

Regulation costs stifling, says Deane



NEW ZEALAND has a marked lack of world-class companies, says former Telecom chairman Roderick Deane.

"We have not created a commercial environment in New Zealand which is as conducive as it should be for companies to grow rapidly and to expand offshore.

"As a consequence, we have few companies which are world-beaters – some but few."

He blamed too much regulatory cost, which meant most companies were cautious about overseas expansion. The country needed to return to building a more competitive base for business.

His recommended remedy was "vigorous reductions in the size of government and their interventions in the commercial world".

"I am not a hand wringer; I consult and decide and get on with it. That is how change and improvement come to pass. As a nation I worry that we have become too nervous and too cautious about taking on the big issues and going for real economic [and thus also socially acceptable] growth."

Dr Deane was a pivotal figure at the Reserve Bank during the Lange government, he headed the State Services Commission overseeing one of the most intense periods of public-sector reform, and he ran New Zealand's biggest company, Telecom.

This year that track record will be recognised when he is inducted into the Fairfax Media Business Hall of Fame for his work in corporate leadership. The Business Hall of Fame was launched in 1994 by the Young Enterprise Trust and it now has 100 laureates. Six more members will join this year, three living businessmen and three honoured posthumously.

Educated at Victoria University, Dr Deane initially worked in administration and accounting before joining the Reserve Bank, where he rose to be chief economist, head of the economics department and deputy governor.

He went on to chair the State Services



Roderick Deane: Credited with helping move New Zealand away from an interventionist economic policy.

Commission, where he oversaw public sector reform, then spent five years as chief executive of the state-owned Electricity Corporation, seven years as chief executive and managing director of the privatised Telecom Corporation, followed by a similar period as Telecom chairman.

He is credited as a driving force of one of the greatest shifts in the country's business history – moving the focus of economics away from Keynesian-style intervention and state planning toward a greater reliance on markets and stable monetary and fiscal policy.

Throughout his career he was at times controversial in his defence of the private sector. He remains as forceful with his views today.

Despite the events of the global financial crisis, and the almost universal swing by governments back to large, state-backed stimulus packages, he blamed the global financial failure on heavy-handed government action.

"Despite a huge array of financial regulation, we experienced a world credit crisis of a magnitude larger than any of us have seen in our lifetimes.

"Governments are in dreamland if they feel that simply reworking failed regulations will do a better job in the future."

One of his former economics students at Victoria University, New Zealand Business Roundtable executive director Roger Kerr, described Dr Deane as someone with a rare understanding of public policy and business management who had helped change New Zealand for the better.