

National Govt Threaten to Privatisise Kiwibank

Contributed by Graham Day
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The Finance Minister, Bill English, at a post budget speech to a Christchurch business meeting announced that the government is considering the part-privatisation of Kiwibank. Bill English was no doubt euphoric from delivering a budget for his rich mates that he thought he could be more honest about the government's intentions to sell our state assets.

Already, we have seen the popular myths being rolled out by the right-wing media about popular capitalism. If you are not familiar with it – it goes like this ”Kiwibank is a successful bank, we want 'mum and dad' investors to share in the profit of a successful bank.” For 'mum and dad' investors read wealthy speculators who will be guaranteed profits as we the taxpayer will underwrite the losses and the profits are privatised As for ordinary mums and dads, they don't mean you! You'll be struggling to make ends meet let alone buy shares in Kiwibank. And why would you buy something you already own!

We've been here before remember the part-privatisation of the BNZ, followed by its full privatisation. How many of the original small shareholders remain. Very few indeed!

Foreign ownership

Kiwibank was set up by the last Labour government as an antidote to the foreign ownership of most of the banking sector in New Zealand, as a consequence of privatisations in the 80's and 90's. With little regulation most New Zealanders saw the foreign owned banks make super profits from them which are taken overseas. Even though Kiwibank is a success the big 4 banks that are Australian owned dominate over 90% of the market.

Kiwibank, slick nationalistic marketing of a country occupied in wartime with its customers being seen as the resistance has hit a popular mood regarding support for New Zealand ownership and has made it popular with the public. Since the bank's inception it has built up a market share of nearly 5%. The bank needs more capital to grow and develop its deposit base further. This is being used as a reason to privatise it as the government use the excuse that they would have to cut public spending elsewhere to pay for the investment.

PM Caught Out

The Labour opposition has attacked the announcement and it has lead to the prime minister, John Key being caught out and retracting the statement by Bill English. In the run up to the last general election, John Key publicly stated that Kiwibank would never be sold. No doubt John Key has informed Bill English to keep his mouth shut on this issue from now on. This is not because the John Key has any principles but perhaps his private polling shows how unpopular such a sale would be. John Key is cynically buying time, hoping to carry out privatisation of state assets if the National Party is re-elected in 2011.

This is a wake up call to the Labour Party leadership. Ownership does matter. An incoming Labour government will be faced with serious fiscal issues. This cannot be addressed by a state owned bank with 5% market share.. Labour needs to be bold and nationalise the Australian owned banks as part of a socialist programme to deliver to workers meaningful long lasting reforms.

- No to privatisation of state assets.
- Next Labour Govt to nationalise the banks. Compensation based on proven need.