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SA Health

# Policy

## Panel Contracts Policy

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Government  
of South Australia

SA Health

## 1. Name of Policy

Panel Contracts Policy

## 2. Policy statement

This policy provides the requirements for the establishment of panel contracts and guidance on the obligations of Health Services / Business Units when engaging a supplier from a panel contract.

This policy must be read in conjunction with Procurement Services SA (PSSA) [Across Government, Multi-Agency and Panel Contracts Guideline](#).

## 3. Applicability

This policy applies to all employees and contracted staff of SA Health; that is all employees and contracted staff of the Department for Health and Wellbeing, Local Health Networks (including state-wide services aligned with those Networks), SA Ambulance Service and the attached offices of Wellbeing SA and the Commission on Excellence and Innovation in Health (CEIH).

## 4. Policy principles

SA Health's approach to panel contracts is underpinned by the following principles:

- > We deliver value for money and the best possible outcomes for government procurement activities.
- > We promote efficiency in all government procurement processes.
- > We uphold accountability, transparency and fairness in the establishment and maintenance of supplier relationships.

## 5. Policy requirements

### Establishing a Panel Contract

The decision to establish a panel contract must be undertaken early in the acquisition planning process.

Prior to establishing the panel, it must be ascertained that there is no other lead agency panel that may be accessed by SA Health which addresses the business need.

A formal procurement process is required when establishing a panel contract. The procurement strategy must be based on the business need, value, complexity and market characteristics, and must adhere to the principles as stated above.

Any proposed change to the structure of the panel following the approval of the Acquisition Plan must be addressed and approved as per the Procurement Departure process outlined in SA Health's [Procurement Departure Policy](#).

### Value

The total estimated value of all potential secondary procurement processes under the proposed panel contract or multi-use list must be determined and approved prior to commencing the procurement process.

### Mandate

Where mandated, end-users are required to purchase from a panel contract unless specifically granted an exemption by the approving authority (or delegated authority, where applicable). The mandating use of the arrangement be communicated with end-users.

Approval to mandate an across-government panel arrangement must be obtained from the Treasurer or Cabinet in accordance with the [PSSA Procurement Planning Policy](#).

### **Free Trade Agreements**

The requirements of applicable free trade agreements must be taken into account where the anticipated value of the total panel contract exceeds relevant thresholds. Once suppliers have been selected for inclusion on the panel arrangement, these suppliers can be utilised in accordance with the panel contract.

For further information, refer to SA Health's [Free Trade Agreement Fact Sheet](#) and PSSA's [International Obligations Guideline](#).

### **Contract Development**

All panel contracts must include:

- > The nature, description and details of the goods or services
- > The period of the panel arrangement
- > List of the public authorities covered or exempted by the panel contract
- > Whether the contract is mandatory or optional
- > Price review mechanisms (where appropriate)
- > Insurance and security requirements
- > Contract terms and conditions
- > Key Performance Indicators
- > Supplier complaint and dispute resolution processes
- > Reporting requirements
- > Description of the secondary procurement processes for buying from the panel suppliers
- > Exemption approval process (where relevant)
- > Relevant miscellaneous issues

In accordance with the PSSA [Sourcing Policy](#), the standard across-government contract templates must be used, as far as possible, for procuring all goods and services through panel arrangements. Where there is high complexity, the Crown Solicitor's Office must be consulted for a bespoke contract.

Consideration must be given to including any relevant special condition clauses from the [PSSA and SA Health Special Condition Clause Banks](#).

### **Contract Management**

A contract manager must be appointed to undertake formal, structured management of the panel contract.

In addition to the general requirements of contract management, such as supplier performance reviews, dispute resolutions, contract reporting and processing of contract variations, panel contracts require the management of the secondary procurement process. This will involve ensuring that suppliers are being engaged via the approved secondary procurement process in accordance with the intended objectives of the panel contract, and that where mandatory, only suppliers from the panel contract are engaged (i.e. monitoring supplier leakage).

For further information on contract management, refer to SA Health's [Contract Management Framework](#) and PSSA's [Contract Management Policy](#).

### **SA Industry Participation Policy**

The South Australian Industry Participation Policy (SAIPP) issued by the Office of the Industry

Advocate (OIA) applies to both:

- > establishment of new panels – a Statement of Intent must be included in the invitation documents for completion by respondents.
- > secondary procurements from existing panels – Panellists must submit a Tailored Industry Participation Plan for all secondary procurements valued above \$550,000 (GST inclusive).

**Purchasing from a Panel (Secondary Procurement)**

The process for selecting suppliers from the panel or list ('secondary procurement process') must be clearly documented in the acquisition plan and market approach documentation in accordance with the PSSA [Sourcing Policy](#). The approved process must also be clearly documented in the Contract User Guide.

A purchase of goods and services under a panel arrangement must be in accordance with the specified secondary procurement process established, unless granted an exemption by the establishing authority.

Procurement, financial and contract execution authorisations apply for secondary procurements. The appropriate delegate is determined by the value of the secondary procurement.

**Procurement Approach**

Where no secondary procurement process has been approved for a panel arrangement, the following requirements must apply:

<b>Secondary Procurement Value (inc GST)</b>	<b>Requirements</b>
<u>Up to and including \$55,000</u>	<ul style="list-style-type: none"> <li>• One verbal quote</li> <li>• No acquisition plan documentation</li> <li>• File note details of procurement &amp; file locally</li> <li>• Resultant contract to be stored on PCMS</li> </ul>
<u>Above \$55,000 and up to and including \$550,000</u>	<ul style="list-style-type: none"> <li>• One written quote</li> <li>• No acquisition plan documentation</li> <li>• Record on PCMS</li> </ul>
<u>Above \$550,000 and up to and including \$1.1 million</u>	<ul style="list-style-type: none"> <li>• Three written quotes</li> <li>• Low Value Procurement Report</li> <li>• Record on PCMS</li> </ul>
<u>Above \$1.1 million</u>	<ul style="list-style-type: none"> <li>• Written quotes from all panel members</li> <li>• Acquisition Plan</li> <li>• Record on PCMS</li> </ul>

Where the required number of quotes will not be sourced, prior approval must be obtained from the appropriate delegate. Refer to the [Limiting the Market Approach Fact Sheet](#) for details.

Alternative secondary procurement processes must be detailed in the original acquisition plan developed when establishing a SA Health panel contract.

**Non-competitive Panel Contracts**

Non-competitive panel contracts are excluded from the above secondary procurement requirements

for it is impossible to seek competitive quotes. Purchasing from these panels simply requires the use of an Oracle Corporate System (OCS) purchase order.

### Records Management

All procurement processes valued above \$55,000 (inc GST), either to establish a panel arrangement or secondary procurements from existing panel arrangements, must be recorded in the Procurement and Contract Management System (PCMS).

All contracts (regardless of value) for the establishment of panel arrangements or purchases from existing panel arrangements must be recorded on PCMS, unless an electronic purchase order via Oracle is used. It is important to note that Official Orders are contract documents and must be recorded on PCMS regardless of value, unless attached to an Oracle Purchase Order (which must be referenced in PCMS).

For further information on requirements for the recording of panel contracts or the use of PCMS, refer to the [Procurement and Contract Management System Policy](#) and the PSSA [Contract Management General Requirements Schedule](#).

### Ethical Practices

Unauthorised persons must not be given access to, or divulged, the commercial-in-confidence contract information.

Information from a panel contract (i.e. prices) must not be used as a negotiating point with another panellist or other supplier.

Special offers from panellists for value added services falling outside the scope of the contract must be considered on their own merits as an unsolicited proposal in line with PSSA's [Unsolicited Proposals Schedule](#).

## 6. Mandatory related documents

The following documents are either referenced or related to this document:  
Whole of Government – Policy and Guidelines

- > [Treasurers Instruction 18 Procurement](#)
- > [PSSA Procurement Planning Policy](#)
- > [PSSA Contract Management Policy](#)
- > [PSSA Sourcing Policy](#)
- > [Treasurers Instruction 8 Financial Authorisations](#)

SA Health – Policy and Guidelines

- > [Internal Procurement Framework](#)
- > [Limiting the Market Approach Fact Sheet](#)
- > [Procurement and Contract Management System Policy](#)

## 7. Supporting information

- > [PSSA Contract Management General Requirements Schedule](#)
- > [PSSA Unsolicited Proposals Schedule](#)
- > [SA Industry Participation Policy Procedural Guidelines](#)
- > [SA Health Free Trade Agreement Fact Sheet](#)
- > [SA Industry Participation Policy – Responsibilities Fact Sheet](#)
- > [SA Industry Participation Policy – Quick Guide](#)

## 8. Definitions

- **Across-Government Contract** means: a form of standing offer developed by a central agency or an individual portfolio in its role as a lead agency. The objective of these contracts is to achieve strategic outcomes for the public sector through procurement activity and centralise the evaluation of offers to determine technical compliance; the negotiation of terms and conditions; and contract development.
- **Lead Agency Contract** means: an arrangement sponsored by a public authority where that authority is the prime user of the good or service and where one or more other public authorities may also utilise the arrangement.
- **Multiple Supplier Engagement** means: the establishment of multiple suppliers contracted to provide goods and/or services where SA Health is committed to purchasing from each, with a defined contract value for each contract.
- **Non-competitive panel arrangement** means: a fixed price panel contract where panel members do not provide the same product or service, or each panel member's products or services are segmented by geographical regions (or other segmentation criteria).
- **Panel Contracts** means: a contractual arrangement established with at least two suppliers for the anticipated provision of goods or services, as and when required over a specified period of time. Panel Contracts exclude multiple supplier engagement as defined below.
- **Pre-qualified List** means: a list of suppliers who have satisfied the conditions for participation for inclusion on the list. A pre-qualified list is intended for use in more than one procurement process.
- **Secondary Procurement** means: the process undertaken by a public authority to select a supplier from a panel, for a particular procurement need. The secondary procurement process undertaken should be as simple and efficient as possible and the effort undertaken should reflect the benefits gained.
- **Statewide services** includes Statewide Clinical Support Services, Prison Health, SA Dental Service, BreastScreen SA and any other state-wide services that fall under the governance of the Local Health Networks Compliance.

## 9. Compliance

This policy is binding on those to whom it applies or relates. Implementation at a local level may be subject to audit/assessment. The Domain Custodian must work towards the establishment of systems which demonstrate compliance with this policy, in accordance with the requirements of the [System-wide Integrated Compliance Policy](#).

Any instance of non-compliance with this policy should be reported to the Domain Custodian for the Policy and Reporting, Procurement and Supply Chain Management, Corporate & System Support Services and the Domain Custodian for the Risk, Compliance and Audit Policy Domain.

## 10. Document ownership

Policy owner:	Policy and Reporting, Procurement and Supply Chain Management, Corporate & System Support Services as Domain Custodian for the PSCM Policy and Reporting Policy Domain.
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## 11. Document history

Version	Date	Approved by	Amendment notes
V5.0	27/07/2022	Deputy Chief Executive, Corporate & System Support Services	Update policy to new Policy Framework with essential information only, non-essential information will be covered by a guideline.  Update references to PSSA requirements
V4.0	21/06/2021	Senior Manager, Policy and Compliance, Procurement and Supply Chain Management	Amendments related to the new <i>SA Government Procurement Policy Framework</i> , including <i>Treasurer's Instruction 18 Procurement</i> .
V3.2	8/12/2016	Senior Manager, Policy and Compliance, Procurement and Supply Chain Management	Aligned to SPB Procurement Reform Changes
V3.1	26/2/2016	Senior Manager, Policy and Compliance, Procurement and Supply Chain Management	Amended principles, secondary procurement approach thresholds, number of quotes and documentation type. Added Non-competitive Panel Contracts.
V3	1/7/2015	Senior Manager, Policy and Compliance, Procurement and Supply Chain Management	Changes to thresholds and wording to parallel SPB documents, new template.
V2	10/9/2013	Senior Manager, Policy and Compliance, Procurement and Supply Chain Management	Update references, types of panels
V1	7/10/2010	Senior Manager, Policy and Compliance, Procurement and Supply Chain Management	PE Approved version.

## 12. Appendices

Nil