



LEGISLATIVE ASSEMBLY OF THE NORTHERN TERRITORY

12th Assembly

Public Accounts Committee

Public Hearing Transcript

10.45 am, Thursday, 4 February 2016

Litchfield Room, Parliament House

Members: Mrs Robyn Lambley, MLA, Chair, Member for Araluen
Ms Natasha Fyles, MLA, Member for Nightcliff
Ms Nicole Manison, MLA, Member for Wanguri
Mr Gerry Wood, MLA, Member for Nelson

Witnesses: NT Correctional Services
Mr Mark Payne, Commissioner
Mr Rob Steer, Executive Director Correctional Operations
Mr Tim Cross, Director NT Correctional Industries

Madam CHAIR: On behalf of the committee I welcome Mr Mark Payne, Commissioner of NT Correctional Services; Mr Rob Steer, Executive Director, Correctional Operations, NT Correctional Services; and Mr Tim Cross, Director of NT Correctional Industries.

As I said, we thank you very much for taking this time out of your day to come to speak with us. This public session is being webcast through the Assembly's website. A transcript will be made for use of the committee and may be put on the committee's website.

If you could first introduce yourselves, state your name and your capacity in which you are appearing here today. If you would like to make an opening statement do so now, thank you very much.

Commissioner PAYNE: Madam Chair and members of the Public Accounts Committee, presenting evidence before you today is me, Mark Payne, in my role as the Commissioner and Chief Executive Officer of the Northern Territory Department of Correctional Services.

Also present today is Mr Rob Steer in his role as the Deputy Commissioner, Northern Territory Department of Correctional Services, and in an expert capacity as the President of the Correctional Industries Association of Australasia and a member of the Correctional Services Administrators' Council Working Group on Prison Industries is Mr Tim Cross, the Director of Northern Territory Correctional Industries, Northern Territory Department of Correctional Services.

I have invited both Mr Steer and Mr Cross along to assist in giving evidence before this Public Accounts Committee as both are experts in their field, particularly around correctional industries. We thank you for the opportunity to present to you a briefing on Northern Territory Correctional Industries and to answer questions in respect of industries' activities and outcomes.

Madam Chair, I have an introductory statement prior to, if it pleases you, reading some of the questions that were asked of us in advance, as well as then, of course, taking any questions that you or the committee members may have for us.

The Northern Territory Department of Correctional Services' strategic intent articulates government's and the broader community's expectation that this department contributes to community safety by reducing reoffending. In order to achieve this goal, the central tenet of our strategic intent is to reduce reoffending through education, programs and employment.

Northern Territory Correctional Industries - or I may refer to it as NTCI from time to time - was set up by the Northern Territory government to provide skill-based training and real job readiness and to enhance the employability of prisoners.

NTCI is not a standalone program which is aimed at reducing crime and recidivism, but forms part of an intent and integral holistic approach correctional services is taking to reduce reoffending through education and employment.

As well as addressing issues within the department's strategic intent, NTCI, in the Sentenced to a Job program - or I may refer to it from time to time as STAJ - meets some of the objectives of other government strategies specifically in the area of Indigenous education and employment.

The Northern Territory government's economic development strategy, under the human capital economic enabler, includes the following objectives: to create a larger and more skilled workforce to support economic development in the Northern Territory; to maximise local skills development and retention opportunities by creating sustainable and stable economic growth; and to increase the capacity and capability of Indigenous Territorians.

In addition, the draft Northern Territory government's Aboriginal affairs strategy proposes the following objectives under its prosperous economy and strong society priority areas; that is to provide on-the-job training and other training directly linked to a job, and to align training with work opportunities and provide upskilling opportunities to attain qualifications that lead to management and executive roles.

Research conducted on recidivism rates of prisoners who have been involved in the Sentenced to a Job program compared with those of the general population have been very promising. The latest results show that prisoners involved in the Sentenced to a Job program have a recidivism rate of 16% lower than the rate of the general prisoner population. Within the NTCI cohort - that is to say that those involves in work skills training and employment opportunities - prisoners involved in the Sentenced to a Job program show further reductions in reoffending.

It should be noted that the cohort is relatively small in comparison to overall numbers and further work is required longitudinally to more accurately determine the success of the program.

During 2014-15 the average number of employed per week was 75 prisoners, of which 77% were Indigenous. A total of 313 individual prisoners have taken part in the program

across 130 different employers. In that period 33 prisoners were released into paid employment.

The type of work that is undertaken in Sentenced to a Job includes retail, manufacturing, construction and labouring industries. Several strong relationships in relation to Sentenced to a Job have been established in Darwin and Nhulunbuy with the Australian Agricultural Company, or AACo, and the Gumatj Corporation. AACo trains and provides employment for up to 20 prisoners at any one time in their abattoir, and Gumatj provides employment for up to 10 prisoners mainly in their saw mill.

The department also assists Gumatj and Yothi Yundi Foundation Aboriginal Corporation with the pre and post preparation of the Garma Festival.

Research is being undertaken to determine the relationship between prisoners involved in NTCI and reductions in the recidivism rate of offenders. Very early data shows there are marginal reductions in the recidivism rate, with larger reductions being delivered by non-Indigenous prisoners.

NTCI, or NT Correctional Industries, is therefore a vehicle by which prisoners can step their way through the correctional system, addressing their educational, work and job readiness needs and skills. The department operates a through-care model, which seeks to evaluate each and every prisoner's needs and map their sentence from start to finish. The through-care model aims to provide prisoners with the skills and experience to make better decisions to assist them to reduce or stop their offending behaviour.

The final step of this model is entry into the Sentenced to a Job program, where incarcerated prisoners are released on a general leave permit to attend work at local businesses. Prisoners involved in Sentenced to a Job pay tax, as well as board and lodgings as a payment to the department and a percentage of their wages, currently 5%, is paid to Victims to Crime and it also enables them to pay outstanding fines before they are released.

The amounts paid in 2014-15 and during the first half of 2015-16 amount to almost \$1m in payments by prisoners. The cost of incarcerating prisoners in the NT Correctional facilities is extensive and, on average, depending on where a prisoner is housed, it costs between \$120 and \$200 per prisoner per day depending on that location.

As can be seen by the evidence I am giving, this provides an opportunity for prisoners who are engaged in jobs to actually provide some repayment in terms of their custodial care.

The aim of the Correctional Industries and the Sentenced to a Job program is to reduce reoffending, thereby reducing costs to the public in Correctional Services overheads through prisoners contributing to their board and lodgings. This represents real savings to our community.

The vast majority of the prisoners that entered the Sentenced to a Job program have come through Correctional Industries and have developed their work-ready skills from within the correctional centre's workshops, kitchens and laundries.

Correctional Industries has operated, albeit on a smaller scale than the present model, for a number of years with significant financial returns that assist in offsetting the cost of providing correctional services. These returns have been achieved through external sales in the order of over \$3m a year and internal sales of over \$5m. Current estimates indicate a projected income of almost \$9.5m for the 2015-16 financial year.

Again, this income goes some way to offsetting the total anticipated expenditure of around \$20m for cost of operating Correctional Industries in 2015-16. Correctional Industries offers partners an opportunity to explore new business models which, in turn, will lead to growth in local businesses and for new players to potentially enter the market.

An example relates to a proposed caravan manufacturing operation planned for the Darwin Correctional Centre. This business will provide training to prisoners across many different trades and open up export markets from the Northern Territory, both internationally and interstate. Interest has already been shown from suppliers of this business to open new operations in Darwin to support this manufacture. Correctional Industries purchase material from local businesses when available to manufacture their products. The local purchases made in 2014-15 amounted to over \$6m in expenditure, and for the first six months of 2015-16 that expenditure stands at over \$3m.

Correctional industries also provides assistance to the Darwin, Nhulunbuy, Tennant Creek and Alice Springs communities in the form of community work parties with activities that include maintenance of pensioners' yards, assistance with community events, venue and ground maintenance for non-profit organisations, roadside maintenance and litter material, pre-cyclone clean up, stocktaking of all stores in NTG cyclone relief containers and conservation and land management tasks.

In 2014-15 this work amounted to an equivalent to \$2.647m based on 156 925 hours of work. For the first six months of 2015-16 the work parties have contributed to a total of 74 437 hours resulting in \$1.287m being saved by communities.

Prisoners and prison staff are also called on from time to time to fill gaps in NT government services. NTDC, or the department, played a critical role in the recent flood evacuations from Daly River and was able to quickly mobilise the supply of linen, bedding, laundry and meals for approximately 400 community members. This involvement at short notice provided enormous savings to government and the public.

Over the period 26 December 2015 and 15 January 2016 prisoners carried out a total of 3546 hours at a value of \$61 310 to assist in setting up and supporting the evacuation. In addition, a total of 12 920 meals were provided at a value of \$75 238 plus delivery costs, and 4626 kg of laundry was processed at a value of \$9946. Other items provided, including blankets, towels and bed rolls, totalled \$17 069. Staff overtime for this exercise amounted to \$37 663, resulting in a total cash in-kind value of \$201 226 being provided by the department for the evacuation.

To give prisoners the best opportunity for gaining employment it is essential that education and training is provided to prisoners. Since June 2015 the Batchelor Institute of Indigenous Tertiary Education, otherwise known as BIITE, has provided training courses through a service level agreement. This arrangement provides an opportunity to provide a flexible program to meet prisoners' needs. For example, prisoners can commence a qualification whilst in prison and when they are released, prior to the completion of their program, they can continue their studies at home in their communities through BIITE.

Prior to that service level agreement the following vocational educational and training results were achieved in 2014-15: In the Foundation Skills Program 44 individuals completed statements of attainment. In Certificate I Agri-Food – nine. In Certificate II Business, four completed. For the Certificate II in Cleaning Operations, 18 completed their certifications. For Certificate I and II in Automotive 19 prisoners completed their qualifications and for Certificate II Construction, 55 prisoners completed a qualification. The forklift certificate – 42 prisoners have completed their qualifications. For welding tickets – nine have completed their qualifications. For the skid steer ticket - 19 have completed that qualification, and for the White Card employment – 116 have completed their qualifications. That gives a total of 335 individual qualifications during 2014-15 for prisoners involved in the scheme.

Discussions were also held with peak NT organisations, for example the Motor Trades Association and the NT Cattlemen's Association, to identify industries where there are staff shortages and to enable training and qualification in these industries to be facilitated.

Providing specific skills training to Indigenous prisoners is high on the agency's agenda of priorities. In June 2015 eight Indigenous prisoners undertook a one week intensive training program in pastoral skills to increase their chances of gaining employment on NT cattle stations upon release from prison.

Another example of dedicated skills training is the bakery at Alice Springs Correctional Centre which was established in 2015. This facility provides training for approximately 20 prisoners who produce bread products, pies, cakes and sausage rolls and enables self-supply to the Alice Springs Correctional Centre as well as the Barkly Work Camp in respect of their bakery needs.

Correctional Services has also been advised by a private contractor of plans to set up bakeries in up to 21 remote communities, thereby making the training provided at the Alice Springs Correctional Centre bakery crucial to prisoners finding employment when they return to their communities upon release. Testimonials from clients and employers involved with correctional industries and the Sentenced to a Job program are available and can be provided to the committee members if they feel that it is appropriate.

In conclusion, the Northern Territory Department of Correctional Services is committed to improving public safety by reducing the rate of reoffending once the prisoner is released from our custody. A key strategy in achieving this outcome as a measure of public value is to increase opportunities for offenders to enter and remain in paid employment. Northern Territory Correctional Industries plays an integral role in providing work-based skills and training and facilitates the opportunities for prisoners to gain experience in real jobs that lead to real employment opportunities upon their release.

In providing these opportunities, Correctional Services takes all care to ensure that public resources are used in the most efficient manner and that a return on the public investment includes the creation of revenue to offset costs. These priorities are balanced against any unintended interference in the open marketplace either through unfair competitive influences or protections with that marketplace.

This, Madam Chair, leads to the heart of some of the questions that were provided to us in advance ...

Madam CHAIR: Can I just interrupt you, Commissioner?

Commissioner PAYNE: Yes.

Madam CHAIR: While I am on a roll, I acknowledge Ms Julie Chrisp, our Auditor-General, who we have invited to attend these hearings this morning. She is here as an observer and to provide any advice we might need.

So we can focus this hearing on the angle that we are particularly interested in - I realise Correctional Industries does include Sentenced to a Job, but for the purposes of this hearing today, we are looking at the actual industries, the goods and the services provided through Correctional Industries. That would have been fairly clearly reflected in the questions we asked.

Commissioner PAYNE: Absolutely.

Madam CHAIR: The angle we are interested in is whether or not - which you alluded to at the end of your opening statement - Correctional Industries in some way competes with private enterprise in the open market. That is what we are interested in. Coming from Alice Springs, now that I am an Independent in particular, I have had numerous people front me to express their concerns that what is happening in the prison under the Correctional Industries banner is competing unfairly, to some extent, but competing period with what is happening in the open market. If we can stick to that particular issue at the moment.

Commissioner PAYNE: Thank you for the lead in providing that context. With your leave now, I will go through each of the questions that you provided us in advance that go very much to the heart ...

Madam CHAIR: Well, you have provided us with answers some of us, or most of us, have had an opportunity to glance through. Rather than read through your answers, we will go to ...

Ms Fyles interjecting.

Madam CHAIR: Okay. We will formally table, if you like, the answers to the questions we provided you in advance. If members of the committee would like to ask the commissioner questions based on the answers provided?

Mr Cross, would you like to make any opening statement or comment at this point?
Introduce yourself?

Mr CROSS: No, thank you, Madam Chair, I think we will move on.

Madam CHAIR: Okay, we will just move on to questions.

Ms FYLES: Commissioner, how many complaints were received in regard to Correctional Industries competing with private businesses in the last year, or whatever data you might have at hand?

Commissioner Payne: In 2014-15 - I will refer that matter and that question to Mr Tim Cross, who deals specifically with those complaint issues.

Mr CROSS: Thank you. We received last year - one complaint came from Alice Springs, and that was a fairly heated time, but I think we dealt with the complaint very satisfactorily. There was one concern raised with me from Tennant Creek, where inadvertently we were washing government cars and there was a private business there that used to wash government cars, so we stopped doing that straight away once we found out. I imagine now the government cars probably are not getting washed.

Ms FYLES: What was the nature of the Alice Springs complaint?

Mr CROSS: Look I think there were many personalities involved in the Alice Springs complaint. There were concerns that we were going to be operating a bakery in Alice Springs that would be in competition with the local bakery. Now the local bakery, Goodman Fielder bakery, closed in November 2014 I think it was. That closed and then we opened. We already had plans in place to get the bakery up and running as a skills thing and really we are not selling anything outside of the bakery, we are supplying ourselves.

Ms FYLES: Hot dog buns.

Mr CROSS: Hot dog buns - \$240 worth a month.

Madam CHAIR: And where are they going to, are they being sold to Desert Dogs food truck?

Mr CROSS: Yes, I understand that is the case.

Madam CHAIR: What is that? Is that a private business?

Mr CROSS: Yes it is a private business. He could not get the rolls they require from the Coles supermarket.

Ms FYLES: I will come back to that, but I just had a question. There is no official policy for reviewing the impact on new prison industries, surely the first thing you would do is put in a policy so you could try to avoid any upfront issues on local communities when you - we get the value of Correctional Industries and support that, but we do not want situations where there are concerns. Why is there no policy in place?

Mr CROSS: We have Correctional Industries Advisory Council which meets every two months. It meets in Alice Springs and in Darwin. We met yesterday and went through what we have been doing, where we are going and, where we need to, we seek approval or advice from that advisory council as to where we might go with some of the proposals that have come forward.

Ms FYLES: So you do not see fit that it would be best to have a policy in place.

Mr CROSS: I am not saying I do not see fit, I will leave that to the commissioner.

Commissioner PAYNE: It is quite appropriate for there to be an organisational policy, particularly around government's involvement in the open market, and its involvement through a government agency, in terms of competition in the open market. As a result of our review of the matters surrounding Correctional Industries, although we have processes in place to ensure these things do not occur, an overarching policy of this agency is an important step in ensuring we are able to work to the rules that we set around it. Coming from this investigation around this in preparing our information to you, this is certainly one of the things that we will do in terms of an overarching organisational policy regarding Correctional Industries.

Ms FYLES: It just would make sense to have a policy in place before - with complaints, often for businesses it will take them a little while to realise the impact. They are busy running a business that would be quite - it would get to a certain point before they would complain through that process. You would think that Correctional Industries when they are looking at new opportunities, if they had that policy in place, would simply look at what was in place already. That is obviously a positive step if that is planning on happening.

Commissioner PAYNE: And if I could provide the evidence that whilst we do that in practice, the policy that guides us in doing that, up to this point we have relied on our partnership with the council to guide through. Clearly having the processes in place is one thing, but having an overarching governing policy is a very important step and that is something we will move towards.

Ms FYLES: I picked up on one of the comments you made in your opening statement about caravans. I thought it was quite interesting that we have correctional services in caravans. How did that come to be?

Mr CROSS: This business approached me to see if we wanted to buy some caravans for short-term accommodation. We got talking and I said, 'Why don't you not make caravans in our gaol?' All of a sudden that is where we are heading. It has been through the Industry Advisory Council. There are no competitive issues with regard to making caravans here. The business has been in operation for a long time and they do mine site vans and caravan parks, but he is now looking to do something for the domestic marketplace and put them on consignment in businesses around Australia. It is quite an exciting prospect.

Ms FYLES: In shifting into caravans, bread making or whatever it may be, what is the process for contracts to provide those items? Obviously you cannot make bread from nothing. You cannot make the caravans. Obviously the department would need to contractual arrangements to source those items. What is the process around that?

Commissioner PAYNE: In a broad sense the Department of Correctional Services provides a huge array of goods and services from within - to those who we are providing accommodation. We have quite a number of sources and suppliers for these, but specifically when we are looking toward producing an article - that is we have contractual arrangements - we then develop either contracts or purchasing arrangements with local providers. Mr Cross could give you further detail into how that process occurs.

Ms FYLES: Okay, thank you.

Mr CROSS: It depends on the scale of the operation and what tier of the procurement it fits in. Actually a tender is now sitting on my desk to go out to - a very broad tender - so we can get a panel contract. Rather than lock people in on a contract rate, we can go to the market on each and every project we look at to get the best price for government. We follow the government procurement guidelines.

Madam CHAIR: For the goods and services you provide would you say you can provide them or make them cheaper than within the open market? For example, you just said you are making caravans. Can you make a caravan cheaper than another manufacturer could?

Mr CROSS: It depends what measures you – overall probably not, when you take into account our high costs of supervision. We have on costs with our employees that are way above what would be expected of any private business. We have to house them, we have to feed them and we have to look after them.

Madam CHAIR: I guess what I am asking is what you charge the person who buys your wholesale product -is that cheaper than what your competitors would be charging?

Mr CROSS: Madam Chair, we are only providing the labour for that. It is a private operator not our own business manufacturing caravans.

Madam CHAIR: What about going back to the buns? Do you sell the hot dog rolls cheaper than Brumby's or Coles ...

Mr CROSS: No, and there would be no sense in us doing that.

Madam CHAIR: So you sell them at a comparable price?

Mr CROSS: At a comparable price, because the costs we have - whilst the labour input is relatively cheap the costs that we incur in the gaol and the rest of the things we do bring us very much in line with the costs in the private sector.

Madam CHAIR: I am trying to work out why a business would go to Correctional Industries if it is not cheaper. Why would they not go to Brumby's or whoever?

Mr CROSS: I do not know. I cannot answer that question.

Madam CHAIR: Having said that, that is an example of where you are competing with private enterprise. If it is the same price you are just in the mix - being a bakery providing bread to customer?

Mr CROSS: Yes, it is \$240 a month, Madam Chair, we are providing, I think, in bread rolls. If it is of great concern we can cease and desist that straightaway.

Madam CHAIR: I guess that is not the point whether it is of great concern to the PAC, it is about your policy about competing with private enterprise. Are you in breach of that, yes or no?

Mr CROSS: I would have to say yes.

Madam CHAIR: It is not up to the PAC to determine that.

Mr CROSS: I would have to say yes.

Ms FYLES: So you are in breach of ...

Mr CROSS: I would say yes on that. Because of the value of the contract it was something that never came up before the Industry Advisory Council because it was ...

Madam CHAIR: Mr Cross, are there other examples you have provided us? I submitted a written question through the Legislative Assembly process to the Department of Correctional Services asking for a breakdown of the Correctional Industries in Alice Springs. There are probably 25 to 30 examples you have given. You have given a very thorough listing, for which I thank you very much. I appreciate the transparency you have provided in this process. Providing the hot dog rolls to Desert Dogs Food Truck was one example. Are there other examples that you know that you are competing ...

Mr CROSS: No, absolutely not. In fact, I was surprised to see the Desert Dogs rolls in their report, not because I did not want to report it but because I did not know it was going on.

Madam CHAIR: Just reading through, I would say that you are competing with other private enterprises in the open market, knowing Alice Springs as well as I do and the businesses that exist. If I feel that way as a resident of Alice Springs, I am sure other people might. I am wondering how you regulate the system? You have talked about the council you have. What is it called? The advisory committee you have that scrutinises what you do and how you do it.

Mr CROSS: The Correctional Industries and Advisory Council.

Madam CHAIR: I am wondering how that functions. Do you go to them prior to signing a contract, doing a deal and saying this is what we are going to do? Do you think there is a conflict here? Do you think we are competing with the private or the open market? How do you deal with that advisory committee? How do they have a say in what you are doing?

I applaud what Correctional Services has done in this space in providing training and preparing people to go back into the community. That is not in dispute here. What is in dispute is government moving into the private space, taking away jobs from people within our communities. That is counter to what I believe the policy of Correctional Industries is.

Commissioner PAYNE: Yes, Madam Chair, and thank you for that. In response to that, the first order of the day is when a matter comes before or to Correctional Industries as an opportunity. That opportunity is canvassed with the council in whether there is an actual, perceived or potential conflict or competition in the market.

The issue around the provision of the hot dog rolls is likely to have been seen as we are facilitating local business and industry again. That may have been the way - and I cannot speak for the council when assessing these or other similar as to the flow-on effect. In the main, the test is are products being sought from elsewhere? Is there an interstate supplier? Therefore, does it facilitate business opportunities and growing business opportunities in places like Alice Springs or Darwin to provide a local supplier?

That is the key premise we work under. Clearly, the thoughts of the committee members of that overarching policy that goes that next step in determining what makes up a competitive influence, whereas it seemed that government is interfering in an open market, is something I very much want to take on board as part of our overall review of the Northern Territory Department of Correctional Services to make sure we get it right, not only in the best public value we can produce, but also ensuring that government does not interfere in the open market.

Ms FYLES: Picking up on Mr Cross' point that he was surprised that contract was in place, has the department - and perhaps us - looked at all the contracts that are in place across the Territory? If that can slip through then maybe there are others. I understand you are fairly new to the role of commissioner, so I am sure you are doing lots of things. But it is concerning that there seems to be one example in the small data that we have looked at. That may be something you can provide further advice to the committee.

Coming back to the point around the procurement of the items for these contracts to take place, if they fall underneath figures that have to go out to tender, how many of these correctional services industries would receive items that would fall under that figure? Therefore, the items to support those industries are potentially not going out to public tender, do you know that data?

Commissioner PAYNE: Obviously we comply with the government's procurement guidelines. The exact numbers of those that fall within the lower tier, again, I will have to defer to Mr Cross.

Mr CROSS: I am sorry; I do not have those figures in front of me. I am happy to try to find that out for you. There are a lot of purchases that would go ahead; we would go and buy a tube of Silastic or four screws, or something along those lines. That would all be carried out under the normal - we do follow procurement guidelines.

Question on Notice No 1

Ms FYLES: If you can take the question on notice - and I will rephrase it, because I have received a complaint that Correctional Industries are participating in services where a small amount of product is being provided and there are questions about the cost of that. If we could have the number of items that are below government procurement for Correctional Industries - just so we can get an idea.

Obviously we are having a preliminary inquiry to question today, looking into this matter, so that data would be helpful.

Commissioner PAYNE: Yes, thank you.

Mr CROSS: Will we receive that as a written question on notice?

Ms FYLES: Can we have the number of products provided which are under the threshold for government procurement?

Mr KEITH: For tendering it has to be tier one procurement.

Ms FYLES: Yes.

Mr CROSS: I am not sure how easy that will be.

Ms FYLES: I am not saying I want you to – I know you can pop down to Bunnings and grab a tin of paint. I am not talking about that, but is there – and there may be nothing - a level of items provided that are significant, but fall below the government tender threshold of going to tender? It is those figures that we would be interested in.

Commissioner PAYNE: Yes, we will examine, based on the question - what might be a good opportunity for us is to provide you with the procedures we engage in to then meet the government procurement guidelines and the types of things that fall within that.

Ms FYLES: Thank you, that would be most appreciated.

Mr WOOD: I am one of those who believe very much in prison industries. Mr Payne, I did travel around with your predecessor to northern New South Wales and Western Australia looking at a range of industries that prisons have, repairing education department furniture, running their own meatworks, etcetera, and I was interested to hear you say that there does not appear to be an official policy.

What I was wondering was, if you were going to have a policy, whether you would look at three things. The first is whether you are in direct competition with an outside company and the product you are producing does not bear any relationship to the running of the prison in the sense that it is not something you are supplying to yourself.

The second one would be a policy in relation to providing materials or goods, it could be food, for other government departments. As you would know, a long time ago we had Gunn Point Prison Farm, which had a bakery, vegetables and cattle. My understanding is they supplied the other prisons and I think they might have even supplied Darwin hospital.

The third one is the supply of goods internally.

I do not know whether you would look at that as a policy. I have not had any complaints, and I understand that if you are competing directly with a business outside that is not fair competition. There was concern some years ago from one of our bakeries; they were worried about losing business if the prison produced its own bread. I must admit, in the scheme of things I could not see them going broke for the amount of bread the prison would supply itself compared to the whole of Darwin. I did not really take that as a – I thought it was more having a go at the idea that the government should manufacture some of its own needs.

If you are looking at the policy, would you look at those three categories so we know what the policy of Corrections is in relation to outside supply, government department supply and its internal supply?

Commissioner PAYNE: Yes, and I think that is a very important element of any policy - it is broad in its scope and takes into account that many varied forms of competition can occur in an open market environment. That is what I will be moving toward - a review that encompasses our current operations, the apparent effect of those operations, and then looking at how a policy can be drafted that aligns to not only the public expectation, but the expectation of the open market in regard to it being free, open and transparent without the interference of government.

Mr WOOD: The member for Araluen mentioned that she had a number of people complaining about competition, but Mr Cross said there was only one complaint from Alice Springs. That could mean - do not get me wrong, member for Araluen - that the many complaints were to do with the one issue, or there were complaints that had not reached your ear. Do you know whether people understand there is an advisory committee and if they know that if they have an issue that they can go to the advisory committee and put their point of view that something might be competing unfairly with them?

Mr CROSS: We have given a commitment and have now run three information sessions in Alice Springs – public forums - and we will continue to do that on a six-month basis. We rent out the room at the Alice Springs Town Council put flyers out, advertise in the media, go on radio and tell people of the time and any information that people would like to have about what we are doing. We are very open about what we do.

The first information session we held was very well attended and a lot of interest was shown. There was a lot of negativity because it was a time when there were lots of things being brought up around what we were doing with the bakery, and that is really where the thrust of it came from. We dealt with all the issues very well. The department spent a lot of money talking to businesses and showing what we were doing. We took people on tours of the correctional centres, so we have opened every door. If you want to look in a cupboard you can, we have nothing to hide.

The next forum we held was attended by 12 people with no dissenters. The next forum we held no one attended, so we have offered up every opportunity we possibly could to members of the public in Alice Springs. It is also on our website if people want to look. There are phone numbers on the website to ring to find these guys are not doing the wrong thing. We tied ourselves very closely with the Chamber of Commerce so many of the businesses can talk to Kay Eade from the Chamber of Commerce in Alice Springs or Greg Bicknell here. Prior to going anywhere near the Industry Advisory Council we put things to the Northern Territory Industry Capability Network to ask what the potential is. Would we be treading on someone's toes if we did something in the marketplace and we take their advice very seriously? That is before it even gets to the council.

Mr WOOD: I am not trying to muddy the waters, but the member for Araluen said you had a number of complaints. Were the complaints before your meetings or, because of the complaints, did you have that hearing? Have those complaints since been dissipated and answered? I am trying to get a time line. The member for Araluen had this concern some time ago and I understand it. It is great to have all these answers, but I need to know whether the meeting you had was after the complaints and whether some of the issues the member for Araluen raised have been sorted?

Mr CROSS: I am confident that they have. The meeting was held after - I had to go down there with a fire hose to calm things down, but the meeting was held after that. We spent probably a total of three weeks doorknocking, talking to businesses, talking to – where people had raised issues through one particular gentleman in Alice Springs who became, if you like, the mouth piece for a group of people. We went around and dealt with every one of those issues. I am very confident - and will say again - that we are not competing in the marketplace in any way, shape or form apart from those hot dog rolls, which I am disappointed about ...

Madam CHAIR: Mr Cross, I will answer the question the member for Nelson has asked, which is when I received my complaints. This is not an opportunity for the panel to respond to complains I have received in the Araluen electorate office. It is since I have become an Independent, since June last year. So it is fairly recent.

Alice Springs is a very small place and many people will not go to a public meeting or through the formal process of complaining, particularly if their business relies on government tenders. They do not want to compromise themselves in any way. They will come to an Independent member. I have had people literally slinking through the back door wanting to tell me their concerns.

This exercise is to talk to you about how your practice is measuring up with your policy. What you have told us today is your policy needs some work done on it. I am hearing what Mr Cross has said; he feels confident that most of the industries, if not all of the industries bar one, are not competing with the open market. That is a matter of perception.

The other thing I would like to ask you about is you mentioned something about competing with local businesses. The issue of what is 'local' defined by government has been a bit of a topic in Alice Springs of late also. What is your definition of 'local'? Is it local Northern Territory, is it local Alice Springs or Darwin or wherever your Correctional Industries are based? If it is the Northern Territory, which is pretty much the procurement policy definition of 'local', then most of these things you are doing are provided locally by local businesses.

It is good that we are having this debate and that you have undertaken to look at your policy, but there are some big gaping holes, from my perspective and the perspective of many people I have spoken to, around what you are doing and how it may or may not conflict with the perception of what your and the government's policy is; that they do not compete with private enterprise per se, that is it.

I am interested in what is your definition of local? Is it just within the local community where, for example, the Alice Springs Correctional Centre is, or beyond that within the

Northern Territory? I am sure there is someone in the Northern Territory who makes box trailers, does fencing and provides garden equipment.

The other thing is laundry. There are a couple of laundries in town that may or may not know that you are doing the laundry for several businesses. The new laser-etched acrylic signage – we have many businesses that produce signs in Alice Springs. Is this not competing with anyone in Alice Springs or within the Northern Territory? These are the questions that need to be answered. Maybe you need to go away and do some thinking about that.

Commissioner PAYNE: Madam Chair, thank you. Part of our review will not only be looking at those issues. Competition and our assessment of it, particularly in working with our external partners, is not only whether a business exists. We gave you an example with regard to the gate and panels for the abattoir for the cattle. In fact, the local contractor was forced to go offshore because either it was not available, or for the size of the work that he needed done no one was interested in carrying out that work for them.

This gets back to our conversation about defining what competition is, because an industry may produce that particular thing but may not produce it in the size, scale and quantity that is being sought by a particular provider.

Madam CHAIR: That is true.

Ms FYLES: Are all proposed correctional industries referred to the advisory council for assessment prior to commencing?

Mr CROSS: Very much, in general, yes. As I say, that is why I was surprised with the hot dogs.

Ms FYLES: So yes, they are all referred to the council.

Mr CROSS: Yes, they are. I have the minutes, or the agenda, from the last advisory council meeting and we detail very carefully what we are doing, what is planned, what business we have lost and what potential new business there is. We do not ask the council to assess something before it is concrete rather than waste their time, but then we ask for an impact statement to be drawn up to say what is happening in that marketplace. This includes our consultation in the industry capability network.

Ms FYLES: And is that advisory council - those meetings are held every two months?

Mr CROSS: Every two months.

Ms FYLES: And is there a time limit put on how long an industry can be in place before it is reviewed?

Mr CROSS: They are under constant review from me to say, 'Okay, where are we at and are we employing enough prisoners?'

Ms FYLES: I mean in the sense of in case a private business had begun work in that space.

Commissioner PAYNE: I would suggest at this stage that the review would be on the basis of complaint.

Mr CROSS: Can I just add to that? Many years ago the Alice Springs Correctional Centre was making roof trusses. A local business complained that we should not be making roof trusses, so the equipment went to that local business, he went broke, Sitzlers took the roof truss equipment on, decided they could not do it and they donated us the roof truss equipment back. We are now doing that and we are saving about \$7000 in freight on an average roof truss into Alice Springs. That is a good story and it is what we are trying to achieve. We are doing that in partnership with a local business. The local business is picking up the sale of the roof truss, he is getting more inquiries through his doors and supplying us with the timber, and we are just supplying the labour and expertise to put it together.

Ms FYLES: I think that is what this group here - we support Correctional Industries. We want to see it work for both sides but when we get complaints in our roles, it is our job to investigate and ask the questions. It is not meant to be that we do not support it or want to see it happening; we just want to make sure it is not impacting on the business community.

Mr CROSS: Absolutely, and as Madam Chair said a lot of it could be around perception and not understanding exactly what we are doing. We did hold an information session here in Darwin in September that was very poorly attended because we probably held it in the wrong spot. But we have another one planned for April, one for Katherine in March, and another in Alice Springs in April. We are trying to get the message out there, but we are also cognisant of the fact we cannot have full-page ads in the paper because that would be a waste of money.

Mr WOOD: You have that list of work you do in the Alice Springs prison. Is it possible to give us – not necessarily now - a sample of what those particular projects are and why they are not competing with other bodies? For instance, you mention the supply of stock equipment as required for various - Tanami Station, etcetera. Maybe just a sample of Centre Landscaping Supplies - I know you have the laundry that was mentioned, but that is for the police watch house which is the issue I raised before about government doing its own work. Sweet potato production - just a sample and say, 'This is the reason we are doing it, and this is the reason they do not all compete'.

Just looking at that, I would ask if you are competing with stock equipment. I am not even sure what stock equipment is; I presume it is fencing or cattle yard type panels. BIITE, Batchelor Institute, did all the railings for the cycle path down towards Howard Springs and they have done a lot of work as well in that cattle yard type structure.

I think this is a really worthwhile exercise. If you have people complaining and saying things, the only way to clear the air is to actually get out and clear the air. At least by having this PAC meeting some of that is happening. It does not mean that there are no issues.

I am a great believer, and I might be on my own here - how many people would be in the Alice Springs prison at the moment, 600?

Commissioner PAYNE: Today it is 648 individuals.

Mr WOOD: If they did not have a job that would be 648 people in our own community unemployed. I have had a fair bit to do with prisons since being in this job, so I know if people have nothing to do you have problems in your prison. I am a great believer in getting as much work as possible, and that is not just painting white stones, which I do not think is great work. You need work that is meaningful but at the same time we have to find that balance. I am hoping that we can allay people's fears because if you knock this too much the prison will pull in and that will mean there will be less people working.

We have got to find that sense of cooperation between the community, business and the prisons. There is a benefit to everybody if people are working, but we also have to make sure we do not unduly interfere with people doing their normal jobs in the community.

Commissioner PAYNE: Thank you, sir. It is very much a learning situation for this department and certainly Correctional Industries. We had previously kept our industries relatively small in some of the ways you said. Not meaning less work, but less meaningful work for the people who could come out of custody and find a real job. As we are expanding we try to fit more with the economic growth of not only the Northern Territory, but to fit jobs

particularly for Indigenous, with those incarceration rates being in excess of 85%. It is extremely important, as a way of preventing reoffending, to provide real opportunities.

This is where we must remain vigilant in our expansion and the opportunities we provide so that we do not tread on the toes of industry or private enterprise. Coming before you today has given us a tremendous opportunity not only in preparing the evidence to go before you, but in the debate we have had, to have a very close look at not just how we, or even certain elements within the industry perceive our operations, but how those who may well be affected by, or perceive they are affected by operations - to more broadly incorporate that into our net of stakeholder engagement.

The review - the first step in the work we will do in Correctional Industries is ensuring that we have a very stable foundation for our policy platform which provides a guiding light for the policy and procedures that may flow.

Mr WOOD: Will you put out a draft policy that the public can look at for comment?

Commissioner PAYNE: It is particularly important, where a policy of this nature that directly affects those who are outside of the agency and outside of government - they have input to it. It is appropriate that as we develop that policy, the overarching policy, we speak to the stakeholders, those people who are employers and in business right throughout the Territory. It may provide an opportunity for more people to become interested in coming to our sessions when they feel that they have some direct involvement with the overarching policy we work to. We would like to engage in a more public approach to developing those policies.

Madam CHAIR: Correctional Industries has boomed over the last few years, has it not? It has expanded phenomenally. How have you done that? How have you expanded it so dramatically in such a short period of time? Have incentives been put in place for people to create business?

Commissioner PAYNE: Yes, the executive has worked really hard in engaging with - those who might partner with us will not know that they can, or what can be offered without having an understanding of what is available and there has been a lot of work around that. When I have made a statement to you about engaging with the stakeholders, there has been a tremendous amount of stakeholder engagement to get industry up and running. The other side of that coin is extremely important, which are the matters before this Public Accounts Committee, those other people affected by that, but it has truly been through a lot of good stakeholder engagement encouraging people to partner with us.

In the main, the concept is to grow an industry for prisoners to learn skills. But very much an offshoot is to allow industry to develop in the Territory to give an opportunity for a seeding and growing that business.

Madam CHAIR: The second question is you have mentioned a review. Are there any concrete plans around that review yet that you can share with us? Have you any dates?

Commissioner PAYNE: When I was asked to step into the role of the Commissioner of Northern Territory Correctional Services, I was asked to initiate a review. We are in the process now of finalising an expression of interest that can go out. These are the types of things, particularly around programs, the review hopes to look at. We have identified a raft of areas with either risk or previous concerns or problems which are at the heart of our review. But in areas such as growth opportunities, as we expand, we are looking for the review to also include how we more efficiently use public resources. So it is a rather encompassing review that looks at ...

Madam CHAIR: It is a review that looks at the whole of Correctional Services.

Commissioner PAYNE: It is indeed. It is for the whole of Correctional Services ...

Madam CHAIR: And it will include Correctional Industries.

Commissioner PAYNE: Because it is such a huge part of it, yes.

Ms FYLES: A little off track from what we have been talking about, there is the program that provides support to our seniors in our communities. Obviously, you need to be very careful, but we know how popular those work parties are. I wanted to share that I was doorknocking this week in my seniors' village and they appreciate that so much, particularly at this time of year when the grass is growing and palm fronds are falling. They physically cannot manage that and cannot afford any help. That program has positive engagement with some of my seniors. They try to engage with and thank the work party members.

I wanted to pass that on. I know it is a balance for you guys, but it is a worthwhile program for our community. I represent over 900 seniors. The waiting list is long but it is very valuable. It is positive feedback.

Commissioner PAYNE: Yes Ma'am and thank you that. In fact, obviously our capacity goes so far, but when we discuss those programs that we might cut, the pensioner gardening

services is at the very bottom of the list rather than at the top of the list of things that we might cut. So, thank you.

Mr WOOD: I can give one good plug too. I umpire football. I have three members of the correctional facility boundary umpiring on the weekend. It is a great thing. One is that they learn to mix with the community but they also have a responsibility. You might say it is only a boundary umpire, but boundary umpires have to make decisions. I get to know them as well and that it is great as well.

Obviously, it costs some money, as you have to have someone there to supervise. But I see young people – they are mainly all young – who are in prison and I say, what a waste of a good life in some ways because these blokes are fit and enjoy what they do. I also support that.

The only other thing I will say is I am glad you are fixing up the football oval at the Darwin Correctional Precinct. Obviously, the first contract was not real good. I am told you are putting new irrigation in and a bit of new topsoil and hopefully a decent football oval goes back there soon.

Commissioner PAYNE: Yes, sir. I watched a football game there just before Christmas and it was in pretty good shape.

Mr WOOD: Can you put my name down as a local umpire? I do not live far away and am happy to umpire if you need someone.

Commissioner PAYNE: Absolutely. I believe my colleague, Mr Rob Steer, would like to make a statement.

Mr STEER: I want to pick up a few things. I have been involved in Correctional Industry programs since the early 1990s. One of the initiatives I set up was a factory within the correctional facility where we, as a private sector, put all infrastructure in, put in supervisors, put in materials and employed prisoners. From a government perspective at that time, it defrayed the cost because the government did not have to foot the cost for the infrastructure.

Post that, we transition prisoners from that correctional manufacturing plant to our plants in Newcastle and Tamworth, so we provided employment pathways. I think why I am saying that is for correctional industry programs to be successful the private sector we need to have that relationship with the private sector. I think we are very mindful of that relationship here in the Territory.

Just picking up on why it has expanded, I believe we have deliberately gone to a broad base of industries so we do not impact on any one sector too much. We have seen that the cohort that we have, which is predominantly Indigenous, engaged in the workshops through see, touch, do. They have very low literacy and numeracy skills, but they enjoy getting into that space, so we have had a good level of buy-in from the prisoners. I think from a prisoner management perspective, if we have prisoners gainfully occupied it eliminates the destructive influences of boredom and Australia-wide, where you have good correctional industry programs operating, there are fewer prisoner-on-staff assaults and fewer prisoner-on-prisoner assaults.

I am mindful with the initiatives we have taken, a lead came from the Northern Territory occupational shortages and we looked at where those shortages were, not only from a labour market shortage but also indicated where there are gaps in the sector within the Northern Territory. There is also some subtle stuff. There is this perception that we are cheap and we are not. We are expensive, but in the total scheme of things, having people gainfully occupied eliminates other costs - workers compensation on staff.

For me pricing is not the total mix when you are business with somebody. It could be quality, it could be on time delivery, it could be relationships, it could be that we are prepared to manufacture something another supplier was not prepared to supply, or it could be availability. There is a range of things when you are actually dealing with a supplier or a customer - customer service, responsiveness, I do not know how you actually measure that. It is more than just pricing in terms of sourcing.

Alice Springs has presented so many positive opportunities where small businesses come to us to provide a shortage where they could not get stuff fulfilled locally, except the hot dog buns. But there are other areas, roof trusses, panels or bok choy. There is a range of those things where people have spoken to us and said, 'Can you give us a hand? We cannot get it locally.'

I think there are 23 questions on those industry impact statements. I am as much concerned as other people about employers laying staff off and diverting their production into our facility. We got the trade unions involved in it because we do not want to impact on businesses. We got the Chamber of Commerce involved. These are peak employer bodies, union bodies and training affiliated organisations. There is very conscious effort. Accept that there is no overarching policy, but there have been a range of processes in this to protect it. I think we can do better in the awareness of the grievance handling policy in regard to where to go if I feel I am not being looked after.

On the point of government work, throughout Australia and Australasia you get this interesting mix where some jurisdictions are 100% self-sufficient, where everything comes from inside. You then have other jurisdictions where it is 100% external markets and so they have to work with – and then you have everything in between. There are certainly overseas jurisdictions where they mandate certain markets to correctional industry programs to facilitate it.

In terms of where we would like to get it to, there is also this perception that we only have people on production lines, as such. For me it is much broader with on the job stuff; we want to get our prisoners, and again, they are predominantly Indigenous people, through administration, quality assurance, training other people, forklift operation, warehousing skills, customer service skills, sales, maintenance, cleaning, as well as operating small business. All those skills are actually transferrable back to remote locations, where a significant cohort comes from.

There are opportunities in some of these remote locations with market deficiencies where I think Corrections is – where the rubber hits the road where we are dealing with people, we are not sitting in a government department, we are on the ground with these people and can make a genuine difference to people's lives. We can see market gaps and there is any number of examples, whether it be a motor trades initiative where we are addressing – 25% of our prison cohort are in for driving related or motor vehicle-related offences. We are coming up with community-based initiatives and we will start those in the correctional centres and then move them out. It is not typically a correctional industry program, but it is very aligned to that.

I come from small business - my family - I grew up in small business and my family is still in small business so I am very conscious of our impact on the business community within the Northern Territory. However, I believe we could be a vital cog to the economic development, albeit at low levels not super technical levels, to assist the Northern Territory economy.

Madam CHAIR: On that note I thank you all for coming. Mr Steer, Commissioner Payne and Mr Cross, I really appreciate your time thank you.

Commissioner PAYNE: Madam Chair, we brought with us a number of testimonials. Would the committee be interested in seeing them?

Madam CHAIR: I think so.

Commissioner PAYNE: Thank you very much. I will tender them.

Madam CHAIR: We are visiting the Darwin Correction Centre tomorrow and look forward to that.

Mr STEER: Did you receive the instructions of what to wear and what not to?

Madam CHAIR: No, we have not received the instructions. I cannot wear my stilettoes and an evening gown?

Mr STEER: Some photographic ID or you will not be able to get in.

The committee suspended
