Deane goes softly softly

ROD DEANE is adamant he is not the Government's "hatchet man".

In the Deane lexicon the term hatchet man is a "quite inappropriate" way to describe the position he has been appointed to by the Prime Minister.

The Public Service Association has attached the label to the new State Services Commission chairman but Deane says state sector unions don't need to feel threatened by his appointment. Whatever has to be done will be by the process of careful consultation.

"It's too easy to give it a negative aspect.

"I think it's important that the state sector is seen to be trying to improve it efficiency because taxpayers are increasingly demanding value for money. And most civil servants want to give that."

Deane points to the way the Reserve Bank has been defended by its top management in recent years: "Ask the Reserve Bank staff how they feel about the way management stood up for staff in, at times, quite difficult circumstances. And being prepared to do so in public.

"I would have thought the state unions would realise they are getting somebody who is of, perhaps, a reasonable frame of mind. Who is prepared to talk to people in a fairly direct manner at a political level."

Deane's strong defence of the central bank is well chronicled within Wellington government and financial circles.

The most vivid example was his clash with former Prime Minister Sir Robert Muldoon during the foreign exchange crisis at the 1984 snap election.

His urgent pleadings to devalue were ignored by Sir Robert; and in unusual circumstances, media leaks had ensured the public was aware Sir Robert had rejected the bank's preferred option to stem the massive cash outflow. Intense scrutiny, before later parliamentary inquiry into the issue, thrust Deane's role in trying to stop the crisis into public view.

The state unions are aware of Deane's fortitude in standing up to Sir Robert and his defence, during the Labour Government's reign, of the bank's handling of the financial deregulation against market criticism. But those virtues are not relevant to the argument.

What concerns state sector activists is Deane's identification with "free market monetarist policies". Put plainly they are scared Deane will attack the state sector with the same reformist zeal he has applied to the country's financial system, in a blind drive for efficiency at the expense of both state servants and the public.

They are concerned 25 applicants for the vacancy, created by Mervyn Probine's retirement, were passed over in favour of someone from outside the public service hierarchy; a person who is not a mandarin; an outsider who was wooed for the job, during a three month courtship, by a group of senior Cabinet ministers. A person with close links to the troika of Treasury ministers forged during the period of rampant financial deregulation.

In all, said PSA president Colin Hicks when Deane's appointment was announced, an appointment which must be viewed as "ominous and disturbing" at a time when radical reform of the Public Service is afoot.

The state sector's strong criticism surprised Deane. He hadn't intended to give media interviews on his role till he was well ensconced at the commission's offices, five floors down from his top level perch at the Reserve Bank's building opposite the Beehive. But he felt the other side of the coin should be presented — "to some extent".

A person who endeavours to be seen as modest, circumspect, as befits a central banker, Deane surprised one journalist by phoning him back and agreeing to give a personal interview when he had seen the strength of the union's views.

"People posture and take positions.

"As far as I'm concerned Colin Hicks has issued a couple of statements. I guess I've been a little disappointed as they seem premature. But despite those statements I will have to work very closely with people such as him and I intend to do that."

Deane's attitude seems slightly naive given the extent of state union opposition to the reorganisation moves Government has already imposed on the state sector. Moves which the PSA claims have been imposed without proper consultation and without a mandate from the public. In November their request for a moratorium on state sector change was refused by the Government.

The Prime Minister contends the unions would have made a statement about policy whoever the Government had appointed; even if the new chairman had come from the public sector.

"We put a person in who, we believe, will be careful to have an efficient state sector. That's why the appointment has been made. But I can assure you from my experience of Roderick Deane, he's not a political tool.

"He was chosen, among other things, because he doesn't have an entrenched public sector background but has sufficient history of relating to it to be able to understand its particular ethos which one must be sensitive to."

In David Lange's view, Deane will be better able to persue the challenge of state sector efficiency because he doesn't have a lifetime of commitment to the principles he will have to evaluate. The Government is committed to corporatisation of the state sector and will determine policy but, says Lange, "the Government does not have the right, nor will it exercise the right, to dictate to Roderick Deane his or the commission's decisions on the detail of those policies".

Certainly, Deane considered the job carefully before agreeing to the appointment. "It was first raised with me several months ago and I chatted with one or two of the ministers about it. We spent some time talking about the issues involved which seemed to me as important as the appropriate incumbent.

"It was really as we went through the process of talking about the issues that I became more interested and then the Government made overtures to me about the job and I finally said yes.

"I'm not unmindful of the difficulties that are involved and that is why the matter needed to be weighed carefully."

Deane is reluctant to give his assessment why the Government chose him for the job, rejecting the 25 applicants. "I encouraged the Government to look at as broad a range of candidates as possible. But I'm not prepared to try and give an assessment of the characteristics they might have taken notice of.

"I'm not going to blow my own trumpet. You'll have to talk to other people why they've chosen me for the job."

'People have which can be positive'

The Government's singling out of Deane has inevitably led to charges that the appointment has a political tinge. Deane adamantly rejects such charges.

"I think those suggestions are ridiculous. I've never belonged to a political party. I have no political affiliations of any kind. Indeed I would have thought that one of the characteristics that people might acknowledge about me is that I am my own person, and I don't mean that in any arrogant sense.

"It does disconcert me a little. I think those sorts of suggestions of political overtones can only come from people who don't know what sort of person I am."

Deane points to the direct

ROD DEANE . . . 'I'm my own man'

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manner in which he dealt with the previous Government. He has applied that same standard to his relations with the current Government. And he will take the same approach when he moves to the State Services Commission next month, he says.

But it is clear, from the speed with which Finance Minister Roger Douglas has implemented the Reserve Bank's policies which Sir Robert Muldoon now trying to rejoin the world."

Deane hopes to transpose to the public sector the vigour with which the private sector has been transformed.

"On this thing I am an enthusiast.

"There are concerns which have to be handled carefully so that you end up with a net gain at the end of the day. But I think that the other side of it is that people have pools of enthusiasm which can be tapped. Change can be positive."

Deane has no set brief. There are a range of issues he will delve into. Consult. Then produce policy options for the Government.

Those issues include: the management of the state sector, its efficiency and effectivenss; changes to the public sector wage fixing procedures; the degree to which public sector enterprises can be commercialised under the state owned enterprises framework; the commission's control function — oversight of government expenditure; the selection of personnel for top public sector jobs.

"Now in each of these areas the Government has indicated the wish to look at present arrangements to see whether improvements can be made. Some are already under active review, such as the move to corporatise state trading departments and wage fixing, where a task force has been set up."

Deane is reluctant to specify possible changes. When pressed he says there is an important issue about whether the public sector is too much of a closed shop at the present.

He points to changes in Government Superannuation rules which now give state servants more flexibility to go out into the private sector for a few years: "That can be very healthy if it's handled in the appropriate way as it gives a mixture of experience". Conversely there could be a case for freer entry to the public sector at top levels.

He wants to see government departments given autonomy so the people nearest the action are those responsible for running the show. But he admits it may be difficult to strike the right balance between "appropriate checks and balances and appropriate accountability and responsibility."

The state unions are concerned the Government's move to commercialise state trading departments will lead to a user pays approach to the detriment of outlying communities and the poor.

It seems likely the Government will buy a fight with the state unions on the philosophical questions later this year. Indeed, moves by state sector activists are already underway to make sure the public know the "real implications of Labour's moves".

But the nitty gritty issue may well be state sector pay determination.

Hicks produced a 1980 paper, written by the Reserve Bank deputy governor, arguing sentiments expressed by Deane then could mean state servants will see their pay relativities with the private sector axed as part of a government aim to drive down wage increases.

It is an issue which Deane is not prepared to confront publicly till he has his feet under the table at the commission.

"It is inappropriate to make off the cuff remarks. I would suggest there are some areas in which state sector wage determination procedures are in need of review, just as in the private sector. There is a task force set up to look at such matters and we are looking forward to wise counsel on it."

The National Party has also taken issue with Dean's appointment. Bill Birch labels him a technocrat; former prime minister Sir Robert Muldoon dismisses Deane as an academic, a monetarist and "detail man"; while National's leader, Jim McLay, says the most important issue is not the job Deane is going to but the one he is leaving. "He is regarded as the architect of Roger Douglas's policies. There could be some significance that he's chosen to leave at this time."

spurned, that Deane shares the Government's wavelength.

"I know most of the senior ministers and I've dealt with them on a day-to-day basis. They've always been courteous, pleasant and cordial. I have found some of them stimulating people to work with, no doubt about that.

"There are some fine minds in Cabinet. To have the opportunity to debate important issues with those sorts of people is very rewarding.

"That doesn't mean to say we agree on everything — the Government makes the decisions — but there's been a positiveness, a vigour about what we've been doing. I think New Zealand is