

FIONA STANLEY HOSPITAL — SERCO CONTRACT

Motion

MR R.H. COOK (Kwinana — Deputy Leader of the Opposition) [4.01 pm]: I move —

That the house condemns the Barnett government on its failure to publish in full the details of the facility management services contract between the Western Australian government and Serco Pty Ltd for services provided at Fiona Stanley Hospital, and calls on the government to table the full contract without exemptions.

The Labor opposition has moved this motion because we believe very strongly in an important principle of government—transparency and accountability. What is clear from the —

Mr R.F. Johnson interjected.

Mr R.H. COOK: For as long as I can.

Mr R.F. Johnson: Sixty minutes?

Mr R.H. COOK: I will give it a whack.

Mr R.F. Johnson: Let's see how good you are.

Mr R.H. COOK: I am not sure I will go the full 60 minutes.

In the striking of the contract between the WA government and Serco Pty Ltd we clearly have, to be quite frank, an anathema to that principle of government. The government has provided some documentation about the contract between Serco and the government regarding Fiona Stanley Hospital. That was previously provided by way of posts on the internet, with a redacted version of the contract being made available to the public. This contract runs for over 700 pages and is very complex and detailed. More importantly, the actual document that the government made available to the public had over 1 000 omissions or deletions. Some were insignificant, but some were of great importance to an examination of the contract to ensure that it provided details about the way this government —

The ACTING SPEAKER (Ms L.L. Baker): Members, could you please not have your discussions in the house. We have the member for Kwinana on his feet.

Dr K.D. Hames: They changed the order!

Mr R.H. COOK: Not I; I can assure the minister!

The document made available to the public was noted more for its omissions than for the actual declarations made available to the public. A great deal of that document will never be available for public scrutiny. For that reason, we are none the wiser about how this government will manage the hospital services for what will be our premium, flagship new tertiary hospital. Let us be clear on this point. This is not a hospital that has grown over time to take over tertiary services. It is on a greenfield site and will certainly be the newest hospital in Western Australia; it will be one of the biggest in Australia. This hospital needs to be a provider of world's best practice public health services. It is for this reason that we are extremely anxious that the public have an opportunity to see, in the first instance, how the government has gone about configuring the way these services will be provided. We are also very concerned that members of the public have an opportunity to continue to actively participate in public health services by being able to examine the way they are conducted, to hold those services to account, to comment about where they see those services going wrong and to call their government to account when they want those services changed. The public also has a right to change the way those services are provided and to actually intervene by way of the elections or public debate. All these things will be denied under the Serco contract.

I will go into detail about why that is the case. In the first instance, when a particular public service is privatised, the first victim of that is accountability, because so much of that service becomes tied up in commercial-in-confidence contracts. I do not blame the private provider for that; it has information, technology and competitive advantage that it wishes to protect. But that cannot go hand in hand with the provision of public services. A principle about the provision of public services is that they should be public and accountable. The moment we say that the way in which these public services will be provided is commercial-in-confidence, we lose that accountability. In the provision of essential public services, and I am particularly thinking of things such as health, policing and education, which are central to the sort of work that state governments do, this is a real and significant problem. We in the Labor Party believe that the public should have control of these public services, and we believe that accountability is central to the provision of those public services. The second thing that is lost when we privatise services is the capacity to decide how these public services are configured, because we are essentially entering into a contract at a point in time and envisaging the way that those services will be

Mr Roger Cook; Mr Joe Francis; Mr Chris Tallentire; Dr Kim Hames; Acting Speaker; Mr David Templeman

provided into the future. In this particular contract, it is how those services will be provided for the next 10 years, with the contract having a five-by-five option from there on. As we know, and as the Minister for Health is often bound to remind us, in the health sector the demands for the public health service are constantly changing. The minister also loves to remind us that under the previous government the contract for Joondalup Health Campus was negotiated with the private provider of that particular hospital, and the contract was in fact renewed and rolled over so the private provider could extend its contract operating in that area. The previous government did so because when faced with the option of constricting the number of beds and services provided at Joondalup or expanding that hospital by 100 or so beds, and in doing so inevitably entering into a contract with the private provider that ultimately extended that private provider's contract, it obviously took the second option, as keeping the number of beds at Joondalup Health Campus at the same number as in 2001 was clearly not an option. However, the nature of privatisation is such that when a private contractor sits between the government and the provision of public services, there is no other option than to negotiate with that private provider. It is alarming that it took seven and a half years of negotiation with the private provider to expand that hospital. It took seven and a half years for what was essentially simply the expansion of the emergency department and of about 100 beds in that particular hospital. It is inevitable that a private provider sitting in that space will say, "We want a piece of this action and in doing so we want to actually have more skin in the game. If we're going to have more skin in the game by virtue of capital investment, we want that contract extended to provide certainty around that capital investment and to make sure our financiers have confidence around the loans that would be involved in it." Again, I do not blame Ramsay Health Care for wanting to seek advantage from the expansion of Joondalup Health Campus. I simply make the observation that this is inevitable when a private provider is sitting between a government and the service that it wants to change or reconfigure; the government will ultimately be in the position of having to negotiate with that private provider. In the case of Joondalup Health Campus that meant rolling over the contract. Therefore, we have a situation in which a government driven by good public policy is forced by the expansion of those public health services into negotiation with a private provider. That, fundamentally, is wrong. It is wrong that the government of the day should have to enter into protracted negotiations with a private provider because that will ultimately delay the expansion of those public hospital services.

The other point I make about the principles around privatisation is that it impacts on two other crucial aspects of the public service. When there is a large organisation, such as a hospital, that is made up of a lot of different disciplines, professions and departments that all impact upon the ultimate delivery of service, we want that organisation to work as a family coordinating its efforts to ensure that it continues to drive efficiencies through cooperation, working together as a single unit. The moment we start to carve up aspects of that hospital's functioning, we start to undermine its efficiency and the effectiveness of the delivery of those services. The minister has already agreed with members on this side of the house that the examples of the privatisation of cleaning at Royal Perth Hospital and the privatisation of orderlies at Sir Charles Gairdner Hospital were essentially bad exercises in public health. The privatisation of those services undermined the coordination, effectiveness and accountability of those services to the government of the day as the service provider and it undermined public confidence in that public service. Therefore, I have a real problem with the idea that we can take part of a hospital and hive it off to a separate entity that has a very different corporate culture in how it does things and is driven by a different set of key performance indicators in its work. To that extent, we can have bad privatisation but we can have even worse privatisation. If the government was to contract out the entire functioning of the hospital, such as at Peel or Joondalup Health Campus, we would disagree with that process in principle. But if the government was going to take elements of a public hospital and privatise those, I would say that that is a much worse form of privatisation than a holistic contract around which a hospital can continue to coordinate its services. Therefore, in that sense, the Serco contract for the provision of public hospital services at Fiona Stanley Hospital is an example of some of the worst kinds of privatisation because there will be a dislocation and a fracturing of the way those services are delivered.

Today, Serco Australia Pty Ltd gave evidence at a public hearing to the Public Accounts Committee, so I will make reference to the testimony that it provided to that committee. Serco described that in its contract it provides a single point of risk transfer. I will come back to this concept a number of times in my presentation today, but one of the issues Serco talked about—that is, the single point of risk transfer—was around the elements of the contract, which has subcontracts. It might be of interest to members to know that Serco is simply the head contractor and it is allowed under the hospital services contract with the Department of Health to hive off parts of its contract to subcontractors. Serco would have us believe that under this arrangement, it will be the single point of contact for the provision of the overall services and that the subcontractors will be responsible to Serco and ultimately responsible to the Department of Health. However, I do not buy it because in the case of a hospital environment in which people demand answers now and intellectual property resides outside the head contractor, there will be a dislocation of services. For instance, information and communications technology will in fact be provided by British Telecom. I note that BT has as much experience in running hospitals in Australia

Mr Roger Cook; Mr Joe Francis; Mr Chris Tallentire; Dr Kim Hames; Acting Speaker; Mr David Templeman

as Serco has—that is, none at all. From what I can gather, I am not sure whether BT has any experience in Australia at all. It is, in fact, the beneficiary of another British company getting a contract in Western Australia and being shoehorned into, for it, essentially a new market. Therefore, the contract with BT could potentially be portrayed in the same way that the Serco contract is—that is, it is an incredibly lucky break for a company that hitherto had no experience in Western Australia.

Remember, coming back to the point, that this is our premier, flagship tertiary hospital and to date we are providing the substantial custody of its management to a company that has no experience in running a hospital in Australia and no experience —

Dr M.D. Nahan: Fleet management, estate services, ICT services, linen services—this is what it is doing; it is not managing the hospital.

Mr R.H. COOK: It has no experience in its subcontractors in Western Australia.

Several members interjected.

The DEPUTY SPEAKER: Members!

Mr R.H. COOK: What it has mostly done, member for Ocean Reef, is actually spend time at the immigration office with 458 visa applications. It has tried to bring in as much of its English workforce as possible to try to prop up the fact that it has very little capacity in Western Australia. However, I do not blame the company for that.

Mr F.A. Alban: Australia's always relied on migrants to do work.

Mr R.H. COOK: The fact remains that the Department of Health in Western Australia is more than capable of running a hospital, yet what we are seeing under this government is a slow attempt to undermine that. The Minister for Health does not want a department that is capable of running a hospital; the Minister for Health would like a department that is simply capable of running and managing contracts. As a result of that, we further undermined the capacity of our public service to provide essential public services. I have talked before about what we believe are the three key public services of health, education and policing. The more that we go about trying to hive off our public service —

Several members interjected.

The DEPUTY SPEAKER: Members! Stop putting off the member for Kwinana.

Mr R.H. COOK: I can assure you, Mr Deputy Speaker, that I am not being put off; I am simply waiting for an interjection that makes sense! All I have is the prattling on from the member for Swan Hills, who has had more to say today in his interjections than he could possibly manage in front of the community at Midland the other night when all he could do was stand shakily in front of the microphone and say, "I know nothing about this. It's got nothing to do with me. Go and talk to the minister." It was the most pathetic attempt at standing before the community that I could ever imagine. We were going to go soft on the member for Swan Hills, but that really was the saddest exercise in public speaking that I have ever come across.

Mr F.A. Alban interjected.

The DEPUTY SPEAKER: Member for Swan Hills! Come back to the point, member for Kwinana.

Mr R.H. COOK: We have sound objections to the principles behind this contract. We recognise that this government has a right to enter into contracts with the private sector and we believe that we have a right in opposition to scrutinise those contracts, but we are denied that scrutiny. The public is also denied that scrutiny because a large portion of this major hospital's operation will be hidden by contracts that are commercial-in-confidence. As a result of that, an essential public service will be taken out of the public's hands.

Mr J.M. Francis: Will he rip up the contract if he wins the new election?

Mr R.H. COOK: The member for Jandakot is very keen to have his interjection about this contract heard over the others. We will in government —

Several members interjected.

The DEPUTY SPEAKER: Members!

Mr R.H. COOK: We will do everything possible to make sure that we bring these services back into public hands because we know that the public objects to these services being sold off to the private sector. We know that it is having an impact in the seats of the member for Jandakot and the member for Riverton, and we will hold this government to account.

Several members interjected.

Mr Roger Cook; Mr Joe Francis; Mr Chris Tallentire; Dr Kim Hames; Acting Speaker; Mr David Templeman

The DEPUTY SPEAKER: Members! Member for Riverton!

Mr R.H. COOK: We will hold —

Dr M.D. Nahan interjected.

The DEPUTY SPEAKER: Member for Riverton!

Mr R.H. COOK: We will hold this government to account for its decisions. This is a bad decision for the people and taxpayers of Western Australia, particularly those in the southern suburbs who thought that they were going to get the best tertiary public hospital services at Fiona Stanley Hospital. It is clear that those services are now compromised by a contract, the contents of which they will never see. Therefore, it will be taken away from public scrutiny.

Today Serco presented evidence before the Public Accounts Committee. The witnesses did a very good job of talking about their company, explaining their mission and describing what the company wants to do in the context of this particular contract. Serco said that some of its central values are accountability and transparency; I hope that that is true, but the public commentary does not tend to focus on Serco in that way. One of the clear lines of commentary around Serco relates to the so-called secrecy around its services, but David Campbell has gone a long way in trying to explain what his company is about and what it is trying to achieve at Fiona Stanley Hospital. In that sense, a lot of their evidence was pretty illuminating. I am sure the committee members present appreciated their testimony. However, a lot of their evidence was also fairly confounding. In that sense, we remain uninformed about how Serco will go about its services.

Serco was illuminating on one particular point—that is, the way in which it conducted itself at Christmas Island. An accusation was recently made that Serco placed some of its administrative staff in security staff uniforms during the riots on Christmas Island. These staff members were asked to staff gates around the perimeter of the detention centre to create an increased security presence. This was an extremely distressing experience for those people who were placed in that dangerous position. It is also very telling about the way in which this company proposes to operate. Before I go into that issue, I might add that the company said that one of the ways in which it goes about its business is through its value-based approach to its work. Serco claims to be a values-based and ethics-based organisation. However, if it is an ethics-based organisation, what the hell was it doing when it placed administrative staff in physical danger? Is that an example of the ethics Serco will bring to the management of a tertiary hospital? Is that an example of how it will transfer its corporate culture from a detention centre to a hospital? These are legitimate questions to ask, because this is a very important institution for the WA public. In the minister's opinion, these are not legitimate questions to ask. When I asked a similar question of the minister in Parliament on 20 October, he pretty much laughed it off and dismissed the claim as a union put-up. He said —

I will bet that the union member who jumps up and down and pulls the member's strings is the same union member who is jumping up and down and putting out stories about how the contract operates.

What a ridiculous comment to make. That is like saying that the opposition is outrageous for holding governments to account; how dare it do that! I am happy to put on the record that I am a very proud member of United Voice in the same way that the Minister for Health is a proud member of the WA branch of the Australian Medical Association.

Dr K.D. Hames: I am not that proud when they have a go at me and flog me over something!

Mr R.H. COOK: The minister is no orphan when being flogged by his union. We have all been subjected to that at some time.

I am a proud union member in the same way that the minister is a proud AMA member. He meets with the AMA on a monthly basis, as he should. I have heard the accusation that the minister often meets the AMA without his ministerial staff present.

Dr K.D. Hames: That's not true.

Mr R.H. COOK: He has denied that, and I am very pleased to hear him deny that. I think that he meets with the Australian Nursing Federation about four times a year and with United Voice about twice a year.

Dr K.D. Hames: And also with Dan Hill. What's his union?

Mr R.H. COOK: That is the Health Services Union.

Dr K.D. Hames: I meet Dan three or four times a year.

Mr R.H. COOK: Of course, I am not childish enough to accuse the minister of simply acting on behalf of the AMA or suggest that he is incapable of having an independent thought from David Mountain or Paul Boyatzis.

Mr Roger Cook; Mr Joe Francis; Mr Chris Tallentire; Dr Kim Hames; Acting Speaker; Mr David Templeman

In fact, I expect the minister to be able to push back against the AMA in the same way that I would have thought the minister would expect me to push back against the leadership of United Voice on occasion.

Dr K.D. Hames: You see them have a go at me all the time, but you never see the union have a go at you.

Mr R.H. COOK: I think Jim McGinty would beg to differ with the minister about that!

What was illuminating about today's testimony was that Serco was happy to confirm that it placed those staff in that position. Therefore, I think the minister should perhaps be a little more contrite and measured the next time these sorts of issues are drawn to his attention. At least Serco had the decency to admit to that. What else did it say? It said that this contract is by far the biggest contract it has ever managed. The biggest contract it has had previously is with Forth Valley Royal Hospital in the United Kingdom, which involved the coordination of 16 hospital services. Serco says that under the contract it has with Fiona Stanley Hospital, it will operate 28 services, although I thought it was 31. So, the Fiona Stanley contract requires Serco to operate a significantly greater number of services than is the case with the UK contract.

What was also illuminating was that Serco said a consultant with the Department of Health headhunted Serco to sound it out about whether it would tender for such a contract. Serco hinted at what seemed to be a fairly unseemly exercise of the Department of Health priming the market for this particular contract rather than what we understood the minister was doing, which was testing the market in a public-private comparator. What was also illuminating was the lunch that the member for Jandakot had with Serco in March 2009. It must have been a beaut lunch because everyone remembered it. Member for Jandakot, let me put it on the record that I do not think anything untoward went on at that lunch, but I note that the member cannot recall who paid for it.

Mr J.M. Francis: Let me put on the record that it was not even a lunch; it was a dinner. You can't even get the basic facts right.

Mr R.H. COOK: Was it a dinner?

Mr J.M. Francis: It was, but it was a long time ago.

Mr R.H. COOK: That is indeed a new revelation in this ongoing saga.

Dr K.D. Hames: It could have been a long lunch.

Mr R.H. COOK: It could have been a long lunch, minister. Maybe the member for Jandakot's memory of it is fuzzy because the dinner was lubricated with an amount of alcohol.

Mr J.M. Francis: Do you honestly think that putting out campaign material like that is a dignified way of conducting this debate?

Mr R.H. COOK: As I have pointed out, member for Jandakot, there is a lot about this debate that has not been dignified.

Mr J.M. Francis: Do you think that is an acceptable standard of politics?

The DEPUTY SPEAKER: Members!

Mr J.M. Francis: Do you think it is an acceptable standard in politics to make those imputations?

Mr R.H. COOK: As I have said, there is a lot about this debate that has not been very dignified. I am not going to —

Mr J.M. Francis: Stand here and condemn the Labor Party member who put out that material. Go on! Either agree with it or condemn it.

The DEPUTY SPEAKER: Member for Jandakot!

Mr R.H. COOK: I have to be honest with the member for Jandakot; I have not seen the pamphlet of which he speaks.

The DEPUTY SPEAKER: The member for Kwinana will address his comments through the Chair.

Mr R.H. COOK: I know the types of pamphlets that the member put out, because there has been a series of them, but I have not seen the one that makes that particular accusation.

The DEPUTY SPEAKER: Members! Can the member for Kwinana start addressing his comments to the Chair and get back to the point, please?

Mr P.T. Miles interjected.

The DEPUTY SPEAKER: Member for Wanneroo!

Mr R.H. COOK: What also came out in today's testimony is a very important point about the fines that Serco has been subject to under the contracts it has with the federal government. In the estimates hearings last week in

Mr Roger Cook; Mr Joe Francis; Mr Chris Tallentire; Dr Kim Hames; Acting Speaker; Mr David Templeman

the federal Parliament—my apologies; it was an inquiry being run by the federal Parliament—it was revealed that Serco had been fined \$14.8 million from its monthly payments between March 2010 and June 2011. Those dates are very important and instructive. Serco was awarded preferred bidder status by the WA government in October 2010. When the Department of Health in Western Australia was doing due diligence on the preferred bidder and flew to the UK to see how Serco operated hospitals there, right under the department's nose in Australia the company was being fined almost \$1 million a month for a breach of contract with the federal government. The Fiona Stanley Hospital contract was ultimately awarded in July 2011. At that point Serco already had been fined almost \$15 million by the federal government for a breach of contract for the way it ran the detention centres. Serco said today that that was caused by a significant increase in demand, or business activity, surrounding that particular contract. However, let us all note that there is a big difference between running a detention centre at Christmas Island and running the very complex, high-value Fiona Stanley Hospital. That is a much more complex operation and we know that there will be significant changes in demand.

Dr K.D. Hames: An increase from 1 000 immigrants to 6 000 immigrants—who could have anticipated that the federal Labor government's system would fail to such an extent? No-one could have anticipated that.

Mr R.H. COOK: Even the minister is better than entering into Abbott-isms around the immigration debate. The point to be made is that there is a big difference between running an immigration centre and a hospital. Serco was fundamentally challenged in the way it ran those detention centres, yet are we comfortable with Serco cutting its teeth in Australia on our newest, biggest flagship tertiary hospital?

What was confounding, however, about the evidence of representatives of the company today was that on more than one occasion they were pressed to talk about what they would do differently, how they would go about providing efficiencies at Fiona Stanley Hospital and what they would do there to change things. They said that it is the effective way that they can manage people. They have a patient-plus methodology called Better Together. They have a whole-of-patient view. They have reduced single point activity, eliminating individual channels of business. They have a values-based organisation based on ethics. It is great corporate language, but it is hardly illuminating in what they are going to do differently at that hospital to create value. One of the key points Serco made is that it will provide staff with at least or better than the public sector equivalent in wages and conditions. We have some of the lowest unemployment rates of modern times. Of course Serco is going to pay public sector rates or better, because that is the only way it will get staff. My concern is not necessarily when times are good. What happens when times are bad? What are the protections for staff when times are bad? More importantly, what are these changes? What will they be doing at Fiona Stanley Hospital that is different from what happens elsewhere? They have the automated guided vehicles—that is true. The only way that Serco will be able to provide a better service is by clipping the bill on wages.

Dr M.D. Nahan: They pay more!

Mr R.H. COOK: Serco says that it will pay more for the people who are there. That does not mean that the staff-to-patient ratio—the critical mass of staff—will be the same.

Several members interjected.

The DEPUTY SPEAKER: Members!

Mr R.H. COOK: Serco uses this whole shroud of confounding language about what it will do at Fiona Stanley Hospital that is different. One assumes it is a fixed-price contract for the provision of services. Serco, like every other private sector entity that enters into a privatised contract, assures the public and the government of the day that that is the going price. One thing we know about privatised contracts is that it is never a fixed-price proposition. The Serco representatives said today that there was a single point of risk transfer. The government endeavours to transfer a range of risks under these sorts of models. First of all, there is the transfer of political risk. That will not happen; it has never happened. In the provision of public services, the government of the day can never transfer the political risk. Governments have endeavoured to do it many times across these sorts of contracts and it just does not happen. However, this is a selling point of privatised models. It did not happen at Joondalup Health Campus, and it has not happened at Peel Health Campus.

The second point Serco likes to sell itself on is the issue of financial risk transfer. As we know—there have been some celebrated cases about privatisation models, such as Spencer Street station and so on—financial risk is never fully transferred. This minister knows that all too well, because he has recently had to stump up for extra cash at Peel Health Campus so that staff wages could be topped up by eight per cent. By the way, Mr Deputy Speaker, it was an outstanding outcome for staff at that hospital. The government has had to stump up the cash for that hospital. We all know there had to be a top-up for St John Ambulance. That is slightly different, but at the end of the day it is a private contract. Both those private operators have said, "Now that we're being funded at a proper level, we can go about providing these public services better." Herein is the great lie of privatisation.

Mr Roger Cook; Mr Joe Francis; Mr Chris Tallentire; Dr Kim Hames; Acting Speaker; Mr David Templeman

There is never a fixed price for the contract, and there is always creep in the cost of those services. The private contractor always comes back and asks for more.

Dr M.D. Nahan: Member, you spent your previous life going through this house, dragging your clients in and promoting private contracts.

Mr R.H. COOK: And, member, I was bloody good at it, too!

Several members interjected.

The DEPUTY SPEAKER: Members!

Mr R.H. COOK: Some important principles are associated with the privatisation of services at Fiona Stanley Hospital. Today, Serco said that it was happy for everything to be open and accountable. Thank goodness for Serco in that sense because it actually brought some accountability to this debate. No sooner had Serco said it was happy for the contract to be made public than the minister scampered into the chamber and tabled the key performance indicators. The KPIs are probably one of the most confounding aspects of today's debate. The KPIs for cleaning are breathtakingly vague. Here are some examples —

Emergency Faults are Attended to within the relevant Attendance Time.

These are emergency faults in relation to cleaning services —

Reactive Cleans are completed in respect of Emergency Faults within the relevant Rectification Time.

...

Reactive Cleans are completed in respect of Urgent Faults within the relevant Rectification Time.

That is not a KPI; that is simply stating the bleeding obvious. We are still none the wiser about what the government is requiring this company to do. We are still none the wiser as to how the government expects this hospital to operate. Today we have seen the contract itself, which is an exercise in deletions, and the KPIs that have been pulled out of them, which, quite frankly, are meaningless. We are still none the wiser as to the accountability or transparency of this contract.

It is worth noting that anyone visiting the Victorian health department's website can download a whole book about the expectations for a cleaning service in a hospital. All we get from this minister is, "Cleaning should be done, and it would be nice if you could do it in a particular time yet to be specified."

Mr M.P. Whitely: Do you know what they'll do? If it's not done in that time, they will alter the contract for a longer period of time, like they did for the four-hour rule.

Mr R.H. COOK: I thank the member for Bassendean.

Despite the best efforts of Serco today, we are none the wiser about how it will be running this contract. We are none the wiser, despite the efforts of the minister today, about this contract. I was hoping to get up today and say, "We've moved this motion, and the minister, either anticipating this motion or hearing from Serco today, has decided to be completely transparent", but that is not the case. We are still none the wiser. What we are wise to is that this minister will resist any efforts to create accountability or transparency around this decision—and it is a bad decision. It is a bad decision because it is bad public policy, it is bad for the taxpayers of Western Australia and it is bad for the patients of Western Australia. We will never get to the bottom of this contract because this minister will seek to hide it from us. Labor will defend the right of the public to have a public service that is fully accountable to the community. We will maintain this debate to ensure that this government is held to account for a contract that is shrouded in secrecy, for a contract that was given to a company that had no previous experience in running a hospital in Australia, for providing to a company a contract that is significantly bigger than any contract it has had before, and for privatising an essential public service. We know that privatisation is unpopular because people in all members' electorates tell us that. We will continue to oppose privatisation on points of principle, on points of practice and on points of accountability.

Dr K.D. HAMES: Mr Deputy Speaker!

Mr J.M. FRANCIS: Mr Deputy Speaker!

The DEPUTY SPEAKER: Minister for Health.

Mr J.M. FRANCIS: I need to get in the chair.

Dr K.D. Hames: He needs to get in the chair; he won't be long. I'll speak straight after him.

The DEPUTY SPEAKER: Member for Jandakot.

Point of Order

Mr Roger Cook; Mr Joe Francis; Mr Chris Tallentire; Dr Kim Hames; Acting Speaker; Mr David Templeman

Mr M. McGOWAN: Mr Deputy Speaker, I am interested in your ruling on this. You had given the call to the Minister for Health. Once you have given the call to the Minister for Health and he declines to make a speech, and you have given the call to another member, the Minister for Health has now had his speaking opportunity. The Minister for Health has now had his speaking opportunity. That is my understanding of the way the rules work. You have now given the call to the member for Jandakot.

The DEPUTY SPEAKER: Both of them stood at the same time. Member for Jandakot, continue.

Mr M. McGOWAN: On a point of clarification, Mr Deputy Speaker, you gave the call to the Minister for Health; I heard you. So has he now made his speech?

The DEPUTY SPEAKER: No, he has not made his speech.

Mr M. McGOWAN: Why is he not on his feet making his speech?

The DEPUTY SPEAKER: He has given way to the member for Jandakot.

Mr M. McGOWAN: So that is your order, Mr Deputy Speaker—that the Minister for Health gets to make two speeches on this occasion?

The DEPUTY SPEAKER: He is not making a speech. He never said a word.

Mr M. McGOWAN: But you gave him the call, Mr Deputy Speaker. It would be good if you learned something about the standing orders.

The DEPUTY SPEAKER: The Minister for Health did not say a word. Member for Jandakot.

Debate Resumed

MR J.M. FRANCIS (Jandakot) [4.52 pm]: I thank you for your indulgence, Mr Deputy Speaker. I do not like doing this, but I point out to the leader of opposition business that I try to accommodate his side of the house when I am in that situation.

I will not speak for too long, because I have to be somewhere else in this place in about seven minutes. I will make a couple of points and vent my frustration. I am on a promise that I will not swear; I have used the f-word enough times this week for most members of this house!

We need to know from the opposition its intentions if it wins the next election. We know what the Leader of the Opposition has said. He said —

If the Barnett Government signs the contract with Serco a future Labor government would do whatever it could to reverse the decision, including ... negotiating with Serco to bring an early end to the contract.”

If the Labor Party is going to rip up this contract, it should say that it is going to rip it up; if it is not going to rip it up, it should say that it is not going to rip it up. But it cannot bag this contract, talk doubletalk and engage in smoke and mirrors about its intentions. All members can assume from this is that if the Labor Party wins the next election, it will rip up this contract because it is so opposed to it. The public of Western Australia really needs to know what the cost will be. We know from the Department of Health that the cost for this will be at least \$60 million. That is \$60 million of taxpayers’ money to rip up the contract just to serve the Labor Party’s union masters.

Dr K.D. Hames interjected.

Mr J.M. FRANCIS: It is not only that. We heard some very important evidence from Serco Australia this morning. I asked a specific question—I am sure that when the Hansard transcript comes out, everyone will read it—about how many Serco employees will be impacted on by ripping up this contract. The answer was that by mid-2014, 1 100 people working at Fiona Stanley Hospital, including security guards, cleaners and some administration staff, will have to be sacked by Serco. Those workers will be on the same, or better, wages and conditions than they would be if they worked in the public health system. What I just cannot fathom is how the Deputy Leader of the Opposition can stand in this place and say that he fights for the lowest paid workers in the health system in Western Australia. But if he really did fight for them, why would he go to the next election with a policy to sack them and make them reapply for their jobs so that they will be worse off than they are now? That is what he is saying he stands for. It is absolutely insulting to the members of United Voice and the Health Services Union that he believes that and would act in that way. It is a bigger insult that he would use taxpayers’ money purely to score a political point. I can tell the Deputy Leader of the Opposition that, London to a brick, if the Labor Party wins the next election, it will not rip up that contract. That is why I have to ask: why on earth would United Voice or the Health Services Union want this for their members? Surely their job is to fight for better wages and conditions for their members. That is why people pay their membership fees. I have looked at

Mr Roger Cook; Mr Joe Francis; Mr Chris Tallentire; Dr Kim Hames; Acting Speaker; Mr David Templeman

the financial report of the Western Australian branch of the Health Services Union. There is nothing in the report that allows anyone to determine how much money from those low-income earners in the Health Services Union in Western Australia was used in a roundabout way to subsidise Craig Thompson's credit card bills. That union is ripping money from the poorest people to pay for hookers in another state. The Deputy Leader of the Opposition sits in silence on this issue. The people who run these unions will not say that this is how much union money was used to subsidise the national bills of that union. It is a disgrace. People should resign from that union in embarrassment.

I want to touch on the other issue that the Deputy Leader of the Opposition touched on about the level of decorum in the public debate on this issue. The only reason for that is that the hospital is in a marginal Liberal seat. Fiona Stanley Hospital is located in my electorate, although now that the boundaries have changed, it will move slightly out of my electorate into the Attorney General's electorate. The Labor Party should be ashamed of the absolute crap that goes into my letterbox.

The DEPUTY SPEAKER: Language, please, member for Jandakot!

Mr J.M. FRANCIS: It is absolute rubbish.

Dr M.D. Nahan: How many people have contacted you?

Mr J.M. FRANCIS: That is an excellent question. Deputy Leader of the Opposition, look me in the face.

Mr R.H. Cook: You're just too ugly; I can't do it!

Mr J.M. FRANCIS: I want the member to know that I am telling him the truth. How many people does the member think have responded to that card drop in the past week?

Ms J.M. Freeman interjected.

The DEPUTY SPEAKER: Member for Nollamara!

Mr J.M. FRANCIS: The Deputy Leader of the Opposition says that he is gaining traction on this issue. He is not. I have had one out of all those cards —

Several members interjected.

Mr J.M. FRANCIS: Probably some 14 000 cards sent out in my electorate were authorised by that other sleazebag. Who is the sleazebag who authorised these? It was not Dave Kelly this time.

Dr M.D. Nahan: The guy who ran for Fremantle.

Mr J.M. FRANCIS: No; it was the Labor candidate who ran against the Premier for the seat of Cottesloe. He is now on the Fremantle council. He ran for Labor preselection for the by-elections for Willagee and Fremantle. D. Hume lives in Hilton. Does the member for Rockingham really believe that this is an acceptable standard in political campaigning?

Mr M. McGowan: Have a bit of decorum.

Mr J.M. FRANCIS: He said that Serco wined and dined Joe Francis in March 2009 before winning the multibillion-dollar contract. What a disgusting imputation! We heard what happened today. The government did not contact Serco to discuss the matter until three months later. The member knows the imputation of that. He is alleging corruption. He is alleging that somehow I managed to get the government to award a billion-dollar contract because someone bought me dinner.

Mr R.H. Cook: Did you wine and dine them?

Mr J.M. FRANCIS: I do not remember who paid.

Mr R.H. Cook: So there was wine!

Mr J.M. FRANCIS: This is a serious issue. The member has cast a serious imputation. This is highly defamatory. This guy should be ashamed of himself. The Labor members should be ashamed of the standard of this campaign. This is the same standard that they remained silent on when Dave Kelly allowed his union to park a campaign truck and trailer across my private driveway. Does the member for Kwinana seriously condone this kind of behaviour in a political campaign?

I want to finish so I can be in another place in a second. The member for Riverton asked me how many people have responded to this. One person has responded. I will read out his comment. I got it last Friday. There is a new contact submission from the WA Liberal website. Someone has looked up my email address. According to my notes, the comment states —

I received a brochure from the "Save Fiona Stanley Action Group" that implied that you support the privatisation of services at FSH. To this, I say "Well done!" You and your colleagues must work harder

Mr Roger Cook; Mr Joe Francis; Mr Chris Tallentire; Dr Kim Hames; Acting Speaker; Mr David Templeman

to break the backs of these unions once and for all. These unions have helped destroy the work ethics of the average Aussie worker to an alarming level and they will drag this country down if they are allowed to run riot and hold everyone and the country to ransom with their thug-like attitudes, unreasonable demands, severely myopic actions and destructive policies.

Member for Kwinana, I just recruited another member for my branch of the Liberal Party. I thank him very much.

Mr R.H. Cook: That's the sort of user in the Liberal Party you're welcome to.

Mr J.M. FRANCIS: That is right, and everyone knows it. The opposition member is not gaining any traction on this. It is just a rubbish debate.

In closing, I challenge the Health Services Union of Western Australia to come clean. How much of its poor low income workers' money has managed to go in a bucket to pay for the credit card bill of Mr Thompson in New South Wales? I think those workers deserve an answer.

Ms J.M. Freeman: They would be absolutely outraged at you about that. They are a separate branch. They have nothing to do with New South Wales. If you are talking about impugning behaviour, you are impugning behaviour. There is absolutely no association between the two.

The DEPUTY SPEAKER: Member for Nollamara!

Mr J.M. FRANCIS: The secretary of that union is on the national finance committee of the Health Services Union and the member for Nollamara is telling me they have got nothing to do with each other. That is interesting.

The DEPUTY SPEAKER: Member for Jandakot, direct your comments through the Chair please.

Ms J.M. Freeman interjected.

The DEPUTY SPEAKER: Member for Nollamara!

Mr F.A. Alban interjected.

The DEPUTY SPEAKER: Member for Swan Hills!

Mr J.M. FRANCIS: On that note, I will finish. I honestly say to the member for Kwinana that the campaign is not cutting through. As a member of this house who I believe has a higher level of integrity than many other members, I ask him to ensure that in the continuation of this campaign, he speaks to his unions and says to them that if they are going to conduct themselves in this way, they will have to be responsible for it. I say to the member, as someone who has a high level of dignity and standards, that he is above this and he is above the gutter campaign that is going on at the moment. He is better than this and he should intervene in this campaign. I know he has the authority and the influence in those unions to lift this campaign out of the gutter and to not make those snide, disgraceful and disgusting innuendos that those unions make against other members of Parliament or anyone else. He is above that.

MR C.J. TALLENTIRE (Gosnells) [5.04 pm]: I am very pleased to speak to this motion. The community has a very strong view on privatisation. The community view of privatisation has changed dramatically from what the community view was in the 1980s or the 1990s. There was a time when the world looked at the privatisation plans of Margaret Thatcher and others and thought that this is the way to a quick profit and this is the way to sell off the family silver but redistribute the wealth. People have learnt the lessons of privatisation. They have also learnt to nuance the whole issue of privatisation. I think people now understand that when it comes to essential services, where we want to maintain a quality of service and where we have changing technology as well, a whole host of other issues come about. I will explain that a little further. When we have a hospital being privatised and when we have a hospital that provides the very latest in medical technology, as I know will be the case at Fiona Stanley Hospital, we have to be sure that we have the capacity to keep up with new technology. How do we possibly write contracts to incorporate technologies that we may not have even anticipated? It is impossible to do. We cannot anticipate what the medical technologies will be in 10, 20 or 30 years so we cannot write contracts to cover those situations. The company that has the contract, in this case the Serco, BT and Siemens relationship, says that if we want this very latest piece of medical technology, we will have to pay for it. It loads up the cost on the deal. Who pays in the end? The taxpayer pays. It comes back on the government.

The whole privatisation of hospitals is fraught with all kinds of difficulties. There are several other things that we have to ask questions about. We know that in the normal course of events, extensive lobbying has to occur. It is a competitive marketplace. Otherwise why would we go out to the private sector if we do not have multiple parties—business organisations—capable of tendering for projects? Hopefully, we would not do so if there were not multiple other organisations. If we do go out to the market when there is really only one company, we are not

Mr Roger Cook; Mr Joe Francis; Mr Chris Tallentire; Dr Kim Hames; Acting Speaker; Mr David Templeman

using the competitive process that we are trying to use in the whole privatisation process. That would not be valid.

Dr M.D. Nahan: Yes, you are; you use public sector comparators.

Mr C.J. TALLENTIRE: The member is prepared to accept in the Serco case that no other organisations in Australia were capable of putting a bid together. That is interesting information and something that needs further testing. It is not the theme of my discussion right now. I am trying to say that when we have multiple parties competing for a contract in a privatisation-type deal, extensive lobbying goes on and companies try to outdo one another. They put together bids that are competitive but they also realise that it is essential that they lobby and gain the ear of the decision makers and convince the decision makers that they have the best bid. There is one additional expense over the public sector—the lobbying expense. It is a massive expense. There is a further cost imposed on those in the private sector when they tender for a contract in this privatisation-type scenario. That is the cost of money. When parties have to go out to the private sector, to the private banking world, to gain the capital that they need to buy different pieces of expensive equipment, they have to effectively go out and compete to buy money. That means that they have to accept certain interest rates. There is no doubt that the interest rate that a government pays is a lot less than the interest rate that a private company pays, especially a company such as Serco that does not have a AAA credit rating but a much lower credit rating. We could say that it is fairly sure that a company such as Serco will be paying substantially more on any loan that it takes. It will have to take out loans because it does not have the money sitting in the bank to buy things. It will pay more for its money. That is another occasion on which a company that is putting in a bid against a public sector comparator will pay a lot more. Because of the cost of money, it will have to find a lot more money in the whole process than if it were done by government.

A third occasion on which a company putting in a bid through a privatised process has to find more money is to pay the profit its shareholders will demand. It has to pay profit to its shareholders. A state government organisation doing the same job does not have to pay profit to its shareholders unless, of course, it is a government trading enterprise. But that is not what we expect in a hospital scenario. A Serco-type company must find money for its shareholders and provide a reasonable rate of return. Indeed, under corporations law in Australia all public companies have a responsibility to provide a profit to their shareholders. I have outlined just three of the cost extras that a company such as Serco bidding for a contract such as the one at Fiona Stanley Hospital would have to find extra money for. There is the lobbying component, the extra interest component and the extra profit to the shareholders. There is no doubt about it; public companies have to find ways of saving money because they have all those costs to deal with.

Then they have to find ways within the process of squeezing down costs. How are they going to do that? The only way is by reducing the quality of pay and conditions for employees. That will be the way they find the extra money they need to pay for the lobbying, the extra profits to shareholders and the extra interest loading. They will make ends meet by reducing pay and conditions and the quality of services.

Dr M.D. Nahan: They provide higher quality services.

Mr C.J. TALLENTIRE: It is about making ends meet. There is no magic to this; there is no unlimited fund.

Dr M.D. Nahan: I know this is hard for you, but it is called productivity improvements. Haven't you heard of those—doing things smarter?

Mr C.J. TALLENTIRE: I think the other thing we have to look at in a privatisation contract such as this is the culture of the organisation involved. I am a member of the Public Accounts Committee and we took public hearings today on this very issue. I am a member also of the United Voice union, and I am very proud to make those declarations. The culture of the organisation involved needs to be considered. We heard evidence—indeed, it is a matter of public knowledge—on a Channel Seven news bulletin some time ago that during the Christmas Island riots in March, there was an assumption that staff would be capable of what might be called in managerial speak a polyvalence, which means something is being done that we would not normally find when we ask people to work as professionals in a particular area. Someone who is employed as an administration officer would normally be doing their administrative job, but, in the polyvalence in the Christmas Island riots in March, Serco asked people in administrative positions to put on uniforms so that they appeared to be security personnel, thereby beefing up the perception of the Serco security presence on Christmas Island at the time. This is a matter of public knowledge; it has been reported in the media. I think it is disgraceful to expect someone who has training and a background in some form of administration to switch into a security-type role without any training at all. It is a very dangerous practice. It is pushing the notion of polyvalence way beyond its limits.

The culture of Serco appears to be one of using people in roles that they may not necessarily be qualified for. This practice, in the case of the Serco contract with Fiona Stanley Hospital, is sold to the general public under the guise of a whole-of-patient view. The idea is that if a patient is calling out for a glass of water that is out of

Mr Roger Cook; Mr Joe Francis; Mr Chris Tallentire; Dr Kim Hames; Acting Speaker; Mr David Templeman

the reach of that patient and a cleaner is passing by, the cleaner will very happily hand over the glass of water. That sounds like a reasonable proposition, but that is not where it would stop. I think that when we look at the corporate culture of Serco and its behaviour on Christmas Island, we can see that it does not just stop at a cleaner or a hospital orderly.

Dr K.D. Hames: On a building site, if a wheelbarrow is in the way and you're not a wheelbarrow pusher, you aren't allowed to touch the wheelbarrow.

Several members interjected.

Mr C.J. TALLENTIRE: I think the minister is coming up with some tedious old-fashioned cloth-cap stereotypes.

Ms L.L. Baker: It's mythology, minister.

Mr C.J. TALLENTIRE: It is important to recognise that in many cases in the hospital environment those workplace divisions are for a very good reason. I personally would not want to think that somebody from the ground staff would come in and hand me a bedpan or, for that matter, a glass of water. It would not be sensible. There are limits on people's roles for very good reasons: There can be the spread of contaminants, for example. People working in the laundry service come into contact with all sorts of bacteria and other nasties, so it is only reasonable that people working in a laundry service maintain a high degree of specialisation and stick to their role in the laundry, and that they do not come into the hospital and suddenly help out with serving meals. There is a clear limit on the crossover roles that we can expect people to do from either a professional training point of view or a health point of view. When we think about the risks associated with the sort of crossover of germs that can occur, it is a real worry.

When it comes to this whole-of-patient view, we have heard of cases in which catering services are already contracted out, and the whole-of-patient view falls apart when a patient needs a low-sodium diet. Because the catering service is a contracted-out entity, it does not realise that that particular patient should be on a low-salt diet, so it gets things confused and the patient is offered food that has the salt levels of a normal meal. Those sorts of mistakes occur with this sort of contracting out. It does not lead to a magic crossover when someone in catering understands the dietary needs of a patient. It gets far more confusing than that. The role of the employer is to make sure that an outsourced contractor does their job; they make maximum profit for doing their job. There is not a linkage. We lose the chance to create a good linkage whereby we can make sure that other services work towards the patient's best needs.

We need to look at the United Kingdom experience. I have been very impressed by some of the work done in the House of Commons, where questions have been asked about some of the Serco contracts in the UK. I was particularly interested in the line of questioning by Richard Bacon, MP, a Conservative Party member—the member for Norwich South, I believe. He was able to unearth some very serious shortcomings in the Serco contracts regarding the profitability or the viability of and the additional costs involved in those hospitals. That is an issue I am certainly keen to pursue. I think the real test comes with the experience in Scotland, in fact, when the Wishaw General Hospital had an “announced inspection”; in other words, the watchdog for health in the hospitals in the Scottish part of the National Health Service, the Health Care Environment Inspectorate, visited the Wishaw General Hospital on 28 and 29 September 2010 and found a number of deficiencies. I understand that Serco accepted that these deficiencies were found, and they are typical of the things that go wrong when essential services in a hospital are privatised. These deficiencies—particularly in the area of cleaning—were found in very important areas of the hospital, including in the sluice rooms used to wash down in preparation for important operations. The report for the Wishaw General Hospital, put together by the Healthcare Environment Inspectorate, states that excessive amounts of dust were found and that floor edgings, shelves and tops of cupboards in the sluice rooms were found to be dusty; that clinical preparation rooms had dust and grit on the floor and in the corners of floor edgings; and that high levels of dust were found in wall light fittings in maternity wards. The number of problems found in the hospital just goes on. The inspectorate also looked at the training processes for those people working in the hospital—especially in relation to hospital hygiene and infection control—and noted that initial and update training for public representatives undertaking cleanliness monitoring audits was not fully established. The list of problems in the Wishaw hospital goes on.

Ms J.M. Freeman: And that is all to do with Serco?

Mr C.J. TALLENTIRE: This is about a Serco contract and the Wishaw General Hospital, which is a part of the National Health Service in Lanarkshire, Scotland. This is a hospital in which British citizens would have every right to expect a high standard of health services and instead they find some of the very standard basic contracts are failing them and as a result exposing the people who go to that hospital to an increased risk of infection.

I think, despite the comments made earlier in the debate, that the community has got wise to privatisation. I know that on many of the survey sheet responses that I have received during my time in Parliament, the

Mr Roger Cook; Mr Joe Francis; Mr Chris Tallentire; Dr Kim Hames; Acting Speaker; Mr David Templeman

comments, be they from Liberal or Labor voters—I ask people whether they want to nominate as a Liberal, Labor, Greens or National voter—almost unanimously express severe scepticism about privatisation. People have had privatisation. They do not see the benefits. I do not know whether that is unique to the people of Gosnells. I do not think it is. I think it is very widespread across the community. People have realised that privatisation means we lose control of important assets; that we lose transparency; and that we have extra costs. That is what it really comes down to. I have outlined the reasons why those cost increases are so likely. Whether it is the extra interest rates that companies have to pay, the extra profit that has to be generated or indeed the lobbying done in the early stages of setting up the contract, privatisation forces extra costs on to the healthcare process and that means, in the end, the taxpayer loses out. We cannot afford to take these kinds of risks with hospitals.

The other element to the privatisation in hospitals is the constant changing of technology. I think there may be arguments for public-private partnerships when we know that the nature of an asset is not going to change very much over its lifespan. Examples come to mind of contracts to maintain freeways and the like; there is not likely to be a dramatic change in technology for the maintenance of a freeway, but when it comes to the maintenance of a hospital, the type of technology is constantly changing and that means that we have to be able to change—that we are forced into changing—contracts and those extra costs again fall to the taxpayer.

I will conclude my remarks. I think the lesson has to be learned that privatisation is no longer acceptable to Western Australians.

DR K.D. HAMES (Dawesville — Minister for Health) [5.24 pm]: I would love to be able to call those on the other side hypocrites but I am not going to for two reasons. One is that I am not allowed to —

The ACTING SPEAKER (Mr J.M. Francis): I would say that it is unparliamentary, Minister for Health!

Dr K.D. HAMES: The rules of this Parliament prevent me from doing that. And the second reason is contained within the definition of the word. Luckily I have my iPad to help me define the term —

Hypocrisy is the state of pretending to have virtues, moral or religious beliefs, principles, etc., that one does not actually have. Hypocrisy involves the deception of others and is thus a kind of lie.

Members can understand why I cannot use the word hypocrisy, because I am not able to say “lie”.

Mr E.S. Ripper: In a parliamentary sense, you can call us, as a group, whatever you like; it is only that you cannot call us that as individuals.

Dr K.D. HAMES: That is true; therefore I can say members opposite are hypocrites. However, I am responding specifically to the comments of the member for Kwinana —

Mr R.H. Cook: Minister, is it true that you are relying on Wikipedia for that definition?

Dr K.D. HAMES: Yes, this is from Wikipedia.

Ms J.M. Freeman: Wow! That is a good source!

Dr K.D. HAMES: The reason I used Wikipedia is that there is a whole pile of definitions on different sites, but this one contained a particular explanation as to why I might not want to call members opposite hypocrites. Reference is made to the example of an alcoholic who preaches the virtues of not drinking alcohol not necessarily being a hypocrite because he believes what he is saying to be true. It may be that the Labor Party and the member for Kwinana actually believe the things that the member has said; that is, they believe that the contracting out of services is the wrong thing to do and that in government Labor would stop the practice. We shall explore the options to discover whether that is their belief and —

Ms J.M. Freeman: Why don't you just answer the question about the transparency of the contract? Why don't you just stop playing that game and just answer the question about transparency of contract and proper public health, and respond to the public debate about privatisation?

Dr K.D. HAMES: I was going to speak for only half an hour, but I might be forced to extend the time to allow for the copious interjections.

Let us explore this issue of hypocrisy and whether opposition members believe what they are saying, and discover what they would in fact do if they were in government. To do that, we need to go back a bit and look at what Labor did when it was previously in government. How did Serco come to be in Western Australia? In fact, how did Serco come to be operating in Australia? I am not aware that when we were in government we had any contracts with Serco. I do not know if any members know whether that was or was not the case. I do not think that we did. I understand that there are two ways by which Serco, a British company, came to operate in Australia. Both ways are related to the Labor Party. The first of course was the contract with the federal government for the management of detainees—quite clearly a federal government contract. And the second was

Mr Roger Cook; Mr Joe Francis; Mr Chris Tallentire; Dr Kim Hames; Acting Speaker; Mr David Templeman

the appointment of Serco to manage the contract at Acacia Prison, which was previously run by another company. When in office, the Labor Party called for expressions of interest—and chose Serco. In fact it appointed Serco not once, but twice, to run Acacia Prison.

Dr M.D. Nahan: It invited them to apply.

Dr K.D. HAMES: It invited Serco to apply! It is interesting to hear the member say that, given that we have heard the member for Kwinana have a go at the health department for even talking to the company.

Mr F.A. Alban: It dumped Corrections Corporation of Australia to get Serco.

Dr K.D. HAMES: And how is Serco's contract at Acacia going? My impression is that it is going pretty good. In March 2011, the Inspector of Custodial Services released a report into the operations of Acacia Prison, stating —

Critics of privatisation commonly claim that the private sector puts profit above responsibilities to prisoners and staff, that it is less concerned with service quality and duty of care than the public sector, and that the State only privatises prison services in order to save money.

Does that sound familiar? It sounds pretty well what the opposition was saying. Again, the use of the word hypocrisy comes into question when we look at the opposition—the then government—being the one to have appointed the company.

The report goes on to say —

It is true that Serco makes a profit at Acacia. It is also true that the State—and therefore the taxpayer—reap financial benefits from the current arrangements.

However, the key finding of this inspection is that at Acacia, corporate profits and savings to the state/taxpayer are not being achieved at the cost of service delivery.

That runs quite clearly contrary to the comments of the member for Kwinana on the issue of what happens with the contracting out of services. The report continues —

Whilst there are areas for improvement, and these are identified throughout this report, Acacia has reached a high base. It is very difficult to compare prisons because all of them are different but it is clear that Acacia's performance —

Hence read Serco's performance —

is at least equal to the best public sector prisons in the State and in many respects it is superior.

Quite clearly the comments made by the member for Kwinana about the effects of privatisation in this instance and by this particular company—the company we are appointing and the subject of this particular motion—are wrong.

Let us look at how else we might explore whether the opposition is being hypocritical on this issue of contracting out services. We have talked about Joondalup Health Campus and we know that that contract was significantly extended under the Labor government. I accept that the contract was in place and it would have been difficult to remove the private contractor, despite the fact that Labor says that if it gets into government, that is in fact what it will do; it will cancel the contracts at the Peel Health Campus, it will cancel the contract with Serco and presumably cancel the contract at Midland health campus.

Dr M.D. Nahan: The Bracks government promised to change the contracts at private prisons; it came to government and did exactly that.

Dr K.D. HAMES: Did it cancel them?

Dr M.D. Nahan: It cancelled them and took them over to the public sector.

Dr K.D. HAMES: At what cost to the public?

Dr M.D. Nahan: Quite a bit, but it did what it said it was going to do.

Dr K.D. HAMES: Is that right? Therefore, it may be true; that would mean the opposition is not hypocritical if that is what it intends to do, but at what cost? We have heard the cost of \$50 million to \$60 million that was mentioned before, but the public-private comparator quite clearly shows a \$500 million saving to the public over the course of the contract. Presumably, when the opposition gets to its election campaign and details the things on which it will spend money, the cancelling of those contracts will form a very clear part of its costings. The opposition has to make sure that it includes the \$60 million for the cancelling of the contract and the \$500 million over the term of the contract—the opposition would have to work out how much that would be over the four years of forward estimates that we use for election purposes—and whatever the opposition plans to do at

Joondalup Health Campus, Midland health campus and Peel Health Campus, so that it is quite clearly in the opposition's budget costings. Sadly, I think it will mean that the Labor Party will not have any money left to do anything else. I ask that the Labor Party please not make any other election commitments, because it will not have any money left to do that. Regarding the other thing the Labor Party did with hospitals in government, apart from the two examples we have listed: did the former government contract out services in hospitals? Quite clearly the answer is yes. A large number of services were contracted out, particularly in the management of renal dialysis patients across the state. The former Minister for Health also contracted out radiology services. Therefore, the former government went to the private sector to ask it to take over the provision of those two services in our hospitals.

I always wonder why there is this fervent defence by union members against things being operated by the private sector; it does not make an enormous amount of sense. The unions represent people in a range of private industries. They represent people who work for private hospitals that are totally separate from government, such as St John of God Health Care or Joondalup Health Campus. What is different about the operation of those hospitals by the private sector compared with those run by government that makes people so determined to have those services in government hands? I wonder whether it is because the leaders of the unions think that their members are more compliant working in the public sector and that they do what the unions want better—they go on strike. Maybe they think having the government in charge gives them more leverage so they can win better things for their patients. But how can that be when companies such as Multiplex, for example, which is a private company, has enormous problems and always fights with its unions. In fact the unions win —

Mr F.A. Alban: Where were the unions when Labor was in government? They didn't say a thing.

Dr K.D. HAMES: That is right; they tend to go a bit quiet, do they not?

Mr F.A. Alban: They haven't said boo for eight years.

Dr K.D. HAMES: It is just not understandable why that could be. Do people truly think that if they were to go to a hospital run by the government as opposed to a hospital run by the private sector, they would get better service? How could that be? I do not know how many members on the other side have private health insurance, but I am sure a few of them do and that a few of them might go to St John's or the Mercy Hospital for their problems. Would they get a worse standard of treatment there? I do not think so; we would certainly not expect to and it certainly has not been my experience. I go to both types of hospitals and the quality of services in both is pretty good; in fact, it is pretty much the same. Are the staff better off working for the public sector than they are working for the private sector? Again, that is not the case in my experience. When I ask staff of hospitals with public-private arrangements, such as Joondalup Health Campus or St John of God, whether they are paid worse than their counterparts in the public sector and whether that is why the union wants the hospital to be run by the government, they answer no; they are paid better. They say they get more money working in the private sector. I get back to the point made by the member for Jandakot. Why on earth would unions want to disadvantage their people by not having them work for the private sector when they can earn more money? Why would they do that? And why, after a year of having them in operation, would the Labor Party come along and say to over 1 000 people working in the system, many of whom may be its own members, "Sorry, you're going to leave that employment; we're cancelling the contract. You're now going to come and work for the government and earn less money than you get now—bad luck"?

Mr R.H. Cook: That's what you are doing at Swan District.

Dr K.D. HAMES: No; we expect that those people will actually earn more money, not less, because people working in the private sector, in my experience, almost inevitably earn more money.

Mr R.H. Cook: But you'll be saying to them, "You no longer can work for the government, if you want to work at Midland, you'll have to go off and find a new employer."

Dr K.D. HAMES: I am talking about what would happen if the Labor Party followed through on its threat, if it got into government, and cancelled the contract with Serco so that 1 000 workers working at Fiona Stanley Hospital would then have to leave and work for less pay. I just do not understand the logic behind that and why the Labor Party would want to press that argument. We have been through areas of hypocrisy relating to what the Labor Party would or would not do and I think the jury is out. I do not think I can clearly call the Labor Party hypocrites, because to do that I would have to prove that it is saying these things deliberately when it does not actually believe them. Maybe it does believe what it says, but the alternative option remains open; it says these words with no clear belief, no clear intention of carrying them out, and no plans, if it got into government, to actually cancel these contracts that it talks about. Perhaps this is just a political exercise on the part of the Labor Party to try to gain some notoriety. Perhaps it is some sticking act to fight for the public sector and to try to find some clear division between the Liberal Party and the Labor Party. Labor is floundering in the polls and trying to find some little spark that will get it off the bottom, get it going and get it back into government. Is it working? Is

Mr Roger Cook; Mr Joe Francis; Mr Chris Tallentire; Dr Kim Hames; Acting Speaker; Mr David Templeman

this plan that the Labor Party has to bring us down working? What have we seen it do so far? During the last federal election we saw Sharryn Jackson run against the privatisation of Midland health campus. I recall seeing all those TV ads. I do not know whether members saw them. Does anyone have any idea how much they would have cost?

Mr F.A. Alban: Money is no object.

Dr K.D. HAMES: I think that it would be very expensive. Endless ads on TV castigated the government for trying to keep the same services in a public hospital that people would expect in a private hospital. I think people would think that that was pretty good, that they could go along to a public hospital, pay nothing and get exactly the same very high standards of service that they would expect to have to pay for in a private hospital. I was a bit worried that it would cost the member who was running for that seat, Ken Wyatt, the opportunity to win that seat and be the first Aboriginal member of federal Parliament. Members can imagine that on election night and the day after I was pretty worried. I went on the website to look at all the polling booths and find out how the votes had gone in all those seats. Lo and behold, the biggest swing our way was in those areas where the Midland hospital will be. Despite the massive amount of money that Sharryn Jackson spent, the campaign got absolutely no traction at all in the areas that she was hoping to move her way. What other campaigns has the Labor Party done?

Dr M.D. Nahan: He is very well recognised in that area. They know he will do the right thing by them.

Dr K.D. HAMES: Of course he is. The point is that the Labor Party's advertisements got it nothing; its ads had no traction. I ask members to remember that the booths for the seats that I looked at are largely Labor Party areas in state elections.

Where else did the Labor Party spend money? It spent money in the electorates of the Acting Speaker (Mr J.M. Francis) and the member for Riverton to run a big campaign and put out pamphlets to tell everyone how bad privatisation of the hospital would be.

Mr F.A. Alban interjected.

Dr K.D. HAMES: I will get to the member for Swan Hills in a minute. The Labor Party spent all this money doing pamphlets. How many calls did it get? It got next to none. There was one—yes, we got that one, Mr Acting Speaker! Then the Labor Party went out to the member for Swan Hills' seat—the hospital is not even in the electorate—and spent all this fantastic money on raising his profile! It spent money on radio ads and took out a quarter-page advertisement on about page 6 of *The West Australian*; that is expensive. The Labor Party spent all that money.

Dr M.D. Nahan: Who paid for all this?

Dr K.D. HAMES: The member may well ask. The party spent all that money on advertising and about 100 people turned up at the public meeting. Quite a few of our people were also there. People from the Department of Health—not on my direction, I might add—went to see what the debate was about. Supporters of the member for Swan Hills also went. A proportion of fewer than 100 people, who I suspect were largely union members, attended that meeting. The Labor Party and the union wasted money on that campaign, but it was very good for the profile of the member for Swan Hills. The member for Riverton asked where all that money came from. We constantly hear about this group of people; I believe that they are the lowest paid people working within the health system, yet this union can find enough money to spend on campaigns designed to support the Labor Party and to try to make the government look bad for its own personal agenda. The union wastes money that it should use to improve the wages and conditions of its members.

Quite obviously, we do not support this motion by the Labor Party to change the contracting out at Fiona Stanley Hospital. This shows the hypocrisy of the Labor Party in the extreme. I think I am allowed to use those words for the party, and I have shown quite clearly that that is the case.

We talked about the operation of Serco, and some evidence was provided on those issues today before the Public Accounts Committee. We recall that when the Labor Party gave the contract for Acacia Prison to Serco, it put details of the contract and KPIs on the website. My understanding is that we made available exactly those same sorts of details. Some areas are confidential, but those matters are being reduced. A parliamentary committee met today and explored those issues. Serco has given in camera some of those confidential details. Two members of the Labor Party are on the Public Accounts Committee and have access to that information. They will go through and assess that contract and provide a report in an, hopefully, impartial and bipartisan manner. It is unfair to link that to a contract on Christmas Island when quite clearly the federal government totally failed in its management of illegal immigrants coming to this country.

The contract was to provide services for an anticipated 1 200 persons, but the number of immigrants reached 6 500. That was not foreseen by the federal Labor government or Serco. Serco did not have the capacity to put

Mr Roger Cook; Mr Joe Francis; Mr Chris Tallentire; Dr Kim Hames; Acting Speaker; Mr David Templeman

together the personnel to meet all the requirements of its contracts when a massive input of illegal people came to Christmas Island in such a short period. Serco has admitted that and accepted that. Now that things are under better control and those immigrants are taken elsewhere, Serco is meeting 97 per cent of the contract. One of the differences in the contract that Serco has with us compared with the commonwealth contract is—the conversation behind me is getting a bit annoying, is it not, Mr Acting Speaker?

The ACTING SPEAKER: Yes. Members!

Dr K.D. HAMES: It is just incessant. The conversation just goes on and on, but I am sure it will be for only 15 minutes.

A member interjected.

Dr K.D. HAMES: That is right. I need to get to the electorates of the member for Kalgoorlie and the member of South Perth and have discussions with their seats.

The ACTING SPEAKER: Member for Kalgoorlie, do I have to remind you about interjecting from somewhere other than your seat?

Dr K.D. HAMES: To relate the two contracts is totally unfair. This company offers an extremely good product that we have gone through in absolute detail. Sure, the contract is bigger than the contracts Serco has with hospitals in the United Kingdom, but we have gone through this contract in absolute detail. Even without being involved—I am not; the Department of Health has been managing all that—it looks extremely impressive on the briefings I have received. I think that anybody who goes to that hospital as a patient will be totally impressed by the service that they will receive. I urge members to remember that all the health staff will be government staff; they will be employed and managed by the government. Therefore, Fiona Stanley Hospital will remain a public hospital. Serco will provide only support services in the management of this hospital.

Mr A. Krsticevic: When the members for Jandakot and Gosnells spoke, did they mention Serco winning awards and continually being in the top 25 per cent of hospitals in the UK in terms of the services that they provide?

Dr K.D. HAMES: No, they did not do that. The member for Carine makes a very good point. I am sure that when he stands to speak shortly, he will tell us about those details and that contract.

Mr M.P. Whitely: My understanding is that you are going to adjourn after you finish. I would appreciate you staying here for at least some time in the next debate. It is outrageous that you are leaving and leaving me no time to explain the situation.

Dr K.D. HAMES: It is an issue outside this debate. I would like to respond to those things.

The ACTING SPEAKER: Order! Member for Riverton and member for West Swan.

Dr K.D. HAMES: Are you guys talking still?

Several government members: Yes.

Mr M.P. Whitely: No, there is an agreement—apparently, that you will adjourn.

Dr K.D. HAMES: I do not know anything about an agreement.

Dr M.D. Nahan: I did not agree to you guys running misso campaigns in my electorate!

Dr K.D. HAMES: All I know is that I have concluded my remarks. This constant action of the Labor Party to bring on these issues relating to the operation of Serco and those contracts is unfounded. The action of United Voice was clearly misdirected when it took us to court to try to stop us from being able to contract out those services because of an agreement signed by the former Minister for Health. Again, clearly, the funds that the union would have used on lawyers to fight the case to stop us from contracting out were a waste because the case failed abysmally. It lost on every count. For the union, through the former minister, to try to bind a future government to the way it runs the health service is, in my view, disgraceful. Clearly, that clause was put into the contract as a result of a clear union pact to try to inhibit the operations of future governments with regards to contracting out services. It was a clear pact between the union of the day—I do not know which union that was—and the minister of the day to agree to put such a disgraceful clause into a health service contract that should be about providing high-quality standards of health service, not about contracting out issues.

Mr D.A. TEMPLEMAN: Mr Acting Speaker!

Dr K.D. HAMES: The manager of opposition business said that no-one else from that side would speak. If the member for Mandurah is going to speak, I will need to address the issues he is about to cover.

The ACTING SPEAKER (Mr J.M. Francis): I am waiting for the Minister for Health to sit down.

Dr K.D. HAMES: I am still on my feet.

Mr Roger Cook; Mr Joe Francis; Mr Chris Tallentire; Dr Kim Hames; Acting Speaker; Mr David Templeman

The ACTING SPEAKER: Have you not finished?

Dr K.D. HAMES: No. The reason that I will need to reply is that I did not know the member would speak on this. If I had known the member would speak and refer to issues that —

Mr D.A. Templeman: I'm going to adjourn the debate.

Mr P.T. Miles interjected.

Mr D.A. Templeman: Oh, why don't you close your mouth, you idiot! There is an agreement. If you spoke to your Leader of the House, you would understand.

The ACTING SPEAKER: Member for Mandurah!

Mr D.A. Templeman: You're useless! You go in there and yap away; you don't do anything at all. You're a bunch of goons.

Several members interjected.

The ACTING SPEAKER: I know that you saw me on my feet, member for Riverton, and I will call you for the first time today. Member for Mandurah, I know that you did not see me on my feet so I will not call you, but I send you this message: I am trying to assist you.

Dr K.D. HAMES: The reason I was going to continue my speech is that I thought the member for Mandurah was going to talk about Mandurah, and that I would therefore need to talk about that. Given that the member is not going to speak, I conclude my remarks.

Adjournment of Debate

MR D.A. TEMPLEMAN (Mandurah) [5.59 pm]: I move —

That the debate be adjourned.

Several members interjected.

The ACTING SPEAKER: That will do, members—oi!

Several members interjected.

The ACTING SPEAKER: Oi! Members for Mandurah, Wanneroo and Southern River, I call you all for the first time. Member for Riverton, I call you for the second time.

Mr P.T. Miles: Send the member for Mandurah home.

The ACTING SPEAKER: Member for Wanneroo!

Several members interjected.

The ACTING SPEAKER: Order, members for Wanneroo and Mandurah! I am calling you both now for the second and third time.

Mr D.A. Templeman: You can't leave the chamber while the Acting Speaker is on his feet.

The ACTING SPEAKER: I do not need your help, member.

Question put and passed.

Debate thus adjourned.