

Australia: Private health giant Healthscope axes 400 jobs

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Healthscope, which owns 45 hospitals in Australia and runs pathology operations in New Zealand, Malaysia and Singapore, suddenly last month announced the closure of two hospitals in the state of Victoria at the cost of more than 400 jobs.

The 107-bed Geelong Private Hospital, with 293 staff and the 60-bed Cotham Private Hospital in the Melbourne suburb of Kew with 124 staff, are to close in a month. Healthscope is engaged in asset stripping, as part of financial moves and counter moves on the stock market.

Healthscope claimed a review found its hospital portfolio in Victoria had “underperformed relative to the rest of the group.” It recorded a \$68 million impairment regarding Frankston Private Hospital, also in Melbourne.

“We conducted an exhaustive evaluation of alternatives but unfortunately it is simply not viable to continue operations into the future,” chief executive Gordon Ballantyne stated.

Healthscope said it would contact patients currently at the hospitals or with future treatment planned, to try to ensure their care is not affected.

In reality, the company’s operations show little regard for clinical care. A Cotham Hospital nurse told *World Socialist Web Site*: “It’s a convenient hospital for local people and the elderly—it means they don’t have to go into the city. But millions need to be spent on the place. The lifts need totally replacing. Everything has been done on the cheap. They have only just put in a call bell system, even though it had been needed for years.”

With a state election due in November, the Victorian Labor government announced it would open 117 jobs in Barwon Health, Geelong’s public hospital system, to ameliorate the job losses at Geelong Private Hospital.

One of the government’s concern is the political fallout in Geelong, a city hard hit by the closure of the Ford car plant and other job losses in recent years. It is also intent on preventing any fight erupting among workers against the closures.

To head off opposition, Health Minister Jill Hennessy said jobs would be available for Geelong Private Hospital workers, including in nursing, allied health, administration and patient services, as Barwon Health services were set to grow.

Hennessy met with the Geelong staff on May 25, telling them: “We believe we are going to be able to generate about 117 jobs at Barwon Health and make sure that we’re giving preference to those that are affected by the Healthscope decision.” She praised them as “supremely qualified and valuable professionals,” and claimed that the other job losses would be absorbed in the western suburbs of Melbourne.

The next day, state Premier Daniel Andrews announced a \$10 million feasibility study for a women’s’ and children’s’ hospital, utilising the Geelong Private Hospital building. This is a blatant pre-election exercise, and commits the government to nothing.

While the closure announcement came as a shock to the hospital workers, the government would have known well in advance, as did the health trade unions.

Australian Nurses and Midwifery Federation (ANMF), which represents 3,000 Healthscope nurses, midwives and carers in Victoria, had warned in April that jobs would go at Healthscope hospitals. That was after an Australian Broadcasting Corporation (ABC) radio report named four Healthscope hospitals in Melbourne as potential sites for redundancies.

The ANMF held separate members meetings at

Cotham and Geelong hospitals on May 23, saying that about 200 nurses were affected by the announced closure. The meetings were held to “discuss members’ concerns, options and to ensure they receive all of their entitlements, including redundancy provisions.”

ANMF secretary Lisa Fitzpatrick said: “The closure of these health facilities and the loss of hundreds of jobs are incredibly distressing for our members and their families.”

However the union indicated no plans to hold a joint meeting of the affected staff at the two hospitals, or for a fight against the closures. Like the government, the union wants to block and wear down any resistance.

Similarly, Diane Asmar, secretary of the Health Services Union, covering the allied staff, said: “The sad thing is they neglected to realise the staff are their asset. The people who work hard and have dedicated so many years providing services for Healthscope.”

As Asmar’s choice of language reveals, the unions also regard the staff as a corporate asset, typifying the unions’ completely pro-business outlook.

Healthscope, Australia’s second biggest private hospital operator, with 18,000 employees, is divesting itself of the two hospitals in order to help secure a more favourable takeover bid.

Two conglomerates are vying to buy the company—Canadian giant Brookfield Asset Management, which made a \$3.3 billion bid, and Australian private equity firm BGH Capital, which already has a 14 percent holding in Healthscope.

The latter firm includes Australian Super, a grouping of superannuation funds jointly run by union officials.

Health Minister Hennessy’s media statement on the closure of Geelong Private Hospital said: “It is closing its doors because it can no longer remain financially sustainable in a crowded market of three private hospitals.”

This is simply a rationalisation of the increasing privatisation of hospital care at the expense of the public hospital system, enforced by Labor and the unions.

The history of the two hospitals underlines this process. Cotham Private Hospital was built in 1970 by a consortium of doctors, with flats next door for doctors and the director of nursing. It has since been sold several times to corporate interests, with parts hived off as lucrative real estate. It has been whittled down

deliberately in recent months to prepare for another sell off.

Geelong Private Hospital had its origins in the closure of the Baxter House maternity hospital, part of the public Geelong Hospital complex. Baxter House was closed in the late 1990s, along with 16 other public hospitals, as the then Liberal state government destroyed 13,500 health jobs.

The unions did nothing to oppose this offensive and Labor refused to reverse when it returned to government in Victoria. Geelong Private Hospital was set up using the empty Baxter House, on publicly-owned land.

Corporations such as Healthscope rake in hundreds of millions of dollars each year, profiting from people seeking adequate medical attention outside the badly underfunded public system. This year, the company’s projected hospital earnings were \$340 to \$350 million, marginally down from \$359 million in 2017.

Despite protestations of concern for staff and patients by management, the government and the trade unions, it is the ruthless drive for profit on the money markets that dominates all their calculations.



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