

Mr Albert Jacob; Mr Andrew Waddell; Mr Paul Papalia; Acting Speaker; Ms Andrea Mitchell; Ms Rita Saffioti;  
Mr David Templeman; Mr Tony O'Gorman; Dr Mike Nahan; Deputy Speaker; Mr Martin Whitely

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

*Second Reading*

Resumed from 20 October.

**MR A.P. JACOB (Ocean Reef)** [4.01 pm]: I had really just begun speaking on the No Privatisation of Hospitals and Schools Bill 2010 when we ran out of time for private members' business last time. I say again right at the outset that I address this bill primarily as a concerned local member. I am concerned about the ramifications of this bill for my community in the northern suburbs, particularly Ocean Reef and the City of Joondalup, and certainly in our schools, but principally in our local hospital.

It is interesting to note that this legislation has come on at the same time as the Liberal–National government is spending over \$227 million to massively expand Joondalup Health Campus and its services as what I would call a flagship successful public–private partnership of direct benefit to the community of Ocean Reef. This is actually now potentially a \$320 million to \$350 million development, when the private contribution is also taken into account. That is a huge very overdue investment in northern suburbs health. The question I am then led to ask as the member for Ocean Reef and as a representative for the northern suburbs is: if enacted, what impact would this No Privatisation of Hospitals and Schools Bill 2010 have on the expansion of Joondalup Health Campus? I break that question down into two parts: What effect will it have on the current expansion? What effect would it have on any future further expansion of Joondalup Health Campus? I do not think that these questions about exactly what members opposite propose for Joondalup Health Campus are quickly answered by the explanatory memorandum, the bill or the second reading speech, because the legislation seems to be aimed predominantly at Fiona Stanley Hospital and the new Princess Margaret Hospital for Children. I believe this further highlights that, despite the hyperbole, the opposition remains very focused on its southern suburbs heartland to the detriment of the northern suburbs.

The member for Kwinana mentioned a number of hospitals in his second reading speech six months ago, but at no point has my community's hospital, Joondalup Health Campus—such an important key hospital for the metropolitan area and certainly in the northern suburbs—been considered in bringing this bill in. I sometimes wonder whether that is because —

**Ms J.M. Freeman:** Does that mean that you will support a health campus in Mirrabooka, where the health department currently owns land, for a further clinic?

**Mr A.P. JACOB:** I really have no idea what the member is going on about.

**Ms J.M. Freeman:** You were saying in the northern suburbs —

**Mr A.P. JACOB:** It is not really relevant to what I am saying, member, and I am not taking interjections just now.

I do wonder sometimes whether it is because members opposite forgot we were there, as their side did, I believe, for the last seven and a half years that they were in government. Certainly, we saw no really meaningful further expansion of Joondalup Health Campus. I remind the house that Joondalup Health Campus has the busiest emergency department in the state, with some 66 000 presentations, running on infrastructure that was built in the 1990s. It is a pity that members who do live up our way and have utilised the Joondalup Health Campus emergency department at various times are not in the chamber. Certainly, members on the other side I think would be forced —

**Ms M.M. Quirk:** Hey!

**Mr A.P. JACOB:** The member would know the waiting time and, I suppose, the stress that that can induce going into it and how overdue that redevelopment is.

**Dr J.M. Woollard** interjected.

**Mr A.P. JACOB:** I thank the member for Alfred Cove for that, because there is no way I believe under this bill that Joondalup Health Campus could expand anywhere beyond where it is currently at. In fact, I query whether the current expansion could even open. I think that is highly, highly unlikely. I will go into that in a minute.

If passed, this bill could potentially require everyone to simply down tools, as I said, many months from the completion of the first stages of the Joondalup Health Campus redevelopment. It will be a case of down tools and walk away—“Sorry, guys, we can't take you forward and we definitely can't do any further expansion.” At very best, I think this bill would cast —

**Ms J.M. Freeman** interjected.

**Mr A.P. JACOB:** I will go into it, member; we will look at the wording—stick around!

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At very best, this bill will cast serious doubts over Ramsay Health’s ability to provide further services in the current expansion stages.

**Mr A.P. O’Gorman:** Don’t tell lies!

**Mr A.P. JACOB:** Member, we have lots of time. It would almost certainly prevent any further expansion of public service into the future—the very thing the member claims to want! The very thing that the member claims to want for northern suburbs health is the very thing that members opposite will effectively kill through this piece of legislation.

Several members interjected.

**The ACTING SPEAKER (Mr J.M. Francis):** Thank you, members!

**Mr A.P. JACOB:** I thank the member for his interjection. Does the member 100 per cent support this bill?

**Mr A.P. O’Gorman:** I absolutely support it!

**Mr A.P. JACOB:** The member 100 per cent supports this bill. In its current form, the member is 100 per cent behind this bill. That is good because I did see on the website [inpublichands.com.au](http://inpublichands.com.au) that the member did come out that way, so he is certainly backing that up. I also noticed this front page story, which I am holding up, although the member recently has had quite a few front page stories, I would say, and neighbouring members. The headline states, “North Neglected: MPs—Pair lash out at government handling of local health needs”. Let us pause there and go back and look at the bill for a second.

**Dr M.D. Nahan** interjected.

**Mr A.P. JACOB:** Yes. He has had a lot of varied positions on that particular issue and I am not sure exactly where he stands on that just at the moment.

**Mr A.P. O’Gorman:** Where do you stand? Are you supporting all those businesses that have been turfed out of Lakeside?

**Mr A.P. JACOB:** I am not sure whether the member is going to shout his support of this bill in his community of Joondalup quite as loudly!

**Mr A.P. O’Gorman:** Are you even a member of the business association in your area?

**Mr A.P. JACOB:** No, I am currently not.

**Mr A.P. O’Gorman:** You’re not?

**Mr A.P. JACOB:** No.

**Mr A.P. O’Gorman:** So you don’t support small businesses?

**Mr A.P. JACOB:** I absolutely support small business!

**Mr A.P. O’Gorman:** You don’t support small business! You don’t even support businesses in your area!

**Mr A.P. JACOB:** I am a member of local business associations actually, yes.

**Mr A.P. O’Gorman:** No, your local business association.

**Mr A.P. JACOB:** No, I am a member of local business associations—independent. Anyway, that is not the bill before for us.

Let us look at the bill before us, and I wonder whether the member has even read it. Let us go straight to the first pages. The definition states —

In this Act —

*Privatisation of Hospitals* means any arrangement whereby the ownership, management, administration or employment of staff of a public hospital is undertaken by a private sector entity;

**Ms J.M. Freeman:** Keep going—there is an exception to that.

**Mr A.P. JACOB:** There is most certainly an exception, member. Let us flick over to that. Page 4 of the copy of the bill that I have in front of me under clause 10(2) states —

Nothing in this Act shall prohibit the continuing provision of hospital services by a private entity where that service had immediately prior to 21 April 2010 been provided —

Only provided —

**Extract from Hansard**

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by a private sector entity as a matter of existing practise and these practices may continue in future facilities.

**Ms J.M. Freeman:** We can put it on the public record that they can expand.

**Mr A.P. JACOB:** The member just said that he 100 per cent supports this bill in its current form—that is, where it has been provided.

**Mr A.P. O’Gorman:** Why don’t you tell the truth? When you actually privatised Joondalup or Wanneroo hospital —

**Mr A.P. JACOB:** The member is dodging the issue! Let us go back to this clause. Let us see what clause 10 means for the member’s hospital!

Several members interjected.

**The ACTING SPEAKER:** Order!

**Mr A.P. JACOB:** Deal with the issue!

**Mr A.P. O’Gorman** interjected.

**The ACTING SPEAKER:** Order! Member for Ocean Reef.

**Mr A.P. JACOB:** Thank you, Mr Acting Speaker. I am sorry; members keep trying to take this onto side issues when I really do wish to address the bill that is before us and, in particular, clause 10. I think the member for Alfred Cove would find this clause particularly interesting. It states —

Nothing in this Act shall prohibit the continuing provision of hospital services by a private entity where that service had immediately prior to 21 April 2010 been provided ...

What does that mean for a health campus currently in the middle of doubling? Those services certainly —

An opposition member: So if that clause was amended would you support it?

**Mr A.P. JACOB:** Is the member offering to change it?

Several members interjected.

**Mr A.P. JACOB:** I am certainly happy to hear if the member is looking at changing it!

Several members interjected.

**Mr A.P. JACOB:** I appreciate the offer! This is certainly the most objectionable point of this bill and to admit that I am raising a serious point here —

Several members interjected.

**Mr A.P. JACOB:** Members —

**Mr R.H. Cook** interjected.

**Mr A.P. JACOB:** Anyway, what does this mean —

Several members interjected.

**The ACTING SPEAKER:** Member for Riverton and member for Kwinana, I do not want to start calling people; I am not in the mood.

[Member’s time extended.]

**Mr A.P. JACOB:** What will this mean for my northern suburbs hospital of Joondalup Health Campus?

**Mr A.P. O’Gorman:** It will continue as it always has.

**Mr A.P. JACOB:** I am sure it will, just on the member’s assurance. Let us look at the wording of the bill.

**Mr A.P. O’Gorman** interjected.

**Mr A.P. JACOB:** It is actually happening. Whatever the member’s words were, his actions have never backed them up. He can talk as much as he wants in this place but it is results that matter to our community. That site is now under construction. While that site is under construction, those opposite are trying to bring in a bill that will cease —

**The ACTING SPEAKER:** Order! Everyone knows when they are overdoing it. This is the last time I will stand before I start calling people.

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**Mr A.P. JACOB:** Members opposite are starting to appreciate the fact that this clause could potentially mean that workers will down tools. I do not see how any further services—either the ones currently being built at Joondalup or the ones being planned into the future—could be opened if this bill was to go through. I think it is great that members are pushing for the community in the local papers. They are really pushing that positive platform of wanting to see more and more in our area. I want to go into bat for our area as well but I am not the one bringing in pieces of legislation that will limit any further expansion of my local hospital by law. This is an incredibly irresponsible piece of legislation. We all know the reason it has been brought into this place. I think the opposition has sold the Joondalup community short for certain interest groups.

**Mr A.P. O’Gorman** interjected.

**Mr A.P. JACOB:** I would be keeping really quiet on this. I think the member is selling the local community short on this. I do not think this is the time to be backing up factional interests; this is the time to support the Joondalup community and support Joondalup Health Campus.

This legislation completely ignores suburban health.

**Mr A.P. O’Gorman:** No, it doesn’t. Kevin Prince completely stuffed it all up.

**Mr A.P. JACOB:** Does the member disagree with that statement? Mr Acting Speaker (Mr J.M. Francis), I ask you: where in the second reading speech, the explanatory memorandum or this bill is there any reference or consideration given to the northern suburbs or to northern suburbs health? I could not see it anywhere. The northern suburbs community, Joondalup hospital and the Joondalup Health Campus would become collateral damage with a Labor bill looking after particular interest groups. This legislation puts at jeopardy a 61 per cent increase —

**Mr E.S. Ripper:** A particular interest called patients.

**Mr A.P. JACOB:** We have seen 66 000 presentations to an emergency department that is a decade past its time. We are so desperate to have it in our local community.

**Mr E.S. Ripper:** You’re completely wrong. You have completely misunderstood the bill.

**Mr A.J. Waddell** interjected.

**Mr A.P. JACOB:** I say to members that I am looking at the wording of the bill. These are the words of members opposite; I am not putting words in their mouths. There is only one clause in this entire bill where there is an exception for PPPs. I cannot possibly see how that exception can provide for the exception of any further expansion of Joondalup Health Campus. I admit that it allows for it to continue in its current state but it clearly says that, immediately prior to 21 April 2010, that service has been provided by a private sector entity.

**Mr A.J. Waddell** interjected.

**Mr A.P. JACOB:** That interjection did not make any sense, but I thank the member for it.

The 61 per cent increase in bed numbers from 280 to 451 is in danger. The new state-of-the-art emergency department will be two and a half times bigger than the existing one. That is for those 66 000 presentations we get a year. Eleven new operating theatres will replace the existing six.

**Mr A.P. O’Gorman:** It should have been there eight years ago.

**Mr A.P. JACOB:** Absolutely, it should have been there eight years ago. I thank the member for that interjection. It is results that matter. The community is finally getting results yet at the same time the opposition has introduced a piece of legislation to take away the very thing that our community has been desperate for. Those opposite know as well as I do how desperate the community has been for this. My literal reading of the bill may be wrong as I am not a lawyer but at best-case scenario the opposition is putting serious doubt —

**Mr A.P. O’Gorman** interjected.

**Mr A.P. JACOB:** I say to the member for Joondalup that at best-case scenario, this bill is putting serious doubt on the future of the Joondalup Health Campus. The worst-case scenario is that we may not expand. There is clearly a question in my mind as I cast my eye over this bill.

Let us look at some of the other comments that have been made in this place over the past few weeks. When I originally spoke on this bill, I immediately followed the member for Midland. I realise that she is not in the house but from my recollection of her comments, she said it was inappropriate for the government to pursue any public–private partnerships in this area because we did not seek an election mandate to do so.

**Mr P. Papalia:** Are you reading from *Hansard*?

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**Mr A.P. JACOB:** No, I am relying on my recollection of the member’s comments at the time. That was certainly a comment that was made. Putting aside the comment that we were in government for four and a half years and we only do things within the remit of what we had an election mandate for —

**Ms J.M. Freeman:** Something so serious as privatisation you should have taken to the public though.

**Mr A.P. JACOB:** Absolutely. I agree. I thank the member for that interjection.

**Mr J.H.D. Day** interjected.

**Mr A.P. JACOB:** It was Labor’s policy as well. I thank the minister for his interjection.

Let us look at the Liberal plan for better health services, the policy that I proudly ran under as a Liberal candidate in the 2008 election. We devoted well in excess of a page to how we were going to expand public–private partnership funding in Western Australian health. It is clearly there. We even went so far as to quote two of the Labor Party’s luminaries in establishing our case. The current Leader of the Opposition is quoted in there. He was strongly in favour of public–private partnerships. I will quote directly from *Hansard* of 17 June 2008. He said —

... we are proceeding with PPP negotiations on Joondalup Health Campus; and we have Peel Health Campus as an example of a PPP policy.

I also have a quote from Premier Brumby, which is also in that document. This is the Liberal Party’s health plan going into the 2008 election. This is where we quite clearly, very honestly and very transparently built our case for where we would go with public–private partnership models.

**Dr M.D. Nahan:** It was actually Labor’s policy.

**Mr A.P. JACOB:** Interestingly, it was. I am sure the member is eager to add some comments later.

**Mr P. Papalia:** I can’t wait for that one.

**Mr A.P. JACOB:** I cannot wait for that either. In relation to PPPs, another Labor Premier, John Brumby, said —

Our experience to date is that it’s made things simpler: less red tape; less bureaucracy; easier to get things done. ... our experience to date is that these things are better done under these arrangements than has been the case under historic arrangements.

That is from Premier Brumby’s press release of 21 November 2007. Quite clearly, at no point did the government mislead the WA public. It was out there for all to see. In contrast to comments from members opposite, we are fulfilling our election policies and, most importantly, we are delivering on the ground. The Joondalup community has construction on the ground. When all is said and done, what matters is that we are finally getting those results.

I do not think members opposite have read this legislation.

**Mr M.P. Whitely:** I don’t think you’ve read clause 10(1). The point you made earlier on—you only read subclause (2); you didn’t read subclause (1). Subclause (1) covers the situation you are talking about.

**Mr A.P. JACOB:** I look forward to the member’s contribution when he gets a chance to speak.

**Mr M.P. Whitely** interjected.

**Mr A.P. JACOB:** I am doing my absolute best as a local member. I am just talking about health. If we have time, I would not mind talking about education also.

**Mr M.P. Whitely:** You are painting a dishonest picture.

**Mr A.P. JACOB:** Member!

**Mr M.P. Whitely:** Well, you have. You have to read the whole legislation.

**Mr A.P. JACOB:** As I said at the outset, I am coming into this debate with no ideological position. I am simply coming to this argument as a concerned local member.

**Mr M.P. Whitely** interjected.

**Mr A.P. JACOB:** I look forward to the member making his contribution.

**The ACTING SPEAKER:** Member for Bassendean!

**Mr A.P. JACOB:** Let us look at some other clauses in this bill, members.

**Mr A.P. O’Gorman** interjected.

**Extract from Hansard**

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**Mr A.P. JACOB:** I thank the member for Joondalup for that interjection. If I am correct and it is shown to, as I say, cast doubt over it, is the member going to do what nobody else on that side will do and vote against the bill?

Several members interjected.

**Mr A.P. O’Gorman:** No.

**Mr A.P. JACOB:** Can I pick up on my previous offer?

**Mr A.P. O’Gorman:** You are not correct, you see.

**Mr A.P. JACOB:** I have no vested interest in this beyond being the member for Ocean Reef and defending our local Joondalup Health Campus.

We have all received, I think, an amount of correspondence about this from various groups and individuals. It is a pity that the sponsor of this bill is not in the house at the moment. I do not know whether he will be coming back in.

**Dr M.D. Nahan** interjected.

**Mr A.P. JACOB:** No; perhaps that is the problem. I was keen to hear a little more from the sponsor of the bill, so I might have to park that point. A number of questions are arising from this bill as I read through it. As I have said all along —

**Mr P. Papalia:** Well, go on.

**Mr A.P. JACOB:** There he is. Member for Kwinana, I have a few questions. With the privatisation of hospital services—this is by way of a genuine question—has the member received any correspondence from the Australian Nursing Federation on this bill?

**Mr R.H. Cook:** I am not aware of any.

**Mr A.P. JACOB:** He is not aware of the ANF’s position on this. I had noticed that it was not mentioned on the letter I received from UnionsWA. Nursing was mentioned in the letter, so I wondered whether the member had heard of a position from the ANF on this bill.

**Mr R.H. Cook:** I have liaised with the union on this but you have to remember that the ANF does not cover all nurses.

**Dr M.D. Nahan:** Do they support them?

**Mr R.H. Cook:** I don’t know; it has not told me, so I am not sure.

**Mr A.P. JACOB:** I am perhaps reading this too literally and that could well and truly be the case. I am not a lawyer; but I have certainly put as much time and investigation into this as I could.

**Mr P. Papalia:** It is time you said something of substance.

**Mr A.P. JACOB:** Where would this place be if we were all lawyers, member? It is important that we bring a variety of views to this.

**Mr P. Papalia:** You may be wrong. That was the bit I thought was of substance.

**Mr A.P. JACOB:** I look forward to hearing contributions from members opposite. I think also that there is every chance I could be spot on here.

**Mr M.P. Whitely:** What about proposed section 10(1)?

**Mr A.P. JACOB:** I am looking forward to the member speaking on that issue as well. As I said, my issue with this bill centres predominantly on the Joondalup Health Campus and the potentially \$350 million expansion. Incidentally, if we want to take away from my local community and look at this style of funding on a macro level, a significant portion of that amount—\$270 million—is the state government’s contribution. The remainder will be the private sector investing directly into a private hospital. I think it is a fantastic model. I have a great deal of familiarity with the hospital —

**Mr A.P. O’Gorman** interjected.

**Mr A.P. JACOB:** It is happening, member.

**Mr A.P. O’Gorman:** It took 12 years from 1996 until we were in government to fix the problem.

**Mr A.P. JACOB:** Muddying the waters as much as the member wants does not take away from the fact that the issue is before us. I could not support this issue for my local community. Now that it is finally expanding, the opposition thinks it is appropriate to play a political point-scoring game by bringing legislation that casts doubt

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over any further expansion of the hospital. He would put at risk the hospital to score a political point to please our friends in the gallery. I accept his genuine concern. I know the member reasonably well from over a number of years, and I am sure he has concern. But he can certainly see my concern also as a local member. I believe there is an opportunity here for political point-scoring that is quite clearly ignoring —

**Mr A.P. O’Gorman:** Why in 2005 was it the Liberal Party policy to bring the Joondalup Health Campus back to government?

**Mr A.P. JACOB:** Does the member think this bill takes into account the Joondalup Health Campus? Quite clearly it does not. I think all the interjections have been off to the side.

**Mr A.P. O’Gorman** interjected.

**The ACTING SPEAKER (Mr J.M. Francis):** Thank you, member for Joondalup.

**Mr A.P. JACOB:** As I said at the beginning of my remarks, even in the best possible outcome, this bill will create uncertainty for the future of my local hospital. I simply do not believe that is good enough for our local community. This project has languished for almost 10 years and the last thing my community needs is more uncertainty through petty politicking, which is putting in danger our local hospital’s future.

**MR A.J. WADDELL (Forrestfield)** [4.24 pm]: I too look at the No Privatisation of Hospitals and Schools Bill 2010 with keen focus on my local area. Obviously, the key health institution in the seat of Forrestfield is that of the soon-to-be-opened—one day, any day soon, watch this sign showing the completion date as it changes for the third time—Midland health campus. I believe 2015 was the last update of the opening. It is quite exciting out there as we wonder, “Has the government put up a new sign yet to tell us we are going to get our health campus at some time in the future?” In 2015 we in the eastern suburbs will finally see our health campus up and running.

The people in my electorate have said very loudly and clearly to me that they see health as one of the fundamental things state government is expected to provide. They do not have a large number of expectations, so I am sure all of us here know what the mantra is. It is about health, education, policing and roads. That is pretty much it. That is what they want from us. They want these core services. They do not expect us to be focusing on every other esoteric topic. These are the core items. They are the things we take to every election and campaign on. It is fundamental to what we do; it is what the community expects us to do. We expect our local governments to pick up our garbage and to maintain our parks. We have certain expectations of local government and of federal government. The federal government runs the armed forces and a number of other things in that field such as telecommunications. But in the state, the expectation is about health, education, and policing. Health is core to our services. When did McDonald’s outsource making hamburgers? It did not, it does not, and it will not. It is core to its business. McDonald’s would not outsource —

**Dr M.D. Nahan** interjected.

**Mr A.J. WADDELL:** I have not had an operation by an oncologist, thank you very much.

**Dr M.D. Nahan** interjected.

**Mr A.J. WADDELL:** I imagine he would have.

Several members interjected.

**Dr M.D. Nahan:** People in my electorate have, and you are putting their services at risk.

**Mr A.J. WADDELL:** No; I am not putting their services at risk. If the member for Riverton asks some fundamental questions about why our health costs continue to escalate, I can tell him that it is at the very core of the member’s ideology. We would be far better off if we were bringing more and more services into it—if we respected the core services our community expects us to deliver.

Clearly, everyone in this place can see that this is a very hot topic. It is one of those issues that divide us. It appears that this is an ideology issue. Those on the other side are very pro privatisation and pro the contracting-out model. They have a fundamental belief at their core, and that belief is that government really cannot deliver services; we have to make sure that our mates in the private sector do it better for us. We on this side do not necessarily subscribe to that point of view. We subscribe to the point of view of whatever it takes: whatever best delivers the service to the community is what we should be delivering the funding to. We should ask ourselves: are we willing to be guided by a blind faith in an ideology or will we let the facts —

**Dr M.D. Nahan** interjected.

*Point of Order*

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**Mr P. PAPALIA:** As you know, I am slightly hearing impaired through my service to the military and, as a result, I am having great difficulty hearing over the interjections from the other side and ask that you ask them to desist, Mr Acting Speaker.

**The ACTING SPEAKER (Mr J.M. Francis):** I am keeping a balance, member for Warnbro, and you know it.

*Debate Resumed*

**Mr A.J. WADDELL:** Thank you, Mr Acting Speaker. Are we going to be blinded by this ideology, or are we going to allow commonsense to play out? Let us ask ourselves some fundamental questions. Why do we need to privatise these services? What can the private sector do more effectively than the public sector can do? If members opposite believe that they cannot run the public sector effectively and efficiently and cannot manage what Western Australians have elected them to do, resign! Walk away! If members opposite believe they are not up to the job, walk away! We are up to the job. We can manage the public sector effectively and efficiently. There is nothing that says that a manager who is in the private arena will be any more or any less competent than a manager who is on the government payroll. It is just not going to happen. In fact, it will be worse. The government is expecting that the private sector will be far more efficient. That is because the government, in adopting this privatised, contracted-out model, will be adding layers of complexity to the overall model. The government will be adding cost structures everywhere. We will now have to worry about the original design, the implementation of the contracts and the ongoing management of the contracts. Costs are involved in those things. Those costs will need to be paid. The only way those costs will be able to be paid will be by delivering the services at a lower cost. Let us be generous and say the cost will be three per cent less. So, the private sector will need to perform exactly the same task as the government sector, but for 97 per cent of the cost. Of course the private sector, as lovely as members opposite might think it is, is profit based. It expects to make a return on its investment for its shareholders. So let us pull out another 10 per cent for that. That means we are now running at 87 per cent. But the world is an uncertain place. There is risk. What should we do about that risk? We would not want to take a loss if things went bad, would we? The banks do not do that, do they? No. So we had better build in a bit of a buffer just in case and add another 10 per cent or 15 per cent for that buffer. So 72 per cent of the equivalent amount of public moneys is now available to the private sector to do the same job more efficiently. Where is the magic trick that will enable the private sector to do for 72 per cent of the money what the public sector cannot do? Oh! Did I hear someone say that we could cut wages? There is an idea! We could cut wages. Perhaps we could also reduce standards. How are we going to get these efficiencies? How are we going to attract these people who will work harder and for less money? There was a group that did that. What were they called? Slaves! They did not work very hard, but they were really cheap!

I am not suggesting that the private sector will be going down that path, because I do not think the government will get that bill through this house—just! But the reality is that the private sector will not be able to deliver the same level of services for 72 per cent of the cost. There will be cuts. There will be fewer services delivered to the people. That means that there will be fewer services delivered to my constituents in the east of Perth who are waiting with bated breath for this new health campus in 2015, or whenever.

**Mr F.A. Alban** interjected.

**Mr A.J. WADDELL:** I am absolutely not going to disagree with the member for Swan Hills. As I have said, the sign has changed. The promise was that this hospital would be delivered in 2012. The sign now says 2015. Is it any surprise that people are cynical about what we are delivering to them? We keep making promises and not delivering. The problem is that now not only are we saying that these people will not get that hospital until 2015, but also they will get the cut-rate version. They will get the 72 per cent version. They will get the contracted-out version.

Members opposite came to power on a great promise about saving Royal Perth Hospital. I notice that the Minister for Health has been very careful to say, “We are not going to privatise the existing public hospitals. We believe that if we are to move forward with a plan to privatise the existing public hospitals, we will need to go to an election first. We will need to put that on the table and make sure the people know that that is what we intend to do, because that is of such fundamental importance to people that they need to be given a choice to vote in an election on that issue.” In High Wycombe, in Forrestfield and in Midland we did not get that choice. We have been delivered a *fait accompli*. We might get that hospital in 2015. We are reminded clearly when we look at the budget papers that that would not have happened had federal money not been provided for that hospital. Half the funding for the Midland health campus came from the federal Labor government. This is because this government had no plan and no ability to deliver that hospital. Therefore, not only will the federal Labor government be paying for half of that hospital, but also this government will be going to the private sector to deliver only 72 per cent of the services —

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**Mr J.H.D. Day** interjected.

**Mr A.J. WADDELL:** Well, federal Labor had to do something to bail this government out of the mess that it was creating, minister. So, yes, people have a right to be cynical, because they keep getting the short end of the stick. It is like the member's constituents in Ellenbrook, who are waiting on the platform for the train that is never going to arrive. They are cynical. That is because we are failing to deliver. We are letting ideology get in the way. We are not delivering the solutions that people want.

Several members interjected.

**The ACTING SPEAKER (Mr J.M. Francis):** Order! Members on my right are overstepping the mark.

**Mr A.J. WADDELL:** I know that the government thinks it is on a winner. It really does. Those members who have seen the paper today may have noticed an advertisement about the privatising of our hospitals, "In Public Hands". Only 12 per cent of people think that Serco providing services at Fiona Stanley Hospital is a good idea, and 77 per cent are opposed to it.

Several members interjected.

**Mr A.J. WADDELL:** Was any research done in Jandakot? A bit of research was done in Jandakot, in the Acting Speaker's seat.

**The ACTING SPEAKER:** Order! Do I have to make the point about the member interjecting while I am in the Chair?

**Mr A.J. WADDELL:** We will discuss that at a later time!

**Mr J.H.D. Day:** How much media coverage did that get?

**Mr A.J. WADDELL:** Quite a lot. That is because it is core to people. Health, education and policing are what people expect us to deliver. That is what people want from us. People do not expect to have a constant flow of capital from the government to its private sector mates, and then to be given a lesser service. A lot of myths surround PPPs. A lot of concerns have been raised about PPPs. I ask the government to give us example of where PPPs have worked. We know that when the government last tried to contract out services at Sir Charles Gairdner, it was an abject failure. Academic research demonstrates that it was an abject failure. The quality of services went down. Infection rates went up. There are underlying costs in that. If someone picks up an MRSA strand infection, it becomes incredibly expensive. The private sector does not care about that. It does not have to wear the costs of that. If the private sector cuts the quality of cleaning services, it does not have to pick up the cost of dealing with the infected patients. The private sector just goes on in its own little world. This is part of the problem. By contracting out these services, the government is creating silos. It is creating an environment in which one hand does not know what the other hand is doing. The government is creating an environment in which people are saying, "That is not my job." The government is doing the very same thing that it has accused unionists of doing—that militancy where people are saying, "We won't do that. That is a demarcation dispute. We won't cross that line. We won't stick that nail in the wall, because that is the job of that bloke over there." The government is doing the very thing that we find in the nightmare fairytales that members opposite read to their kids to ensure they grow up to be good little Tories. This is what the government is delivering here. The government is delivering a contracting environment in which a group of people will be under the pump to ensure that they stick to the letter of their contract and keep costs at the minimum so that the private sector can maximise its profits to its shareholders. That is what the private sector wants to do. The private sector will not cooperate with other elements of the hospital.

**Dr M.D. Nahan:** Do you have health insurance?

**Mr A.J. WADDELL:** Yes, I do have health insurance.

**Dr M.D. Nahan:** Oh! Why?

**Mr A.J. WADDELL:** Why? Because there is a tax system that encourages me to have health insurance, thank you very much.

**Dr M.D. Nahan:** If you do not need to have it, why have it?

**Mr A.J. WADDELL:** I do not use it.

**Dr M.D. Nahan** interjected.

**Mr A.J. WADDELL:** Because the tax system makes it cheaper for me to have it than not to have it, and that is a fact.

**Dr M.D. Nahan** interjected.

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**Mr A.J. WADDELL:** I have not been to a public hospital either. I have had no reason to go to either.

**Dr M.D. Nahan:** Have you been to a doctor?

**Mr A.J. WADDELL:** Yes, and I paid privately for that, other than the Medicare contribution.

**Dr M.D. Nahan** interjected.

**Mr A.J. WADDELL:** Actually, my doctor is very much like me; we often talk politics.

Let us go back to what I am saying. The government is creating silos and there will be a lack of cooperation in the organisation. This was demonstrated quite well in the UK's National Health Service, where everyone has tried to reform the medical system. Let us face it, everyone here would like to keep medical costs down. Who in this place does not want to ensure that we have the best medical service that we can provide our community at the lowest cost? I think we would all agree on that. I would never accuse the Minister for Planning of not trying to achieve that.

**Mr J.H.D. Day:** A quality health service at a reasonable cost.

**Mr A.J. WADDELL:** Precisely. Absolutely.

**Mr J.H.D. Day:** Is that why the Labor government in 2007 in the business case for Fiona Stanley Hospital said it would engage the private sector in the delivery of services? Is that why they did it?

**Mr A.J. WADDELL:** I do not know, minister. I was working for the public sector then; I was not a member of the government at the time. We are part of the new generation, and in 2013 we will be back in government—just watch this space!

It is this silo mentality that means one hand will not know what the other is doing. We will not have cooperation and the system will not treat the patient as a holistic unit. That is really critical in health care these days. The government cannot deal with this on a simple cost-accounting basis. If the government breaks everything down into this silo system, it will treat the infection on the leg in one department and not worry about whether the treatment has been administered properly because all it wants to do is get them off the books quickly. If that patient comes back later with some sort of chest infection because the problem has spread, it will not come out of that department's budget; it will come out of someone else's budget, and one department has reduced and minimised its costs without necessarily treating the patient properly. The overall system pays more for it and the outcome for the patient is worse, but the silo system has kept its individual components at the lowest price. I do not think anyone in our community wants that.

I heard an interjection from the Minister for Mental Health, and I am certain that he would like patients who have mental issues to be identified, even if they presented with a broken arm or something like that, so that they could receive the appropriate treatment. If somebody presented after having accidentally taken poison but it was later found to be a suicide attempt because of underlying depression, clearly that is a mental health issue that we need to treat. However, if it is treated simply as a poison overdose, that person will not receive the proper treatment he or she needs, but only immediate treatment that may save his or her life, so the cost will increase. That is going to the silo question; it is about looking at the individual as the single unit and not the actual task itself as the single unit.

**Mr F.A. Alban:** Do we close down all the private schools in my electorate, because it sounds like the end of the world is coming?

**Mr A.J. WADDELL:** I thank the member for Swan Hills for raising that. I am not this raving socialist. I am not arguing that the government sector is the only way to do things. I am quite happy for there to be a vibrant and functioning private sector; in fact, I think there is a lot to be said for the private sector.

[Member's time extended.]

**Mr A.J. WADDELL:** One of the things that sets the private sector apart from the public sector, and one of the things that is to its advantage, is competition. When competition is introduced, people have an incentive to deliver the best service at the lowest cost.

**Dr M.D. Nahan** interjected.

**Mr A.J. WADDELL:** I have sent my child to a private school. She currently goes to a public school, I might add.

**Dr M.D. Nahan:** Would you support communities setting up private schools?

**Mr A.J. WADDELL:** Yes, absolutely, as long as it is not to the detriment of the public schools. I do not mind the community setting up a private school, but I do not see that the government should be setting up private

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schools. The government should be setting up public schools. This government is trying to set up private hospitals, not public hospitals.

Going back to what I was saying, one of the advantages of the private sector is that it can stimulate a competitive environment, and that competition drives innovation and it drives prices down. Presumably, in a perfect marketplace, the consumer has choice and can say that product A is not as good as product B, therefore I am going to move my dollars from product A to product B. That is a great system. I certainly subscribe to the free market system. I have spoken about that before, and I am not going to walk away from that. But the problem with public-private partnership—this piecemeal privatisation—is that the government hands over to the private sector, but takes away the element of competition, which is the very thing that drives the private sector to efficiencies. The government has taken that away. The government is giving them the advantage of being a monopoly. The government signed a contract for 20 or 30 years. They are in there!

Several members interjected.

**Mr A.J. WADDELL:** Who is their competition? Once the government has issued a contract to Serco, who is it competing with? It is not competing. Where are the drivers for competition? They do not exist any longer. The government has effectively adopted the worst of both systems. That is what the government's PPPs do.

In the case of the Midland health campus, I notice that expressions of interest were open for four weeks. That is four weeks' consideration basically to work out how to design, implement and run a hospital. It takes my family longer than four weeks to pick the paint colour for a bedroom! I fail to understand how an organisation could bring together a well-thought-out plan, do the numbers and get it all right in the most efficient way in four weeks, when this government, in two years, has failed to deliver on its 100-day plan. The government has had 700 days and still has not achieved the goals it promised to achieve in 100 days! It takes this government time to do things, yet the private sector apparently can do it in four weeks! The reality is that the government is selling us a lemon and 72 per cent is probably the best we can get. Of that 72 per cent, over 50 per cent is paid for by the federal government. The government is down to 22 per cent, and that 22 per cent is going to get us a substandard system, and the government wonders why the people in the eastern suburbs are fed up and why we have had enough. That is why. We deserve better.

**MS A.R. MITCHELL (Kingsley)** [4.47 pm]: I rise to speak against the No Privatisation of Hospitals and Schools Bill. I do so for some very simple and practical reasons. I recall when the member for Kwinana was reading in the bill, and I was listening to the words he was using. I must admit that I went back to the second reading speech and picked out some of those words, because I want to be very honest in quoting some of the words that came forward throughout the second reading speech. I will quote the member for Kwinana —

The bill seeks ... to maintain control ... The government is seeking by stealth ... seeking to sell off the essential services ... to pursue an aggressive hospital privatisation policy.

These are words that just are not worth talking about, but I am not surprised by these words. I said that I am disappointed; I am very disappointed. I worked in the government sector for a long time. I had a lot to do in that area. The words that come through often in the government sector are these sorts of words. I am not against unions; I will say that now. I think there is a place for unions, but I do not like how good union members are used through words like "maintain control". Members opposite tend to use fear; they promote fear within that sector. They want to promote fear within the community. They want to promote division between the private and public sectors. They are the words that I do not like. I was a member of a union, very much so! I was a member of the teachers' union. I have to be honest, I wanted to be a member of the teachers' credit society, and in those days I had to be a member of the teachers' union to join the credit union. Having said that, once that restriction was lifted, I did not renew my membership. As I said, I have a very strong background in teaching and also working in regional areas. I want to raise issues that pertain to those two areas. I do not have much information on the health sector, but I do understand the education sector and regional Western Australia. I will read again from the member for Kwinana's second reading speech —

This bill will make illegal the practice of privatising hospitals and schools and the practice of privatising hospital services and school services.

I will talk about regional Western Australia first. I have got a funny feeling that a number of members in this house have not had cause to either work in regional Western Australia or find staff in regional Western Australia. I had to find staff to work in regional Western Australia. I assure members that it is not easy. It is very, very difficult. I actually worked in an industry in which there was real passion and feeling. I really felt sorry for the government departments that were looking for staff in an area that not many people want to work in the metropolitan area, let alone in a regional area. When in that situation of having to find personnel to complete the work, it is very difficult. I will go back to that situation. I know we were all horrified when we read in the paper

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that cleaners were being flown to schools in Karratha because they could not get cleaners. We were horrified that it would come to this stage. But the practice is very practical. It is difficult to find staff for those services in regional Western Australia.

**Dr M.D. Nahan:** What about surgeons up in Karratha?

**Ms A.R. MITCHELL:** That one as well, but I will stay with cleaners for a start. It is very important. When I thought about it, after being horrified and realising what those people were going through trying to get staff, for me there was one question: what is more important? Is the school to be cleaned or do we wait until we find those people so we have a clean school for those students to be in? For me there is no question: the school had to be cleaned. If this bill gets through that school would have to wait to find staff. The school would be a disaster and the kids would be in a shocking state. For me there is no question—education comes first. How we do that and how we get those basic services may be different, but if this bill gets passed, sorry, we will not get a choice. The school will be dirty, or the ovals will not be worth playing on, or whatever else. They are things we need to think through. I believe we have some very good people in the government education sector, I very much believe that, but sometimes we cannot always get the people we want in those areas.

This could apply to other things. I picked up the cleaners then, but groundspeople is another area. Members know my background—I want to make sure kids can play on the ovals, that we have physical education and that we have playgrounds that are right. If we do not have people to look after that, does that mean parents have to do that work? Does that mean teachers have to do that work? Does that mean the education assistants have to do that work? Guess what? I know the union movement will not let that happen, so, once again, who misses out? It is our students. I am not prepared to support that. The students and the education of our students is absolutely paramount to Western Australia's future. I will stand very strongly on that point.

That was regional Western Australia. Let us come back to education more specifically. Many members know that my total teaching profession was in the government sector. I make no bones about that. I was very, very happy. Guess what? In my teaching experience I used the private sector to complement what I was doing. They were paid. I will use music programs as an example. I think most people who have had students in primary school or high school know about music programs. Most musical programs are done by external people. They are private people or organisations or associations. Does this bill mean, if it is passed, that those students will not be able to have music lessons unless the teacher can conduct the program? Guess what? I know we have all had teachers who have taken programs —

**Mr F.A. Alban:** Music is out under the Labor policy. No singing; no dancing; no music!

**Ms A.R. MITCHELL:** Some of us have some musical background, and many of us have taught things that we should not have been teaching, but I do not want to see, once again, our students suffer because we cannot use external people to complement and add to the education of our students. I will say the same again for physical education. Yes, I used the Riverton bowling club to support my bowling program —

**Mr T.R. Buswell:** Outrageous!

**Ms A.R. MITCHELL:** Unbelievable, I know. But it is that school community link; that is, it is using other organisations. Lots of people use that sort of thing. Are we saying it cannot happen; that there can only be what I would have delivered as a teacher? No doubt that would have been fantastic but I know that we could have done a few other things as well, and that is what I am on about. This is about complementing our programs using the right things. I am only talking about education.

Let us go back to counselling in schools. There are a lot of people who are really not in the best position to do that. I suggest we look at all the programs that are used for social and emotional wellbeing of students. Most of it is done by external companies and organisations. It is absolutely essential. If we cannot use external organisations we are really doing our students a disservice. Let us also think about independent public schools. I am a big advocate for them. I have sensed a natural reinvigoration in the education system because these schools now realise they have the power, they can make decisions, they are responsible, they can employ, and they can use organisations and associations to deliver very good outcomes. I certainly hope that members opposite have thought through this legislation and understand that they could be limiting what we are trying to achieve. That is not what we want to do.

I believe this legislation is living in the past. It is backward legislation; it is very limiting. What we have going in Western Australia is very fast moving and very, very dynamic; therefore, we need solutions that are varied and innovative. One size does not fit all in Western Australia any more. We are different from any other state or territory. We need to look at innovative ways to support the development of Western Australia. I speak against this bill.

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**MS R. SAFFIOTI (West Swan)** [4.57 pm]: I rise to support the No Privatisation of Hospitals and Schools Bill 2010 introduced by the member for Kwinana. The government is pursuing its privatisation and contracting-out agenda. The government is so proud of privatisation that it did not mention it in its health policy document.

**Dr M.D. Nahan:** Does the member have a hard time reading!

**Ms R. SAFFIOTI:** I am reading it. Here it is.

**Dr M.D. Nahan:** Does it say public-private partnerships?

**Ms R. SAFFIOTI:** Midland hospital is a full privatisation hospital. That is what it is. The Liberal Party never made it clear before the last election.

**Mr J.H.D. Day:** PPPs were a Labor government policy. There was bipartisan support.

**Ms R. SAFFIOTI:** Privatisation is different from PPPs. If government members are so proud of privatisation, they should put out a media statement saying so. I encourage all government members to put out a media statement saying, "I support privatising health services."

**Mr J.H.D. Day:** The member does not understand what privatisation is. That is selling off an asset; that is what privatisation is.

**Ms R. SAFFIOTI:** The government is privatising Midland hospital; that is what it is doing. As I said, if the government is so proud of privatising and if privatising health is so good, each government member should put out a media statement in the local papers—we will all check next week—to say, "I fully support the full privatisation of health services."

**Dr G.G. Jacobs:** Who is writing the script? Are you writing it for us?

**Ms R. SAFFIOTI:** I am doing a quote for the minister, just in case Hansard gets confused! Of course I do not support privatisation of health services and education services.

**Dr M.D. Nahan:** Then why did the member when she was working for government?

**Ms R. SAFFIOTI:** The member does not know what I did. I actually worked for the government, yes; I practised economics. I did not just sit there and write stupid columns in the local paper that were so irrelevant that it became a joke!

Several members interjected.

**Ms R. SAFFIOTI:** If the member was so good he might have got a job in the government, too, working in Treasury!

Several members interjected.

**The ACTING SPEAKER (Mr J.M. Francis):** Thank you, member for South Perth. Have members' got it out of their systems? Excellent. The member for West Swan has the call.

**Ms R. SAFFIOTI:** As I said, we on this side oppose the privatisation of health and education services. They are the core services of government and they are what people want governments to deliver. Basically, they want government to deliver them because they want to ensure that service is above price and that these services are not produced simply for a profit motive. When we privatise, that is exactly what happens: the profit motive overrides everything else, and that is why the public does not support the privatisation of health and education services.

I want to read out a letter I received from a constituent. This letter came to my office, unprompted, a number of months ago. I contacted the gentleman to ask him whether I could use his letter in Parliament to show members the firsthand experience of privatisation for people working in the health system. He agreed, so I would like to read out his letter in Parliament, because I think it shows exactly what privatisation of health means. It reads —

My Dear Lady, —

He is a lovely man —

I wish to register my protest towards the privatisation plans for hospitals and schools being envisaged by the BARNETT Government. I work at Royal Perth Hospital as a food service attendant in the retail catering department. Privatisation will directly affect me and my fellow workers. Private ownership of hospital catering will reduce the number of staff while increasing workloads and less remunerations. I want to get the facts out and for there to be a proper debate about the BARNETT Government's privatisation agenda, not just in Parliament. Essential government services should be publicly owned and run. Public ownership of essential services is crucial because this provides for a system of

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accountability and responsibility. The public sector is needed so it can focus on providing quality high standards of services. Privatisation of essential services has failed in the past. I was involved when catering at R.P.H. was in the hands of —

He refers to two private companies that I will not name —

... both overseas companies that pull the plug on the running of the catering department because they could not make it profitable. I believe Governments should run schools and hospitals. W.A. is a rich state and we can afford to provide quality hospitals and schools for our community. Privatisation will undermine the quality of services provided everywhere. Doctors, nurses, cleaners, catering staff, admin staff, all work together to provide high standards of care. I do hope you will raise your voice, on mine and my co-workers' behalf in Parliament so that this privatisation madness may be stopped.

Hoping to hear from you

I remain yours truly —

I will not mention his name.

I think that letter pretty much says it all. It came to my office unprompted from a worker at a hospital, sharing his concerns about privatisation. These are the real concerns of real workers in hospitals. The government might want to attack people on this side, the union, or anyone else with whom they have a philosophical —

Several members interjected.

**The ACTING SPEAKER (Mr P.B. Watson):** Members, if you want to have a say, you can get up and speak, but until then, the member on her feet has the call.

**Ms R. SAFFIOTI:** The government may want to go around attacking us and attacking the union, but this is about the workers. This is about people working in hospitals, fearing for their jobs, and about the community fearing for their quality of service.

**Dr E. Constable:** You're scaremongering.

**Ms R. SAFFIOTI:** Scaremongering? The person who wrote this letter —

Several members interjected.

**The ACTING SPEAKER:** Members! There is one member on her feet, and that is the only member I want to hear. If members on this side want to say something, they have the opportunity to get up and speak to the bill.

**Ms R. SAFFIOTI:** These concerns came into my office unprompted, and they are the real concerns of real people. They have concerns about the quality of service and the profit motive of private organisations when they take over essential government services.

One member opposite compared health services with the Commonwealth Bank; we have all seen the performance of the major banks in recent times, and if that is the sort of philosophy —

Several members interjected.

**Ms R. SAFFIOTI:** It did not work. The banks are jacking up fees. It is very different from an essential service. If members opposite think the Commonwealth Bank privatisation model is so great that they want to privatise hospitals on that model, I again urge them to go out and say so publicly.

**Mr J.H.D. Day:** We're not going to float the Midland hospital on the share market.

**Ms R. SAFFIOTI:** Who is going to run it?

Several members interjected.

**Ms R. SAFFIOTI:** Who is going to run it? If the minister is so clever, can he tell us who will be running it? Will it be an overseas company? Will it be a Western Australian company? What sort of company will be running it?

**Mr J.H.D. Day:** It will be an experienced organisation.

**Ms R. SAFFIOTI:** Put that in your advertisement! Will the minister block overseas companies from running Midland hospital?

Several members interjected.

**The ACTING SPEAKER:** Members, I have given you a fair go. Member for West Swan, if you do not want interjections, do not call on members opposite for their opinion.

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**Ms R. SAFFIOTI:** Will the government block overseas companies from running a public hospital? It does not want an overseas company owning Woodside; will it now block an overseas company from running a public hospital? We are trying to keep a public hospital. We would not privatise it.

Privatisation of the essential services of health and education does not work.

**Dr G.G. Jacobs** interjected.

**Dr M.D. Nahan:** Which order of nuns taught you?

**The ACTING SPEAKER:** I call the member for Eyre to order for the first time. I gave you warning. I also call to order the member for Riverton.

**Ms R. SAFFIOTI:** What did the member for Riverton say?

**Mr M.P. Whitely:** He asked what order of nuns taught you.

**Ms R. SAFFIOTI:** I know, but if he said it the first time, I invite him to say it again.

**Dr M.D. Nahan:** He just told me not to.

**Ms R. SAFFIOTI:** No, the Acting Speaker told me to keep going. I am asking the member what he said.

**The ACTING SPEAKER:** Members, this is a fairly important bill. Member, if you want to encourage members to keep interjecting on you or to draw them into the debate, I will sit you down, because I want to hear what you have to say and I do not want you to just bait the other side. I want to hear what you have to say so we can get on with this bill.

**Ms R. SAFFIOTI:** To alleviate the member for Riverton's concerns, I went to Roleystone Primary School, Roleystone District High School and Kelmscott Senior High School.

The opposition does not support the privatisation of health and education services. If members opposite are so proud of it, they should go out and tell the whole electorate. Over the next week or two, I would like to see media statements and articles released to the local paper, singing the praises of privatisation, and explaining that Midland hospital is going to be fully privatised. If the benefits are apparently so great, as outlined by the government, then it should be proud of it and go out and tell everybody that it supports the full privatisation of the new Midland hospital.

**MR D.A. TEMPLEMAN (Mandurah)** [5.09 pm]: I am very pleased to take part in this debate on the No Privatisation of Hospitals and Schools Bill 2010 this afternoon because it is an important debate. If we want to look at a hospital that provides a very cautionary note about going down the path of privatisation, we need only look at the Peel Health Campus. I have noted in this Parliament previously that the Joondalup Health Campus was touted by the Liberal Party when it was previously in power as the flagship privatised hospital. Joondalup Health Campus has now been highlighted by this government as a flagship example of a private company providing public services. However, I have not once heard the government highlight the Peel Health Campus, which was based on the same model. I will tell people in this Parliament why and I hope that it will underline why this opposition and people in our community are concerned when a public hospital service is privatised.

Before I begin, I state that this is by no means an attack on the staff at the Peel Health Campus. My son, my firstborn, was born there, and the service was outstanding. However, this government and the previous government continued to have ongoing clashes, if we like, with the corporation that operates the Peel Health Campus. Members on the other side need to only ask their own health minister now about his views. I am not going to mention my private conversations with the health minister, but members opposite should ask him about his views on that operation by the owners or the contractors, because since 1996 when the first contract was signed there has been ongoing issues that have impacted on the delivery of service to the people of my region—to the people of Peel.

On a number of occasions there have been questions about why the people of Peel were saddled with a privately operated hospital that was then also required to deliver public health services. I remember very well when the debate was on in the early 1990s. Richard Court and then Minister Kierath set about convincing the people of Mandurah and Peel that the best option was to privatise the then Mandurah Hospital, which was a state government-operated hospital, to create Peel Health Campus. I can remember going to a number of community forums and community meetings in the Atrium Hotel. I remember that vividly. I must say that my community was divided. There were very strong advocates for the hospital to remain a public asset, a publicly run hospital, owned and operated by the state government, and there were those who sided, obviously the local member at the time and, indeed, the Liberal minister and Premier, for the hospital to become a privately run operation delivering public services. The debate went on for some time. There was an election in 1996 and the Liberal

**Extract from Hansard**

[ASSEMBLY — Wednesday, 10 November 2010]

p8529b-8560a

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government won and, indeed, a Liberal member was returned to the seat that I currently hold. However, I have to say that if my community was given the option now, I bet—I do not bet very often; I think I bet once a year on the Melbourne Cup and that is it—that the people of Mandurah–Peel would opt overwhelmingly for that hospital to return to being a public hospital. They would say to the government of the day, Labor or Liberal, that that hospital should be returned to the public as a public entity owned and operated by the state government. Even the Minister for Health would not disagree with that. I happen to know that a number of ministers have themselves actually gone back and looked at the contract in the past, and, indeed, probably very recently, to see whether that contract is being delivered in the best interests of the people of my region. This is pretty serious stuff. At the end of the day, all I want and all my community wants is the best possible health system that they deserve to have. That is all we want. Why should we not have that delivered? I must tell members that if we had a survey tomorrow, I can guarantee that it would be overwhelmingly in favour of the Peel Health Campus being returned to the state. Therefore, when the people of Midland and other areas that face going down the same track are given this option or, indeed, told that this is what is going to happen and they jack up and say, “We don’t like this; we don’t have confidence in this”, I will understand why.

One of the problems that I have coming through my electorate all the time, and, in fact, increasingly in the last six months—I tell members that the Minister for Health would know this—is people complaining about what they believe should be the provision of services to them. I have an email in front of me and although I am a little reluctant to read it, I am going to read it. I am reluctant because this is not a reflection on the staff—in fact, the person who wrote this email says this is not. The staff at our campus are absolutely amazing people: the nursing staff, doctors, medical staff, the specialist services, the allied health people and, indeed, the ancillary workers who keep the hospital running are brilliant. However, we have only to look at the history of industrial relations at the hospital over the last 15 or so years to see that it is a hospital that has consistently had an issue with staff remuneration, and there has always been drawn-out industrial relations issues. The last one was with people who are involved in allied health service provision. They had something like an 18-month battle with management or the owners or the contractors to get what could be considered to be only a very, very modest increase—but it took 18 months! If we look at the history of what has happened in the hospital, this is not the first time; it has happened consistently.

We also note that this hospital has had a series of CEO changes: in the last five or six years, there has been something like four changes. I know what happens. I have respect for all of the CEOs who have been there, but what has happened is that they have come into the hospital with some very good ideas and models for how the hospital can be operated and good services can be delivered, but then the contractor has its view because it is still profit-driven. Whether we like it or not, the hospital is still profit-driven. At the end of the day, the contractor has a balance sheet that it wants to deliver on. What has happened—I feel sorry for some of the CEOs who have been in this position—is that the CEOs have consistently been battered against the wall because they are on the ground and they know what is needed in terms of service delivery, but when they go to the board or to the owners or the contractors, they are told, “Sorry, we’ve got to cut some corners; you can’t do that, as it’s not profitable. You can’t offer that service and we can’t do this because that is not going to make a dollar for us.” It is about the bottom line. This is my hospital; this is my community’s hospital. Where is the issue about service? The focus becomes the dollar figure.

Past and current ministers have had clashes with the owners of the hospital, but at the end of the day, I have to stand in this place and ensure that my community gets the very best possible service. I must, to the best of my ability, tell the house what I think is the state of play.

Last week’s local paper published an article titled “Peel Health Campus punches above its weight”. A lady wrote in about her experience. Unfortunately, I have received more of these emails in the past six months. I pass them on to the Minister for Health and say that because he is the minister and also one of the local members, he has to fix it. When we have health debates in this place, particularly debates relating to the Mandurah–Peel area, I do have a go at him because he is in a position to ensure that this campus delivers the services that it should be delivering to the people in the Peel region. He is responsible. When I had a go at him about that ongoing industrial dispute with ancillary workers, he said he could not do anything. I am sorry, but, yes, he can! Apart from the fact that he is the health minister, he is the local member and he has to stand up for the population that he represents so that we can continue to have safe births in the obstetrics area and safe operations so the accident and emergency department does not have situations like the one I am about to share very briefly. This lady wrote —

I was interested in the article ... As a person that had to go to the ED twice in the last week I found the system third world.

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My issues are not with the staff, as once you got in they were very helpful, but their numbers were thin on the ground. Most of my time was in waiting for hours in my little booth. First time I got to ED at 6.45am I was the only patient there at that time.

I got to taken in at around 10.00am and then eventually got out at 12.00am. During that time the waiting room filled up, **including a woman who had just miss carried her baby. What appalled me was that this woman and her partner were left to sit in the waiting room with the fetus wrapped in a towel. The distressed parents were left to sit there, while someone with a tooth ache went in before them. It was distressing not only for the parents but for us in the waiting room. ...** There was also a young boy with diarrhea who soiled himself, the mother ask if there were any spare undies for this child, she was told no and the poor little chap had to sit his bare backside down on the chair.

Again, this is not the staff’s fault. That lady says that. But when we have a system that has examples of people experiencing this, there is a question about whether we want to go down the privatisation line. As the member for West Swan said, this side of the house quite honestly and clearly does not believe that we should be going down the privatisation line.

**Mr J.H.D. Day:** You know that people lodge complaints about publicly operated public hospitals as well.

**Mr D.A. TEMPLEMAN:** Absolutely. The minister has been a health minister. He would know the history of the campus I am talking about and he knows that there are difficulties. He glosses over issues in which there are some severe and real questions about this process of privatisation. He holds up the Joondalup Health Campus as his flagship but he very conveniently forgets that one other hospital went through this process under his government and there have been ongoing issues about it. If he talks to the person who sits in front of him in this house about the issues, he will have some very interesting points to make about the contract and about that whole arrangement. I think it is the right of people in any community who are being pushed into or who have this privatisation model foisted upon them to question every aspect of it. There are examples in which it is certainly not the best system that should be available to the people of a region. The problem for us in Mandurah–Peel is that that is our hospital. I do not want to denigrate my hospital. It is my hospital. It is my family’s hospital. I want to make sure that if something goes wrong with a member of my family or with any friends or neighbours, we will be absolutely assured that profit will not come in front of service delivery and provision. It is the right of any person in this state to ensure that they are satisfied. Before we go down that line of privatisation and the model that is being proposed, people should have a right to know all the intricacies and the pros and cons of such a model. I believe that the model in my community has not been as successful as the government would hold up with its flagship success claim of the Joondalup Health Campus.

I get a little angry that the Peel Health Campus continually seems to be missed out or left out of a range of future planning in health because it is too hard for some. It does not know where it fits. I have to stand up and advocate on behalf of my community in this debate. I will continue to do so but I want to underline the fact that it is in no way a criticism of the staff because the staff at the Peel Health Campus work very, very hard. I have asked the health minister questions about staffing ratios because the person who wrote this email has highlighted what I think is a big issue; that is, making sure that staff ratios are at a level that ensures that people are serviced appropriately, effectively and efficiently.

**MR A.P. O’GORMAN (Joondalup)** [5.27 pm]: I too support the No Privatisation of Hospitals and Schools Bill 2010. Privatisation has been around for a long time. I entered the workforce as an apprentice at the age of 15 and it has always come up. People who support privatisation seem to think it is the silver bullet that will fix everything. As the member for Mandurah has just said in relation to the Peel Health Campus situation, it quite clearly has not fixed anything. In fact, it has made it worse. He said that the Joondalup Health Campus is always held up as the government’s model, and it is. I am quite proud of the Joondalup Health Campus. It is a model now but when it was first privatised back in 1996, I ran the campaign against its privatisation. Listening to the member for Mandurah, one of his comments was about profit. If I remember rightly, our slogan was “Patients before profit”. When Joondalup Health Campus was first outsourced, the organisation and the CEO who took it over were only about profit—nothing else. They did not really care about the patients, the staff or the community. All they were interested in was profit. Most of these organisations seek to maximise their profit for their shareholders. That is their job. It is stated in their business plan that that is what they have to do. First and foremost, they have to make sure they get the maximum profit so the share price goes up and the shareholders get a better dividend. That is what they have to do first and foremost.

The other thing behind the government’s privatisation agenda is a bit of a union bashing mechanism. That is what the government wants to do. It wants to bash the union. It wants to split up the organisations in which the union is strongest. The unions are quite strong in our hospitals, our universities and our schools. We have heard the member for Swan Hills criticising the union many times. We have heard many members on the other side

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criticising it. If we go back further in privatisation, if I remember correctly, in the early 1990s under the Court Liberal government, school cleaning was privatised. I was the P&C president of one of my local schools at the time. I objected to the schools being told that they had to use contract labour to clean the schools. I had a gut feeling it was wrong. It was wrong because I felt the standards would go down and the staff would find it more difficult to organise themselves into unions. Members of the Liberal government must realise what unions are. Those members keep portraying them as big, bad nasty things in the back room that cause problems for organisations and governments. A union is a collection of workers who band together to make sure they are not exploited by unscrupulous operators. There are unscrupulous operators out there. The Liberal Party supports those unscrupulous operators because it is continually trying to bash unions and make it harder for unions to organise in our society. The Liberal Party has no problem with employers organising. It supports the Chamber of Commerce and Industry of Western Australia; it supports many employer organisations. In fact, various governments over the years have given significant amounts of money to those employer organisations so that they can organise. A union is an organisation of workers. It is run by the workers through a democratic process. I have always been asked to vote in my union. I have been a member of the union since I was 15 years of age, when I became an apprentice first. When I graduated from being an apprentice to a tradesman, I continued my membership, and I have continued it ever since. I am proud to be a union member, and I think every member on this side is proud to have union links one way or the other. All Liberal members should feel the same; they should stand up for workers in this state, not continually try to take apart the organisations that look after the workers.

**Dr G.G. Jacobs:** We are talking about services aren't we, we are not talking about bashing anyone?

**Mr A.P. O'GORMAN:** Why does the member not go back to sleep? When he was asleep, members on his side were having a go at the unions. I am defending them.

**Dr G.G. Jacobs:** No, they weren't.

**Mr A.P. O'GORMAN:** Yes, they were. I am saying that it is essential in our society for unions to stand up for workers. The sooner the lot opposite recognise that and negotiate properly with unions, the better they will be.

I refer back to when school cleaning was outsourced in the early 1990s, and when we came back into power in 2001. It was an absolute disgrace. I found from some doorknocking that 60-odd-year-old women school cleaners were working for private contractors for below the poverty wage. That is what members opposite are asking them to do again. They will not look at a fair pay rise for the cleaners and gardeners who work at our schools. Liberal members see privatisation as a way of not having to negotiate with them. They want to push on to the organisation that takes over cleaning, orderly and other services at the hospitals the role of dealing with the unions. They hope these organisations will push back those unions so hard that people will be afraid to join them. That is what happened before. I can remember Patrick the Australian Stevedore at the Fremantle wharf doing exactly that with the support of the Court government. That is one of the things members opposite are about.

**Mr F.A. Alban** interjected.

**Mr A.P. O'GORMAN:** Settle down. We will get the member's electorate a train one day.

**Mr M.P. Whitely:** He may not be there to enjoy it.

**Mr A.P. O'GORMAN:** That is right. When Kevin Prince, the former Minister for Health, privatised the Joondalup Health Campus, I ran a campaign against it. I met with him on a number of occasions, and time and again, I asked: where is the provision in the contract for the expansion of services for the people of the northern suburbs? There was none because it was a quick political fix for the government at the time.

**Mr F.A. Alban** interjected.

**Mr A.P. O'GORMAN:** The member for Swan Hills should sit down and keep his mouth shut while I tell him how it was.

**The ACTING SPEAKER (Mr P.B. Watson):** If the member for Swan Hills wants to make a contribution to this debate, he will have the opportunity to stand up. The member for Joondalup has the call.

**Mr A.P. O'GORMAN:** Thank you, Mr Acting Speaker. The member asked why we did not do anything at Joondalup in eight years. I am just about to tell him. The then minister, Kevin Prince, did not put any provision in the contract for future expansion, so when we came to government in 2001, we had to start negotiations with the organisation that was running Joondalup Health Campus. We entered into those negotiations with a view to expanding Joondalup Health Campus. During those negotiations—this was not covered in the contract, and that is the danger we have with privatisation of future services—Mayne Health was sold to Affinity Health. Sometimes they were the same players, but the corporate view was different. We therefore had to go back and

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start again. A little further on in our negotiations Affinity Health was bought out by Ramsay Health Care. Ramsay Health Care happened to be a fairly experienced operator in health care and it continued the employment of Kempton Cowan, a Western Australian, who changed around that health campus with the help of the then Labor government. He came to us and said, “Our biggest problem is that the community has a really bad view of us because of the way that contract was set up and because we had so many unfortunate incidents.” I will not raise them because people were hurt in those early years of the privatisation of the Joondalup Health Campus. They were very unfortunate incidents. Ramsay Health Care started to turn that around only after 2001–02 when we negotiated with that organisation on different aspects of the contract. The contract was changed slightly in different ways, and all the time we were trying to figure out how we could move ahead and expand the campus. We had to change our tack three times. That is the danger when we contract services to a private contractor. We no longer have control. Another organisation can buy out that organisation. Yes, it has to operate according to the contract that is in place, but if we want to add something, there is a different set of rules. We must always remember that the prime stated objective of any private company is to make a profit. The profit comes before the patients at all times. That is the concern we have.

The other thing that bothers me about the Liberal government is that it will say and do anything to get a vote and to sit on that side of the chamber.

Several members interjected.

**Mr A.P. O’GORMAN:** Those members can wait and I will show them. Their Premier will say and do anything to get a vote. In 2005 their Premier was happy enough to —

A government member: He is everyone’s Premier.

**Mr A.P. O’GORMAN:** He is the Premier of members opposite; he is not my Premier. I do not look up to him; I look across at him. He was happy enough to say that the privatisation of Joondalup Health Campus was not a success. That is what he was prepared to say running into the 2005 election. On top of that, the Liberal Party was prepared to put it on paper. On page 11—if anyone wants to refer to it—of the *Joondalup Community* local newspaper it states —

“The Coalition plans to return Joondalup hospital to public management and encourage the expansion of a private facility on the site which will also provide additional beds to the region,” he said.

That is a quote from Dean Solly, the Liberal Party candidate in 2004 for the 2005 election. I thought, “Hang on a minute, maybe I’m getting this wrong.” The Liberal Party had a really clever candidate at that time. He wrote to my daughter, who was living in my house at the time. I am fairly careful; I do not write to Liberal members.

**Mr A.P. Jacob:** I have noticed.

**Mr A.P. O’GORMAN:** Yes, the member for Ocean Reef’s name is crossed off my list. He wrote to Sam O’Gorman, 3 Pedder Place, Joondalup.

**Mr A.P. Jacob:** You seem to have crossed off everyone with the surname Jacob.

**Mr A.P. O’GORMAN:** We have done our research; we know where the member is. Dean Solly wrote to my daughter stating the following —

1. Expand the Public Hospital ...
2. Undertake a major redevelopment and develop the Campus as the major general facility in the northern suburbs (not in Nedlands as promised by Labor), initiated in our first term of Government.
3. Return the management of the Public facility to Government whilst encouraging the commercial operator to further expand the Private facility.

The Premier of members opposite does not even properly believe in privatisation. He will say and do anything just to get the vote and there is the proof. It is in writing personally addressed to my daughter and in the local paper. I have to say that even private operators do not always like to contract out services. In my early years in government, I think it was in about in 2002 or 2003—maybe someone in the gallery will remind me of the year—there was a move by the private operator who was running Joondalup Health Campus to privatise linen services. The organiser for the LHMU at that time for the hospitals in the northern suburbs came to see me to explain the situation. I met with the CEO of Joondalup Health Campus, Kempton Cowan, and he joined with the union to prevent that service from being privatised, and to this day—I am pretty sure I am right—linen services are still done on site at Joondalup Health Campus. That is because it is often far better to keep services in-house. Even private organisations know that it is often better to keep services in-house.

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I want to go back to school cleaning and school maintenance. I do not know how many times I have fought against Spotless Services coming into an organisation and taking over services that are performed by an in-house organisation. I worked at Curtin University for many years, as members would know. In just about every one of the 14 years that I worked there, I fought against the privatisation of maintenance services, cleaning services and security services to organisations such as Spotless. Spotless is providing maintenance services in our schools. The one complaint that I get, almost every time I go to a school and have a discussion with the principal or the P&C, is that they are not happy with the service that they are getting. They say it is too expensive; it is not fast enough; they make us jump through hoops; we have no recourse; and it is a private organisation, but we have to go with it. Also, for each job that Spotless does, whether that be minor works or maintenance, there is an administration fee. So it costs a school at least 10 per cent more to have that maintenance work done.

It is clear to me that it costs more to have the private sector deliver services in our areas of need—our health services and our education services. The next thing the government will want to do is outsource the police! The member for Hillarys and Minister for Police would probably like that, because he has great difficulty keeping up with what the police are doing. He cannot even read their annual report. We need to maintain certain services in government control.

**Mr W.J. Johnston:** He keeps a close watch on police officers!

**Mr A.P. O'GORMAN:** Yes, he keeps a close watch.

The government would have people believe that we are trying to prevent private schools. That is a comment that was made by a member on that side. Many of us on this side support private schools. But we also support public education. We support both systems, because we need both systems.

[Member's time extended.]

**Mr A.P. O'GORMAN:** We need to have public education so that we can deliver for the most needy in our community, right up to our top academics. We need to have public education so that everyone in our community will have an equal opportunity to get the best education possible. However, there is a case for private schools. Private schools have been delivering education in this state for well over 100 years, and they are well established. Some of those private schools operate along similar lines and copy very closely our public education system. It is a compliment to our public education system that many of our private schools are looking at what the public education system is doing so that they can match it. That is why it is imperative that we keep services such as education, health and police in-house. I would like to bring the Water Corporation back into government ownership and management. There are too many contractors in the Water Corporation. What we also get when we contract out is very little commitment to training. Since privatisation got a move on in the 1990s, fewer and fewer apprenticeships have been going through. I am sure there are members in this place who are a lot older than I am who remember the Midland rail yards and the Forrestfield rail yards, where many apprentices were trained as mechanical fitters, boilermakers and electricians. Where are those apprentices being trained now? Are the private organisations doing it? Some of them are. But they are not doing that training to the extent that the government used to do it. Even in our public transport system, are large numbers of apprentices coming through? No. We are suffering as a state from that. We saw what happened during the mining boom, when a large number of tradespeople had to be brought in from overseas because we could not satisfy the demand with our own workforce. So it is imperative that we keep many of these services, particularly health, education and police, within the public sector, not only so that we can deliver the best possible services to our constituents, to the patients in our hospitals and to the students in our schools, but also so that we also train people up. That is what we are starting to miss really badly. We all know that we are going to have another boom. However, we already have a shortage of skilled labour in this state. The reason is that the government is not involved in many of these areas.

Main Roads was privatised. A couple of weeks ago, the Liberal government got great traction from the opening of Indian Ocean Drive. Indian Ocean Drive was an initiative of the former member for Armadale, Hon Alannah MacTiernan. It was funded by the Labor government, and she was the one who said that Main Roads should take over that project again. Members will see that described tomorrow night on *Getaway* as the next great ocean drive. It is an excellent road. But it was put in by day labour from Main Roads.

**Mr T.K. Waldron:** Murray Criddle had a bit to do with that as well.

**Mr A.P. O'GORMAN:** Yes, but it was put back in-house by Alannah MacTiernan, under a Labor government, and that is where the money came from. We should be doing more of that.

The Minister for Housing has outsourced the maintenance on Homeswest properties, and the problems are already starting to come through. The government should be moving toward bringing that service back in-house

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so that it can not only deliver a good service to Homeswest tenants but also start to train apprentices and provide a labour force for the future.

I fully support this bill. I refute anything that any member opposite might say about how this bill will affect the outcomes for patients in our hospitals.

**The ACTING SPEAKER (Mr P.B. Watson):** Just be aware, Leader of the Opposition, that when you are crossing between the speaker and the Chair, you should acknowledge the Chair.

**DR M.D. NAHAN (Riverton)** [5.48 pm]: I stand in strong opposition to the No Privatisation of Hospitals and Schools Bill. This is the most disgraceful piece of legislation that has been put to this house for a long time.

Several members interjected.

**Dr M.D. NAHAN:** I am the lead speaker on this bill.

This bill is nothing more nor less than a full-out assault on our public hospital system.

Several members interjected.

**Dr M.D. NAHAN:** I know that the Labor Party has brought this bill into this place just to focus on helping the cleaners and the gardeners and the missos, and other people. But it has gone far too far. This bill is threatening the health services in and around my electorate. This bill proposes to ban all new public hospitals from interacting with third parties and third-party service providers. It has been a longstanding policy in Western Australia going back decades that the public health system pragmatically contracts out services to private providers—profit and non-profit. It has been going on for decades. It has been supported by the Liberal Party and by the Labor Party. Indeed, the previous Labor government and Labor governments all around the country for the past 15 years have promoted this extensively. I will go through Labor's policy at length. If this bill is passed—I will go through the details—people will die unnecessarily.

Several members interjected.

**Dr M.D. NAHAN:** I will go through it. Hospital queues will grow. The quality and range of services in our health system will decline, and the cost of health services will skyrocket. The people in my electorate of Riverton have been waiting for the Fiona Stanley Hospital for a long time. It is a major investment by the state, and they are waiting for the hospital to be completed. It will be a major public hospital. If this bill were to pass, it would prohibit St John Ambulance from servicing the hospital.

**Mr E.S. Ripper:** Rubbish!

**Dr M.D. NAHAN:** Yes, it would. The bill bans the private contracting of services, including ambulances. The Royal Flying Doctor Service will fly into Jandakot airport and want to bring its ill patients to the Fiona Stanley Hospital, and it will not be able to do so. Silver Chain and other nurse providers provide extensive temporary nurse services to all public hospitals. In fact, our public hospital system could not work without temporary nurses. They do a good job. That is why I suggest that the nurses' union would not have a bar of this stuff. It is silly. This bill will prevent Silver Chain and other nurse providers from providing temporary nurses to Fiona Stanley Hospital. Silver Chain provides a whole range of services to my community, which I will go through: palliative care, acute care and out-of-hospital care. Currently, at Charlie Gairdiner's, Royal Perth and other hospitals these services are contracted out to Silver Chain and other providers—non-profit mainly—and they provide these services in the community. These are essential services that are central to the operation of our public health system. They have been contracted out for a long time and are provided very well. This bill will stop that.

One of the major issues for our public hospitals is attracting philanthropic investments, whether it be Jack Bendat or somebody else—we have a lot of wealthy people around. It would be nice, as happens at the Royal Melbourne Hospital, to have private involvement in new research facilities associated with public hospitals. In fact, a core competence of Melbourne hospitals is huge investments in the medical services that are associated with the public hospital systems. They will not be able to do that in Fiona Stanley Hospital. Also, hospitals, just like every business, including Parliament House, requires private accountants, computer specialists, security services, landscapers and all sorts of service providers. They will be banned from Fiona Stanley Hospital, and Fiona Stanley Hospital and my community will be much the worse off.

Contrary to Labor's claim, this is not about privatisation. The Liberal–National government is not considering the privatisation of hospitals or schools. The claim is completely bogus. As the previous government said in its public–private partnership plan, titled "Partnerships for Growth – Policies and Guidelines for Public Private Partnerships in Western Australia", which I encourage all members to read.

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**Mr W.J. Johnston** interjected.

**Dr M.D. NAHAN:** In a December 2002, Treasury and Finance document, put out by the Leader of the Opposition —

**Mr W.J. Johnston:** Does it apply to hospitals and schools?

**Dr M.D. NAHAN:** The member for Cannington can just wait; we will get to all this. We have a long way to go. The document was put up when the Leader of the Opposition was Treasurer. Paragraph 1.2 reads —

**PPP is not privatisation**

It is the policy of the Western Australian Government not to privatise public assets.

That is the same policy as our government —

PPPs enable the delivery of infrastructure and ancillary services without privatisation.

PPPs differ from privatisation in that:

- public owned assets are not sold off to the private sector —

Are we selling any assets? No —

- in many cases new assets which are initially funded by the private sector are eventually transferred to public ownership —

That sounds familiar —

- core services continue to be provided by the public sector —

In this policy, core and ancillary services are defined in detail, and I will go through those. This bill mixes those up seriously. Paragraph 1.2 continues —

- the public and private sectors share ancillary service delivery obligations —

In other words, we came into government with a health system based on public ownership, public control, public investment, but with periodic and pragmatic contracting out of some services to the private sector, whether it be for profit or non-profit. I would like to go to some of those.

**Mr J.R. Quigley** interjected.

**Dr M.D. NAHAN:** Good questions!

**Mr W.J. Johnston:** Show us an example.

**Dr M.D. NAHAN:** I will. At the South Metropolitan Area Health Service, community-based renal health services at Cannington—the member knows where that is!—and Stirling have been contracted out to the private sector since 2006.

**Mrs L.M. Harvey:** They do a fantastic job!

**Dr M.D. NAHAN:** They do a good job. Also, in Rockingham and Spearwood, the renal dialysis services that used to be provided in public hospitals were contracted out to community-based carers, for good reasons: it made the service more accessible. If any member is familiar with or has relatives involved in renal dialysis, like the member opposite, or like my sister-in-law, it is very difficult and very painful. They have to go into dialysis regularly, up to three times a week. They stay there for hours at a time, and they do not like going to a formal hospital that is designed for acute care. What the previous Labor government did, very rationally, very reasonably, and based on a policy that had been longstanding, was to contract some of those services out. In fact, the whole South Metropolitan Area Health Service renal dialysis service was contracted out by the former government—the Carpenter government. In 2007, under the previous government, Sir Charles Gairdner Hospital contracted out additional beds and associated clinical and support services to Hollywood Private Hospital. That is a good hospital. I think the same firm owns Joondalup hospital. The previous government went out under its PPP policy —

**Mr W.J. Johnston** interjected.

**Dr M.D. NAHAN:** To answer the member for Cannington, Labor's PPP policy does list some of the areas with the most focus for PPPs, and health and education stand out prominently. It says—anyway, it indicates clearly that PPPs will focus, amongst other things, on courts —

**Mr W.J. Johnston:** Do not make things up. Tell the truth.

**Dr M.D. NAHAN:** I am not making this up, mate!

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**Mr W.J. Johnston:** If you cannot find it, it is because it is not there.

**Dr M.D. NAHAN:** The member for Cannington knows all this anyway.

**Mr W.J. Johnston:** You are making this up.

**Dr M.D. NAHAN:** No.

**Mr W.J. Johnston:** You have to tell the truth in the chamber. Put the document down —

**Dr M.D. NAHAN:** Did Sir Charles Gairdner Hospital —

**Mr W.J. Johnston:** — because what you said was wrong. You said something that was not true. Now you need to admit that you made a mistake.

**Dr M.D. NAHAN:** Please, I cannot hear myself.

**THE ACTING SPEAKER (Mr P.B. Watson):** I can.

**Dr M.D. NAHAN:** After-hours services at Joondalup were expanded in 2004. Public palliative care services and associated support services—that is, for public patients who are in the last period of their life—were contracted out in 2006 to Bethesda Hospital after the previous government closed Cottage Hospice beds. The Labor government contracted out palliative care. I am not criticising this, but this was the decision that members opposite made a few years ago.

Several members interjected.

**Dr M.D. NAHAN:** This is what the Labor government did. Now members opposite come in here wanting to ban these things, so when these contracts come up for renewal, they will not be able to be renewed. Members opposite will ban additional services; it will ban these contract renewals. Cancer support services were contracted out to the Balya and Cancer Support Association in 2001 under a Labor government, but committed to by the Liberal government. Of course it has been a longstanding policy for emergency services to be contracted out to non-profit organisations, including the Royal Flying Doctor Service and St John Ambulance. Clearly very few other organisations provide emergency ambulance services. I do not know of one. Fiona Stanley Hospital has not been built yet and has not been staffed. It will be the major hospital servicing my electorate. This bill quite clearly states that St John Ambulance, even though I think it is staffed by people from the Liquor, Hospitality and Miscellaneous Union, will be banned from delivering emergency patients to Fiona Stanley Hospital.

**Mr M.P. Whitely:** Under what category?

**Dr M.D. NAHAN:** Read the bill! Members opposite do not know what they are doing here! Palliative care in the community: Silver Chain has, over decades, provided and managed a comprehensive 24-hour, seven-day-a-week in-home palliative care service that incorporates direct home care.

Opposition members interjected.

**Dr M.D. NAHAN:** This is a serious issue; it is not a joke. These are essential services in all our communities. Silver Chain has provided them for decades. They have been contracted out from hospitals to Silver Chain for decades. If those services originate from, or are organised and funded from Fiona Stanley Hospital, Silver Chain will not be allowed to provide the services. Silver Chain also has the contract for the hospital at home service.

*Point of Order*

**Mrs L.M. HARVEY:** I am sitting right beside the member for Riverton. I cannot hear what he is saying because of the ceaseless interjecting by members opposite.

**The DEPUTY SPEAKER:** Member for Albany, the member for Riverton has the call.

*Debate Resumed*

**Dr M.D. NAHAN:** The hospital at home service is another very important service provided by Silver Chain and other providers. It is a mechanism by which we can cope —

**Mr W.J. Johnston:** It is not a question of hearing him; we cannot understand him!

**The DEPUTY SPEAKER:** Member for Cannington!

**Dr M.D. NAHAN:** It is a mechanism by which we can limit the demand on hospitals, and service acutely ill patients. This is not a new phenomenon. This contract was renewed by the former Labor government under its PPP policy. That is part of it. This bill will stop that, at least in respect of new hospitals like Fiona Stanley Hospital. The transition care and care awaiting placement programs are funded by the commonwealth and state governments through the hospital system. They were renewed in 2002, 2006 and 2008. If they associate with

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Fiona Stanley Hospital they will be prevented from operating. Anybody who has any serious involvement with our public hospital system will know that the public hospital system has, for decades, been based on the full-time employment of some doctors, but also the use of visiting medical officers particularly in the high specialist areas of oncology and obstetrics. For other specialties, the hospitals depend on these visiting medical people or private contractors.

**Mr M.P. Whitely:** Where in clause 3(2)(a) to (q) does it say that?

**Dr M.D. NAHAN:** Go through the bill. I know the member is struggling. Opposition members do not know how bad this thing is with which they are confronted.

Opposition members interjected.

**Dr M.D. NAHAN:** Clause 3(2) reads —

*Privatisation of Hospital Services* means any arrangement whereby any of the following hospital functions are undertaken by a private sector entity ...

**Mr M.P. Whitely:** Where is VMO there?

**Dr M.D. NAHAN:** Just listen. The member asked a question, I am trying to answer it. Visiting medical officers are private contractors.

**Mr M.P. Whitely** interjected.

**Dr M.D. NAHAN:** I am trying to go through it step by step. The VMOs provide allied health services. They also sometimes provide, if they are psychiatrists, mental health services. It is on page 3 of the bill.

**Mr W.J. Johnston:** I draw the member's attention to clause 3(2) where it lists the things that cannot be outsourced. Where does it say that medical practitioners cannot be outsourced?

**Dr M.D. NAHAN:** They provide allied health services, mental health services of that type.

**Mr W.J. Johnston:** Ask the Attorney General for advice on that issue. That is simply not true. Also, can the member see where it says "ambulance services" in that list? Could the member show me where it says that?

**Dr M.D. NAHAN:** It does not list all the —

**Mr W.J. Johnston:** It does.

**Dr M.D. NAHAN:** Is not an allied health service part of the ambulance service? Patient care —

*Point of Order*

**Mr W.J. JOHNSTON:** The member on his feet is not addressing the bill. He is raising these issues regarding medical services and ambulance services that are not covered by the provisions of clause 3(2). If he is raising an issue that is unrelated to the bill, I invite the Deputy Speaker to draw his attention back to the bill.

**The DEPUTY SPEAKER:** There is no point of order, member for Cannington. Please continue, member for Riverton.

*Debate Resumed*

**Dr M.D. NAHAN:** I recognise it is painful. This is a particularly sloppy bill. It has gone too far.

**Mr M.P. Whitely:** I am bleeding from the ears!

**Mr P. Papalia:** My ears are bleeding!

**Dr M.D. NAHAN:** If members opposite pass this, they will bleed from the ears, and some other people will too, when they try to access services from Fiona Stanley Hospital, which the opposition systematically bans. The opposition will systematically ban essential services. Let us take temporary nursing. Fiona Stanley Hospital, like Charles Gairdner and other hospitals, regularly needs—for a variety of reasons for managing nurse numbers—to contract out nurse service providers.

**Mr J.R. Quigley:** I have listened carefully. Would the member accept a question?

**Dr M.D. NAHAN:** This bill clearly prevents us from doing so. It is clear that under this bill, the privatisation of health services means any arrangement —

**Mr J.R. Quigley:** Is the member afraid of the question?

**Dr M.D. NAHAN:** The member for Mindarie can get up and —

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**Mr J.R. Quigley** interjected.

**The DEPUTY SPEAKER:** Member for Mindarie!

**Dr M.D. NAHAN:** I expect that quality from him!

Part of clause 3(2) reads “whereby any of the following hospital functions are undertaken by a private sector entity.” The bill clearly bans nursing. Private–public partnerships are not a new policy, and it has not been restricted to health or education. It was invented largely by the Blair government in the United Kingdom. It has been embraced in full by ALP governments around the country, particularly in New South Wales and Victoria, but also Queensland and WA. The Labor government in WA talked to its brethren in the other states and found that there were significant benefits to adopt PPPs. This policy statement makes it clear that PPPs have been around for a long time. The Gallop government wanted to formalise this process. There are many benefits to PPPs. The policy statement does a couple of things. It sets out quite clearly what PPPs are and it defines what core services are. Core services are government services. It states what the core services are—teaching in schools, medical services in public hospitals, community safety including police services, and crews in metropolitan rail services. It lists these. It says these core services, and probably others, will continue to be delivered by the public sector.

**Mr W.J. Johnston:** Sorry, what was that?

**Dr M.D. NAHAN:** It defines core services and ancillary services.

**Mr W.J. Johnston:** So core services like health and education?

**Dr M.D. NAHAN:** No, I did not say that. I am reading for the record: The Labor PPP policy, under 1.6, “Protecting the public interest”, defines core services and ancillary services. It gives some examples of core services: teaching in schools, medical services in public hospitals, community safety including police services, and crews in metropolitan rail services. Then it says these core government services will continue to be delivered by the public sector. That is what we are doing.

**Dr M.D. NAHAN:** It is not consistent with this bill.

**Mr W.J. Johnston:** Yes, it is.

**Dr M.D. NAHAN:** No, it is not. The member does not want to disentangle allied medical services, but this bill bans Fiona Stanley Hospital from contracting out to Silver Chain and other nursing service providers. That is what it does; that is unarguable.

**Mr W.J. JOHNSTON:** How is that inconsistent with the policy of the Labor Party during government?

**Dr M.D. NAHAN:** This is the Labor Party policy that I am reading. It is really simple. We came into government with a public–private partnership policy. My colleague the member for Ocean Reef stated it and read it out. We came into government with a policy on PPPs. We quoted the policy statements of the then Labor government and other Labor governments. We were going to adopt that policy. When we came into government, of course Fiona Stanley Hospital already had a business case. In that business case was a commitment to examine PPPs under this policy—that is, under the policy we adopted. Under the policy we were not going to contract out any more than visiting medical services, as the Labor government was going to do. We are doing nothing more in respect of Fiona Stanley Hospital than the Labor government planned to do and what it did all around the state. We had the same policy coming into the election that the Labor Party had. We have continued with that policy. Under this bill, the Labor Party has abandoned it.

This policy also defines ancillary services. It states that the opportunity will exist for the private sector to provide services that are ancillary to the operations. Such services include engineering, maintenance, cleaning, facilities management and security. It states quite clearly that the Labor government of the day would go out and test whether or not it should contract out these ancillary services—not core services but ancillary services—including cleaning, security and facilities management. Just for the record, it also states that because PPPs involve the creation of new infrastructure and new services, such as Fiona Stanley Hospital, it is unlikely that they will result in the transfer of employees from the public to the private sector. Moreover, it states that it is the government’s position—this is a Labor government I might add—that PPPs should not be structured to require the transfer of staff from one sector to another. In other words, it envisaged that some flexibility in the allocation of the workforce is needed. That is what we are doing; no more. We came into government with the Fiona Stanley Hospital business case established within the policy of the previous Labor government, which was a policy that we accepted openly in the run-up to the election. We had that business case, and what we have done is undertake that core services at Fiona Stanley Hospital will remain in public hands. Ancillary services will be tendered to private sector contractors. Serco Australia, as I understand it, has become the preferred bidder. The public sector

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will be able to compare its operations with Serco's. If the public sector operators are better, they will be given the contract and not Serco. That is the policy that Labor had. It is not just our policy; as I said, PPPs were adopted by all Labor governments. The Victorian government is pretty aggressive, and has gone way beyond where we would consider, to the private provision of schools and all sorts of services.

During the Council of Australian Governments process with the Carpenter government at least, and discussions might have gone on all the way back to the Gallop government, the commonwealth government, which was the Howard government at the time, entered into a discussion about having a systematic approach to PPPs. Through the COAG process, all governments signed an agreement to support PPPs under this model—not to contract out core services, but to contract out ancillary services. They also agreed to a process to make it transparent and to make sure that they got the best deal. In 2008, although the agreement was signed I believe under the current Liberal–National government, the agreement was made under the Carpenter government that made the pursuit of PPPs binding. The Rudd government went a step further and required state governments to consider a PPP for all major capital works projects funded in part by the commonwealth government. That is a Labor federal government telling a Liberal–National government that if it gets stimulus money, it has to consider a PPP. Members opposite are trying to pass a bill that would make this illegal. On the one hand, a Labor government in Canberra is saying that we must do it and, on the other hand, these Labor Party members would make it illegal. Why are they doing this? Why would they not allow the contracting out of select nursing services to agency nurses?

**Mr W.J. Johnston:** It does not prevent it.

**Dr M.D. NAHAN:** This one explicitly does. The member does not even know his own bill. Let me read it again. It states —

*Privatisation of Hospitals* means any arrangement whereby the ownership, management, administration or employment of staff of a public hospital is undertaken by a private sector entity;

That privatisation of hospital services means any arrangement whereby any of the following hospital functions are undertaken by a private sector entity.

Several members interjected.

**The DEPUTY SPEAKER:** Members!

**Dr M.D. NAHAN:** It states quite clearly that the contracting out and privatisation of any hospital service is prohibited.

**Mr R.H. Cook:** That service had, prior to the —

**Dr M.D. NAHAN:** Fiona Stanley Hospital is not providing any services yet, mate! Fiona Stanley Hospital is not servicing patients yet.

**Mr R.H. Cook:** It is a future facility. It explicitly allows for the continuation of these practices in a future facility.

**Dr M.D. NAHAN:** So what does this bill do?

**Mr R.H. Cook:** This bill is a line in the sand to stop you wrecking our health system.

**Dr M.D. NAHAN:** He does not know what it does! Mate, I will tell you what your bill does.

**Mr R.H. Cook:** I am not your mate! Let me put that on the record.

**Dr M.D. NAHAN:** On the record, he is not my mate.

**The DEPUTY SPEAKER:** Members!

**Dr M.D. NAHAN:** I want to —

**The DEPUTY SPEAKER:** Member for Riverton! Right; we are having a personal argument across the chamber.

**Dr M.D. NAHAN:** Just for the record, he is not my mate. Anybody who does this and threatens the future of Fiona Stanley Hospital is not my mate.

**The DEPUTY SPEAKER:** Member for Riverton, come back to the point, please.

**Mr R.H. Cook:** That is what your members are doing.

**The DEPUTY SPEAKER:** Member for Kwinana!

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**Dr M.D. NAHAN:** On the record, this bill, whether he wants it to not, would prevent Fiona Stanley Hospital, which is not yet built, staffed or operating, from hiring temporary nurses or contracting out outpatient services to Silver Chain. He might not know that, but that is what it does, and that is why he is dangerous.

**Mr R.H. Cook:** What is dangerous—your margin?

**Dr M.D. NAHAN:** I am really glad that members opposite did this. As politicians, people do not want to interact with us all that often—only when issues are of concern. As the member for Forrestfield said, Fiona Stanley Hospital is topical and people are very interested in it. Since the Labor government spent millions of dollars advertising it, they call me up and ask whether it is true. In fact, it is not true; it is a lie. However, I tell them that the Labor Party has put forward this bill. As I said to one little old lady who regularly goes to hospital for palliative care or outpatient services, “This bill will prevent you from accessing those essential services from Fiona Stanley Hospital.” Why would they do this?

**Mr F.A. Alban:** Do you tell them that?

**Dr M.D. NAHAN:** Yes, regularly.

Several members interjected.

**The DEPUTY SPEAKER:** Members!

**Dr M.D. NAHAN:** It is true. I say that I do not think they know what they are doing. The member for Kwinana put this bill together to support his master; Dave Kelly put him in the seat, paid for it, and elevated him from nowhere to Deputy Leader of the Opposition. He said, “Pay me back by making an attack on privatisation. Let’s do away with the old PPPs under which core services were protected and pretend ancillary services are all the same; everything’s core, and let’s go out with a bad word on privatisation, whether there is privatisation or not.” My electorate is very concerned about this, although not by the polling put out by the Labor Party, which must have been done by Goebbels push polling incorporated.

**Mr R.H. Cook:** So that’s not the sentiment in your electorate?

**Dr M.D. NAHAN:** The member must be joking; 77 per cent? First of all, coming from a union, my constituents will discount 90 per cent of it. The ones who are concerned—particularly the old and infirm, the ones who use the hospital system—will call me up, and I have communicated by letter; I have written letters to everybody to say that this is just not true. The Liberal–National government has committed to the largest investment in the public hospital system in this state’s history; the largest expansion. It is a big test, I might add, to fund and provide that. We are committed to the public hospital system as no other government has been.

**Mr R.H. Cook:** No, you’re using funds that we put aside when we were in government.

**Dr M.D. NAHAN:** We are continuing with that; we are continuing with the building of Fiona Stanley Hospital, just as the previous government did, but we have also committed to a range of other ones.

**Mr R.H. Cook:** And you’re flogging off parts of it.

**Dr M.D. NAHAN:** We are not selling anything. We are building, not selling. The previous government sold; we build. But we are going to make sure that, when we build these hospital systems, we get the most bang for our investment. If Silver Chain is the best provider of home palliative care, we will use it. Even if the opposition passes this bill, we will continue to use it. We will not allow the opposition to undermine the health and welfare of our electorates. That is what the opposition is doing, although I do not think it means to.

**Mr R.H. Cook:** Rubbish.

**Dr M.D. NAHAN:** The people of rural Western Australia should be particularly worried about this because they have more need of contracting out. In the small towns of Western Australia, the smaller health systems cannot be staffed all the time; they have to rely upon the contracting in of local GPs to provide all sorts of services. They cannot have emergency services open 24 hours a day, fully staffed. If they tried to, they just could not afford it. For a long time, governments have contracted out local GPs to provide emergency and other services at health centres. Most of these health centres are long established, but we can envisage the opening of new ones and the closing of others. Under this legislation, that would be banned; the very common practice in rural Western Australia of nurses working part time, being on call, and working sometimes in a doctor’s office will be banned. Rural Western Australia is thinly populated and it is costly to get people to move there. We are all familiar with the long debate about getting doctors into rural areas, and it is even worse for medical centres. We need to pragmatically use what facilities are already there. Sometimes local communities pay for these doctors; sometimes they come under Medicare. Sometimes the state government provides per diem and other funding mechanisms to keep them ongoing. This bill will stop that.

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My former neighbour is a gynaecologist and she works two weeks at a time in Karratha at Nickol Bay Hospital. Her wages are paid by BHP Billiton. BHP employs a lot of workers up there, and many of them are young, with children. If they do not have access to a gynaecologist and there are complications, people will quite frankly not live up there. BHP has a contract with her to fly up there on a two-weekly basis; I think it is two weeks on and two weeks off. She lives at the hospital or thereabouts in facilities provided by BHP. She is a private visiting medical officer on the days that she is in Perth; I think she works at Sir Charles Gairdner Hospital. That will be prevented by this bill, because it is privately provided. This is just silliness. This has been a central, necessary element of the health system in Western Australia for decades.

I will not go into great length on this, but the other matter is the privatisation of schools. This bill is about no privatisation of hospitals and schools. This one is a bit waffly; is anyone thinking about privatising schools? When was the last time any government, including Labor governments, sold a school?

**Mr R.H. Cook:** You privatised school cleaners.

**Dr M.D. NAHAN:** No, schools. I will read it again; watch my lips.

**Mr R.H. Cook:** Do I have to?

**Dr M.D. NAHAN:** The bill is the No Privatisation of Hospitals and Schools Bill. The privatisation of schools means any arrangement whereby the ownership, management, administration and employment of staff of a public school are undertaken by the private sector. Let us debate what this really means. It could mean that we flog off a public school. It has never been done, unless those opposite want to do it. Most people on our side actually went to public schools; those opposite know private schools very well. We have no intention of privatising any public school and never did have. We spend most of our time supporting our public schools. In fact, one of our major policies is to create independent public schools so that public schools can compete more vigorously with private schools. We are the party that supports the public system. This bill could cover any school that receives public money. We have an arrangement in Australia that has a long history, and it is a very good system—it started with Menzies but was developed after that—of both commonwealth and state governments providing money to private schools, allocated on a needs basis. It is a very complicated arrangement, but even the highest income schools receive a degree of public funding. Some of the smaller private schools on lower incomes get a lot of money, per capita. The system is essentially a de facto voucher system. If a student going to a public school transfers to a private school, the money essentially follows him there. Is that privatisation? It might be defined as privatisation. In fact, there is a range of case law to argue that it is. This bill will ban the introduction of new private schools. This is strange, coming from the Labor Party, because most of its members send their kids to private schools, especially the Catholics. We are a very fast growing state, and in most of the new areas—there is more than two to three per cent population growth in burgeoning new suburbs—new schools are being built. These include Anglican schools, Catholic schools and nondenominational schools. There are quite a few; I do not know how many, but we are building a range of new schools, even though they are sometimes linked with the existing system. This legislation would arguably ban the building of new schools, mostly in Labor areas.

**Mr M.P. Whitely:** It doesn't ban the building of private schools.

**Dr M.D. NAHAN:** No, it bans the privatisation of public schools, and I said that no-one here is considering selling schools.

**Mr M.P. Whitely:** You just said that this legislation would ban the provision of new private schools.

**Dr M.D. NAHAN:** No; privatisation of schools means any arrangement whereby the ownership, management and administration of schools in the public sector are undertaken by the private sector. The argument is that we cannot sell a school; no-one is contemplating that and it has not been done. One could argue that all schools are part public because they get public money. The government controls the curriculum and the testing, and it provides a lot of infrastructure to those schools.

**Mr M.P. Whitely:** That is not a public school. They are private schools.

**Dr M.D. NAHAN:** It could be argued in case law. This bill will —

**Mr M.P. Whitely:** Everybody knows what a public school looks like.

**Dr M.D. NAHAN:** No; the bill states that the —

Privatisation of School Services means any arrangement whereby any of the following school functions are undertaken by a private sector entity —

...

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Mr David Templeman; Mr Tony O’Gorman; Dr Mike Nahan; Deputy Speaker; Mr Martin Whitely

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(d) teaching;

**Mr M.P. Whitely:** Just because you have an hour does not mean you have to take it.

**The DEPUTY SPEAKER:** Member for Bassendean.

**Dr M.D. NAHAN:** This is a serious issue. If we get this bill wrong, we attack fundamental institutions of the state. As the member for Forrestfield quite rightly stated, the protection and improvement of the operation and funding of these institutions are the primary reasons for our existence. Public hospitals, public schools and the police are the core services of the state; that is the main, but not the only, reason why we are here. Members opposite have come up with a bill that will directly affect that role. This bill will stop public hospitals from contracting out services to essential providers, both for-profit and not-for-profit providers. This bill is poorly worded. Members opposite are saying we cannot privatise teaching. We do this all over the system. They are called private schools. We do this all the time, most of it with commonwealth funds. That is dangerous. Independent contractors such as psychologists and teaching aides also provide educational services. Some are provided for no profit. In my electorate, a number of parents volunteer their time to teach people with reading difficulties—they are providing teaching services or educational assistance.

**Mr M.P. Whitely:** How is that privatisation? It is a volunteer program. You really are stretching the argument.

**Dr M.D. NAHAN:** That is what this bill proposes. Read it! The bill will ban any arrangement whereby any of the listed school functions are undertaken by a private sector entity. This could mean services provided by an individual or an administration.

**Dr E. Constable:** Any volunteer.

**Dr M.D. NAHAN:** A volunteer is a private individual.

**Mr R.H. Cook:** Have you only got half the bill?

**Dr M.D. NAHAN:** It is a very small bill. The member has not read it. Psychological services, sports services and dental services would not be provided. In my electorate, private dentists provide services to the schools. They check teeth and talk to the kids. This bill will ban private dental services. This is madness. Who is going to provide dental services to our kids? Who is going to teach them how to brush their teeth? As every member knows, the public sector is pretty thin on publicly provided dental services—extremely so. Dental care is particularly important for the young kids who eat junk and sweet foods. Anyone who has kids will know how hard it is, and how patient a parent must be, to ensure children brush their teeth adequately. For decades our public schools have brought in dentists and dental nurses to teach children the importance of dental care and to scrutinise their teeth. Such dental protection from an early age will be banned. Members opposite will prevent school kids in my electorate from accessing dental services.

**Ms J.M. Freeman:** You get that through the public system now.

**Dr M.D. NAHAN:** No.

**Ms J.M. Freeman:** You do!

**Dr M.D. NAHAN:** The health department does its best. I have sat with a dentist visiting a school in Shelley to teach the kids about dental care. I do not know —

Several members interjected.

**The DEPUTY SPEAKER:** Members.

**Dr M.D. NAHAN:** The problem is that Labor has gone too far with this bill. It is an unnecessary bill. I know the Labor Party is trying to support its union support base. In many cases, the services that will be contracted out—for example, the services at St John Ambulance—will be provided by Liquor, Hospitality and Miscellaneous Union workers. There is no conflict between union representation of workers and the contracting out of services. This bill is completely unnecessary. It might be that members opposite think Dave Kelly will help as he spends \$4 million on his mates in marginal seat campaigns between elections. It might be a really swift, sneaky and clever way to fund election campaigns, but this is another example in which I think Dave Kelly exploits his workers too much. We have public hospitals and private schools. Quite frankly, our major priority must be service delivery. This is not Sir Humphrey’s world in which the most efficient hospitals are those with no patients. We want patients in our hospitals. We want throughput in those hospitals.

**Mr R.H. Cook:** You just don’t want public workers—that’s all.

**Dr M.D. NAHAN:** We want public hospitals. We are spending a record level on public hospitals; it is the biggest thing that we are doing. Look in the budget; it lists one major hospital investment after another.

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**Mr R.H. Cook:** Yes; it's McGinty's program.

**Dr M.D. NAHAN:** No it's not; we have expanded it. Admittedly, when we came into government—this is just some history—we took on the Labor Party's health commitments. We continued with the public-private partnership policies in full, as we said we would during the election campaign, and we expanded on them. We are a government committed to public hospitals and schools. We are focusing more on those than has any government in recent times. We are making sure that we get maximum throughput for our investment. We will ensure that as the population ages, we will be able to provide palliative and home and community care to people at home. We will make sure that in this age of growing medical skills shortages, hospitals will be allowed the flexibility to contract in temporary nursing staff. I have been told that if we ban contract nursing staff at Fiona Stanley Hospital, the hospital will simply not operate. We have invested a substantial amount of money in St John Ambulance and the Royal Flying Doctor Service, and while members opposite would ban it, we are going to allow those organisations to service our communities and bring people to the hospitals they wish to attend.

**Mr R.H. Cook:** That's just not true.

**Dr M.D. NAHAN:** That is true. I do not think that members opposite know what they are doing. They are playing with fire. Members opposite are playing with the wellbeing and the lives of the people in my electorate, and are misleading them.

**Mr R.H. Cook:** No we're not; we are protecting the interests of people in your electorate. It's you who has sold out the people of your electorate!

**The DEPUTY SPEAKER:** Members.

**Dr M.D. NAHAN:** The people in my electorate —

**Mr R.H. Cook:** You tell the people in your electorate that you are going to privatise their hospital service.

**Dr M.D. NAHAN:** I have. We are building Fiona Stanley Hospital; we are not privatising anything. I am telling the people in my electorate —

Several members interjected.

**The DEPUTY SPEAKER:** Member for Kwinana, I call you for the first time.

**Dr M.D. NAHAN:** I have told and I will continue to tell the people in my electorate that the Labor Party is undermining the quality of our public health system, that it is threatening its very fibre and that it is playing with fire. The Labor Party is undermining the reputation of Fiona Stanley Hospital, a hospital that people have waited for and been looking forward to for years. I will tell them that the Liberal-National government is delivering a public hospital.

Several members interjected.

**Dr M.D. NAHAN:** We are delivering a public hospital and we will continue to fight bills like this one that will undermine the quality of health services in our community. Why are members opposite doing this? Who has ever heard anybody suggest that we are going to privatise a public school? Who?

Several members interjected.

**The DEPUTY SPEAKER:** Members!

**Dr M.D. NAHAN:** I will talk to my constituents about renal services in the south metro area.

**Ms J.M. Freeman:** But you will not tell them that you are privatising them; you won't go back and tell them that.

Several members interjected.

**Dr M.D. NAHAN:** I will talk to them about the renal services, which many of them use. In fact, I have appointments to visit them and say, "Most of these are provided very effectively." I spent many months going with my sister-in-law who was on dialysis with a terrible disease. These services that the previous government contracted out to community providers are very effective and the patients are very pleased with them—they are more accessible. I will go and say, "They will ban these types of things if it is associated with Fiona Stanley Hospital." I will go out and identify Silver Chain nurses who are servicing palliative care and home and community care that will be expanded and linked through to Fiona Stanley and say, "The government is doing a great job. Fiona Stanley Hospital is going to be publicly owned, publicly operated and publicly managed. It is going to be a public hospital of note. We will continue providing services with Silver Chain and other service providers where appropriate, but I've got to tell you Labor is attempting blind ideology to close down those

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services.” This is simply blind ideology to close down the provision of Silver Chain services throughout our community and the link with Fiona Stanley.

Several members interjected.

**Dr M.D. NAHAN:** That is what it is!

Several members interjected.

**The DEPUTY SPEAKER:** Members!

**Dr M.D. NAHAN:** We will —

**Mr P.T. Miles** interjected.

**The DEPUTY SPEAKER:** Member for Wanneroo!

**Dr M.D. NAHAN:** The people of Riverton and the south metropolitan area will see Fiona Stanley Hospital delivered on time, unlike the previous government, and on budget. They will see it be a publicly owned and operated hospital. They will also see Royal Perth Hospital continue to operate. They will see Fiona Stanley Hospital operate just like Sir Charles Gairdner Hospital does, mainly with the core services provided by the public sector, except for visiting medical officers—we will continue to provide those to Fiona Stanley. We will continue, as has been done for decades, to provide for non-profit organisations, such as Silver Chain, St John of God and the Royal Flying Doctor Service, to service our public hospitals. We will not take an ideological approach and privatise them. We will not do what Labor did and in blind ideology stop them from functioning properly. I tell members that I will spend the next two years focusing on this because the member and his mates have given me a perfect reason to have a dialogue about the most important asset in operation in my electorate, and I thank the member for that.

**MR M.P. WHITELEY (Bassendean)** [6.43 pm]: I want to make a contribution to this debate on the No Privatisation of Hospitals and Schools Bill. One of the fundamental differences between the conservative side of politics and our side in government is around the issue of privatisation and outsourcing. I guess the modern battlefield that has been opened up is the enthusiasm that the conservatives have for public-private partnerships. I will talk about that in a bit of detail but before I do, there are two things that drive the government's agenda in making those calls about what should appropriately be delivered by the private sector and what should appropriately be delivered by the public sector. Firstly, it is basically ideologically driven and is sort of an unyielding faith in the superiority of the private sector to deliver superior services at a lower cost in all circumstances. The second motivation, which the government is not honest enough to admit but displays in its vehemence directed toward the union movement, is its pathological hatred of organised labour—its dislike of the union movement. Having made those comments, because my time is fairly limited I am not going to go on about the ideological differences, but will go back to the history of service delivery by Labor both at a federal and state level. Suffice to say, I think Labor understands the need for balance: where the private sector is appropriate and where it is appropriate to leave things in direct public control and direct public delivery.

One of the battlefronts that have opened up over the past 15 to 20 years is the issue of the role of public-private partnerships. The member for Riverton expressed his enthusiasm for the significant benefits of PPPs. I will highlight a few concerns that I have about PPPs. Even though my background is in accounting and economics, I have not spent much of my parliamentary career discussing those issues. I have tended to concentrate more on human service delivery, particularly in the area of mental health. When we were debating the appropriate role of public-private partnerships whilst in government, I was sufficiently concerned about some of the enthusiasm for public-private partnerships that was being displayed not in the caucus but within the community. That motivated me to write a small paper, which I gave to my caucus colleagues in April 2005 titled “Public-Private Partnerships: Do Perceptions Match Reality”. It was motivated by my BS antenna. I think that if I have a skill it is that my BS antenna is acutely tuned and I can detect BS at a fair distance. A lot of the claims that were made about the benefits of public-private partnerships set my antenna twitching quite strongly.

When we get down to it, there are three artificial arguments that lead to an overblown enthusiasm for PPPs. When economists, such as the member for Riverton, typically do a cost-benefit analysis of whether a service should be provided by the public or private sector, they artificially and inaccurately inflate the benefits of PPPs and ignore the benefits of direct public sector delivery. Those three arguments are basically, first, the transfer of risk from the public to the private sector; second, analysis of value for money; and, third, the sort of an illusory benefit of the off-balance sheet financing that PPPs seem to provide but in reality do not.

One argument that is put forward for the use of PPPs is that they transfer risk from the government to the private sector in that the private sector takes the risk of any project and wears the downside of any unexpected circumstances that may lead to cost blow-outs, for instance. The private sector is thought to internalise that risk.

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The reality of PPPs involved in the delivery of essential services is that the government will always step in because of political pressures; the government cannot afford to let those PPPs fail. Therefore, what happens in reality is that the government pays a premium for outsourcing the risk and never gets the benefit. If the risk comes to be, the government has to actually step in and prop up the service, typically because in monopoly situations there is one service provider and the government has to step in and prop it up. We see it time and again whereby outsourcing, particularly in monopoly situations, fails and the government steps right in and the taxpayer foots the bill and, having paid for the risk-outsourcing premium, it pays again to internalise the risk within government. That is one argument used by enthusiastic proponents of PPPs, such as the member for Riverton. I give the member for Riverton some credit at least; unlike most members on his side he does actually make some attempt to understand and have a philosophical argument, whereas for other members opposite it is beyond their intellectual capacity.

**Mr F.A. Alban:** You would know, of course!

**Mr M.P. WHITELY:** Frankie, why was I thinking of you?

Several members interjected.

**The DEPUTY SPEAKER:** Members!

**Mr M.P. WHITELY:** The member for Swan Hills is a mind-reader because when I said a lack of—

**Mr F.A. Alban** interjected.

**The DEPUTY SPEAKER:** Member for Swan Hills!

**Mr F.A. Alban:** I think it was provoked!

**The DEPUTY SPEAKER:** Member for Swan Hills! Member for Bassendean.

**Mr M.P. WHITELY:** I am impressed by the member for Swan Hills’ ability to read my mind. I will tell members about the internal debate that was going on. When I said that there was a lack of intellectual capacity, do members know who came to mind? It was little Frankie! I was going to dish out a barb but I thought that I should not pick on people who are incapacitated because that is too cruel. I said to myself, “Martin, don’t go there because that’s too cruel.” The member for Swan Hills picked up on my brainwaves. He picked up that I was thinking about which member opposite was the stupidest of them all.

**The DEPUTY SPEAKER:** Order! I have allowed the members for Bassendean and Swan Hills some latitude. Please come back to the point, member for Bassendean.

**Mr M.P. WHITELY:** Often animals such as dogs have an intuitive ability to predict earthquakes.

**The DEPUTY SPEAKER:** Member for Bassendean!

**Mr M.P. WHITELY:** I am impressed by the member’s ability to pick up on my brainwaves. I do not know how he did it.

The first false argument that creates enthusiasm for public–private partnerships is the transference of risk. As I said, if the risk comes to pass and the private sector is unable to deliver within its contractual obligations, the government steps in and props up the private sector. The public pays for the risk and outsourcing but bears the risk.

**Mr J.H.D. Day:** What was the former Labor government’s policy on PPPs?

**Mr M.P. WHITELY:** It was a very sensible policy. I wrote my paper in the context of my concern about the overenthusiasm coming from some quarters—not within caucus—towards engaging in PPPs. I think we got the balance about right when in government.

The second argument is the naive belief that the private sector always delivers value for money. There are a range of reasons why that is simply not true in many cases. A whole bunch of costs associated with the private delivery of public services are often not recognised. Firstly, there are the contract and compliance costs. When the government is its own service provider, it does not have to spend resources to ensure its own compliance; it does not have those contractual negotiation and compliance costs. It does not have to pay a premium for outsourcing the risk, which I have spoken about previously, whereby the government is charged for it but, frankly, does not get the benefit of it. The third and most obvious extra saving is that there is no profit motive. The government does not have to be concerned about the return to its shareholders. That is a problem because profit not only adds to the cost, but also perverts the motivation of those charged with delivering the service. The problem that goes beyond cost is that the fundamental motivation of the service deliverer is profit maximisation and shareholder return rather than service delivery. A profit motive is fine when there is competition and for the delivery of private goods. The further away one goes from perfect competition, the less appropriate it becomes.

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The delivery of essential services that are owned by the public sector, such as hospitals and schools, should quite properly be directly controlled by the public sector because that prevents the payment of a profit premium and it makes sure that the primary focus of the service deliverer is service delivery and not the profit motive.

Another point that is not recognised is that there are significant financing cost differences between the private and the public sector. No-one is able to borrow money more cheaply than the government because, effectively, the government is a borrower of, not low risk, but effectively no risk, particularly in Australia. It may be true that there is a degree of risk involved with the governments of Greece and Ireland financing projects, but that certainly is not the case in Australia.

**Mr R.H. Cook:** Since the GFC, that situation is even more apparent.

**Mr M.P. WHITELY:** Absolutely. Lenders have become far more sensitive to risk in the current environment because of the global financial crisis. That extra financing cost is not brought to bear upon the government.

There are other additional intangible costs that are difficult to quantify, one of which is the loss of the internal government skill base whereby governments become reliant upon private sector providers to deliver services, particularly for services that have been outsourced. Government becomes reliant upon the private sector providers and over time there is an erosion of the skill base within government. Governments can become increasingly reliant on private sector providers and increasingly subject to a larger profit premium.

There is also the loss of sovereignty and flexibility of service delivery. Contracts are written with minimum contractual obligations. The private sector will provide a service that just meets, or gives the appearance of meeting, the minimum contractual obligation, whereas good public sector managers will ensure optimal service delivery within a budget. A public-private partnership is likely also to restrict the flexibility of the delivery of services. A contractual obligation robs the government's ability to respond to changing circumstances. There are also significant costs involved in the renegotiation of contracts. They are just some of the reasons that these value-for-money arguments fall down.

There is also a bias in any cost-benefit analysis because when a typical cost-benefit analysis is done of private sector provision versus public sector provision, accountants, being appropriately conservative, make pessimistic estimates of the life of the assets. If the public sector is providing an asset such as a school, it will amortise the cost of the provision of the school over a 30 or 40-year time frame. Many schools in my electorate and in other members' electorates would be a lot older than 30 or 40 years. When a government school is built properly, like the wonderful school built in Lockridge that was funded by the former government, it will last for up to 100 years. There is an artificial bias whereby the benefit of the capital cost is assumed to provide a benefit only over a truncated time, which is often much shorter than the effective real life of the asset. Why is that the case? It is because accountants follow the doctrine of conservatism whereby they must conservatively estimate the useful life of an asset, and often they underestimate that. Therefore, there is a natural bias against the public sector provision.

As I said before, there is also a tendency to overstate the value of the outsource risk, both in the likelihood of that risk, so a greater premium is paid than is being outsourced and, eventually, as I said previously, that risk is internalised in the effort —

**Ms J.M. Freeman:** I understood that by outsourcing in Britain, the government lost a certain amount of skills. Therefore, because the government had lost the skills to be able to manage those services, the companies that administered and ran those services could increase the cost of the contracts and the government had to meet those additional costs.

**Mr M.P. WHITELY:** That was a point that I hoped I made, but perhaps the member is making it more eloquently than I did. The member is dead right. Initially, there may be equivalent value for money, but over time there is a loss of intellectual property and capacity within the public sector, and we pay an increased premium to the service provider on which we become reliant. I am about to run out of time but I have not had time to talk about the illusion of "off" balance sheet financing.

Debate adjourned, pursuant to standing orders.

*House adjourned at 7.00 pm*

**Extract from *Hansard***

[ASSEMBLY — Wednesday, 10 November 2010]

p8529b-8560a

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Mr David Templeman; Mr Tony O'Gorman; Dr Mike Nahan; Deputy Speaker; Mr Martin Whitely

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