

Ken Henry a pawn in a political game



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Glenn Stevens is a highly competent and dedicated central banker. Ken Henry is a highly competent and dedicated public servant.

Each of them was chosen for his role – governor of the Reserve Bank and secretary to the Treasury respectively – on merit. I made the decision in each case. I never asked how they voted. The important thing was to get the person best qualified for the job.

Being appointed did not make them infallible, no more than being appointed a minister does. Politicians are used to being blamed for mistakes – by the opposition, by the media – and sometimes they actually make them! It is not comfortable but it is part of public life. The theory is that a government subject to scrutiny will be better for it.

Last week, Henry had a torrid time before the senate estimates committee over the Government's hasty and ill-considered decision to offer an unlimited guarantee of bank deposits. He told the committee: "In my view it would be better had we not any media reporting on this issue." Stopping the media reporting a major issue in a democracy is as likely as stopping the tide. We live in an information age. Everyone in government has to get used to it.

Henry was clearly concerned he had been dragged into a political stoush. How did this happen and why?

On Sunday, October 12, Kevin Rudd announced the unlimited guarantee. He was, he told us, being decisive. Gone were all the months of setting up reviews and convening summits. He was

now a man of action and he could make bold decisions.

Television cameras were invited to film his crisis-management group meeting on a Sunday and sitting at his right hand was Henry. What's more, Rudd said he was taking the decision on the advice of Treasury and the Reserve Bank. The message was clear: to disagree with that decision was to take on not just Rudd but Henry and Stevens as well.

It was not the first time Henry was brought in to bolster the Government's credibility. In January, newspapers had a photo opportunity with the Treasurer, Wayne Swan, meeting Henry and the Reserve's deputy governor, Ric Battellino, in Brisbane to earnestly discuss the economic issues of the day.

A few days later, Henry was back in Brisbane for another photo opportunity, this time with Rudd and Swan.

When tax became an issue at the 2020 Summit, the Government announced Henry would write a report that would form government policy in time for the next election, and in August Henry did a joint press conference with Swan on the issue.

These meetings for the cameras are to send the message that whatever you think of the novice Prime Minister and Treasurer, everything will be all right because Henry is writing the policy – on financial guarantees, on the budget, on tax and, we are told, on pensions.

I can't remember a time when a Treasury Secretary did so many media events with ministers. But I don't think it is Henry's idea: these photo opportunities are choreographed by the

Government's omnipresent spin machine. The Government is hoping to capture some economic shine from Henry. He is not trying to capture any economic shine from the Government.

Having drawn him so far into the political process, the Government expressed faux shock when Henry faced political questioning at the senate estimates committee. But if he is responsible for policy on deposit guarantees, on tax and on pensions, who do you expect the senators to question?

The Government can use its public servants politically, in which case they will be treated politically, or it can keep them out of photo opportunities and out of "background briefings" and take responsibility for political judgments itself. In that case, the ministers will bear the brunt of investigation.

Public servants are there to advise. Politicians are there to take decisions. The public servants keep their jobs whatever the complexion of the government. The politicians are there to account to the electorate.

This is why they should be the ones to make decisions and explain them, and take responsibility.

If the public servants are used as part of the political process, it is natural and right that they be held accountable in the political process. They will not like it. They should not have to do it. And a decent government would not put them in that position.

Peter Costello is a former federal treasurer and the member for Higgins.

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