

Submission
No 147

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

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Inquiry into The Privatisation of Prisons & Prison -Related Services

Madam Chair and Honourable Members,

I am a Senior Correctional Officer who has been employed by the NSW Department of Corrective Services since 2001. I am not employed at a location that is currently earmarked for privatisation. I thank the Inquiry for the opportunity to tender a submission.

I will begin by saying that it is morally repugnant that the Government permit private corporations to profit from the infliction of punishment. The administrators of prisons should be accountable to the Government, not shareholders. It is a conflict of interest for private companies to be trusted to provide rehabilitation services: it is logical that the more people that are in gaol, the more business they will be able to drum up, possibly by tendering for additional gaols, and therefore the more profit they will make. This is profit which will go overseas - the companies who submitted expressions of interest to tender have foreign parents. Morally, the incarceration of offenders should remain a function of the state, regardless of cost.

Selling off prisons is not the answer to the problems that Corrective Services, or indeed the State Government are experiencing. I believe that the Government can find ways to reduce expenditure within the Department of Corrective Services, largely by holding Senior Management of the Department more accountable for the decisions made relating to budget expenditure; by re-introducing oversight bodies that have previously been removed to promote accountability and transparency; and by reducing a disproportionately top-heavy management structure, which can only be described as morbidly obese. Substantial savings can be made by trimming the fat off the meat, so to speak. I personally can cite several examples of waste, as could many other ground level staff, if given the opportunity.

You may wonder why staff do not readily put these suggestions forward, and my answer to that question is undoubtedly from fear of retribution from Senior Managers within the Department. For example, some Departmental staff, myself

included, have received letters from a law firm representing a senior manager threatening legal action. This was as a result of comments made within an online forum designed specifically to receive suggestions from staff as to how the Department can save money. I believe the current waste is perhaps outside the immediate scope of this inquiry, however I would be more than willing to present these examples, including by way of oral evidence, if required. For the time being, I will move on, but must draw your attention that Commissioner Woodham would be able to hear these suggestions through the union delegates if he were to meet with them, which he has not.

I guess the point that I am making is that the "Way Forward" model of "workplace reform" is not the be all and end all to reduce expenditure, as touted by the Department, nor is privatisation, which appears to be the Department's response to not having been able to implement the Way Forward so far. In fact, some components of the Way Forward model are counter-productive.

In particular, I would like to highlight the use of casual labour in Correctional Centres. These casual custodial officers cost the same to train as permanent officers, yet it is a forgone conclusion that their rate of attrition will be much higher. These staff do not know what location they will be required to work in the following day, receiving at most one days notice of an offer of a shift, and often only an hour or two notice, including for afternoon and night shifts. This impacts their ability to arrange child care, to predict their income, to manage their household budgets, and to make large purchases which may require credit, such as buying a house. I believe many of the staff recruited and trained as casual staff would take the opportunity of full time employment if offered elsewhere, especially in the current economic climate.

I suspect the "savings" made by not having to afford casual employees sick leave, holidays, and other entitlements, will be drowned out by the overwhelming expense of training a casual workforce which will likely diminish greatly in the foreseeable future. Unless strategies are put in place to retain these staff, they will undoubtedly leave. This puts the Department back to square one, having not enough permanent staff to man prisons, having to pay exorbitant amounts of overtime to get overworked permanent staff to come in, and having a bill for training provided to casual staff who have moved on to other jobs to boot. It is common sense that providing more full time staff is the solution to the overtime blowout that Commissioner Woodham so often cites in the press.

There is an abundance of literature available both for and against privatisation, yet there is no real evidence that privatisation is cheaper. Pro-privatisation articles which present statistics omit the methodology behind the data collection, meaning we are not always comparing apples with apples. In a purely Australian context, there is little available material, even when utilising Freedom of Information, so we have to rely on examples from overseas where sometimes their entire legal system is different. This can include their prisoner

demographics, their prison infrastructure, and the way in which prison officials are elected. For example, Orange County in the USA has a prison administrator who has been elected repeatedly, that accommodates prisoners in tents and puts them to work on chain gangs. If the current Government tendency towards looking only at cost reduction and not at service provision, perhaps this man should be approached for ideas!

The argument that a private company may be able to provide services cheaper requires careful examination and public debate, not a knee-jerk reaction. Projected costs are exactly that, projected, and usually only projected for the imminent future, not long term. If the private corporation blows their budget, the state will no doubt have a duty of care to the prisoners to either re-assume control over the prison, or inject cash to prop the private corporations up. The real issue that needs to be examined, and compared, is what the long term COSTS to the community will be.

These costs are not merely dollars and cents, it could be argued that a range of factors are at play. For example, in small communities such as Cessnock, the knock on effect of reduced staffing numbers for the gaol can potentially affect the number of families in the area with children in schools, the number of teachers those schools have etc. Private companies may prefer more isolated locations for their operations so they have a pool of community members with little other employment option, and to render their operations less attractive for visits from overseeing bodies such as the ombudsman and official visitor. Private companies almost always employ casual employees, meaning that it is difficult for employees to get home loans to purchase housing, and living week to week reduces stability in Australian families, particularly in the current economic crisis, where Government should be focusing on retaining and generating jobs for Australians, not reducing them.

I note that "Commercial in Confidence" clauses in private contracts inhibit the accountability of private companies and limit freedom of information. Both Government and privately run institutions should be operating in a way which is transparent, therefore allowing public scrutiny. Currently, privately operated centres in Australia are not transparent or accountable to the extent required for informed academic debate – they hide their shortcomings, their profits, and how exactly the money provided by the taxpayers is spent behind the concept of commercial sensitivity. Given the removal of several prison oversight bodies to monitor the state services, it can only be inferred that the monitoring of any future private prisons will be less again.

Also of concern to me, is that the operation of private prisons allows the Government to shirk their responsibilities by putting distance between themselves and the prisoners, the Government (or the Department of Corrective Services, if charged with overseeing the private operations) can apportion blame to the private providers if and when things go wrong, and dodge responsibility.

If the private management of Immigration Detention Centres are anything to go by, Australia is inexperienced in awarding contracts for state services, meaning that it can be more expensive in the long term, particularly if the government has to take the gaols back from the private companies. This is compounded by infrastructure issues, for example if a gaol is burnt to the ground by rioting inmates, who pays for it to be rebuilt, refitted, and refurnished? And where are those inmates to be housed in the meantime? In most private gaols the government is still responsible for associated costs including power, water, transportation, and in some cases where the prison has not been purpose build by the private provider, building maintenance. Regarding the proposed privatisation of Cessnock and Parklea Correctional Centres, and the Court Escort Security Unit, who is responsible for what exactly?

All of the big players in prison privatisation have had appalling track records, covered up by frequent name changes, and I am sure that examples of the sorts of incidents which have occurred in private institutions will be covered in the PSA's submission. Not a single one of these corporations is of a standard we should even be considering for NSW. Again, think of the debacles coming out of Immigration Detention Centres and the egg on the Federal Government's faces over these issues. This could potentially be egg on the current state government's faces in the near future – yet another scandal to add to the States operation under the Labor Government. I am further concerned at the Governments general preparedness to follow America's lead on this privatisation issue. I do not believe that America has the best prisons in the world, so why is the Government looking at their prison operation models?

I also wish to bring to attention of the Inquiry, the tendering process for Cessnock and Parklea Correctional Centres, which has apparently gone ahead despite the current Inquiry. Was the Department of Corrective Services invited to submit to tender, either under the current model of management of these gaols, or under the proposed Way Forward models? I did not see Corrective Services on the list of five corporations who registered their interest to tender when it was published. Mr Woodham informed the Inquiry at the first hearing that 4 of these corporations were extended an invitation to tender. If the Department of Corrective Services were afforded the opportunity, I would think it is public interest to know why they did not submit to tender, if they were not afforded the opportunity, why not?

Mr Woodham alleges that these two centres were selected for reasons including the position of the unions at those centres, yet I believe the unions themselves, if given the opportunity to tender, could demonstrate superior services over private companies at a comparable cost. The Departments lack of consultation with the unions not only at these Centres, but at a state level, has effectively meant that the union members' ideas for savings have effectively not been heard. It is common sense that the Departments Way Forward model for each prison should be submitted for consideration alongside the private tenders. I recommend the

Inquiry look into the privatisation of what was formerly known as Strangeways Prison, Manchester, in the United Kingdom. Here, the public service successfully won the tender for operation of the prison, reducing operational costs without a reduction in service delivery. This may be achievable here in NSW, but it will certainly not occur if the Department has no registered interest in retaining these goals, and the Court Escort Security Unit which has also been earmarked.

It is my view, and the view of others including the academic Jane Andrew, who has authored several papers on the topic, that the proposed privatisation in NSW is merely a union busting exercise. The "savings" that Mr Woodham indicated the Department would save (blacked out in the First Hearing Transcript, no doubt for "commercially sensitive" reasons) are a pittance when compared with the overall Corrective Services Budget. This amount could easily be saved in the public sector by trimming the fat off the morbidly obese management structure, by outsourcing some of the many non-frontline aspects of the department, for example Information Technology and Human Resources. I would anticipate that vast savings could also occur if the Head Office building, located in prime real estate area in the CBD, were moved to a regional area such as Goulburn, where rent is substantially cheaper, as was planned some time ago by the Department.

In closing, I would like to draw to the attention of the Inquiry that the current "bad shape" that Corrective Services is in, is NOT the fault of the frontline officers, despite the plethora of allegations that Mr Woodham has made, and continues to cite, against them, to deflect from the Departments shortcomings. Frontline staff simply do not have the ability to make budget decisions. In addition to privatising prisons and prison related services being morally wrong, to force the professional, career staff of these targeted areas to bear the brunt of the fallout from Senior Managements apparent inability to do their jobs and manage budgets, would be nothing short of a tragedy, for the staff, for the offenders, for the government, and for the taxpayers. The government would be privatising areas of the Department that do work efficiently and ignoring areas that need much more significant reform.

Please quash the idea of privatising the States Prisons and direct your attentions to reforming the upper management of the Department. Let's trim the fat off the meat, not the meat off the fat. I thank you again for the opportunity to make a submission.

Yours sincerely,

Kim Loveday