



LEGISLATIVE ASSEMBLY

FOR THE AUSTRALIAN CAPITAL TERRITORY

SELECT COMMITTEE ON ESTIMATES 2024-2025

Ms Nicole Lawder MLA (Chair), Ms Suzanne Orr MLA (Deputy Chair),
Miss Laura Nuttall MLA

ANSWER TO QUESTION ON NOTICE

Asked By: Ms Jo Clay MLA

Addressed to: Treasurer

Reference: Treasury

Hearing Date: 24 July 2024

In relation to: Treasury and Climate Friendly Banking

QON lodgement Date: 24/07/2024

Answer Due date: 02/08/2024

In hearings Minister Rattenbury said he has raised with you the suggestion of switching to a climate friendly banking provider that has divested from fossil fuels. He said that the advice you provided in response indicated there was at that time no suitable provider that could offer the services required by ACT Government and that that was about 12 months ago.

Market Forces recently reported that the ANZ, NAB, Commonwealth Bank of Australia and Westpac loaned \$3.6 billion to fossil fuels last year.

Market Forces have produced a table showing which banks fund coal, oil and gas and which do not: <https://www.marketforces.org.au/info/compare-bank-table/>.

- Which bank is the ACT Government currently banking with?
- Has ACT Government considered switching to a bank that does not fund coal, oil and gas?
- From the Market Forces list or from another climate-friendly banking list, which banks has ACT Government contacted to see if they could provide ACT Government banking services?
- Have you spoken to the ACT Government's current banking provider to tell them that you would like them to stop funding coal, oil and gas?

Andrew Barr MLA: The answer to the Member's question is as follows:

Which bank is the ACT Government currently banking with?

Westpac Institutional Bank (Westpac) is the ACT Government's current appointed Government Banking Services Provider. The current Government Banking Services Agreement came into effect 1 July 2023.

Has ACT Government considered switching to a bank that does not fund coal, oil and gas?

The requirements of a Government Banking Services provider, for the Territory or any other Government jurisdiction, are extremely complex and extensive. The Territory has a wide range of banking services requirements, including transactional banking services, merchant services, purchasing and procurement card services, data analytics and reporting, as well as the ability to support the Territory in adopting new technologies, products, and services as they become available to the market.

As part of the recent Whole of Government banking services procurement, the Territory issued both an open Request for Expression of Interest (REOI) and Request for Tender (RFT). The only participants who either responded to the tender, or demonstrated the market capability, counterparty credit rating requirements and balance sheet capacity to provide all the services required were limited to the four largest retail banking providers.

To the extent that all the required services can be consolidated under a single supplier Services Agreement creates significant efficiencies both operationally and through cost effectiveness. Unlike some of the larger jurisdictions, the Territory does not have the relative size or transactional volume to warrant a multi-bank arrangement.

From the Market Forces list or from another climate-friendly banking list, which banks has ACT Government contacted to see if they could provide ACT Government banking services?

As mentioned in the previous response, as part of the recent Whole of Government banking services tender, the only banking institutions that either responded to the tender request or demonstrated the market capacity, counterparty credit rating requirements and balance sheet capacity to provide all services required to support the Territory's banking requirements were limited to the four largest retail banking providers.

Have you spoken to the ACT Government's current banking provider to tell them that you would like them to stop funding coal, oil, and gas?

As part of the recent Whole of Government banking services tender, prospective Service Providers were asked to address a range of Environment / Sustainability Requirements, as well as submit a Local Industry Participation Plan. This included addressing criteria including:

- Provide details of measures taken to reduce the environmental impact of activities undertaken in the course of conducting business;
- Indicate whether the organisation has a Corporate Social Responsibility (CSR) Plan and describe specific initiatives that have been developed as part of that CSR; and
- Indicate whether it currently provides, or proposes to provide in the future, targeted assistance strategies to assist vulnerable members of the ACT community who may not otherwise have access to mainstream financial services, through initiatives such as micro-loans.

As demonstrated in the aforementioned Market Forces "Compare Banks" report, Westpac has loaned 40% - 50% less to fossil fuels compared to the other participants within the four largest

retail banking providers over the 2016 – 2023 reporting period. Westpac has also publicly announced significant commitments to action on climate change recently, including:

- Joining the Net-Zero Banking Alliance (NZBA) in July 2022, with continued work on reducing their operational and finances emissions and aligning their lending portfolios with net-zero finances emissions by 2050.
- Detailing three key action areas as per Westpac’s “2023 Climate Change Position Statement and Action Plan” across the following areas:
 - Net-zero and climate resilience in Westpac’s operations;
 - Supporting customers’ transition to net-zero and to build their climate resilience; and
 - Collaborate for impact on initiatives towards net-zero and climate resilience.

Approved for circulation to the Select Committee on Estimates 2024-2025

Signature: 

Date: 31.7.24

By the Treasurer, Andrew Barr MLA