# Fact sheet – Thresholds applying to public construction procurement

## About this Fact sheet

This Fact sheet sets out the thresholds for various requirements under the [Ministerial Directions and the Instructions for Public Construction Procurement](https://www.dtf.vic.gov.au/public-construction-policy-and-resources/ministerial-directions-and-instructions-public-construction-procurement). It sets out the substantive provision of the relevant Direction or Instruction and describes how the thresholds impact their operation. Whilst the revised Directions have sought to harmonise thresholds, many of these are set by external policies and requirements.

## Threshold provisions

Threshold provisions apply to certain Ministerial Directions and Instructions for Public Construction Procurement:

* Complying with International Agreements (Direction and Instruction 2.1)
* Competition and contestability (Direction and Instruction 3.2)
* Evaluation criteria (Direction and Instruction 3.7)
* Forward and Tender notices (Directions and Instructions 3.4 and 5.1)
* Prepare a probity plan (Direction and Instruction 4.2)
* Publish details of contracts (Direction and Instruction 5.2)
* Government policies (Direction and Instruction 7.2.1)
  + - * Local Jobs First - Victorian Industry Participation Policy
      * Local Jobs First - Major Project Skills Guarantee
      * Social Procurement Framework
* Supplier performance and shared reporting regime (Direction / Instruction 8.2)

**Notes:**

* Multiple requirements may apply to a procurement.
* This fact sheet presents a summary of relevant requirements based on a monetary threshold. The Ministerial Directions and the Instruction may contain provisions that allow alternative processes, subject to approval, to be followed.
* The Ministerial Directions and the Instructions contain other provisions that are not threshold based. Agencies must address all of the requirements in the Ministerial Directions and the Instructions when undertaking public construction procurement.

## Help and support

If you have any queries, please contact the Construction Policy Team on 03 7005 9533 or by email: [construction.procurement@dtf.vic.gov.au](mailto:construction.procurement@dtf.vic.gov.au).

## 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/ministerial-directions-and-instructions-public-construction-procurement/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, $9,584,000 (inclusive of GST), and

in the case of any other goods and/or services, including Construction Services, $680,000 (inclusive of GST).

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

## 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/ministerial-directions-and-instructions-public-construction-procurement/competition-and-contestability-direction-and-instruction-32) if:

the value of the engagement is expected to be less than $50,000 (inclusive of GST), 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 $50,000 (inclusive of GST) but less than $500,000 (inclusive of GST), or

in the case of Construction Services, more than $50,000 (inclusive of GST) but less than $200,000 (inclusive of GST),

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

## Evaluation criteria

Use the occupational health and safety management criteria set out in [Mandatory evaluation criteria for occupational health and safety (Attachment 1 to Instruction 3.7)](https://www.dtf.vic.gov.au/ministerial-directions-and-instructions-public-construction-procurement/mandatory-evaluation-criteria-occupational-health-and-safety-management-attachment-1-instruction-37), where:

in the case of Works, the value of the Works exceeds $500,000 (inclusive of GST); and

in the case of Construction Services, the value of the Construction Services exceeds $200,000 (inclusive of GST);

Use the industrial relations management criteria set out in [Mandatory evaluation criteria for industrial relations management (Attachment 2 to Instruction 3.7)](https://www.dtf.vic.gov.au/ministerial-directions-and-instructions-public-construction-procurement/mandatory-evaluation-criteria-industrial-relations-management-attachment-2-instruction-37), where:

the procurement includes supply of Works and the value of the Works (or Works component) exceeds $500,000 (inclusive of GST),

**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.

## Forward notices

The value above which a [Forward notice (Instruction 5.1)](https://www.dtf.vic.gov.au/ministerial-directions-and-instructions-public-construction-procurement/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 $500,000 (inclusive of GST); and

in the case of Construction Services, the value of the Construction Services exceeds $200,000 (inclusive of GST).

**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/ministerial-directions-and-instructions-public-construction-procurement/matters-nominated-secretary).

## Tender Notices

The value above which a [Tender Notice (Instruction 3.4)](https://www.dtf.vic.gov.au/ministerial-directions-and-instructions-public-construction-procurement/tender-notices-direction-and-instruction-34) is required for Selective Tenders and Limited Tenders, in addition to any other means of communication:

in the case of Works, the value of the Works exceeds $500,000 (inclusive of GST); and

in the case of Construction Services, the value of the Construction Services exceeds $200,000 (inclusive of GST).

**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/ministerial-directions-and-instructions-public-construction-procurement/matters-nominated-secretary).

## Prepare a probity plan

The probity plan requirements 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-direction-and-instruction-42) must be addressed if the value of the proposal is likely to exceed $10,000,000 (inclusive of GST), or is complex or otherwise high risk.

## Publish details of contracts

Contract disclosure as set out in [Publishing details of procurement undertaken (Instruction 5.2)](https://www.dtf.vic.gov.au/public-construction-policy-and-resources/publishing-details-procurement-undertaken-direction-and-instruction-52) is required within 60 days after the award of the contract. This 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 (inclusive of GST) 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 (inclusive of GST) under [Financial Reporting Direction 12B.](https://www.dtf.vic.gov.au/financial-reporting-policy/financial-reporting-directions-and-guidance)

**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/ministerial-directions-and-instructions-public-construction-procurement/matters-nominated-secretary). This requirement includes individual contracts for Works and/or Construction Services procured through standing offer arrangements.

## Government policies

### Local Jobs First - Victorian Industry Participation Policy

The [Local Jobs First - Victorian Industry Participation Policy](https://localjobsfirst.vic.gov.au/agency-guidance/agency-guidelines) requires Agencies to consider competitive local suppliers, including small and medium sized enterprises, when awarding contracts.

The Local Jobs First – Victorian Industry Participation Policy applies to projects with a monetary value of:

$3 million (exclusive of GST) or more for metropolitan Melbourne and state-wide activities, and

$1 million (exclusive of GST) or more for activities in regional Victoria.

**Note**: The term ‘local’ covers all suppliers producingVictorian, Australian or New Zealand goods or services or when they have added value to imported items.

### Local Jobs First - Major Project Skills Guarantee

The [Local Jobs First - Major Project Skills Guarantee](https://localjobsfirst.vic.gov.au/agency-guidance/agency-guidelines) requires all publicly funded contracts for Works valued at or over $20 million (exclusive of GST) to use Victorian apprentices, trainees, or engineering cadets for at least 10 per cent of the total estimated labour hours.

### Social Procurement Framework

Agencies implement the [Social Procurement Framework](https://www.buyingfor.vic.gov.au/social-procurement-framework-and-guides) through individual procurement activities using a scalable approach based on expenditure.

*Regional under $1 million; Metro or State-wide under $3 million (values exclusive of GST)*

* Incorporate social objectives into regular procurement planning.
* Seek opportunities where available to directly or indirectly procure from social enterprises, Australian Disability Enterprises or Aboriginal businesses.

*Regional $1 to $20 million; Metro or State-wide $3 to $20 million (values exclusive of GST)*

* Incorporate social objectives into regular procurement planning.
* Use evaluation criteria (5 to 10 per cent weighting) to favour businesses whose practices support social and sustainable objectives.

*State-wide $20 to $50 million (values exclusive of GST)*

* Complete a Social Procurement Plan during procurement planning.
* Include performance standards and contract requirements that pursue social and sustainable objectives.

*State-wide over $50 million (exclusive of GST)*

* Complete a Social Procurement Plan during procurement planning.
* Include targets and contract requirements that pursue social and sustainable objectives.

## 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/public-construction-policy-and-resources/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 $500,000 (inclusive of GST) or higher, or
* for suppliers of Construction Services - the value of the contract engaging the supplier is $200,000 (inclusive of GST) 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://www.dtf.vic.gov.au/ministerial-directions-and-instructions-public-construction-procurement/matters-nominated-secretary). Completed reports must be submitted to the [website or system nominated by the Secretary to the Department of Treasury and Finance](https://www.dtf.vic.gov.au/ministerial-directions-and-instructions-public-construction-procurement/matters-nominated-secretary).