

TREASURER'S INSTRUCTION
FINANCIAL MANAGEMENT ACT 2016
PROCUREMENT PROCESSES - VALUATION

EFFECTIVE DATE

1 July 2019

SCOPE

This Treasurer's Instruction applies to all Agencies listed in Column 1 of Schedule 1, Part 1 in the *Financial Management Act 2016*.

APPLICATION

At all times.

OBJECTIVE

To provide information on *procurement* valuation requirements.

INSTRUCTION

Interpretation and Definitions

Refer to Treasurer's Instruction PF-6 for general definitions.

Valuation

- 1.1 Agencies must estimate the value of a *procurement* at the time of publication of notices calling for tenders, submissions requesting suppliers to participate in a *procurement* or at the time of requesting a quote or quotes.
- 1.2 The estimated value must include:
 - 1.2.1 all forms of remuneration, including any premiums, fees, commissions, interest and other revenue streams that may be provided for in the proposed *contract*; and
 - 1.2.2 the total maximum value of the *procurement*, including the value of any options to extend in the proposed *contract*.
- 1.3 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 (eg a multi-use list), the calculation of the estimated value must be based on the estimated total maximum value of all the *contracts* to be awarded over the entire duration of the *procurement*.

- 1.4 A *procurement* must not be divided into separate parts for the purpose of avoiding the application of any otherwise applicable *procurement* threshold.
- 1.5 A particular method for estimating the value of a *procurement* must not be used for the purpose of avoiding the application of any otherwise applicable *procurement* threshold.

ADDITIONAL GUIDANCE

Further information in support of this Treasurer's Instruction can be found in the Procurement Processes Better Practice Guidelines.