



23<sup>rd</sup> October 2024

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AUSTRALIA

Department of Finance  
One Canberra Avenue  
FORREST ACT 2603  
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To Whom it May Concern,

**Submission to the Consultation for ‘Defining an Australian Business for Commonwealth Procurement’**

DefendTex is a veteran owned Australian defence company based in Dandenong South, Victoria. We wish to make the following submission to the *Public Consultation for Defining an Australian Business for Commonwealth Procurement*, as the current definition of ‘Australian business’ fails to distinguish those companies who exercise control of an entity in Australia, compared with companies who are foreign controlled. The benefit of the economic activity by foreign controlled entities is more likely to accrue to a foreign country, by shifting profits off-shore and owning the intellectual property off-shore. For the purposes of Commonwealth procurement, the Commonwealth must preference those truly home-grown entities who are controlled in Australia. We believe the current definition needs refinement to reflect truly sovereign business activities and value generation, where the economic benefit accrues to Australia.

In the defence sector, many companies are foreign owned. These companies can import products to Australia simply by having an Australian Business Number, which under the current definition, is characterised as an ‘Australian Business’. This multinational business is then weighted equally for Commonwealth procurement, against Australian-founded companies such as DefendTex. DefendTex is 100% Australian owned and was established in 2014. The company has developed a strong reputation as one of Australia’s most innovative defence companies. DefendTex is a leader in defence research and development, unmanned platforms and precision guided weapons which are manufactured domestically. Our products are exported to international customers, contributing to the balance of trade.

DefendTex generates its own intellectual property, pays company tax, conducts skills uplift and provides jobs to local Australians. Importantly, all of the profits remain on-shore and are re-invested into the company. Australia is somewhat strategically vulnerable where it does not have capabilities derived from Australian-owned intellectual property. We believe the definition of an Australian Business needs refinement to distinguish multinational companies from Australian companies, as it is Australian companies who contribute more comprehensively to our economy and secure onshore capabilities.

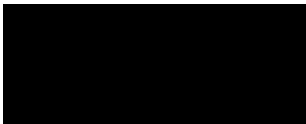


Where intellectual property is generated within Australia, Australian companies can make a greater contribution to building sovereign capability which allows profits to be retained in Australia, tax to be paid, resulting in a greater economic benefit.

Companies defined as “Australian Businesses” must be confined to those companies who are controlled in Australia. The Commonwealth must introduce a ‘control test’ in the definition of Australian business. By way of example, US companies must pass a ‘control test’ to be regarded as a US company for the purposes of defence procurement.

Re-framing the definition of an Australian Business for Commonwealth procurement, is more likely to stimulate the local economy by keeping profits on-shore, secure onshore capabilities, promote supply chain resilience and enhance national security.

Yours sincerely



Travis Reddy  
Chief Executive Officer