Australian Government
Department of Finance

Management Advisory Services (MAS) and People Panels: *Best Practice Guide for Approaching the Market*

This document applies to the MAS and People Panels, however the best practice within the document may be applicable to other panel arrangements across the Commonwealth.

Which service providers should I approach?

An entity should undertake appropriate market research to determine which service providers have the relevant experience, skills and expertise to meet an entity's procurement needs.

Entities can use the MAS Panel Search Tool and the People Panel Search Tool to determine the relevant service providers in the market and which service sub-categories those service providers are approved to deliver. The search tools display service providers' webpage links and brief descriptions of the business service offerings under the panels.

Questions and advice relating to procurement methodology should be directed to your entity's Central Procurement Team (CPT).

Can I engage with potential service providers ahead of defining the scope of a Request for Quotation (RFQ)?

Yes – early market engagement is appropriate and encouraged. Early market engagement is where entities engage with potential service providers **ahead of defining the RFQ's scope** to support increased awareness of market innovations and opportunities.

Early engagement fosters greater market participation, innovation, and collaboration and allows an entity to obtain a better understanding of the capability and capacity of the market.

Being overly prescriptive in the definition of the services required does not deliver the best results. For example, an early market engagement process may reduce the likelihood of an entity inadvertently narrowing the scope of the RFQ, which in turn could eliminate scope for innovation. Having early discussions with the market and giving a broad description of the services required may present an opportunity for the market to provide innovative options to the procurement objective that reduce future risk and ensure a better value for money outcome from the procurement, once released.

Early market engagement should not be used to determine service provider selection, or to narrow the services down to those which one particular service provider is more adept at providing. It is important the purpose of early engagement is communicated properly to the market to avoid any potential misconceptions of service provider(s). Ensure the market is aware the engagement is not for the purpose of executing a contract.

Are there probity issues in engaging the market before releasing an RFQ?

Probity should not be used to justify avoiding reasonable engagement with potential service providers prior to releasing the RFQ process. Engagement should be undertaken with genuine intent and with due consideration to fairness, transparency and accountability (there cannot be any perceived or actual favouritism or advantages).

Informing potential service providers prior to releasing an RFQ provides an opportunity for service providers to consider the planned tender and decide whether or not they have capacity and capability to deliver the required services and respond to an RFQ.

This could include:

- **Matching effort to procurement value:** giving service providers an opportunity to consider if they have the time and resources available to devote to the procurement process, and whether it is commensurate to the complexity of the procurement; and
- **Risk management**: giving service providers the opportunity to assess and manage procurement risks proportionately to its potential impact.

Engagement with potential service providers can be undertaken by contacting the authorised service provider contact which can be found on AusTender or via the GovTeams Community, ensuring engagements with potential services providers are documented appropriately.

Further information on how to consider probity is provided in Ethics and Probity in Procurement.

Do I need to approach a Small and Medium Enterprise (SME) when issuing RFQs?

Yes - the Minister for Finance announced in June 2024 that it is Government policy that entities **must** include at least one SME when procuring from the MAS or People Panels. Finance will be undertaking spot audits of approaches to market on the MAS and People Panels to assure that this policy is being complied with.

SMEs are easily identifiable on the panel search tools. If there is no SME available under the relevant service sub-category or an SME has advised it does not have capacity and capability to deliver the required services, an entity should clearly explain and document this as part of its procurement process.

How many service providers should I approach?

You should consider the complexity of the procurement and any market engagement outcomes when determining how many service providers to approach.

Relevant to the scale and scope of the procurement, entities may request any number of service providers to submit a quotation. The Commonwealth Procurement Rules (CPRs) state that "*officials should, where possible, approach multiple potential suppliers on a standing offer*" (clause 9.14).

As such, Finance encourages entities to select at least three to five service providers to encourage greater competition and drive value for money outcomes. However, an entity should also consider the costs and impost on service providers to prepare bids as well as the time and resources involved when issuing and evaluating quotations.

Finance discourages entities from approaching more than 10 service providers for any procurement – pre-engagement with the market should allow entities to only approach those service providers likely to submit a response to an RFQ.

How much time should be given to respond to an RFQ?

There is no minimum time limit to provide potential service providers for preparing and lodging an RFQ submission when procuring from a panel arrangement.

When seeking quotations from potential service providers, an entity should have regard to the reasonable time frames required to prepare and submit a quotation. While there are circumstances where a quick response is required, allowing the market a longer time to consider and respond to a request will likely result in higher quality bids. You should provide sufficient time for potential service providers to prepare and lodge a robust submission that appropriately addresses your specifications. Finance recommends that, in most circumstances, 15 business days would be sufficient for a simple RFQ, with longer periods considered based on the complexity of the RFQ.

Can I disclose the number of RFQs issued?

Entities should disclose the number of service providers approached for an RFQ. Disclosing the number of potential service providers who may bid helps the service provider assess its likelihood of winning the RFQ and should result in higher quality responses. Finance does not consider that this reduces the competitive posture of the entity, so long as entities approach multiple service providers for a quotation.

Can I disclose our procurement budget?

Subject to an entity's internal guidance, it is generally not advised to disclose your budget in an RFQ process. When service providers are not aware of possible budget constraints, this encourages them to propose innovative solutions that meet their capabilities and capacity. It also allows for more competitive pricing.

Revealing your budget prematurely can result in service providers matching their pricing to the budgeted amount, leading to a reduced value for money outcome.

If there are potentially wide variations in the way service providers could interpret the scope of the work required, entities should provide guidance around delivery expectations. Additionally, if it would be considered beneficial to allow service providers to fully understand the effort that may be required, entities could consider providing a budget range for the procurement, for example, you could say the expected value of the procurement is between $100,000 and $150,000. Providing an anticipated budget range will still encourage competition.

Can service providers be asked to hold a security clearance?

The CPRs require Australian Government organisations to consider and manage security risks associated with their procurements in accordance with the Australian Government's Protective Security Policy Framework.

Service Providers generally do not need to do hold a security clearance to respond to a tender, however, personnel may be required to hold and maintain an appropriate security clearance as a condition of engagement. Entities should make it clear in the RFQ if this is the case and specify what level of security clearance would be required. Entities should also determine whether it will sponsor security clearance applications.

Finance recommends that entities do not overly restrict the breadth of available service providers by seeking security clearances for service provider personnel who do not need it. For example, even if your entity has a requirement for all staff to have a Baseline clearance, if the service provider is proposing to undertake its work on its own premises and will not require access to the entity's IT networks, it may be feasible for there to be no requirement for security clearances for this work.

Check with your entity's CPT or protective security team for more information.

The service provider that I want to use is not on the MAS or People Panels – can I use them?

The MAS Panel is mandatory for non-corporate Commonwealth entities (NCEs) that are subject to the *Public Governance, Performance and Accountability Act 2013*.

A Flexibility Framework is available to purchase MAS or People Panel services within scope of the Panels from service providers not on the panel. This framework provides entities with a minimum allowance of $50,000 or up to five per cent of total expenditure per financial year (whichever is greatest). Procuring officials who wish to access the Flexibility Framework for a procurement **must** first consult with their CPT and/or follow the internal processes established by the entity for use of this capped allowance.

An additional five per cent of entities' spending on services through the MAS and People panels can also be sourced directly to First Nations businesses who are not on these panels.

Further detail on how to apply the Flexibility Framework to your planned procurements can be found in the MAS Panel User Guide or the People Panel User Guides (People Panel 1 and People Panel 2).