

INTERNATIONAL OBLIGATIONS GUIDELINES

PURPOSE

This Guideline provides a summary of the government's international obligations relevant to covered government procurement by 'procuring entities'¹.

This is a guiding document only. Procurement officers are responsible for ensuring they understand the applicable international obligations by reading each Agreement.

The South Australian Government ('government') has agreed to comply with, and in rare circumstances is a signatory to, a range of bilateral and multilateral agreements that are entered into to reduce or eliminate barriers to trade, to maximise and improve market access for Australian exporters and investors and which impose various obligations on governments when conducting procurements² including:

- Free Trade Agreements ('FTA') - international agreements that support free trade between the parties, including obligations for undertaking government procurement
- Government Procurement Agreements ('GPA') – international agreements relating specifically to government procurement, (together 'International Agreements').

The Chief Executive (or equivalent) of a procuring entity is responsible for compliance with the obligations set out in these International Agreements. This guideline should also be read in conjunction with the policies provided under the *South Australian Government Procurement Framework*.

Most of these International Agreements include provisions dealing with supplier complaints about the conduct of procurements that are the subject of the International Agreements. Suppliers are required to attempt to resolve any

¹ Not all public authorities are considered 'procuring entities' under relevant international agreements. Refer Schedule 3 of this Guideline: Principles for determining covered public authorities ('procuring entities') under the AUSFTA, ACIFTA, KAFTA, JAEPA, SAFTA, WTOGPA, PAFTA, A-HKFTA, CPTPP and A-UKFTA

² A complete list of Australia's Free Trade Agreements in force can be found on the Department of Foreign Affairs and Trade (DFAT) website.

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complaints with the relevant procuring entity before the supplier is permitted to seek resolution of the dispute by an impartial administrative or judicial authority.

APPLICATION OF INTERNATIONAL OBLIGATIONS TO PROCUREMENT

The South Australian Government is a signatory to the following International Agreements:

- [Australia and New Zealand Government Procurement Agreement \(ANZGPA\)](#)

The South Australian Government has agreed to comply with the government procurement chapters ('GP Chapters') of the following International Agreements that the Australian Government has with foreign national governments:

- [Australia - United States FTA \(AUSFTA\)](#) - refer to Chapter 15
- [Australia - Chile FTA \(ACIFTA\)](#) - refer to Chapter 15
- [Korea - Australia FTA \(KAFTA\)](#) - refer to Chapter 12
- [Japan - Australia Economic Partnership Agreement \(JAEP\)](#) - refer to Annex 3A
- [Singapore - Australia FTA \(SAFTA\)](#) - refer to Chapter 6
- Peru-Australia FTA (**PAFTA**) – refer to Chapter 14
- Australia – Hong Kong FTA (**A-HKFTA**) – refer to Chapter 13
- [Comprehensive and Progressive Agreement for Trans-Pacific Partnership \(CPTPP\)](#) – refer to Chapter 15 and Chapter 28
- Australia-United Kingdom Free Trade Agreement (**A-UKFTA**) – refer to chapter 16

The South Australian Government has agreed to comply with the following International Agreement that the Australian Government has with WTO signatories:

- [World Trade Organization Agreement on Government Procurement \(WTOGPA\)](#)

Schedules 1 and 2 of this guideline outline the key principles and requirements for these International Agreements.

Schedule 3 of this guideline outlines the basis for resolving whether a public authority of the South Australian government is a "procuring entity" for the purposes of the 'GP Chapters' of these International Agreements, as well as the principles for determining "procuring entities" in the event of a government restructure.

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Schedule 1: ANZGPA Key Principles and Requirements

Objectives

The objective of the ANZGPA is to maximise opportunities for competitive Australian and New Zealand suppliers and reduce the costs of doing business for both government and industry.

Public authorities are responsible for achieving these objectives by:

- ensuring the opportunity exists for Australian and New Zealand suppliers to compete on an equal and transparent basis for government contracts
- ensuring inter-state and Trans-Tasman preference schemes and other forms of discrimination in government procurement based on place of origin are not applied
- providing a mechanism for co-operation in working towards consistency in contractual, technical and performance standards and specifications, and simplicity and consistency in the application of procurement policies, practices and procedures
- ensuring the application of electronic commerce methods to procurement is consistent with the ANZGPA.

Application

The ANZGPA applies to all government procurements of goods, services and construction (as defined by the ANZGPA), and is applicable to all government departments, statutory authorities and other bodies controlled by the South Australian Government.

Procurement Thresholds

There are no procurement thresholds for the ANZGPA.

Exceptions

The ANZGPA recognises that under certain circumstances there may be a need to exempt certain classes of procurement from some of the requirements of the ANZGPA. Annex 1 of the ANZGPA outlines the exempt classes of procurement.



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Schedule 2: Key Principles and Requirements of Government Procurement Chapters of 'FTAs' and the WTOGPA

Objectives

The FTAs and WTOGPA are designed to maximise and improve market access, legal protections and business certainties that Australian exporters and investors require to compete in the economies of the United States, Chile, Korea, Japan, Singapore, Peru, Hong Kong, and United Kingdom, the Trans-Pacific economies and the economies of WTO signatories.

The primary principle of the GP Chapters of the FTAs (although worded differently across chapters) and the WTOGPA is that each party will reduce and eliminate barriers to international trade and investment and, in the conduct of government procurement, treat any suppliers from other countries, that are a party to the FTA or the WTOGPA, no less favourably than its own domestic suppliers.

Application

The GP Chapters of the FTAs and the WTOGPA apply to 'covered procurements', which means government procurement of goods, services or construction:

- by any contractual means, including purchase, rental or lease, with or without an option to buy; build-operate-transfer contracts and public works concessions contracts
- for which the value equals or exceeds the relevant threshold specified in the GP Chapter
- that are not excluded from coverage (refer to Schedule 3 of this guideline for guidance).

Procurement Thresholds

The government procurement requirements of the FTAs and the WTOGPA apply to covered procurements undertaken by 'procuring entities' where the value of the procurement (including GST) exceeds a monetary threshold^{3*}.

FTA or GPA	Goods and Services	Construction Services
AUSFTA	AUD693,000	AUD9,762,000
A-HKFTA	AUD696,000	AUD9,808,000
A-UKFTA	AUD696,000	AUD9,808,000

³ The current threshold values apply as at 1 January 2024 and are adjusted in accordance with the requirements set out in each FTA and the WTOGPA.



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ACIFTA	AUD696,000	AUD9,808,000
KAFTA	AUD696,000	AUD9,808,000
JAEPa	AUD696,000	AUD9,808,000
PAFTA	AUD696,000	AUD9,808,000
SAFTA	AUD696,000	AUD9,808,000
CPTPP	AUD696,000	AUD9,808,000
WTOGPA	AUD696,000	AUD9,808,000

The AUSFTA threshold is marginally less than those for the other FTAs and the WTOGPA and therefore, when applied, ensure compliance across all FTAs and the WTOGPA.

Valuing a Procurement

The estimated value of a procurement, to determine if it is a covered procurement under the FTAs and WTOGPA, will include the total value of any extension and other options.

Procurements cannot be divided into separate procurements for the purpose of avoiding the application of the FTAs and the WTOGPA.

Exceptions

Most procurements undertaken by 'procuring entities' that are valued above the set thresholds (identified above) will be 'covered procurement' and therefore subject to the requirements of the GP Chapters of the FTAs and the WTOGPA. However, for each FTA and the WTOGPA there are a range of exceptions that apply.

Public authorities covered by FTAs and the WTOGPA (i.e. those 'procuring entities' listed in each Agreement) must refer to the specific Agreements to obtain details of exceptions. Public authorities may need to seek legal advice as to whether any exception applies to the proposed procurement.

Advertising Tender Documents

In accordance with the GP Chapters of the FTAs and the WTOGPA, prospective suppliers in the United States, Chile, Korea, Japan, Singapore, the United Kingdom, Peru, Hong Kong and signatories to the CPTPP and WTOGPA must be able to access tender advertisements and opportunities. Further, the tender notices must be published in electronic, or paper media that are widely disseminated, and remain readily accessible to the public for the entire period for responding to the tender.

In order to meet this requirement, the *Sourcing Policy* requires all open market



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approaches valued above \$550,000 to be advertised on the [SA Tenders and Contracts website](#) (at a minimum).

Awarding of Contracts

Unless it is not in the public interest to do so, where a tender has been called a contract should be awarded to the supplier that submits the best value for money⁴ offer, based on the evaluation methodology specified.

Each public authority is required to advise all suppliers that submitted an offer for a covered procurement, in writing, the outcome of the supplier's offer and provide an opportunity for the supplier to receive feedback on their offer. The public authority will prepare and conduct a formal tender debrief as requested. Tender debriefs should provide constructive feedback to suppliers.

Late Tenders

A public authority should not penalise a supplier whose tender is received after the specified closing date and time if the public authority has determined that the delay in lodgement was due to a failure on the part of the public authority. Refer to the *Sourcing Policy* for details on how to handle late tenders.

Non-Discrimination

An offer to a tender call, received from a United States, Chilean, Korean, Japanese, Singaporean, United Kingdom, Peruvian or Hong Kong or participating TPP or WTOGPA signatory supplier, must not be treated less favourably than an offer from an Australian supplier.

Offsets

The imposition or enforcement of offsets (see definition in the Agreements) is prohibited under the FTAs and the WTOGPA.

Market Approach (Sourcing)

The market approach for a 'covered procurement' should be fair and transparent and adhere to the requirements detailed in the *Procurement Planning Policy*.

In general, the default procurement method under the International Agreements for covered procurements is open tendering. In certain circumstances as specified in each International Agreement selective tendering or limited tendering procedures

⁴ For the purposes of the SAFTA, WTOGPA and the CPTPP 'best value for money' is the same as 'most economically advantageous tender'. See Schedule 1 of the *Procurement Governance Policy* to see what the government considers to be value for money.

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may be used by the procuring entity, such as the use of a pre-qualification list.

Pre-Qualification Lists

Prequalification List means a list of suppliers for a category of goods, services or construction projects that a public authority has determined satisfy the conditions for participation in that list, and which the public authority intends to use to conduct future procurements of specified categories of goods, services or construction projects.

The FTAs and WTOGPA allow public authorities to establish Prequalification Lists, which the public authority may then use to identify suppliers that meet the criteria for participating in the future procurement of specified categories of goods, services or construction projects.

The notice inviting participation on a public authority's Prequalification List should be issued to the open market, be non-discriminatory, published continuously on SA Tenders and Contracts and indicate that there are opportunities for prequalified suppliers to participate in particular procurements.

For the purposes of the FTAs and WTOGPA listed in this Schedule, a panel contract is not considered a pre-qualification list.

Tender Call Periods

Under the AUSFTA, ACIFTA, KAFTA, JAEPA, A-UKFTA, PAFTA, A-HKFTA the default minimum period between the advertising of a tender and the closing date is 30 calendar days.

Under the SAFTA, WTOGPA and CPTPP 40 days is allowed for open tendering from the date of publication of the notice of intended procurement. 25 days is provided for selective tendering.

For all FTAs, this period can be reduced to 25 days, where:

- the tender is advertised on SA Tenders and Contracts;
- the tender documentation is made available electronically from the date of advertisement of the tender; and
- tender responses can be submitted electronically.

Breaches of Free Trade Agreements

Each GP Chapter of the FTAs and the WTOGPA includes domestic review procedures relating to breaches of the respective International Agreements.

Public authorities should manage complaints in line with their internal complaints

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management framework and in conjunction with the *Supplier Complaints Schedule*. Legal advice should be sought if required.

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Schedule 3: Principles for determining covered public authorities under the AUSFTA, ACIFTA, KAFTA, JAEPA, SAFTA, A-UKFTA, PAFTA, A-HKFTA AND CPTPP ('FTAs') AND WTOGPA

Purpose

These principles have been prepared by the Crown Solicitor's Office in consultation with the Department of Treasury and Finance (DTF).

A '**procuring entity**' means those South Australian public authorities listed as a "procuring entity" under international agreements.

Any procurement conducted by a public authority that is a procuring entity is a '**covered procurement**' (assuming that other criteria for a covered procurement such as value are met, and that it is not subject to an exemption). For the avoidance of doubt, procurements from a pre-qualification list may be considered covered procurements (provided they meet the other criteria for a covered procurement).

The list of procuring entities in each International Agreements is managed by the Department of Foreign Affairs and Trade, and from time to time listed procuring entities do not reflect the current structure of the South Australian government (e.g. machinery of government changes, or name changes occur that necessitate updates to the listed procuring entities).

The purpose of this Schedule is to set out the basis for resolving whether a public authority of the South Australian government is a 'procuring entity' under the GP Chapters of the AUSFTA, ACIFTA, KAFTA JAEPA, SAFTA, A-UKFTA, PAFTA, A-HKFTA and CPTPP and the WTOGPA particularly in circumstances where the entity is not specifically listed as a 'procuring entity' in the FTA.

Definitions

public authority means-

- (a) a government department;
- (b) a Minister;
- (c) a statutory authority-
 - (i) that is an instrumentality of the Crown; or
 - (ii) the accounts of which the Auditor-General is required by law to audit;
- (d) such other body or person as is prescribed,

but subject to any other provision of the *Public Audit and Finance Act 1987* (the Act), does not include a statutory authority if the Act by or under which the authority is

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appointed or established provides for the auditing of the accounts of the authority by a person other than the Auditor-General.⁵

department means an administrative unit created under the *Public Sector Act 2009* (SA). Departments are not legal entities but are identifiable as organisations with a distinct structure, in which persons are employed.

business unit means a unit within a department. It is a part or division of the overarching government department.

statutory authority means a body corporate established under legislation specific to the agency, for example the South Australian Metropolitan Fire Service is a statutory authority established pursuant to the *Fire and Emergency Services Act 2005*.

Principles

1. If a department is named in the GP Chapter of an FTA or in the WTOGPA, it is covered and all business units that are part of the department are covered.
2. If a department is named in the GP Chapter of an FTA or in the WTOGPA, and one or more but not all of the business units in the department are named, the whole department and all its business units are nevertheless covered.
3. If a named statutory authority has been continued under another name, then it continues to be a covered entity notwithstanding the new name.
4. If a new department or statutory authority is created, it is not a procuring entity, unless it is created to take over all or some of the functions of a named entity (as set out in the following principles). Procurement Services SA should be consulted to determine whether the new entity should be treated as a procuring entity, having regard to its functions.
5. If functions of a named department (or statutory authority) are transferred to a newly created department or statutory authority, or to an existing department or statutory authority that is not named in the GP Chapter or WTOGPA, then the newly created department or statutory authority will be treated as a procuring entity.
6. If an entity that is not named undertakes its own procurement, although other procurements may be undertaken for its benefit by a procuring entity, the procurement is not a covered procurement.

⁵ Part 1, Section 4, *Public Finance and Audit Act 1987*.