



Australian Government

Australian Government response to the
Joint Committee of Public Accounts and Audit Report 498:
'Commitment issues' - An inquiry into Commonwealth procurement

May 2024

Response to the Committee's Recommendations

Recommendation 1

2.143 The Committee recommends that the Department of Finance work to advance public sector procurement capability and professionalisation by:

- prioritising the development and rollout of a procurement professional stream within the Australian Public Service, to facilitate the creation of procurement and contracting specialists, and
- expanding the current definition of procurement in the Commonwealth Procurement Rules, to empower and better reflect modern, professionalised procurement practices, including more active management of supply markets and supply chains to maximise value for money.

Finance should report back to the Committee within 12 months on its progress to develop and deliver these outcomes.

Agreed

The Government has established a Procurement and Contract Management Profession under the APS Professional Streams in line with the existing Professional Streams (HR, Data and Digital) for the APS with the Australian Public Service Commission.

The definition of procurement in the CPRs covers the full procurement lifecycle. The lifecycle starts at identifying the need and making a decision on the procurement requirement (paragraph 2.7 of the CPRs). Market evaluation is a fundamental consideration for many procurements, and is already captured by the definition of procurement within the CPRs. Finance will expand the definition of procurement at the next update of the CPRs in line with the Committee's recommendation.

Recommendation 2

2.149 The Committee recommends that the Department of Finance amend the Commonwealth Procurement Rules to reverse the onus such that they apply to corporate Commonwealth entities by default, with any exceptions to be made by the Finance Minister via legislative instrument.

Agreed

Finance will determine the appropriate legislative approach to apply the CPRs to corporate Commonwealth Entities (CCE) by default.

The Government recognises that there may be limited specific circumstances that would justify an exemption from the CPRs. Finance will develop the requirements and process for seeking exemptions.

Recommendation 3

2.153 The Committee recommends that the Department of Finance amend paragraph 2.6 of the Commonwealth Procurement Rules to emphasise that the core principles of achieving value for money and conducting procurements in a fair, transparent, and accountable manner continue to apply to the procurement even when an exemption to the rules was obtained under the paragraph. Finance should develop and issue guidance on paragraph 2.6 to reflect this amendment.

Agreed with qualification

The CPR exclusion mechanism of paragraph 2.6 is intended to recognise that there are genuine limited circumstances that warrant procurement processes deviating from the CPRs. The paragraph provides flexibility for an Accountable Authority to apply measures, when determined to be necessary, that result in all or part of the CPRs not applying to relevant procurement processes.

Importantly, even when paragraph 2.6 is applied, the requirements of the *Public Governance, Performance and Accountability Act 2013* continue to apply to the procurement, including promoting the efficient, effective, economical, and ethical use of public resources.

Finance will update the CPRs to emphasise that the PGPA Act continues to apply when paragraph 2.6 is used. Finance is in the process of strengthening guidance material to support entities regarding the application of paragraph 2.6.

Recommendation 4

2.160 Noting that reporting on compliance with the Commonwealth Procurement Rules (CPRs) is currently limited to the inclusion of significant non-compliance in annual reports, the Committee recommends that the Department of Finance:

- introduce requirements for entities subject to the CPRs to report, at least annually and certified by the accountable authority, on their compliance with the CPRs
- publish a report annually, commencing in the 2023-24 year, aggregating this information across the sector to help assess the effectiveness of the procurement framework, identify areas of risk, and inform changes to the procurement framework to ensure it remains fit-for-purpose, and
- require Commonwealth entities subject to the CPRs or the Public Governance, Performance and Accountability Act 2013, by 31 December 2023, to provide Finance with a report on their internal procurement and delegation policies that outlines how value for money will be ensured when procuring from panels.

Agreed

Finance will work with entities to introduce compliance reporting and monitoring for Commonwealth entity procurements through annual reporting requirements and will introduce the requirements of an annual aggregated reporting mechanism.