

Treasurer's Instruction No	1104
Title	Valuing Procurements: goods and services
Effective date	22 December 2006
Objective and Background	Provides instruction and guidance on ascertaining an estimate of the value of goods and/or services procurement – formerly Instruction 1111.
Version Number	4
Last Reviewed Date	November 2006

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.

- (1) **This instruction applies only to the procurement of goods and services and is to be read in conjunction with Instructions 1101 to 1124.**

Further information, including a definition of “goods and services”, can be found on the Buying for Government section of www.purchasing.tas.gov.au.

Refer to Instructions 1201 to 1229 for information in relation to procurement of building and construction and roads and bridges.

- (2) **For the purposes of estimating the value of a procurement, the estimated value of the goods or services being procured must include:**
- (a) **all forms of remuneration, including any premiums, fees, commissions, interest and other revenue streams that may be provided for in the proposed contract; and**
 - (b) **the total maximum value of the property or services being procured, including the value of any options to extend in the proposed contract.**
- (3) **Where the procurement is impacted by the *Australia - United States Free Trade Agreement* (AUSFTA), agencies must also include in the estimated value, any applicable taxes or charges including goods and services tax.**
- (4) **Where a procurement is by lease or rental or does not specify a total price, the basis for valuing the procurement is:**
- (a) **for a fixed-term contract where the term is 12 months or less, the total estimated contract value for the contract’s duration;**
 - (b) **for a fixed-term contract where the term exceeds 12 months, the total estimated contract value, including the estimated residual value (payable at the end of the contract); or**
 - (c) **for a contract for an indefinite period or where there is doubt as to whether the contract is to be fixed-term, the estimated monthly instalment multiplied by 48.**

- (5) **Where a procurement is to be conducted in multiple parts with contracts to be awarded at the same time or over a given period to one or more suppliers, an agency must base its calculation on the estimated total maximum value of all contracts over the entire duration of the procurement.**
- (6) **Where the total maximum value of a contract over its entire duration cannot be estimated, the procurement is deemed a procurement to which the provisions of the AUSFTA apply (refer to Instruction 1102).**

This may include panel contracts where it is not possible to estimate with accuracy the value of the combined procurements from the selected panel.

- (7) **A procurement must not be divided into separate parts for the purpose of avoiding any procurement threshold.**
- (8) **An agency must not use a particular method for estimating the value of a procurement for the purposes of avoiding the application of any procurement threshold.**