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SYDNEY

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To the Honourable Scott Morrison MP: Treasurer,

Please find enclosed this submission to the *Inquiry into Human Services*.

We make this submission in our capacity as accounting academics at the University of Sydney Business School. Our research has largely focused on the use of accounting information in policy making and we have particular expertise in the delivery of prisons and prison related services, including the impact of privatisation, commissioning and contestability on these services. We believe that our expertise in accounting, public policy and prisons may be of use to the Inquiry as you progress with this work.

As part of our submission, we would like to draw the Productivity Commission's attention to some of our work in this field. In particular, our recent report titled "Prison Privatisation in Australia: The State of the Nation" and the corresponding highly cited submission to the Western Australian inquiry into prison reform titled "The Cost of Commissioning". The former report provides an overview of private prisons in Australia in terms of their costs, performance and public accountability. It also provides a detailed state-by-state analysis of the impact privatisation has had on the sector in each jurisdiction. We believe this research will be of particular interest to the Commission.

Our research is important for two primary reasons; first, there is a significant lack of information to support the development of appropriate policy responses to the growing national prison population – this includes both a lack of high quality academic research and a lack of publicly available information from the various departments responsible for prison services and regulatory oversight, and from the private providers themselves; second, there are very real and long standing inadequacies associated with Australian private prisons.

Clearly, delivering prison services is a difficult and complex task. Incarcerating and rehabilitating people will always present problems both at the policy level and in terms of the practices within each individual prison. These problems affect public

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and private prisons alike, however, there are intractable and still unresolved inadequacies associated with the privatisation of correction services. These failures need to be acknowledged if we are to meet challenges such as the rising number of prisoners across the country, unacceptably high rates of recidivism, and the disproportionate representation of Indigenous people within our correctional institutions.

While we understand the Commission is charged with “developing policy options to introduce principles of competition and informed user choice in the provision of human services”, these principles sit at odds with the underlying dynamics of corrections, both in terms of the management of prisons on a daily basis, but also their financing, ownership and construction arrangements. The market for these contracts is far from competitive, with few providers, most of whom have under-delivered to the community on matters of concern – including cost savings, but perhaps most importantly, in terms of prisoner outcomes and workplace safety.

We commend the Commission in its efforts to provide client focused human services that offer greater choice to members of the community. We also commend the Commission’s efforts to explore ways to provide innovative, high quality services with improved indigenous outcomes and we agree that these services do need appropriate systems of oversight so that we can assess and reevaluate the effectiveness of service delivery. Much of this can and should take place in the prison sector, but we strongly recommend to the Inquiry that these improvements can and should be achieved within the context of a well-managed, reinvigorated, and resourced public sector.

Prisons cannot fail. There will never be another actor within the market, other than the government itself, who can step in should a private provider find themselves unable or unwilling to deliver on their contracted responsibilities. In addition, the dual imperatives of profit making and prisoner rehabilitation are known to produce tensions that have yet to be resolved adequately in Australia, and remain a challenge for other nations who have experimented with the private provision of prisons.

To progress with further privatisation, or the various alternative models of contestability in the prison sector without a more thorough assessment of the impact private providers have had on current policy would lead to sub-optimal solutions to the contemporary challenges facing the sector.



We wish the Commission well with its Inquiry. The delivery of high quality, affordable Human Services is complex and critical work for any Government, but in the case of prisons, our research suggests that these ambitions would be best achieved within the public sector itself.

We are more than happy to discuss our research with the Commission or the Inquiry in greater detail at any point in this process.

Sincerely,

Associate Professor Jane Andrew and Dr Max Baker