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

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Privatisation of Parklea and Cessnock Correctional Centres

It has been the trend of most of the Governments of the day to try to sell off publicly held assets whenever they had been in need of money. The privatisation is generally supported by the governments on the premise that the government is supposed to govern and not to run any business and the private organisations can run the same business cheaper.

It is generally never explained to the public that they are the owners of these assets which the governments so blatantly sell for their own purposes. It has happened with TELSTRA where whole of Australian people who owned this very profitable asset which was sold off. It became the property of few rich individuals and a number of overseas investors. The income which was getting generated by Telstra rather then going to the government coffers started actually to go into the pockets of few fat cats and also overseas.

If we were to accept the notion that public assets are not managed efficiently which would mean, at the very extreme, that a job being done by five people may well be done by three. That means the two people left out of work will not get the pay and will probably end up on dole wrecking the two families. The private contractor saves the salary of two people; reduces the tender cost by about 10 -15% thereby showing some saving for the government. The salary of two people is then pocketed by the private contractor who increases the assets of these fat cats (buying luxury boats, ocean front houses, private aeroplanes, etc) and the salaries of the chief executives (salary of Telstra chief executive jumped more then 10 – 20 times after it became private).

The salaries which would have been received by those two people who are now out of their jobs would have actually gone back into the economy because these people will have to feed their families whereas once the private contractor makes the money, the money goes into their pockets and is at their mercy if it will ever come back into circulation.

The private contractor after it gets the contract then starts squeezing the government for more money by claiming contract problems which are initially intentionally placed in the contracts (the road toll operators around Sydney are a perfect example who are costing the government much more then what was initially expected).

Not only that, the private contractors when run into any sort of financial trouble, they immediately run to the government to bail them out. There is the example of toll road operators around Sydney, ABC Learning around Australia, numerous banks around the world. I am sure that most of the owners of these enterprises are not on the dole queue but they have led so many members of the public to total ruin by their mismanagement.

It is an expected fact that the services provided by the private are much inferior to the government. Take the example of Sydney Airport where the public used to pay much less when this airport was publicly run. Now you have to pay through your nose for every kind of service.

Privatisation of the correctional centre is also going to go the same way which I have outlined above. A number of people will lose their jobs. The families will be torn apart. What I have listed above is just the financial cost of privatisation. The social cost of this privatisation is very hard to estimate but it is obvious that it will be horrendous.

The private operators are not going to manage the high cost inmates; inmates who have more needs because of their self harming, propensity to violence, continuous drug dependency, etc. All such inmates will be transferred to publicly run institutions thereby further increasing the average cost of managing the inmates held by the public sector.

There is no talk of the highly paid executives losing their jobs; as such the overhead costs per inmate are also going to increase.

There will be chances of more escapes and other serious incidents as the contracts with the private provider generally allows for such incidents before the government can intervene. There is the example of the contract with private provider in the other states to illustrate this.