

Treasurer's Instruction No	1104
Title	Valuing Procurements: goods and services
Effective date	30 December 2018
Objective and Background	Provides instruction and guidance on ascertaining an estimate of the value of goods and/or services procurement.
Version Number	7

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) **For the purposes of estimating the value of a procurement, the estimated value 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 goods or services being procured, including the value of any options to extend in the proposed contract.**
- (2) **Where procurement is by lease (including hire purchase) 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.**
- (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, 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.**
- (4) **A procurement must not be divided into separate parts for the purpose of avoiding any procurement threshold.**
- (5) **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.**

FREE TRADE AGREEMENT IMPLICATIONS

Where the procurement will be impacted by free trade agreement obligations, additional valuation rules apply. Refer to the publication, *International Procurement Obligations* for further information.