

1 WALGA's refreshed procurement model

1.1 Background and WALGA's objectives

As a Member-driven body, WALGA is pleased to provide this refreshed procurement model for the Preferred Supplier Program (**PSP**).

After considering Member, Preferred Supplier and stakeholder feedback, WALGA has made significant investments into refreshing its procurement model, with a focus on:

- (a) on-boarding new Preferred Suppliers as quickly and seamlessly as possible onto WALGA's PSP;
- (b) ensuring that the contracts WALGA is issuing to Preferred Suppliers represent updated, up-to-date, market positions, with a focus on reducing Preferred Supplier and Member time in engaging under the Preferred Supplier Program;
- (c) reducing the contractual risk associated with the Local Government sector supply;
- (d) asserting best value for money supply for Local Government;
- (e) delivering robust and well-structured procurement governance; and
- (f) ensuring that all the contracts making up the procurement model are as 'easy to use' and 'plug and play' as possible.

2 Overview of the procurement model

WALGA's PSP model is divided into two parts – the Panel level, and the Member Contract level.

At the panel level, WALGA enters into a contract with a Preferred Supplier called the **Preferred Supplier Panel Contract**. This agreement contains a promise by Preferred Supplier's to provide Deliverables to WALGA Members under separate contracts between a Members and Preferred Suppliers (called **Member Contracts**) on pre-agreed terms and conditions. A more fulsome description of the panel level is set out below.

Sitting below the panel level is the Member Contract level. At the Member Contract level, Member's and Preferred Supplier's either directly order against fixed General Procurement Conditions, or fill in, and agree to selected terms within a Procurement Form. The latter incorporates terms and conditions specific to a type of services, also known as **Member Conditions** under which Deliverables are provided by the Preferred Supplier to the Member. Under the PSP framework, each Member Contract is a separate contract between the Member and the Preferred Supplier.

The below diagram also provides a useful summary of the model:

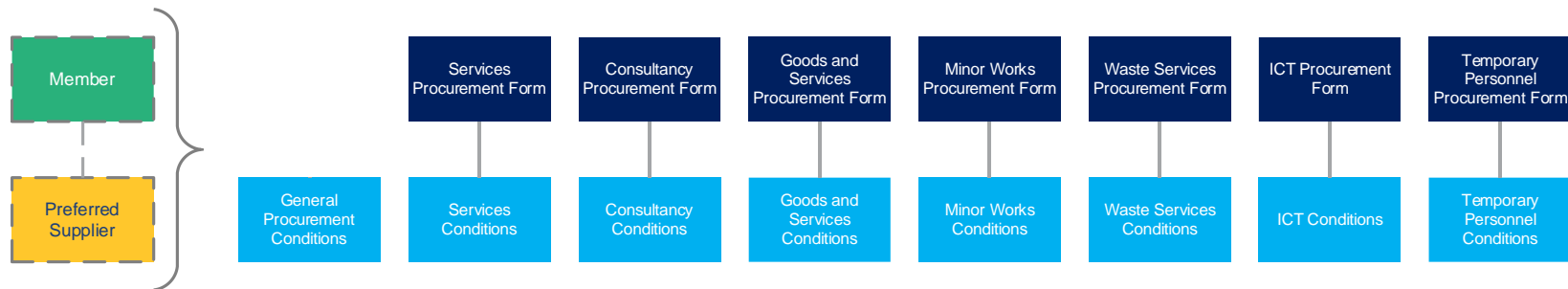
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WALGA Procurement Model

Panel level:



Member Contract level:



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2.1 Panel level

The Preferred Supplier Panel Contract is the contractual mechanism where a supplier becomes engaged as a WALGA Preferred Supplier. WALGA has significantly re-drafted its Preferred Supplier Panel Contract to make entry onto WALGA's panel, and negotiation, simpler for its supplier stakeholders.

No goods, services or works are being provided by the Preferred Supplier under the Preferred Supplier Panel Contract. As such, WALGA has simplified, removed or stripped-back (as appropriate) a number of the key risk clauses – including the indemnity and limit of liability.

The key features of the Preferred Supplier Panel Contract are as follows:

- (a) mechanism for appointing suppliers to the Preferred Supplier Program;
- (b) mechanism for a Member requesting Deliverables, and a Preferred Supplier providing a Deliverables Quotation in relation to the same;
- (c) a mechanism for default Member Contract Conditions applying to procurements between Members and Preferred Suppliers (that are not otherwise governed by a contract);
- (d) provision for the Set Prices and Rates that Preferred Supplier's will provide to Members (and an associated Pricing Review Process);
- (e) the payment of the Contract Management Fee by the Preferred Supplier to WALGA;
- (f) provision for WALGA's contract management, and relationship management, with the Preferred Supplier; and
- (g) the provision of insurances by the Preferred Supplier, with such insurances to apply in respect of each Member Contract.

With the exception of specialist types of services (such as waste services, temporary personnel and ICT services), WALGA does not propose that the Member Contract Conditions be negotiated at the time of the Preferred Supplier entering WALGA's panel. Primarily, this is due to WALGA having reviewed the Member Contract Conditions to be significantly more balanced (and therefore requiring less negotiation).

Additionally, the provision of special conditions in the Member Contracts will allow individual Members to negotiate specific amendments it requires in the context of its unique circumstances, including the size, risk profile, location and geography of the Member.

There are occasions where specific terms will be included in quotations lodged by suppliers for consideration by WALGA Members. These include examples such as Service Level Agreements (**SLA**), Energy Supply Agreements (**ESA**) or Traffic Management terms and conditions. Where appropriate and acceptable to a Member, these can be accepted through the quotation and incorporated as binding terms through the Procurement Form.

2.2 Member Contract level

At the Member Contract level, WALGA has sought to significantly simplify the operation of its Member Contracts – both legally, practically, substantively and administratively.

The first major change to the refreshed model is that each different type of service has its own, standalone terms and conditions and procurement form (formerly called the Short

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Form). These terms and conditions would be incorporated by reference into each Member Contract and would be available on WALGA's website to Members and Preferred Suppliers.

For simple purchasing (low value and low risk), Members can apply the **General Procurement Conditions** as a default set of terms by citing the WALGA PSP contract number in the release of their purchase order. If a quotation is in suitable format and accepted in full then the simple issue of a Purchase Order that cites the Preferred Supplier Panel Contract number will be governed by the General Procurement Conditions.

The variable piece is the **Procurement Form**, where the Member and Preferred Supplier actually enter into a new contract for the procurement of Deliverables. The Procurement Form can be a physical, hardcopy document. Alternatively, the Procurement Form can also be an online form or electronically signed document, for example where the relevant information is entered through WALGA's eQuotes (VendorPanel) system via notification to a successful bidder.

For the hardcopy Procurement Form, this form sets out a cover page explaining the context in which the agreement is formed; a table for key variable information; and a number of schedules (which contain the commercial information pertaining to the Deliverables, for example the Specifications or the Scope). A special conditions schedule will also be included, so that Members are able to agree any bespoke amendments to the pro-forma WALGA Member Contract Conditions. Generally, the Procurement Form will reflect the commercial information set out in a quotation between a Member and a Preferred Supplier.

As the information in this paper explains, the refreshed procurement model will contain seven Procurement Forms, and corresponding sets of Member Conditions to be used as appropriate given the nature of the supply.

WALGA's intention is for the electronic Procurement Form on VendorPanel to include the exact same information, but to be online for those Members who prefer to engage Preferred Supplier's through an electronic or alternative systems based format.

3 Questions and contact

If you have any questions about the WALGA Preferred Supplier Program, and any of the content in this paper, please contact WALGA on the following details:

Preferredsupplier@walga.asn.au – enquires associated with contract management, buying from PSP's, use of systems, reporting and analytics

Commercial@walga.asn.au – enquiries associated with becoming a Preferred Supplier, tendering and contracting of Preferred Suppliers, content of contract terms

Disclaimer

This paper is provided as a general description of WALGA's Preferred Supplier Program. It does not constitute legal or commercial advice in respect of the operation of the Preferred Supplier Program, the Preferred Supplier Panel Contract, or any Member Contract. This paper is provided for general information only, and should not be relied upon by any person.

Attachment 1 – Explanation of Member Contracts in WALGA’s Preferred Supplier Program

The following table sets out WALGA’s Preferred Supplier Panels, and WALGA’s intention for how the various Member Contracts, including by reference to the terms and Procurement Forms, will operate across those Panels.

As a starting position, it should be noted that the **General Procurement Conditions** will be available in respect of each category.

Panel Number	Panel Name	Incorporated conditions	Procurement process	Notes
PSP001	Information and Communication Technology	ICT Conditions	Complete ICT Procurement Form	Incorporate SLAs and Licensing Agreements into Procurement Form.
		Consultancy Conditions	Complete Consultancy Procurement Form	Used for ICT consultancy only (reports, design, strategy).
		Goods and Services Conditions	Complete Goods and Services Procurement Form	Used for purchase of products and general ICT services.
PSP002	Engineering Environmental and Technical Consulting	Consultancy Conditions	Complete Consultancy Procurement Form	Generally, provision has not been made for the supply of goods or consumables under PSP002.
PSP003	Professional Consultancy Services	Consultancy Conditions	Complete Consultancy Procurement Form	Generally, provision has not been made for the supply of goods or consumables under PSP003.
PSP004	Financial and Corporate Services	Services Conditions	Complete Services Procurement Form	Note that operating leases are financial instruments, and should not be included as part of the supply of goods or services under the Preferred Supplier Panel.
		Consultancy Conditions	Complete Consultancy Procurement Form	For the engagement of consultants.
PSP005	Leisure Cultural and Community Services	Goods and Services Supply Conditions	Complete Goods and Services Supply Procurement Form	For items such as consumables, books, and other products.
		Services Conditions	Complete Services Procurement Form	Use Services Conditions where no procurement of Goods is involved.
PSP006	Fleet	Goods and Services Supply Conditions	Complete Goods and Services Supply Procurement Form	Consider using General Procurement Conditions, where off-the-shelf items of fleet and such procurement complies with Member purchasing policies.
PSP007	Waste and Energy	Waste Services Conditions	Complete Waste Services Procurement Form	Given the nature of these services, the Waste Services Conditions will likely require some negotiation as part of awarding a waste contract.
		Goods and Services Supply Conditions	Complete Goods and Services Supply Procurement Form	For items such as consumables, mobile garbage bins, and the like.
		Services Conditions	Complete Services Procurement Form	May be utilised for more complex projects, such as for energy supply, through the inclusion of bespoke, specific Special Conditions.
		Minor Works Conditions	Complete Minor Works Procurement Form	For minor works aspects of major projects.
PSP008	Workplace Goods and Services	Goods and Services Supply Conditions	Complete Goods and Services Supply Procurement Form	For ongoing supply such as period-based ordering of Goods.
		Services Conditions	Complete Services Procurement Form	For Services only engagements, no goods purchasing is involved.
PSP009	Road Infrastructure and Depot Services	Minor Works Conditions	Complete Minor Works Procurement Form	For use for minor-type works. For large and major road projects, consider using a bespoke contract for major works.
		Services Conditions	Complete Services Procurement Form	For straight services such as traffic management and street sweeping; plant hire.
		Goods and Services Supply Conditions	Complete Goods and Services Supply Procurement Form	For procurement of equipment and materials such as road base and drainpipes.
PSP010	Parks and Gardens	Services Conditions	Complete Services Procurement Form	For straight Services such as landscaping, gardening, tree pruning.
		Goods and Services Supply Conditions	Complete Goods and Services Supply Procurement Form	For procurement of Goods and related Services, such as purchase and installation of turf.
		Minor Works Conditions	Complete Minor Works Procurement Form	For use for minor-type works. For large and major construction projects, consider using a bespoke contract for major works

PSP011	Temporary Labour and Recruitment	Temporary Personnel Conditions	Complete Temporary Personnel Procurement Form.	For use for engagements for Temporary Labour
		Services Conditions	Complete Services Conditions Procurement Form	For use for engagements for Permanent Recruitment
PSP012	Construction and Building Environments	Construct Only Conditions	Complete Construct Only Procurement Form	For construction projects or work where no design elements are required
		Design and Construct Conditions	Complete Design and Construct Supply Procurement Form	For construction projects with a design requirement as well as construction
		Minor Works Conditions	Complete Minor Works Procurement Form	For use for minor-type works. For large and major construction projects, consider using construct only or design and construct contracts.
		Goods and Services Supply Conditions	Complete Goods and Services Procurement Form	For use for small scale works and supply of materials.