



NEW ZEALAND
FOREIGN AFFAIRS & TRADE
Manatū Aorere

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Australian Government Procurement changes – ongoing commitment to a single market for government procurement

MARKET INTELLIGENCE REPORT

Summary

- Australia has made several changes to its government procurement settings over the last few years, including announcing a “Buy Australian Plan”, the introduction of a definition of an Australian business and changes to the thresholds allowing direct engagement of small-to-medium enterprise (SME).
- This report outlines Australian Government reassurances about New Zealand access to Australian government procurement opportunities.
- Australia and New Zealand remain committed to the objectives of the Australia and New Zealand Government Procurement Agreement which include a single competitive procurement market, and a level playing field for suppliers to tender for government contracts in either country, regardless of their physical location.
- If you face barriers accessing Australian Government procurement opportunities, please contact the [Export Helpdesk](#).

Report

Australia and New Zealand Government Procurement Agreement

The New Zealand Government and Australian Federal, State, and Territory Governments, have long standing commitments under the Australia and New Zealand Government Procurement Agreement (ANZGPA).

All parties aim to treat each other as a single market for government procurement, which helps to maximise opportunities for Australian and New Zealand suppliers and reduces costs of doing business for both government and industry. The agreement has enhanced opportunities for businesses on both sides of the Tasman, for close to 30 years. Except where a limited set of exceptions applies, the ANZGPA requires the following principles to be applied:

- purchasing bodies must treat all of Australia and New Zealand as a single market.
- no discrimination based on the origin of goods and services within that market.
- Australia and New Zealand tender participants must be able to compete on an 'equal and transparent basis'.
- unsuccessful Australia and New Zealand tender participants are entitled to a debrief upon request.
- value for money based on whole of life costing must be the fundamental determinant of procurement decisions.
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Governments spend large amounts on the purchase of goods and services each year, which creates a significant opportunity for New Zealand exporters. The Australian Commonwealth government spends over AUD \$70 billion annually on procurement. The likely total including states is between \$150-200 billion (not including local government procurement).

Australian procurement developments

The Albanese Labor Government "Buy Australia Plan", aimed to build domestic industry capability through the Australian Government's purchasing power. For information on the plan see: [Buy Australian Plan](#) | [Department of Finance](#)

Australian business definition

In March 2025, the Australian Government released the definition of an "Australian business" for Commonwealth procurement. This definition, which is intended to be incorporated into the [Australian Commonwealth Procurement Rules](#) (CPRs), requires businesses, including any parent business, to meet all three specific criteria below to be considered Australian. These are:

- Having 50 per cent or more Australian ownership, or being principally traded on an Australian equities market.
- Having Australian tax residency.
- Has its principal place of business in Australia.

Information on the definition of an Australian business is available on the [Department of Finance website](#).

This includes a clear statement that the definition is not to be used to preference Australian businesses, as well as a statement that the Australia's international procurement commitments (given effect through the CPRs) contain non-discrimination commitments.

The Australian Government has reassured the New Zealand Government that Australia remains conscious of commitments under the ANZGPA, including as evidenced by the inclusion of New Zealand businesses within the definition of an SME in the CPRs. The Australian Department of Finance have noted that the definition, and its use, were developed with full consideration of Australia's international obligations, including the ANZGPA.

The purpose of the Australian business definition is to collect information on the participation of Australian businesses in Commonwealth procurement, providing a more comprehensive picture on the number of Australian businesses that interact with the Commonwealth procurement framework.

However, there has been considerable commentary (including statements by Australian industry) that may cause New Zealand businesses concern as to the use of the definition and procurement settings now and into the future.

Changes to SME thresholds

Over the last year, the Australian Government has made a range of other changes to the Commonwealth Procurement Framework to support Australian businesses and SMEs to win government work, including:

- Increasing the [SME exemption](#) from \$200,000 to \$500,000 to give SMEs more 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.

An SME is defined in the CPRs and includes both Australian and New Zealand firms with fewer than 200 full-time equivalent employees. New Zealand's inclusion within the CPR SME definition is unaffected.

This clarity helps to support SMEs from both countries, through the measures set out in the CPRs to support SMEs, including targets and direct procurement exemptions.

New Zealand businesses experiences with Australian government procurement

In general, New Zealand businesses report that the process for bidding for projects in Australia's various procurement panels is smooth.

We have heard from New Zealand companies concerned that Australian procurement officers are sometimes unaware of the non-discrimination obligations under the ANZGPA (which are incorporated in the CPRs).

The ANZGPA requires that parties will not use amongst themselves any form of procurement practice which: a) discriminates against; b) is biased against; or c) has the effect of denying equal access or opportunity to any A/NZ supplier.

We are also aware that there are several areas where Australian requirements differ to New Zealand's, and that companies with New Zealand workforces face challenges navigating. For example, the Australian Federal government may require [Australian Government security clearances](#) for procurement opportunities, not limited to the defence industry sector. We intend release a separate report on this topic.

The New Zealand Government is monitoring changes in government procurement settings and implementation in Australia. We value feedback on New Zealand business experience regarding access to Australian government procurement opportunities

Export Helpdesk

If you are facing a barrier in your exports, we may be able to help you address it. There is no wrong door in asking any of the government agencies who deal with resolving barriers.

If you come across provisions in tender documents released by Australian state or federal governments that you feel unfairly disadvantage you compared to local suppliers visit <https://www.tradebarriers.govt.nz> to contact us. Your enquiry will be sent to the government agency best placed to answer it.

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