

2.1 CONTRACT FOR FIXED AND MOBILE CALL CHARGES (CF2009020:PR)

Responsible Director: Leigh Harder

RECOMMENDATION

That Council:

- 1. Accepts the tender from Telstra Corporation Limited, for Contract No. 2009020, for the provision of fixed and mobile call charges, for a period of three (3) years, in accordance with the schedule of rates submitted in the tender. (Estimated annual cost of \$175,000 GST inclusive); and*
- 2. Authorises the Chief Executive Officer to execute the contract agreement.*

BACKGROUND

The City of Monash has conducted a review of its telecommunications call costs with a view to achieving call savings on current expenditure. A tender was advertised in The Age newspaper during September 2008.

The Tender sought interested Telecommunications Carriers and Service Providers to submit a proposal for the provision of network services; the extent of which will include mobile and fixed line telephone calls. The provision of network services will apply across all sites, including the Civic Centre at Glen Waverley and numerous smaller Council sites in the municipality.

Of the six (6) organisations that obtained the documentation only one (1) tender was received, that being from Telstra Corporation Limited (Telstra). SingTel Optus Pty Limited notified Council in writing that it did not intend to submit a tender.

The current arrangements for these services are held by Telstra. Given the length of time to evaluate the tender and need to seek clarification on issues of non compliance Telstra has advised that it will extend its tender validation period until the end of April 2009, in line with Council reporting and approval processes.

TENDER EVALUATION

Council's telecommunications consultant, Barry Reichelt Telecommunications Consulting Services Pty Ltd, was engaged to provide specialist advice and assist in the tender evaluation.

The tender evaluation panel comprised:

- Jarrod Doake – Manager Corporate Administration;
- Sandra Bruce – Operations Coordinator; and
- William Shane Strong - Barry Reichelt Telecommunications Consulting Services Pty Ltd

The criteria used to evaluate the tenders was primarily price but also included:

Operational Delivery including but not limited to:

- Quality of services offered;
- Track record, reliability; and
- Resources available; and

Technical Ability:

- Expertise available;
- The Tenderer's capacity to ensure that the contract is adequately supervised;
- Quality systems;
- Customer emphasis;
- Innovation, changes in service levels and scope;
- Employment standards, administration; and
- Financial viability.

In accordance with City of Monash Tendering Policy, weightings were established for the different components with Price being 60% and Other Selection Criteria being 40%.

The tender documents allowed for Council's consideration of non conforming tenders subject to the provision of a full and accurate description of the way in which the tender response varied and that it clearly provided the outcome sought by Council. Tenderers were also advised that Council reserved the right to reject part or all of a non-conforming tender.

A preliminary tender analysis report was provided to Council officers in order that Council could satisfy itself as to the recommendation being put forward by Barry Reichelt Telecommunications Consulting Services Pty Ltd.

The final recommendation was made following an extensive analysis of the pricing and service provision options. A copy of the Tender Report has been circulated separately to Councillors.

ANALYSIS

Price considerations

Fixed line

Telstra has offered a flat rate for all "standard calls" and line access charges. "Standard calls" include local and national calls and calls too mobile phones.

The consultant's analysis is that this will result in savings for calls for the Civic Centre, the Council Depot and the Clayton Community Centre of up to 13.3% over existing rates based upon current usage.

Further savings may also be achieved through a continuing review of line utilisation across Council's network. At present Council has an aggregate of 160 lines into its premises and any reduction this number would result in savings.

Mobile calls

Mobile call rates offered by Telstra under the proposed contract include a decrease in National Direct Dialing (NDD) charges per second and a reduction in SMS rates. The consultant anticipates savings of up to 9.7% will be achieved.

Cost summary

The Telstra offer represents an approximate 11.9% saving in fixed line call and rental charges and mobile call charges when compared to current costs.

Other Selection Criteria considerations

Telstra has provided full comprehensive documentation as to their Operational Delivery and Technical Ability addressing the selection criteria.

Telstra complies with the Operational Delivery and Technical Ability requirements of the specification. Non compliance is limited to their preferred (not negotiable) use of their standard Business Services Agreement in lieu of Council's Services General Conditions- Long Form. Telstra's Business Services Agreement is the standard document that it uses for Corporate Customers.

Council has previously operated under Telstra's Corporate Services Agreement, which has been superseded by Telstra's Business Services Agreement.

Telstra's Business Services Agreement document, which is based on telecommunication industry standards, is acceptable.

FINANCIAL IMPLICATIONS

The tender submitted by Telstra for fixed and mobile call charges offers reasonable savings to the Council in its telecommunication costs.

The costs for the contract can be met from the current operating budget and an appropriate allocation made for in future budgets, during the three year contract term.

CONCLUSION

That Council accepts the tender from Telstra Corporation Limited, for Contract No. 2009020 for the provision of fixed and mobile call charges, for a period of three (3) years in accordance with the schedule of rates submitted.