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 stuff 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 resolve he has to the country's financial system, in a blind drive for efficiency at the expense of both state servants and New Zealand.

They are concerned 25 applicants for the vacancy, created by Mervyn Probin'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 radical 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 already under way.

The state sector's strong criticism surprised Deane. He hadn't intended to give media interviews; his role was to be well ensconced at the commission's offices, five floors down from his top level perch at the Reserve Bank's circular office 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 phone in the middle of a meeting with him back and agreeing to give a personal interview when he had seen the strength of the union claims.

"People posture and take positions. As far as I'm concerned if it's in public."

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 the same 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 that does not mean people might agree with that or think of Deane's political neutrality."

He was chosen, among other reasons, 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 persuade 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 will be a very rigid, rational, discerning body which will exercise the right, to dictate to Roderick Deane or the commission's decisions on the degree of corporatisation."

Certainly, Deane considered the job carefully before agreeing to the appointment, "It was first raised with me several months ago and I mulled it over with on and 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 processes 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 charge that he has been an assessment of the characteristics they might have taken notice of.

"I'm not going to blow my own trumpet. I'm not going 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 made me is that I am my own person, and I don't mean that in any arrogant sense."

"I can't account for the personal characteristics of people who don't even know what sort of person I am."

Deane points to the direct
ROD DEANE . . . 'I'm my own man!'

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 rejig the world.”

Deane hopes to transpose
the public sector's 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
managements to see whether im-
provements can be made. Some
are already under active review,
such as the move to corporate
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 not an important
issue about whether the public sec-
tor is too much of a closed shop
at the present.

He points to changes in Gov-
ernment Superannuation rules
which now give state servants
more flexibility to go 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 ex-
perience’. Conversely there
would 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 bal-
ance between “appropriate
checks and balances and ap-
propriate accountability and re-
ponsibility.”

The state unions are con-
cerned the Government's move
to commercialise state trading
departments will lead to a user
pays approach to the detriment
of low-income communities and the
poor.

It seems likely the Govern-
ment will buy a fight with the
state union on the philosophical
costs later this year. Indeed,
moves by state sector activi-
s in this direction 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 de-
termination.

Hicks produced a 1980 paper,
written by the Reserve Bank
deputy governor, arguing senti-
ments expressed by Deane that
could mean state servants will
see their pay relativities with the
private sector used 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 sug-
gest there are some areas in
which state sector wage de-
termination procedures are in
need of review, just as in the
private sector. There is a task
force set up to look at such mat-
ers and we are looking forward
to wise counsel on it."

The National Party has also
taken issue with Deane's appoin-
tment. Bill Birch labels him a
technocrat; former prime min-
ister Sir Robert Muldoon dis-
misses Deane as an academic, a
monocle 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 leav-
ing. "He is regarded as the
architect of Roger Douglas's poli-
cies. There could be some signi-
cance that he's chosen to leave
this time."