

Mood of the boardroom Story

Deane hits at burden of red tape

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By [Fran O'Sullivan](#)

Roderick Deane maintains politicians' interventionist path is leading the nation 'back to the future', writes FRAN O'SULLIVAN.

The chairman of three of New Zealand's major companies is a man of piercing intellect.

Right now Roderick Deane is turning his attention to the plethora of Government regulation, interventions and policies which he says are putting New Zealand back to where it was before the 1980s economic deregulation era.

"My perspective on the last decade is that New Zealand has had relatively sturdy economic growth," said Deane. "The major blip was the Asian economic crisis ... but it's been a good performance."

That growth took time to emerge because of economic lags. But responsible fiscal and monetary policies were a major contributing factor. In sharp contrast the Government has since moved to an extensive array of re-regulation; compliance costs are becoming more costly and onerous.

"The Government's awareness of this is minimal," he charges.

"The regulation we have now encompassed across a broad spectrum of business activities has accumulated to a scale which in a few years' time will not be unlike what we had 25 years ago.

"There's been such a huge degree of intervention – but it's now taking time for that to become pervasive – and the business community has really just in the last year or so realised how extensive it all is."

In the building and construction sectors, resource management issues are "now heavily burdensome", he says.

Other examples include:

- * Industry – Kyoto arrangements are making critical elements of the industrial sector (steel, aluminium, cement) dependent for their survival on decisions of Government rather than "simply on their own efficiency".

- * Banking – Reserve Bank demands are about to lead to higher industry costs. The central bank is also demanding that banks seek its approval for any direct reports to the CEO. "I would say to the [Reserve Bank], this is curious because if anything goes wrong we'll be able to say 'you approved this'."

- * Telecommunications and electricity – regulators are adversely affecting future investment prospects.



Roderick Deane

"Again it will take some time for the full impact of all these moves to be fully apparent, but past experience would unequivocally indicate that we will see reduced flexibility and reduced adaptability for private sector firms in the future.

"These will have adverse effects on our economic growth prospects."

Deane has a huge footprint over New Zealand business: Chair of both Telecom and Fletcher Building and now poised to chair the new ANZ–National Bank combo. He also chairs the NZ Seed Fund and Te Papa. "One of the strongest comparative advantages New Zealand ... firms have enjoyed over the past decade or so has been the highest degree of adaptability and flexibility that the business sector has experienced in the past 50 years.

"Some might think I'm a bit prejudiced because I was involved in the policy side so heavily 20 years ago," said the former Reserve Bank deputy governor. "As far as I'm concerned I'm just a pragmatic business person."

The other major factor concerning Deane is that entrepreneurs are being driven away. "Now they've gone partly because they can get better tax deals abroad, but partly because they've just had enough of the Government being negative about the business community and the generation of wealth."

He maintains "tens of billions" in entrepreneurial capital has followed the risk-takers out the door.

"So the Government says one day, 'Right, we'll create a venture investment fund and put \$100 million in it'.

"Next day some entrepreneur will leave and he's worth \$500 million – then you've got 20 of them left, collectively worth billions, then borrowing capacity on top of that of more billions – none of that money is being invested in New Zealand.

"It's just incongruous."

Deane has not made a big deal of these issues with the Government – nor is he on ministers' consultation lists for policies such as the trans-tasman single market.

"I guess people are aware that I've got a great sense of unease about the extent of regulation because I see it as anti-business.

"And it's being promoted by people who've never run a business in their lives, ironically."

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