



Australian Citizens Party

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MEDIA RELEASE

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Australia needs a national post office bank now!

For more than a decade numerous organisations and experts have called for an Australian public post office bank to provide a secure alternative to the private banking system. The Citizens Party is finalising formal legislation for a national post office bank, detailed below, and we are calling for Christine Holgate to be restored as Chief Executive of Australia Post to manage it in its new era as the retail agent of a public postal bank.

Australians and the Australian economy are straining under the yoke of a private banking oligopoly which:

- starves small business and industry of credit while concentrating its lending in the housing bubble that prices young families out of buying an affordable home;
- maximises profits by preying on bank customers to extract wealth through asset-stripping;
- withdraws banking services from whole communities through aggressive branch closures to maximise its profits;
- denies banking services to anyone it doesn't like, especially small businesses that are competitors to the banking system, making it impossible for them to function in the economy;
- is pushing to eliminate cash entirely, in order to lock Australians into banks and force us to transact electronically so the banks can trace our economic activities; and
- corrupts the political system through its enormous lobbying power, enabling it to always block any attempt to seriously reform the banking system.

The very best way to rein in this corrupt banking power is to re-establish a public alternative, which Australia has not had since Paul Keating and John Howard privatised the Commonwealth Bank, completed in 1996. The Citizens Party's proposed national post office savings bank will force the banks to compete on retail services and restore banking services to every community in Australia.

National postal bank

The Citizens Party's legislation would establish a national postal bank as a separate public entity to Australia Post, but which would trade through Australia Post offices. Rather than Australia Post having its own banking license, the post offices would be agents for the national postal bank just as they are now for private banks, but on more beneficial, customised terms for the post offices as the new bank is designed for the Australia Post branch network. This model would be very similar to the way post offices were the first branches of the original Commonwealth Bank when it started in 1912, but it would be permanent. The model would both ensure banking services to all communities, and the ongoing economic viability of Australia Post's branch network.

It would also get around the ridiculous requirement of banking regulator APRA (Australian Prudential Regulation Authority), [foreshadowed in the 25 January 2014 *Sydney Morning Herald*](#), that for Australia Post to become a bank, each of its 3,000-odd small business-run licensed post offices, which comprise roughly half of its branches, would need individual banking licenses. (In having this requirement, APRA is being very officious, clearly to protect the big private banks, as it always does.)

The national postal bank would be a basic savings and loans bank. As it is owned by the government, deposits in the bank will be fully government-guaranteed. That means the post bank would not default on deposits, nor would deposits be bailed in, and the guarantee would not be only up to \$250,000, but in full.

The postal bank would make loans to individuals and businesses in the community, assessed on their merits based on good lending standards, but not assessed on whether they maximise the bank's profit, which is the culture that has motivated private banks to chase reckless mortgage lending. The postal bank would not engage in derivatives trading or other forms of speculation. Moreover, the Citizens Party proposes that the national postal savings bank would operate in tandem with a national development and infrastructure bank, which invests in the development of infrastructure and industries that Australia needs for productive economic growth and prosperity. The postal bank would invest any surplus funds in the development bank, which investment would also be fully government guaranteed. Australians who deposit their savings in the national post office bank would therefore know that not only are their savings safe, but they are being used for the economic development of Australia.

As a public bank, other benefits of a postal bank include:

- reliable branch services, compared with the private banks which regularly close branches to maximise their profits (while taking advantage of the fact that Australia Post branches provide retail banking services to their customers—effectively sponging off the taxpayers);
- no discrimination—a postal bank would not be allowed to discriminate against particular businesses or favour one business over another, which means it wouldn't de-bank anyone;
- maintain a cash payments system, unlike the private banks which are trying to phase out cash to trap people inside the banking system.

Widespread support

The era of private bank megaprofits in Australia started in 1997, following the privatisation of the Commonwealth Bank. No longer having to compete with a public option, the banks were able to close branches and slash staff *en masse*, gouge customers through fees on everything, and shift to the predatory practices that left thousands of victims and led to the banking royal commission. Due to the banks' own bad behaviour, support for a public postal bank has become a groundswell in the last decade.

In July 2009, a group of six leading economists called for a financial system inquiry [in an open letter](#), which asked: "Should citizens who feel unsure and unqualified to shop wisely in our financial markets be able to access basic savings, payments, and wealth management products that have been vouchsafed by governments as being safe and professionally managed...? In this regard, is there a role for a publicly-owned entity, akin to Kiwibank in New Zealand, to offer essential services in Australia's finance sector that leverage off unique government infrastructure (e.g., Australia Post, the tax system, and the government bond market)?"

In 2013 and again in 2020, the Communications Workers Union, which represents postal workers, and its umbrella organisation the CEPU called for a post office bank. In August the Labor-oriented think tank Per Capita published an excellent discussion paper for the CEPU titled "[Postbank: Filling a Void, Securing Essential Services](#)". In Parliament, the Greens, One Nation, Centre Alliance, Bob Katter and other cross-benchers all support a post office "people's bank", and quite a few Labor and Liberal/Nationals backbenchers also support it.

Reviving the Australian economy starts with reforming the financial system, which is why the Citizens Party is fighting against bad policies like the cash ban, de-banking and bail-in, and for solutions like the Glass-Steagall separation of banks and a national bank. Join us!

Click here to sign the petition: [Hands off our bank deposits—stop 'bail-in'!](#)