

Australian state government to privatise five hospitals

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Without any prior notice, the Liberal-National government in Australia's most populous state, New South Wales, last week announced its intention to privatise five large hospitals in regional areas.

The plan will take the privatisation of public hospitals in Australia to a new level, and set a model for the wholesale hand over of health care to profit-making corporate operators, at the expense of basic services and the jobs of thousands of nurses and other healthcare workers.

Private corporations will be invited to submit tenders to build new hospital buildings and run clinical services in Maitland and Wyong, north of Sydney, and Shellharbour and Goulburn, south of the state capital. Another hospital, at Bowral, will be placed in corporate hands without any new facilities being built.

Health Minister Jillian Skinner provided no details, simply claiming that services would be maintained, but it is clear that hundreds of jobs are threatened. She told parliament that "current permanent staff" will be offered just two-year guarantee contracts, but only if their equivalent position exists within the new structure. There is no pledge to maintain wages and conditions. Casual staff will not be offered even that promise of new contracts.

According to the government, a new Commissioning and Contestability Unit will explore models based on a mix of private, public and not-for-profit funding. The unit's task will be to look for means to reduce government health spending.

As an indication of what is planned, Skinner said the outcomes would be similar to those offered by the deal the government recently struck with private company Healthscope to operate Sydney's Northern Beaches Hospital. That "public-private partnership" (PPP) allowed the government to identify more than \$1.5

billion in savings over the 20-year contract, Skinner said, declaring that the five new PPPs would give the same "very good value." This cost-cutting agenda inevitably means inadequate services and over-worked, under-paid staff.

While regional, the five hospitals are substantial facilities and operate in mostly working class areas. Wyong hospital has 300 beds and 1,500 staff. It averages 200 patients per day in its emergency department, 85 percent of whom have no private health insurance.

PPPs have been used to privatise health services in NSW and other Australian states over the past 20 years, often with disastrous results. In the early 1990s, the previous Coalition government's privatisation of Port Macquarie hospital, on the NSW mid-north coast, led to such a crisis that it was ultimately purchased back by the last Labor government in 2005.

At one stage the hospital had the longest waiting times for elective surgery in the state. A blow out of costs also saw the cessation of critical surgical procedures such as hip replacements and cataract operations. Mayne Health, the corporate operator, sought to replace registered nurses with the lesser trained nursing assistants on lower wages.

The Coalition government had claimed the state would save \$46 million a year for 20 years though the privatisation. In 1996, however, the NSW Auditor-General said the running costs had substantially exceeded those of public hospitals of a similar size.

The Labor Party opposition last week accused the present government of hiding its plans during last year's state election. But it did not oppose the decision. Instead, Labor's health spokesman, Walt Secord, urged the government to release more details on the projects. "There needs to be clear and unequivocal guarantees

that public patients will not be treated as second-class citizens,” he said.

Any such “guarantees” would be meaningless, however, given the necessity for private operators to generate high rates of return to satisfy the financial markets.

It was the last state Labor government that privatised the services at Sydney’s Royal North Shore hospital, under a deal struck in 2007 with the consortium InfraShore, which was backed by the Royal Bank of Scotland.

The acceleration of privatisation is part of the austerity drive by state and federal governments, Labor and Liberal-National alike, to impose the burden of the deepening fallout from the 2008 global financial crisis. Further cuts to health care are looming as the collapse of the mining boom hits government revenues.

In response to the government’s announcement, health sector unions vowed to launch anti-privatisation campaigns, while appealing to the government to consult them on its plans. Both the Health Services Union (HSU) and the NSW Nurses and Midwives Association have said they will each spend \$1 million of their members’ funds on publicity campaigns.

NSW HSU secretary Gerard Hayes stated: “The union will mount an aggressive campaign to ensure voters are well aware of the corrosive impact of privatisation on patient care.” Last week the unions called for a rally outside state parliament.

These campaigns seek to channel the outrage of health workers back behind the election of yet another Labor government. They also aim to convince the present government to draw upon the services of the union bureaucrats to assist in enforcing the budget cuts demanded by the financial elite, just as they have for many years.

The unions accused the government of attempting to create an “Americanised” private health system. In reality, the privatisation of health care services is an ongoing process, with successive governments, Labor and Coalition, acting at the behest of financial and corporate giants that are eyeing off new sources of profit.

Among these corporations are superannuation funds, which now control billions of dollars, many overseen by the same trade union bureaucrats who fraudulently claim to oppose privatisation.



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