

## Defining Australian Business

On the 6<sup>th</sup> of March 2025, the Albanese Government announced a significant change in Commonwealth procurement by introducing for the first time an official definition of an ‘Australian Business’.

The definition, part of the *Buy Australia Plan*, aims to improve transparency in procurement, strengthen domestic business competitiveness, and ensure that government contracts support genuinely Australian enterprises.

### Definition Key Elements

Under the new framework:

*An Australian business, in the context of the Commonwealth procurement framework:*

- a. *Is a business, including parent business, that:*
  - i. *Has 50% of more Australian ownership, or is principally traded on an Australian equities market; and*
  - ii. *Is an Australian resident for tax purposes; and*
- b. *Is a business that has its principal place of business in Australia*

The official definition of an Australian business will ensure that businesses benefitting from government contracts contribute directly to the national economy through local employment, investment, and taxation.

The implementation of this *definition* “[will easily identify] Australian businesses in tender processes [to] help make them more competitive, and guide future initiatives to better support them.” – Minister for Finance, Senator the Hon. Katy Gallagher.

### Buy Australia Plan

The *Buy Australia Plan* forms part of the Government’s *Future Made in Australia* agenda and is designed to boost local business participation in Commonwealth procurement. With the addition of the new definition, the work of the Government in supporting Australian businesses and Small to Medium Enterprises (SMEs) is advancing, with previous announcements including:

- Increasing SME opportunities by raising the SME exemption threshold from \$200,000 to \$500,000 for access to a greater number of contracts
- Raising the target for procuring from SMEs to 25 per cent of contracts by value for contracts up to \$1 billion and 40 per cent of those below \$20 million,
- Ensuring at least one SME must be included in every approach to market through the whole-of-government Management Advisory Services and People panels



## **Implementation**

The official definition will be incorporated into the Commonwealth Procurement Rules (CPRs) and implemented in phases. Businesses on select *Whole of Australian Government Panels* will be eligible to report their Australian Business status per with the new definition on the *Government's Supplier Portal*. This eligibility will later extend to all suppliers registered on *AusTender*.

To certify their status, a business must have a director, partner, trustee, or authorised officer declare compliance with the new definition. The process ensures procurement officers can accurately assess bidders' eligibility under the Buy Australia Plan.

By prioritising businesses with local ownership, tax residency, and operational bases in Australia, the Buy Australia Plan is set to reinforce domestic economic growth, support SMEs, and improve transparency in government contracting. As the policy rolls out in 2025-26, businesses and procurement officials must adapt to these changes, ensuring a fair and competitive landscape that benefits the Australian economy.

## **Further information**

For more information, please contact your Hawker Britton Managing Director, Simon Banks, at [simon.banks@hawkerbritton.com](mailto:simon.banks@hawkerbritton.com).

Further Hawker Britton Occasional Papers are available [here](#).