



# Professional Contractor Services Order Discounts Guide

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## Purpose

This guide supports the practical application of order discounts under the People Panel – Professional Contractor Services (the panel).

The panel head agreement remains the authoritative document.

This guide does not create additional obligations and should be used alongside the head agreement and each entity's internal procurement policies and processes.

## Order discount

An order discount is a discount that applies to the quoted daily rate for a professional contractor service for a particular order.

Order discount percentages are confirmed in a service provider's head agreement and can be found in the secure Finance GovTeams pricing community. Contact your central procurement team to access this information.

An order discount can be applied by a service provider to an RFQ based on the:

- order term or
- order value.

## How order discounts are determined

Service provider order discounts were confirmed in the panel tender process. Not all service providers offer discounts. Service providers may offer:

- no discounts (zero per cent)
- discounts on only the order term or only the order value
- discounts on the order term or order value – in this case it is up to the service provider to determine the basis of the discount offered.

A zero per cent discount can still represent value for money where the base daily rate is competitive and/or where the service provider's offer reduces delivery risk or the number of days required. Entities should compare offers using the payable (discounted) daily rate and the total estimated cost (payable daily rate × approved/expected days), alongside qualitative factors.

If a service provider head agreement includes an order discount, this must be applied to an RFQ.

## RFQ information requirements

To support like-for-like evaluation by entities, service providers must include the following in the RFQ template:

- the daily rate (GST inclusive) for the professional contractor service
- the order discount percentage (if any) on either the term or value of the initial work order period and any proposed extensions
- the resulting discounted (payable) daily rate
- the total fees payable for the initial term and any proposed extensions.

Where multiple roles are quoted, service providers must provide rates and discounts for each role.

## How order discounts are calculated

**Term-related discounts** are determined based on the initial term and extension options in the RFQ.

Service providers calculate the initial term using the following fields in the RFQ template:

- Proposed Order Commencement Date and
- Options to extend (the latest extension date).

**Value-related discounts** are based on the:

- Total fees payable under the order, including the value of any proposed extensions, calculated before any discount is applied.

## Early completion of a work order

Discounts are not refundable if an order finishes early. There is no requirement in the head agreement for discounts to be reconsidered if an order term or value is less than expected.