



Department of Treasury and Finance The Tasmanian Government

Request for Tender by Department of Treasury and Finance for
Government Banking Services. **Tender No.: BK04**

TASMANIAN INDUSTRY PARTICIPATION PLAN

Westpac Institutional Bank

Date: 19 December 2018

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Executive summary

Tasmania's future is bright

Through sound economic policy and responsible financial management, Tasmania's economic growth rate is leading the nation. Tasmania is well placed to maintain this leadership position by leveraging the country's fastest growing merchandise export market, the unrelenting demand for Tasmanian quality and sustainable produce and a thriving national and international tourism industry. Coupled with the prospect of becoming a global leader in renewable energy production and a hub for agricultural technology (Agtech), there is a lot of opportunity for the people of Tasmania.

As the economy continues to grow, we understand the important role of the Tasmanian Government (Government) in ensuring all parts of the community, including local businesses, can benefit from the positive economic circumstances, to develop and prosper.

WORKING TOGETHER

As a major participant in the overall Tasmanian economy, we understand Government's drive to ensure the involvement of local Tasmanian businesses in major Government projects is critical to the long-term development and viability of Tasmanian industry. As part of our continued partnership with the Tasmanian Public Sector, we are committed to deliver significant positive impact and benefit to the State of Tasmania, including supporting local small and medium business enterprises. We believe we can play an important role in enabling Government to engage with local small and medium businesses and reducing the challenges these entities face, especially in the area of competing for Government contracts and tenders. Working together, we can create a bright future for Tasmania – for the economy, community and future Tasmanian generations.

Tasmania's past, present and future

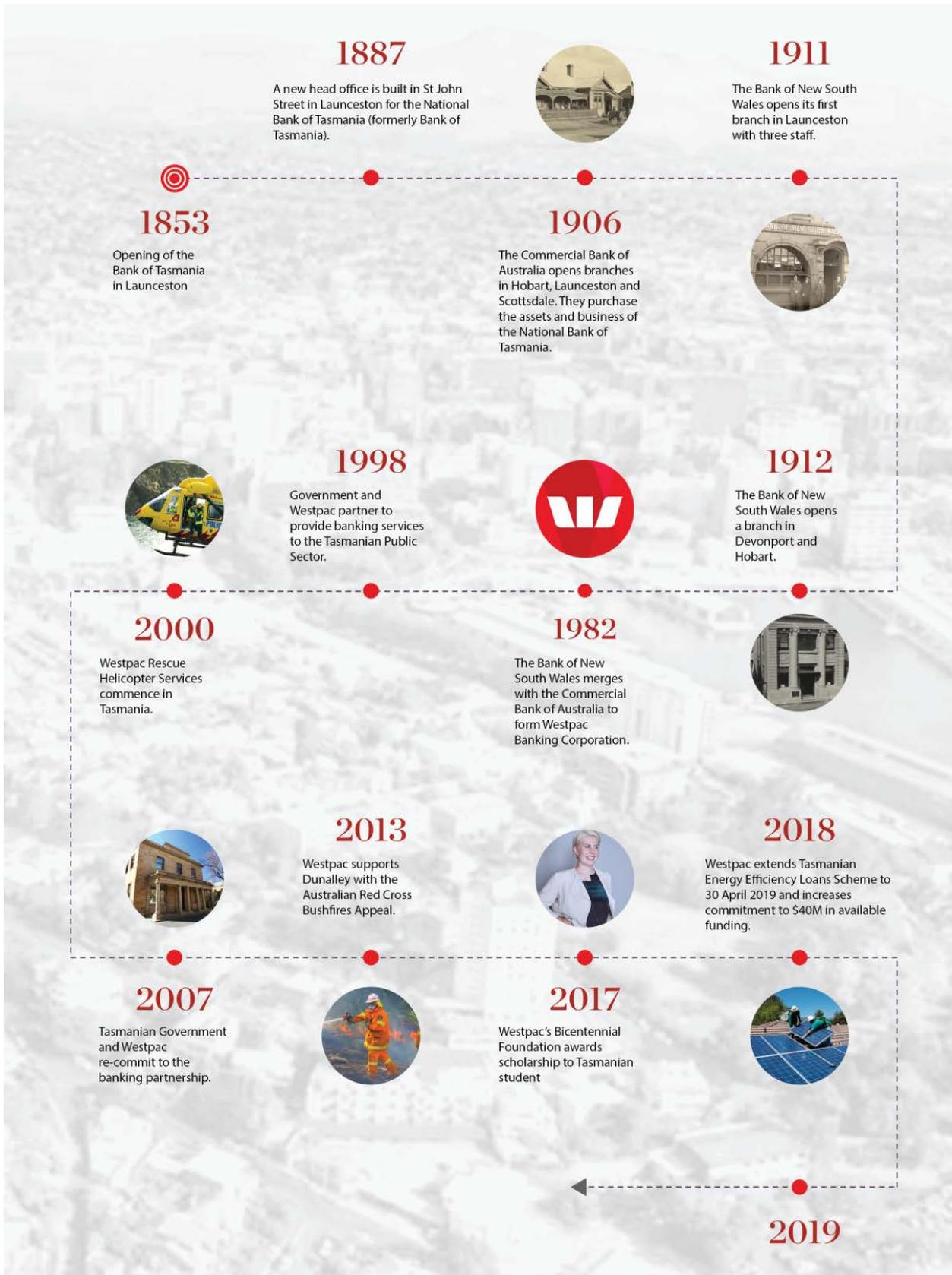
HISTORY

Westpac's heritage with Tasmania spans over 165 years. We have dedicated ourselves to providing Tasmania with reliable banking services which support the financial infrastructure behind critical Government and industry services and the wider community at large. We opened our first local branch in 1853 and since then, we have continually invested in supporting the economic enablement and growth of Tasmania.

Westpac is committed to build on our strong relationship with Government to introduce new technology and solutions to assist Government in generating process efficiencies through digital improvement – providing greater access to Government Services for the all citizens of Tasmania. We are also committed to continuing our direct support to the local community, including small businesses, entrepreneurs and citizens.

We have a proud history of supporting the Tasmanian economy and we are committed to continuing this into the future.

Figure A. Timeline of the Tasmania and Westpac partnership



CURRENT PRESENCE

Over the last few years, we have invested over \$8 million in ensuring our Tasmanian network is world class and supports the needs of our customers and our local team. Our local team has grown to include 434 employees, (corporate offices, bank branches and a call centre) servicing 120,000 Tasmanian customers. Westpac's retail services directly provide over \$1.85 billion of residential lending to our 60,000 home loan customers. We currently provide \$84 million in lending to the agricultural sector.

GLOBAL KNOWLEDGE APPLIED TO MEET LOCAL NEEDS

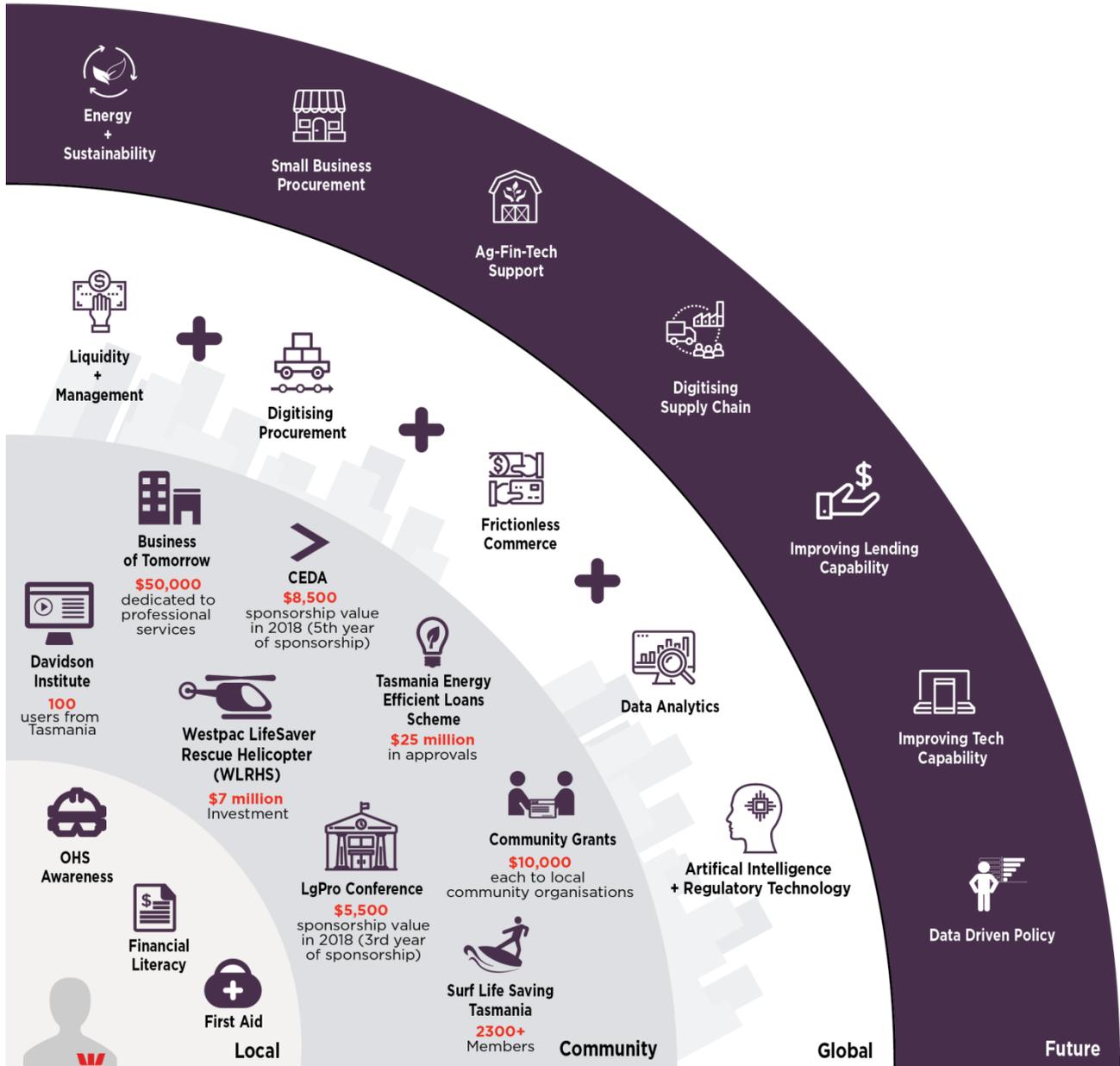
We are a global bank with our DNA built from Australian heritage. We are known for specialising in services for Public Sector entities, and we currently partner with the Governments of Victoria, NSW, and the ACT as well as global Governments and entities including New Zealand, the UN, World Bank and the Asian Development Bank. This provides us with robust global knowledge, expertise and proven learnings which are shared with Tasmania.

Taking the best activities deployed globally, we can tailor solutions to meet the specific needs of the Tasmanian Public Sector. This global expertise is brought to you through your local Hobart based Government team, supported by an extensive team of national Public Sector experts, who travel to Tasmania on a regular basis to engage with you, further supporting the growing Tasmanian economy.

Our solutions also improve digital inclusion in Tasmania – helping the State adapt, innovate and leverage new global technologies to keep pace with rapid change and new customer and business expectation. With the introduction of digital services, such as the New Payments Platform (NPP) and Open Banking, we will continue to contribute to boosting Tasmania's economy and ensuring no Tasmanian is left behind.

Commitment to support and drive innovation in the local SME community

Figure B. Summary diagram of broader economic opportunities enabled through Westpac



CONTINUED FINANCIAL SUPPORT

Westpac supports over 5,700 local businesses with approximately \$1 billion in funding to ensure their ongoing success and continued contribution towards the development of the local economy.

BUYING LOCAL FIRST

We pride ourselves for our supplier diversity and investment in local businesses. In FY17-18 alone, Westpac Tasmania procured over \$4 million in goods and services from Tasmanian businesses, with half of these being sourced from local SMEs across 12 industries in Tasmania. Westpac's responsible sourcing and supplier diversity policies ensure traditionally underrepresented businesses can be competitive in our procurement process.

COMMITMENT TO MAKE IT EASY

With the aim of improving SME opportunity and grow the local SME and entrepreneurial economy, we want to make it easier for SMEs to work with Government. We want to work with Government in digitising the procurement process – to make the process simpler, provide more transparency, improve SME liquidity and their access to funding.

COMMITMENT TO GROW SME POTENTIAL

Our mission, enabling SMEs to thrive, is why we are the #1 Business Bank in Australia for the third consecutive year. We are a great believer in the impact Financial Technology (Fintech) partnerships can have on our small and corporate business clients. Through our venture capital group, Reinventure, we currently invest \$150 million into the Australian start-up community and work together with Fintechs in an open source, co-creation model to invent new capabilities and services.

We want to grow the capability and skill of Tasmanian SMEs by providing tailored financial services, business and mentoring advice and networking support. We aim to mature their business capability, but more importantly help develop SMEs confidence and vision, to enable their business dreams to become a reality.

Initiatives Tasmanian SMEs can access include:

- **Ruby Connections** – Providing women in business support and networking opportunities
- **Businesses of Tomorrow** – Providing investment and mentoring opportunities
- **The Davidson Institute** – Providing training and inspirational webinars
- **Strong partnerships** – Supply Nation and Jawun Indigenous Corporate Partnerships provide support for Tasmanian Aboriginal people, while organisations like Many Rivers and WorkVentures deliver opportunities for disadvantaged Tasmanians of all backgrounds.

These are just a few of the services Westpac provides the Tasmanian SME community, to help grow their potential and capability. Additional details are provided from page 15 onwards.

COMMITMENT TO SUPPORT THE WIDER COMMUNITY

Throughout our history we have been helping Tasmanians in times of need, providing an extensive range of social and ethical community-based services. Whether it is supporting Tasmanian's at key life stages (buying their first home or becoming first time parents) or in times of crisis, we will continue to be there for Tasmanians, helping them through moments that matter.

Tasmanian economic growth opportunities and becoming global pioneers

TASMANIA LEADING THE GLOBE IN AGTECH INNOVATION

Dramatic predictions of world population growth, the ever increasing demand for food supply, declines in arable land and extreme weather patterns are all factors driving a dramatic growth in the global agricultural industry. Tasmania's geographical position and abundance of natural resources presents Tasmania with the opportunity to become a global leader in agricultural innovation and become a national and global exporter of much needed fresh produce and clean drinking water, further capitalising on Tasmania's leading position in exports.

We want to work with Government, local SMEs and entrepreneurs, to support Tasmania becoming the global centre for Agtech. We propose to kick-start our investment in the state of Tasmania, establishing Agtech innovation seminars. The sessions will provide access to the latest insights into technology, data and global agricultural trends and provide the environment to network and co-create ideas.

Sustainability driving new economic opportunity for Tasmania

Alongside Government, we are committed to a sustainability ethos. We have dedicated \$9.1 billion to climate change solution lending, with a goal of \$25 billion by 2030. Our continuous support of the Tasmanian economy is reflected through our involvement in the Tasmanian Energy Efficiency Loans Scheme (TEELS) and investment in the Granville Harbour Wind Farm, one of Tasmania's most significant sustainability investments.

We will continue to pioneer sustainability initiatives such as TEELS to drive energy efficiency and the development of renewable energy to power Australia and create new employment opportunities for Tasmania.

We look forward to Tasmania's future

Throughout our longstanding partnership with Government, Westpac has been committed to supporting Tasmania's financial infrastructure, Government services, economy, export capability and the Tasmanian community at large. At its core, Westpac is 'your' service company, who is highly invested, providing world class financial infrastructure, which delivers Government with operational efficiency and optimum liquidity, resulting in maximum investment flowing back into the community. Working together, we seek to provide new possibilities for Tasmania through unlocking ground breaking, home grown opportunities such as our sustainability investment and proposed Agtech initiatives, which can further capitalise on Tasmania's export potential.

In the future, Tasmania could become a global leader in supplying fresh produce and clean water, produced through sustainable farming practices and renewable energy – servicing a rapidly growing national and international demand.



“Tasmania has what the world wants, our goods are increasingly in demand throughout Asia as our reputation for high-quality products continues to grow with each trade and investment mission.”

Will Hodgman, Premier and Minister for Trade 9th Dec 2018.

We are keen to work with Government to open up new markets, expand export potential and grow the local economy – resulting in the creation of more jobs for the local community.

Together with you, our vision for the future of Tasmania is bright.

Response

Tasmanian Industry Participation Plan

The Tasmanian Government is committed to maximising opportunities for local SME¹ businesses to compete for and win Government procurements. Suppliers/proponents are requested to prepare a Tasmanian Industry Participation Plan:

- *for all procurements with a value exceeding \$5 million;*
- *for nominated procurements (at the discretion of the procuring Government entity) greater than \$2 million and up to (and including) \$5 million; and*
- *for private sector projects valued at over \$5 million that receive support, including in-kind support, valued at or greater than \$500 000 from the Government.*

Note: This template was specifically developed for procurement. Where a Tasmanian Industry Participation Plan is required for a private sector project, the template should be adapted to suit the specific circumstances of the project.

Procurement details

Procurement Reference No.	Tender No BK04
Procurement title	Government Banking services: Transactional Banking Supplementary Revenue Collection School Banking Corporate/Purchasing Card
Name of Responsible Agency/Entity	Tasmanian Government, Department of Treasury and Finance

Supplier details

Name of supplier	Westpac Banking Corporation
Contact details for supplier	Darren Backhouse Relationship Manager, Public Sector Westpac Institutional Bank Level 1, 60 Liverpool Street Hobart TAS 7000 T 03 62213026 M 0401 059402 E dbackhouse@westpac.com.au www.westpac.com.au/corporate-banking/

¹ Local SMEs are Australian and New Zealand businesses employing less than 200 people, consistent with the obligations under various free trade agreements and procurement arrangements by which the Tasmanian Government is bound.

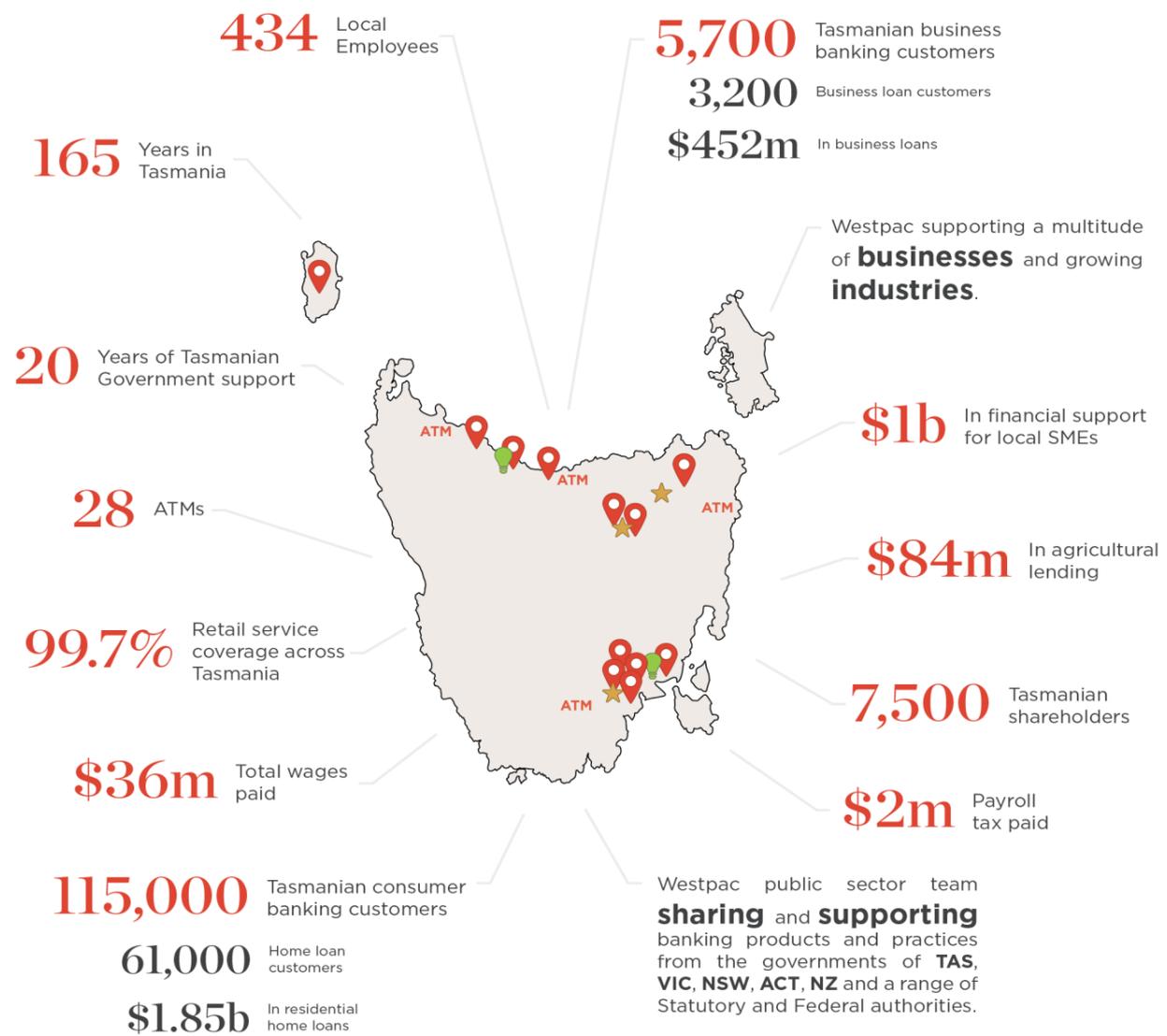
Local SME industry impact

What is the direct local impact of your business? Examples: Are you a local SME (how many people do you employ, where is your business located, what is the ownership)? How many people do you employ in Tasmania? Would any new SME jobs be created by the proposed contract – how many?

Our presence in Tasmania

Our presence in Tasmania is widespread. We employ 40,000 people globally, with 434 people employed in Tasmania. We operate 13 strategically located branches, 28 ATMs and working with our Australia Post partner, we have over 99.7% branch and retail service coverage across Tasmania as well as a call centre, commercial banking centres and a corporate centre in Hobart.

Figure C. A summary of Westpac’s presence in Tasmania



Branch Locations
 ATM Westpac Group ATMs
 Community Grant Recipients
 Business of Tomorrow

We continue to be an economic partner of the Tasmanian community. We support over 5,700 businesses with approximately \$1 billion in funding to ensure their success and lead the ongoing growth and development of the Tasmanian economy.

Over the last few years, we have invested over \$8 million in ensuring our network is world class and supporting the needs of our 120,000 customers and our employees in Tasmania. We directly provide over \$1.85 billion of residential lending to our 60,000 home loan customers.

The Westpac Group has over 570,000 shareholders with \$6.3 billion in dividends, the majority of whom are individual Australians. With 7,500 individual shareholders based in Tasmania, our Tasmanian shareholders will receive approximately \$29 million in dividends (this includes our upcoming dividend payment on 20 December).

Supporting local employment

We currently employ over 434 people across Tasmania, many of whom directly interact with Government Agencies, citizens and businesses of Tasmania on a regular basis. Additionally, we have three² Hobart based experts who have committed a combined 27 years of expertise to Government. Darren Backhouse, Carmen Davey and Chris Wallis will continue to deliver relentless commitment to the Whole of Government in the future. A further five local branch staff, equivalent FTE (full time employees), are also directly attributable to the management of the Government Banking Services contract.³

Figure D. Westpac's Tasmanian Government relationship team

² As the current provider of Government Banking Services to Government, the Tasmanian based FTE (full time employees) that are currently directly deployed to support the contract would be retained should Westpac be reappointed as the successful provider.

³ Please note that Branch banking staff are responsible for providing products and services to a wide range of customers. The above provides an estimate of the FTE local jobs that would be retained based on a collective aggregation of an individual staff member's overall involvement in delivering Government Banking Services contract.

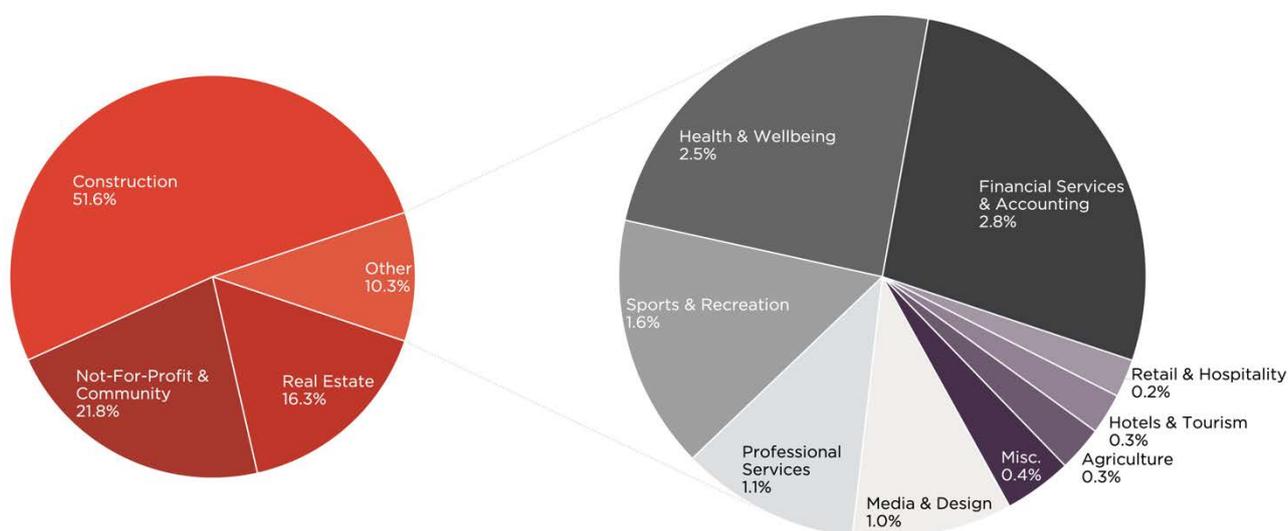
Goods and services to be utilised in the contract

How much of the goods and services in your submission will be provided by/sourced from local SMEs (this includes goods/services you provide as well as goods/services procured/produced from suppliers/sub-contractors/partners)?

We pride ourselves on practicing fair and responsible sourcing of goods and services from a range of local, domestic and international suppliers, including local SME involvement where appropriate. With respect to total Westpac operations in Tasmania (that is activity including, but not limited to, the good/services provided in our submission), local SMEs formed over half of our total Tasmanian supplier investment in the last financial year.

We spent a total of \$4,031,931 on goods, services and charitable donations across 12 industries in Tasmania. Our procurement analysis suggests that approximately 51% of total spend relates to goods and services acquired from local Tasmanian SME businesses. The total SME spend by industry can be seen in Figure E below.

Figure E. Percentage Breakdown by Industry of SME services procured by Westpac (FY17-18)



As a long-standing member of the Tasmanian community, we will continue to support local SMEs and will provide engagement opportunities as outlined in our engagement and procurement process from page 14 onwards.

Identify the goods and/or services you expect to purchase in order to complete the contract and provide the requested information in relation to same, where known.

We are committed to an accessible and transparent procurement process for all our procurement needs, including with respect to this contract or any other contract we have with our Public Sector clients. In some categories it is possible to identify the overall proportion of spend with local SMEs. For example, and as listed above, on construction or real estate services supporting our branch network, corporate office or call centre, or health and wellbeing services supporting our staff. Due to the integrated nature of many of our technical solutions and infrastructure, it is not possible to identify and allocate specific local expenses accurately against individual contracts.

Whilst it is not feasible to identify all services to be purchased from local suppliers for the coming term of the Government Banking Services contract, our relationships with Tasmanian SMEs and commitment to source services from the local market remains strong and we will continue to be transparent with you throughout the life of the contract.

Opportunity for local SME involvement

Will you source components of your offer from other local SME companies/sub-contractors or is there new work to be undertaken locally as a result of you fulfilling the contract or workers travelling to the local area to undertake the work? How much?

Existing Westpac national expertise will be required to travel to Tasmania to undertake different aspects of work throughout the engagement. The composition of experts, roles, and the travel contribution to the Tasmanian economy is outlined in Figure F below. Additionally, we will continue to support the Tasmanian economy and SME companies through other areas of the bank including our retail bank (which supports SME businesses), branch network and call centre. Government will also have the support of over 70 experts across Australia, several of whom are listed below.

Figure F. Westpac national expertise and travel investment into local economy

Detail how you intend to identify and engage with sub-contractors and/or other SMEs in relation to the delivery of the contract including your supply chain i.e. use of existing supply chains, advertising of sub-contracting or supply opportunities, liaison with industry groups, etc.

Responsible sourcing

Our [Responsible Sourcing Code of Conduct](#) guides the way in which we identify and engage with SMEs and suppliers across Australia. Our guiding principles are focused around legal and compliance, material impact, resourcing and scope, transparency and disclosure, management and governance, performance and stakeholder engagement.

Supplier diversity and inclusion policy

In addition, our [Supplier Diversity and Inclusion Policy](#) ensures that traditionally underrepresented organisations can be competitive in our procurement process. We are committed to minimising negative impacts and maximising positive impacts on the environment, human rights, communities, people employed and supply chains. We encourage suppliers to source products and services from suppliers who have traditionally been underrepresented, including indigenous-owned businesses, businesses owned by women, social enterprises, disability enterprises and other diverse supplier groups.

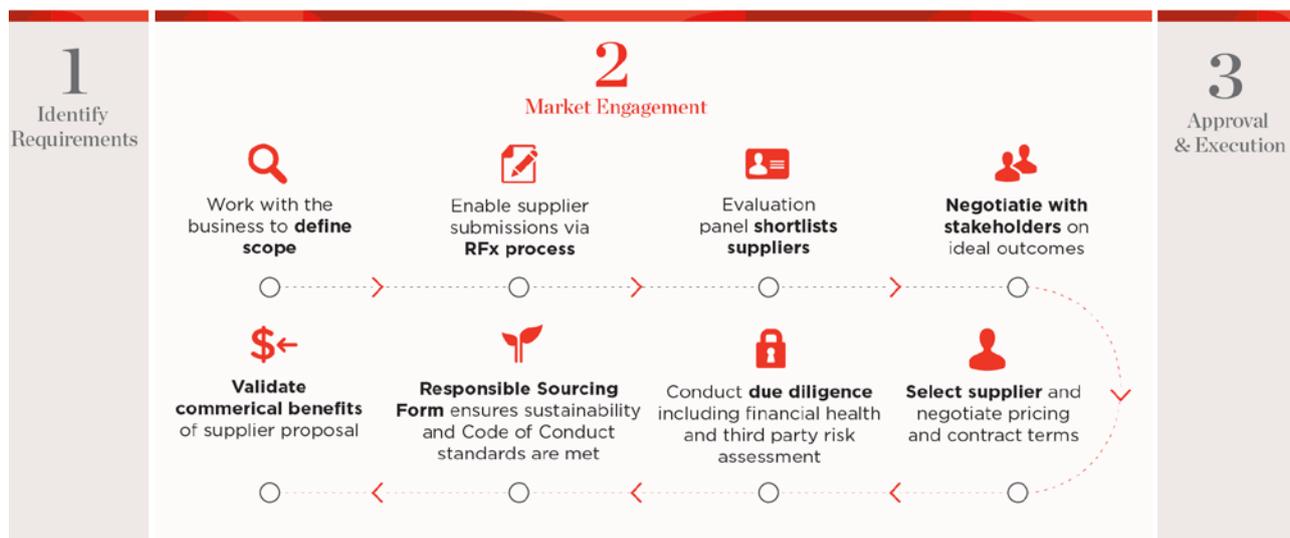
Financial inclusion for SMEs

The engagement approach with Tasmanian suppliers will be driven by our desired business and social outcomes outlined in our Supplier Diversity and Inclusion Policy to improve financial inclusion and economic participation for SMEs. We are also focussed on capacity building for our current and new suppliers in the form of specific training and capacity-building or mentoring and partnering with industry and other bodies that may assist in developing businesses to achieve their full potential.

Engaging with suppliers

Our approach to advertising opportunities and engaging with suppliers including SMEs is both collaborative and strategic. Our market engagement process outlined in Figure G (below) is underpinned by our core values of innovation, value generation, sustainability and partnership.

Figure G. Westpac's 'Market Engagement' procurement process



Detail the process that you are to undertake to ensure that local SMEs are not to be disadvantaged where competing with other suppliers in the provision of goods or services to be used as part of this contract (i.e. unpacking of procurements into smaller components so that local SMEs can compete more effectively etc.).

Improving the procurement process for small businesses

Our procurement policies encourage diversity, financial inclusion and economic participation for SMEs into our procurement arrangements. Where possible, we try to unpack services to encourage SMEs to compete more effectively.

In addition to Westpac led sourcing, we strongly believe that awarding more Government contracts to local businesses is a highly effective way to grow the Tasmanian economy and ensure more capital stays within Tasmania. However, many small businesses find it too difficult to participate in Government tenders, and those that do often have to wait for weeks, or months to get paid. This cashflow pressure puts even more stress on SMEs that often struggle to get by.

By simplifying the way small businesses engage with Government to provide services, we will support your aspiration to be easier to do business with. We envision creating an electronic procurement (eProcurement) platform, designed to help local SMEs in the tendering process. Our procurement processes ensure SMEs remain competitive in the market. Further details on our approach to simplify Government procurement can be found in the broader economic opportunities section (refer to page 26).

Driving success through mentorship

We understand the power of mentorship and believe the key to driving success is a combination of psychological and financial support. This is why we provide one of the largest mentorship programs in Australia designed to assist local SMEs.

We focus on supporting and enabling SMEs to thrive. Our ethos is always 'local' first. We try to utilise local SME talent before considering other partners. We are looking to grow the capability and skill of our Tasmanian SMEs by providing financial, business and networking support. We aim to mature their business capability and scale, but more importantly help develop their confidence and vision, to enable their business goals to become a reality.

THE DAVIDSON INSTITUTE

Our free financial resource centre, The Davidson Institute, provides online resources for SMEs to build their financial and business confidence. Through live and interactive webinars, businesses can access information on topics such as business planning and getting started, cashflow, breakeven analysis and managing growth.

BUSINESSES OF TOMORROW

Westpac runs a pioneering program called 'Businesses of Tomorrow' which provides investment, valuable experiences and mentoring to winning businesses. In the last two years, two Tasmanian companies, Cambium Land and Water trading as Terrapix (Top 200 2017) and WorkBox Safety (Top 200 2018) became a 'Business of Tomorrow.'



“Westpac has created an extraordinary program that will impact the lives of hundreds of thousands of people through the collective output and reach of all the Business of Tomorrow winners. I gained so much from the experience that I'm determined to bring back and share with my team and my community. It was a life changer.”

Jordan O'Reilly, 2017 Winner Co-Founder and CEO, Hireup.

Together, we could explore the possibility of launching a special localised category for our Businesses of Tomorrow program designed to support the specific needs of the Tasmanian SME community. This new award category would be centred on championing Agtech innovations being generated from Tasmania. All Tasmanian SMEs and entrepreneurs would have the opportunity to apply and the award would involve financial support as well as valuable experience and mentorship support.

Products and services to support and drive success of SMEs

Supporting SMEs also extends to our financial support and products including faster payment services, upfront funding models and discounted credit cards. These initiatives help local SMEs by improving their productivity and liquidity management. They also assist SMEs to partake in the thriving entrepreneurial community both in Tasmania and abroad.

Supporting SMEs from underrepresented community groups

RUBY CONNECTIONS

Through our Ruby Connection initiative, we support women in business to thrive. We are the only Australian bank with a team exclusively dedicated to supporting women. The Westpac Women's Markets team work alongside women to help them build sustainable and profitable futures. The aim of the team is to provide education, information and networking opportunities through a national program run across both metro and regional Australia to 229,000 female members.

MANY RIVERS

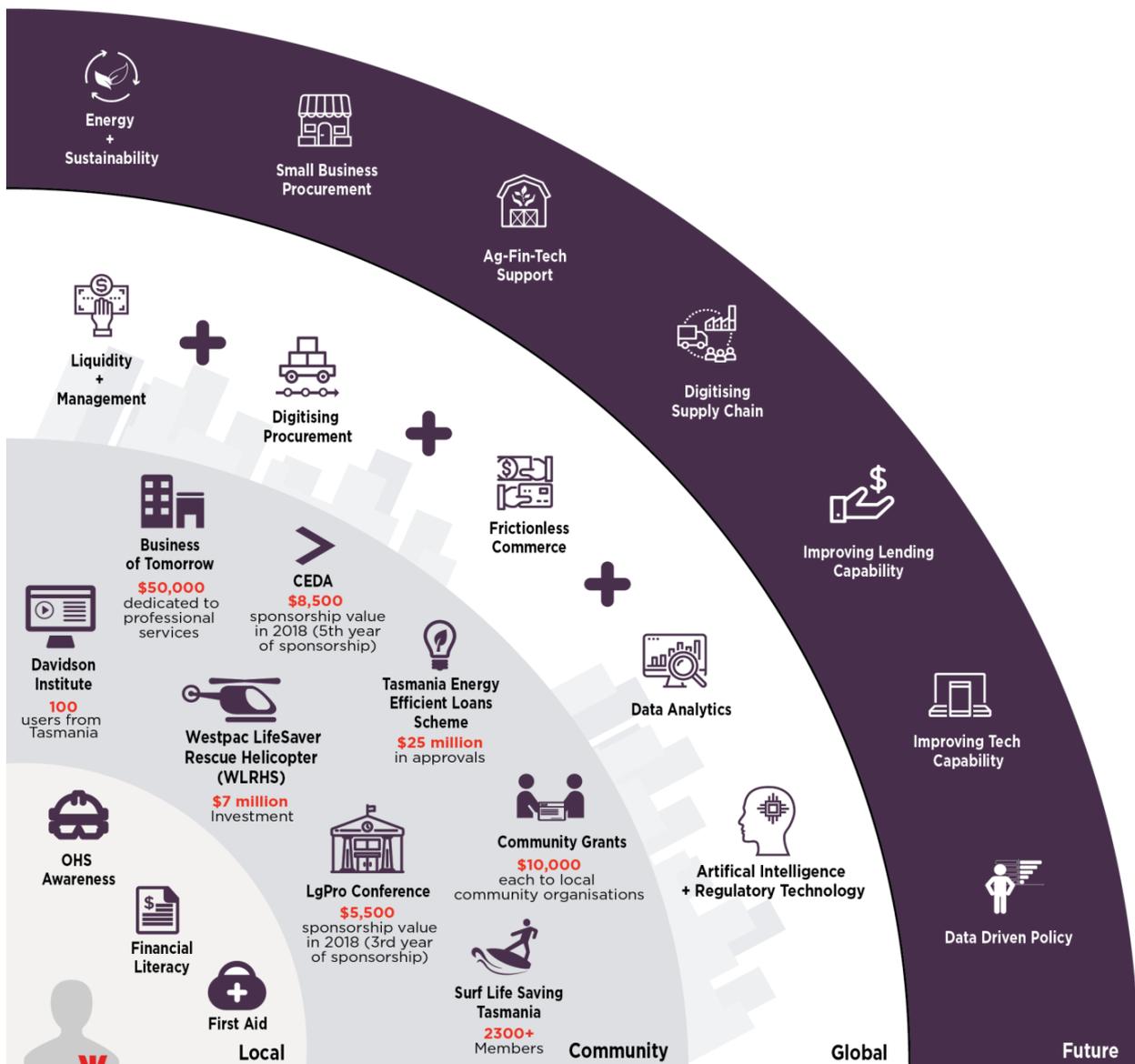
For Tasmanian entrepreneurs that cannot access traditional finance, in 2009 Westpac established 'Many Rivers' which provides disadvantaged and marginalised Australians with access to unsecured Westpac microfinance loans to start a business. Many Rivers also provides ongoing business mentoring for these businesses.

Broader economic opportunities

Are there any other impacts that your business and/or this specific supply will provide to the local/regional economy? Examples: Your supply may lead to: new skills being developed locally; trainees/apprentices being appointed; cross transfer skills to a local SME partner/sub-contractor; your company (if you are not a local SME) setting up an office/employing local staff; scale for you to take your products/services interstate/overseas; local community sponsorship etc. Note: Where determined appropriate by the procuring entity, the supplier’s obligations under this Plan are to be captured in the contract and monitored as part of the contract performance.

Selecting Westpac to continue as your banking partner will provide positive impacts to the local/regional economy through access to emerging technology to drive process efficiency and enhance citizen access to Government services, whilst also generating direct community benefits.

Figure H. Summary diagram of broader economic opportunities enabled through Westpac



Helping Tasmanians where it matters

For the last 165 years we have been on the ground, helping Tasmanians in times of need and providing an extensive range of social and ethical community-based services.

Our services for the Tasmanian community are tailored to key life stages. This includes providing financial budgeting advice for first-home buyers, supporting Tasmanians through financial changes after losing a loved one, advice for taking parental leave with a mortgage, welcoming a new baby to the family and providing free online mathematics education to Australian children through Mathspace. These are some of the ways we help Tasmanians live their lives to the fullest every single day.

Understanding that life isn't always easy, we provide community support in times of need and crisis. Our Disaster Relief Packages aim to offer immediate practical help to assist customers to manage the impact of natural disasters on their finances.

We have invested more than \$7 million + in the Westpac Lifesaver Rescue Helicopter Service in Tasmania, which has been in operation nationally since 1973. We are proud of our involvement in over 80,000 Australia wide missions, of which 2,500 occurred in Tasmania.

We continue to address complex social issues in the Australian community through Westpac Foundation grants. In Tasmania, this year we invested:

- **\$50,000** into community initiatives
- **\$10,000** grant to Hobart Women's Shelter
- **\$10,000** to 'R U OK?' a mental health organisation focused on suicide prevention.

We highly value education and talent discovery. Through our Westpac Bicentennial Foundation, we distributed 100 annual scholarships to students, two of which have been awarded to Tasmanians as Future Leader Scholarships, equating to the value of \$223,000 each.

Our broad range of programs, partnerships and services support the growth and equal representation of all SMEs. For example, we provide:

- **SME** specific banking products
- **The Davidson Institute**, promoting financial education and business confidence
- **Businesses of Tomorrow** award, mentoring and scaling new ideas
- **Ruby Connection** program, supporting women in business
- **Supply Nation and Jawun Indigenous Corporate** partnerships, supporting the Indigenous Tasmanian community
- **Many Rivers and WorkVentures** partnerships, delivering opportunities for disadvantaged Tasmanians of all backgrounds. Additional details are provided from page 15 onwards.

Creating a sustainable future

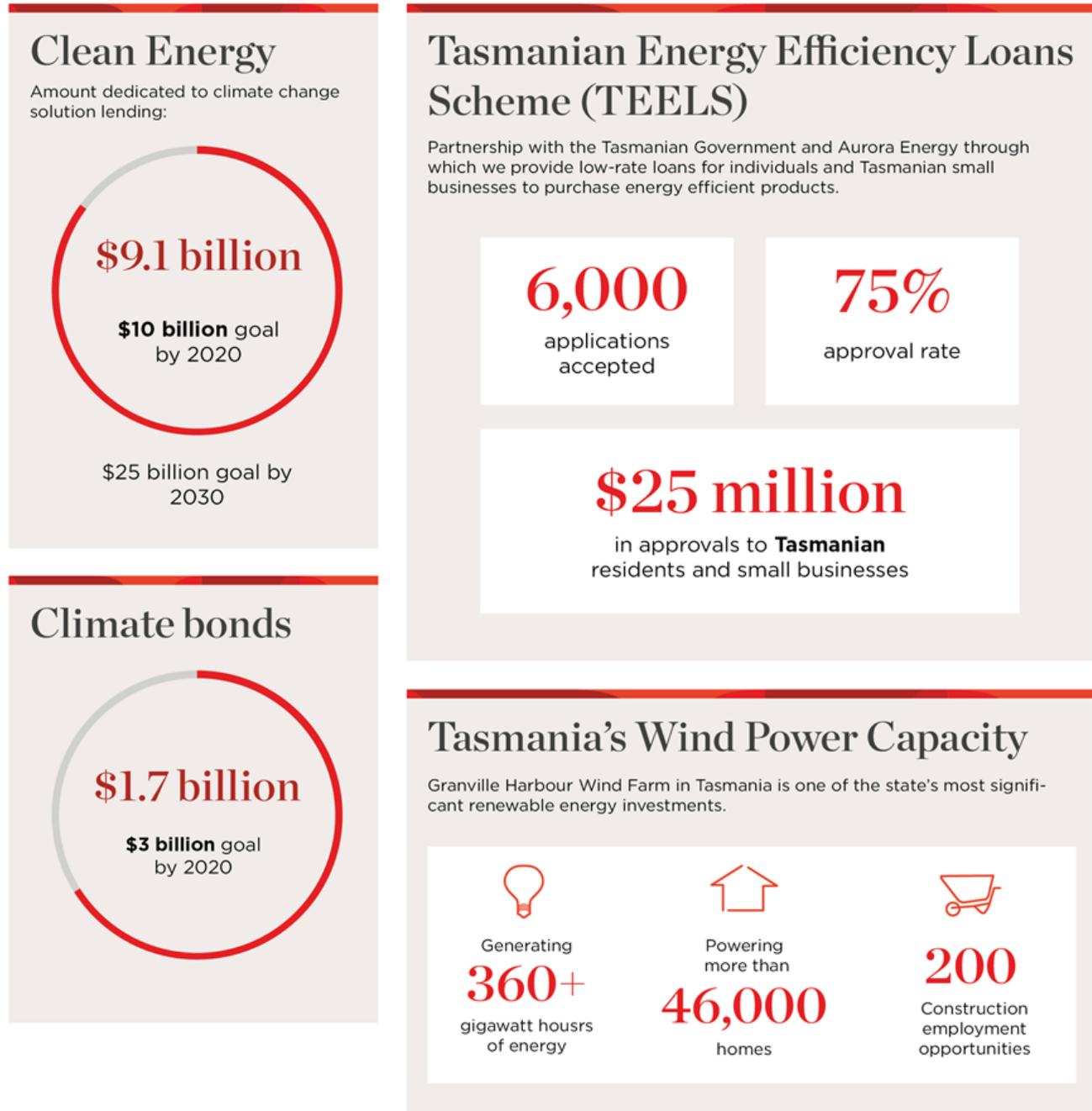
We are here to support communities through moments of change. We rank as the 17th most sustainable bank in the world, according to the 2018 Dow Jones Sustainability Indices. Our sustainability principles encompass environmental and financial sustainability. Our initiatives include \$9.1 billion in climate change solution lending to date, partnering for impact through initiatives such as the UNEP global responsible banking partnership and TEELS.

As a strong advocate for sustainability, we will continue to assist Australian businesses reduce their energy costs and environmental footprint, by providing financial solutions for energy efficient equipment.

This includes:

- Supporting Tasmania's plan to become energy self-sufficient by 2022 through an expansion of TEELS, supporting SMEs and investing in Granville Harbour Wind Farm in Tasmania
- A commitment to climate change investment reaching \$9.1 billion in climate change solution lending in 2018, progressing towards our target of \$10 billion by 2020 and \$25 billion by 2030
- Contributing \$1.7 billion towards our target of \$3 billion in climate bonds by 2020
- Being the largest financier to greenfield renewable energy projects in Australia over the last 12 months
- TEELS is a joint initiative between the Tasmanian Government, Aurora Energy and Westpac, to deliver energy efficient solutions to the people of Tasmania. The solution provides no interest loans of up to \$10,000 for 3 years, to eligible Tasmanians to invest in energy efficiency products such as heat pumps, double glazed windows, solar panels and solar hot water systems, to help manage their energy bills and improve energy affordability. Westpac has committed to provide \$40 million in funding for the scheme with no interest, establishment or ongoing costs to the scheme participants. This represents a contribution of almost \$2 million by Westpac to support the Tasmanian community. Since inception we have lent over \$25 million to eligible applicants to date. Over the last 12 months, the scheme has seen around 1,500 new participants, resulting in approximately \$11.5 million in funding
- Providing a third of the debt funding to support Palisade Investment Partners, who are funding the Granville Harbor Wind Farm project through equity commitments from customers including the Palisade Renewable Energy Fund, and the Clean Energy Finance Corporation (CEFC). The CEFC are responsible for investing in clean energy projects on behalf of the Australian Government. Granville Harbour is expected to generate in excess of 360 gigawatt hours of energy and renewable energy certificates per year and will power more than 46,000 homes, creating about 200 regional employment opportunities during construction. It will also deliver ongoing benefits through community investment funds and associated improvements in local infrastructure. Overall, it will be delivering a one third increase to the state's wind power capacity.

Figure 1. A summary of Westpac’s sustainability initiatives



Developing the foundation for future

OUR INVESTMENT IN THE FUTURE

Change is inevitable and Westpac values those who look beyond the present. Our commitment to drive growth through innovation is backed by our Fintech venture capital program, Reinventure. Reinventure currently invests \$150 million into the Australian start-up community. We work together with our Fintech partners in an open source, co-creation model to invent new capabilities and services, which support the needs of Westpac and our customers.

Reinventure provides businesses with a unique and tailored opportunity to help them grow. Businesses are given access to agile working spaces, mentorship, industry experts, business guidance, peer-to-peer support, knowledge sharing, upskilling, and the opportunity to work collaboratively on live Westpac projects.



“We bring more than just money to the investments we make in start-ups; we help entrepreneurs achieve things they just wouldn’t be able to on their own.”

Danny Gilligan, Co-Founder Reinventure.

Commitment to innovation is one of Westpac’s strategic growth initiatives and one we are heavily invested in. We are passionate about helping you build your own unique offering in this field. This includes:

- Our strategic partnership with Fintech hub Stone and Chalk has extended to collaboration on specific banking projects such as the Data Republic led industry first data accelerator program, FUELD.
- Annually, we hold Innovation Challenges in partnership with Governments across Australia. For example, this year’s Innovation Challenge, hosted in Sydney, focused on regulatory technology (Regtech). The aim was to simplify compliance requirements for businesses and Government partnerships, as well as to reduce barriers for SMEs to interact with Government.

TASMANIA LEADING THE GLOBE IN AGTECH INNOVATION

Imagine if the next global technology company breakthrough was an innovation from a Tasmanian farmer? Or rather, what would it take to enable a supportive ecosystem in Australia to allow the next global technology company to develop in Tasmania.

Dramatic predictions of world population growth expected to reach \$9.8 billion by the year 2050, extreme weather conditions and changing societal values related to diet are putting significant pressure on the global agriculture industry. Ever increasing demand for food supply, declines in arable land, and issues surrounding global crop failures are causing the industry to seek help from partners who can transform the industry. Global innovation, revolutionary thinking, concepts around ‘food and fibre supply chain’, ‘smart’ application, and more sustainable agricultural practices, are all requirements in high demand.



“For agriculture to respond to future challenges, innovation will not only need to improve the efficiency with which inputs are turned into outputs, but also conserve scarce natural resources and reduce waste.”

Organisation for Economic Cooperation and Development (OECD).

Disruptive forces arising from the Agtech sector are set to increase rapid growth in the global agricultural industry, presenting Tasmania with an opportunity to lead Australia at the forefront of global agricultural innovation.

We want to work with Government, local SMEs and entrepreneurs to establish a dedicated business unit, to focus on building a Tasmania based Agtech capability.

We propose to kickstart our investment in the State of Tasmania, establishing Agtech innovation seminars once a quarter. These will be hosted by Xavier Rizos, who previously helped scale up the Australian Agtech company, DiscoveryAg and now works in Westpac NEXT innovation team, as our 'Innovation Entrepreneur-in-Residence'. Xavier is currently tackling the challenge of sustainable agriculture for a growing population.

Xavier Rizos is leading the path to the future of agriculture in Australia. Xavier joined the Bank in 2014 after holding a number of senior advisory roles in Europe and Australia focused on strategy development, corporate innovation programs, risk management, business operations and online technologies. His key focus is delivering material value at the intersection of "corporate innovation" and strategy. In May 2018, he was part of an Israel Trade Commission and Trans-Tasman delegation to Israel. He co-authored a report with Deloitte "Lessons from Israel" exploring central themes for Australia and NZ to accelerate innovation in the agricultural sector.

Xavier will come to Tasmania on a quarterly basis and host an Agtech thought leadership series. The session will be attended by Westpac, Tasmanian Government, local businesses, and supporting industry bodies. The sessions would aim to provide the latest insight into technology, data and global agricultural trends and provide the environment to network and co-create ideas. This could potentially lead to the development of products, solutions and new businesses that could be scaled across the globe.

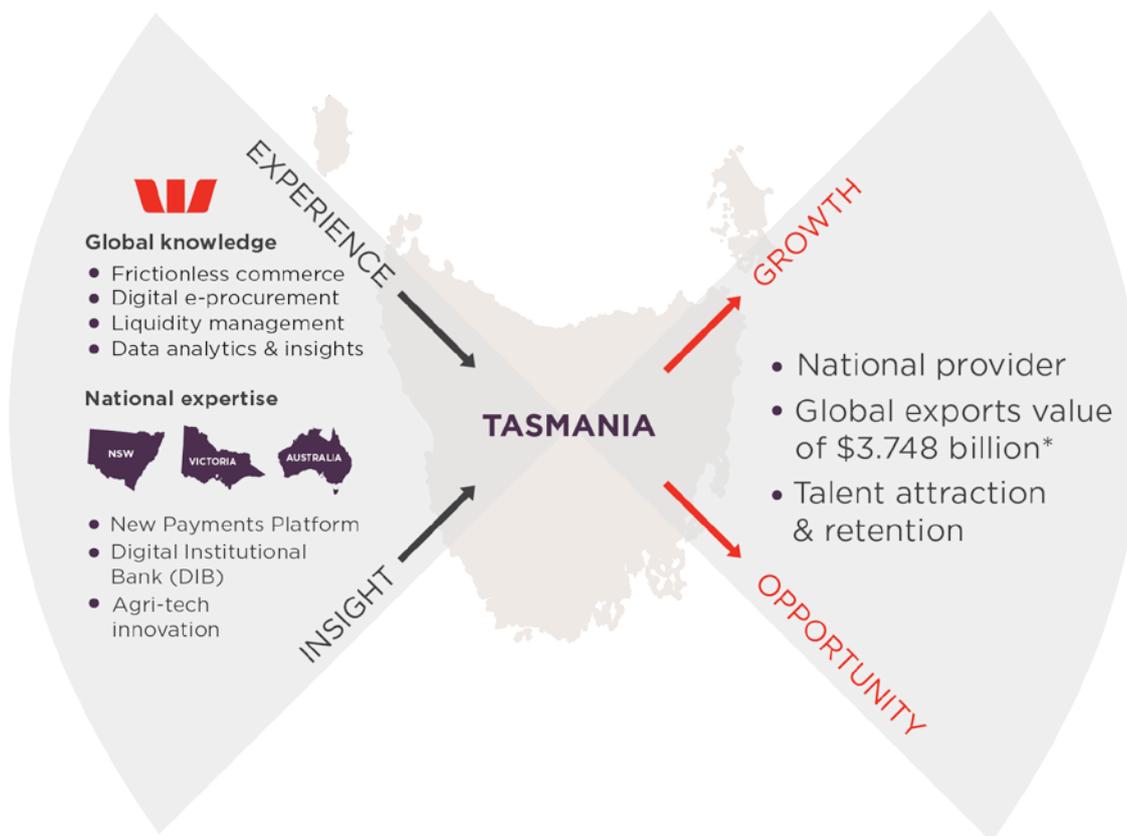
Potential future ideas and concepts could be presented to Westpac's investment initiatives including 'Business of tomorrow and Reinventure to bid for potential investment and mentorship support.

By leveraging thought leadership and expertise, we are able to work with the Tasmanian Government to support our nation in developing its journey towards becoming a global hub of agricultural innovation. This could be through the development of the next major technology company, or a simple solution to support farmers globally.

GLOBAL KNOWLEDGE TO GROW THE LOCAL ECONOMY

We are a global bank with a DNA built from Australian heritage. As the leading banking partner servicing a multitude of Public Sector entities, we partner with Governments of Victoria, NSW, and the ACT. In addition to a significant number of Local Government Authorities and Government Business Enterprises at both federal and state level, we work in partnership with global Governments including New Zealand and Supra, national institutions such as the UN, World Bank and Asian Development Bank. This provides us with robust knowledge, expertise and proven learnings which can be shared with Tasmania. This enables us to take the best solutions deployed across Australia and the world to tailor and meet the specific needs of the Tasmanian Public Sector (refer to Figure J following).

Figure J. Westpac’s global knowledge and national expertise helping Tasmania deliver economic value



*Media Release 6 Dec 2018 by Premier of Tasmania: Tasmania's exports surge nation leading

GROWTH OPPORTUNITY

Tasmania leads the nation with the value of exports surging by 19.5% compared to the previous year. In the year to October 2018, Tasmanian exports totalled \$3.748 billion. This represents the largest annual growth rate in the nation. China is the leading consumer of Tasmanian exports (\$1.059 billion) over this year, followed by Malaysia (\$394 million) and Japan (\$345 million) (Will Hodgman, Premier and Minister for Trade, 6 December 2018).

We believe Tasmania’s agribusiness and sustainability initiatives will provide significant economic growth and can further capitalise on Tasmania’s export potential. In the future, Tasmania could become a global leader in supplying fresh produce and clean water, produced through sustainable farming practices and renewable energy – servicing a rapidly growing national and international demand.



“Tasmania has what the world wants, our goods are increasingly in demand throughout Asia as our reputation for high-quality products continues to grow with each trade and investment mission.”

Will Hodgman, Premier and Minister for Trade.

We are keen to work with Government to open up new markets, expand export potential and grow the local economy – all resulting in the creation of more jobs for the local community.

Knowledge should be shared, and we intend to establish quarterly educational sessions run by Australian experts with local SMEs and Government. SME and Government networking enables partnerships to be fostered which initiate new and unique opportunities. Our intent is to maximise knowledge sharing and open up new growth ideas.

WESTPAC'S UNIQUE PUBLIC SECTOR TEAM UNDERSTANDS THE PRIORITIES OF GOVERNMENT

As Australia's leading Public Sector banking team, we have representatives in each jurisdiction across Australia, responsible for managing the banks' relationships with Government (Federal, State, Territory and Local Government), including Departments and Agencies, Government Business Enterprises, State Owned corporations and other Statutory Authorities such as Universities/TAFE's, Hospitals, Water Authorities and Local Government Entities.

Our Public Sector Team is focussed on delivering solutions tailored to the unique needs of the sector across transactional, banking, asset finance, infrastructure funding and investment. With over 70 people nationally in the team, we have a unique understanding of the core day to day requirements of our Public Sector customers. As a team, we understand the importance of supporting Governments to deliver on their policy initiatives as they strive to provide extraordinary service their citizens.

IMPROVING DIGITAL SERVICES AND DIGITAL INCLUSION

Tasmania has an opportunity to improve digital inclusion. Due to the remote locations where some people live, affordability of hardware and digital ability, digital inclusion is a challenge for Tasmania. Digital inclusion is crucial to provide the community with access to financial resources and increase financial literacy. To continue to boost the economy's digital inclusion, Westpac is planning to leverage investments in banking infrastructure to provide fast and simple payment services through the NPP, an Open Banking data exchange and increasing connectivity with suppliers, customers and regulators through application programming interfaces (APIs).

The NPP is a payments infrastructure that gives both individuals and businesses the ability to transfer money instantly. Instant payments improve cash flow forecasting and liquidity for businesses, giving them greater control over their finances. NPP also permits documents and rich-data to be included with transactions, improving payment reconciliation and the elimination of paper invoices and receipts for small businesses.

Open banking will permit new ways for small businesses to connect to Westpac. Open banking allows businesses to share transaction data with authorised third parties at no cost. It will allow businesses to receive valuable analytics on their transaction data coupled with insights to improve their businesses operations. Open banking will also promote simple cash flow management, automated accounting, tax services and will provide greater financial flexibility and choice in banking.

Another payments platform we are investing in 2019 is 'Payments as a Service' (PaaS). PaaS is a managed payment acceptance solution that provides Governments with the ability to accept a broad range of payment channels (both digital and traditional) from citizens and businesses through a shared services centre (such as Service Tasmania or Treasury). It will give Agencies the freedom to use preferred payment providers through a centralised payments acquiring platform. All receivables data, regardless of channel or provider, will be captured through this acquiring platform. This will enable standardisation of data and integration capability, centralised settlement and consolidated billing functionalities. With a single repository for all Government's receivables data, a new resource to support Government cash flow forecasting can be created.

Innovation is imperative considering the pace of change in today's society. To support purposeful innovation within Government, we will provide access to our innovation experts to help you transform and inspire change within Government. With new banking and technology services that will create the foundation for Tasmania's financial future, we can help you transform payments across Tasmania. As a leader in Public Sector banking, we see the evolution of payments taking the administrative burden away from our Government and corporate customers. The future of payments will deliver an overarching, fully managed service that encompasses traditional and digital receivables channels.

Supporting the community through data services

To assist Government in improving quality of life, Westpac Institutional Analytics is available to help you in using big data (Government data, Westpac data and third party data) to improve decision making processes and help construct planning forecasts to reflect the needs of the community. The data collated will help support the community vision as it provides insights about a community's future infrastructure needs, resource allocation, and demand for municipal and other services.

Addressing the challenges faced by small businesses in Tasmania

In 2017, Department of State Growth completed research on small businesses and presented the findings to the Small Business Forum. In this research, it was identified that 81% of SMEs felt there were barriers, challenges or constraints to operating a business successfully in Tasmania and 89% felt that Government should provide more support. The most frequently reported challenges, barriers and constraints were:

- Compliance with Government restrictions, regulations, 'red tape' and registration
- Distribution, transport logistics, limited transport infrastructure
- Poor access to markets for small businesses
- Inability to find skilled staff and retain staff
- Competition with big business
- Access to finance.

The types of business support services required were reported as being:

- Financial assistance, funding, grants, loans
- Training, upskilling courses, staff training, apprenticeship schemes
- Advice and/or assistance to set up a business
- Mentoring/coaching
- Financial advice.

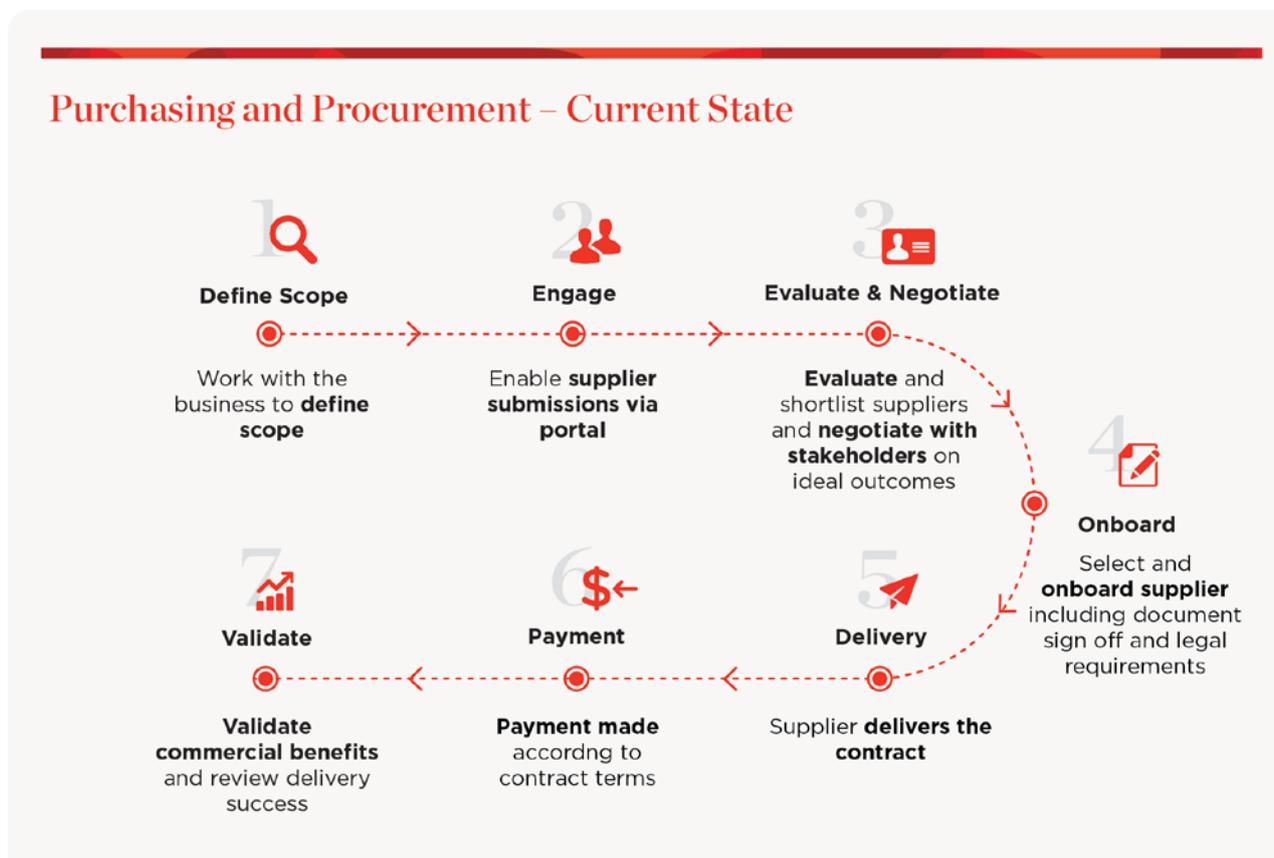
To address the constraints around Government compliance, engagement, and inclusion, we can assist the Tasmanian Government in addressing the concerns of SMEs through the adoption of modern digital procurement technology.

Westpac also provides a range of business support products ranging from loans to mentoring programs, all of which encourage SMEs to build on their financial and business knowledge as well as support the overall growth of their business.

DIGITAL PROCUREMENT PLATFORM

The future of procurement is in digitising the end to end process and drawing insights from the data that it generates. Our vision is to transform the Tasmanian Government's current purchasing and procurement process (outlined in Figure L, refer to page 29) and enable an electronic procurement (eProcurement) platform, designed to help local suppliers secure Government contracts. It will simplify the procurement process for SMEs while delivering insights and analytics to suggest ways to improve applications with constructive feedback. Through global Public Sector relationships, we aim to enable the digital adoption of an eProcurement platform which would transform the entire procurement experience for SMEs (outlined in Figure K on the following page).

Figure K. The purchasing and procurement process – current state



We have identified five key areas where we can support your procurement objectives:

Sourcing

Making it easier for Government employees to create new sourcing events will increase the number of opportunities for SMEs to participate in Government purchasing. Through platforms like Coupa (our leading global procurement and business spend management platform partner), Government employees can create sourcing events, define the timeframe for events, set up rules of engagement and communication with bidders, and set bid increments for reverse auctions. All of this can be managed through a sourcing 'cockpit' that allows sourcing managers, bidders, and observers to monitor the progress of sourcing events. These capabilities make it easier for your procurement functions to create more sourcing events, resulting in lower prices while also making it easier for smaller suppliers to bid on relevant opportunities.

SUPPLIER ENABLEMENT

Our distribution network will encourage SMEs to engage with Government. Partners like Coupa offer supplier portals that make it much easier for small business to work with Government once a sourcing event is concluded. The portal includes document collaboration (edit and sign documents and contracts online), and email notification of contract document activity. Through this portal, suppliers can also receive purchase orders (POs), acknowledge receipts, and manage their catalogues, price lists, and contact information. Suppliers can also automatically create invoices against a received contract or PO. Unlike many other supplier portals, these capabilities are available at no cost to the supplier, increasing the engagement of small businesses that may be reticent to pay for access.

Who is Coupa?

Publicly listed on NASDAQ and headquartered in San Mateo, CA. Coupa is a globally-recognised eProcurement leader, with over \$800 billion in cumulative spend-under-management across 35 countries.

Coupa's innovative, cloud-based platform provides substantial benefits when compared to ERP focussed solutions. It offers a superior user experience for purchasers, sourcing professionals, and management, including real time benchmarking of spend management performance compared to global peers, and proactive AI-driven recommendations.

Coupa has successfully integrated their solution for public and private sector customers at all levels both globally and in Australia, including Macquarie Bank, Australian Unity, Monash University and Brookfield Multiplex.

WORKFLOW AND USER EXPERIENCE

For Government employees, user-driven content, including product and supplier reviews, can help purchasers make informed decisions. Configurable buying policies appear next to the item to remind employees, assisting in reducing out-of-policy purchases. Online forums for purchaser and requester questions, also help employees follow policy. Platforms like Coupa also make it easy for employees to capture, manage and process expenses through a user-friendly mobile app or web-based browser.

PAYMENTS AND SUPPLIER FINANCE

Waiting to get paid for completed work places a severe cashflow constraint on SMEs and prevents them from growing their business. Our payment cards increase purchasing controls and provide richer data to assist in reconciliation. Eliminating cash, cheque, and other payment methods, makes your banking and purchasing easier to manage. Using physical and virtual cards to process payments also provides richer, more consistent datasets to drive insights and highlight opportunities.

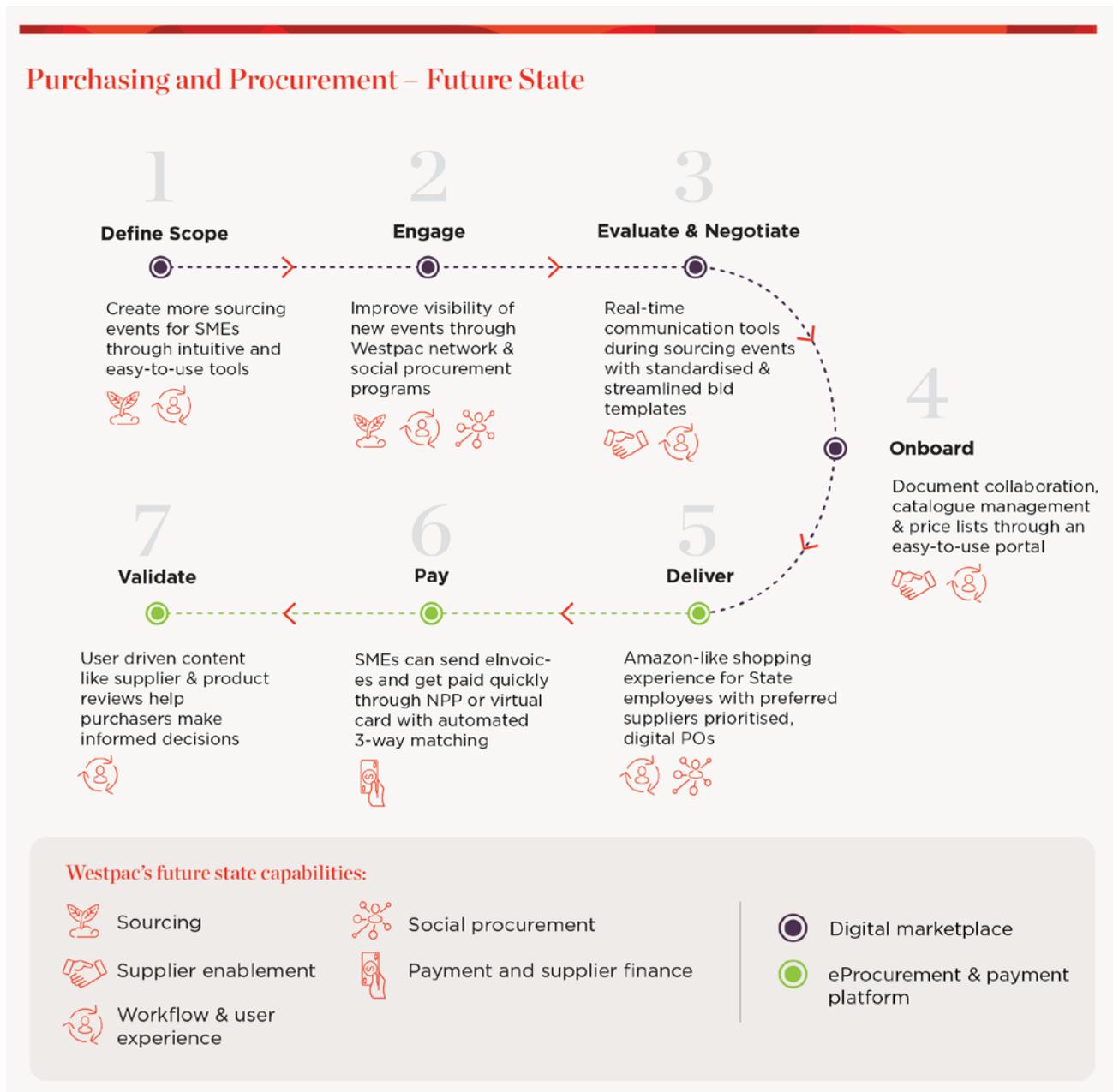
Our Single Use Virtual Cards (SUVC) will generate a unique one time use only card number (16 digits) for each transaction. The card limit, expiry date and merchant category spend controls can be setup for each card and cards can be used to pay local or overseas suppliers. In addition to cards, we provide a full suite of other payment options, from low cost EFTs to real time NPP transactions. We can work with Government to develop user defined rules-based payment routing linked to spend category, merchant type, and transaction amount (e.g. NPP payments for small suppliers that are unable to accept cards).

Through our IT development team (Qvalent), we can develop plugins to major cloud accounting platforms like MYOB and Xero to support eInvoicing for small business. Through these plugins, Westpac will also provide integrated invoice financing and supplier finance so that businesses can leverage the State's AAA credit rating to improve their cash flow. We will also use the power of our distribution network to ensure Tasmania's small and regional businesses are aware of these new capabilities and how they can do more business with Government.

SOCIAL PROCUREMENT

As a global leader in social procurement, we want to work with you to uplift your internal capabilities. We will continue to provide Tasmanian SMEs with access to mentors, business advice, online business training (including webinars through the Davidson Institute) to support a thriving Tasmanian entrepreneurial community.

Figure L. Digital procurement future state



This platform will aim to service the end to end procurement cycle improving supply chain financing, contract transparency in the tender process, efficiency and liquidity. The platform will utilise new innovations including smart contracts, instant payments (NPP) and eInvoicing.

EDUCATING SMES ON PROCUREMENT

We provide open access to educational resources for SMEs, detailing how procurement typically works in large organisations. These resources encourage practical ideas on how SMEs can engage as a supplier. We provide equal opportunity and support for commonly underrepresented groups such as our:

- Women's Market team supporting women-owned businesses through our Ruby Connection program.
- Partners like Supply Nation and Jawun Indigenous Corporate Partnerships who provide support to the indigenous Tasmanian community.
- Support of organisations like Many Rivers and WorkVentures who help deliver opportunities for disadvantaged Tasmanians of all backgrounds.

These capabilities can be deployed throughout the entire SME customer lifecycle and will deliver substantial economic benefits to both Government and small businesses across Tasmania.

Conclusion

Throughout our longstanding partnership with the Tasmanian Government, Westpac has been committed to supporting Tasmania's financial infrastructure, Government services, economy, export capability and the Tasmanian community at large. Westpac sees an immense opportunity to support Government into the future through continued support, addressing current challenges and implementing new initiatives which will unlock huge potential for Tasmania.

Our aligned values and guiding principles to source locally, empower the local SME community, drive innovation, enable sustainability, and create opportunities for tomorrow's generation, will drive our continued partnership.

We believe Tasmania's agribusiness and sustainability initiatives will provide significant economic growth and can further capitalise on Tasmania's export potential. In the future, Tasmania could become a global leader in supplying fresh produce and clean water, produced through sustainable farming practices and renewable energy and servicing rapidly growing national and international demand.

Working alongside Government, Westpac is keen to help you open up new markets, expand your export potential and grow your local economy – all resulting in creating more jobs for the local community. We aim to provide the foundations and the crucial advocacy to see SMEs succeed and flourish in the local economy.

As a true service company, we are invested in the Tasmanian community, providing valuable resources that extend beyond the parameters of banking and finance to benefit the lives of everyday Tasmanians.

Together with you, our vision for the future of Tasmania is bright.

Completed and endorsed (Supplier)

.....
(Name and position – print)

.....
(Signature)

...../...../.....
(Date)

Important notice.⁴

Westpac Institutional Bank – A Division of Westpac Banking Corporation
ABN 33 007 457 141 (Westpac)

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LENDING FACILITIES (IF APPLICABLE)

Unless otherwise indicated, any lending type facility is offered on an indicative basis. Final Westpac formal credit approvals and any relevant verification required from The Tasmanian Government will be requested prior to entering into a contract for lending type facilities. Lending type facilities are subject to Westpac's standard lending documentation.

DOCUMENTATION (HOW WESTPAC PRODUCTS OPERATE)

Contracts for Products, requires the inclusion of the Product's specific terms and conditions, including any industry-wide Product documentation.

CONTRACT

No binding contract will exist from acceptance of any offer until a contract is signed by Westpac and The Tasmanian Government.

COMMUNICATIONS

Only written communications from Westpac will be taken to be a response to any request or clarification.

INTELLECTUAL PROPERTY

Ownership of the intellectual property in systems, services and products remains vested in Westpac.

⁴ Offer of Products and Services (Products) or Lending Facilities referred to in this document

