OBJECTIVE

To detail the service purchaser / provider relationship as it will operate under the Kempsey Best Service Program.

DEFINITIONS

Purchaser – Provider Model

Separating responsibility for:

- assessment of need and the purchasing of services,
- the providing of services,
- different parts of the organisation.

Role of the Purchaser falls into 3 basic categories:

i) Assessment of client needs and determining the services required by clients.

ii) Commissioning determining the range of service needs (quality and quantity) and ensuring they are obtained.

iii) Purchasing the procurement of services to meet client needs, through the determination of agreements or contracts with Providers (who may be public (in-house) or private).

Role of the Provider is to ensure THE CUSTOMER / CLIENT (Purchaser) is provided with the service in the manner specified in the agreement or contract entered into with the purchaser.

POLICY

This policy – as agreed by MANEX – is predicated on the right of an internal service provider (supplier) to have first right of refusal to provide services to an in-house service purchaser (buyer).

To facilitate understanding of the purchaser / provider relationship a series of scenarios have been developed. In these scenarios “X” is the provider, “Y” is the purchaser.

The relationship is further explained in the Purchaser / Provider diagram (also attached).
on the provider to be highly sensitive to client requirements, client relationships and cost and operationally competitive service capability.

The relationship is also dependent upon the existence of a business support process (including a management accounting system) which is understood and appropriately used by purchasers and providers and which:

- Provides and controls data to make possible meaningful estimates / offers and the ability to critically analyse same by the prospective purchaser.
- Makes available timely data giving actual performance against purchaser / provider briefs / commitments/operating plans and budgets both of a financial and of an operational nature.
- Provides formats, methods, standards and controls necessary to ensure uniformity of application and quality of application for all of the above.

**Purchaser ("Y") / Provider ("X") Scenarios**

**Event**

Purchaser "Y" and Provider "X" have entered into negotiations for the provision of a service.

<table>
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<tr>
<th>Scenario</th>
<th>Action</th>
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<tr>
<td>1 “X” and “Y” agree on the terms of supply (time, price, specifications etc).</td>
<td>“X” develops Service Agreement in accordance with agreed terms and both parties execute.</td>
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<tr>
<td>2 “X” and “Y” cannot or do not agree on the supply and purchase brief (time, cost, method of delivery etc) for any number of reasons. The matter must therefore be referred to the Arbiter. <strong>Note:</strong> Arbiter is someone who &quot;owns&quot; the activity involved. Inter-departmentally the Arbiter is the General Manager, within Department it is the Director.</td>
<td>Arbiter makes decision based on arguments put by both parties (&quot;X&quot; and &quot;Y&quot;). The Arbiter may exercise the following options: -  a) Direct “Y” to accept “X’s” terms.  b) Tell “Y” to amend / downsize specifications and re-negotiate with “X”.  c) Direct “X” to reduce price.  d) Tell “X” to downsize and go to private sector.</td>
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<td>3 “X” agrees to provide the service but can only provide such service (or only offers to provide such service) through the use of the private sector.</td>
<td>“Y” to be involved to the extent to which he or she desires to be involved in the 3rd party selection process. However, the decision on a private sector contractor rests with the “X”. The private sector contractor becomes the contractor to “X” and accountability for the performance of that private sector contractor rests with “X”.</td>
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<td>4 “X” declines to enter into an agreement thereby “X” agrees to forfeit his/her right to provide the service.</td>
<td>Such forfeiting cannot be acted upon until notice has been provided to the General Manager. With General Manager’s concurrence, “X” proceeds to obtain the services of the private sector (develop specifications, negotiate contracts, etc).</td>
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