

Submission  
No 49

**INQUIRY INTO PROCUREMENT PRACTICES OF  
GOVERNMENT AGENCIES IN NEW SOUTH WALES AND  
ITS IMPACT ON THE SOCIAL DEVELOPMENT OF THE  
PEOPLE OF NEW SOUTH WALES**

**Name:** Ms Kate Stewart

**Date Received:** 9 March 2024

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Chair  
Social Issues Committee  
Legislative Council  
New South Wales

8 March 2024

Dear Ms Kaine,

Thank you for the opportunity to respond to the Terms of Reference of your Inquiry into the procurement practices of government agencies in New South Wales. Thank you also to Mr Whiteman for granting me a brief extension for response.

I have a number of concerns in relation to the procurement practices of various governments at this moment.

As an example of my concerns, there are more people in New South Wales than ever before; including more health care patients... yet we seem to have fewer suppliers of beds, blood pressure cuffs and other assets and consumables used in the provision of the health service.

It seems counterintuitive that we are interested in competition (in price, quality, research and other elements of product development) when we have decided to choose monopoly supply.

If we were to continue to look at the health system specifically, it's not merely that we are buying in to increasing the monopoly of one corporation or another for specific items; that monopoly corporation seems most likely to be the type of multinational corporation which is unlikely to be paying taxation in Australia. Hillrom seems to supply, among other things, all of the beds; and, simultaneously is an American company variously domiciled in Ireland for tax and Mexico for Research and Development credit. Our international taxation arrangements suggest that a company like Hillrom would be paying either no or next to no taxation in Australia. Whereas a New South Welsh or other Australian bed manufacturer would be paying at least some taxation in Australia – at the very least their employment practices would or should have facilitated the payment of income taxation. Most multinational corporations limit their tax arrangements such that they are paying no (or negligible) taxation here; which is not an inherently bad thing – except that the money they're being paid is that of taxpayers.

[NB. I have no information about the specific taxation arrangements of Hillrom and am not specifically accusing Hillrom of any sort of specific acts, omissions or otherwise in relation to the taxation system; I am, however, accusing NSW Health of aiding and abetting monopoly building which might not fit in with the aims and ambitions of the stated objectives of competition policy at various levels of Government; and, which undermines the New South Welsh and, further, Australian manufacturing industry.]

I am equally concerned that when you put these and other issues together it becomes very difficult to see from one end of a transaction to another.

This sounds like an odd thing to say, but the more complex an organisational environment the less likely it is that it is possible to see from one end of a transaction to another. If you look at, for example, a large multinational tech company, for example; you might see an organisation which has an Australian domiciled company which is less a company than a shell company; in essence for any item purchased in Australia, GST might be paid, possibly income tax if there were employees employed by that domiciled company; but then every other dollar is sent to an offshore parent or other related company in another jurisdiction.

The second that money leaves Australia it becomes impossible to see the end of that transaction.

It might be possible through international taxation treaties to be able to assume some sort of taxation paid somewhere off the back of the transaction performed in our jurisdiction; but it's unlikely much if any of that taxation relates to any of the jurisdictions in which we find ourselves. We can't even necessarily see where shareholders pop out; which makes it even harder to see where the main benefit of the transaction is occurring, meaning it's difficult to see who we are benefitting.

And I have to wonder what benefit there is to the New South Welsh taxpayer (or, indeed, those New South Welsh businesses which might otherwise have tendered for and/or been successful in tendering for one of those contracts – and, thus, causing an easier path to seeing the whole of a transaction) to be paying and backing in the monopoly of a large multinational corporation to supply throughout New South Wales; but without deriving employment, taxation benefit or, indeed, local investment.

To that end I would like to see a couple of specific items:

- We should absolutely be ensuring that directions for every single tender include instructions to ensure that any applicant must provide clear details exposing whole transactions to taxation and profit; in respect of location or country, at least.
- We should also be ensuring that we pursue clear competitive practices through State procurement.

Thank you again for the opportunity to contribute.

Kate