

# Plot thickens again in Australia Post banking drama



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Lead Editorial

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LPO Group Executive Director [Angela Cramp's powerful interview with Citizens Insight](#) lays bare the truth about Australia Post and the dire circumstances of licensed post offices before Christine Holgate and the amazing deal Bank@Post with the banks (p. 3). It also includes a stunning revelation:

*Christine Holgate was ambushed in Parliament just before she was to renegotiate the Bank@Post deal!*

Consequently, it is now mid-February and no start has been made on renegotiating the three-year deal with the banks (except CBA, which has a five-year deal) that expires in September this year. This is the deal that made Australia Post profitable, and made its licensed post offices viable after years of teetering on the edge of bankruptcy.

The renewal of this deal is not a foregone conclusion, however, because it was a

stunning achievement in the first place. First, it was an enormous amount of work requiring Christine Holgate and her executive team to negotiate with 70 separate financial institutions, which is why they had to work "nights, weekends, and holidays" as the Maddocks Report acknowledges, and why Christine Holgate rewarded the executives with Cartier watches.

Second, the banks didn't want to cough up more money for a service they were effectively getting for free. Angela Cramp vividly describes how nobody believed the deal was even possible for this reason, and indeed, one major bank, ANZ, point-blank refused. That Christine Holgate pulled it off is a testimony to her effective management style; with her out of the picture, there's a huge question mark hanging over whether the deal can and will be renewed at all. Indeed, the banks have already taken advantage of the assault on Christine Holgate and increased the fees they charge Bank@Post customers to \$3 per transaction.

The LPOs strongly support the policy of Australia Post becoming a bank, and always have, long before Christine Holgate, as it would permanently provide the increased revenue they need to be viable. The Bank@Post deal proved that post offices are ideally suited to providing retail financial services, which lays a foundation for a postal bank. But that's in the future. Right now, Australia Post and the LPOs

The image is a screenshot of a news article from Michael West Media. The header reads 'MICHAEL WEST MEDIA Independent Journalists'. The article title is 'Good timing: Australia Post in talks to become a bank' by Michael West | Apr 25, 2018 | Finance &amp; Tax. Below the title is a photograph of Christine Holgate, Australia Post CEO, standing next to a large stone lion sculpture. The caption below the photo reads 'Australia Post CEO, Christine Holgate'. The article text below the photo states: 'The banks will fight it tooth and nail. Australia Post is considering becoming a bank, a move which could deliver significant competition to the country's banking oligopoly through lower fees and lower-cost mortgages.'

This [2018 warning](#) has proven prophetic.

need to retain the Bank@Post deal, or they'll be back to the dire financial straits they experienced before Christine Holgate.

The timing of the attack, therefore, stinks to high heaven. When it first happened, the Citizens Party demanded to know: did Christine Holgate earn the enmity of the banking establishment, because she took them on and made them pay, and because the next logical step was making Australia Post a bank that would threaten their monopoly? The way Labor's dirty political operators colluded with the most pro-bank Liberals, including Scott Morrison and the "Senator for bankers", Jane Hume, to smash Holgate was already deeply suspicious. Now we have evidence the timing sabotaged the ability of Australia Post to keep the banks honest. As experienced business reporter Michael West had warned in 2018 about any move to expand Australia Post into a bank: "The banks will fight it tooth and nail."

Sabotaging the renewal of the deal also serves the privatisation agenda. Under the Liberal-stacked board and previous management, Australia Post was run into the ground and making losses, which advocates of privatisation used as a pretext to argue it should be managed by private enterprise. Christine Holgate's banking deal made Australia Post profitable again and destroyed that pretext, but if it isn't renewed, or is watered down, Australia Post will again be vulnerable.

The good news is that the fight for truth on this issue is dramatically shifting public opinion. Veteran business commentator Terry McCrann is the latest to weigh in, demanding in his 8 February column in *The Australian* that the board and chairman must resign. That's the next step in the fight to reinstate Christine Holgate and realise Australia Post's potential as a public bank.

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- 'Great Reset': Government of, by and for bankers
- Xinjiang: The Anglo-American-Saudi promotion of violent jihad
- 'Longer Telegram' a recipe for war with China
- Building a groundswell of support!
- Electric vehicles, but no electricity!
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