *In the National Interest*, it was published in 1997.

⁴ APEC is the Asian Pacific Economic Cooperation forum, set up in 1989 at the initiative of Australia and Japan under Bob Hawke's Prime Ministership.

⁵ Joanna Hewitt was later appointed Secretary of the Department of Agriculture, Fisheries and Forestry (2004–07).

⁶ Columnist for the News Limited Sydney newspaper, *The Daily Telegraph*.

⁷ Bill Farmer was later appointed Secretary of the Department of Immigration and Multicultural Affairs (1998–2005).

⁸ John Dauth was subsequently Australian Ambassador to the United Nations in New York (2001–06).