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Business Chamber

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Public consultation on defining an Australian Business for Commonwealth procurement

By email: ProcurementConsultation@finance.gov.au

SUBMISSION ON DEFINING AN AUSTRALIAN BUSINESS

Introduction

1. The Canberra Business Chamber is the peak body for business in the Australian Capital Territory and surrounding region. Our members are broadly representative of the ACT economy, and a significant number provide services to the Commonwealth Government or wish to do so.
2. We have consulted our members in preparing this submission.

Do we need to define an Australian business?

3. We think it is important to define an Australian business for the purpose of administering the Commonwealth Procurement Rules. We are aware of some businesses which claim to be local firms for the purpose of pitching for work, but which in reality are simply Australian-registered subsidiaries of foreign firms who may not make a significant contribution to Australia. A more rigorous definition of "Australian" would help level the playing field for truly Australian firms.

Proposed definition

4. We recommend that the definition require an "Australian" business to:
 - be established or incorporated in Australia and with a principal place of business here; and
 - be tax-resident in Australia; and
 - have a majority of shareholders/ parent company/ partners who are tax-resident in Australia; and
 - have an ABN or be GST registered.

5. It is important that the definition of "a principal place of business" recognise that some Australian firms have large operations offshore and could potentially earn more from overseas operations than domestic ones.

Rationale

6. We think it is important that "Australian" businesses are paying tax here, and that profits from "Australian" businesses are being kept, to a large extent, in Australia.

7. The Chamber thinks that the definition outlined above is a common-sense approach that is broad enough to capture the kind of firms that most everyday Australians would expect to be "Australian". It would avoid subsidiaries of foreign firms being considered "Australian" just by virtue of a local registration.

Compliance issues

8 We counsel that the introduction of a new definition has the potential to create significant bureaucratic hurdles and compliance cost. It is important that onerous paperwork requirements are not imposed by any new definition. We suggest that information could be sought via a tick box exercise, potentially subject to random audits.

Conclusion

9 We would be happy to provide any further clarification or information that may be required.

