Why use a Preferred Supplier Arrangement

Prior to creating a PSA, WALGA undertakes research and needs analysis and consults with Members and the relevant industry area to determine the sector’s purchase trends and also identifies the level of supply and demand within the market. By engaging with Members prior to tendering, WALGA develops relevant PSAs to meet Member needs. It tests these through a Client Reference Group, which includes Members that are interested in being involved in the specification development and evaluation process. It also undertakes:

A rigorous public tender process that fully complies with the Regulations.

A comprehensive evaluation of tender responses to assess the capability, resources, expertise and compliance of all tenderers.

Compliance checks of the respondent’s registration and licence checks, reviewing insurances, assessing accreditations and industry affiliations, and independently commissioned financial due diligence.

Contract arrangements that include conditions of contract checked by lawyers, to support purchasing, and a rates card or price schedule that is guaranteed "best price".

To manage the performance of Preferred Suppliers against contractual KPIs, to ensure ongoing compliance and to identify opportunities to add value to Member purchasing.

A review before the Contract expires, checking activity, measuring satisfaction and ensuring that any changes or developments in the market are considered.

DO SUPPLIERS PAY TO BE PART OF A PSA?

PSA, and indeed WALGA, are funded from the contract management fees and rebates paid by Preferred Suppliers directly to WALGA. The rebates are up to 2% of any work a Preferred Supplier undertakes for a WALGA Member. In many cases these fees represent a very small cost to Preferred Suppliers.

Importantly, the rebate is not passed on to Members, but rather is part of a Preferred Supplier’s overheads. Put simply, when responding to the tender issued by a WALGA Member, a Preferred Supplier would have incurred in responding to a Member tender, if necessary related to a supplier, costs in tendering for work outside of a WALGA, often with no or limited success, in compliance with the price offer and in a tender process.

Preferred Suppliers are contractually required to account for any contract management fees paid to WALGA and in doing so guarantee that WALGA fees are paid.

The rebates WALGA receives pay for the development of the PSAs are also used to improve the benefits WALGA offers to Members.

HOW DOES WALGA CREATE A PSA?

Prior to creating a PSA, WALGA undertakes research and needs analysis and consults with Members and the relevant industry area to determine the sector’s purchase trends and also identifies the level of supply and demand within the market. By engaging with Members prior to tendering, WALGA develops relevant PSAs to meet Member needs. It tests these through a Client Reference Group, which includes Members that are interested in being involved in the specification development and evaluation process. It also undertakes:

A rigorous public tender process that fully complies with the Regulations.

A comprehensive evaluation of tender responses to assess the capability, resources, expertise and compliance of all tenderers.

Compliance checks of the respondent’s registration and licence checks, reviewing insurances, assessing accreditations and industry affiliations, and independently commissioned financial due diligence.

Contract arrangements that include conditions of contract checked by lawyers, to support purchasing, and a rates card or price schedule that is guaranteed "best price".

To manage the performance of Preferred Suppliers against contractual KPIs, to ensure ongoing compliance and to identify opportunities to add value to Member purchasing.

A review before the Contract expires, checking activity, measuring satisfaction and ensuring that any changes or developments in the market are considered.

DO SUPPLIERS PAY TO BE PART OF A PSA?

PSA, and indeed WALGA, are funded from the contract management fees and rebates paid by Preferred Suppliers directly to WALGA. The rebates are up to 2% of any work a Preferred Supplier undertakes for a WALGA Member. In many cases these fees represent a very small cost to Preferred Suppliers.

Importantly, the rebate is not passed on to Members, but rather is part of a Preferred Supplier’s overheads. Put simply, when responding to the tender issued by a WALGA Member, a Preferred Supplier would have incurred in responding to a Member tender, if necessary related to a supplier, costs in tendering for work outside of a WALGA, often with no or limited success, in compliance with the price offer and in a tender process.

Preferred Suppliers are contractually required to account for any contract management fees paid to WALGA and in doing so guarantee that WALGA fees are paid.

The rebates WALGA receives pay for the development of the PSAs are also used to improve the benefits WALGA offers to Members.

HOW DOES WALGA CREATE A PSA?

Prior to creating a PSA, WALGA undertakes research and needs analysis and consults with Members and the relevant industry area to determine the sector’s purchase trends and also identifies the level of supply and demand within the market. By engaging with Members prior to tendering, WALGA develops relevant PSAs to meet Member needs. It tests these through a Client Reference Group, which includes Members that are interested in being involved in the specification development and evaluation process. It also undertakes:

A rigorous public tender process that fully complies with the Regulations.

A comprehensive evaluation of tender responses to assess the capability, resources, expertise and compliance of all tenderers.

Compliance checks of the respondent’s registration and licence checks, reviewing insurances, assessing accreditations and industry affiliations, and independently commissioned financial due diligence.

Contract arrangements that include conditions of contract checked by lawyers, to support purchasing, and a rates card or price schedule that is guaranteed "best price".

To manage the performance of Preferred Suppliers against contractual KPIs, to ensure ongoing compliance and to identify opportunities to add value to Member purchasing.

A review before the Contract expires, checking activity, measuring satisfaction and ensuring that any changes or developments in the market are considered.

DO SUPPLIERS PAY TO BE PART OF A PSA?

PSA, and indeed WALGA, are funded from the contract management fees and rebates paid by Preferred Suppliers directly to WALGA. The rebates are up to 2% of any work a Preferred Supplier undertakes for a WALGA Member. In many cases these fees represent a very small cost to Preferred Suppliers.

Importantly, the rebate is not passed on to Members, but rather is part of a Preferred Supplier’s overheads. Put simply, when responding to the tender issued by a WALGA Member, a Preferred Supplier would have incurred in responding to a Member tender, if necessary related to a supplier, costs in tendering for work outside of a WALGA, often with no or limited success, in compliance with the price offer and in a tender process.

Preferred Suppliers are contractually required to account for any contract management fees paid to WALGA and in doing so guarantee that WALGA fees are paid.

The rebates WALGA receives pay for the development of the PSAs are also used to improve the benefits WALGA offers to Members.

HOW DOES WALGA CREATE A PSA?

Prior to creating a PSA, WALGA undertakes research and needs analysis and consults with Members and the relevant industry area to determine the sector’s purchase trends and also identifies the level of supply and demand within the market. By engaging with Members prior to tendering, WALGA develops relevant PSAs to meet Member needs. It tests these through a Client Reference Group, which includes Members that are interested in being involved in the specification development and evaluation process. It also undertakes:

A rigorous public tender process that fully complies with the Regulations.

A comprehensive evaluation of tender responses to assess the capability, resources, expertise and compliance of all tenderers.

Compliance checks of the respondent’s registration and licence checks, reviewing insurances, assessing accreditations and industry affiliations, and independently commissioned financial due diligence.

Contract arrangements that include conditions of contract checked by lawyers, to support purchasing, and a rates card or price schedule that is guaranteed "best price".

To manage the performance of Preferred Suppliers against contractual KPIs, to ensure ongoing compliance and to identify opportunities to add value to Member purchasing.

A review before the Contract expires, checking activity, measuring satisfaction and ensuring that any changes or developments in the market are considered.

DO SUPPLIERS PAY TO BE PART OF A PSA?

PSA, and indeed WALGA, are funded from the contract management fees and rebates paid by Preferred Suppliers directly to WALGA. The rebates are up to 2% of any work a Preferred Supplier undertakes for a WALGA Member. In many cases these fees represent a very small cost to Preferred Suppliers.

Importantly, the rebate is not passed on to Members, but rather is part of a Preferred Supplier’s overheads. Put simply, when responding to the tender issued by a WALGA Member, a Preferred Supplier would have incurred in responding to a Member tender, if necessary related to a supplier, costs in tendering for work outside of a WALGA, often with no or limited success, in compliance with the price offer and in a tender process.

Preferred Suppliers are contractually required to account for any contract management fees paid to WALGA and in doing so guarantee that WALGA fees are paid.

The rebates WALGA receives pay for the development of the PSAs are also used to improve the benefits WALGA offers to Members.
WHY USE A PREFERRED SUPPLIER ARRANGEMENT?

WALGA manages around 45 Preferred Supplier Arrangements (PSAs) – so its Members can save time, money and energy. That’s because PSAs are tender exempt. In the last year, Local Governments spent more than $330 million on goods and services through the WALGA PSA. Analysis of this expenditure confirms quantifiable savings of more than $60 million to WALGA Members.

HOW ARE SAVINGS QUANTIFIED?
Preferred Suppliers are required to confirm the discount from normal market rates that they will provide exclusively to WALGA Members purchasing through a Preferred Supplier Arrangement.

- WALGA’s procurement model is based on a combination of the buying volume of the entire Local Government sector and the purchasing volume of the WALGA members. This results in significant cost savings for Local Government. Bigger volumes result in better prices and supply conditions.
- WALGA’s Preferred Suppliers are contractually bound to deliver best prices and conditions of supply through WALGA’s recognition of the significant volume of expenditure and effective management of the tender process.
- WALGA has an ongoing auditing company to ensure it is fair and equitable.

WHAT ARE THE BENEFITS TO MEMBERS?

- Members benefit from WALGA’s national purchasing power and through aggregation of purchasing.
- The PSAs are built exclusively around Members’ needs and requirements. Members provide ideas for PSAs and what they should include, they participate in the Debenture Review Group for each PSA to help design the specification and assist with the evaluation process. Research consistently confirms that PSAs are preferred over the more generic government arrangements or those offered by other industries.
- Members benefit from PSAs because they:
  - Are tender exempt, which saves Local Governments on the costs, time and risks of procurement.
  - Have no minimum or maximum limits on the values of purchases.
  - Are regionally available and contain suppliers that are specific to a region or state they can offer their services across the whole State.
  - Mitigate non-compliance and anti-competitive risks.
  - Avoid all around the specific needs and requirements of Members.
  - Enable the Member to easily adapt competitive quotes and service maintenance rates.
  - Are built specifically for and around the needs of Members.
  - Provide protection for Members from contractual disputes
  - Remove the risk of Members buying from a non-compliant supplier.
  - Enable the Member to retain capacity to obtain competitive quotes and ensure maximum value for money.
  - Include a high quality procurement and contract management service by WALGA.
  - Enable independence and separation between the Contract Principal and WALGA, the Supplier and the Customer (Member) which reduces the probability for fraud and corruption.
  - Reduce the risk for Members by buying from a non-compliant supplier.
  - Provide protection for Members from contract disputes.
  - WALGA is the Contract Principal.
  - Members save money from avoiding the Tender Process and through aggregation of purchasing.

IS TENDERING A WASTE OF MONEY?

It can be. Most Members recognise the significant benefits of aggregated purchasing arrangements, particularly PSAs, which harness buying power in WA and sometimes nationally to leverage superior pricing, condition of supply and procurement benefits.

- Suppliers and Members generally understand that there are costs and risks associated with tendering. Local Government, research suggests that a standard tender process costs around $15,000 to $50,000 to conduct and even more for complex tenders particularly construction or waste tenders. Supplier advice is that members of the local government have costs in the range of $200,000 for simple tenders and cost $500,000 for more complex ones.
- One of the ways Members waste money is by placing public tenders for goods and services that can be covered by PSAs especially where most of the market can be reached through the WALGA PSA. This is a common frustration for Preferred Suppliers as it forces them to bid contracts they have already done.
- Local Governments that have not independently tendered correctly, or applied a valid tender exemption to the purchasing supply of the same goods or services. Even though to ensure tender exemptions, Contract Management has an entire function on new Members’ tender requirements.
- Like any commercial entity, Members are exposed to a range of market procurement risks that can arise through the process of purchasing goods and services. These include: breaches in process, poor documentation, supply failures, contract breaches, contract dispute management.
- WALGA’s Preferred Supplier Arrangements provide protection to multi-media and regulatory scrutiny. Early inquiries into WALGA Local Government over the past decade has reduced procurement-related issues. This has largely been due to: 
  - extensive public education
  - Members have the appetite to support and encouraged to leverage these savings.
  - Members have the appetite to support and encouraged to leverage these savings.

DOES USING A PSA REDUCE A MEMBER’S RISKS?

- Preferred Supplier Arrangements mitigate a significant amount of the risk to Members by ensuring compliances and insurances are in place and bonded supplier subject to conditions within the WALGA (Functions and General) Regulations 1996.
- Risk is a complex, costly process and has a number of significant risks. Where a contract is not properly managed and executed, incorrect purchasing decisions, service delivery, damaged reputation, non-compliance and anti-competitive liability.
- For example, the Regulations do not define a time period around which the tender threshold of $150,000 is based. However, this Department of Local Government, Sport and Cultural Industries suggests that this threshold is reached within three years, then a public tender or an amended process should be used. favoured processes in some cases such as waste and ICT contracts could be considered over a longer period.
- Local Governments that have not independently tendered correctly, or applied a valid tender exemption to their purchasing supply of the same goods or services. Even though to ensure tender exemptions, Contract Management has an entire function on new Members’ tender requirements.
- Like any commercial entity, Members are exposed to a range of market procurement risks that can arise through the process of purchasing goods and services. These include: breaches in process, poor documentation, supply failures, contract breaches, contract dispute management.
- WALGA’s Preferred Supplier Arrangements provide protection to multi-media and regulatory scrutiny. Early inquiries into WALGA Local Government over the past decade has reduced procurement-related issues. This has largely been due to: 
  - extensive public education
  - Members have the appetite to support and encouraged to leverage these savings.
  - Members have the appetite to support and encouraged to leverage these savings.
WHAT ARE THE BENEFITS TO MEMBERS FROM PSAs BECAUSE THEY:  

- Are tender exempt which saves Local Governments on the costs, time and risk of procurement.  
- Have no time imposed limits of engagement.  
- Are regionally sensible and contact suppliers that are specific to a registration or suppliers that can offer their services across the whole State.  
- Mitigate non-compliance and anti-competitive risks.  
- Avoid all around the specific needs and requirements of Members.  
- Enable the Member to retain capacity to obtain competitive quotes and ensure maximum value for money.  
- Legally require Preferred Suppliers to provide their best pricing and conditions of supply through the WALGA Panel.  
- Include a high quality procurement and contract management service by WALGA.

DOES USING A PSA REDUCE A MEMBER’S RISKS?  

Like any commercial entity, Members are exposed to a different set of risks Members needs to consider.

- The PSA is a complex, costly process and a number of significant risks. Where it is not properly managed and documented, non-compliance, disengagement, damaged reputation, non-compliance and anti-competitive are real and significant risks.  
- For example, the Regulation do not define a time period around which the tender threshold of $150,000 is based. However, the Department of Local Government, Sport and Cultural Industries recommends that this threshold be reached within three years, then a public tender or an amended process should be used. As such, in some cases such as waste and ICT contracts could be considered over a longer period.  
- Local Governments that have not independently tendered correctly, or applied a valid tender exemption to their procurement practice, risk being found non-compliant and incur legal and contractual breaches in process, poor documentation, supply failures, lack of engagement, non-compliance and anti-competitive.  
- Local Government procurement is a knowledge subjective to multi-media and regulatory scrutiny. Every inquiry into WALGA Local Government over the past decade has raised procurement related issues. This has highlighted numerous instances of government procurement which is designed to prevent avoid fraud and corruption and need to ensure compliance, good governance and transparency over their procurement practice.

IS TENDERING A WASTE OF MONEY?  

It can be. Most Members recognize the significant benefits of aggregated purchasing arrangements, particularly PSAs, which harness buying power in WA (and sometimes nationally) to leverage superior pricing, condition of supply and procurement benefits.  

Suppliers and Members generally understand that there are costs and risks associated with tendering. WALGA, Department of Local Government, Sport and Cultural Industries, recommend that any Local Government undertake the tender process correctly, or applied a valid tender exemption to their procurement practice, risk being found non-compliant and incur legal and contractual breaches in process, poor documentation, supply failures, lack of engagement, non-compliance and anti-competitive.

One of the ways Members waste money is by placing public tenders for goods and services that are covered by PSAs. Where it is not properly managed and documented, non-compliance and anti-competitive are real and significant risks.  

For Local Governments that have not independently tendered correctly, or applied a valid tender exemption to their procurement practice, risk being found non-compliant and incur legal and contractual breaches in process, poor documentation, supply failures, lack of engagement, non-compliance and anti-competitive.

WHAT ARE THE BENEFITS TO A MEMBER OF USING A PSA?  

Although Members’ use of PSAs is now mandatory it is widely recognised that significant benefits are delivered to both Members and suppliers.

Preferred Supplier Arrangements mitigate a significant amount of the risk to Members by ensuring compliance and maximises the value of purchase and helps protect and enhance WA Local Government’s reputations within the local government sector.  

Immediately, it can cost a Member up to $15,000 per tender. Given, public supply arrangements are subject to multi-media and regulatory scrutiny, every instance into WALGA Local Government over the past decade has raised procurement related issues. This has highlighted numerous instances of government procurement which is designed to prevent avoid fraud and corruption and need to ensure compliance, good governance and transparency over their procurement practice.
WHY USE A PREFERRED SUPPLIER ARRANGEMENT?

WALGA manages around 45 Preferred Supplier Arrangements (PSAs) – as its Members can save time, money and energy. That’s because PSAs are tender exempt.

In the last year, Local Governments spent more than $330 million on goods and services through the WALGA PSA. Analysis of this expenditure confirms quantifiable savings of more than $30 million to WALGA Members.

HOW ARE SAVINGS QUANTIFIED?

Preferred Suppliers are required to confirm the discount of normal market rates that they will provide exclusively to WALGA Members purchasing through a Preferred Supplier Arrangement.

WALGA randomly audits suppliers to ensure they are charging market rates that they will provide exclusively to WALGA Members. Bigger volumes result in better prices and supplier conditions.

All WALGA Preferred Suppliers are contractually bound to deliver their best pricing and conditions of supply through WALGA’s recognition of the significant volume of expenditure and their contract requirements. The audit is undertaken by an independent auditing company to ensure fairness and equity.

WHAT ARE THE BENEFITS TO A MEMBER OF USING A PSA?

Although Members’ use of PSAs is not mandatory it is widely recognised that significant benefits are delivered to both Members and suppliers.

These PSAs are built exclusively around Members’ needs and requirements. Members provide ideas for PSAs and what they should include, they participate in the Client Reference Groups for each PSA to help design the specification and assist with the evaluation process. Research consistently confirms that PSAs are preferred over the more generic government arrangements or those offered by other industries.

Members benefit from PSAs because they:

- Are tender exempt, which saves Local Governments on the costs, time and risk of procurement.
- Have no minimum or maximum limits on the values of purchases.
- Are regionally vast and consist of suppliers that are specific to a region or are suppliers that can offer their services across the whole State.
- Mitigate non-compliance and associated risk.
- Avoid all around the specific needs and requirements of Members.
- Enable the Member to retain capacity to obtain competitive quotes and determine maximum value for money.
- Legally require Preferred Suppliers to provide their best prices and conditions of supply through the WALGA Panel.
- Include a high-quality procurement and contract management service by WALGA.
- Enable independence and separation between the Contract Principal (WALGA), the Supplier and the Customer (Member) which reduces the propensity for fraud and corruption.
- Reduce the risk of members buying from a non-compliant supplier.
- Provide protection for Members from contractual disputes as WALGA is the Contract Principal.
- Members save money from avoiding the Tender Process and through aggregation of purchasing.

HOW DO I SAVE MONEY BY USING A PSA?

Members are able to shift their procurement compliance burden to WALGA and at the same time purchase the goods and services they require from pre-qualified Suppliers using efficient, effective and efficient arrangements.

The use of the Qualitas platform is what is available, further reinforces regulatory compliance.

DOES USING A PSA REDUCE A MEMBER’S RISKS?

Preferred Supplier Arrangements mitigate a significant amount of the risk to Members by ensuring compliance and insurance is in place and businesses are pre-qualified with the State and Local Government (Functions and General) Regulations 1996 (the Regulations).

Procurement is a complex, costly process and creates a number of significant risks. Where it is not properly managed and resourced, incorrect or poor outcomes, wastefully expended, non-compliance, non-confidence and liability can arise.

For example, the Regulations do not define a time period around when the tender threshold of $15,000 is reached. However, the Department of Local Government, Sport and Cultural Industries suggests that the threshold is reached within three years, then a public tender or an exempt process should be used. In practice, some areas such as waste and ICT contracts could be considered over a longer period.

Local Governments that have not independently tendered correctly, or applied a valid tender exemption to their purchasing will be subject to legal claims. Even if Members understand correctly, Contract Management has an entirely different set of needs and requirements.

Like any commercial entity, Members are exposed to a different set of risks – Members need to consider.

DOES USING A PSA REQUIRE A MEMBER’S RESOURCES?

PSA response.

In responding to these tenders are factored into their tender costs, time and risks of procurement.

Some areas such as waste and ICT contracts could be considered over a longer period. Is TENDERING A WASTE OF MONEY?

It can’t be. Most Members recognize the significant benefits of aggregated purchasing arrangements, particularly PSAs, which harness buying power in WA (and sometimes nationally) to leverage superior pricing, condition of supply and procurement benefits.

Suppliers and Members generally understand that there are costs and risks associated with tendering. Local Governments, research suggests that a standard tender process costs around $30,000 to $50,000 to conduct and even more for complex tenders (particular construction or waste tenders). Market research suggests that Members spend over $100,000 for simple tenders and over $300,000 for more complex cases.

One of the main reasons Members spend money is to place public tenders for goods and services that are covered by PSAs especially when most of the market can be reached through the PSA. This is a constant frustration for Preferred Suppliers as Members use these to help direct tenders.

Governing supply arrangements has been legislated by Preferred Suppliers ensuring optimum value. It is pointless to require a pre-qualified supplier to respond to an individual tender for the supply of the same goods or services. In reality, this practice is counter to the principles of aggregated purchasing arrangements, particularly PSAs, which harness buying power in WA (and sometimes nationally) to leverage superior pricing, condition of supply and procurement benefits.
Why use a Preferred Supplier Arrangement

Prior to creating a PSA, WALGA undertakes research and needs analysis and consults with Members and the relevant industry area. Based on the sector’s purchase trends and also identifies the level of supply and demand within the market. By engaging with Members prior to tendering, WALGA develops relevant PSAs to meet Member needs. It tests these through a Client Reference Group, which includes Members that are interested in being involved in the specification development and evaluation process.

It also undertakes:

- A rigorous public tender process that fully complies with the Regulations.
- A comprehensive evaluation of tender responses to assess the capability, resources, expertise and compliance of all tenderers.
- Compliance checks of the respondent’s registration and licence checks, reviewing insurances, assessing accreditations and industry affiliations, and independently commissioned financial due diligence.
- Contract arrangements that include conditions of contract available by tender. To support purchasing, a rates card or price schedule that is guaranteed “best price.”
- To manage the performance of Preferred Suppliers against contractual KPIs, to support purchasing, and a rates card or price schedule that is guaranteed “best price.”
- A review before the Contract expires, checking activity, measuring satisfaction and ensuring that any changes or developments in the market are identified.

DO SUPPLIERS PAY TO BE PART OF A PSA?

PSA, and indeed WALGA, are funded from the contract management fees and/or rebates paid by Preferred Suppliers directly to WALGA. The rebate is up to 2% of any work a Preferred Supplier undertakes for a WALGA Member. In many cases these fees represent a very small cost to Preferred Suppliers.

Importantly, the rebate is not passed on to Members, but rather is part of a Preferred Suppliers overheads. Indeed, it is often expected that any Rebate a Preferred Supplier would have incurred in responding to Member tenders, in innovation related to the supplier’s costs in tendering for work outside of a WALGA-Client, often with none or limited success, is internalised as lower price offered in a tender process.

Preferred Suppliers are contractually required to account for any contract management fees payable to WALGA, which are also passed through to Members. WALGA has actually saved money and time through the rebate system.

The rebates WALGA receives pay for the development of the PSAs are also used to improve the benefits WALGA offers its Members.
Why use a Preferred Supplier Arrangement

Prior to creating a PSA, WALGA undertakes research and needs analysis and consults with Members and the relevant industry areas to understand the sector’s purchase trends and also identifies the level of supply and demand within the market. By engaging with Members prior to tendering, WALGA develops relevant PSAs to meet Member needs. It tests these through a Client Reference Group, which includes Members that are interested in being involved in the specification development and evaluation process. It also undertakes:

- A rigorous public tender process that fully complies with the Regulations.
- A comprehensive evaluation of tender responses to assess the capability, resources, expertise and compliance of all tenderers.
- Compliance checks of the respondent’s registration and licence checks, reviewing insurances, assessing accreditations and industry affiliations, and undertaking independently commissioned financial due diligence.
- Contract arrangements that include conditions of contract checked by lawyers to support purchasing, and a rates card or price schedule that is guaranteed “best price”.
- A rigorous public tender process that fully complies with the Regulations.
- A comprehensive evaluation of tender responses to assess the capability, resources, expertise and compliance of all tenderers.
- Compliance checks of the respondent’s registration and licence checks, reviewing insurances, assessing accreditations and industry affiliations, and undertaking independently commissioned financial due diligence.
- Contract arrangements that include conditions of contract checked by lawyers to support purchasing, and a rates card or price schedule that is guaranteed “best price”.
- To manage the performance of Preferred Suppliers against contractual KPIs to ensure ongoing compliance and to identify opportunities to add value to Member purchasing.
- A review before the Contract expires, checking activity, measuring satisfaction and ensuring that any changes or developments in the market are identified.

Do Suppliers Pay to be Part of a PSA?

PSAs, and indeed WALGA, are funded through a contract management fee paid to Preferred Suppliers directly to WALGA. This fee is paid as a percentage of the revenue WALGA incur as a WALGA Member. In many cases these fees represent a very small cost to Preferred Suppliers.

Importantly, the rebate is not passed on to Members, but rather is part of a Controlled Suppliers overheads. WALGA is often required to pass this Preferred Supplier rebate between its Members and the supplier to ensure it remains competitive for work outside of a PSA, often with no or limited success, in comparison to doing work and in a tender process.

Preferred Suppliers are contractually required to account for any contract management fee paid to WALGA and are subject to any other conditions WALGA specifies, but WALGA has actually saved money and time through the rebate system.

The rebate WALGA receives pays for the development of the PSAs and is used to improve the benefits WALGA offers its Members.