



Guidance on the Consideration of Broader Economic Benefits in Procurement

Public Consultation

Introduction

The Commonwealth Procurement Rules (CPRs) place a requirement on officials to consider the economic benefit of a procurement to the Australian economy in the context of determining value for money for higher value procurements.¹

The Department of Finance has published guidance to support the consideration of economic benefits during procurement activities. This guidance was last updated in July 2022.

The Department is seeking to further update and strengthen the guidance, where possible, to support both procuring officials and suppliers with the practical implementation of the requirements relating to economic benefits.

The Department invites the business community and the public sector to provide comments and suggestions for consideration in the development of revised guidance on the consideration of economic benefits to the Australian economy.

Context and Scope

The key parameters for the consideration of economic benefits are set by the CPRs. This includes its inclusion as a value for money consideration, the thresholds for application of the requirements and details of exempt procurement activities. In seeking to update the guidance, any proposed changes must be consistent with the requirements in the CPRs. Changes to the content of the CPRs are outside of scope for this review.

The CPRs also clarify that the consideration of economic benefits operates in the context of relevant national and international agreements, including free trade agreements.² These agreements contain commitments relating to the conduct of procurement activities, including non-discriminatory treatment of foreign suppliers, goods and services. Any proposed

¹ Officials are required to consider the economic benefit of the procurement to the Australian economy, for procurements above \$4 million (or \$7.5 million for construction services), except procurements covered by Appendix A of the CPRs and procurements from standing offers (CPRs paragraph 4.7 refers). Effective 1 July 2024, the relevant threshold will be reduced from \$4 million to \$1 million.

² CPRs paragraph 4.8 refers.

changes to the guidance must stay within the boundaries of our international government procurement commitments.

Issues for Consideration

The Department invites comments, feedback and suggestions on the current Consideration of Broader Economic Benefits in Procurement guidance, to help inform the development of new guidance.

Key changes the Department are exploring in the revised guidance include:

- guidance on engaging with industry on how broader economic benefits are considered and evaluated throughout the procurement lifecycle. This will include additional guidance in relation to the inclusion of tenderer commitments regarding economic benefits into the contract, including measurable KPIs where appropriate
- additional guidance regarding the level of detail expected in a tender, commensurate with the scale and scope of the procurement, noting the wide value range of procurements where economic benefits are required to be considered
- additional guidance and examples of how the economic benefits criteria can contribute to progress against Closing the Gap [targets](#), [objectives](#) and [outcomes](#)
- additional guidance and clarifications regarding the use of weightings when considering economic benefit in tender evaluation criteria
- additional guidance and clarification on considering economic benefits in the context of the whole value for money assessment
- clarification regarding the application of the *Government Procurement (Judicial Review) Act 2018*.

In considering your interactions with and use of the guidance, and preparing feedback and comments, you may wish to consider the following:

- Are there aspects of the guidance that require clarification and/or expansion?
 - For example, what additional advice would be beneficial regarding the incorporation of economic benefits into relevant procurement contracts?
- Should the guidance be expanded to cover any additional issues relating to the practical implementation of the policy?
 - For example, are the case studies included sufficiently detailed?
 - Are there additional examples of economic benefits that could be included?
- Would there be benefit in a more detailed discussion of retained economic benefits?
 - For example, would information on which benefits are more relevant/common to particular sectors be useful?
- Is further guidance needed on the interaction between this policy and other policies that may also apply to a procurement, such as the Indigenous Procurement Policy, the Australian Industry Participation Policy or the Australian Skills Guarantee?

Timeframe

The Department requests that feedback on the guidance be sent via email to gptrade@finance.gov.au by **5pm, Wednesday 3 July 2024**.

To ensure submissions are accessible, please submit responses in Word or PDF format.

Relevant Links

[Commonwealth Procurement Rules](#)

[Guidance - Consideration of Broader Economic Benefits in Procurement](#)