

# **Explanatory Statement**

## ***Commonwealth Procurement Guidelines***

### **The instrument to which this explanatory statement relates**

This explanatory statement relates to the “Commonwealth Procurement Guidelines” (the instrument).

### **The legislative authority under which the instrument is made**

Section 64(1) of the *Financial Management and Accountability Act 1997* enables the regulations to authorise a Minister to issue guidelines to officials on matters within the Minister’s responsibility. Regulation 7(1) of the *Financial Management and Accountability Regulations 1997* enables the Finance Minister to issue guidelines (to be called the *Commonwealth Procurement Guidelines*) about matters relating to the procurement of property and services.

### **Purpose of the instrument**

The *Commonwealth Procurement Guidelines* establish the core procurement policy framework and articulate the Government’s expectations for all departments and agencies (agencies) subject to the *Financial Management and Accountability Act 1997* and their officials, when performing duties in relation to procurement.

### **Background**

On 10 October 2008, the Minister for Finance and Deregulation issued updated *Commonwealth Procurement Guidelines* to take effect on 1 December 2008. The *Commonwealth Procurement Guidelines* were updated to clarify policy, simplify text and incorporate changes in Government policy.

### **Notes on the instrument**

The *Commonwealth Procurement Guidelines* apply to all procurement conducted by agencies and certain procurement by bodies specified under Regulation 9 of the *Commonwealth Authorities and Companies Regulations 1997*. Division 1 of the instrument sets out the principles for procurement. Division 2 of the instrument provides for mandatory procurement procedures for defined procurements, while Appendix A sets out the exemptions from those mandatory procurement procedures.

Procurement encompasses the whole process of acquiring property<sup>1</sup> or services. It begins when an agency has identified a need and decided on its procurement requirement. Procurement continues through the processes of risk assessment, seeking and evaluating alternative solutions, contract award, delivery of and payment for the property or services and, where relevant, the ongoing management of a contract and consideration of options related to the contract.

A small advisory group of Chief Finance Officers (CFOs) from Australian Government departments and agencies were consulted during the development of the *Commonwealth Procurement Guidelines*. A draft copy of the *Commonwealth Procurement Guidelines* was then circulated to agencies for comment. Comments were received from 24 agencies.

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<sup>1</sup> Property refers to every type of right, interest or thing which is legally capable of being owned. This includes, but is not restricted to, physical goods and real property as well as intangibles such as intellectual property and goodwill.