



13.6 **OPTUS BILLING SERVICES CONTRACT VARIATION**

EXECUTIVE MEMBER: **CHRIS CARROLL, GENERAL MANAGER, CUSTOMER, OPERATIONS AND INFRASTRUCTURE**

PREPARED BY: **JULIA KOGAN, IT BUSINESS PARTNER**

1. PURPOSE

- 1.1 To seek Council's approval for Optus Billing Services Contract Variation for \$350,000 for essential mobile telecommunications services up to the end of the contract term in May 2022.

2. EXECUTIVE SUMMARY

- 2.1 Optus was awarded the mobile contract N 0314 on 31 May 2018 through the TPAMS2025 instrument for \$837,200 inclusive for an initial term of 24 months. The further 24-month option was availed of June 2020 terminating May 2022.
- 2.2 The actual expenditure over the 4-year period will be \$498,000 higher than the original contract value as some costs were not factored into the forecasting of the original contract value (such as landlines, expenditure on equipment and services related to ad hoc projects and increased costs associated with COVID)
- 2.3 In June 2021, the CEO approved the contract value to be increased by \$148,000 as per his delegation. As per the Procurement Policy, Council approval is now being sought to increase the contract amount by a further \$350,000 taking the total contract value to \$1,335,200. This will cover the remaining period of the contract for essential mobile telecommunications services plus contingency.
- 2.4 The forecast expenditure on this service is included in the Budget 2021/22. The increase over the life of the contract has been offset to a large extent through project based funding, the historic landlines budget and operational savings from our mobility plan including reduced printing and landline costs.

3. RECOMMENDATION

That Council:

- 3.1 Approves a contract variation for \$350,000 for Optus Billing Services Contract N 0314, noting that this recommendation does not have an impact on Council's operational budget and is offset by savings through other projects.
- 3.2 Delegates authority to the CEO to undertake all actions required to implement this decision.

4. KEY POINTS/ISSUES

- 4.1 Council approved the engagement of Optus through the TPAMS2025 instrument on 31 May 2018 for an initial term of 24 months, with an option for a further 24-month term. The further 24-month option was availed of June 2020 terminating May 2022.
- 4.2 The TPAMS whole-of-state government panel contract offers very competitive pricing based on the aggregated expenditure of the Victorian Public Sector.



- 4.3 Mobile expenditure under TPAMS2025 over 4 years was estimated at \$837,200 inclusive, based upon an initial 2-year estimate of \$418,600 inclusive and then simply doubling this amount as a forward estimate over the 4-year period.
- 4.4 Officers forecast that actual expenditure over the 4-year period will be \$498,000 higher than this due to several factors
- \$197,764 – Landline costs not originally factored into forecasting for the TPAMS mobile contract. These costs budgeted for separately to the contract are now largely extinguished with the move to NBN.
 - \$135,055 – user devices, equipment, network infrastructure and licences costs not originally factored into forecasting for TPAMS mobile contract. These costs were funded through projects and where relevant are now accounted for under other contracts.
 - \$165,181 – Increased mobile services and data charges associated with an underestimation of monthly usage in the initial contract, COVID19 lock downs which saw major increases, and the concurrent fast tracking of our mobile workforce plan.
- 4.5 The CEO approved a contract variation of \$148,000 including GST in June 2021 to meet immediate commitments. Taking the total contract value to \$985,200 including GST.
- 4.6 As per the Procurement Policy, Council approval is now being sought for the \$350,000 forecast for the remainder of the contract term (including contingency) taking the total contract value to \$1,335,200.
- 4.7 The average mobile data bill is \$25,000 per month. Therefore the amount required to pay from April 2021 to May 2022 is \$325,000, allowing \$25,000 of contingency funds as the demand for mobile services continues to grow.
- 4.8 The forecast expenditure on this service is included in the Budget 2021/22. The increase over the life of the contract has been offset to a large extent through project based funding and operational savings from our mobility plan including reduced printing and landline costs.
- 4.9 Several improvement measures have been put in place to tightly manage this contract alongside the transition to our new supply chain management module in OneCouncil including:
- Stricter controls to prevent the expenditure on user equipment and network infrastructure being allocated to the Optus mobile contract.
 - Weekly monitoring of data usage and discussions with Optus to identify anomalies, remove redundant services, and reduce out-of-band data charges.
 - Coaching and guidance for new contract managers in DTS to understand contract variation approval processes.
- 4.10 This contract provides essential mobile telecommunications services without which it will not be possible for staff to continue to provide services to the community. A competitive procurement process will be undertaken this year prior to contract expiry to ensure best value.



5. CONSULTATION AND STAKEHOLDERS

5.1 Internal DTS stakeholders and Optus Billing services have been engaged to understand the contract spending and forecast future needs.

6. LEGAL AND RISK IMPLICATIONS

6.1 Optus was engaged via the Victorian whole of government TPAMS panel. This contract provides essential mobile telecommunications services without which it will not be possible for staff to continue to provide services to the community.

7. FINANCIAL IMPACT

7.1 There are no budget implications. The increased expenditure against the contract over its life has been offset by:

- Funding from relevant project or operational budgets for items such as devices, network infrastructure, enhancements and landlines.
- Savings Reduced printing costs associated with shift to mobile, digitally enabled workforce.
- Savings derived through telephony and network improvements (such as moving landlines and network fibre to the NBN).
- Further savings are gained from productivity improvements by the extra mobile services supplied to staff.

8. ENVIRONMENTAL IMPACT

8.1 Not applicable

9. COMMUNITY IMPACT

9.1 This contract provides essential mobile telecommunications services without which it will not be possible for staff to continue providing services to the community

10. ALIGNMENT TO COUNCIL PLAN AND COUNCIL POLICY

10.1 Part of Council Plan is the Direction – Well Governed Port Phillip. This is supporting and enabling Council to deliver for our community through good governance . An essential part of this is ensuring Council officers have the appropriate telecommunications services to engage with our community and delivery services to our customers.

11. IMPLEMENTATION STRATEGY

11.1 TIMELINE

- It is recommended that the variation is applied as soon as possible so that the telecommunication services can continue

11.2 COMMUNICATION

- After contract variation is approved, relevant DTS staff will be notified.

12. OFFICER DIRECT OR INDIRECT INTEREST

12.1 No officers involved in the preparation of this report have any direct or indirect interest in the matter.

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ATTACHMENTS Nil