



NEW ZEALAND COUNCIL OF TRADE UNIONS
Te Kauae Kaimahi

**Submission of the
New Zealand Council of Trade Unions
Te Kauae Kaimahi**

to the

Finance and Expenditure Committee

on the

Keep Kiwibank Bill

P O Box 6645

Wellington

4 December 2015

- 1.1. This submission is made on behalf of the 31 unions affiliated to the New Zealand Council of Trade Unions Te Kauae Kaimahi (CTU). With 320,000 members, the CTU is one of the largest democratic organisations in New Zealand.
- 1.2. The CTU acknowledges Te Tiriti o Waitangi as the founding document of Aotearoa New Zealand and formally acknowledges this through Te Rūnanga o Ngā Kaimahi Māori o Aotearoa (Te Rūnanga) the Māori arm of Te Kauae Kaimahi (CTU) which represents approximately 60,000 Māori workers.
- 1.3. Thank you for the opportunity to make a submission on this Bill, which provides:
 6. Despite any other enactment or rule of law, no sale or other disposal of ownership or control of all or any of New Zealand Post Ltd's interest in Kiwibank may proceed unless a proposal to do so, including a proposal contained in a clause in a Bill,—
 - (a) is agreed to by a 75% majority of all members of the House of Representatives; or
 - (b) has been carried by a majority of the valid votes cast at a poll of the electors of the general and Māori electoral districts.
- 1.4. The opening of Kiwibank in 2002 was a major step forward in banking in New Zealand. It went some way to restore balance to a sector whose large publicly and trustee owned components had been privatised or destroyed during the 1980s and 1990s to the disadvantage of ordinary New Zealanders. Kiwibank restored some real competition to an oligopolistic system dominated (as it still is) by four Australian owned banks. It reversed the decline of branch banking which is essential for many communities and customers. It has become a leader in reducing costs and improving services.
- 1.5. There have been evident threats to its continued public ownership, including suggestions by the Minister of Finance Bill English of privatisation, prior to the 2008 election, and sell-off of shares, in 2010 (“English hints at issue of Kiwibank shares”, *Dominion Post*, 22 May 2010, p.A2). Even a partial sell-off would remove its ability to act in the public interest: it would act as simply another commercial bank.
- 1.6. We are highly concerned that the State Owned Enterprises chapter of the proposed Transpacific Partnership Agreement (TPPA; Chapter 17) will hinder Kiwibank's future development and its ability to act in the public interest. For example, if Kiwibank continues to offer international services the TPPA will prevent the

government providing it with “financing or loan guarantees on better than commercially available terms or equity capital” according to the MFAT sheet on the Chapter¹. This means the government cannot provide it with loans at normal government rates of return which are lower than commercial rates, or existing or additional capital needed for its expansion without requiring commercial rates of return. Regardless of its international services, the TPPA will require Kiwibank to act only with commercial considerations rather than mix commercial and the public good objectives which should be an important aspect of its role. Further, it will not be allowed to assist local businesses by giving them preferences in its purchasing nor will it be allowed to give them preferential financing arrangements. To the extent that these are required under the State Owned Enterprises Act, it will prevent future Governments from changing the Act to strengthen the public good role of SOEs like Kiwibank, as they should.

- 1.7. We oppose the TPPA and its ratification. If it is ratified, we would strongly support future governments withdrawing from it or, at the least, renegotiating its terms.
- 1.8. Accordingly we support this Bill which entrenches the public ownership of Kiwibank.

¹ http://tpp.mfat.govt.nz/assets/docs/TPP_factsheet_SOEs.pdf