

Standing Committee on Finance and Public Administration

ANSWER TO QUESTION ON NOTICE

Budget Estimates Hearing – May 2009

Department of Finance and Deregulation

Finance and Deregulation Portfolio

Outcome 2, Program 2.3

Topic: External Audit of Procurement Policies

Question reference number: F72

Type of Question: Written

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Number of Pages: 1

Senator Coonan asked:

Has the Department of Finance and Deregulation provided any guidance about the provisions pertaining to limiting a contractor's liability to the Commonwealth Procurement Guidelines (provision 6.15), in particular about the requirement for the development and implement of a risk management plan.

Answer:

The Commonwealth Procurement Guidelines at paragraphs 6.11 to 6.16 provide guidance to officials conducting procurement to enable them to address the issue of liability in Commonwealth contracts, including the following at paragraph 6.9:

As a general principle, risks should be borne by the party best placed to manage them – that is, agencies should generally not accept risks which another party is better placed to manage. Similarly, where an agency is best-placed to manage a particular risk, it should not seek to inappropriately transfer that risk to a supplier.

In addition, Finance also publishes the Best Practice Risk Management Guide, which provides guidance on the development and implementation of risk management plans.