

Treasurer's Instruction No	1115
Title	Contract extensions: goods and services
Effective date	1 July 2015
Objective and Background	Provides instruction on the process agencies must follow to extend a contract.
Version Number	11

Black letter (or bold) items within these Instructions are mandatory and other plain font items are instructional or for the purpose of providing guidance only.

For the purposes of this Instruction, the Head of Agency for the Tasmanian Health Service is the Secretary of the Department of Health and Human Services.

- (1) A contract must not be extended unless it contains a specific provision such as an option allowing it to be extended, or approval to extend is provided in accordance with clause (2).**

Before considering a contract extension provision, the original supplier's performance should be reviewed to ensure the agency is satisfied with its performance.

Further information on contract extensions can be located on the [Purchasing website - Buying for Government \(Reviewing the Contract\)](#).

- (2) Where the provisions of relevant free trade agreements (refer to Instruction 1102) do not apply, the extension does not include a significant expansion to the scope of the original contract and one of the following circumstances exist, a Head of Agency may, in its absolute discretion, approve the extension of a contract for a period of no longer than one year:**

- (a) where due to exceptional circumstances, the extension is required to enable a full procurement process to be properly undertaken; or**
- (b) where other exceptional circumstances exist that justify the extension.**

Poor planning is generally considered insufficient justification to extend an existing contract outside the terms of the original contract.

- (3) The authority to determine whether a contract may be extended under clause (2) of this Instruction cannot be delegated by the Head of Agency to other officers and cannot be granted retrospectively.**

Agencies should establish internal processes for seeking Head of Agency approval for the extension of a contract under the provisions of clause (4) of this Instruction. For example, agencies may consider it appropriate to forward requests through the Procurement Review Committee.

- (4) Agencies must prepare and maintain appropriate and auditable documentation regarding the extension of any contract under the provisions of clause (2) of this Instruction. Specific audit requirements are contained in Instruction 1128.**

(5) All other relevant mandatory requirements of the Treasurer's Instructions in relation to procurement continue to apply.

These requirements include but are not limited to:

- that the procurement must be undertaken in a manner that is consistent with the general intent of Government policy and the principles contained in Instruction 1101;
- reporting under Instructions 1110 and 1111; and
- the Crown's confidentiality requirements contained in Instructions 1401, 1402 and 1124.

Further information on Government procurement processes to be followed is located on the [Purchasing website - Buying for Government \(Goods and Services\)](#).

Further information on the application of this Instruction can be found in the *Guidelines for Direct/Limited Submission Sourcing and TI 1115 Contract Extensions* which can be located on the [Purchasing website - Buying for Government \(Publications\)](#).

(6) In instances where:

- (a) circumstances as detailed in clause (2) above do not apply; or**
- (b) the provisions of relevant free trade agreements apply (refer to Instruction 1102); or**
- (c) an extension includes a significant expansion to the scope of the original contract; or**
- (d) the proposed term of the extension is for more than one year;**

any proposed extension must be treated as a new contract and Head of Agency approval sought under the provisions of Instruction 1114: *Direct/limited submission sourcing: goods and services*.