

# Australia's Aspen Medical: A case study of healthcare privatisation

Margaret Rees  
10 June 2022

Hailed as an Australian business success story, the medical logistics company Aspen Medical provides a textbook example of a private company expanding at the expense of public health thanks to capitalist governments' privatisation of healthcare.

On May 2, Australian Broadcasting Corporation (ABC) program "Four Corners" ran an exposé of the firm's financial turnaround during 2020–21 on the back of government pandemic contracts totalling over \$1 billion, awarded without public tender.

This followed years of promotion of Aspen by Liberal-National Coalition and Labor Party governments alike.

Aspen was founded in 2003 by former military flight test engineer Glenn Keys in partnership with his friend and medical doctor Andrew Walker. It rapidly developed into the emerging global market for healthcare logistics, while proclaiming "humanitarian" goals.

After leaving the military, Keys had joined defence start-up Aerospace Technology Services and later sold his stake in the company to major US military contractor Raytheon.

Visiting Britain in 2003, Keys realised an opportunity existed for Aspen in Labour Prime Minister Tony Blair's plans to start privatising the National Health Service (NHS). Aspen tendered for a consultancy contract to review orthopaedic services. This soon led to a contract to reduce the NHS orthopaedic elective surgery waiting list in the north of England.

The Blair government had embarked on cost-cutting and implementing Tory-initiated "reforms" such as developing NHS "internal markets." Private consultancies like Aspen were used to trail-blaze the carve-up.

At the same time, Aspen won a contract to provide health services in the Solomon Islands as part of the Australian government's 2003 military intervention, branded as the Regional Assistance Mission to Solomon Islands (RAMSI.)

More than 2,000 Australian soldiers and police were deployed to the Pacific island state in a neo-colonial operation that involved taking over all key government functions, even health programs.

Keys said: "The Defence department was responsible for providing all the health services, but they saw it would be a long term project, and didn't want to be there for that long, so tendered out the process. We beat off companies from across Europe and Asia. This was the first time the Australian government had outsourced services in an operational environment."

Despite Aspen having little-to-no health provider qualifications, these initial assignments established it as a business with unique military connections.

It also ingratiated itself with various governments to obtain lucrative commissions, such as a Public Private Partnership deal to run two hospitals in Fiji, and a \$US1 billion arrangement to build and operate 650 healthcare clinics and 23 hospitals in Indonesia.

Australian governments' privatisation agenda often coincided with neo-colonial and military contracts. In 2010, under the Rudd-Gillard Labor government, the Australian Agency for International Development (AusAID) hired Aspen to deal with a severe cholera outbreak in Papua New Guinea.

In 2012, the company won a \$500 million contract from the Labor government to provide 1,000 special medical staff for military bases nationally for four years.

According to the *Saturday Paper*: "It has worked as a defence contractor, and as an operator in Australia's offshore immigration detention network, providing medical services at Nauru hospital."

Aspen also provided personnel to the British Ministry of Defence under the Cameron Tory government for deployment to Afghanistan. In the Middle East, the company set up six hospitals for the World Health Organisation and the Iraqi puppet government, and opened an ambulance service for the government in the United Arab Emirates.

In Africa it ran a large hospital in Lagos, Nigeria for 10 years, and established a hospital in Liberia.

In 2014, the Australian Coalition government awarded an almost \$20 million contract to Aspen to run a 100-bed facility in Sierra Leone during a raging Ebola epidemic.

“Four Corners” noted that the company made a 26 percent profit on the Ebola intervention—more than \$3.7 million.

In 2016, Aspen gained a contract to provide health services at the newly-privatised Melaleuca women’s prison in Perth, Western Australia. An indigenous death in custody there in 2017 raised disturbing questions about Aspen’s failure to properly provide healthcare staffing. An internal document, commissioned before the inmate’s death, admitted that Aspen’s deficiencies posed “a highly significant clinical risk” and warned that there could be a “death in custody due to lack of doctor cover.”

The COVID-19 pandemic provided another golden opportunity, resulting in a huge leap in profitability. The *Australian Financial Review* noted that Aspen gained a 650 percent revenue increase in the financial year to June 2020, earning \$562 million.

In the 18 months to August 2021, Aspen gained numerous government contracts. The largest was for medical supplies for the National Medical Stockpile, which totalled \$1.1 billion across four contracts. According to Aspen’s website, it sourced 50 percent of the Australian government’s requirements for personal protective equipment.

The financial newspaper reported that Aspen’s staff numbers grew from 670 before the pandemic to more than 3,400. Many of these workers were casualised, short-term labour, paid low rates.

The company managed infection control for repatriation flights from Wuhan in January 2020, ran respiratory clinics across Australia, and provided quarantine services for Princess Cruises, including the Diamond Princess crew in Japan.

In March 2020, the Ruby Princess COVID-19 debacle occurred in Sydney. New South Wales Health allowed 2,700 untested passengers to disembark. It transpired that 663 passengers and crew were infected. The passengers unwittingly spread the virus across the country and 28 died from COVID. Aspen was contracted to perform screening and testing for the stranded crew, who were kept on the vessel.

With the virus raging through aged care facilities resulting in rising deaths, Aspen became one of eight companies tasked with providing a replacement workforce during the Newmarch House aged care coronavirus outbreak in Sydney in April 2020 where 19 residents died.

The federal Health Department signed a \$16 million contract for Aspen to provide staff to federally funded aged care homes that were experiencing serious COVID-19 outbreaks. The value of that contract was later boosted to \$44.96 million.

The disastrous implications of the privatised business model were underlined at St Basil’s Home for the Aged in

Melbourne later that year. Aspen was tasked with restaffing St Basil’s when the entire original staff was quarantined on July 21 in an exploding outbreak of COVID-19. At that point one resident had died at the facility.

The company began its takeover on July 22 with woefully inadequate staffing after informing the federal government representative, Neil Callagher, it could not find more.

Callagher told the coroner’s inquest into the deaths of 50 residents in Australia’s worst aged care COVID outbreak that the majority of replacement nurses organised by Aspen were “literally graduates.” Peter Rozen, QC, counsel assisting the inquest, said it was “an ever changing and diminishing group of inexperienced nurses and care workers.”

Visiting consultant Kirsten Congerton had emailed the Health Department on July 24, warning that the agency staff was “very young, inexperienced, terrified and overwhelmed.” Aspen was told by that date that residents were not being fed. By July 31, all residents were transferred to hospitals, where the death toll rose to 50.

Nevertheless, the Morrison government paid Aspen another \$46 million to provide booster shots to aged care residents. Unwilling to pay holiday penalty rates to their staff, the company took a break over the 2021 Christmas holidays until January 3, 2022. Omicron did not take a break. Death rates in aged care homes skyrocketed, with 906 fatalities in 2022 to March 18, almost half the total since the beginning of the pandemic.

Aspen’s business model encapsulates the increasing privatisation of public health services at the behest of the corporate and financial elite. Far from governments injecting money into the under-resourced and understaffed public health system, billions of dollars are being funnelled into private companies whose overriding concern is profit.



To contact the WSWs and the Socialist Equality Party visit:

**[wsws.org/contact](https://www.wsws.org/contact)**