

Pursuant to section 91(9)(c) of the Local Government Act 1999, the Council delegates the power to revoke the confidentiality order either partially or in full to the Chief Executive Officer.

CARRIED

Minute: OM361:2024

18.3 Ongoing IT Contract Extensions

Moved: Cr S Mumford, Seconded: Cr R Cotterill

Pursuant to section 90(2) of the *Local Government Act 1999* the Council orders that all members of the public, except:

- Chief Executive Officer, Daryl Buckingham
- Director Works and Infrastructure, Jon Herron
- Finance Manager – Brett Freeland
- ICT – Andrew Scherer
- Senior Manager Governance & Legal, Melissa Grimes
- Minute Taker – Felix Palmer

Be excluded from attendance at the meeting for Agenda item 18.3 in confidence.

The Council is satisfied that it is necessary that the public, with the exception of Council staff in attendance as specified above, be excluded to enable Council to consider the report at the meeting on the following grounds:

Section 90(3) (d) commercial information of a confidential nature (not being a trade secret) the disclosure of which—

- (i) could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and
- (ii) (ii) would, on balance, be contrary to the public interest;

This report relates to commercial in confidence information relating to third party contracts.

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 and discussion confidential.

CARRIED

Minute: OM362:2024

1:13pm Cr Mumford declared a material conflict of interest as having a beam internet tower on his property and left the meeting.

Moved: Cr P Austin, Seconded: Cr S Pledge

2. Council resolves an exemption under 5.9.2 of the Procurement Policy, to
 - a) approve the continued use of Beam Internet (now Swoop), as our Internet provider for the 2025 Financial year in a month-to-month uncontracted capacity.
 - b) approve the deferral of the full tender process for the Managed Service Provider (Efex) until October 2025,Noting that the recommended contract extensions and cumulative spend will ensure continuity and stability in our ICT services during the ongoing digital transformation.

CARRIED

Minute: OM363:2024

Moved: Cr S Pledge, Seconded: Cr P Austin

Subject to the CEO, or his delegate, disclosing information or any document (in whole or in part) for the purpose of implementing Council's decision(s) in this matter in the performance of the duties and responsibilities of office, Council, having considered Agenda item 18.3 in confidence under sections 90(2) and 90(3) (d) of the Local Government Act 1999, resolves that an order be made under the provisions of sections 91(7) and (9) of the Local Government Act 1999 to retain the Items in confidence as detailed in the Duration of Confidentiality Table below:

Item	Duration of Confidentiality NB: Item to be reviewed every 12 months if not released
Report	30 June 2025
Related Attachments	30 June 2025
Minutes	30 June 2025

Pursuant to section 91(9)(c) of the Local Government Act 1999, the Council delegates the power to revoke the confidentiality order either partially or in full to the Chief Executive Officer.

CARRIED

Minute: OM364:2024

19 CLOSURE BY MAYOR

1:14pm Mayor M Pengilly declared the meeting closed.

Minutes Confirmed

Mr M Pengilly
Mayor

18.3 Ongoing IT Contract Extensions

Responsible Officer	Andrew Scherer
Title	Digital Transformation Specialist
Directorate	Nicki Putland, Director Corporate Services
Purpose	Decision

Summary

Two of Council's important suppliers have agreements that have ended or are due to end during the year. Due to the existing ICT transformation Council is undergoing, there is a strategic benefit to continuing in a month-to-month manner for these agreements instead of going immediately to contract renewal and or tender.

Council's Procurement Policy requires that all procurement activities, including contract extensions, must adhere to the principles of obtaining value in the expenditure of public money, ethical and fair treatment of participants, and ensuring probity, accountability, and transparency in procurement operations. The recommended contract extensions align with these principles by ensuring continuity and stability in our ICT services during the ongoing digital transformation.

Due to the ongoing annual value of the services included in the recommendations, and the timing constraints related to the ongoing nature of the services, endorsement of this strategy from Elected Members is required.

Officer Recommendation

Pursuant to section 90(2) of the *Local Government Act 1999* the Council orders that all members of the public, except:

- **Chief Executive Officer, Daryl Buckingham**
- **Director Corporate Services, Nicki Putland**
- **Director Works and Infrastructure, Jon Herron**
- **Senior Manager Governance & Legal, Melissa Grimes**
- **Minute Taker**

Be excluded from attendance at the meeting for Agenda item 18.3 in confidence.

The Council is satisfied that it is necessary that the public, with the exception of Council staff in attendance as specified above, be excluded to enable Council to consider the report at the meeting on the following grounds:

Section 90(3) (d) commercial information of a confidential nature (not being a trade secret) the disclosure of which—

- (ii) **could reasonably be expected to prejudice the commercial position of the person who supplied the information, or to confer a commercial advantage on a third party; and**
- (ii) **would, on balance, be contrary to the public interest;**

This report relates to commercial in confidence information relating to third party contracts. 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 and discussion confidential.

2. Council resolves an exemption under 5.9.2 of the Procurement Policy, to

a) approve the continued use of Beam Internet (now Swoop), as our Internet provider for the 2025 Financial year in a month-to-month uncontracted capacity.

b) approve the deferral of the full tender process for the Managed Service Provider (Efex) until October 2025,

Noting that the recommended contract extensions and cumulative spend will ensure continuity and stability in our ICT services during the ongoing digital transformation.

3. Subject to the CEO, or his delegate, disclosing information or any document (in whole or in part) for the purpose of implementing Council's decision(s) in this matter in the performance of the duties and responsibilities of office, Council, having considered Agenda item 18.3 in confidence under sections 90(2) and 90(3) (d) of the Local Government Act 1999, resolves that an order be made under the provisions of sections 91(7) and (9) of the Local Government Act 1999 to retain the Items in confidence as detailed in the Duration of Confidentiality Table below:

Item	Duration of Confidentiality NB: Item to be reviewed every 12 months if not released
Report	Until further Order Made
Related Attachments	Until further Order Made
Minutes	Until further Order Made
Other	Until further Order Made

Pursuant to section 91(9)(c) of the Local Government Act 1999, the Council delegates the power to revoke the confidentiality order either partially or in full to the Chief Executive Officer.

BACKGROUND

Two of our important suppliers have agreements that have ended or are due to end during the year. Due to the existing ICT transformation the council is undergoing there is a strategic benefit to continuing in a month-to-month manner for these agreements instead of going immediately to contract renewal and or tender.

Council's Procurement Policy requires that all procurement activities, including contract extensions, must adhere to the principles of obtaining value in the expenditure of public money, ethical and fair treatment of participants, and ensuring probity, accountability, and transparency in procurement operations. The recommended contract extensions align with these principles by ensuring continuity and stability in our ICT services during the ongoing digital transformation.

Due to the ongoing annual value of the services included in the recommendations, and the timing constraints related to the ongoing nature of the services, endorsement of this strategy from Elected Members is required.

By deferring immediate contract renewals and tenders, the Council can better evaluate future requirements and make more informed, strategic procurement decisions that align with the long-term objectives of the ICT transformation.

Because of where we are at with the digital transformation process and the changes to the needs of the organisation that will be happening over the next 18 months. We do not think going to tender for these contracts is in the best interests of the council presently. We

recommend continuing with month-to-month billing, until the review and replacement is placed to maximally benefit the council.

The vendors impacted are:

Beam Internet Trading as WAN Solutions

WAN Solutions is currently our internet provider for all sites on the island. They do not provide and phone or mobile services. The existing contract with them has ended (2022), and we are continuing month to month.

Existing plan is to review assess and implement an internet contract in line with the network refresh in 2025. (Currently planned for about August 2025)

Efex

Efex is our managed service provider and leveraged to manage the existing systems used by council. They have 4 separate agreements with Kangaroo Island Council relating to different services.

We consider continuing with Efex until mid-next year then going to tender the most optimal outcome for two key reasons:

- What we need in support right now will be very different to what we will need in 12 months' time, both as internal staff get up to speed and upskill, but also because existing software systems should have been replaced by then. Locking ourselves into a multi-year agreement based on our current needs is wasteful.
- Efex currently fully manages our server in their private cloud. To move away would take 2-3 months to do so cleanly and require us to either purchase a physical server onsite, or to migrate to another cloud service. Most cloud service agreements have terms of 2-3 years. Part of the software strategy is to eliminate the need for most of the servers, significantly reducing our reliance on them and their expense.

There is currently disagreement between Kangaroo Island Council and Efex relating to the termination dates of two specific agreements. (Managed Service Schedule and Hosted Services Schedule) Efex has 4 separate agreements with each finishing at different times for different amounts which are attached.

Managed Services Schedule – Believed month to month. (Efex believes Oct 2025)

- Microsoft 365 Licensing
- Onsite staff member 2x monthly
- Computer monitoring and maintenance
- General ticketing support

Hosted Services Schedule – Believed to end Oct 2024. (Efex believes Oct 2025)

- Hosting and Maintenance of the server instance
- Firewall security for servers and network
- Microsoft licensing as needed for server

Cybersecurity Services Schedule – Ends Oct 2025. (Efex Believes Oct 2025)

- Monthly phishing testing
- Controlled application deployment
- Stricter DNS filtering (website access restrictions)
- Server active breach monitoring
- User device active breach monitoring
- Improved email security

Phone System Services Schedule – Ends June 2027 (Efex believes June 2027)

- Webex phone system
- Licenses for users
- Phone number blocks (100 number range)

Continuation of month-to-month billing may result in higher expenses compared to a fixed-term contract. We have not been advised of any planned increase in service costs but expect the CPI-based increases to be applied in FY2025. The costs of Beam internet are \$2,200 per month (ex GST). The costs of Efex services are \$47,269 per month (ex GST).

ANALYSIS

Strategic Management Plan

Organisation - Leadership to deliver positive social, and environmental outcomes.

Improvement

5.2 Continuous improvement in strategic, financial, risk management and business planning processes.

5.2.1 Complete an in-depth review of all Council services and staffing levels: prioritise and weight for need, effectiveness and efficiency in provision.

Organisation - Leadership to deliver positive social, and environmental outcomes.

Governance

5.3 Good governance.

5.3.2 Council and staff will meet legislated reporting requirements of a local government authority.

Organisation - Leadership to deliver positive social, and environmental outcomes.

Culture

5.4 Positive organisational culture.

5.4.3 Ensure positive levels of staff well-being by implementing supportive policies and programs.

Legal Considerations / Council Policy Alignment

Procurement Policy, 2022, v12

The recommendations of continuation with acquisition of services aligns with the following objectives outlined in the Procurement Policy:

- Value for Money: By continuing month-to-month agreements, we can ensure that we do not prematurely lock into long-term contracts that may not meet future needs, thereby achieving better value for money as our requirements evolve.
- Efficient and Ethical Resource Use: This approach allows us to make informed decisions based on up-to-date assessments of our needs and market conditions, ensuring resources are used efficiently and ethically.
- Probity and Transparency: The process maintains transparency by involving elected members in the decision-making process and providing clear justifications for the contract extensions.

Council's procurement policy would ordinarily require Council Officers to undertake a public tender process to acquire services of this value and nature. It is permissible under the procurement policy to obtain an exemption from Elected Members where it is acknowledged a

tender process will not necessarily deliver the best outcome for KIC. Reasons why the Procurement Policy should be waived have been included in this report.

Risk Management Implications

Implications for Risk is indirect. By approving this it allows us to move forwards with the ICT Hardware Strategy and the ICT Software strategy more quickly and address risks by implementing those strategies.

Lack of a term-based contract might pose a risk if Beam Internet or Eflex decide to alter service terms or cease service.

Disagreement over termination dates of specific agreements introduces legal and operational uncertainties.

Financial / Resource Implications

Beam Internet

- Currently Month to Month
- Current cost is \$2,200 per month (ex GST)
- \$26,400 per year (ex GST)

Eflex

Note: Initial agreements were assuming certain usage, hardware, license and staff head counts. As this has gone up actual costs have increased.

- All agreements vary based on number of staff, and/or number of devices
- Hosted services vary based on the number of system resources being used by our server architecture. (CPU's, memory, number of instances, reserved storage, number of people accessing)
- Managed Services Schedule – Believed month to month. (Eflex believes Oct 2025)
 - o Current cost is
 - \$22,388 per month (ex GST)
 - \$268,656 per year (ex GST)
- Hosted Services Schedule – Believed to end Oct 2024. (Eflex believes Oct 2025)
 - o Current cost is
 - \$15,563 per month (ex GST)
 - \$186,756 per year (ex GST)
- Cybersecurity Services Schedule – Ends Oct 2025. (Eflex Believes Oct 2025)
 - o Current spend is \$0 per month (will onboard once contract issues are resolved)
 - o Expected spend:
 - \$7,200 initial setup (ex GST)
 - More than \$5,200 per month (ex GST) - We have more devices than during their quote, also expect CPI increases since 2023. Actual will be higher.
 - Annual Spend: Minimum: \$69,600 (plus GST)
- Phone System Services Schedule – Ends June 2027 (Eflex believes June 2027)
 - o Current cost is:
 - \$2443 per month (ex GST) - Webex Costs
 - \$1075 per month (ex GST) - Hardware rental costs
 - \$42,216 per year (ex GST)

Eflex contracted annual spend: \$567,228 ex GST

Note: Historically there has been additional incidental discrete spending with Efex that is not part of any ongoing agreement. This will include things like, discrete project tasks, hardware acquisition, other license renewals as required.

Customer Service and Community Implications

By deferring these contract renewals for the recommended duration, it allows us to more immediately focus on delivering direct system improvements to the organisation and allows us to better align the requirements of the setup - Implementing the ICT Hardware Strategy and the ICT Software Strategy.

OPTIONS

Council has the following options:

1. Approve the continued use of Beam Internet as our Internet provider for the 2025 Financial year in a month-to-month uncontracted capacity.
 2. Approve the deferral of the full tender process for the Managed Service Provider until October 2025.
 3. Move to proceed to Contract renewal for the Internet provider
 4. Move to proceed to tender for the parts of the Efex agreement that are due to expire or are expired.
-

ATTACHMENTS

Nil