



13.1 PROVISION OF BANKING SERVICES CONTRACT

EXECUTIVE MEMBER: CHRIS CARROLL, GENERAL MANAGER, CUSTOMER, OPERATIONS AND INFRASTRUCTURE

PREPARED BY: ELIZABETH ERSKINE, HEAD OF FINANCIAL ACCOUNTING & SERVICES

1. PURPOSE

- 1.1 To seek approval to enter into an agreement with the Commonwealth Bank of Australia (CBA) for the provision of banking services contract.

2. EXECUTIVE SUMMARY

- 2.1 The current Provision for Banking Services contract expires on the 27 February 2022.
- 2.2 A public tender process was held in 2021 which closed on Tuesday 7th December.
- 2.3 Two responses were received, with only one conforming response accepted from the Commonwealth Bank of Australia (CBA). A second response was deemed non-conforming as it was lodged after the deadline.
- 2.4 The tender panel conducted a detailed assessment of the submission from CBA in accordance with the tender specifications and conducted a qualitative and quantitative assessment of the submission.
- 2.5 Council were notified of the opportunity to opt into the State Government Panel banking contract to access the pricing offered by either of the 3 banks on the panel – Commonwealth Bank, Westpac, National Australia Bank.
- 2.6 The pricing offered in the tender submission was compared to the current contract pricing and to the State Government panel contract.
- 2.7 In addition, the pricing for the three panel members in the State contract was reviewed, and a further assessment conducted using the Department of Treasury and Finance banking selector tool, resulting in CBA being the best offer for Council.
- 2.8 The pricing offered under the State panel for CBA results in estimated savings for Council over the five-year term of \$1.39 million in comparison to the current pricing, which is an additional \$0.3 million compared to the price offered through the tender process.
- 2.9 Our community is expected to experience lower merchant fee surcharge (on average) by approximately 0.11%. This is estimated at \$30,000 per annum of lower fees.
- 2.10 It is recommended that the tender process is abandoned and Council opt into the State Government Panel contract for the five year term, to achieve the same service at a lower price.

3. RECOMMENDATION

That Council:

- 3.1 Awards the contract for the provision of Banking Services to the Commonwealth Bank of Australia (ABN 48 123 123 124) and authorises the Chief Executive Officer or such other person that the Chief Executive Officer selects for the purpose of giving effect to this resolution to:



- 3.1.1 Execute the agreement with Commonwealth Bank of Australia for the provision of banking services for five years under the State government panel contract.
- 3.1.2 Authorise all payments under the agreement.
- 3.1.3 Affix the Common Seal of the Port Phillip City Council to the contract between Council and the Commonwealth Bank of Australia.
- 3.1.4 Notes the expected savings over the five-year contract estimated at \$1.39 million.
- 3.1.5 Notes the community will experience lower merchant fee surcharge by approximately 0.11% on average.

4. KEY POINTS/ISSUES

- 4.1 Council's banking practices have received attention in the past from the community. In order to address this Finance contacted second tier and community banks directly to determine interest in the banking contract and notify them of the upcoming process.
- 4.2 A public tender process was undertaken to enable responses from various financial institutions, with only one conforming response received.
- 4.3 The tender process was conducted in accordance with Councils Contracts and Procurement Guidelines and Procedures.
- 4.4 The tender panel comprised 4 members and 1 subject matter expert

Name	Title
Elizabeth Erskine (Chairperson)	Head of Financial Accounting & Services
Stefania Di Paolo	Senior Financial Accountant
Julie Snowden	Head of Organisational Performance
Ivanka Radosevic	Procurement & Contracts Advisor
Zoe O'Mahoney	Head of Sustainability & Climate Change

- 4.5 A quantitative and qualitative assessment was undertaken. The criteria and weightings used for the tender evaluation were as follows:
 - 4.5.1 Price 35%
 - 4.5.2 Capacity to meet the requirements of the technical specifications 40%
 - 4.5.3 Relevant experience 10%
 - 4.5.4 Transition Plan 10%
 - 4.5.5 Corporate Social Responsibility 10%
- 4.6 Pricing evaluation was based on projected volumes that were contained in the schedule of rates within the tender specifications. The pricing detailed in this report is an estimate of costs where relevant data was available for comparison. All pricing assessments conducted utilised the same volumes and assumptions.
- 4.7 Following completion of the tender evaluation process the panel agreed to recommend the Commonwealth Bank of Australia (CBA) as the preferred provider based on the following:



- 4.7.1 CBA have a proven track record as Councils current provider of banking services and have provided this service to the City of Port Phillip for 25 years. In addition, they are the banking service provider for 42 out of 79 Victorian Local Governments (53%)
 - 4.7.2 The banking products integrate with City of Port Phillips OneCouncil technology platform enabling automation and ease of processing daily banking transactions which benefits internal and external stakeholders.
 - 4.7.3 CBA have a strong investment in innovation and Local Government with a dedicated relationship management team supported by its government client service centre and 24/7 helpdesks for core systems and services, such as Commbiz (online banking), Merchant Enquires, Corporate Credit Cards and technical support.
 - 4.7.4 Future product enhancements such as digitised credit cards to help prevent fraud, smart forms, payments via QR codes and Design Centred Consultation will support Council in driving efficiencies in processes as improve the experience for our customers.
- 4.8 Pricing assessments we performed using the current contract pricing, the tender offer pricing and the State panel pricing:

Pricing	Estimated Cost 5 years
2022 Request for Tender	\$2,919,521
2017 Tender Pricing	\$4,005,660
State Government Panel Pricing	\$2,616,512

- 4.9 A high level internal review of the State Panel pricing and using the Department of Treasury and Finance Banking Selector tool resulted in Commonwealth Bank of Australia being the cheapest and best bank overall for Council's needs.
- 4.10 As a result of these assessments, abandoning the tender to opt into the State Panel contract has been determined as the recommended approach due to the following:
 - 4.10.1 Council will contract directly with CBA under the State contract and access lower prices resulting in savings across the contract term.
 - 4.10.2 Council will receive the same services as those offered in the tender response.
 - 4.10.3 Current banking services will continue with no disruption to Council services or customers.

5. CONSULTATION AND STAKEHOLDERS

- 5.1 N/A.

6. LEGAL AND RISK IMPLICATIONS

- 6.1 Effective and accurate banking and bill payment service is required to enable Council to meet its statutory obligations. The Commonwealth Bank of Australia has met the requirements of the specification and is resourced with experienced personnel to provide Council support in a timely manner.
- 6.2 All tender probity, policy and legislative requirements were adhered to during the tender and assessment process for this contract.



7. FINANCIAL IMPACT

7.1 Awarding the contract to CBA under the State Government panel contract results in significant estimated savings of \$1.39 million in bank fees over 5 years.

8. ENVIRONMENTAL IMPACT

8.1 N/A

9. COMMUNITY IMPACT

9.1 The community would receive continuity of services with no change to how they transact with Council to pay for services.

9.2 The community will experience lower merchant fee surcharge on average by 0.11%.

9.3 CBA offer local support programs within the City of Port Phillip including volunteering, community grants, pro-bono services and programs to provide financial assistance for vulnerable people including the elderly and frail, and victims of domestic abuse.

10. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY

10.1 Council's actions on this matter support Direction 5 "Well Governed Port Phillip"

10.2 All tendering activities were conducted in accordance with Council's Contracts and Procurement Guidelines and Procedures.

10.3 The banking and bill payment services will support and enable Council to deliver its strategic objectives and effective financial management and accountability of its financial resources.

11. IMPLEMENTATION STRATEGY

11.1 TIMELINE

11.1.1 The recommendation to award the contract to the Commonwealth Bank of Australia will ensure a smooth transition with minimal risk to Council.

11.1.2 The current contract expires on the 27 February 2022.

11.1.3 The new banking contract will come into effect as at 28 February 2022.

11.2 COMMUNICATION

11.2.1 Contract documentation will be prepared and forward to the contract for execution

11.2.2 Finance will contact CBA directly to complete the short form purchase order contract with them in order to opt into the State panel contract.

12. OFFICER DIRECT OR INDIRECT INTEREST

12.1 No officers involved in the preparation of this report have any material or general interest in the matter.

ATTACHMENTS

Nil