

s 22



51. [redacted] s22 [redacted] other options that could be considered include [redacted] s22 [redacted] s 22 [redacted] possible introduction by the Corporation of banking services (as a principal) – see further below.

s 22



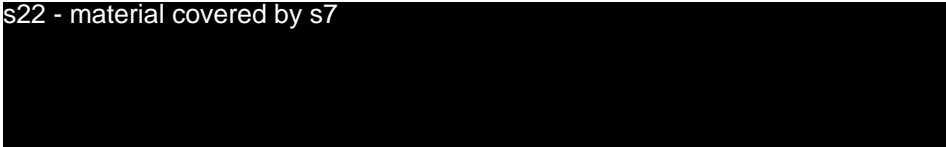
s 22



D. Possible New Business Function for Australia Post: Banking

57. Unlike postal services providers in many other countries, Australia Post does not offer banking services of its own (ie, as a principal) as part of its suite of business operations. Information gathered on a sample of major western countries presented at Attachment B indicates that full or limited banking services are offered as part of the postal service in Ireland, Germany, Japan, New Zealand, France, Singapore and the Netherlands.

58. Attachment C outlines the steps required for Australia Post to obtain a banking licence. The key points to note are:

- the Postal Corporation Act would require significant amendment, since it sets out much of the constitutional framework for the Corporation (which is not a Corporations Law company) and also applies CSOs and other obligations on the basis that the Corporation is a postal services provider;
- s22 - material covered by s7 
- if the abovementioned hurdles are overcome, Australia Post would need to apply to the Australian Prudential Regulation Authority (APRA) and the Reserve Bank to complete the process of obtaining a banking licence.

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ATTACHMENT B

POSTAL SERVICES: OVERSEAS EXPERIENCE

	Government ownership	Legislated letter delivery monopoly	CSO	Courier / Parcel	Logistics	Banking operation
An Post (Ireland)	100% - corporation since '84	yes	yes - price ? & delivery	Parcel operation as part of core business	[no mention]	'Postbank' – full service bank 50% owned with BNP Paribas no
Canada Post	100% - corporation since '81	yes	yes – price & delivery	Courier/parcel operation 51% privately owned	SCI Logistics operation	
Deutsche Post (Germany)	35% - corporation since '95	yes	yes – price & delivery	courier, express & parcel, with DHL	freight forwarding; & supply chain logistics operation	Duetsche Post Bank – full service bank, + insurance & share trading
Japan Post	100% - corporation in 2007 – 67% to be sold 2009 - 2017	No (from '07)	Yes – price & delivery	n/a	n/a	Japan Post Bank – low cost banking; & Japan Post Insurance – full service
New Zealand Post	100% - corporation since '98	no (from '03)	Yes – price and delivery	Courier/parcel & logistics with DHL		'Kiwibank': full service bank
La Poste (France)	100% - corporation since '01	yes	yes – features n/a	Chronopost – commercially run courier service	from 1996	La Banque Postale – full service bank
Royal Mail (UK)	100% - corporation since '69	no (from '06)	Yes – price ? & delivery	Parcel express (from '96)	Logistics (from '96)	Girobank sold in 1996 (?)

	Government ownership	Legislated letter delivery monopoly	CSO	Courier / Parcel	Logistics	Banking operation
Singapore Post	25% - corporation since '03	no (from '07)	yes - details not available	Parcel operation as part of core business	Logistics subsidiary	Limited services bank, alliances with financial services co's
US Postal Service (USPS)	100% - sovereign entity tasked to operate commercially	yes	Yes - price & delivery - but set by Postal Commission irregularly	Parcels & express from '96	n/a	n/a
TNT N.V (Netherlands)	Nil - privatised in ?	yes	Yes - price & delivery.	Express parcel operation	n/a	Full service bank

STEPS REQUIRED FOR AUSTRALIA POST TO OBTAIN A BANKING LICENCE

Set out below is an outline of the steps required for Australia Post (in its own right) to obtain a banking licence.

2. If the proposal were to be undertaken by a subsidiary or through a joint venture arrangement, there would be additional steps (and time) involved to establish the vehicle (for example setting up the subsidiary or joint venture company, appointing board/management, negotiating joint venture and shareholder agreements, etc).

Legislative requirements

3. There is no doubt that the *Australian Postal Corporation Act 1989* would require significant amendment to facilitate the current proposal - whatever form it takes.

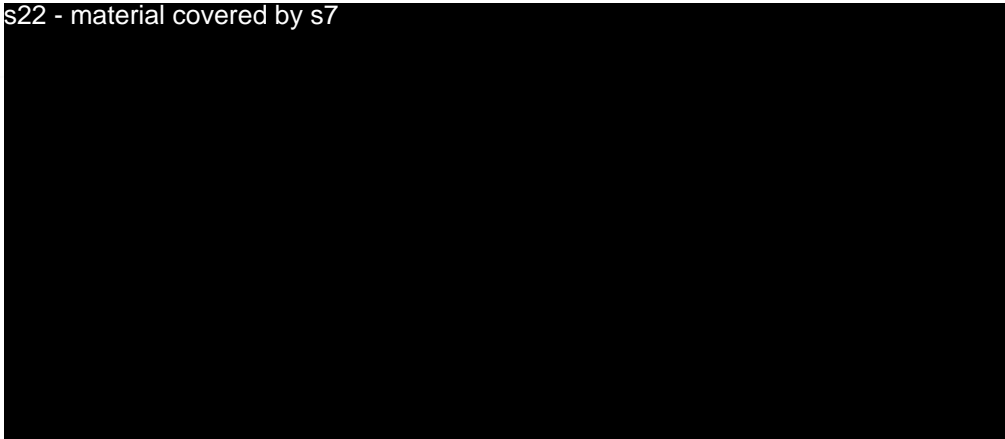
4. The Act establishes Australia Post (AP) as a statutory corporation - it is not a company like Telstra. Accordingly, much of the constitutional framework of AP is set out in the Act itself, which would require legislative amendment if the proposal proceeds. For example, the most significant changes required would be to Part 2 - Functions. Sections 15 and 16 of the Act limit AP to functions that are subsidiary or incidental to the business of providing postal services. One of its powers is, in section 18(f), to supply a funds transfer business, but that is as close as the Act gets to permitting anything even vaguely resembling a banking licence activity. Accordingly, the Act would have to be specifically amended to provide AP with the function of providing a banking service.

5. Secondly, because the Act assumes that AP's primary function is a postal services provider, there are significant community services obligations, audit obligations and Trade Practices Act provisions which are applied on the basis that they apply to all of AP's activities. If AP were to have a banking licence, there would need to be a review and carve-out of provisions that only apply to its postal services functions.

s22 - material covered by s7



s22 - material covered by s7



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s22 - material covered by s7

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