

User Guide: Market Approach Templates

1. Overview

There are a number of different ways for a public authority to approach the market for the procurement of goods and services valued at greater than \$550,000. The following market approach templates can be used:

- Invitation to Supply
- Invitation for Expression of Interest

2. Selecting a Procurement Strategy

An **Invitation to Supply (ITS)** is usually an open, publicly advertised invitation to offer goods and services that:

- invites suppliers to offer, at their best price, goods and service to meet a particular requirement
- can be applied flexibly to procure requirements where the specification can be clearly defined (i.e. technical specifications) or
- can be applied where there is a need for the specification to allow variety and innovation in responses (i.e. specification is performance or function based).

The ITS can be used for procurements:

- where the supplier is invited to propose alternative solutions to the achievement of the procurement objectives (also known as Request for Proposal)
- where the public authority specifies exactly the goods and services it requires (known as Request for Tender).

An **Expression of Interest (EOI)** can be used where there is:

- a high level understanding of the business need or requirement; however detailed requirements are not yet fully understood and additional information is required to make further procurement decisions
- lack of knowledge of the general level of interest and capability in the market to satisfy the requirement as there is uncertainty as to the market's ability or desire to meet the need
- a large number of suppliers and a shortlisting process reduces the costs associated with the procurement process as it decreases the number of responses to be considered, and limits the information that suppliers need to respond to (compared with responding to a detailed specification)

Potential suppliers are not required to provide prices and a contract is not usually formed at the EOI stage.

3. How to Use - Invitation to Supply

Part A - Market Approach Process Guidelines

Part A – Market Approaches Process Guidelines - has the following sections:

- Reference Schedule – include all of the variable data for the procurement
- Invitation - the invitation terms are fixed and are not to be modified which is important

as it provides confidence to public authorities and suppliers that the terms are standard and unchanged for each procurement

- Glossary - includes defined terms used in the market approach template
- Appendix: Declaration In Relation To Unlawful Collusion – the Appendix needs to be completed by potential suppliers and be included with their response.

Part B - Specification

There is a basic specification template available (its use is not mandated). The detailed requirements are to be included in this part of the market approach template. Special consideration may be given to defining requirements that are outcome based wherever possible, to encourage innovative solutions.

Part C - Draft Contract

A draft contract is required to be attached to Part C for the ITS.

Part D - Response

There is a Response template for the ITS (its use is not mandated). The Response template comprises:

- Offer Under Seal - this is a form of process contract which if executed by the potential supplier makes its offer binding for the specified number of days.
- Schedule - the potential supplier's response is to be inserted where indicated in the template.

4. How to Use - Expression Of Interest

Part A - EOI Process Guidelines

The EOI Process Guidelines has the following parts:

- Reference Schedule - All of the variable data for the procurement is to be included in the Reference Schedule.
- Invitation - The invitation terms are fixed and are not to be modified. This is important as it is intended that both public authorities and suppliers have confidence that the terms are standard and unchanged for each procurement.
- Glossary - The back of the Invitation contains a Glossary of all defined terms used in the market approach template.
- Appendix: *Declaration In Relation To Unlawful Collusion* – The Appendix needs to be completed by potential suppliers and be included with their response.

Part B - Specification

The functional, performance or technical requirements for an EOI are to be included in this part of the market approach template. Special consideration may be given to defining requirements that are outcome based wherever possible, to encourage innovative solutions and ensure market participation is encouraged.

Part C - Response

There is a Response template for the EOI (its use is not mandated) which comprises:

- Schedule - the variable content of the potential supplier's response is to be inserted where indicated in the template.