

Commercial In Confidence

WALGA Preferred Supplier Program Structure and Panel Contract Guidelines

This document is provided as a general description of WALGA's Preferred Supplier Program ("PSP"). It does not constitute legal or commercial advice in respect of the operation of the PSP, the Preferred Supplier Panel Contract, or any Member Contract.

The document is divided into two parts, the first being an explanation of the PSP contract structure, and the second being a short-form reference for key Panel Contract terms that are legally complex.

This document is provided for general information only. The document does not impose any terms and conditions but assists to understand the structure of the PSP and intent of Panel Contract drafting and interpretation of clauses.

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Aligns with Version 1.7 of the Panel Contract (dated November 2024).

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www.walga.asn.au | commercial@walga.asn.au

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1. WALGA's PSP Procurement Model

1.1. Background and WALGA's objectives

WALGA is pleased to provide this summary of the procurement model for the Preferred Supplier Program (**PSP**). The PSP operates on the basis of the following principles:

- That the structure and operations of the PSP aligns with WALGA strategy and is of relevance and benefit to WALGA Members.
- That the quality of procurement and contract management for the PSP is of a high standard, inclusive of risk mitigation and due diligence.
- That the PSP delivers administrative efficiency and procurement process benefits to WALGA Members.
- That all PSP suppliers are appointed through a Request for Tender process, where assessed, recommended and successfully Contracted.
- That the PSP remains relevant and contemporary to the market and procurement needs of WALGA Members, and that WALGA maintains the agility to respond to changing market dynamics.
- That the PSP is subject to continual improvement to ensure it offers value for money and broad supply options to Members.
- That the core demand for PSP supply options is a Member driven process.

1.2. Member Benefits

WALGA, as a Member based organisation, exists to provide advocacy, representation and services to Members. PSP development and management is undertaken with a focus on providing WALGA Member benefits. Member benefits related to the WALGA PSP include;

- **Tender exempt** – WALGA Members are extended the benefit of the gazetted Tender exemption which is not subject to spend bracket thresholds or time-imposed limitations. The internal purchasing policies of each WALGA Member still apply, and can work complementary to the PSP where appropriately structured.
- **Administrative efficiency** – Many common elements of a traditional Tender process have been undertaken by WALGA (centralised at sector level) and do not require duplication. Through the prequalification process when WALGA is onboarding Suppliers, their capabilities, competencies, resources and demonstrated understanding and experience have been assessed alongside

other due diligence requirements. Compliance declarations by suppliers are included in the process. This allows WALGA Members to focus their procurement resources on quotation scope and value for money assessment.

- **Contract IP** – robust legal Member Conditions been developed and integrated into the PSP contract model. Where the standard Member Conditions have been internally assessed and approved by suppliers through their prequalification then the contracting process for Members can be expedited. WALGA's significant investment into contract IP (Member Conditions) reduces additional costs for Members, both legal and administrative. The defined Member Conditions also assist to minimise the incidence of contractual ambiguity and dispute.
- **Value for Money** – the WALGA Tender process for PSP prequalification will, where practicable, obtain prequalified rates and/or a price methodology that represents market preferential and value for money opportunities for WALGA Members. Value for Money opportunities may also extend to price aggregation where whole of sector or group-based buying processes are transacted through the PSP.
- **Improved procurement** – WALGA Members benefit from a combination of procurement benefits that include:
 - Mitigation of risk through the prequalification assessment
 - There is separation of duties between the appointment of the supplier to the PSP (WALGA) and the buyer (WALGA Member).
 - Due to the prequalification there is no risk that the buyer will purchase from an unauthorised supplier.
 - WALGA assesses compliances such as insurance currency, licensing, and financial due diligence.
 - There are defined dispute management processes within the PSP procurement model.
 - WALGA Members have access to eQuotes (VendorPanel) to maintain process control and auditability over the quotation process.
 - WALGA Members receive spend analytics and reports to measure their spend and savings under the PSP.
 - The PSP can be used to support local supplier engagement. WALGA receives feedback and requests from Members to consider inviting locally based suppliers into PSP Tenders to support local economic enablement.

- The PSP can be used to support the social procurement policies of Members.
- **Reinvestment of PSP income** – the PSP generates revenue that is attributed to the management of the program. Any surplus funds are reinvested into other WALGA services and advocacy for Members. Consequently, WALGA is able to deliver more to Members while maintaining affordable membership fees.

1.3. Supplier Benefits

There are a number of benefits and incentives for Suppliers to be on the PSP which include the following:

- Supplier support – each PSP Panel has a dedicated Contract Manager who can assist the Supplier to understand the PSP and buying processes of Members.
- WALGA regularly visits Members to raise awareness of the PSP to promote Suppliers and the value proposition of the PSP program.
- Suppliers have access to the PSP systems (VednorPanel/eQuotes) and contract templates (Member Conditions).
- Promotion opportunities through trade exhibitions and panel level access to marketing channels that are used by WALGA to promote PSP value such as WALGA events and communications.
- Suppliers are able to bid to the sector on the basis of quotation which can be more streamlined and less costly than responding to an open market tender, as well as from a smaller selection of suppliers with prequalified credentials.
- Suppliers are able to market and promote themselves as WALGA Preferred Suppliers.

1.4. WALGA Benefits

In addition to supporting the sector by having PSP supply options available, the PSP provides additional benefits to WALGA which include:

- Maintaining relationships with key suppliers to understand market considerations and needs that are relevant to the sector. These extend from the provision of technical expertise to anecdotal feedback on issues such as supply capacity, inflation, and market changes.
- Accessing, analysing and promulgating quarterly report data that can identify spend trends, market share, market growth and buying patterns. This can feed into WALGA's broader economic analysis and reporting to the sector.

- Net revenue from supplier Management Fees cover WALGA for the cost of developing and managing business through its commercial team so that the PSP services can be accessed at no direct cost by WALGA Members. Any surplus revenue returns from this activity is directly reinvested by WALGA into enhancing the capacity of the Association, including advocacy and representation.
- WALGA is internally extended the benefit of accessing the PSP contracts for its own activities, inclusive of market preferential value.

2. Overview of the procurement model

WALGA's PSP procurement 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 Contractor, called the "Preferred Supplier Panel Contract", under which WALGA will appoint the Contractor to a Panel, and the Contractor becomes a "WALGA Preferred Supplier".

This agreement provides a head of power for Panel Suppliers to provide Deliverables to Members under separate contracts to be entered into by Members and Panel Suppliers (called **Member Contracts**) on pre-agreed terms and conditions. WALGA is not a party to any Member Contract. A more fulsome description of the Panel level is set out below.

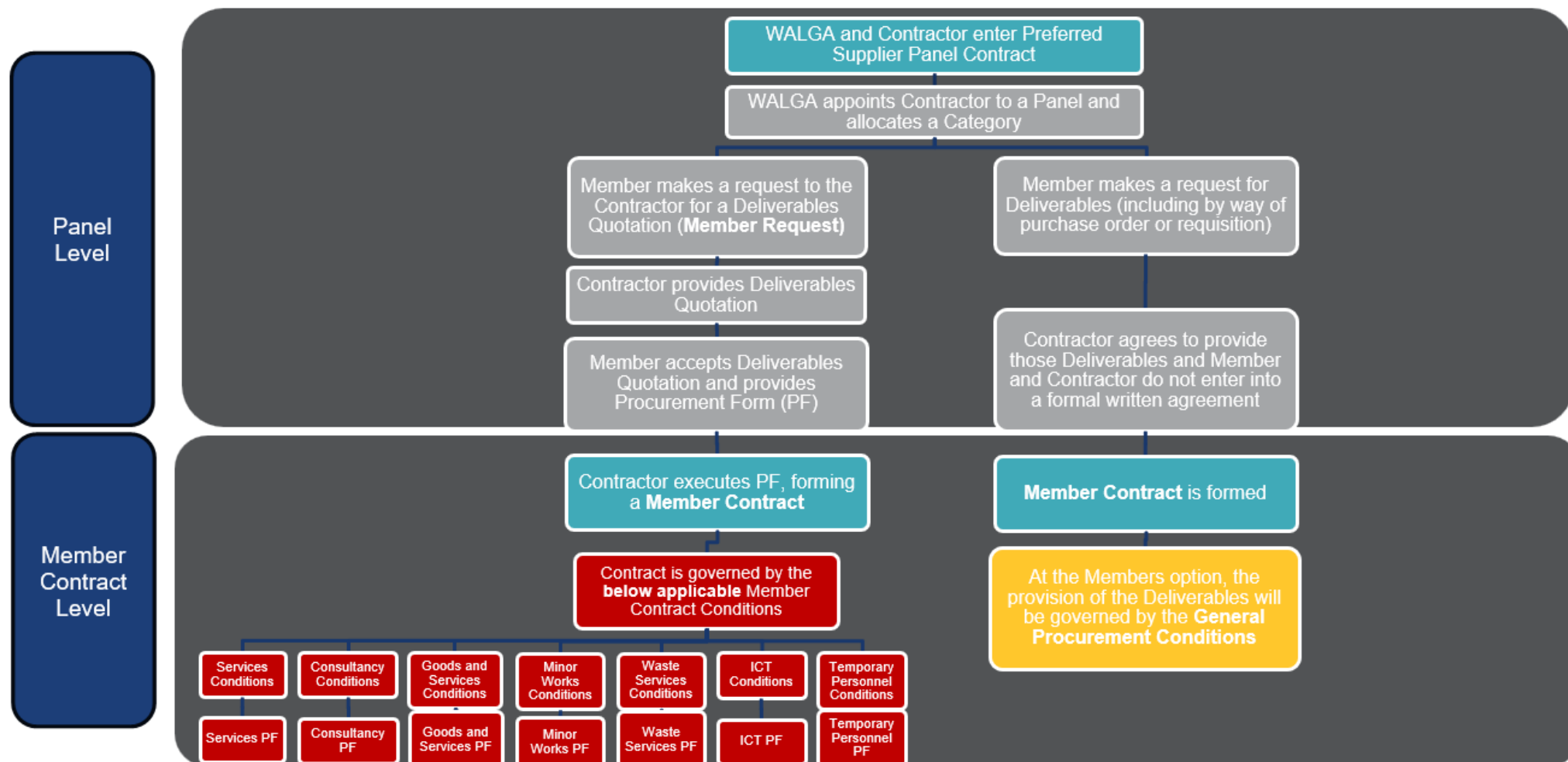
At the Member Contract level, Members and Panel Suppliers fill in a "Procurement Form", and agree to conditions specific to the procurement, called "Member Conditions". In the absence of a Procurement Form, for example where simple purchasing is involved with no requirement for contract specifics, the Member Contract will revert to "General Procurement Conditions".

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

LEGEND

- **Contract**
- **Member Conditions & Procurement Forms**
- **General Procurement Conditions**

WALGA Procurement Model





2.1. Panel level

The Preferred Supplier Panel Contract is the contractual mechanism where a Contractor becomes engaged as a Panel Supplier. The Panel Contract is a commercial arrangement between the Contractor (Preferred Supplier) and WALGA. The Panel Contract document provides for a head of power for suppliers to transact through the WALGA Preferred Supplier Program (PSP).

The Panel Contract has been constructed through a Tender process for prequalification to the PSP that assesses due diligence into the Contractors capabilities to defined categories, resources, experience, and standard compliances.

No goods, services or works (defined in the Contracts as “Deliverables”) are being provided by the Panel Supplier under the Preferred Supplier Panel Contract. The Panel Contract defines the business relationship between WALGA and the Contractor. The Panel Contract provides a head of power for Member Contract formation.

WALGA Members seek quotations from the prequalified Panels that are Tender exempt. Members are able to focus their supplier engagement on supply needs without the need to duplicate the prequalified criteria.

In broad terms the obligations of the Contractor to the Panel Contract are:

- To provision quotations and enter Member Contracts under the provisions of the Panel Contract.
- To provide best value for money supply options to Members using the basis of the WALGA prequalification.
- To lodge quarterly reports and pay the Management Fee defined within the Contract
- To comply with the terms of the Panel Contract inclusive of ethical business practices.

In broad terms the obligations of WALGA to the Panel Contract are:

- Extend access to the PSP medium including VendorPanel (eQuotes)
- Support the Contractor to promote themselves as a Preferred Supplier
- Raise awareness of the PSP and it's benefits with WALGA Members
- Maintain centralised Contract Management of the WALGA prequalification

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

1. a mechanism for appointing suppliers to the Preferred Supplier Program;
2. a mechanism for a Member requesting Deliverables, and a Panel Supplier providing a Deliverables Quotation in relation to the same;
3. a mechanism for providing Member Contract conditions through a Procurement Form or execution of an alternative Member Contract, or to invoke default Member Contract Conditions, that is, General Procurement Conditions applying to procurements between Members and Panel Suppliers that are not otherwise governed by the execution of a Member Contract;
4. where appropriate, provision for the Set Prices and Rates that Panel Supplier's will provide to Members (and an associated Pricing Review Process), and/or a price basis methodology under which quotations can be constructed;
5. the payment of the Contract Management Fee by the Panel Supplier to WALGA;
6. provision for WALGA's contract management and relationship management, with the Panel Supplier; and
7. the provision of insurances by the Contractor as a condition of appointment to the Panel, including the Insurance Policies required that will apply as a minimum for each Member Contract.
8. the provision of indemnity, and liability by the Contractor in certain circumstances.
9. WALGA has simplified a number of the key risk clauses – including insurance and liability clauses that conform to most purchasing risk tolerance profiles. These can be adjusted at the Member level where more complex elements of risk require a higher level of contractual protection.

2.2. Member Contract level

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

A Member Contract can be formed between a Contractor and a Member for the provision of Deliverables through:

1. the execution of a Procurement Form which incorporates the relevant Member Contract Conditions, or;
2. (2) For simple purchasing (low value and low risk without the need for Contract Specifics), and where no Procurement Form has been executed or no written agreement has been entered into the General Procurement Conditions will become the default set of Contract Conditions. Where a Member only issues a Purchase Order or requisition which cites the WALGA PSP contract number, unless otherwise specified, the provision of Deliverables will be governed by the WALGA PSP General Procurement Conditions.

WALGA has drafted technically focussed Member Contract Conditions for specific types of services (waste services, temporary personnel, construction, and ICT services), and more generically focussed Member Contract Conditions for the supply of goods, services, consultants and minor works.

WALGA does not propose that the Member Contract Conditions be renegotiated at the time of Member Contracting. Whilst the agility and flexibility exists to amend Member Contract Conditions to suit the requirements of each individual arrangement, the model has been developed primarily through the Procurement Form as a Contracting mechanism. The Procurement Form will capture the Contract Specifics and carry the Member Contract Conditions into a binding supply arrangement.

This position is primarily due to WALGA having reviewed the Member Contract Conditions to be significantly more balanced (and therefore requiring less negotiation). Contractors through the PSP Tender process have agreed to the legal model and many Contractors have sought to have the prequalified terms legally checked and internally approved for use. In some Contractors may propose variations, which should be justified as matters of business necessity, beyond the consideration of shifting of commercial risk. When considering departures, legal guidance may be sought where necessary, particularly in relation to matters of insurance, indemnification, and the capping and exclusion of liabilities.

The provision of Special Conditions in the Member Contracts is the contractual mechanism to allow Members to negotiate specific amendments they require in the context of its unique circumstances, for example, the size, risk profile, location and geography of the Member.

There are occasions where WALGA has prequalified alternative Member Contract conditions with specific terms in the format of the Suppliers technical and legal requirements. Examples include Energy Supply Agreements, Master Lease and Rental Agreements, and ICT licensing contracts. Alternative Member Contract Conditions are to be made available in VendorPanel/eQuotes and should be included in Deliverables Quotations given by Contractors to Members for consideration following a Member Request.

The Procurement Form must be completed and executed by a Member and Panel Supplier to create a new contract for the procurement of Deliverables, that is, a Member Contract. The Procurement Form can be a physical, hardcopy document or executed in electronic format.

The Procurement Form sets out the context in which the agreement is formed; a table for key variable information; and Parts which contain the commercial information pertaining to the Deliverables (e.g. dates, locations, payment terms) and the “Specifications” or Scope Of Services. A Special Conditions Part is also included, so that Members are able to agree any bespoke amendments to the pro-forma Member Contract Conditions. Generally, the Procurement Form will reflect the commercial information set out in the Deliverables Quotation between a Member and a Panel Supplier.

Copies of the current [Member Contract Conditions templates and Procurement Forms are available on this link.](#)

2.3. Explanation of Member Contracts in WALGA's Preferred Supplier Program

The following table sets out WALGA's 12 Panels, and WALGA's Member Contract Conditions (invoked through the relevant Procurement Form) which operate across those Panels. It should be noted that the General Procurement Conditions will apply as a default for simple purchasing in the instance that no Procurement Form or other alternative Member Contract is executed.

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

Panel Number	Panel Name	Applicable Procurement Form	Conditions Incorporated by the Procurement Form	Notes
PSP010	Parks and Gardens	Complete Services Procurement Form	Services Conditions	For straight Services such as landscaping, gardening, tree pruning.
		Complete Goods and Services Supply Procurement Form	Goods and Services Supply Conditions	For procurement of Goods and related Services, such as purchase and installation of turf or shade sails.
		Complete Minor Works Procurement Form	Minor Works Conditions	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	Complete Temporary Personnel Procurement Form.	Temporary Personnel Conditions	For use for engagements for Temporary Labour
		Complete Services Conditions Procurement Form	Services Conditions	For use for engagements for Permanent Recruitment
PSP012	Construction and Building Environments	Complete Construct Only Procurement Form	Construct Only Conditions	For construction projects or work where no design elements are required
		Complete Design and Construct Supply Procurement Form	Design and Construct Conditions	For construction projects with a design requirement as well as construction
		Complete Minor Works Procurement Form	Minor Works Conditions	For use for minor-type works. For large and major construction projects, consider using construct only or design and construct contracts.
		Complete Goods and Services Procurement Form	Goods and Services Supply Conditions	For use for small scale works and supply of materials.

