**Grants, Procurements and other financial arrangements**

Resource Management Guide No. 411

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**Contact us**

Please direct questions or comments about the guide to:

Resource Management Branch

Department of Finance

1 Canberra Avenue

Forrest ACT 2603

Email: [grants@finance.gov.au](mailto:grants@finance.gov.au)

Internet: [www.finance.gov.au](http://www.finance.gov.au)

# Resources

[Commonwealth Grants Rules and Guidelines 2017](https://www.finance.gov.au/resource-management/grants/)

Commonwealth Procurement Rules

[Public Governance, Performance and Accountability Act 2013](http://www.pmra.finance.gov.au/legislation-pgpa-act/)

[Financial Framework (Supplementary Powers) Act 1997](https://www.comlaw.gov.au/Series/C2004A05251)

[Financial Framework (Supplementary Powers) Regulations 1997](https://www.comlaw.gov.au/Series/F1997B02816)

[Resource Management Guide No. 400: Approving Commitments of Relevant Money](http://www.finance.gov.au/resource-management/spending/)

[Resource Management Guide No. 412: Grants – Briefing, Reporting, Evaluating and Election Commitments](https://www.finance.gov.au/resource-management/grants/additional-guidance/)

[Resource Management Guide No.421: Publishing and Reporting Grants and GrantConnect](https://www.finance.gov.au/resource-management/grants/additional-guidance/)

The words ‘**must**’, ‘**required**’, ‘**requires**’ and ‘**requiring**’ denote mandatory compliance by accountable authorities/officials. The use of the words ‘could’, ‘may’, ‘encouraged’ or ‘consider’ convey non-mandatory guidance. The guidance to which these words relate may or may not be applied by accountable authorities/officials in their approach to resource management, depending on the operating circumstances of the entity and its appetite for risk.

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# Purpose

The *Commonwealth Grants Rules* *and Guidelines 2017* (CGRGs) and *Commonwealth Procurement Rules* (CPRs) establish the Australian Government’s policy framework for grants administration and procurement. The CGRGs and CPRs are issued by the Finance Minister under the *Public Governance, Performance and Accountability Act 2013*  
(PGPA Act).

The purpose of this guide is to provide detailed information to non-corporate Commonwealth entities (NCEs) on how to distinguish between grants, procurements and other financial arrangements, and the relevant framework that applies.

# Audience

This Resource Management Guide (RMG) is relevant to accountable authorities and officials involved in resource management in all NCEs[[1]](#footnote-1). It is also relevant to prescribed corporate Commonwealth entities (CCEs) with respect to the CPRs.

# Key points

This guide:

* replaces RMG 411 (dated 2014): Grants, Procurements and other Financial Arrangements;
* reflects the resource management framework under the PGPA Act;
* provides guidance on common forms of financial arrangements available to achieve Australian Government policy objectives. To facilitate a particular outcome, accountable authorities and officials may decide to use a specific financial arrangement or a combination of financial arrangements; and
* provides guidance for officials on how to determine whether to use a grant, procurement or other type of financial arrangement.

# Introduction

1. A range of financial arrangements can be used to address policy outcomes. At the outset, the decision to use a particular financial arrangement should be part of a considered process to assess whether a particular financial arrangement, such as a grant, is the most appropriate mechanism to address the Government’s policy outcomes. All decisions to use a particular financial arrangement should be underpinned by analysis and a strong policy rationale.
2. In determining which financial arrangement to use to address the Government's policy outcomes, officials should focus on the substantive purpose and characteristics of the arrangement. Officials should document the reasons for deciding to use a particular arrangement. Officials **must** apply the relevant framework (i.e. policy, processes and legal requirements) to the financial arrangement once chosen. Officials **must** also ensure that they use the latest versions of the CPRs and CGRGswhen characterising an arrangement*.*
3. In addition to the guidance contained in this RMG, there are two tools attached to assist entities to comply with the requirements under the PGPA Act and promote the proper use of public resources:
   * A summary of the typical types of financial arrangements, and a list of relevant guidance material at Attachment A; and
   * A list of considerations that may assist in identifying the most likely type of financial arrangement for common Government activities at Attachment B.
4. These tools are aids and are not designed to capture each particular circumstance, nor are the lists exclusive. Officials should consult these tools to consider the most appropriate financial arrangement prior to seeking advice from Finance.

# Part 1 – Grants

1. The CGRGs are issued by the Finance Minister under section 105C of the PGPA Act. The CGRGs establish the overarching Commonwealth grants policy framework and articulate the Government’s expectations in relation to grants administration. The CGRGs can be found on the Finance website at: <http://www.finance.gov.au/resource-management/grants/>.
2. Grants are widely used to achieve Government policy outcomes. Types of grants may include but are not limited to: research grants; grants that provide for the delivery of services such as health services and legal services; grants that help fund infrastructure; or grants that help build capacity.
3. For the purposes of the CGRGs, a grant is defined in paragraph 2.3 of the CGRGs as: an arrangement for the provision of financial assistance by the Commonwealth or on behalf of the Commonwealth:

a. under which relevant money or other CRF money is to be paid to a grantee other than the Commonwealth; and

b. which is intended to help address one or more of the Australian Government’s policy outcomes while assisting the grantee achieve its objectives.

Where an arrangement meets the definition of a grant, then the CGRGs apply.

1. A grant can be allocated through different ways, ranging from one-off or ad hoc grants, demand-driven grants, or grants made as a result of competitive assessment. Entities should apply the requirements and the principles of the CGRGs according to the nature of the grant they are administering.
2. Expenditure that does not relate to the ordinary and well-recognised functions of government requires legislative authority in addition to an appropriation act. The legislative authority can be established in a portfolio’s primary legislation, the *Federal Financial Relations Act 2009*, or by delegated legislation such as regulations or other legislative instruments. Many grants are authorised under section 32B of the *Financial Framework (Supplementary Powers) Act 1997* (FF(SP) Act) and are listed in Schedule 1AA or Schedule 1AB to the *Financial Framework (Supplementary Powers) Regulations 1997* (the FF(SP) Regulations).
3. Common types of Government spending activities that are usually defined as grants are listed below.

### Gifts of relevant money

1. A gift of relevant money is a grant. Like all payments of relevant money, a gift of relevant money **must** be a ‘proper’ use of public resources.
2. Gifts of relevant money generally do not have terms and conditions applied and do not require a recipient to undertake the expenditure in accordance with a specified purpose. The CGRGs apply to gifts of relevant money.

### Benefits or entitlement payments

1. Where a benefit or entitlement payment is not established through specific legislation (see paragraphs 31-33 below) (other than section 32B of the FF(SP) Act, section 23 of the PGPA Act, or an appropriation act) it should be treated as a grant and officials **must** comply with the CGRGs.

### Subsidies or Rebates

1. Subsidies and rebates can involve a wide range of arrangements, such as tax concessions and entitlement payments. Where subsidies and rebates create an entitlement to financial assistance, but are not established by specific legislation, they will generally meet the definition of a grant. Where the authority to enter into the arrangement comes from section 32B of the FF(SP) Act and Schedule 1AA or Schedule 1AB of the FF(SP) Regulations, the arrangement will generally meet the definition of a grant and the CGRGs will apply.

### Sponsorships

1. Sponsorships, which provide financial assistance to individuals or organisations, whether directly to a recipient or through a third party, will generally meet the definition of a grant. However, a sponsorship may amount to procurement where it involves acquiring a good or service, for example, purchasing advertising space or a conference sponsorship package.

### Scholarships

1. Scholarships, which provide financial assistance to individuals, whether directly to a recipient or through a third party, will generally meet the definition of a grant. Where there is a work placement component to a scholarship program, officials should ensure they are aware of any relevant employment related requirements in legislation.

### Arrangements taken not to be grants

1. Some financial arrangements, which would normally be included in the definition of a grant, are not subject to the CGRGs for policy reasons. Generally, they are excluded as they are subject to separate legislative or administrative arrangements. For example, some payments to States[[2]](#footnote-2) or Official Development Assistance (ODA) payments fall within this category.
2. Arrangements taken not to be grants for the purposes of the CGRGs are listed in paragraph 2.6 of the CGRGs. Guidance on some of the range of financial arrangements referred to in paragraph 2.6 is available on the Finance website.
3. Where the Government makes an appropriation to an NCE for the purposes of funding the ongoing operational costs of a CCE, paragraph 2.6 (o) deems the payments made through the NCE to the CCE for this purpose to not be grants for the purposes of the CGRGs.

* Other arrangements for funding CCEs may be deemed to be a grant, for example, where an NCE is providing funding for the CCE to undertake research to achieve a particular policy outcome. Officials should consult Finance if they are unsure if an arrangement would fall under the CGRGs.

# Part 2 – Procurements

1. The CPRs are issued by the Finance Minister under section 105B of the PGPA Act. The CPRs can be found on the Finance website at: <http://www.finance.gov.au/procurement/index.html>.
2. The CPRs are the core rule set of the Commonwealth procurement policy framework and articulate the Government's expectations of Commonwealth entities.

### Procurements

1. Procurement encompasses the whole process of acquiring goods and services. It begins when a need has been identified and a decision has been made on the 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 the goods and services and, where relevant, the ongoing management of the contract and consideration of disposal of goods.
2. In addition to the acquisition of goods and services by an entity for its own use, procurement includes the acquisition of goods and services on behalf of another entity or a third party. Where an arrangement meets the definition of a procurement, then the CPRs apply.

### Memberships

1. Where the Commonwealth purchases a membership to a group, for either its own use, use by officials, or the use of a third party, this will most likely constitute procurement under the resource management framework.

### Arrangements not considered to be procurements

1. There are some arrangements which are not considered to be procurements, despite exhibiting the characteristics of procurement. Under paragraph 2.9 of the CPRs, statutory appointments, appointments by Ministers and the engagement of employees (such as under the [Public Service Act 1999](http://www.austlii.edu.au/cgi-bin/viewdb/au/legis/cth/consol_act/psa1999152/), the [Parliamentary Services Act 1999](https://www.legislation.gov.au/Details/C2016C00405), or a relevant entity’s enabling legislation), amongst other things, are not considered to be procurements.
2. Questions about the application of the CPRs should be directed to [procurementagencyadvice@finance.gov.au](mailto:procurementagencyadvice@finance.gov.au)

### Acquisition of goods and services by an NCE from an NCE

1. If an NCE has acquired goods and services directly from another NCEwithout approaching other suppliers, this should be treated as an ‘other’ financial arrangement and should not be treated as a procurement and reported on AusTender.
2. If a Commonwealth entity has undertaken a competitive process, in accordance with the CPRs, that results in the awarding of a contract to a Commonwealth entity, then it **must** be treated as a procurement and reported on AusTender.

|  |  |  |
| --- | --- | --- |
| **Type of Entity to Entity Engagement** | **Commonwealth entity engaged directly** | **Competitive process undertaken in accordance with the CPRs** |
| You are an **NCE** who has contracted **with another** **NCE** | Other Financial Arrangement | Procurement |
| You are an **NCE** who has contracted **with any other type of Commonwealth entity** | Procurement | Procurement |
| You are a **CCE** who has contracted **with any type of Commonwealth entity** | Procurement | Procurement |

# Part 3 – Other financial arrangements

1. Accountable authorities, officials or Ministers may choose arrangements other than grants or procurements if it is deemed appropriate. The most common types of ‘other’ arrangements are listed below with a brief explanation.

### Act of grace payments

1. The act of grace power under section 65 of the PGPA Act allows the Finance Minister or delegate to authorise one-off and periodic payments to individuals or other bodies (such as companies), if he or she considers it appropriate because of [special circumstances](#_The_nature_of).[[3]](#footnote-3)

### Compensation payments

1. Compensation payments include payments intended to compensate individuals or groups for financial loss or other adverse consequences caused by a decision, action or omission by the Australian Government. It also includes discretionary compensation where the Australian Government is under no legal obligation to make a payment.
2. Examples of compensation payments include: payments made under the *Military Rehabilitation and Compensation Act 2004*, or the *Scheme for Compensation for Detriment caused by Defective Administration* (the CDDA Scheme) and payments made under section 73 of the [Public Service Act 1999](http://www.comlaw.gov.au/Series/C2004A00538).[[4]](#footnote-4)

### A payment to a person of a benefit or entitlement established by specific legislation

1. An entitlement is a right to apply for or claim, a benefit established by specific legislation. The entitlement creates an obligation on the Australian Government to provide the benefit if relevant criteria are satisfied and may or may not place obligations on recipients of entitlements.
2. Examples of entitlements that operate through specific legislation include: pension payments made through the [Social Security (Administration Act) 1999](https://www.comlaw.gov.au/Series/C2004A00580); payments to veterans through the [Veterans’ Entitlements Act 1986](https://www.comlaw.gov.au/Series/C2004A03268); and payments made under the [Pharmaceutical Benefits Scheme and Repatriation Pharmaceutical Benefits Scheme](http://www.pbs.gov.au/browse/body-system).
3. Entitlements to claim a benefit where legislative authority for the payment of the benefit has been established under [section 32B](http://www.comlaw.gov.au/Details/C2012C00510/Html/Text#_Toc328989807) of the FF(SP) Act, section 23 of the PGPA Act, or a specific appropriation act do not meet this definition and are generally considered to be grants.

### Tax concessions or offsets

1. The Australian Taxation Office (ATO) administers legislation governing taxation. Any entity implementing a financial arrangement that involves matters of taxation should consult with the ATO in the first instance.

### Investments

1. An investment is an arrangement that involves the purchase of an asset by the Commonwealth for the primary purpose of earning income or a profitable return.
2. Investments are made under the authority of specific enabling legislation, such as the Future Fund Act 2006 or section 58 of the PGPA Act. However, as a general principle, relevant money administered by non-corporate Commonwealth entities should not be invested by them, as cash and debt management is generally conducted at the whole-of-government level.

### Loans

1. A loan is an arrangement under which the Commonwealth advances a sum of money to an external recipient with the recipient agreeing to repay that sum (with or without interest) on a future date or on demand.
2. Loans are made for a variety of reasons, including policy purposes and as a means of facilitating repayments to the Commonwealth. Unlike an investment, the primary purpose of a loan is not to earn a commercial rate of return or profit for the Commonwealth. While interest may be payable under a loan, it may not be at commercial rates.
3. An amount of money that is required to be repaid without interest or at a concessional rate of interest should generally be considered a concessional loan, rather than a grant. However, there may be cases where a concessional component of a loan could be considered a grant (for example, as part of a granting activity or grant program design). Entities should consult with Finance if they are unsure whether the CGRGs apply in particular circumstances.
4. In determining whether an arrangement is to be a loan, accountable authorities and officials should consider what their ideal outcome would be. If the expected outcome is for the funds to be returned to the Commonwealth, then it is most likely that the arrangement is not a grant.
5. Loan guarantees are neither loans nor grants. They are a contingent liability incurred by the Commonwealth. A guarantee for the payment of any amount of principal or interest due on a loan would fall under section 60 of the PGPA Act. The Finance Minister has delegated his or her power under section 60 with directions to accountable authorities, which **must** be complied with before entering into a loan guarantee on behalf of the Commonwealth.[[5]](#footnote-5)

### Gifts of relevant property

1. A gift of relevant property involves the provision of relevant property to another party. Gifts of relevant property are governed by section 66 of the PGPA Act.

### Payments to the States and Territories

1. A payment to the States under the *Federal Financial Relations Act 2009* to provide ongoing financial support for the delivery of services through the states or territories for a variety of means is not a grant for the purposes of the CGRGs.
2. Each State and Territory has its own procurement rules. Where a State or Territory, acquires goods and services using money provided from the Commonwealth, the procurement rules for that jurisdiction apply to the procurement.

# Attachment A – Financial Arrangements Matrix

| **Financial Arrangement** | **Substantive Purpose** | **Criteria** | **Authority required** | **Example(s)** | **Related Guidance** |
| --- | --- | --- | --- | --- | --- |
| **Grant** | Promote policy objectives through the provision of financial assistance with or without conditions. | Relevant money paid to a grantee other than the Commonwealth.  Intended to help address one or more of the Australian Government’s policy outcomes while assisting the grantee to meet their objectives. | Legislative authority is needed for entering into arrangements and spending for grants that are not categorised as the ordinary and well-recognised functions of government. The legislative authority will either be in separate legislation or in a grant or program listed in Schedule 1AA or Schedule 1AB to the *Financial Framework (Supplementary Powers) Regulations 1997*. | Competitive, non-competitive grant opportunities.  One-off adhoc grants.  Entitlements programs that are not supported by their own legislation.  Some sponsorships, subsidies and rebates.  Gifts of relevant money or ex gratia payments. | *Commonwealth Grants Rules and Guidelines 2017*.  [RMG 412: Australian Government Grants - Briefing](http://www.finance.gov.au/resource-management/grants/additional-guidance/), Reporting, Evaluating and Election Commitments  [RMG 421: Publishing and reporting Grants and GrantConnect.](http://www.anao.gov.au/Publications/Better-Practice-Guides) |
| **Procurement** | Achieve policy objectives through the acquisition of goods and services for the Commonwealth's own use or for the use of third parties. | The process of acquiring goods and/or services.  May be for the Commonwealth’s own use or may be on behalf of third parties. | Most procurement for an entity’s own use will be for the ordinary and well-recognised functions of government and will not require separate legislative authority apart from an appropriation in an Appropriation Act. However, spending relating to a procurement may require separate legislative authority where it is not for the ordinary and well-recognised functions of government. | Procuring supplies and equipment, consultancy services, memberships, advertising and travel. | [Commonwealth Procurement Rules.](https://www.finance.gov.au/procurement/procurement-policy-and-guidance/commonwealth-procurement-rules/)  [Austender website.](https://www.tenders.gov.au/)  [Finance website](http://www.finance.gov.au/procurement/). |
| **Gifts of relevant property** | To transfer relevant property to the recipient free of charge. | The Commonwealth must have acquired or produced the property to use it as a gift, or the gift is expressly authorised by law, or the Finance Minister (or delegate) has authorised the gift in writing, or the gift is made in accordance with any requirements prescribed by the rules. | The power to make gifts of relevant property is established under section 66 of the PGPA Act. | Gifts of relevant property to visiting dignitaries.  Gifts of ex-government computers to public schools. | [RMG 206: Accountable Authority Instructions](http://www.finance.gov.au/resource-management/accountability/accountable-authority-instructions/) – Non‑corporate Commonwealth Entities. |
| **Compensation payments** | To compensate individuals or groups for financial losses or other adverse consequences caused by the Commonwealth. | The criteria for a particular compensation payment will be set out in either its enabling legislation or the Scheme for Compensation for Detriment caused by Defective Administration (CDDA Scheme). | Payments made as part of the CDDA Scheme generally fall within the ordinary and well-recognised functions of government.  Other compensation payment schemes will require their own legislation | Payment in accordance with the CDDA Scheme.  Payments made under section 73 of the *Public Service Act 1999*.  Payments for the settlement of legal liability claims made in accordance with entity obligations under the Legal Services Directions. | [RMG 401: Request for discretionary financial assistance under the PGPA Act](http://www.finance.gov.au/resource-management/discretionary-financial-assistance/act-of-grace-mechanism/information-for-entity-staff/) |
| **Benefit and entitlement payments established by legislation** | To provide a benefit to individuals or groups that meet specified criteria as established by legislation. | A right to a particular payment established in legislation and generally involves no obligation on the recipient to spend the proceeds, or account/ acquit the expenditure. | Entitlements established by legislation must be supported by specific legislation (paragraphs 29 – 31 refers). | Examples of entitlements established in legislation include pension payments made through the *Social Security (Administration Act) 1999*, payments to veterans through the *Veterans' Entitlement Act 1986*. |  |
| **Tax concession or offset** | Achieve policy objectives by directly reducing the amount of tax an individual or other bodies must pay. | Specific categories of tax concessions and offsets are contained in taxation legislation administered by the Australian Taxation Office. | All taxation legislation administered by the Australian Taxation Office. | Fuel excise rebate. | Australian Taxation Office. |
| **Investments** | Earning income or a profitable return for the Commonwealth. | An arrangement that involves the purchase of an asset by the Commonwealth for the primary purpose of earning income or a profitable return. | Investments are made under the authority of specific enabling legislation or section 58 of the PGPA Act. | Investments made under the *Future Fund Act 1996.* | [RMG 301: Investment by Commonwealth entities.](http://www.finance.gov.au/resource-management/managing-cash/) |
| **Loans** | May be made for a variety of reasons, including policy purposes and as a means of facilitating repayments to the Commonwealth. | An arrangement under which the Commonwealth advances a sum of relevant money to an external recipient with the recipient agreeing to repay that sum (with or without interest) on a future date or on demand. | Loans that are not categorised as being for the ordinary and well-recognised functions of government will require either separate legislation or will need to be listed in Schedule 1AA or 1AB to the *Financial Framework (Supplementary Powers) Regulations 1997*. | Concessional loans. | [RMG 115 - Accounting for concessional loans](http://www.finance.gov.au/resource-management/reporting-accounting/accounting-guidance/#rmg115) |
| **Act of grace payment** | To provide financial relief to individuals or other bodies where there is a moral obligation on the Commonwealth. | A discretionary power of the Finance Minister or delegate to make payments on behalf of individuals or other bodies due to special circumstances. | The power to make act of grace payments is established under  section 65 of the PGPA Act. | Cases where legislative and administrative provisions do not take sufficient account of the special circumstances of individual cases. | [RMG 401: Request for discretionary financial assistance under the PGPA Act](http://www.finance.gov.au/resource-management/discretionary-financial-assistance/act-of-grace-mechanism/information-for-entity-staff/) |

# Attachment B – Considerations to assist officials in determining financial arrangements

The dot points below may assist officials as they consider whether a financial arrangement would be more likely to be considered a procurement, grant, or ‘other’ noting that a number of questions may need to be answered before the position becomes clear. These points are not definitive or exhaustive and officials should consider all aspects to determine which framework applies.

The financial arrangement is more likely to be a ***GRANT*** if:

* The goods and services are described according to inputs/ contributions, outputs and/ or outcomes, for example:
  + improved health outcomes amongst a target population;
  + a reduction in homelessness;
  + improved employment outcomes for a target group; or
  + a contribution to assist a business sector to promote products overseas.
* Part of the services would be provided without a contribution from the Government.
* The financial assistance is provided through a co-contribution.
* The financial assistance is to build capacity.
* The financial assistance is to help an organisation to purchase an asset for its own control and use.
* The financial assistance is for the purposes of conducting a pilot.
* The financial assistance provided is for the purposes of facilitating research, innovation or entrepreneurship.
* The financial assistance is provided as a payment without any conditions, which is not covered by specific legislation. For example, a cash gift or prize.
* The financial assistance is provided to assist following a disaster, crisis or other significant event, which is not covered by specific legislation.

The financial arrangement is more likely to be a ***PROCUREMENT*** if the:

* Government is acquiring goods or services for its own use.
* Government is acquiring the goods or services for use by another relevant entity or a third party.
* Commonwealth entity has undertaken a competitive process, in accordance with the CPRs, that results in the awarding of a contract to a Commonwealth entity.
* Commonwealth needs ownership, control of, or title to the equipment, property, infrastructure, IP or other asset.
* goods or services were previously provided by a Commonwealth official or entity, and the goods and services are now being provided by a third party.
* goods or services would not be provided if the Commonwealth declined to provide financial support.
* goods or services can be quantified, described or measured, for example:
  + an Information Technology product delivered to a specification requested by the Commonwealth;
  + a review and report according to the process required by the Commonwealth; or
  + hours of a specific service provided according to a contract.

The financial arrangement may more likely fall into an ***OTHER*** arrangement if the:

* Government is mainly seeking to receive a financial rate of return.
* payment needs to be repaid if the recipient makes a profit.
* payment involves a loan, whether at market or concessional rates (with or without conditions).
* recipient is required to pay interest.
* Government is paying compensation.
* payments and eligibility are established by specific legislation.
* payment is a tax offset, or an excise concession.
* NCE is making a payment to fund the operation of a CCE.
* NCE is acquiring goods and services directly from another NCE without approaching other suppliers.
* payment is only payable to a State, Territory or local Government.
* payment is under a National Partnership Agreement.
* payment is classified as Official Development Assistant (ODA).
* entity is reimbursing costs under a defined Scheme (e.g. reimbursements under an Enterprise Agreement or the Scheme for Compensation for Detriment caused by Defective Administration).

# Appendix 1 – Glossary

**authority** means the legal authority (whether expressed or implied) to exercise a power or function that can be given directly through legislation (e.g. accountable authorities’ powers under section 23 of the PGPA Act, section 32B of the *Financial Framework (Supplementary Powers) Act 199*7 or other specific legislation) or through a delegation or authorisation.

**Commonwealth Grants Rules and Guidelines 2017** (CGRGs) establish the overarching Commonwealth grants policy framework and articulate the expectations for all non-corporate Commonwealth entities in relation to grants administration. Under this overarching framework, non-corporate Commonwealth entities undertake grants administration based on the mandatory requirements and key principles of grants administration.

**Commonwealth Procurement Rules** (CPRs) establish the Government’s policy framework under which entities govern and undertake their own procurement. The CPRs set down the rules for Australian Government procurement and articulate the requirements for officials performing duties in relation to procurement.

**entity** means a Commonwealth entity and includes a Department of State, a Parliamentary Department, a listed entity or a body corporate established by a law of the Commonwealth (see section 8 of the PGPA Act).

**grantee** means the individual/organisation, which has been selected to receive a grant.

**Official Development Assistance (ODA)** is defined by the Organisation for Economic Co-operation and Development (OECD), available on their website http://www.oecd.org/. The Department of Foreign Affairs and Trade (DFAT) have responsibility for classifying payments as ODA. You should contact DFAT with questions regarding ODA.

**officials** means officials of a Commonwealth entity. An official of a Commonwealth entity is an individual who is in, or forms part of the entity (see section 8 of the PGPA Act).

**other Consolidated Revenue Fund (CRF) money** is money that forms part of the CRF other than relevant money or any other money of a kind prescribed by the rules (see section 105 of the PGPA Act).

**ordinary and well-recognised functions of government** relate to the administration and ordinary activities of an [entity](#Agency), with spending related to running costs such as the payment of staff salaries or building rental. Generally, payments relating to the ordinary and well-recognised functions of government will come from departmental [appropriations](#Appropriation); however there can be situations where they are paid from administered appropriations. Similarly, some payments from departmental appropriations may cover matters that are not ordinary and well‑recognised functions of government, and thus the arrangement needs to be authorised by specific legislation or under section 32B of the Financial Framework (Supplementary Powers) Act 1997 and listed in Schedule 1AA or Schedule 1AB to the [Financial Framework (Supplementary Powers) Regulations 1997](https://www.comlaw.gov.au/Series/F1997B02816).

**proper** when used in relation to the use or management of public resources, means efficient, effective, economical and ethical (see section 8 of the PGPA Act).

**relevant money** means

1. money standing to the credit of any bank account of the Commonwealth or a corporate Commonwealth entity; or
2. money that is held by the Commonwealth or a corporate Commonwealth entity; (see section 8 of the PGPA Act).

**relevant property** means

1. property (other than relevant money) that is owned or held by the Commonwealth or a corporate Commonwealth entity; or
2. any other thing prescribed by the rules; (see section 8 of the PGPA Act).

1. Corporate Commonwealth entities should use this as a guide. [↑](#footnote-ref-1)
2. Payments to States and Territories other than under section 96 of the Constitution or the *Federal Financial Relations Act 2009* may meet the definition of a grant and be subject to the CGRGs. [↑](#footnote-ref-2)
3. See the Finance website for further guidance on act of grace payments. [↑](#footnote-ref-3)
4. See the Finance website for further guidance on compensation payments. [↑](#footnote-ref-4)
5. Information on the Finance Minister’s delegation of powers and functions in PGPA legislation can be found under <http://www.finance.gov.au/resource-management/pgpa-legislation/delegations/>. For further information refer to RMG 414 Indemnities, guarantees or warranties granted by the Commonwealth [↑](#footnote-ref-5)