

EXPLANATORY STATEMENT

Issued by the Authority of the Minister for Finance

Commonwealth Grants Rules and Guidelines

This explanatory statement relates to the “Commonwealth Grants Rules and Guidelines” (the instrument).

The 2014 *Commonwealth Grants Rules and Guidelines* (CGRGs) are issued by the Finance Minister under s105C(1) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). Under s105C(2) of the PGPA Act, the instrument is not subject to section 42 (disallowance) of the *Legislative Instruments Act 2003*.

The CGRGs establish the overarching Commonwealth grants policy framework and articulate the expectations for all non-corporate Commonwealth entities subject to the PGPA Act. Within this overarching framework, non-corporate Commonwealth entities develop their own specific grants administration practices based on the mandatory requirements and better practice principles of grants administration as set out in the CGRGs.

The CGRGs apply to Ministers, accountable authorities, and officials when performing duties in relation to grants administration.

Grants administration encompasses all processes involved in granting activities, and includes: planning and design; selection and decision-making; the making of a grant; the management of grant agreements; the ongoing relationship with grant recipients; reporting; and review and evaluation.

The CGRGs are divided into two parts. Part 1 contains the mandatory requirements of the instrument and sets out the legislative, policy and reporting requirements for grants administration. Part 2 of the instrument outlines the seven principles of grants administration.

Consultation

All FMA Act agencies were consulted on the development of the CGRGs, including via a specific grants working group.

The Joint Committee on Public Administration and Audit was consulted as part of its inquiry into the PGPA Act Rules development.