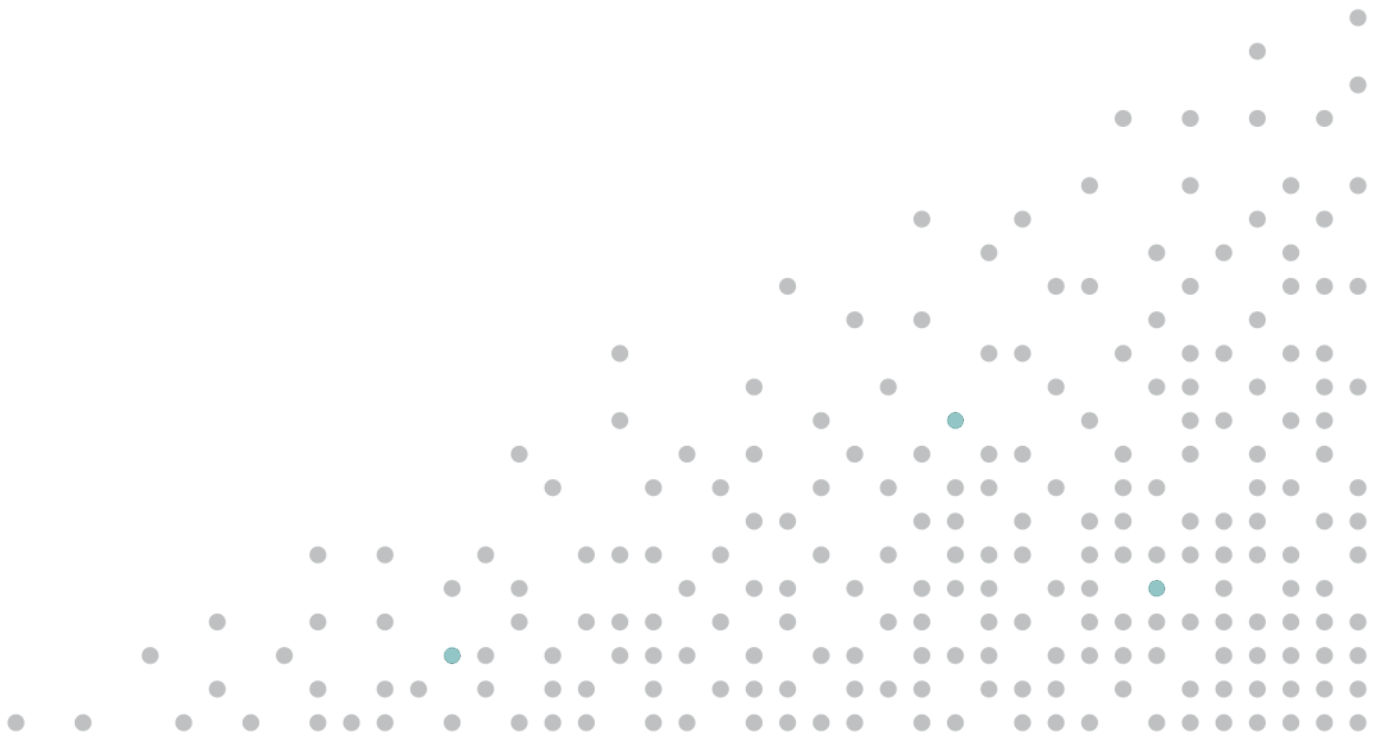




**Australian Government**  
**Department of Finance**



# **Commonwealth Grants and Procurement Connected Policies**

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### **Contact us**

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## Audience

This guide is relevant to policy officials in non-corporate Commonwealth entities (NCEs).

## Key points

This guide:

- is implementation guidance for sections 4.14 and 4.15 of the Commonwealth Grants Rules and Guidelines (CGRGs) and sections 4.9 and 4.10 of the Commonwealth Procurement Rules (CPRs);
- outlines the administrative framework to ensure future Grants-Connected Policies (GCPs) and Procurement-Connected Policies (PCPs) are applied effectively at a whole-of-government level; and
- details the steps required to establish a recognised GCP or PCP.

## Resources

This guide is available on the Department of Finance website at [www.finance.gov.au](http://www.finance.gov.au).

Other relevant publications include:

- [\*Commonwealth Grants Rules and Guidelines\*](#);
- [\*Commonwealth Procurement Rules\*](#);
- [\*Public Governance, Performance and Accountability Act 2013\*](#) (PGPA Act); and
- [\*Public Governance, Performance and Accountability Rule 2014\*](#) (PGPA Rule).

Should you have any questions regarding this guide, or require an application form relating to a proposal for a new GCP or PCP, please email: [grants@finance.gov.au](mailto:grants@finance.gov.au) or [procurementagencyadvice@finance.gov.au](mailto:procurementagencyadvice@finance.gov.au).

## Introduction

1. GCPs and PCPs are Commonwealth policies that the Government has agreed to connect to either the CGRGs or the CPRs or both. These policies seek to support government policy objectives through the Commonwealth's use of grant and/or procurement activities.
2. This document outlines the administrative process that must be followed in order for a policy to be considered for introduction as a GCP and/or PCP.
3. The process ensures that future decisions to use the Commonwealth's granting activities and/or purchasing power for the achievement of broader policy objectives are:
  - well considered;
  - do not impose unnecessary red tape on businesses or community organisations; and
  - do not introduce inefficiencies into procurement or grants activities.

## Part 1 – Grant and Procurement Connected Policies

4. The CGRGs and the CPRs set out the Commonwealth's grants and procurement policy frameworks and establish the requirements and key principles that apply to all Commonwealth grants and procurements.
  - GCPs are whole-of-government policies which entity staff must take into account before awarding a grant and/or which may impose requirements on grant applicants or recipients in order to receive a grant. Such requirements would be additional to the usual grant application or program guidelines, terms and conditions.
  - PCPs are specific whole-of-government policies of the Commonwealth for which procurement has been identified as a means of delivery. PCPs are government policies which entity staff must take into account during a procurement process. PCPs are linked to the procurement framework through paragraphs 4.9 and 4.10 of the CPRs. PCPs are listed on Finance's [procurement web pages](#).

## Objectives

5. In seeking approval for a GCP and/or PCP, Commonwealth entities must ensure that:
  - the objectives of the GCP and/or PCP align with the program objectives or the business needs of the entity;
  - the GCP and/or PCP and any compliance requirements impose only the necessary minimum burden on both entity staff and non-government stakeholders involved in the development, management, application and evaluation of Commonwealth grants and procurements;
  - the impact, in terms of positive policy outcomes is greater than any burden imposed on Commonwealth entities, grant applicants/recipients and potential suppliers;
  - the GCP and/or PCP will not hinder the proper use of Commonwealth resources or create unnecessary red tape; and

- any increase in a regulatory burden on business, community organisations or individuals is compliant with whole-of-government requirements overseen by the Office of Best Practice Regulation and the Regulatory Reform Division within the Department of the Prime Minister and Cabinet.

## Policy Rationale

6. When developing a proposal for consideration of a GCP and/or PCP, Commonwealth entities must consider how the effectiveness of the GCP and/or PCP will be measured. The outcomes of a GCP and PCP must be carefully defined to ensure they will meet the policy's objectives.

## Requirements

7. When designing a GCP and/or PCP, entity staff should ensure that the proposed policy will support streamlining in grant or procurement processes. Policies must not impose a disproportionate regulatory burden which is inconsistent with the Government's commitment to reduce red tape.
8. A GCP and/or PCP must be actively managed by the responsible Commonwealth entity. Policies must be monitored and have an appropriate regime for addressing non-compliance. Where it becomes apparent that a policy's outcomes are not being achieved (through the use of grants and procurements), the policy should be revised or the GCP/PCP status removed.
9. Policy-owning entities of approved GCPs and/or PCPs are required to conduct annual reviews of their policy's effectiveness in achieving its stated purpose and outcomes.
10. Five years after a whole-of-government policy receives GCP and/or PCP status, the approved status lapses. Prior to lapsing, the responsible Commonwealth entity should review the reasons for GCP and/or PCP status, and if still appropriate, reapply to the minister for Finance for this recognition.
11. GCPs and/or PCPs must not be inconsistent with legislation or other Commonwealth policies relevant to grants or procurement. The key requirements relating to grants and/or procurement administration include:
  - the PGPA Act;
  - the PGPA Rule;
  - the CGRGs;
  - the CPRs;
  - the guidelines applying to specific grants or procurement activities such as, the relevant grant guidelines or tender documentation;
  - applicable legislation, such as those concerning privacy, government advertising, anti-discrimination, social inclusion, freedom of information and freedom to advocate;
  - existing GCPs or PCPs; and
  - red tape reduction policies and targets.

## Principles

### 12. GCPs:

- do not form part of the CGRGs, but are standalone policies that are recognised in grants administration and are the responsibility of the entity that owns the policy;
- should minimise any administrative burden and associated compliance costs for Commonwealth entities, grant applicants, recipients and beneficiaries;
- should not unduly increase risks for the Commonwealth and/or grant applicants, recipients and beneficiaries; and
- should not stifle competition, innovation or financial viability for grant applicants, recipients and beneficiaries.

### 13. PCPs:

- must align with Australia's international obligations under free trade agreements;
- are the responsibility of the entity that owns the policy;
- should minimise any administrative burden, risks and associated compliance costs for entities and businesses in achieving the policy outcome; and
- should promote and not restrict competition in the government procurement market. Potential suppliers must remain able to be treated equitably based on their legal, commercial, technical and financial abilities.

## Part 2 – Roles and Responsibilities

### 14. The responsible Commonwealth entity must:

- demonstrate that the introduction of a GCP and/or PCP is the most appropriate mechanism for implementing the whole-of-government policy, considering its potential impact on government and external stakeholders;
- undertake a cost benefit analysis (CBA) of the proposed GCP and/or PCP and advise the responsible portfolio minister on the merits, costs and risks of a specific whole-of-government policy being recognised as a GCP and/or PCP prior to seeking the Finance Minister's agreement to a final submission for consideration by the Cabinet;
- complete a Regulation Impact Statement (RIS), including measurement of the regulatory burden and the identification of regulatory offsets where a proposal increases the burden. The RIS is required to be submitted with the draft submission to the Cabinet proposing the new GCP and/or PCP;
- undertake appropriate consultation with affected stakeholders;
- implement, monitor and provide advice on the GCP and/or PCP to entities and other stakeholders;
- review the effectiveness of the GCP and/or PCP annually and notify the Department of Finance of the outcome; and
- before the expiry of the five-year term (and if required), reapply to the Cabinet to extend the GCP and/or PCP for a further defined period.

15. The Department of Finance will:

- advise as to whether a proposed GCP and/or PCP is consistent with the overarching grants and/or procurement policy frameworks;
- advise on the process to seek policy authority to recognise the GCP and/or PCP;
- consult with, or request the responsible Commonwealth entity to consult with, other Commonwealth entities, including:
  - the Department of the Prime Minister and Cabinet, and in particular the Office of Best Practice Regulation;
  - relevant Commonwealth entities affected by the proposed GCP and/or PCP;
  - the Department of Foreign Affairs and Trade, in relation to international obligations;
  - other key policy areas, such as Small Business Division in the Department of the Treasury;
  - Senior Procurement Official's Reference Group; and
  - other grant forums.

16. The Department of Finance and Office of Best Practice Regulation will advise:

- whether a RIS is required (officials are required to contact the Office of Best Practice Regulation to seek advice on whether a RIS is required for any new proposal that has a regulatory effect);
- on the impact of a proposed GCP and/or PCP on other whole-of-government policies, including assisting Commonwealth entities to understand any unintended consequences of decisions; and
- how the proposed GCP and/or PCP could be implemented.

17. Finance Minister involvement:

- The Finance Minister will decide whether to support a policy being brought forward to the Cabinet to be recognised as a GCP and/or PCP.
- The responsible portfolio minister must seek the Finance Minister's support to bring forward a whole-of-government policy to be recognised as a GCP and/or PCP and seek policy approval from the Cabinet noting whether the Finance Minister supports the application.

18. Final documented approval:

- A documented decision, by way of a Cabinet Minute, is required to establish a new GCP and/or PCP.



## Part 3 – Key Steps

19. The key steps for gaining GCP and/or PCP recognition are detailed in the application form, which is provided upon request. The steps are summarised in the diagram below:

