

ITEM 8. EXEMPTION FROM TENDER – FRONTIER SOFTWARE

FILE NO: S122001.001

SUMMARY

The City utilises chris²¹ as its core payroll and human resource software system. The City has a software licence and maintenance contract in place that was established with supplier, Frontier Software Pty Ltd, at the time the software was procured in 1991, with a term of 25 years.

The maintenance and support agreement now requires renewal and the vendor has proposed a new Software and Services Agreement. This agreement exceeds \$150,000 over a five year period. The existing supplier is the sole provider of the maintenance and support for this system, and a competitive tender process is not possible.

The requirement to invite tenders in section 55(1) of the Local Government Act does not apply to those contracts if Council decides by resolution that, because of the unavailability of competitive tenderers, a satisfactory result would not be achieved (section 55(3)(i) of the Local Government Act).

This report recommends that Council grant an exemption from tender for the software maintenance and support agreement with Frontier Software.

RECOMMENDATION

It is resolved that:

- (A) as a satisfactory result would not be achieved by inviting tenders because of the unavailability of competitive tenders, Council grant an exemption from tender for annual renewal over a five year period, with the option of an extension of a further five year period, if appropriate, of the maintenance and support agreement with Frontier Software;
- (B) Council accept the Software and Services Agreement, as outlined in confidential Attachment A to the subject report, for annual renewal over a five year period, with the option of an extension of a further five year period, if appropriate;
- (C) authority be delegated to the Chief Executive Officer to negotiate, execute and administer (including exercising options) the maintenance and support agreements with Frontier Software Pty Ltd; and
- (D) authority be delegated to the Chief Executive Officer to exercise the option referred to in clause (B), if appropriate, and negotiate the price to extend the maintenance and support agreements accordingly.

ATTACHMENTS

Attachment A: Summary of costs over five years with further five year option.

(As Attachment A is confidential, it will be circulated separately from the agenda paper and to Councillors and relevant senior staff only.)

BACKGROUND

1. The City's software applications chris²¹ and HR²¹ (the employee and manager self-service module, known as 'Kiosk') are in daily use and are critical to the core payroll and human resource (HR) functions.
2. A maintenance and support agreement associated with these applications requires renewal. This agreement exceeds \$150,000 (inc GST) over a five year period. Frontier Software Pty Ltd is the existing supplier and sole provider of the maintenance and support for these applications, and a competitive tender process is not possible.
3. The City originally procured the CHRIS-5 system (the predecessor of chris²¹) in 1991 via a competitive tender process. A Resolution of Council of 27 May 1991 accepted the tender of ICL Australia Pty Ltd (primary contractor) and Frontier Software Pty Ltd for the implementation of the system, along with a maintenance and support agreement. The agreement was executed effective 1 September 1991 with a term of 25 years.
4. Council has previously granted exemption from tender for the annual renewal of the maintenance and support agreement for chris²¹ as a part of the combined maintenance and support package for 21 IT applications. The most recent exemption was granted by Council on 3 November 2014 for a period of three years, with the option of an extension of a two year period.
5. Frontier Software has provided a new Software and Services Agreement, the terms of which have been negotiated with the City. The proposed agreement has been approved by the City's Legal Services unit.
6. The Software and Services Agreement not only extends the life-cycle of the chris²¹ application through product enhancement, but is also integral to the licensing of the software. This impacts the ability to use the software effectively.

KEY IMPLICATIONS

Organisational Impact

7. Without a Software and Services Agreement, the City cannot continue to use the chris²¹ system. The City would not be able to pay its staff until a replacement payroll system could be implemented.

BUDGET IMPLICATIONS

8. There are sufficient funds allocated for these maintenance and support agreements within the current year's operating budget and in future years' forward estimates.

RELEVANT LEGISLATION

9. Local Government Act 1993, section 55(3)(i).
10. Attachment A contains confidential commercial information of the vendors which, if disclosed, would:

- (a) confer a commercial advantage on a person with whom Council is conducting (or proposes to conduct) business; and
 - (b) prejudice the commercial position of the person who supplied it.
11. Discussion of the matter in an open meeting would, on balance, be contrary to the public interest because it would compromise Council's ability to negotiate fairly and commercially to achieve the best outcome for its ratepayers.

CRITICAL DATES / TIME FRAMES

12. Execution of the new Software and Services Agreement can commence immediately upon receipt of Council's approval.

OPTIONS

13. There are no other substantially different options to this proposal. Procurement of an alternative payroll and HR system was considered as part of the HR Systems Review conducted in 2014 and was determined not to be a viable option.

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