

Thursday, Sept. 29, '05



Dr Anthony Marinac
Secretary
Parliamentary Joint Committee
on Corporations and Financial Services
Suite SG 64
Dept. of Senate
Parliament House
Canberra 2600

30 SEP 2005

Dear Sir

Further to a phone talk of yesterday, after reading an ad on "Senate Committee Activities" I am responding to the section for "Corporate Responsibility."

There seems to me a real need to consider "the appropriateness of current reporting arrangements" in the matter of banking. That is, specifically in the case of the matter of the New Zealand Government having launched a new Government bank, Kiwibank, 3 1/2 years ago and it not being known generally in Australia.

This is obviously due to the mainstream Press, with the Murdoch and Fairfax newspapers in the forefront, failing to carry stories about Kiwibank. This limits any move for Australia to have such a bank, such as the Commonwealth Bank was in its earlier years, before becoming just another "money monger," (the words of founder Mr King O'Malley, about whom I've written a biography, "O'Malley, MHR,") with its undermining by conservative Governments and finally privatisation under Paul Keating as PM.

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As author and researcher into the life of King O'Malley, MHR, and his leadership from after Federation in 1901 in the creation of the Commonwealth Bank of Australia, I am conversant with the founding of that bank and its very real importance in the welfare of Australian Governments and people.

O'Malley was an American-born adventurer. He came to Australia in 1880. As a member of the Colonial Parliament of South Australia, he spoke of the need for such a bank as the one he led in creating federally.

The banks, then only privately-owned ones, had "burst" in 1893 and he saw a Government bank as the way to counter the ruination of farmers, etc, that had followed.

"For the prosperity of generations yet unborn," he cried in the Federal Parliament to which he became a member for Tasmania from Federation in 1901. Living up to his shouted promise before mining audiences on the West Coast of Tasmania while seeking the people's votes, he "shook Fossildom to its foundations."

"Fossildom" was represented by the entrenched legislators and bank shareholders he declared his bank would counter.

It stirred up a lot of opposition. that was even in the Fisher Labor Government of which he was Minister for Home Affairs, 1910-13. Andrew Fisher, the Prime Minister, must have sympathised with O'Malley's stated aims -- he had been a boy of 10 down the pits of his native Ayrshire in Scotland.

By 1908 he was Prime Minister of the adopted Australia. As a victim of mine owners on both Scotland and the Queensland in which he settled, he knew all about victimisation for his opinions. Aptly he was Leader of a Government bent on uplifting Australians from oppression.

But Fisher was leader of a Government under intense pressure to not legislate for the "people's bank," his Minister, King O'Malley, was advocating.

One counter to that bank was that it couldn't work. This influenced the conservatively-minded Andrew Fisher, along with the threat to his Government from electors influenced by the storm of protest for the bank, to oppose it in its final stages. That, and the bitter opposition of Billy Hughes, Welsh-born front bencher in the Government. O'Malley later wrote with distaste at the trouble he had in the Labor Caucus and Cabinet in getting support for his bank.

I had personally knowledge of the trials of Fisher at this time. I used to take about in Labor circles, Fisher's daughter, Miss Margaret Fisher, who died aged 84 in 1988. She told me how, in a taxi in London about 1920, she heard her father and Denison Miller, the banker put in charge of the young Commonwealth Bank as one-man administrator, talking animatedly about the actual fate of the bank -- that, though the story ^{had been} that it could never be a viable proposition, ^{and} it was by 1920 demonstrating it could be.

King O'Malley, who lived from 1910 to his passing in 1953 at South Melbourne, had swung the issue by gaining the solid support of Melbourne Trades Hall. Parliament sat in Melbourne, til 1927. O'Malley was a consistent visitor to the Trades Hall on the CBD's northern fringe. He was a constant confere of men such as Dick Loughnan, a Trades Hall Council president, whom he rated as very important in the countering of final opposition in the Labor Government to the bank.

In later years, he wrote nostalgically of union supporters of the bank, on the theme, "Where are the boys of the old brigade."

Andrew Fisher might be said to have some justification for his attitude in that the Fisher Government was actually tipped out of office in 1913. One wonders how much opposition to the Commonwealth Bank caused that.

It tooks three weeks for the fate of the Government to be known; a combination of the former Protectionist Government led by Alfred Deakin and the the Free Traders, Sydney based, under George Reid, by then a "Fusion" party, won the 1913 election. The balance was tilted by the Fusionists winning the border seat of Albury, NSW. Labor was back a year later.

As to the Commonwealth Bank. O'Malley had preached that it was the gregtest issue before Parliament to that stage. On it depended the welfare of Government and the Nation.

It well and truly lived up to its promise. Looking back on its operations in 1962, the bank's 50th anniversary, Sir Robert Cosgrove, who had been 18 years a Premier of Tasmania, told me, "Australian couldn't possibly have developed as it has without the Commonwealth Bank." It well recall his emphasis on "couldn't possibly."

He attributed that to the bank having freed up the economy by offering loans at low interest. Available to Governments to use, it helped Government -- "particularly in agriculture" -- and reversed the sluggishness that had followed the Bank Crash of the 1890's.

There were admiring eyes in America. An academic and author, J.C. Jauncey, came to Australia in the 30's. He wrote a book, "Australia's Government Bank." It commended the Commonwealth Bank in these hungry years of Depression.

In the uproar ^{in the late 40's} over the move of Labor's Ben Chifley to nationalise private banks and have them work, as he saw it, for the welfare of Australians who had been rendered in poverty because of the shackling of the Commonwealth Bank, etc, King O'Malley was wary of nationalisation of the banks. He did write Chifley and he did raise his penchant to stand out against the "boodle bludgers" he assailed.

But he repeated his words of the Depression era that a Commonwealth Bank doing the job for which it was created would do the trick for the Australian underdog.

The Commonwealth Bank has had waxing and waning fortunes. It waned in the 20's and 30's when conservative men, even private bankers, were put on the board by then running it. It waxed strong when Chifley as Prime Minister stood out against a conservative board and enacted legislation rated "monumental" for the bank. Bob Menzies, main founder of the Liberal Party, staunchly upheld the Commonwealth Bank. In his second last year, O'Malley, aged 94 in 1953, commented "You know, we're lucky to have Menzies."

In later years, the same men of big business who led a Commonwealth Bank on its board in the 20's and 30's were appointed to run it. This aspect is encapsulated by Clyde Cameron, a rare Labor voice in the Curtin-Chifley economic mould, in 1989. He made a speech at the Clyde Cameron union training college at Wodonga, in which he assailed "barons of big business" running the bank.

He named them, just as I can -- and have in articles in the strident Victorian publication "The Strategy." For instance, I found that Sir Brian Massey-Greene, a board member for years and a bank chairman for a three-year term, was son of Walter Greene, later Massey-Greene, who was a Liberal Senator at the time O'Malley was advocating the bank. Greene made some six speeches opposing the bank; it wasn't for Government to be in banking, he said, without saying much as to why not.

Both father and son were big-time businessmen. And as Ben Chifley put it "Big business always hated the Commonwealth Bank."

Paul Keating, leader of the Labor Party no less, was in office when John Ralph was elevated to the bank board about 1985. He went on to be its chairman, and held office during the transition to a private bank with privatisation under Keating, and fellow travellers in Bob Hawke and Kim Beazley, Government front benchers, in three stanzas from 1990 to 1995. An outcry in the Labor Party against the first privatisation bid -- which was contrary to the attitude of the Labor Conference of 1988 -- was toughed out by Keating and his henchmen of the NSW Right in 1990.

And so we have had country towns decimated. Farmers ruined for lack of low interest banking services. Suicides and bankruptcies. Chifley had shown what could be done; he had some 1,000 of the worst-hit farmers throughout Australia with Commonwealth Bank loans at 4 per cent. about 1945.

An example of the worth of what O'Malley called the need for "revitalisation" of the Commonwealth Bank. He had been in the forefront of a fight to stop the first no-Labor-Government bid toward privatisation of the bank in 1938-39. He had called on "all true Australians" to "swear by the tombs of their ancestors that they would never elect to Parliament men whose secret mission was to destroy the Commonwealth Bank."

We come to the Kiwibank launched by the New Zealand Government led by Miss Helen Clark. It opened its doors in 2002. It quickly was signing up 500 new depositors every day. It was having an impact on the economy over there.

The youngest chief executive officer, Sam Knowles, reported in late 2004 that the bank had lived up to its promises. It had offered freedom from account-keeping fees, returned banking services to places from which private banks had withdrawn and it offered lower interest than the private banks.

All this is largely unknown to Australians. The Fairfax-owned Age and Financial Review never carry stories on Kiwibank. Likewise the News Limited, or Murdoch owned, Australian.

This can be confirmed in the indexes to the Business sections of these papers. You never see "Kiwibank" mentioned. I have a search of such indexes from The Age and Australian throughout 2004 which fail to ever carry reports on Kiwibank. I have studied Financial Review ^{daily} practically and note the absence of news on Kiwibank.

The Australian stopped publishing an index to Business section stories about early August this year. I suspect this followed my warning in publicity I sent about.

There has largely been an absence of Kiwibank stories in The New Zealander, a weekly issued from New Zealand and sold among people from that country now living in Australia. This paper has mentioned Kiwibank at odd times, such as when the bank entered the field of lending money to small business; an innovation in late 2004.

By then, incidentally, Kiwibank had grown to having some 306 branches, reported achieved by January, 2005. That was more than any other bank in New Zealand, which means the Big Four or Big Five private banks owned from Australia.

The Helen Clark Labor Government got back, with reduced seats, in elections on September 17 last. The New Zealander must have helped influence to vote against Helen Clark by carrying a shocking depiction of her on the front page three days before the elections.

It was a mock up of some woman made to look like her, along with someone depicting the Opposition Leader, Don Brash. I enclose a copy of that front page influencer. Also a picture of Miss Clark in an unflattering way.

Readers never read about her Government's achievement of Kiwibank -- it was absent from the almost-daily reports of the NZ elections I read in our Press.

It was also claimed she scrambled home in a cliffhanger. This was erroneous, I believe. While she had 50 seats and the Nationalist 49 by a late count, it seemed that the inevitable alliances to be made always guaranteed Labour would be back.

I think that is working ~~out~~ with political developments.

There is what the Press blackout of Kiwibank means to Australia. I find people with whom I speak all the time know nothing of the successful New Zealand rescue of the bank-battered underdog. The people of whom King O'Malley declared undergo "a more subtle form of slavery than the negroes of the South."

I enclose an article in The Australian and The Age which sanitised the situation facing Australian banks in NZ. The Australian makes no mention of Kiwibank in a story reporting on the trials of banks in New Zealand. The Age fails to refer to Kiwibank.

One wonders what the report triggering off this issue, a review by Merri Lynch Lynch, really said. I couldn't get a copy. But I suspect it spoke in grave tones of the influence of Kiwibank.

May the facts herein be known when the Australian Parliament has before it the matter of control or otherwise over the Press. The bias under way, the deliberate ~~depriving~~ Australian readers of information on a remedy for much of their ill^s warrants the media moguls being further brought under control -- not have their influence extended.

Larry Noye, Altona, Vic.

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