

**MEETING:** Confidential Meeting of Council  
**DATE:** 17<sup>th</sup> November 2015

**DEPARTMENT:** Economic Development  
**OFFICER:** Chief Executive Officer

<b>REPORT ITEM:</b>	9.3.14
<b>REPORT TITLE:</b>	BankSA

<b>Implementation</b>	
<b>Budget Impact</b>	Budget Allocation \$ Spent to Date \$
<b>Risk Assessment</b>	
<b>File Reference</b>	

**RECOMMENDATION:**

That under the provision of Sections 90(2) and 90(3)(b) of the Local Government Act, an order be made that the public be excluded from attendance at the meeting with the exception of the Chief Executive Officer, Works Manager, Finance Manager and Executive Assistant in order to consider in confidence information the disclosure of which could reasonably be expected to confer a commercial advantage on a person with whom the council is proposing to conduct business or to prejudice the commercial position of the council and would, on balance, be contrary to the public interest.

That accordingly, on this basis, the principle that meetings of the Council should be conducted in a place open to the public has been outweighed by the need to keep the information or discussion confidential.

**EXECUTIVE SUMMARY:**

I have held confidential meetings with Adam Moss, Head of Regional Retail Banking, BankSA in relation to BankSA's new concept 'Bank Local'.

Essentially BankSA sees 'Bank Local' as an important evolution of their current banking services and seeks to establish services within the Burra and Eudunda Council offices that services most BankSA customers' core needs including deposits, withdrawals, transfers, statements, and balance inquiries. Its intention is to provide an alternative service model for areas in which BankSA have experienced steep declines in the number of transactions they process.

The concept of BankSA partnering with local councils is a new initiative in South Australia and provides benefit to both partners, ratepayers and communities alike.

The attached correspondence provides further details.

Should Council, following discussion at the meeting, consider the proposal worthy of further investigation/negotiation, I recommend that Adam Moss be invited to attend the December 2015 meeting of Council.



30 October 2015

John Brak  
Regional Council of Goyder  
1 Market Square  
Burra, 5417

Dear John,

Thanks for taking the time to meet with me recently to discuss our new concept 'Bank Local'. We think this new concept is a great way for councils and BankSA alike to help local residents take care of their key banking requirements without having to venture far from home.

Bank Local is an important evolution of our current banking services and will establish services within your local Council chambers in Burra and Eudunda that services most BankSA customers' core needs including deposits, withdrawals, transfers, statements, and balance inquiries. It also provides a way for you to add another valuable service to your customers and create a new revenue stream for your Council, while providing an alternative service model for areas in which we have experienced steep declines in the number of transactions we process.

I have attached a number of documents that summarise Bank Local for your consideration and presentation to Council - please keep in mind in some cases these are based on existing electronic agency agreements. These documents include:

- Memorandum of Understanding
- Bank Local Agreement
- Mortgage Referral Agreement
- Commercial Referral Agreement

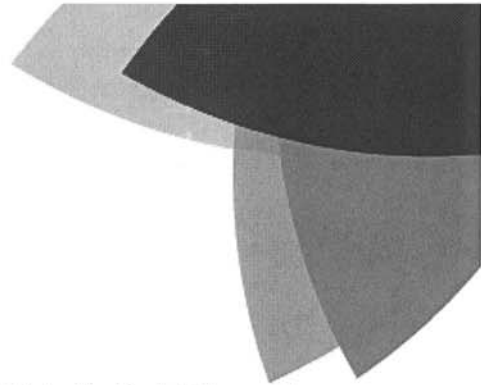
The concept of partnering with local councils is a new initiative in South Australia and provides benefit to both partners, ratepayers and communities alike. We appreciate your consideration of this proposal.

If you'd like to discuss Bank Local further I can be contacted on my mobile 0466 461 106 or alternatively please feel free to contact Maria-Ann Camilleri, our General Manager of Retail Banking on 0432 142 256.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Adam", followed by a small flourish.

Adam Moss  
Head of Regional Retail Banking

**BankSA's Bank Local**

Bank Local is a network of council based agencies established by BankSA to enable rural/remote customers to access their accounts either in a location where the branch has been closed, has reduced hours, or where no branch or ATM exists in the area. This provides important transactional services to communities in which operating conditions have become unsustainable for a full service branch presence.

Core transactional services can be performed when a customer has a **PIN activated** BankSA, St George or Bank of Melbourne card

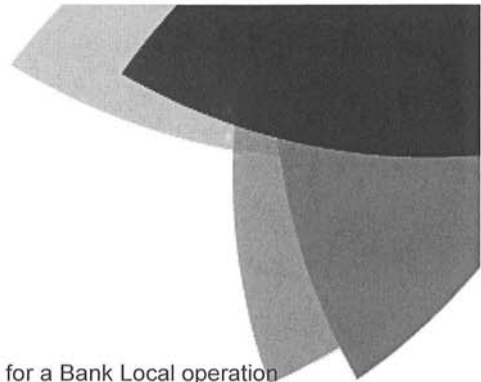
The transaction types that are normally available via Bank Local are as per below -

- Deposits to saving/cheque/credit card accounts (cash & cheque)  
Note: Cheques deposited will have 2 – 3 days extra clearance applied (ie. minimum clearance is 6 business days).
- Deposits to business customers via deposit only card.
- Withdrawals on saving/cheque/credit card accounts (cash only)
- Transfers between accounts on the same card
- Statement requests on saving/cheque accounts
- School bank Coupon deposits can be accepted
- Mini Transaction History – last 8
- Balance enquiries on saving/cheque/credit card accounts

There is no limit to the cash and/or coin amounts deposited through Bank Local facilities. There is a \$1,000 daily withdrawal limit placed on all cards. This is under review and may increase to \$2,000 in due course pending demand.

In addition to transaction processing, Bank Local requirements are as per the attached agency agreement in relation to reporting, completion of daily cash statements and remittance of cash, coin and cheques



**Equipment that BankSA will provide**

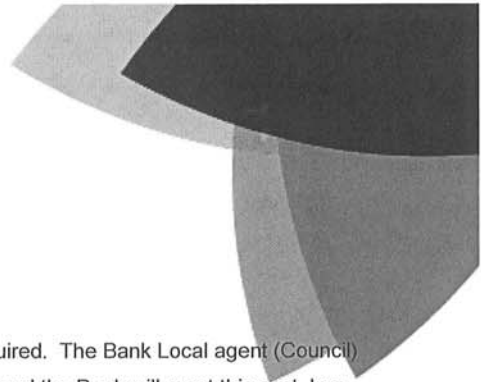
BankSA will provide hardware and equipment required for a Bank Local operation including a desktop printer, computer hard drive, monitor, mouse and pinpad device to process transactions. A safe and other smaller items will also be provided. These items would generally be located on a small counter space. If counter rework is required, BankSA is happy to work with you to provide a solution. Capital expenditure to assist with installation of CCTV and door lock will be supported.



BankSA will also provide required advertising materials for display at your Bank Local. These would include –

- Window Stickers - "BankSA Bank Local"
- Counter sign - "BankSA Bank Local" - free-standing perspex sign
- A-Frame or Flag - subject to Council approval





### **IT Requirements**

In a non-NBN location a dedicated dial up phone line is required. The Bank Local agent (Council) will need to order/arrange this with their telephone provider and the Bank will meet this cost. In a NBN location we require a Telstra T-Biz voice box to be installed. The Bank Local agent (Council) would need to order/arrange this with Telstra and the Bank will meet this cost, if this equipment is not provided as part of automatic NBN upgrade by Telstra.

### **Indicative transactions and Financial returns for Bank Local**

Based on current transaction volumes in the area and estimated likely usage of the Bank Local Electronic Agency facilities, transactions volumes of 100 per week could be expected.

The indicative financial return to the Bank Local Electronic Agency could be estimated to be a monthly commission of approximately \$1,000 to \$2,000 (depending on mix and volume of transactions). During the first 36 months, a minimum monthly commission of \$1,000 per month would be guaranteed for Burra Bank Local and, given Eudunda office is open three days per week, this would be pro-rated for Eudunda to \$600 per month..

Normal commission will also be paid on Council's own transactions.

In addition to the monthly commission, there are options for separate Loan Referral Agreements that can be entered into and could provide the following indicative financial returns –

- Business Lending referral payment of 0.2% of loan amount (eg \$2,000 on a \$1m Loan)
- Home Lending referral payment of 0.3% of loan amount (eg \$1,200 on a \$400,000 Loan)



- 23 -

## SCHEDULE A

## SCHEDULE OF AGENCY REMUNERATION

"Per transaction" payments

Transactions processed to the Agents own accounts are excluded from commission payments.

*Components of the "per transaction" payment:*

Your "per transaction" total is not a static amount. It can vary depending on the type of transaction performed.

Components of the "per transaction" payment:

- A For each BankSA deposit or withdrawal processed via your electronic agency terminal, you will receive 78 cents. No payments are made for "non-value" transactions (balance enquiries and statement orders).

- B Location - the second component of your "per transaction" payment is made according to your proximity to the nearest BankSA Branch. Select the applicable distance for this component:

Full Time BankSA Branch within the town	Nil
Agency located within township of a reduced hours BankSA Branch	\$0.01
Agency outside of township but within 50 km of a BankSA Branch	\$0.03
Agency between 50 to 200 km from a BankSA Branch	\$0.05
Agency greater than 200km from a BankSA Branch	\$0.07

Adding A and B (applicable to your location), together gives you your payment per transaction.

- C In addition, for each dollar deposited via your terminal, you will receive \$0.0023 (this equates to twenty three cents in every hundred dollars).