

Submission  
No 215

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

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Ms Rachel Simpson, Director  
GPSC 3, Legislative Council  
Parliament House, Macquarie Street  
SYDNEY NSW 2000

Contact: Ms Natalie Drage  
Our Ref:  
Your Ref:

Dear Ms Simpson

**CESSNOCK CITY COUNCIL SUBMISSION - INQUIRY INTO PRIVATISATION OF PRISONS AND PRISON RELATED SERVICES IN NSW**

This submission is submitted by Cessnock City Council. Cessnock City Council is located in the Hunter Valley, New South Wales. The estimated resident population for the Cessnock Local Government Area (LGA) is 48,985 people (Australian Bureau of Statistics, Estimated Resident Population). The Cessnock Correctional Centre has been operational within the LGA since 1974. Over time, the Correctional Centre has become an accepted and well regarded organisation within our community.

Cessnock City Council writes this submission to advise that it is strongly opposed to the intended privatisation of the Cessnock Correctional Centre. In summary, the prime concerns for Council if the Cessnock Correctional Centre were to be transferred to the private sector are as follows:

- Possible reduction in staff numbers as a means for a private organisation to generate greater profit.
- The subsequent impact on our community in the event of job losses.
- Creation of conflict amongst the inmates given a potential reduction in staffing numbers, impacting on the supervision of inmates.
- Loss of rehabilitation programs impacting on the inmates' ability to integrate back in to the community upon release from prison.

- Concern that highly skilled officers will leave the organisation and instead lesser trained staff will supervise inmates at the prison, impacting on levels of security and service provision within the centre.
- Concern for the future wellbeing of our community if the Cessnock Correctional Centre were to expand and be delivered by a privately run organisation.

Hence, this submission specifically addresses the following reference points as set by the General Purpose Standing Committee:

- 1.a) public safety and rates of escape.
- 1.f) rehabilitation programmes, mental health support services and recidivism rates.
- 1.g) staffing levels and employee conditions.
- 7. Any other relevant matter. In regards to this reference point, Cessnock City Council is concerned about the impact of privatisation on our community's social and economic well being.

#### **Concerns for Employment of Existing Workers (submission reference point 1.g)**

A prime concern for Council if privatisation of the Cessnock Correctional Centre were to proceed is the loss of employment opportunities for its residents. It is Council's understanding that the Cessnock Correctional Centre employs around 200 staff. The anecdotal evidence received by Council is that around 70% of the Cessnock Correctional Centre workforce are residents of the Cessnock LGA. Privately owned and operated organisations have a primary interest in generating profit. In the generation of that profit, a privately run organisation would inevitably implement cost cutting measures such as the reduction of staff in essential areas of prison operations including but not limited to, Prison Wardens, the Correctional Service's Transport arm and Rehabilitation Program staff.

The fear of job losses associated with the privatisation of the Cessnock Correctional Centre is a real concern for our community. Unfortunately our community already features unfavourably in labour force statistics. For example, an analysis of the employment status of the Cessnock LGA in September 2008 compared to New South Wales shows that unemployment is considerably higher with 7.0% of people in the Cessnock LGA labour force category unemployed compared to 4.2% for New South Wales (Department of Education, Employment and Workplace Relations, 2008). This situation has recently been exacerbated by the job losses in Cessnock announced by Pacific Brands.

The likely potential of job losses associated with the privatisation of the Cessnock Correctional Centre could create a situation whereby workers of the Centre who are also residents of the Cessnock LGA seek alternative employment opportunities in locations external to our area. If this situation were to eventuate, our community would be greatly impacted as not only would it lead to the departure of people previously employed at the Cessnock Correctional Centre but would also result in the departure of their respective families. Hence this further loss would result in a decline of our population base and would include the loss of partners who may be working and have a particular skill base. Indirectly, this additional population loss would greatly impact on our community's capacity to deliver services that are external to the Correctional Centre.

It should also be noted that in the NSW Department of Corrective Services Human Resources Strategic Plan 2008-2011 (NSW Department of Corrective Services, 2008<sup>1</sup>) there is no reference to privatisation. It is suggested that there is a real risk of the Values and Results articulated in this plan being at best diminished and at worst rendered worthless if the privatisation proposal proceeds.

**Privatisation: The Creation of Future Disadvantage for our Community (submission reference point 7)**

If job losses were to result in our community from the decision to privatise the Cessnock Correctional Centre, the Cessnock LGA is at risk of being further disadvantaged in social indicator measures. The Socio-Economic Indexes for Areas (SEIFA) measures levels of Socio-Economic Disadvantage and is derived from a number of attributes which includes high unemployment. As would be expected of a community with already high unemployment, the Cessnock LGA features poorly in this measure. In fact, the Cessnock LGA is the most disadvantaged LGA when compared to neighbouring councils within the Hunter Statistical Division. The following table reflects the level of disadvantage experienced by the Cessnock LGA.

SEIFA index of disadvantage Local Government Areas in the Hunter Statistical Division (ranked from greatest to least disadvantaged)	2006 SEIFA index of disadvantage
Cessnock (C)	938.7
Great Lakes (A)	952.4
Gloucester (A)	963.3
Muswellbrook (A)	972.7
Upper Hunter Shire (A)	978.0
Newcastle (C)	983.1
Port Stephens (A)	986.0
Maitland (C)	992.0
Lake Macquarie (C)	995.9
Dungog (A)	1000.8
Singleton (A)	1016.6

Source: Australian Bureau of Statistics, Socio-Economic Indexes for Areas (SEIFA), 2006.  
(Table supplied by Informed Decisions, I.D Consulting, Pty. Ltd. Victoria.)

The fear of job losses is not only a concern for the Cessnock LGA's future economic capacity but also the community's social well being. For instance, Haralambos, Van Krieken, Smith, & Holborn (1996,306) state that the financial hardship associated with the loss of employment can cause deterioration in one's health and increase the risk of mental illness. Additionally, individuals may experience feelings of guilt and blame as a result of being unemployed (Mullaly,1997). There is also a loss of social connections when job losses result. However, not only is the workforce impacted but partners are too, given the changes in income levels. For the community, unemployment can increase stress levels and instability given the uncertainty that is created.

There is also the significant impact on the local economy which would result from a reduction in employment at the Cessnock Correctional Centre and the associated relocation of families away from the town. Local businesses will suffer a drop in demand and sales from this loss of employment, which in turn will create further loss of jobs.

With privatisation, it is necessary to understand that many stakeholders are directly impacted. For these reasons Council is adamant that the Cessnock Correctional Centre must remain in the control and operation of the public system.

In the 2006 NSW State Plan the State Government adopts the priority titled P2 – Maintain and Invest in Infrastructure. The NSW Plan states (2006,93) that “the government needs to ensure we have the right infrastructure at the right place at the right time. The Government needs to balance the demand for more major projects with maintaining existing assets and the impact on taxpayers”. It is suggested that the proposed privatisation is likely to undermine the State Government’s ability to deliver on this key priority commitment.

**Privatisation: The Loss of Rehabilitation Programs (submission reference point 1.f)**

In an attempt to deliver greater profit, a privately operated Correctional Centre is likely to result in the loss of what Council perceives to be essential welfare and rehabilitation programs. Anecdotal evidence received by Council advises that many of the inmates on completion of their sentence return and/or decide to relocate to the Cessnock area. If welfare and rehabilitation programs were ceased or reduced a means to generate greater profit, the success of integration of the inmate back into our community would be jeopardised. This would be not only unjust for the inmate but also for the residents of our community.

In the 2006 NSW State Plan the State Government adopts Priority R2 – Reduce Re-offending. The Plan states that “we are providing structural support for those in custody and in the community who are at moderate to high risk of re-offending. This includes therapeutic programs to address anti-social attitudes, impulse control and poor reasoning, drug and alcohol abuse, education and poor vocational skills” (NSW Government State Plan,2006,31). It is suggested that the proposed privatisation is likely to undermine the State Government’s ability to deliver on this key priority commitment.

Even with the availability of rehabilitation programs offered through the current publicly owned and operated correctional service, the success of community integration is challenging and is indicated in recidivism rates. For instance, the percentage of inmates across New South Wales who were released in 2004/05 and who later returned to prison within a period of two years was 43.8% (NSW Department of Corrective Services, 2008<sup>2</sup>). Given this statistic, it is paramount that rehabilitation programs continue to be offered to the inmates of the prison.

If privatisation were to eventuate and rehabilitations programs were cut, recidivism rates could escalate further. The successful integration of the inmate back into the community is not only subject to appropriate rehabilitation programs being offered but also ensuring that inmates are prepared for the skills of living such as the ability to engage in employment opportunities. It has already been mentioned that a current issue within our community is high unemployment. High unemployment within our community is already of great concern particularly given that White and Perrone (2000,157) state that most prisoners are unemployed at the time of arrest or charge.

Cessnock City Council's fear is that in an effort to make profit, a privately operated prison could result in the loss of rehabilitation programs. Council is therefore concerned that a privately operated organisation will sacrifice the best interests of our community and that of the inmate by cutting rehabilitation programs, hence creating a potentially disastrous situation for all stakeholders.

**Future Service Provision within the Cessnock Correctional Centre (submission reference point 1.a)**

In addition to the already mentioned issues, Council is also concerned about future prison operations if the Cessnock Correctional Centre were to be transferred to the private sector. The Department of Corrective Services advises that the prison population within New South Wales from the period 1997 to 2007 increased by a further 23% (NSW Department of Corrective Services<sup>3</sup>, Annual Report 2007/08). To accommodate the prison population growth, Council understands that the Cessnock Correctional Centre is earmarked for expansion in the near future to accommodate a further 250 maximum security inmates.

A comparison with an existing privatised prison at Junee, which has a similar capacity to the future expanded Cessnock facility is not helpful as Junee is considerably different to the Cessnock Correctional Centre. Junee does not accommodate maximum level security inmates, where as Cessnock does and its proposed allocation of maximum security prisoners will increase from 113 to 363, an increase of 321%. This expansion in itself could be a matter of concern but with the privatisation proposal in addition, the combination only increases Council's level of concern regarding the current situation.

The below chart is based on information contained in the NSW Department of Corrective Services, Annual Report 2007/08 and advises of the current population difference.

Correctional Centre	Population for Persons Under Detention at 29 June 2008. (Includes both Remand and Sentenced Population)	Total Population
Cessnock	Maximum: 113 Minimum: 337	450
Junee	Medium: 643 Minimum: 136	779

Source: NSW Department of Corrective Services, Annual Report 2007/08

Maximum level prisons require a workforce of exceptional skill to manage and when necessary intervene in conflict and violent situations. The Junee facility does not have a maximum security inmate population. It is Council's understanding that at present, experienced officers are employed at the Cessnock Correctional Centre and many are tasked to work with the maximum security inmates. Cessnock City Council is concerned that a privately operated organisation, driven by profit making strategies would create a less experienced workforce. Such a potentially unsafe workplace would see experienced officers leave the Cessnock Correctional Centre for alternative employment, making way for lesser trained and under skilled staff. Additionally in a bid to make greater profit, staff to inmate ratios may expand impacting on inmate supervision.

Ultimately an impact would be felt in areas of staff morale and would create instability in operational areas within the prison. Such disharmony would create unsafe environments for stakeholders namely the inmates, the staff and the community. It is conceivable that a situation may arise whereby there is an escalation of prison riots, increased escapism and a greater risk of strikes amongst the workforce. All instances would impact on the community's acceptance of the prison's ability to operate at its current 450 bed capacity. Furthermore, any future expansion proposal could be perceived poorly by the community, particularly if the mentioned conflicts arose and associated risks become a reality.



## **Lack of Information on the Junee Correctional Centre Experience and Privatisation of Prisons in New South Wales**

Council has found it difficult to obtain information about the proposed privatisation and why Parklea and Cessnock have been selected for privatisation. It is also found it difficult to obtain information on staffing levels or the long term impact and outcomes of the privatisation of Junee Correctional Centre. There is concern about the basis upon which the State Government has made this decision.

For example, there does not appear to be any recent comparative data available regarding privatised versus publicly owned gaols in NSW, nor a comparison of operational costs. There is also little publicly available information on staffing levels or the staff to inmate ratios at either State operated facilities or the privatised facility.

Furthermore, on the Department of Correctional Services website access is provided to many research papers, including reports on the first four years of operation of the privatised Junee facility. However, the most recent report is 12 years old, so there is no recent analysis of that facility. The Department's 2007-2008 Annual Report also contains few references to the Junee operation and has no financial information.

Council believes that it is critical for this information to be made available to enable the wider community to understand the full implications.

### **Conclusion**

In conclusion, Cessnock City Council is strongly opposed to the privatisation of the Cessnock Correctional Centre. This opposition is based on factors which include the likely loss of employment and unsafe supervision of inmates at the facility. The submission also highlights that our LGA is at risk of being further disadvantaged both socially and economically if privatisation were to proceed. This would be in opposition to the NSW State Plan theme of 'Growing Prosperity across NSW'. Furthermore, Council is concerned that the loss of essential rehabilitation programs could jeopardise the safety of our community in many ways. Consequently, any adverse operations at the prison could jeopardise the community's ongoing acceptance of the facility. Given the negative impacts of this proposal for our community, Cessnock City Council questions why the Cessnock Correctional Centre is being considered for privatisation.

Cessnock City Council welcomes the opportunity to talk further with the Committee. If required, the Committee can contact Ms Natalie Drage, Council's Social Planner on 4993 4118 to discuss further the contents of the submission and our concerns for the privatisation proposal.

Yours faithfully



CT BENNETT  
DIRECTOR CORPORATE & COMMUNITY  
CESSNOCK CITY COUNCIL

27 February 2009

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