



# THE DOMINION POST

**"Tony Baldwin – The Man for the Job"**

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**"Many facets to problem solver"**

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By Andrew Janes\*

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**Policy consultant Tony Baldwin has been called in to help sort out some of the country's curliest problems. He talks to Andrew Janes about his approach.**

Tony Baldwin's hands move almost as quickly and incisively as his brain. As he traverses complex topics such as electricity-sector reform, local loop unbundling and the lack of mobility and adaptability of resources that he says is holding back the New Zealand economy, it is as if his arms are conducting an orchestra of policy wonks sitting behind his tanned and lightly creased forehead.

Over the past decade and a half, this 46-year-old former lawyer from Nelson has been a key behind-the-scenes figure attempting to sort out some of the country's curliest problems.

From 1991 to 1998 he worked in the Department of the Prime Minister and Cabinet (DPMC), providing advice on issues including business law reform, restructuring the electricity system and the early Treaty of Waitangi settlement negotiations.

In his valedictory speech on leaving Parliament in 1998, Jim Bolger summed up his contribution saying: "Tony Baldwin's influence was such that he used to be called Minister Baldwin."

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\* This version below is taken from The Press

Most people last only about three years in the DPMC but Mr Baldwin stayed for eight because of his enthusiasm for policy work. "Public policy is fascinating," he says. "It's got a lot of richness around it. Business is fundamentally about creating shareholder wealth, which is a clear single objective. Public policy tends to involve a competition of objectives and a whole lot of trade-offs."

Mr Baldwin left the department in 1998 to lead a team that helped the government deregulate and reorganise the dairy, apple and pear, kiwifruit, meat, wool, game, pork and raspberry boards.

Once he had finished the producer board project, he took a much-deserved break, spending about a year indulging his passions for sailing, seakayaking and tramping in the Nelson/ Golden Bay area.

In 2000, Mr Baldwin re-emerged as an independent consultant based at Kaiteriteri, near Motueka. Most recently he has chaired the electricity industry group tasked with trying to improve the electricity hedge market, been a vocal critic of Fonterra's performance and cooperative structure, and is the independent chairman of a telecommunications industry group which is implementing local loop unbundling. The group, which includes representatives from all the telecommunications companies, is working on the practical steps required for unbundling to work.

"At the level I'm at there's a high level of cooperation from all the parties," Mr Baldwin says. "Telecom is being constructive but its competitors would all harbour scepticism from their previous experience about how it will work out. So far so good, but it's still at an early stage."

Several centimetres taller than your average male, Mr Baldwin is lean of frame and has the weather-beaten complexion of a man who enjoys the outdoors. He grew up in a sporty Nelson family – dad was a prominent real estate agent – and represented his province at basketball.

In 1979 he headed south, spending five years at Otago University earning degrees in law and commerce. After graduating, he got a job at law firm Chapman Tripp, spending three years getting a grounding in litigation, property, commercial and securities law.

Former ACT MP Stephen Franks was a partner at Chapman Tripp at the time and Mr Baldwin was his law clerk. He stood out from most of the other clerks because of his determination in standing up for his views, Mr Franks says. "Ideas mattered to him. If he had a theory about a case we were working on or what the law should be he would have a heated argument with me. Often the law clerks are pretty obsequious. Tony used to stand up to dominate the debate and I'd of course stand up to match him. "There was one famous occasion where I was perched on the edge of my bookshelf and he was standing on the air conditioning."

In 1988 it was time for Mr Baldwin's OE, which he kicked off with a year travelling through South-east Asia, China and Pakistan. With his travel bug temporarily sated, the young lawyer turned up in Washington DC in 1989 to do an internship with Michigan Democrat senator Carl Levin. Former prime minister Bill Rowling, a friend of the Baldwins, was New Zealand ambassador to the United States at the time and helped set up the internship. Mr Baldwin was assigned to one of the senator's staffers on the armed services committee, which reviews and approves the gargantuan US\$300 billion defence budget.

"The key thing I learned was the importance of distilling complex information into clear and usable form and then providing it at the right time in relation to the decisionmaking process," Mr Baldwin says. "The American political system is a meeting point where a whole lot of people and ideas collide but each politician is bombarded with information and has a limited capacity to take it all in."

The final stop on Mr Baldwin's OE was Paris, where he got a job in the legal department of Thomson CSF - a majority state-owned conglomerate specialising in electronics. Then it was back to Chapman Tripp in Wellington briefly before moving to the DPMC as a private-sector secondment in 1991.

During his time at DPMC and later as an independent consultant, he has been involved with a variety of critical economic issues facing New Zealand. Although different problems require different approaches, there are some common themes in the way he looks at issues, he says.

"In all cases it starts with seeking to clearly define the nature of the problem, which sounds kind of obvious but I think in a lot of cases it's missed. People often reach for some sort of view on a solution before they unpack and unpick the anatomy of the problem. I tend to spend a lot of time in that first step. That's the foundation point and provides the anchor for how you move forward and try to solve the problem".

One problem that he admits is still far from being solved is structuring the electricity system to encourage private sector investment while at the same time ensuring security of supply. The three objectives of moving from a centralised to a decentralised electricity sector were to fund new investment not using taxpayer's money, to depoliticise electricity and to avoid wasting resources, Mr Baldwin says. The first two objectives have not been met and he believes the jury is still out on the third.

"The problem for any government is that often well-intended interventions to address security or pricing risks often actually have the effect of making things a lot worse. The reason for that is that if you're a business looking at your electricity price risk and you think someone else is going to manage that risk then you won't cover it yourself. That's the problem with electricity and the current government approach is at risk of doing that."

Former Contact Energy chief executive David Hunt worked closely with Mr Baldwin in the 1990s when he was a Treasury official specialising in the energy sector. The two have maintained a friendship. Mr Hunt describes Mr Baldwin as a "thoroughly decent individual" but says he can get people's backs up because of his refusal to accept anything at face value. It's not a universal reaction but he can certainly test people about what they're really saying by prodding and probing. That can be a bit of an irritant at times".

"He's got a really interesting lifestyle in the sense that he does a bit of corporate work but still manages to have rather a nice lifestyle over in Kaiteriteri, which a lot of people slightly envy him for. I remember him telling me a story earlier in the year about his rafting trip down the Grand Canyon - it was an amazing trip and took him the best part of a month. He does these odd things - but that's part of his unusual character. It's probably how he maintains his sanity."

Mr Baldwin says one of the key things holding back New Zealand's economy is the lack of mobility and adaptability of economic resources. "The problem traditionally has been that resources get locked up in a particular sector and they're not free enough to try new things".

"One of the reasons I've taken an interest in Fonterra is that the resources and the way land and money are used is quite rigid and subject to a lot of compulsory rules, which limits the ability of a resource to move to someone else who's got a good idea. Encouraging a diversity of ideas and the ability for resources to adapt and move – that's the key."



BRIGHT IDEAS: Tony Baldwin says though different problems require different approaches, there are common themes in the way he looks at the issues.

