

10. TELECOMMUNICATIONS NETWORK SERVICES

Officer responsible MIS Manager	Authors John Edmonds, DDI 371-1445, Merv Altmments, DDI 371-1468
---	--

The purpose of this report is to consider whether the Council's telecommunication services should be publicly tendered or limited to four suppliers.

Section 247E of the Local Government Act 1974 states:

247E Contracts and tenders

- (1) *Where any local authority is contemplating entering into any contract for the supply of goods or services that is likely to involve the local authority in expenditure or financial commitment that the local authority considers significant, the local authority shall consider whether or not the matter shall be put to tender.*
- (2) *Where any local authority decides not to put out to tender a contract to which subsection (1) of this section applies, the local authority shall ensure that the reasons for the decision are recorded in writing.*
- (3) *In considering whether or not to put any matter to tender and whether or not to accept any tender, the local authority shall have regard to its objectives as stated in its annual report to the public under section 223D of this Act.*

A copy of the Council's objectives, as stated in its annual report to the public under 223D of the Local Government Act 1974, is attached.

The MIS and Corporate Services Units are in the process of preparing requests for proposals (RFPs) for a number of telecommunications services. It is intended that these documents be issued to the potential suppliers during the last week in June and closing in the last week of July. Following evaluation of the responses in August a report will be brought to the September Strategy and Resources Committee meeting recommending acceptance of one or several of the proposals received.

Proposals are being sought for the following services:

- Voice (Telephone) Networks
- Data Networks
- Cellular Network
- Internet Services

Approved, currently, in the MIS budget for 2001/02 is a significant upgrade to the organisation's Data Network. An important purpose of the RFPs is to select the supplier of the wide area component of that Data Network (i.e. connecting the various Council sites) which can meet the Council's needs now and in the future.

Coinciding with this, the existing contract with Telecom for the Voice (Telephone) and Cellular Networks is timed to expire on 28 February 2002. There are likely to be benefits in obtaining both the Voice and Data Network services from the same supplier, whilst the Cellular Network and/or Internet Services could well be from a different supplier. While the RFPs will provide for the acceptance of specific services from different suppliers it does not preclude us from bundling all the services into an agreement with a single supplier should this be the most beneficial to the Council.

The annual value of these services currently exceeds \$300,000.

Following discussions with a number of the potential providers it has become clear that there are only a limited number of suppliers that can meet the organisation's needs for these services. These are:

- Telecom (for all telecommunications services)
- Telstra/Saturn (for all telecommunications services)
- Clear (for all telecommunications services)
- Vodafone (for cellular services).

For this reason, it is recommended that the Council not publicly tender the contract for the above telecommunication services but, rather, request proposals solely from the above four suppliers.

Recommendation: That, in accordance with section 247E of the Local Government Act 1974, the Council resolve that the requests for proposals for telecommunications services be limited to the above four suppliers, for the reason that these suppliers are the only organisations that are likely to be able to meet the Council's requirements for its telecommunication services.

**Chairman's
Recommendation:** That the above recommendation be adopted.