

**NO PRIVATISATION OF HOSPITALS AND SCHOOLS BILL 2010**

*Second Reading*

**MR R.H. COOK (Kwinana — Deputy Leader of the Opposition)** [4.00 pm]: I move —

That the bill be now read a second time.

I begin this second reading speech by acknowledging the presence in the public gallery of some of the members of the Health Services Union of Western Australia.

This bill is about the jobs and standards enjoyed by Western Australians in schools and hospitals across the state. It is about ensuring that we have highest standards of care for our sick and frail and the highest standards of schooling for our kids. The No Privatisation of Hospitals and Schools Bill is a concise bill, but its implications are important and far reaching. The bill seeks to ensure that the people of Western Australia maintain control of our essential services and institutions. The government is seeking by stealth to privatise our health and education services. The effect of these measures will be to reduce the quality of services delivered; reduce the level of service outcomes; reduce public control and accountability of services; fragment services previously delivered across a common workforce; reduce the pay and conditions of those delivering those services; and cost the community more in terms of dollar value and externalities as a result of privatisation.

In a state as wealthy as ours, the government should not be seeking to sell off the essential services that we have come to rely on to look after the health of our families, to educate and improve the lives of our kids and to add value and contribute to the overall wellbeing of our community. The government should be seeking ways to ensure that all Western Australians benefit from the boom economy. One of the best ways it can do that is to improve our hospitals and schools and, very importantly, to support the people who work in them.

The government has signalled that it intends to pursue an aggressive hospital privatisation policy. Describing the government's health privatisation program, the Minister for Health said that the government intends to open opportunities for the contracting out of backroom services. He also said that it will look at Fiona Stanley Hospital, Princess Margaret Hospital for Children, Midland health campus, Albany Regional Hospital and, probably, Bunbury Regional Hospital. It is worth noting that the Minister for Health added Bunbury hospital to the list during this afternoon's question time. Apart from the insult from the minister who denigrates essential hospital services as "backroom", we believe the government is wrong.

Privatisation is a poor strategy and one that is based on ideological leanings rather than evidence-based policy outcomes. Despite privatisation announcements from the government, it is yet to produce a single report or analysis on the savings anticipated from a privatisation program or, more importantly, how the privatisation will enhance the delivery of services or the production of outcomes.

This bill will make illegal the practice of privatising hospitals and schools and the practice of privatising hospital services and school services. It will ensure that employees vital to our schools and hospitals will remain directly employed by the organisations they have committed to work for. It will prevent this and subsequent governments from fragmenting services resulting in employees serving two masters and none benefiting—least of all our families attending hospitals or our kids attending schools.

Clause 2 of the bill outlines those areas of both hospitals and schools that should not be subject to privatisation. The positions or classifications are deliberately stated to leave beyond doubt those important jobs and services that Parliament should protect from savage and harmful privatisation. Those who are working in the hospital or school sector should take comfort when they see the specific nature of this bill. Labor believes it should stand by these committed public servants and this bill, if successful, will protect their wages and conditions and allow them to continue to perform their jobs to the highest possible standard.

The bill also states explicitly that the act of privatising public hospitals and public hospital services and public schools and public school services will be strictly prohibited. Nothing in this bill is designed to prevent or prohibit the use of the private sector in developing the physical infrastructure of a hospital or the striking of a financial arrangement, such as leases to house a hospital. What we seek to stop is the wholesale use of private sector capital whereby the public loses control of the delivery of services and the destiny of the institution.

This bill is designed to ensure that the life and soul of a public hospital or school is in the hands of the people of Western Australia through their government, giving voice to the principle that essential community services such as health and education should be run by the government. The bill also takes into account the variety of existing practices that different schools and hospital currently undertake to ensure the continuity of services.

Clauses 10 and 11 take account of the fact that there will be times when a hospital or school already engages the private sector to undertake certain duties or activities. Sometimes it is necessary for hospitals to use agency

nurses or external caterers. Sometimes schools in the country use private cleaners to maintain continuity of services, particularly in the event of absenteeism or short-term position vacancy. Arrangements already entered for the provision of public hospitals or public hospitals services at the time that this bill becomes an act will not be impacted by the act and these arrangements will remain in current facilities and in those that are developed in the future.

This bill is a line in the sand. It is a measure to stop the further erosion of essential services through privatisation. No further jobs should be lost from our important public workforce and no further services should be cut to the technical requirements of a contract.

The bill has been introduced because Labor has a fundamental conviction that public services should be run to a standard, not to a contract. There are other very good reasons for stopping the privatisation of our hospitals and schools. We have learnt over time that privatisation simply does not deliver for governments or the people that they serve. In this sense, history is a powerful teacher. In the 1990s, the Western Australian government experimented with privatisation by implementing a range of measures across hospitals and schools. The results were not encouraging and should provide a warning to any government considering to once again go down this path.

In 1995 the Court government privatised the provision of orderlies at Sir Charles Gairdner Hospital. Immediately prior to the privatisation, 110 orderlies were employed at the hospital. The private services provider reduced that number to 56. A study of that privatisation program was reported in an article in the journal "Industrial and Corporate Change". That article suggested that higher than anticipated transaction costs and production costs were experienced by the hospital and that there were negative impacts on service quality and on other parties such as nurses. The article went on to say that, in contrast, when the service was returned to in-house delivery, transaction costs and production costs were lower than could have been achieved by contracting out the service. Hospital management and staff also considered the in-house service to be of higher quality than the orderly service it replaced.

Other hospitals have had similar negative experiences of the privatisation of services. At Royal Perth Hospital, when cleaning was privatised, there were significant difficulties in controlling infection in the hospital. I apologise for my pronunciation of the name of the following bacteria, but a single-strain outbreak of vancomycin-resistant enterococcus faecium, or VRE, occurred at Royal Perth Hospital between 23 July and 28 December 2001. A total of 172 patients were infected. A Commonwealth Scientific and Industrial Research Organisation report into the infection outbreak concluded that the factors that contributed to the spread of VRE in RPH included insufficient surveillance prior to the outbreak and not screening patients on transfer out of the intensive care unit to other wards; inadequate cleaning of wards—environmental contamination was demonstrated in many of the wards in which transmission to patients was detected; inadequate cleaning of commodes between patient use; shortage of nurses; and patient management practices, such as multiple transfers of patients within and between wards. The VRE outbreak at RPH was terminated after one month. The cost of the enhanced infection control practices that were required as a result of the outsourcing of cleaners was \$2.7 million.

Both of those privatisation programs—the one at Sir Charles Gairdner Hospital of the orderlies, and the one at Royal Perth Hospital of the cleaners—were subsequently abandoned.

The experience from overseas with privatisation and infection in hospitals is very instructive. In the United Kingdom, the privatisation of hospital cleaners has had the effect of increasing hospital infection rates. Janice Murphy, in her paper "Literature Review On Relationship between Cleaning and Hospital Acquired Infections", cites a National Health Service study of cleaning contractors. She observes that —

Britain has been plagued with problems with hospitals' cleanliness since the National Health Service (NHS) hired private contractors to clean their hospitals in a misguided attempt to save money and at the cost of reduced standards and services. The NHS found that in addition to reduced staffing levels, "contracting out of hospital cleaning services has further contributed toward falling standards." Contracting-out has not improved the quality of service, rather it has created a two-tier workforce, breaking up the health care team and creating obstacles to the provision of client-focused integrated services. The NHS's audit of cleaning services found that "where services are contracted out they are more likely to have failed. 20 out of 23 of these hospitals which did not pass the cleaning audit are contracted out compared to an estimated 50 per cent of contracts contracted out overall."

As I said earlier, privatisation has a detrimental impact upon not only the services at hospitals and schools, but also the people who work in them. The shift of privatised services tends to produce negative outcomes for staff wages and staff conditions. The privatisation of Peel Health Campus has led to both a reduction in staff wages and a deterioration in the conditions that they work under. Although staff were initially transferred to the new

operator under a staff transfer agreement, with the same rates of pay, through subsequent management of the hospital the staff have seen the salary of an enrolled nurse fall behind that of a public sector worker by as much as \$3.80 an hour. Additionally, nurses in the day surgery unit at Peel are now working on rosters of four nurses to 28 patients, whereas their counterparts at Fremantle Hospital are working on rosters of six nurses to 20 patients.

In Western Australian schools, the experiences have been similar. In 1996, the Western Australian government started to privatise school cleaning. That had the effect of lowering staff wages and conditions; increasing staff workloads; exposing staff to higher risk through lack of training and poor training; compromising cleaning standards; and removing job security. When the practice of contracting out school cleaning was stopped by giving schools a choice of using in-house or private cleaners, many schools went back to using in-house cleaners. Between 1995 and 2000, 634 schools had their cleaning privatised. In 2003, one year after schools had been given the choice, 248 had already returned to in-house cleaning. By 2008, well over 90 per cent of schools had returned to in-house cleaning.

The government has nominated to undertake a public-private partnership for the construction of the new Princess Margaret Hospital for Children. Inspired by its own election rhetoric, a private company will be engaged to build, own and operate the new 250-bed facility. The extraordinary thing about this announcement is, however, that the government is yet to make its case for taking this approach. Not one study has been done to justify this choice of procurement method. The government has not offered one estimate of what the PPP will save the Western Australian taxpayer, how it will improve services, or how it will benefit the people of Western Australia. It is this ad hoc, non-evidence-based approach that puts this essential hospital at risk. It is the same risk that confronts hospital services.

The Western Australian public deserves the best schools and hospitals that our taxes can achieve. The evidence both in Western Australia and internationally is that excellence in services is achieved in those institutions that function as a single institution that is achieving synergies as part of a common purpose with a common workforce, rather than in those in which functions are separated and fragmented by privatisation and contracting out.

This bill presents an important opportunity to members of Parliament. This bill will stop the privatisation of the essential hospital and school services. These are public services. They should be provided by the public. They should be provided to the community to meet a standard, not a contract amount. They should be provided as part of a wholly-owned government enterprise that delivers synergies and joined-up services for the enjoyment of the community.

I finish by citing two quotes that paint a picture of both privatised and in-house staff. One is from a hospital orderly, and the other is from a school principal. The orderly says —

There was a lot of staff on the ward who were employed by agencies, management claimed because it was cheaper, but tens of thousands of dollars was paid out to agencies. They would do the bare minimum and would only do the basics and you had to pick up extra the next day when you came on shift. They didn't know the hospital, they don't know the routine, didn't go the extra mile.

The school principal says —

In house cleaners are part of the school community—they feel connected to the school and part of the bigger picture. Their standard of cleaning will always be better as they go the extra mile. They mix with teachers, gardeners and staff. We know them personally. If absences are not filled, everyone chips in to lend a hand. In house cleaners deliver better quality cleaning because they have more time and better equipment to do their job.

I commend the bill to the house.

[Interruption from the gallery.]

**The ACTING SPEAKER(Ms L.L. Baker):** Order! I say to the people in the public gallery that even though you are very welcome to be here, please do not speak or clap.

Debate adjourned, on motion by **Mr A.J. Simpson (Parliamentary Secretary)**.