

Submission  
No 126

**INQUIRY INTO THE PRIVATISATION OF PRISONS AND  
PRISON-RELATED SERVICES**

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GPSC 3

Inquiry into the Privatisation of Prisons

Parliament House

Macquarie Street

Sydney NSW 2000

Dear Sir/Madam,

First of all I would like to thank for the effort that you have exerted to have a Parliamentary committee look into the matter involving the privatisation of correctional centres in New South Wales. I am working at Parklea Correctional Centre, one of the singled out centres being market tested for privatization.

I am humbling giving a submission on my personal views, comments and analysis as a person directly affected by the consequence. I would like to emphasize that the contents were personally written and are not connected with the campaign of the Public Service Association as a whole and Prison Officers Vocational Branch in particular. My objective is on a personal viewpoint that at the end of the day, I have exerted all the means to voice my contradiction on the sensitive and controversial proposition.

Thank you and more power.

Sincerely yours,

First Class Correctional Officer

I am a Correctional Officer at Parklea Correctional Centre and I would like to make a submission with regards to the Privatization of the Institution.

The Mission Statement of the NSW Corrective Services is "Manage Offenders in a safe, secure and humane manner and reduce the risk of re-offending". But on the other end of the spectrum, the prime motivation behind privatization is profit. For this reason, a huge conflict of interest can arise.

In layman's term, the purpose of prisons is not only to remove an offender from society and punish them but also to rehabilitate them to reduce recidivism rate. But by reducing this rate, privatized prisons are in effect reducing their supply of profit producing customers. "It is in the material interest of these companies, therefore, to not produce prisoners who have "paid their debt in society", but ones who will continue to pay and pay in an installment plan."<sup>1</sup>

In my submission, I will present counter arguments in three specific areas; One, the morality issue. Two, the cost effectiveness of privatization and lastly, the accountability of this privatized correctional centres.

My basic premise on the issue of morality is "Should we, the peers of society shift the responsibility for the ultimate sanction by which we measure normative behavior to those whose soul motive is profit".<sup>2</sup> Michael Foucault, an expert writer in this field stated "that prisons are a model, the point of origin, for the entire model of social control that characterized society through its "improvement in morals". Has our society become one opportunist, motivated purely by greed?"

To reinforce this premise, the setting and enforcing laws of society are inherently and essentially the functions of the state and that incarceration of offenders is an integral part of the legal process.

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<sup>1</sup> Evan Sycamnias, "All Prisons should be managed by Private Enterprise" 2002, p 1.

<sup>2</sup> Ibid, p 2.

The management of prisons and functions of prison officers cannot be reduce to the carrying out of mere administrative or routine task. By its very nature, it involves the coercion by one group of people over another and it is asserted that it is simply wrong for the state to allocate the responsibility of coercion to a private contractor. In the words of one US critic;

“ .... To remain legitimate and morally significant, the authority to govern behind bars, deprive citizens of liberty, to coerce them must remain in the hands of government authorities”.<sup>3</sup>

This assertion was further reinforced by the Howard League in the UK when they argued before the House of Commons that the role of the state in regards to prison is;

“.... A public trust to be administered on behalf of the community in the name of justice. To open up the way for private sector into the administration of prisons would undermine the very existence of the liberal democratic state”.<sup>4</sup>

Arguments on moral grounds are also centered around a fear of involving the private sector in correctional systems. It is often said that allowing a delegation of such power to those with personal stake in gaining, or keeping inmates in prison would corrupt the system and aggravate existing problems caused by overcrowding and mandatory sentences. In hindsight, it would be in the interest of prison entrepreneurs to support longer sentences and have more people put in prison and that would be a disaster of a highest magnitude.

But the most worrisome aspect of prison privatization is the inevitable emergence of a private “Prison Lobby” concerned not with social welfare but with increasing dividends, not with doing good but doing well. Sentencing guidelines, parole rules, corrections budget, and new criminal legislation are just some areas in which private prison

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<sup>3</sup> Allan Brown, “Economic Aspect of Prison Privatisation: The Queensland Experience”, 1990, p 105.

<sup>4</sup> , Joseph Sozzani, “ Privatisation in the US and Australia: A Comparative Analysis of the Modern Privatisation Movement in Correction”, 2001, p 149.

operators have vested interest and could influence policy decisions. Imagine a full fledged corporate public relations campaign design to whip crime hysteria in order to increase profits.

The major justification argued in support of the privatization of prisons both here and in the US has been the cost savings that they claimed. But up to this present time, there is absolutely nothing in either scholarly or non-scholarly literature on the subject- no journal article, no government report, no conference proceedings, no book- that would enable to speak confidently about how private corrections firms compare with public corrections in terms of cost or any other significant dimensions.<sup>5</sup>

Maybe part of the problem in comparing cost under the different systems is that it is often difficult to identify one private and one public prison whose operations are sufficiently comparable.

If we take a look at the US model who are the pioneers of prison privatization, The US General Accounting Office (GAO) brought into question a number of key assumptions that the proponents of privatization claim in regard s to cost effectiveness. Ultimately, the GAO found that there is no evidence conclusively demonstrating efficiency gains from privatization. They found virtually no reliable multi-year studies. Those that they did find suffered flaws including; Failing to compare similar institution, failure to account for both cost and quality, or lack of nuanced account for hidden cost.

But what are those hidden cost? The cost of contract negotiation is an example of cost that is often overlooked. The process of gathering proposal from corporations, analyzing them and determining who is awarded the contract is an expense that is usually ignored. This is an additional cost that the state must endure in determining whether or not to contract the service. Another cost that can raise the operation cost of any given contract is excessive health care cost. When a contract is negotiated between the state and the private corporation for the cost of a correctional facility, generally a negotiated

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<sup>5</sup> Brown, p 106.

health care is established, and everything above this amount must be covered by the state.

We have also have to take a closer look that the potential for cost savings in private prison depend largely upon the degree of competition in the "prisons market". If there are several firms bidding for contract, and several firms willing and able to take over contract from incumbent private firms, the consequent competition can be expected to result in economically efficient operations. On the other hand the existence of only a few private competitors in the market will be less conducive to efficiency.<sup>6</sup>

But in order to have a conclusive deduction, let us be case specific. Both Parklea and Cessnock Centres are old gaols built some twenty years ago. If we look at the UK model they are only privatizing newly built gaols because they believe that the saving will come from not spending on capital infrastructure. But what the NSW government is doing the contrary. If there no accepted literature of the cost effectiveness of newly built private gaols, how much more will there be studies for old gaol being privatized. Fact will bear me that we might be the first one to privatized existing gaols. And the sixty four dollar question is? Where will be the saving come from? Definitely, it will come from the manpower. Less manpower will equate to more risk for employees, inmates and the community as a whole.

The mechanism designed to ensure the accountability of private prison operators to the government is the monitoring of the contract performance. But true as it may, there are possible shortcomings in the monitoring process; One, that there may be a tendency on the part of the regulatory agency to focus on the means rather than the ends, of contract performance. "Public organizations are notorious for evaluating performance according to inputs rather than outputs".<sup>7</sup> This could result in a skewed view of a private prisons performance and a false impression about how the prison is performing its contractual duties. Second, effective monitoring is expensive and the cost could absorb much of the

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<sup>6</sup> Brown, 107.

<sup>7</sup> Brown, 109.

savings (*if there are any*) from prison privatization. And lastly, the auditing agency is all too often the very same agency that recommended the appointment of the private contractor. There is a definitive conflict of interest in having such an agency acting as a monitor.

Let us take the case of our neighboring state in Victoria. A community organization had to fight a three year legal battle to force the government to publish the bulk of the contracts for the state's then three private prisons. It resulted to a monument again to the industry's failure. In 2000, the government paid \$A22 million to buy out the contracts of the privately financed, designed, built and run 125 bed women's prison after four years of operational problems.<sup>8</sup>

In summary, I would like to quote a statement from the Minister for Corrections of New Zealand, our cross – Tasman ally. "There has been an experiment overseas- driven by ideology- to introduce private prisons and it hasn't worked. The ideology driven belief that.....private is better is not suited to our prisons and this government won't let New Zealanders become guinea pigs for an experiment here".<sup>9</sup> IS THIS A WAKE UP CALL!!!!

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<sup>8</sup> Seminar Report " Prison Privatisation", The Open Society Foundation for South Africa, 2003, p17.

<sup>9</sup> Ibid, p 18.

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