CORRECTIONS CONTRACT MANAGEMENT IN NEW SOUTH WALES: THE JUNEE EXPERIENCE

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The decision by the New South Wales Government to call for expressions of interest and then tenders for a new prison was not taken lightly. New South Wales, like all governments, was being asked to do more with less. As demands for government services were outpacing available revenue, agency administrators were being asked by elected officials to seek ways of reducing service costs without reducing actual services.

It was in this atmosphere that private sector options were being considered by the government for corrections. Governments have traditionally turned to the private sector to provide certain contract services for a variety of functions when it became a more expedient or a less costly option. Although, the Queensland Government was just beginning the first Australian experiment in private contract management with responsibility for administering all prison services within an institution, little data was available either here or abroad on the long term consequences of such a decision.

In late 1989, representatives of the New South Wales Department of Corrections, including the Minister visited the United States to learn first-hand how private corrections management was faring. They toured State and Federal managed corrections facilities as well as privately managed correction facilities. They met with government leaders and also with private management operators. For approximately two years, New South Wales followed the development of private corrections management. Knowing their recommendation could forever change the course of corrections management in New South Wales and Australia, they questioned, they probed and they studied the accumulation of data being collected on contract management.

Once satisfied that substantial benefits could be gained from private contract management, this growing force of governmental officials went
about informing their colleagues of their findings. When a consensus was reached, laws were amended and instructions went out to government agencies to develop a competitive process to bring private corrections management to New South Wales. It was also decided that to allow for maximum efficiencies in management, the government would also call for tenders for private design and construction of a new prison.

To the southwest of Sydney, a small country town was experiencing the pain of unemployment brought about by a government decision to close their major source of employment, a rail works centre. Like most country towns with one major employer, significant changes in employment practices require quick and decisive action by town leaders to sustain the town's viability.

As in the United States, communities in Australia which once would not have welcomed government locating a prison in their vicinity, were beginning to realise that the two could benefit from each other in a symbiotic relationship. The economic reality was plain, prisons were stable employers which did not alter their employment following cyclical changes in the economy. Prisons were in essence "recession proof." They employed a large number of people, requiring a range of skills, and providing employment opportunities to a large cross-section of the community. Prisons are also large consumers of goods and services, further stimulating the local economy.

Deciding that the new prison being discussed in Parliament represented a significant opportunity for Junee, the town leaders and the elected representatives strongly supported the concept. The results are now history, Junee, located halfway between Sydney and Melbourne, was selected as the site for the new prison.

With the decision made to accept tenders for the design, construction and management of the new prison, Junee became host to a steady stream of visitors from the government agencies affected and from private companies intent on winning the tender process. Thus began a process of community liaison in addition to development of tenders by both the government and private companies to ensure successful implementation of this new policy direction.

The process of expressions of interest, tenders and contracts took approximately a year to complete. The Public Works Department was responsible for the design and construction portion of the project and the Department of Corrective Services was responsible for selecting the management team which would operate the prison. Both departments went about their business in a professional manner to insure that the ultimate product of the process would be in the best interest of the public. Significant credit for the success of this project to date rests with the Ministers and administrators for these two departments. They did an exceptional job in coordinating this project. They also spent a significant amount of time working to change any cultural bias which may have existed within their departments against the development of a true public/private partnership. Many people have been involved in this project and were in a position to influence its outcome. It is a credit to the public servants of New South Wales that this project has gone forward so successfully.
In August 1991, two contracts were executed with Australasian Correctional Services Pty Limited (ACS), one for the design and construction of the Junee Correctional Centre by the New South Wales Public Works Department and one with the Department of Corrective Services for the management of the Centre. ACS in turn executed two contracts, one with Thiess Contractors for the design and construction of the facility and one with ACM for the management of the Centre.

**Australasian Correctional Management Pty Limited (ACM)**

ACM is a joint venture company formed by two worldwide security firms, ADT and Wackenhut. ACM has become the largest Australian private corrections management company with the contract for Junee and a second contract awarded by the Queensland Government to ACM for the operation of a 380-bed remand and reception centre in Wacol. This facility, officially commissioned the Arthur Gorrie Correctional Centre, began operation in June 1992, just three months after contract completion.

ADT is a recognised world leader as a provider of trained security manpower and electronic services, and is well established in Australia and New Zealand. In New Zealand, ADT is officially known as ADT Securitas. Its infrastructure greatly adds to the technical and operational capabilities of projects undertaken by ACM.

Wackenhut Corrections is a wholly-owned subsidiary of the Wackenhut Corporation. Founded in 1954, the Wackenhut Corporation is international in scope and specialises in providing professional industrial security, detention correctional management, safety, fire protection, security training, security devices, investigative, law enforcement and other protective services for governmental agencies, business and industry. The Wackenhut Corporation provides services around the world through its more than 40,000 employees. Wackenhut Corrections currently manages nine correctional facilities in the United States, with responsibility for 3,500 inmates.

The combined experience and resources of ADT and Wackenhut through ACM provides governments with an exceptional opportunity for economic benefits and improvements in inmate well-being.

**Australasian Correctional Services Pty Ltd (ACS)**

ACS is a joint venture partnership formed by Wackenhut Corrections Corporation, ADT Australia and Thiess Contractors Pty Limited (see Figure 1). Thiess Contractors is a major Australian design and construction company that has specialised in correctional and health service projects as part of its infrastructure program. Thiess has over 3,000 employees and an annual turnover of over $600m. It played a major part in the introduction of the concept of contract management of prisons in Australia (Commission of Review into Corrective Services in Queensland 1993, vol. 2, attachment 7).

This consortium combines the strength of all three companies, implementing a "total systems approach" to maximise design, construction, private finance and operational efficiencies. Each member of the partnership contributes significant knowledge, experience, and proprietary technology to the
consortium providing government with correctional facilities which are durable, functional and cost-efficient.

Figure 1

Organisation Chart

Highlights of the Junee Correctional Centre

The Junee Correctional Centre is the first correctional facility in Australia to be designed, constructed and managed by the private sector. This is a 600-bed facility; 500 beds for medium security and 100 beds for minimum security inmates.

ACS designed and constructed the facility in a cost-effective manner. The $53m facility was built at a significant cost reduction compared to equivalent capacity prisons, without sacrificing functionality or durability.

ACM will operate the facility at over a 30 per cent cost saving compared to traditional government prison operations. The staffing ratio is approximately 1:3 (one staff to 3 inmates) and unit management and direct supervision will be employed at the facility.
A special focus of this facility will be the establishment of a private industry program to provide employment, valuable skills training and wages to inmates. A 2,240 square metre building has been constructed on site for this purpose. Private industry recruitment is currently under way. ACM, through its joint venture partner Wackenhut Corrections, possesses the skills necessary to implement this type of program following a model developed in the United States for a 500-bed correctional facility by Wackenhut.

A full range of educational, life skills and counselling programs will be offered to the inmates. ACM will provide security transportation and escort services, as requested.

The Junee Experience

Meeting the needs of the client

Identifying the client From the Thiess point of view, as the design and construct member of the team, we had six main external clients for the Junee Project: the NSW Government; the NSW Department of Corrective Services; the NSW Department of Works; Australasian Correctional Management and its staff; the Junee district residents and their local government; and the Junee Correctional Centre inmates.

Identifying the client’s needs Some needs are duplicated, others are complementary and still others are opposed from one client to the other.

The NSW Government

- Microeconomic reform—significant cost reductions were required.
- Breaking with tradition in the provision of government services. Governments have an obligation to see that various services are provided. That does not mean the government has to do the work.
- Keep the rules for tendering and the brief of requirements as simple as possible.

The Department of Corrective Services (DOCS)

- Best value for money in terms of capital and recurrent costs.
- A facility capable of being managed by private or public administrations.
- A model to allow private and public management systems to be compared on a cost and effectiveness basis.

The Department of Works

- A cooperative role with private enterprise in the development of new ideas.
The Issues—Corrections

- To see that appropriate community standards of design and construction were achieved.
- To assist the government in achieving its aims of microeconomic reform through interaction with the private sector.

AUSTRALASIAN CORRECTIONAL MANAGEMENT

- A facility that is easy to manage.
- A facility that is inherently secure to the level necessary and consistent with management procedures.
- A facility that is easy to maintain.
- A facility that assists the introduction of proven overseas management principles.
- A level of amenity for employees comparable to community expectations of regular businesses. A safe working environment for staff.

JUNEE RESIDENTS AND LOCAL GOVERNMENT

- A facility that provides maximum opportunities for local employment and the use of local subcontractors during construction.
- A facility that provides long term employment opportunities in the district.
- A facility that does not intrude on the local landscape.
- A facility that causes no threat to the local community.

THE JUNEE CORRECTIONAL CENTRE INMATES

- A safe living environment.
- A normalised living environment—comparable to the level of amenity experienced by average citizens in the course of their education and employment—definitely not the Hilton.
- Access to education, recreation and employment facilities appropriate to their needs.

Team approach to business development  In order to meet the many and sometimes conflicting requirements of the various clients, a systematic and purposeful team effort by the Thiess ACM project group was needed. Research became a cornerstone so that decision making could be based on fact.
For this to work there needed to be a forum where each party could make a positive contribution and interact with the rest of the team effectively. The team in turn needed to interact effectively and frankly with each of the client entities.

**Constraints on interaction with the client**  The rules of probity with respect to the tendering of government projects became an inhibiting factor in the process. It was clearly the intent of the departmental project team to circulate to all tenderers any questions or information raised by any tenderer. Very few questions other than of a very superficial nature were raised by anyone. Tenderers to a large extent worked in the dark when it came to communicating with the government client organisation.

**Future projects**  It is difficult to see how this communication problem can be overcome; however, it should be possible to devise a partnering system in which private probity interest and government propriety can be protected at the same time.

**In the interim**  In the interim, government agencies should provide more data on their own costings and operational procedures. What the tendering groups make of this is then their own business and will not signal commercial intent as does a specific question that is circulated.

*Research for Junee*

**Costs of construction**  Basic research showed that costs of prisons in Australia varied considerably within States and from State to State. More importantly costs generally were higher than for comparable facilities in the USA. All costs have been brought to a common date for comparison. There are a number of reasons for the wide range of costs. However, it became clear that as taxpayers we were just paying too much for prisons and that somewhere between Australian costs and costs in the USA we should find a solution.

**Cost of operation**  Actually finding out the true cost of running a prison became very difficult. In most cases the costs were spread over the budgets of more than one department. Costs of energy in one State would be charged against the corrections department and in another against the PWD. Costs of leave, overtime and superannuation and sick leave were in many cases not counted in the cost of operation. The figures are therefore approximate; however, it is again true to say that costs in Australia were high by USA standards. The lower staff-to-inmate ratios in the USA appeared to account for most of the discrepancy. The lower manning ratio in turn appeared to be a result of more efficient facility planning.

When one puts the two costs together the picture in Australia is quite alarming. By keeping the Junee design compact, with clear lines of sight between the main functional elements, we have been able to reduce the capital cost and the number of staff to run it.
How does Junee compare?

It is clear from Figure 2 and Figure 3 that Junee is the most cost-effective facility built in recent years in Australia where single occupancy cells are required (see NSW Public Accounts Committee 1993). By doubling bunking which is usual in the USA, it would be possible to achieve costs still closer to the USA model.

The end result is a tribute to the ACS team, to the Department of Corrective Services and to the NSW Department of Works. Without the willingness to work together the advances made at Junee in terms of cost efficiency would not have been possible.
The facility is not a foreign import but it does include a number of features found in new overseas models. It is a solution that will function efficiently at Junee for the next 30 or so years and will mark the beginning of a new era in correctional management.

References
