# Fact sheet - Supplier Panels or Standing Offer Arrangements

## About this Fact sheet

Supplier Panels (sometimes referred to as standing offer arrangements) can be created where the existing arrangements for suppliers, including any registers, do not meet the business needs of an Agency. There are various advantages to establishing Supplier Panels for both Agencies and suppliers.

This fact sheet identifies and summarises issues relating to the use of standing offer arrangements. It also seeks to distinguish between Supplier Panels and Registers of prequalified suppliers.

## Help and support

If you have any queries, please do not hesitate to contact the Construction Policy Team on 03 7005 9533 or by email: construction.procurement@dtf.vic.gov.au.

## Why establish a supplier panel?

Supplier panels make the process of engaging a supplier for Works or Construction Services more efficient for both the Agency and suppliers.

Agencies benefit from:

* simpler and faster process to engage a supplier;
* establishing better relationships with suppliers on the panel; and
* opportunities to co-operate with like Agencies when procuring similar services.

Suppliers on a panel benefit from:

* reduced cost for preparing offers for Works or Construction Services;
* developing a better understanding of a program of Works of Construction Services related to the panel; and
* establishing better relationships with the Agency.

An Agency may decide to establish a supplier panel for:

* a program of similar Works or Construction Services and allocate projects according to advertised criteria to suppliers who are accepted onto the panel over the period for which the panel was established; or
* a period of time to provide a pool of suppliers available to be called on at short notice, for example to provide maintenance services.

A group of related Agencies with similar procurement requirements may decide to share the use of a standing offer arrangement.

A standing offer arrangement may be a panel of one supplier.

Standing offer arrangements should not be used to avoid the underlying [principles of the Ministerial Directions for Public Construction Procurement](https://www.dtf.vic.gov.au/ministerial-directions-and-instructions-public-construction-procurement/guiding-principles-direction-12), in particular transparency.

## Difference between Supplier Panels and Registers

Standing offer arrangements differ from registers of prequalified suppliers in a number of respects:

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| **Characteristic** | **Supplier Panel** | **Register of prequalified suppliers** |
| Duration | Established for a specified period of time | Open ended, but suppliers are subject to annual checks to satisfy ongoing prequalification requirements |
| Contract form | Suppliers enter into a (head) contract with the sponsoring Agency and specific ‘orders’ are issued for each portion of allocated work | Suppliers enter into a contract for specific the specific work package only |
| Terms and conditions | Suppliers nominate rates and often personnel for the works or services to that may be required, in advance of any specific requirement | Suppliers quote for tendered work packages |
| Qualifications | Specialist qualifications or certification, such as registrations required to practice a profession , industry-specific health and safety certification or registration as a Registered Building Practitioner | Specialist qualifications or certification (as per Supplier Panel)Industrial relations and Occupational Health and Safety mandatory criteriaFinancial capacity and work type experience |

## Establishing a standing offer arrangement

Standing offer arrangements must be established using a procurement method that complies with the requirements of the [Use of Registers and Supplier Panels (Direction 6.1)](https://www.dtf.vic.gov.au/ministerial-directions-and-instructions-public-construction-procurement/use-registers-and-supplier-panels-direction-and-instruction-61) and [Supplier Panels (Instruction 6.1.4)](https://www.dtf.vic.gov.au/ministerial-directions-and-instructions-public-construction-procurement/use-registers-and-supplier-panels-direction-and-instruction-61).

The procurement for the standing offer arrangement must comply with relevant thresholds for public construction procurement listed in [Competition and contestability (Instruction 3.2)](https://www.dtf.vic.gov.au/ministerial-directions-and-instructions-public-construction-procurement/competition-and-contestability-direction-and-instruction-32), based on the estimated total value of the program of works over the duration of the arrangement.

The procurement must also address [forward notice (Instruction 5.1)](https://www.dtf.vic.gov.au/ministerial-directions-and-instructions-public-construction-procurement/forward-notices-direction-and-instruction-51) and [Tender Notice (Instruction 3.4)](https://www.dtf.vic.gov.au/ministerial-directions-and-instructions-public-construction-procurement/tender-notices-direction-and-instruction-34) requirements when establishing the arrangement.

The Agency establishing a standing offer arrangement is responsible for the terms and conditions of use which should be set out in the tender documentation. This includes:

1. A description of the type of works and services.
2. Estimated total value of the works program.
3. Specialist qualifications or certification, such as registrations required to practice a profession, industry-specific health and safety certification, or registration as a Registered Building Practitioner.
4. Duration of the standing offer arrangement.
5. The proposed approach to work package allocation.
6. Compliance with mandatory evaluation criteria.
7. Supplier performance reporting processes.
8. Access by other Agencies (if relevant).

### Mandatory evaluation criteria

Mandatory evaluation criteria must be applied by the Agency when establishing the panel.

[Mandatory evaluation criteria for occupational health and safety management (Attachment 1 to Instruction 3.7)](https://www.dtf.vic.gov.au/ministerial-directions-and-instructions-public-construction-procurement/mandatory-evaluation-criteria-occupational-health-and-safety-management-attachment-1-instruction-37) must be addressed where the individual work packages are likely to:

* in the case of Works, have a value exceeding $500,000 (inclusive of GST); and
* in the case of Construction Services have a value exceeding $200,000 (inclusive of GST).

[Mandatory evaluation criteria for industrial relations management (Attachment 2 to Instruction 3.7)](https://www.dtf.vic.gov.au/ministerial-directions-and-instructions-public-construction-procurement/mandatory-evaluation-criteria-industrial-relations-management-attachment-2-instruction-37) must be addressed where:

* the procurement includes supply of Works and the individual work packages are likely to have a value (of Works component) exceeding $500,000 (inclusive of GST).

## Operation of the standing offer arrangement

### Disclosure

Within 60 days of establishing the head agreement for a standing offer arrangement for Works or Construction Services, Agencies must disclose on the [contracts module of TendersVIC](https://www.tenders.vic.gov.au/tenders/contract/list.do?action=contract-view).

* key details of the head agreement for as standing offer arrangements or arrangements establishing a Supplier Panel with a total estimated value equal to or exceeding $100,000 (inclusive of GST); and
* full contract information where the estimated value of engagements made under the standing offer arrangement exceeds $10 million (inclusive of GST) under [Financial Reporting Direction 12B](https://www.dtf.vic.gov.au/financial-reporting-policy/financial-reporting-directions-and-guidance).

Within 60 days of issuing an order under a standing offer arrangement for Works or Construction Services, Agencies must disclose on the [contracts module of TendersVIC](https://www.tenders.vic.gov.au/tenders/contract/list.do?action=contract-view):

* key details of engagements with a total estimated value equal to or exceeding $100,000 (inclusive of GST); and
* full engagement information where the estimated value of an engagement made under the standing offer arrangement exceeds $10 million (inclusive of GST) under [Financial Reporting Direction 12B](https://www.dtf.vic.gov.au/financial-reporting-policy/financial-reporting-directions-and-guidance).

Further information on disclosure is presented in [Publishing details of procurements undertaken (Instruction 5.2)](https://www.dtf.vic.gov.au/ministerial-directions-and-instructions-public-construction-procurement/publishing-details-procurement-undertaken-direction-and-instruction-52).

To assist in transparency, once established Agencies should notify the Department of Treasury and Finance of the standing offer arrangement, including:

* a brief description of the works program;
* the duration of the arrangement; and
* relevant contact details (name, phone and email).

### Monitoring and assessing how suppliers perform

The Agency must establish appropriate processes to monitor and record performance of members of a standing offer arrangement, as required by [Supplier Panels (Instruction 6.1.4 (vii)](https://www.dtf.vic.gov.au/ministerial-directions-and-instructions-public-construction-procurement/use-registers-and-supplier-panels-direction-and-instruction-61).

### Rules of operation

The responsible agency should establish clear rules of use for the panel. These rules should align with the any details set out in the tender documentation.

The rules of use may contain:

* the form of competition needed when selecting a supplier;
* approval processes;
* segmentation of works skills on the panel;
* allocation of work across members of the panel;
* pricing mechanism;
* discounts that may apply, for example discount for a long engagement;
* conflict of interest management;
* the required approach to confirm engagements made under the panel, for example a purchase order arrangement;
* the requirement to use particular templates;
* record keeping requirements;
* supplier performance reporting requirements;
* disclosure of the engagement; and
* reporting requirements.

**Note:** Where the mandatory evaluation criteria apply, Agencies must ensure that a member of the panel satisfies the criteria before allocating an engagement to perform Works or Construction Services.