



**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 TAKEN ON NOTICE  
DURING PUBLIC HEARINGS**

Asked by: Mr Andrew Braddock MLA

Addressed to: Treasurer

Redirected to: N/A

Reference: Uncorrected Hansard Transcript pp 94–96

In relation to: Westpac contracts

Hearing Date: 30 July 2024

QTON lodgement date: 31 July 2024

Answer Due Date: 5 August 2024

**MR BRADDOCK:** I do have a new substantive. I have got some questions about Westpac Banking Corporation, the ACT Government's banking service provider. From my reading of the contracts register, the previous contract which ran for 10 years from 2013 to 2023 was for a value of approximately \$6.7 million.

The latest contract which commenced from 1 July 2023 to cover four years to 27 is of a value of \$17 million. I am trying to understand why the significant uplift in the price of the contract and what additional services did the territory provide for that money.

[...]

**Mr Barr:** We will tighten all of this up; we will take the detail on notice to provide you why there are differences and then the extra services that are being provided—

**MR BRADDOCK:** And what are these extra services?

**Mr Barr:** —which you may be able to.

**Mr Campbell:** Yes. I can go through some of that. There are a range of new products in the market. There is capacity now for scheme and EFTPOS rerouting, so least cost routing; it is part of a new payment system approach with the Reserve Bank of Australia. There are new terminal rental collection costs, API connectivity to directorate owned websites, a whole range of extra in compliance with payment cards and data security to service that we require to put in place now with enhanced privacy

and cyber security concerns. A range of cards management solutions now, so to enhance the invoicing and acquittal against expenditure, which is obviously critical for sound reporting.

And some extra data analytics functions around economic and statistical data, a dataX capability that we will be able to draw upon initially to access data about where actually in the ACT money is being spent and who that is being spent. There is also a number of other new payment systems including the Osko, like that pay ID, that pay now immediate sort of capacity with some of the suppliers. So there is a range of new technologies that are built into this contract which did not exist in the previous arrangements as well.

**Mr Barr:** I will consolidate all of that information, on previous contract and cost, the current contract and extension and that list of additional capability.

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

As provided in response to **QTON – 42**, the requirements of a Government Banking Services provider, for the Territory or any other Government jurisdiction, are extremely complex and extensive, particularly in the digital age. A summary of the required products and services of a Government Banking Services provider now, incorporate new and expanded services, categorised at a high-level include:

- Transactional banking services:
  - Provision of bank accounts including sweeping, set-off / pooling arrangements
  - BPAY
  - Direct Entry Service
  - Systems connectivity – internet banking and host-to-host systems
  - Gateway transactions and IVR (Interactive Voice Response)
  - Payroll facilitation – STP (Straight Through Processing) and Super Stream
  - Over-the-counter transactions
  - Cross-border banking and transactions
  - Electronic Banking System
- Merchant Services:
  - Scheme and EFTPOS acquiring including Least Cost Routing (LCR) / Merchant Choice Routing (MCR) and Open Loop Transport Systems
  - Parking sales transaction processing
  - Terminal rental
  - API connectivity to directorate owned website for card detail collection
  - Compliance with Payment Card Industry Data Security Standards (PCI DSS)
- Purchasing / Procurement Card services:
  - Card solutions (physical, virtual, prepaid and credit)
  - Card management system and associated data
- Data analytics and reporting:
  - Expenses, Billing and Transaction Data
  - Economic and Statistical Data
- Ability to support the Territory to adapt/migrate to new technologies, products, and services, for example:

- New Payments Platform (NPP) including Osko, PayTo and other products as they become available to the market.

The banking landscape had changed significantly between the Territory's previous banking tender, the former contract that operated between February 2013 through June 2023, compared to the current contract that came into effect in July 2023. The Territory's payment options were far more limited in 2012/13, with a greater reliance on cash, cheques, or over-the-counter payments at ACT Government shopfronts.

The Territory, as well as customer expectations, have shifted to offering a greater variety of digital payment options, which was particularly highlighted and expedited throughout COVID-19.

Although these digital payment options, including BPay, offering more debit and credit card payments through ACT Government online payment pages (where at an industry level there has been an increase in higher-value credit payments over time, which incur relatively higher transactional fees), as well as transitioning payments to the NPP, have a significant benefit to both the community and Government in being able to facilitate convenient, secure, faster payments, they do come at an increased transactional cost to the Territory.

The quoted \$6.7 million figure was a best approximation of the likely notional contract spend for the initial five-year term of the former Government Banking Services Agreement, between February 2013 and June 2018, as part of the tender established in 2012/13. The TendersACT website however shows the full contract period from 2013 to 2023.

An indicative value for the five-year extension to the original contract, taking the contract to its expiration on 30 June 2023, which is based on an approximation of associated fees and charges for the provision of banking products and services is approximately \$15 million. As noted above, the new contract terms, for the notional contract value of \$17 million over another 4.25 years to 2027 includes a range of additional services and products not captured in the contract extension from 2018 to 2023.

Due to a variety of factors, including population growth, a wider variety of ACT Government fees, charges and services available to the community, an increase in banking products available under the new Government Banking Services Agreement, as well as a natural increase in banking fees at an industry level for comparable products under both the former and current Government Banking Services Agreement, there has been a natural increase in the cost of banking related services to Government between 2013 and 2023.

It should be noted that both the former and current Government Banking Services Agreements are fee for service, and although contract values are best approximations at the time of contract execution, ACT Government directorates only incur fees for the direct products and services they utilise. The Territory also continues to maintain a competitive interest rate for cash held at bank inside the set-off arrangements.

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

Signature: 

Date: **7.8.24**

By the Treasurer, Andrew Barr MLA