



Australian Citizens Party

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MEDIA RELEASE

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The win-win post office 'people's bank' solution

To free community post offices from bad management and banks, and guarantee financial services in regional and abandoned communities, turn each post office into a branch of a people's bank.

The campaign to achieve justice for Christine Holgate and the thousands of licensed post offices (LPOs) she saved has exposed glaring deficiencies in the structure and management of Australia Post. Given the importance of post offices and postal services to Australian communities, reforming Australia Post to fix these failings would be good for the whole country, as well as LPOs. A post office people's bank that guarantees financial services to everyone *and* the long-term financial viability of LPOs, is a win-win solution for all Australians.

The 2,850 small business LPOs are the most vested stakeholders in Australia Post; on average, they each have more than a million dollars of their own capital (\$3 billion collectively) invested in their businesses that provide postal services to the Australian people. LPOs exist because the government corporatised Australia Post and established the model of running post offices under license as small businesses to make Australia Post a self-funding service. Before Christine Holgate became CEO, however, LPOs were going bankrupt, and had been for decades. "The busier they are, the more money they lose, which is a pretty crazy business model", Senator Nick Xenophon said to ABC in September 2014, during a Senate inquiry into LPOs. Yet neither the government nor the management of Australia Post cared. All the years LPOs were going broke the government kept extracting around \$200 million from Australia Post in annual dividends for the federal budget—the LPOs were effectively subsidising taxpayers out of their own pockets! The management of Australia Post were just as bad. Their callous advice for struggling LPOs was to combine their post office businesses with other businesses like coffee shops and florists. The community-minded LPOs were appalled, as this would mean cannibalising other small businesses in their towns to subsidise a service the government should have ensured was properly funded.

It is well documented how Christine Holgate turned around the fortunes of the LPOs, starting with the 2018 deal that required the major banks to pay a \$20 million annual community representation fee for post offices to serve customers abandoned by the banks through branch closures. Achieving this deal was a miracle. The board of Australia Post predicted she couldn't do it and gave her a deadline of 30 September that year to land a deal, otherwise they would scrap banking services at post offices. The big four banks did not want to pay, despite the fee being less than 0.4 per cent of each of their mega profits. They complained about Christine Holgate to then-Treasurer Scott Morrison, who didn't lift a finger to help her. Only after Josh Frydenberg took over as Treasurer and Christine Holgate convinced him to support her plan, and he called the banks on her behalf, did three of the big four agree to pay. (ANZ refused, which is why ANZ customers can't bank at post offices now.)

LPO Group Executive Director Angela Cramp revealed in an [8 February 2021 Citizens Insight interview](#) that the deal increased payments to LPOs by 50 per cent on average, depending on how much banking LPOs do in their particular locations. This made a world of difference to their businesses—Angela Cramp said for the first time she was able to sleep soundly instead of fretting over whether her business would survive. It's why the LPOs were so loyal to Christine Holgate two years later when she was attacked in Parliament for buying Cartier watches as rewards for the executives who worked on the deal.

By contrast, the government and Australia Post management were not loyal to Christine Holgate at all. Despite paying lip service to her brilliance as a CEO, they were treacherous, shunting her out as quickly as they could and then lying to cover up their intent. This underscores the ongoing problem facing the LPOs: the government and management don't care if they survive. As for the two-faced banks, they *may* renew the deal, but only if it suits their management priorities; in the meantime, they have jacked up the fees on Bank@Post transactions to a ridiculous \$4.50. This means the future viability of the LPOs is at the mercy of banks that continue to demonstrate their disregard for their retail customers by shutting down bank branches *en masse* and ripping out thousands of ATMs all over Australia, especially in the regions.

Win-win solution

The Citizens Party has drafted a bill for a Commonwealth Postal Savings Bank (CPSB) that will solve

many problems, for Australia Post and the nation:

- Permanently secure the financial viability of Australia Post and the LPOs. The CPSB will be a custom postal bank to permanently operate through post offices, based on a legislated agreement with Australia Post that guarantees the LPOs share the revenue—their income will not be at the mercy of the private banks deciding whether or not to renew their Bank@Post deals, nor of the fickle management of Australia Post.
- Guarantee financial services for all Australians. The private banks have abandoned small towns in regional Australia and low-income suburbs, but they all have post offices, through which they will be able to bank with the CPSB.
- Guarantee bank deposits. The CPSB will be a public bank, owned by the government, which will guarantee all deposits, so Australians who bank at the postal bank will know they won't lose their savings in a financial crisis or deposit "bail-in".
- No "de-banking". As a public bank, the CPSB will not be allowed to discriminate by de-banking lawful businesses, as the private banks do.
- Support cash payments. The private banks are trying to do away with cash, which would be a disaster; the CPSB would allow people to always access cash (as Christine Holgate ensured post offices do now).

The CPSB would be a people's bank that serves all Australians *and* breaks the monopoly of the Big Four banks, which makes it more than just a good idea—it's an urgent necessity. Join the fight to make it a reality.

What you can do

- Sign and share the [Citizens Party's petition \(below\) for an Australia Post people's bank](#).
- Contact the Citizens Party for copies of this release as a colour flyer that you can distribute through your town or suburb, especially to the local LPO and small businesses which use its services.
- Tell your [MP and Senators](#) to support a post office people's bank.

[Click here to sign the petition:](#)
[An Australia Post 'people's bank'—a win-win solution for the nation](#)