Thresholds for public construction procurement

Factsheet

* + 1. Threshold provisions

The application of the following Ministerial Directions and Instructions for Public Construction Procurement are based on monetary thresholds. This Fact Sheet summarises these thresholds.

* Complying with International Agreements (Direction and Instruction 2.1)
* Competition and contestability (Direction and Instruction 3.2)
* Forward notices (Directions and Instruction 5.1)
* Tender notices (Directions and Instruction 3.4)
* Evaluation criteria (Direction and Instruction 3.7)
* Prepare a probity plan (Direction and Instruction 4.2)
* Publish details of contracts (Direction and Instruction (5.2)
* Supplier performance and shared reporting regime (Direction and Instruction 8.2)

**Note**:

* Agencies must address all requirements in the Ministerial Directions and Instructions when undertaking public construction procurement.
* Multiple requirements may apply to a procurement.
* The Ministerial Directions and Instructions may contain provisions that allow alternative processes, subject to approval, to be followed.
	+ - 1. Complying with International Agreements

International Agreements apply to the Agencies listed in [Agencies that must comply with government procurement requirements under International Agreements (Attachment 1 to Instruction 2.1)](https://www.dtf.vic.gov.au/complying-international-agreements-attachments-1-and-2-instruction-21) if:

the Agency is acquiring or obtaining the use of Works or Construction Services, by any procurement delivery method, and

the expected value of the goods and/or services being procured is estimated, as at the date of issue of the Tender Notice, to exceed:

in the case of Works, $9,762,000 (GST incl), and

in the case of any other goods and/or services, including Construction Services, $693,000 (GST incl).

**Note:** The application of Australia New Zealand Government Procurement Agreement is not subject to a threshold.

* + - 1. Competition and contestability

Agencies may use a Limited tender process as set out in [Limited Tender processes (Instruction 3.2.1)](https://www.dtf.vic.gov.au/competition-and-contestability-direction-and-instruction-32#:~:text=3.2.1%20Limited%20Tender%20processes) if:

the value of the engagement is expected to be less than $75,000 (GST incl), in which case the Agency may invite a single potential tender participant to participate in the Limited Tender;

the value of the engagement is expected to be:

in the case of Works, more than $75,000 (GST incl) but less than $750,000 (GST) incl), or

in the case of Construction Services, more than $75,000 (GST incl) but less than $300,000 (GST incl),

in which case the Agency must invite at least three potential tender participants to participate in the Limited Tender.

**Note**: An open tender or Selective Tender is required for engagements that exceed $750,000 (GST incl) in the case of Works and $300,000 (GST incl) in the case of Construction Services.

* + - 1. Forward notices

A [Forward notice (Instruction 5.1)](https://www.dtf.vic.gov.au/forward-notices-direction-and-instruction-51) is required for Selective Tenders, in addition to any other means of communication:

in the case of Works, the value of the Works exceeds $750,000 (GST incl); and

in the case of Construction Services, the value of the Construction Services exceeds $300,000 (GST incl).

**Note**: A forward notice must be used for open tenders, in addition to any other means of communication. Thresholds do not apply to open tenders.

**Note:** Agencies must publish Forward notices on the [website or system nominated by the Secretary of the Department of Treasury and Finance.](https://www.dtf.vic.gov.au/forward-notices-direction-and-instruction-51)

* + - 1. Tender notices

A [Tender Notice (Instruction 3.4)](https://www.dtf.vic.gov.au/tender-notices-direction-and-instruction-34) is required for Selective Tenders and Limited Tenders, in addition to any other means of communication, for:

in the case of Works, the value of the Works exceeds $750,000 (GST incl); and

in the case of Construction Services, the value of the Construction Services exceeds $300,000 (GST incl).

**Note**: A tender notice must be used for open tenders, in addition to any other means of communication. Thresholds do not apply to open tenders.

**Note**: Agencies must publish Tender Notices on the [website or system nominated by the Secretary of the Department of Treasury and Finance](https://www.dtf.vic.gov.au/matters-nominated-secretary).

* + - 1. Evaluation criteria

[Mandatory evaluation criteria for occupational health and safety (Attachment 1 to Instruction 3.7)](https://www.dtf.vic.gov.au/mandatory-evaluation-criteria-occupational-health-and-safety-management-attachment-1-instruction-37) are required where:

in the case of Works, the value of the Works exceeds $750,000 (GST incl); and

in the case of Construction Services, the value of the Construction Services exceeds $300,000 (GST incl);

[Mandatory evaluation criteria for industrial relations management (Attachment 2 to Instruction 3.7)](https://www.dtf.vic.gov.au/mandatory-evaluation-criteria-industrial-relations-management-attachment-2-instruction-37) are required where:

the procurement includes supply of Works and the value of the Works (or Works component) exceeds $750,000 (GST incl),

**Note**: In the case of the mandatory evaluation criteria referred to above, where these thresholds are met, Agencies must ensure that a tender participant satisfies the criteria before awarding a contract to perform Works or Construction Services.

* + - 1. Prepare a probity plan

A probity plan must be prepared as set out in [Managing probity in Public Construction procurement (Instruction 4.2.2)](https://www.dtf.vic.gov.au/managing-probity-public-construction-procurement-public-construction-guidance-42) if the value of the proposal is likely to exceed $10,000,000 (GST incl), or is complex or otherwise high risk.

* + - 1. Publish details of contracts

Contract details must be published within 60 days after contract award as set out in [Publishing details of procurement undertaken (Instruction 5.2)](https://www.dtf.vic.gov.au/publishing-details-procurement-undertaken-direction-and-instruction-52). The disclosure requirement applies to:

the key details of contracts for Works and/or Construction Services with total estimated value equal to or exceeding $100,000 (GST incl) whether procured through an open tender, Selective Tender or Limited Tender; and

full contract information for contracts for Works and/or Construction Services with an estimated value exceeding $10 million (GST incl) under [Financial Reporting Direction 12B.](https://www.dtf.vic.gov.au/sites/default/files/2024-10/FRD_12_Disclosure_of_major_contracts.docx)

**Note**: Agencies must publish contract information on the [website or system nominated by the Secretary of the Department of Treasury and Finance](https://www.dtf.vic.gov.au/matters-nominated-secretary). This requirement includes individual contracts for Works and/or Construction Services procured through standing offer arrangements.

* + - 1. Supplier performance and shared reporting regime

Supplier performance and shared reporting requirements are set out in [Supplier performance and shared reporting requirements (Instruction 8.2).](https://www.dtf.vic.gov.au/supplier-performance-and-shared-reporting-regime-direction-and-instruction-82) Public Construction Procurement starting on or after 1 July 2018 must comply.

Agencies must assess how suppliers perform using the template nominated by the Secretary to the Department of Treasury and Finance when:

* for suppliers of Works - the value of the contract engaging the supplier is $750,000 (GST incl) or higher, or
* for suppliers of Construction Services - the value of the contract engaging the supplier is $300,000 (GST incl) or higher.

Suppliers engaged under contracts that comply with the Partnerships Victoria Requirements or the Victorian Alliancing Policy are assessed in the manner described in the relevant policy.

Agencies must report on how suppliers perform using the [form nominated by the Secretary to the Department of Treasury and Finance.](https://dtf.my.site.com/buyerportal/s/feedback-form)

* + 1. Summary tables
			1. Summary table – Construction Works

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **Procurement Requirement** | **<$75k** | **$75k–<750k** | **$750k–<10M** | **$10M+** |
| Procurement Method – Limited Tender (1 supplier) | ✔ | ❌ | ❌ | ❌ |
| Procurement Method – Limited Tender (min 3 suppliers) | ✔ | ✔ | ❌ | ❌ |
| Procurement Method – Selective/Open Tender | ✔ | ✔ | ✔ | ✔ |
| Forward Notice Required - Selective Tender | ❌ | ❌ | ✔ | ✔ |
| Forward Notice Required - Open Tender | ✔ | ✔ | ✔ | ✔ |
| Tender Notice Required - Selective/Limited Tender | ❌ | ❌ | ✔ | ✔ |
| Tender Notice Required - Open Tender | ✔ | ✔ | ✔ | ✔ |
| International Agreements Threshold (>$9.762m) | ❌ | ❌ | ✔ | ✔ |
| Australia New Zealand Government Procurement Agreement | ✔ | ✔ | ✔ | ✔ |
| Mandatory OH&S Evaluation Criteria | ❌ | ❌ | ✔ | ✔ |
| Mandatory Industrial Relations Criteria | ❌ | ❌ | ✔ | ✔ |
| Probity Plan  | ❌ | ❌ | ❌ | ✔ |
| Contract Details Publication (≥$100k) | ❌ | ✔ | ✔ | ✔ |
| Full Contract Disclosure  | ❌ | ❌ | ❌ | ✔ |
| Supplier Performance Assessment  | ❌ | ❌ | ✔ | ✔ |

* + - 1. Summary table – Construction Services

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| --- | --- | --- | --- | --- |
| **Procurement Element** | **<$75k** | **$75k–<300k** | **$300k–<10M** | **$10M+** |
| Procurement Method – Limited Tender (1 supplier) | ✔ | ❌ | ❌ | ❌ |
| Procurement Method – Limited Tender (min 3 suppliers) | ✔ | ✔ | ❌ | ❌ |
| Procurement Method – Selective/Open Tender | ❌ | ❌ | ✔ | ✔ |
| Forward Notice Required - Selective Tender | ❌ | ❌ | ✔ | ✔ |
| Forward Notice Required - Open Tender | ✔ | ✔ | ✔ | ✔ |
| Tender Notice Required - Selective/Limited Tender | ❌ | ❌ | ✔ | ✔ |
| Tender Notice Required - Open Tender | ✔ | ✔ | ✔ | ✔ |
| International Agreements Threshold (>$693,000) | ❌ | ❌ | ✔ | ✔ |
| Australia New Zealand Government Procurement Agreement | ✔ | ✔ | ✔ | ✔ |
| Mandatory OH&S Evaluation Criteria | ❌ | ❌ | ✔ | ✔ |
| Probity Plan | ❌ | ❌ | ❌ | ✔ |
| Contract Details Publication (≥$100k) | ❌ | ✔ | ✔ | ✔ |
| Full Contract Disclosure | ❌ | ❌ | ❌ | ✔ |
| Supplier Performance Assessment | ❌ | ❌ | ✔ | ✔ |

* + 1. Help and support

If you have any queries, please contact Infrastructure Division by email: construction.procurement@dtf.vic.gov.au.