

## **Commonwealth Procurement Rules Explanatory Statement**

The *Commonwealth Procurement Rules* (CPRs) are issued by the Finance Minister under s105B(1) of the *Public Governance, Performance and Accountability Act 2013* (PGPA Act). As per s105B(2) of the PGPA Act, neither instrument is subject to section 42 (disallowance) of the *Legislative Instruments Act 2003*.

The updated CPRs replace the 2014 CPRs which were also issued under the PGPA Act.

The updated CPRs incorporate the requirements of Australia's international trade obligations and government policy in procurement into a set of rules which apply to Commonwealth procurement. The CPRs apply to procurement conducted by non-corporate Commonwealth entities and certain procurements conducted by prescribed corporate Commonwealth entities as listed in section 30 of the PGPA Act.

Procurement encompasses the whole process of acquiring goods 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, the awarding of a contract, the delivery of and payment for goods and services and, where relevant, the ongoing management of the contract and consideration of disposal of goods.

Division 1 of the CPRs contains rules applying to all procurements regardless of their value or whether an exemption applies. Division 2 of the instrument contains additional rules applying to procurements valued at or above the relevant procurement threshold.

The changes in the updated CPRs are only applicable to Division 2. The changes to the CPRs strengthen compliance with Australian Standards and include considerations on the broader benefits to the Australian economy for certain procurements.

The CPRs are supported by guidance available at <http://www.finance.gov.au/procurement/>.

### **Consultation**

The Minister for Finance has been consulted in the drafting of the updated CPRs.