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BUSINESS > DATAROOM

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# Government-owned bank created out of Australia Post back on Labor's agenda



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12 Comments

A government-owned bank created out of Australia Post is understood to be back on the agenda, five years after then-Labor leader Bill Shorten indicated that it would be on the party's to-do list if elected.

The understanding is that top executives are assisting the Anthony Albanese-led government with a plan to assess the move and how this could work in what is seen as a response to the closure of numerous bank branches in regional Australia.

This month, Bank of Queensland announced a restructure in which more than 400 jobs would go as it closed branches to redirect more of its consumer banking capabilities online.

Australia Post has been the network used by the top four banks to provide their services in rural locations.

Should the move to transform Australia Post proceed, a question is how much it would invest in technology if it morphed into a bank.

Previously, the thinking has been that an Australia Post bank would be modelled on the government-controlled Kiwi Bank across the Tasman, which is a subsidiary of New Zealand Post and thought to make about \$125m annually.

Kiwi Bank is said to have large margins. When it was started 15 years ago, customers did not pay fees, but many think this would not be possible if Australia Post were to

become a bank.

The New Zealand government is looking at a possible selldown of part of Kiwi Bank to raise capital to pay for its growth.

Some have questioned what parties would buy into the bank, but a more logical option would be for a financier such as Heartland Bank to buy the lender outright.

Market analysts have previously suggested that the only way Australia Post could grow a balance sheet was through writing loans, and it would probably need to use a mortgage broker or train Australia Post staff to meet the regulatory requirements for providing mortgages.

Another point is that while the Australia Post brand is strong, the real opportunity in the government-owned operation is its network.

Now much of the day-to-day banking activities of customers are carried out online and mainstream banks are shrinking their retail store network.

Australia Post has more than 4000 outlets, with many in regional centres.

In 2019 when the move was on Labor's agenda, Mr Shorten said he wanted to give Australia Post (then run by former Blackmores boss Christine Holgate) the ability to compete with the banks. He suggested the possibility of using Australia Post to provide opportunities to increase competition for banks.



**BRIDGET CARTER** DATAROOM EDITOR

Bridget Carter has worked as a writer and editor for The Australian's DataRoom column since it was launched in 2013, focusing on capital markets, mergers and acquisitions, private equity and investment banking. She has been a journalist for more than 18 years, covering a broad range of events and topics, including high profile court cases and crimes, natural disasters, social issues and company news.

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