

Environmental Angler – David Borthwick, Department of Environment and Heritage

It was late at night in the old Parliament House when Treasury official David Borthwick plucked up the courage to intervene in the Expenditure Review Committee deliberations chaired by Prime Minister, Bob Hawke. “I could see that they were going to make what I thought was a wrong decision based on incorrect information,” he says. So I decided to speak up just before they took the decision, to explain that there were some factors that they didn’t know about. As I was making the explanation, I saw Paul Keating [the Treasurer] gripping the edge of the table and his knuckles going very white. At that stage I started breaking out in perspiration and not looking at him. Anyway, about 15 minutes later, after I’d made this explanation he said ‘I want to see you outside.’”

In the old Parliament House, Borthwick recalls, they had old cast iron water heaters. “Keating got me in the corridor and my back was against the wall, pressed against this water heater and he stood about 18 inches from me and let fly. He knew what was being decided was wrong. But he was setting a trap to spring on his colleagues and I’d prematurely sprung it.” Borthwick says it was “colourful, colourful Keatingesque style language.” During the exchange, Defence, Science and Personnel minister, Ros Kelly walked down the corridor, saw what was happening and immediately turned around and went the other way.

Borthwick came back to Treasury to report to his then Deputy Secretary, Chris Higgins, and Division Head, David Morgan. “I walked into Morgan’s office and said, ‘my career’s ruined. The Treasurer’s lost confidence in me. I’ll have to go to another position. I can’t front up tomorrow because he won’t put trust in me.’ They just burst out laughing and said, ‘you’ve just got to get back in the saddle and go on with it’. And I did.” Borthwick says what followed were many successful years working with Keating. At his very next meeting with Keating it was as if nothing had happened. “He was like that. He’d said what he needed to say. I’d learnt the lesson.”

David Borthwick graduated from Monash University with first class honours in economics and joined the Treasury department in 1973. The son of a former Liberal Deputy Premier of Victoria and possibly the first Environment/Conservation minister in Australia, Bill Borthwick, David has gone on to head the federal Department of the Environment and Heritage. His father died in 2001, never seeing his son in the position.

David's university years were in Monash's radical era. "I was there with Albert Langer, the Vietnam War period and I guess you'd say the riots and protests on campus. I don't know if it's a badge of honour but while the other students were protesting I was sitting in the Library swatting. That's probably why I did pretty well."

While Monash may have been radical overall, its Economics Faculty with such people as Richard Snape, Fred Gruen and Di Yerbury followed conventional lines. When Borthwick moved to Canberra in 1973, Treasury was headed by Sir Frederick Wheeler. "It was an exciting time because the Labor Government had come into power and basically I guess they lost the plot. [There was] a huge burst in APS wages, a huge burst in outlays to GDP because they were impatient to make change."

Borthwick left Treasury in 1974, joining the Industries Assistance Commission under the hugely influential Alf Rattigan, the father of economic rationalism in Australia. In 1979 he came back to Treasury as a branch head. Bernie Fraser, who went on to become Secretary of Treasury and Governor of the Reserve Bank, was his first division head. Borthwick was 28. He says he was lucky that he had a whole sequence of senior Treasury people like the late Chris Higgins, who became Secretary, David Morgan, who now heads the Westpac Bank and Bernie Fraser who actively assisted him in his career and growth.

In Treasury for 19 years from 1979 to 1998, he headed three branches, including the Overseas Finance Branch that looked after the balance of payments and the exchange, at the time of floating of the dollar in 1983. At the time the Secretary of Treasury, John Stone, opposed the float but Borthwick says he supported the float. "It's come out subsequently that there was quite an internal debate which Treasury was famous for," he says. "It's not a monolithic organisation. There were different views in Treasury at the time. But I was right in the thick of that."

After the floating of the dollar in 1983, Paul Keating made his famous Banana Republic comment and there was a major exercise in cutting back outlays. In 1985-86 outlays were 27.3 per cent of GDP. Borthwick proudly points to the fact that over the following years, when he was the relevant branch head and later division head in charge of fiscal policy, outlays as a percentage of GDP were reduced by 4.9 percentage points – equivalent in today's dollars to about \$36 billion. "That reduction in outlays has never been seen before or since," he says. The cuts came from more targeting of welfare expenditure and Borthwick says it could almost be seen as the start of the Welfare to Work agenda that's running now.

Borthwick then headed Treasury's Structural Policy and Economic Divisions. He was posted as Australian Ambassador to the OECD from 1991 to 1993 but then came back to Treasury to head the Taxation Policy Division before being promoted to Deputy Secretary where he stayed until 1998. He then transferred

to the Department of Health as a Deputy Secretary. “The advice to me, and it was wise advice, was that if I aspired to be secretary of a department I could not have a career trajectory which was solely Treasury,” he said. The head of the Department of the Prime Minister and Cabinet, Max Moore-Wilton, then brought Borthwick over to his department to do what seems to be the obligatory stint in PM&C for anyone hoping to be a department head. The relationships Borthwick developed as he rose through the service have paid off in his current position.

Joanna Hewitt, the current head of the Department of Agriculture, Fisheries and Forestry was at the OECD at the same time as he was, helping cement the co-operative approach the two departments have developed. “We’ve got a very close relationship,” Borthwick says, “but it was really Roger Beale [former Environment department head] and Mike Taylor [former DAFF head] who forged the relationship between our two departments, which we continue.”

Borthwick says he operates as a portfolio secretary, taking broad responsibilities for the portfolio, not just his own agency. Every Monday he meets not just with his department deputies and division heads, but with the heads of the agencies such as the Bureau of Meteorology, the Great Barrier Reef Marine Park Authority and the Director of National Parks who runs parks at Kakadu, Uluru, Booderee, Norfolk Island and Christmas Island.

The location of the parks in the portfolio provides an opportunity to do something positive in one of the problem areas in the public service, indigenous employment. Borthwick says in Uluru, Kakadu in the Northern Territory and Booderee on the South Coast at Jervis Bay, the parks are jointly managed with indigenous Australians. At Booderee, he says, major park services are contracted out to an indigenous corporation with about 35 people from the Wreck Bay community, maintaining the roads and walking trails and cleaning and maintaining the camping grounds. “We’ve helped the indigenous people establish a business to service the park with opportunities for servicing the council and local community,” he says. He adds that all the parks have a large number of indigenous staff. “Our challenge is to get them into senior positions,” he says. “We’ve just appointed our first indigenous park manager at Uluru. This is important because their desire to remain on their country and care for that country, matches what the Park’s about.”

State parks do not have the same long history of joint management with indigenous people, marking a substantial difference in the way the Commonwealth and the states work (although other jurisdictions are moving towards joint management in some form). Borthwick says each Monday his portfolio managers’ meeting provides a snapshot of what’s on. “I try and not lose myself in detail. I try to focus on the major strategic positioning of the department – what elements of our business can we do better, or refine?”

He says he is in daily contact with ministerial staff and the minister is readily available. "His view is if I need to speak to him, just get on the phone. If you don't help the Government of the day manage the day to day issues, get on the front foot, snuff out inaccuracies or anticipate issues, governments and ministers soon lose confidence in you," he says. "Then you can't achieve the big things. So inevitably a lot of Secretaries' time – it's not unique to me – is spent on day-to-day issues."

Borthwick differs from all other secretaries interviewed on the issue of over-scrutiny of the service. "That's a view probably I don't share, to tell the truth," he says. "If I'm a CEO of a private corporation, I'm subject to daily scrutiny through the stock market, up and down daily scrutiny ... for the public sector it's very important, when you haven't got that market discipline, to find other ways to make sure there's scrutiny and that extends right from the accountability of ministers to the Parliament, the executive government to the Parliament and for us through the various parliamentary committees, or the ombudsman or the ANAO (the Australian National Audit Office). So my own view is that it's completely appropriate that we run transparent and open systems. And that's not restricted to policy matters either. We have been, and will remain, completely open with our staff exposed to contamination of their drinking water. I will make sure that they know everything we know about the risks they face. That they know – and expect – us to be transparent, is one of the reasons they have responded so well to this disturbing development."

The irony of the Environment department being a victim of an environmental problem is not lost on Borthwick who vows he will do everything possible to see it explained and rectified. "[I]f we're before an estimates committee, we can be asked searching questions and sometimes it becomes personalised in terms of thinking that the public servants are running a political agenda. We're not. We're to run the agenda of the Government of the day. It's very clear. I just think it's part of the system and it's not going to go away."

A stuffed trout, surrounded by photos of prize trout catches, features in a corner of Borthwick's office in the John Gorton Building in Parkes. Proudly he points out that he caught the fish in the Googong dam and that one of the photos shows a 28½ inch (72.4 centimetres) brown trout he hooked in Spencer Creek. "I thought long and hard about whether I should put those photos, and the fish, on the wall," Borthwick says. "And I wanted to make it clear to people that things like our parks, and our outdoors, are there to enjoy for everybody. I wasn't going to shy away from what I like doing. It's a bit of a statement." Borthwick is well aware that trout are feral but quips, "I reckon they've been here for about 150 years and they've been naturalised."

These are not the sorts of comments that would endear the Environment department secretary to the environmental purists but Borthwick does not seem

too concerned. He sees his function as delivering the Government's environment policies. Borthwick points out that the focus on the environment is a relatively new thing. In earlier years, he says, the focus was always on exploiting forests, exploiting water, getting the most out of the land. "Over the last 30 years the balance has tipped. I see my challenge as getting the balance right, between pursuing environmental objectives, and the Government and the people's aspirations to pursue economic and social objectives."

Twenty years or so ago, he says, the department acted more like an environmental group, staking a position in the sand and taking no prisoners. "Well that was ineffective for a Government department. So what we've tried to do is operate to clear environmental objectives but try and balance them with broader economic and social objectives. I see that as the main change – pre-dating me – in the way that the department has evolved over time."

Part of this change is the more co-operative way the department works with other departments such as the Agriculture, Fisheries and Forestry (DAFF) and Industry, Tourism and Resources (DITR). DAFF and the Environment department run a joint, four branch division, looking after land and water management. Under an agreement signed with the Secretary of DAFF, Joanna Hewitt, common briefing notes go to the Environment and the Agriculture, Forestry and Fisheries ministers. "In other words, we're not like warring cousins," Borthwick says. "We're delivering a common objective." Where there are differences, "We work them out in the main but where we don't work them out, we highlight the differences to ministers. [It's] the public service acting as it should. It's whole of government working in practice." He agrees with Hewitt's comments in an earlier interview that this is dramatically different to how things operated twenty years ago. In part this relationship is helped by the fact that the two secretaries worked together as economists at the Australian mission to the OECD in the early 1990s.

Borthwick says the public service he joined in 1973 in the Treasury was a service where secretaries of departments spent more time arguing with one another and carving out fiefdoms than trying to reform the Australian economy, or put the social system in good straits. As the economy was deregulated, the exchange rate floated and protection cut across the board, the senior echelons of the public service changed. People who were interested in making a difference, and improving the lot of the Australian people overall triumphed over people who identified their department's interests as protecting their stakeholders. Part of this change was due to the rise of managerialism, or increasing professionalism. "In the public sector I joined, graduates were in a minority. Overwhelmingly they're [now] in a majority."

Borthwick says the Australian Constitution does not really define the role for the Commonwealth in the environment area. "What the current government

did when it came into power was to say, "Well, let's stop this argument of Commonwealth versus state. Let's try and define what is the Commonwealth's role in the environment and what is the state's role in the environment." The end result was a detailed memorandum of understanding, agreed by the Council of Australian Governments (COAG), setting out the division of responsibility. The then Environment minister, Senator Robert Hill, translated this into the Environment Protection and Biodiversity Conservation Act (EPBC Act).

Today he says they have mechanisms by which the views of different stakeholders can be raised. There is an independent Threatened Species Scientific Committee advising on what flora or fauna should be listed. These lead to recovery plans, which then affect development approvals. There is also the Australian Heritage Council advising on what should be on the National Heritage list. Borthwick says the EPBC Act decisions are subject to frequent appeals through the court system making it "a very transparent open process".

Borthwick does not believe his economics training puts him out of place in the environment department. "I don't think it's a disadvantage," he says. Historically governments tackled environmental issues through regulatory action such as 'thou shalt not clear land' directives. But there is a clear place for market instruments. For example, the introduction of the national water initiative a few years ago opened up the water markets to trading and separated the water title from the land title. "Water can trade from low value uses in agriculture, for example, to higher value uses," he says. "At the same time you can enter the water market, and if government so decides, purchase water back for the environment. There's lots of avenues for bringing market instruments to bear." Similarly he says the Government's recent decision to buy out fishing licences in the South Eastern part of Australia will make use of market instruments to put the fisheries in that area on a sustainable basis – a coincidence of achieving environmental objectives partly through economic measures and partly through regulatory measures.

Asked if environmentalists were critical of the economist's approach he says there are such critics but adds that he wasn't the one who led this change. "We weren't in the game in the past," he says. "It's no use feeling fantastic if no-one's listening to you. You've got to be in the game. If you talk the same language, do the rigorous analysis, engage with the industry departments, engage with the community and get the balance right, you'll achieve your objectives."

As in other departments, Borthwick says, they do not have a monolithic view. "We've got people who would be, and are a lot happier, taking a pretty pure view. And it's important that we do have a range of perspectives in the department." He says that the department needs scientists to identify environmental problems and they need them to work with other professional groups. Once a problem is identified, the department must work out the best

mix of measures to tackle it. The changes should not be made “in a sudden burst of activity”. “The degradation of the environment took a long time. It took generations ... you know the old soldier settlers who cleared the land weren’t motivated by environmental vandalism. Their state of knowledge wasn’t good enough at that stage. As knowledge improves, we’ve got to find pathways to fix things up. But in the main it will take a long time to repair river ways, land use patterns. The trick is to work with farmers, to work with business, and not so much work against them, and to treat them fairly in the adjustment. Then you’ll start making a difference. But if you just say, ‘No, this is the Soviet style approach – thou shalt not do it’ – it’ll be counter productive and it’ll rebound on us. So I think we’re in the game ... but there’ll always be arguments about, ‘have we struck the balance right?’ And that’ll change over time.”

The major challenges Borthwick sees for the department are: administering the National Heritage Trust with DAFF; giving effect to the Government policy on regional marine planning and marine parks; the national water initiative; and solving the greenhouse problem. The \$3 billion National Heritage Trust program requires working with the states and local communities across 56 catchments. Borthwick says they aim to get some solid measurable results on the ground and there are exciting possibilities “but it will take time”. The Government put out a draft plan for eleven new marine parks off Victoria and Tasmania before Christmas. The parks are two and a half times the size of Tasmania and Borthwick sees the challenge as integrating them with the fishing, petroleum and mining industries’ aspirations. “The third major challenge is to make the Government’s historic national water initiative work effectively,” he says. “It’s a ten year plan in terms of what has to be done and when. It will both increase agricultural productivity and benefit the environment.”

He says Australia is in a unique position in facing the global greenhouse problem because the Government has decided not to ratify Kyoto, but to meet the Kyoto target. Australia chairs the umbrella group which has America, Russia, Japan, New Zealand, Canada, Norway, Ukraine, Iceland and other countries. “We’re in a very influential position,” he says. He says the fact that Australia is one of the biggest per capita greenhouse gas emitters reflects the distances Australians travel because the small population lives in a big country. It also reflects our strong resource based economy: mining coal unlocks greenhouse emissions.

Because of Australia’s unique features the country’s Kyoto target was set at 108 per cent of 1990 emissions. Australia’s coal exports success means more greenhouse gases are being unlocked. But, Borthwick says, the world is highly dependent on fossil fuel and all the projections from the International Energy Agency and other bodies say that for the next 50 years the world will be 80 per cent dependent on them. “That’s the reality. Nuclear won’t take it over. Renewables won’t take it over. Natural gas won’t take it over. The world’s going

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to be dependent on coal for a long time. We're a rich source of coal. So a lot of Australia's effort will go into trying to clean up those coal technologies. It's in our interests because that's the way the world will be. Electricity generating facilities have an economic life of 30, 40 50 years. It's going to be burnt. So the effort needs to be in cleaning it up."

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