



Committee Secretary  
Parliamentary Joint Committee on Intelligence and Security  
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1 February 2018

## **Inquiry into the Review of the Security of Critical Infrastructure Bill 2017**

Dear Committee Secretary,

Doctors Against Forced Organ Harvesting (DAFOH) appreciates the opportunity to make this submission for the inquiry into the *Security of Critical Infrastructure Bill 2017* ('The Bill'). DAFOH is an international organisation of medical professionals who advocate for ethical transplantation practices. We have advocated for an immediate end to forced organ harvesting in China from prisoners and prisoners of conscience since 2006 and were nominated for our work in 2016 and 2017 for the Nobel Peace Prize. Our expertise focuses in medical ethics, which will form the underlying foundation of this brief submission.

We recognise that The Bill attempts to implement stricter guidelines to minimise national security risks of espionage, sabotage and coercion in relation to foreign investment in Australia. We note that the high-risk infrastructures of "ports, electricity, telecommunications and water" are singled out. While DAFOH welcomes this general approach, we would like to highlight that other vital infrastructures are omitted by The Bill, such as healthcare/medical facilities. We highly recommend this area be incorporated into the framework, as investment into Australia's healthcare by foreign companies presents a significant threat of large-scale medical records theft and cyber attacks and opens doors for potential abuse.

### **Chinese investment into Australian healthcare**

A recent report by KPMG<sup>1</sup> (January 29, 2018) states that Chinese investment in healthcare has soared over the past 3 years. According to the report, Australia is becoming a highly sought after destination for healthcare investment due to:

- i) the expertise of health professionals,
- ii) availability of cutting-edge technology and
- iii) high regulatory standards.

#### **Key findings: KPMG Report 2018**

- From 2015 to 2017, Chinese investment in Australia's healthcare sector totalled AUD 5.5 billion. By comparison, Chinese Investment in US's healthcare sector totalled USD 4.5 billion (AUD 5.6 billion) from 2015 to 2017.

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<sup>1</sup> <https://home.kpmg.com/au/en/home/insights/2018/01/demystifying-chinese-investment-in-australian-healthcare.html>



- Investment is concentrated on Australia's health supplement and healthcare service delivery sectors, with no major investment in pharmaceuticals, biotechnology or aged care.
- Chinese investors are predominantly private companies from diverse backgrounds, including hospitals, specialised healthcare providers, pharmaceutical companies, construction companies and private equity.
- **China's healthcare spending is expected to grow by 8.1 percent annually over the next 5 years.**

We also highlight that Australia's third largest private hospital operator *Health Care* was sold to the Chinese owned and operated Luye Medical Group for \$938 million in 2015.<sup>2</sup> It is reported to own 21 hospitals across Australia, with the recent acquisitions of 3 hospitals in the Illawarra region South Sydney.

There are concerns about transparency in such acquisitions. The *Wall Street Journal*<sup>3</sup> reported that the auto rating company J.D. Power has been acquired by a financial group based in Hong Kong, however, during the acquisition J.D. Power's CEO admitted that he does not know who the buyer is and from where the money would come.

### Security threat and medical records

Foreign ownership of key healthcare centres by Chinese operators poses an obvious threat of exposure to privacy breaches, cyber attacks and medical records theft.

In 2014, the FBI warned healthcare providers to guard against cyber attacks after one of the largest US hospital operators, *Community Health Systems Inc.* experienced Chinese hackers breaking into its computer network and stealing the personal information of 4.5 million patients.<sup>4</sup> Medical records are reported to be worth 10 times more than a credit card number on the black market. The Chinese cyber attacks have been notorious globally, targeting key national infrastructures. In 2014 The Australian Parliament computer networks were infiltrated by Chinese hackers, exposing a significant security breach.<sup>5</sup>

### Ethical concerns

DAFOH highlights ethical concerns of selling key healthcare infrastructure to countries which have a poor track record of operations. China has been at the centre of a transplantation crisis for over a decade. It is the only place in the world that has allowed state-sanctioned organ harvesting from unwilling prisoners of conscience. The primary victims are Falun Gong practitioners; a nationwide two decades lasting persecution has allowed to establish routine pathways of forced organ harvesting with access to an organ pool that can reach millions of potential victims. Other victim groups include Uyghurs and Tibetans. Recent reports have estimated that 60,000 - 100,000

<sup>2</sup> <http://www.smh.com.au/business/health-care-sold-to-chinas-luye-medical-20151206-glg3r.html>

<sup>3</sup> <https://www.wsj.com/articles/how-j-d-power-was-acquired-by-a-chinese-company-shrouded-in-mystery-1517426465>

<sup>4</sup> <https://www.reuters.com/article/us-cybersecurity-hospitals/your-medical-record-is-worth-more-to-hackers-than-your-credit-card-idUSKCN0HJ21I20140924>

<sup>5</sup> <http://www.abc.net.au/news/2014-04-29/have-parliaments-computers-been-hacked/5419546>



transplant surgeries occur in China annually, while its public organ donation scheme remains one of the lowest in the world.<sup>6</sup> We also stress that China's organ donation system is young and comparing to established donor countries like the US or UK with millions of registered organ donors, China reports to have only 300,000+ registered organ donors. This is implausible, and the Australian Government has to ensure that its citizens are not lured into unethical transplant practices in China or elsewhere.

The reality of targeted patient-brokering was highlighted in a 2017 Korean documentary imminent threat of abuse could be mirrored in targeted offering of quick, uncomplicated organ transplants in China to those specific patients who are in need. A November 2017 documentary by the Korean TV Chosun<sup>7</sup>, which reported that more than 300 Korean patients came to China for organ transplantation in one year. This reflects China's readiness to attract foreign transplant patients, and access to potential transplant candidates in Australia poses an ethical and legal threat to the country.

### Recommendations

Greater scrutiny must be applied in the sale of private healthcare enterprises to the countries which present a high risk of unethical operations, lack of transparency and potential security threats. Healthcare must be included in the high-risk categories in The Bill and be treated on equal grounds with other infrastructures listed. We appreciate that this area requires further resources and consideration, DAFOH would welcome further engagement and insight given that further investigation is rather imperative.

Thank you for reviewing this submission. I look forward to further communication on this matter.

Yours sincerely,  
Sophia Bryskine

Submission completed by: Sophia Bryskine, DAFOH Australia

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<sup>6</sup> <http://endtransplantabuse.org/an-update/>

<sup>7</sup> <https://www.youtube.com/watch?v=dDsDfgQSgdg&feature=youtu.be>  
<http://tv.naver.com/tvchosun.seven>