



8.2 **PROVISION OF BANKING AND BILL PAYMENT SERVICES TENDER**

LOCATION/ADDRESS: **WHOLE OF MUNICIPALITY**

ACTING GENERAL MANAGER: **MELISSA HARRIS, ORGANISATIONAL PERFORMANCE**

PREPARED BY: **JENNIFER BLUNT, COORDINATOR FINANCE PROJECTS**
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TRIM FILE NO: **14/01/2042**

ATTACHMENTS: **Nil**

PURPOSE

To seek Council approval to enter into an agreement with Commonwealth Bank of Australia (CBA) for the provision of banking and bill payment services for the City of Port Phillip.

1. RECOMMENDATION

That Council awards Contract No. 2042 for the provision of Banking and Bill Payment Services to 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:

- 1.1 Execute the agreement with Commonwealth Bank of Australia for the provision of banking and bill payment services for a term of five years.
- 1.2 Authorise all payments under the agreement.
- 1.3 Affix the Common Seal of the Port Phillip City Council to Contract No 2042 between Council and the Commonwealth Bank of Australia.

2. BACKGROUND

- 2.1 The current contract for the provision of banking and bill payment services expires on 28 February 2017.
- 2.2 The tender was advertised in The Age on Saturday 29 October 2016 and closed on Friday 18 November 2016.
- 2.3 The proposed contract term is from 1 March 2017 to 28 February 2022.

3. KEY INFORMATION

- 3.1 The current banker for Council is the Commonwealth Bank of Australia (CBA).



Council have contracted Council’s banking and bill payment services to the Commonwealth Bank for over 18 years.

- 3.2 Responses were received from three providers in accordance with the specifications. An evaluation panel undertook a detailed assessment of each proposal. The tender evaluation panel comprised:

Name	Title
Jennifer Blunt (Chairperson)	Coordinator, Finance Projects
Elizabeth Erskine	Acting Coordinator, Financial Accounting & Payroll Services
Kate Cornwall	Senior Contracts Advisor
Julie Snowden	Coordinator Risk and Assurance

- 3.3 Both a qualitative and quantitative assessment was undertaken. The criteria and weightings used to evaluate the proposals were:

- 3.3.1 Price (40%)
- 3.3.2 Capacity to meet the requirements of the technical specification (30%)
- 3.3.3 Level of relationship management support (20%)
- 3.3.4 Commitment to the community and sustainability (5%)
- 3.3.5 Transition plan (5%)

- 3.4 Pricing evaluation was based on the schedule of rates and volumes provided within the tender specifications. The pricing detailed within this report is an estimate of costs where relevant data was available for the purposes of comparison of the tender submissions.

- 3.5 Following the initial evaluation and scoring of the responses received, two of the providers were shortlisted and interviewed in December 2016. The final scores and pricing are outlined in the table below:

	Commonwealth Bank of Australia		
	Tender 1	Australia	Tender 3
Score	700.94	910.00	874.09
Estimate of Costs (5 years)*	\$2,451,487	\$1,905,635	\$1,909,971

**Based on Schedule of Rates per Tender Specifications*



- 3.6 Following the completion of the evaluation process, the tender panel agreed to recommend the Commonwealth Bank of Australia (CBA) as the preferred provider. CBA scored highest on all the qualitative criteria - capacity to meet the requirements of the technical specification, level of relationship management support, commitment to the community and sustainability, and transition plan. Highlights from the CBA response include:
- 3.6.1 As the current provider, CBA meet the requirements of the specifications. They provide banking services to over 200+ Local Government Authorities in Australia (approximately 37%) and 48% of Victorian Councils. They have recently been appointed and successfully transitioned three Councils over the last two years, being Whitehorse, Melton and Mitchell Shire. As the current provider, the transition plan provided to Council in response to the specifications was comprehensive.
 - 3.6.2 CBA provided further options for improvements, innovations and efficiencies across a number of areas, such as receivables channel migration services; sweeping/zero balance facilities; technology to support automation of receipting files and transactions; direct debit authorisations online; Better Business Insights and advanced analytics using the extensive data available from the CBA EFTPOS network and CBA issued credit cards to analyse consumer spending within City of Port Phillip.
 - 3.6.3 CBA committed to offering up to 40 hours of staff volunteering to organisations within the municipality of Port Phillip, and has in recent years provided over \$100,000 in community grants and gifts to local schools, sporting groups and charity organisations within the municipality.
 - 3.6.4 CBA offers a dedicated local government relationship management team and is supported by its government client service centre along with 24/7 helpdesks for core systems and services such as Commbiz (online banking), Merchant Enquiries, technical support and Corporate Credit Cards.
 - 3.6.5 CBA highlighted a range of initiatives and awards relating to corporate responsibility and sustainability including the most sustainable company in Australia, and the most sustainable bank in the world according to the 2016 Global 100 Most Sustainable Corporations in the World Index. The bank recently updated its environmental, social and governance (ESG) policies and practices and undertakes due diligence in financing projects of clients, particularly within the natural resources sectors of energy & utilities, oil & gas and metals & mining.
- 3.7 The banking and bill payment tender process will deliver savings to Council with reductions in fees noted on some key high volume banking transactions.
- 3.8 Responses to the tender also indicated an increased level of innovation in banking and receivable products that will support Council in driving efficiencies in key financial and transactional processes.



FURTHER SUPPORTING INFORMATION

4. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY

- 4.1 The tendering for the provision of banking and bill payment services was conducted in accordance with Council's Contracts and Procurement Guidelines and Procedures.
- 4.2 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.
- 4.3 Whilst this tender relates to transactional services to be provided to Council by a financial institution and not investments by Council with a financial institution (to which Council's Investments Policy and Guidelines apply), as set out in section 7.1 of this report there has been consideration of the environmental commitments of tenderers in making the recommendation in this Report.

5. CONSULTATION AND STAKEHOLDERS

- 5.1 Not applicable.

6. LEGAL AND RISK IMPLICATIONS

- 6.1 An 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 Commonwealth Bank of Australia are the current provider of Council's banking and bill payment services.

7. SUSTAINABILITY – Triple Bottom Line

7.1 ENVIRONMENTAL IMPLICATIONS

- 7.1.1 CBA have provided an outline of their strategies and approach to environmental sustainability and acknowledge their crucial role in addressing the challenge of climate change by supporting organisations to transition to a low carbon economy, investing in renewables and ensuring robust lending practices to manage project financing in the natural resource sectors. The CBA submission also highlighted the results of the recently released 2016 Global 100 Most Sustainable Corporations in the World Index, which placed the Bank as the most sustainable company in Australia, and the most sustainable bank in the world. CBA have a comprehensive environmental management system (EMS) based on the ISO 14001 international standard.

7.2 SOCIAL & CULTURAL IMPLICATIONS

- 7.2.1 CBA have highlighted continued local support to the City of Port Phillip noting key programs including the Staff Community Fund providing grants to organisations directly benefiting children; up to 40 hours of staff volunteering to local community organisations; Indigenous Australian programs and tailored products for local Indigenous business owners; and charitable and community awards support.



CBA is also a signatory to the Global Compact and Equator Principles, and is committed to communicating progress on integrating Global Compact principles into the areas of human rights, labour, the environment and anti-corruption.

7.3 ECONOMIC IMPLICATIONS

7.3.1 CBA's tender submission highlighted a number of innovations and improvement opportunities that will drive efficiencies and enhance Council's transactional online interface with the community. Due to its extensive merchant solution network within Port Phillip, CBA can also provide data for the development of Council strategies that could support potential economic development of activity centres and existing assets and opportunities to drive tourism.

7.4 FINANCIAL IMPLICATIONS

7.4.1 The proposed Contract will deliver estimated savings of \$45,000 (ex GST) per annum on key financial transaction charges such as merchant fees and receivable products.

8. IMPLEMENTATION STRATEGY

8.1 TIMELINE

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

8.1.2 The Banking and Bill Payment Services contract will come into effect as at 1 March 2017.

8.1.3 Upon awarding the contract, Council will undertake a review of current merchant service fee recovery surcharges applied to all credit card payments and where necessary amend surcharges in accordance with the Reserve Bank of Australia Card Payments Regulations.

8.2 COMMUNICATION

8.2.1 Contract documentation will be prepared and forwarded to the contractor for execution.

8.2.2 The Contracts and Procurement team will notify all unsuccessful tenderers.

9. OFFICER DIRECT OR INDIRECT INTEREST

9.1 No officers involved in the preparation of this report have any direct or indirect interest in the matter.