

CORRECTED TRANSCRIPT

PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

Inquiry into budget estimates 2005–06

Melbourne — 13 May 2005

Members

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Witnesses

Mr T. Holding, Minister for Corrections;

Ms P. Armytage, secretary;

Mr A. Clayton, executive director, police, emergency services and corrections, Department of Justice.

The CHAIR — I declare open the Public Accounts and Estimates Committee hearing on the budget estimates for the portfolio of Corrections. I welcome the Honourable Tim Holding, Minister for Corrections; Ms Penny Armytage, Secretary of the Department of Justice, and Mr Alan Clayton, executive director, police, emergency services and corrections, departmental officers, members of the public and the media.

In accordance with the guidelines for public hearings I remind members of the public that they cannot participate in the committee's proceedings. Only officers of the PAEC secretariat are to approach PAEC members. Departmental officers, as requested by the minister or his chief of staff, can approach the table during the hearing. Members of the media are also requested to observe the guidelines for filming or recording proceedings in the Legislative Council committee room. All evidence taken by the committee is taken under the provisions of the Parliamentary Committees Act and is protected from judicial review. However, any comments made outside the precincts of the hearing are not protected by parliamentary privilege. All evidence given today is being recorded, and witnesses will be provided with proof versions of their transcripts. Before I call on the minister to give a presentation, I ask that all mobiles be turned off and pagers put to silent.

Minister, you now have the opportunity to make a presentation for up to 10 minutes. We have then allocated 1 hour and 10 minutes for questions. At 3.20 p.m. we will welcome the chief commissioner.

Mr HOLDING — Thank you Chair, and thank you to members of the committee for the opportunity to present to the Public Accounts and Estimates Committee on Friday the 13th — I am not a suspicious person.

Overheads shown.

Mr HOLDING — I will start by introducing the Secretary of the Department of Justice, Penny Armytage, the executor director for police, emergency services and corrections, Mr Alan Clayton, as well as Darren Whitelaw from our communications unit who will be handling the overhead presentation.

I will start by giving a breakdown of the portfolio itself. You can see the different elements of the justice portfolio expenditure. Obviously we will come to police and emergency services later this afternoon, but corrections itself is a significant part of the department's expenditure. The portfolio elements for which I am responsible, both police, emergency services and corrections, account for a significant percentage — something like three-quarters — of the department's expenditure. I will go into it a bit more later but you can see from this slide that significant expenditure for police and emergency services includes \$1.47 billion for police, which is an increase on last year of \$168.8 million; emergency services accounted for \$147.1 million or 5.48 per cent of the justice budget — an increase of \$18.3 million; and corrections, which we will obviously discuss in more detail shortly, was 16.11 per cent, \$432.3 million, which is a \$42.2 million increase on last year.

The next slide shows the corrections breakdown itself. It is a very good indication of how the corrections system works. You can see that prisons, from an expenditure perspective — certainly not in terms of the number of offenders themselves — accounts for the vast majority of Corrections Victoria's expenditure, and then the community correctional services system accounts for about 12 per cent. That obviously administers a whole range of orders and other elements.

The next slide gives a quick snapshot of the system. It is always interesting to know how many people we have in our prisons. I find very interesting the break-up between female and male prisoners and the number on parole. You can see the numbers that are subject to some form of community correctional service order. There are 12 prisons in Victoria, and there has obviously been a lot of developments there in recent years — and I will touch on that in a moment — and a significant number of staff.

The next slide is interesting. I put this up to give some perspective. It is interesting in terms of some of the things we will talk about later in relation to the crime rate. Victoria is a very safe place and Melbourne is a very safe city for a big international city. The interesting statistic is the incarceration rate in Victoria, which is well below other states and territories with the exception of the Australian Capital Territory. It is much lower than the Northern Territory, which obviously faces particular circumstances. We are very proud of what we have achieved in Victoria over a long time.

To put this into perspective, on this slide you can see Victoria's incarceration or imprisonment rate, which shows the figure of 72 on the far left-hand side. Running across, it is below the Australian average, and well below New Zealand, with something like half the imprisonment rate in New Zealand, England and Canada. Look at the United

States of America. I really want members to take note of that because it is a very interesting element of the debate that is taking place in Victoria and Australia at the moment about incarceration rates. Many people will advocate mandatory sentencing, or three-strikes-and-you-are-in policies, which compel or drive prisoners into jail. If you ask people in Louisiana, Texas, California and other parts of the United States of America why their prison population is so high, they will tell you that regardless of judicial discretion, if you have mandatory sentencing requirements, and if you force people into prison who should be on community-based or other correctional orders of whatever nature, you will inevitably drive up your prison rate. Now that may be something that some in the community would like to do, but I just ask people to reflect on the social and financial costs of driving up the prison rate without discretion. I ask people to consider the policy ramifications of that.

Obviously in Victoria at the moment we have a significant process of decommissioning old and outdated prisons and replacing them with more modern and more appropriate facilities. Without going into any great detail, the old Beechworth prison closed in December 2004, Won Wron was decommissioned in February — and we now have an alternative use for that site, but one that will be very different from the prison that used to be there — and Bendigo prison will close in early 2006. The new, modern facilities coming on line are the \$21 million Beechworth prison, which I opened in April, and the metropolitan remand centre, which is very important because it will enable us to fulfil our international obligations to separate sentenced and non-sentenced prisoners. It is a very important part of our corrections system. There is also the medium-security prison at Lara which will have a corrections programs focus.

Programs in the future will include the reducing women's reoffending program. One of the interesting things, which was not borne out by the earlier slide, is the significant increase that has occurred in the female incarceration rate. In recent years, from 1998 to 2003, that rate has gone up 84 per cent. This is something the government is very concerned about.

In order to address some of the social and practical issues that that presents, we put in place a comprehensive range of strategies to address that, and I am happy to comment on that further. The Aboriginal offender residential program, which was to be based at Mount Teneriffe, will now be based at Won Wron. Again, to briefly comment on this, this is an adult indigenous diversion program, it is not a prison. It is for people who would have been on community-based orders, and they will be able to elect to go into this residential program and access programs that will enable them to address their offending behaviour.

The corrections transitional unit will be established shortly at West Melbourne and the serious sex offenders monitoring legislation, which passed through the Parliament earlier this year, are an important part of the measures we are taking to tackle serious child sex offenders who pose an ongoing risk to the community following their release from jail. Again I am happy to answer any questions about that.

The CHAIR — My question goes to the Beechworth Corrections Centre. In your overheads you mentioned that the \$21 million Beechworth Corrections Centre has 120 beds. You also made reference to it in the last annual report of the department at page 54. I would be keen for you to explain to us the progress and how that tracked against projected time lines and deadlines?

Mr HOLDING — Firstly, it is a very important prison. It is a minimum security prison that replaces the previous facility that existed at Beechworth, but more importantly also the minimum security capacity which existed at Won Wron. It is a \$21 million project which was commenced in September 2003 and completed in December 2004, which was within the 14-month contract period. It was commissioned for operation in January 2005. There is obviously a period between the prison being physically concluded, the new operations systems being put in place and new prisoners gradually introduced into the prison until over time it becomes fully operational.

All the cash flow and budget targets were met. The first intake of prisoners was received in February 2005. As of 5 April 2005, I am told, there were 92 prisoners housed at the facility. That was, I think, when we officially opened it. It is a very interesting prison. It is a minimum security prison that has very good security procedures and operations in place. One of the good things that I was very impressed about when I was there was the good line of sight between the operations centre of the prison and all the different elements of the accommodation and the other programs and facilities. There is one element of the prison which is still under construction, and that is the industries section which will be completed in September. At the moment the prisoners are continuing to utilise the industries facility at the old Beechworth prison until a new one is completed.

Mr FORWOOD — Minister, I would like to address the Won Wron-Mount Teneriffe-Won Wron fiasco because you spent four years telling us that Won Wron was ‘old and outdated’, I think your words were, and it needed to be closed. You closed it in February and tried to set the Aboriginal program up at Mount Teneriffe and then lo and behold, six weeks later, suddenly we are back to Won Wron and by this stage you have stripped the old facility completely and sold off all the fittings and furniture, transferred all the staff out, and those who did not go you retrenched. Will you outline the thought process that you went through in closing Won Wron one month and announcing you would open it six weeks later?

Mr HOLDING — Let me make it absolutely clear that Won Wron as a site was very useful from a corrections perspective for a range of different uses, but as a physical prison in terms of the accommodation there it would have been totally inappropriate to continue to use that as a prison into the future — a minimum security prison or a prison of any sort, or for that matter to have attempted to use that accommodation for some other program delivery.

I do not know whether you have had the opportunity to visit Won Wron. I have. The Won Wron dormitory-style accommodation was outdated and it was decades old in terms of its ability to deliver the programs that you would expect a minimum security prison to deliver, but in terms of the physical site itself it is capable of supporting and meeting the objectives that we have for the adult indigenous diversion program. It will require a new facility to be constructed, and wherever we built our adult indigenous divergent program we would have been constructing a new facility because it is not a prison. The people who are in that program are there voluntarily. They do not need to be physically restrained on site the way you would attempt to restrain prisoners in a conventional prison. They are instead participating in a series of programs around employment, education, cognitive skills and a whole range of other things that they need in order to reduce what is a chronically high community-based order reoffending rate for our indigenous community. Therefore the basic premise of your question is not correct. We would not have been able to avoid stripping the site in terms of selling off the furniture and the other fittings et cetera that are there because the new facility will not be using those old furnishings and fittings. The buildings will not be simply given a slap of paint and a new door and then turned into an adult diversion program. Instead we will be building a purpose-built facility on site to meet the needs of those people who are participating in that program.

The other point that I would make is that these offenders are not sentenced prisoners in the manner in which those who were previously housed at the Won Wron prison were. These are adult indigenous people who are on a community-based order. They are there voluntarily and their accommodation and program needs are fundamentally different.

Mr FORWOOD — Thank you for that answer. Let me just follow a couple of issues through. Can you tell us what went wrong at Mount Teneriffe and what will happen to the land and how much money was wasted in trying to set that up, and where in the budget do I find the TEI for building this new beautiful facility at Won Wron?

Mr HOLDING — In relation to why we have decided Mount Teneriffe was not a site that we wished to continue with: essentially the situation I found in January 2005, when I became Minister for Corrections, was that we had a site at Mount Teneriffe that had been identified as being appropriate for an adult indigenous diversion program. Shortly after I became minister there was an Aboriginal heritage order placed on that site by local Aboriginal representatives, and that caused some controversy in the indigenous community locally, but nevertheless that heritage order was a fact of life.

It would have limited the government’s ability to have seen that program brought to fruition. How I felt about this program when I met with representatives from the Aboriginal Justice Agreement Steering Committee was here was an idea that had come to us from, believe it or not, the royal commission into Aboriginal deaths in custody that was concluded in 1989. It was a part of our Aboriginal justice agreement that we concluded with the indigenous population in 2002. Because of the uncertainties around the different potential sites, and now the uncertainty around the Mount Teneriffe site, we were going to say to the representatives of the Aboriginal justice agreement that we would be delaying indefinitely the construction and the operation of this very important program. So I took the view that the most appropriate thing to do was to identify a site around which we could achieve some community consensus. So when we were approached by the community at Yarram in the Won Wron area, suggesting that some sort of Aboriginal facility would be appropriate for the then decommissioned Won Wron prison site, I took the view that that was a good suggestion, and if that site could support the needs of the diversion program itself then I would support that. We consulted closely with the Gippsland Aboriginal community, and concluded that there were sufficient people on community-based orders of indigenous background in the

south-eastern suburbs of Melbourne and the south-eastern region of Victoria to justify the investment in a diversion program at Won Wron, and that is why we made the change.

In terms of the cost element of it, the construction of the centre itself has a TEI of \$1.75 million, and that was approved by ERC in 2001 and 2002. Of that amount \$200 000 was used to acquire the site at Mount Teneriffe, and I make this clear: the site that we have at Mount Teneriffe is obviously still in government possession. If government were to sell that site we would receive a return on that — not a return on investment, but we would receive that investment back. We have spent some money on design and program development work — \$470 000 — and that money is not lost money because the designs can be at least conceptually converted and transferred to the Won Wron site, and the program development is obviously completely transferable. We will obviously need to access sufficient resources to construct the new facility at Won Wron, but there are some cost advantages of that site because it is already a government-owned site. It already has utilities and other services serving it, and we think that will be effective and appropriate.

Mr FORWOOD — Anticipated completion date?

Mr HOLDING — Probably towards the end of calendar year 2006.

Ms ROMANES — Minister, in your presentation you referred us to various maximum and minimum security centres. One that you have not yet spoken about is the Nalu Challenge Centre. I understand that was opened towards the end of 2003.

Mr HOLDING — That is right.

Ms ROMANES — Can you inform the committee of the outcomes of this initiative?

Mr HOLDING — Firstly, thank you very much for the question. The Nalu challenge is a purpose-built facility that is adjacent to or contiguous with the former correctional centre in Sale. As I said, it is a purpose-built facility opened in 2003 that has as its target audience 18 to 26-year-old male offenders. It seeks to address many of the issues and challenges that they face so that when they leave the prison system those offenders are less likely to reoffend. While it is part of the Fulham Correctional Centre, it is not within the existing footprint or wall perimeter of that facility, and it has been constructed in a very different way so that it can serve and meet the needs of the program. Essentially it is a 16-week program, and those who are part of the program undertake a whole range of different activities — for example, they undertake a range of life skills programs. These programs are designed to support and improve their ability to interact in the general community — for example, focusing on skills such as meal preparation, nutrition and health issues, but also issues around addressing education and some of their other needs.

When I had the opportunity to visit Fulham last month I did a tour of the Nalu Challenge Centre. I saw some of the inmates participating in an extensive ropes course program, which is an important way of building confidence for these young offenders, many of whom have real issues in terms of trusting other people in the community because of the types of lives they have led and the types of offences they might have committed. While I was there I also saw the sorts of programs that are in place to support the development of their life skills — for example, I saw some of them receiving instruction in CPR and other life skills, which I think is a very valuable skill for any young person to have. I also saw the way in which they are encouraged to develop their own budget for meeting their health and nutritional needs — in other words, they cook for themselves as a unit. Through the prison management system they purchase the food that they need on a very tight budget for the week and they cook together as a team, which teaches them that obviously if they spend too much on meat, fruit and vegetables or whatever, then after a few days they will literally run out and they will not be able to support themselves. What it does is teach a wide range of skills which we think over time will reduce the reoffending rate of this age group. Many of them have committed serious offences, so it is appropriate that they continue to be held in an appropriately secure location, and that is what the Nalu Challenge Centre is. But at the same time we believe tackling these young offenders now and addressing those issues will have significant improvements later on for those young offenders.

Ms ROMANES — That begs the question about evaluation and whether you have been tracking any outcomes from the centre?

Mr HOLDING — We have an evaluation program in place as part of it. Because the program itself is relatively new we have not been able to collect any comparative recidivism data. Obviously recidivism data looks

at those who reoffend within a two-year period of being released from a correctional centre, and we do not yet have a demographic group that is broad enough that has exited that system over a two-year period to conclude with that data. But we are having an evaluation conducted, and that will see, firstly, how effective the program is in the medium term and, more importantly, whether that program ought to be replicated elsewhere in the prison system.

Mr CLARK — I want to ask about two facilities, both of which were listed in the May 2001 state budget as being opened in 2004 and have not yet opened. The first of those is the proposed 300-bed corrections program centre, and the second is the 600-bed remand centre in Ravenhall. When are these two facilities now expected to be opened, and what has been the cause of the delays?

Mr HOLDING — Firstly, Mr Clark, as you rightly identify, the government is currently in the process of constructing a 600-bed maximum security remand centre at Ravenhall and a 300-bed medium-security correctional program centre at Lara. They are both being constructed as part of our Partnerships Victoria framework and both facilities are currently under construction and due for completion in 2005. As part of this process we have signed a facility services agreement with Victorian Correctional Infrastructure Partnership, which will be providing the facilities. They were required to complete a detailed project brief, which achieved financial close on 21 January 2004. The correctional programs centre at Lara is due for completion in October 2005, while the remand centre is expected to be completed in December 2005. These are delays of four months and up to two months respectively. Obviously that potentially gives rise to issues in terms of the contract delivery and the exposure of the partnership that is delivering these project and we will evaluate the state's exposure and the private provider's obligations under the contract when those projects have been concluded.

Mr SOMYUREK — Minister, I refer you to page 39 of the Department of Justice 2003-04 annual report. During your presentation earlier to the committee you made the point quite cogently that mandatory sentencing contributes to increasing the prison population. Now I notice that as a part of the correction's long-term management strategy diversion program you have set up the Victorian bail support program which diverts defendants where considered appropriate onto bail. I know that one currently operates in Dandenong quite successfully. Can you please outline to the committee further details of this initiative and how it is progressing?

Mr HOLDING — Thank you very much for that question. It is an important question because one of the challenges that our prisons face in terms of managing capacity over time is ensuring that people are not inappropriately given prison sentences who would otherwise receive bail. That does occur from time to time if there are not the appropriate support mechanisms in place to enable those people to be successful and appropriately bailed following their court appearances. So as part of delivering our objectives under that strategy we established in January 2001 the Victorian bail advocacy and support services program which we now call the bail support program. It is a very important part of our corrections long-term management strategy. The program essentially aims to place selected defendants who are on bail in accommodation rather than seeing them go into the prison system. It does this by diverting them to appropriate community accommodation and appropriate support services. The cost of this program is about \$800 000 per annum.

As you identified, it did start at the Melbourne Magistrates Court but has now been extended to both Ringwood and Dandenong magistrates courts. An evaluation of the program which was completed in January 2003 has noted its success and advocated its expansion to other courts. So as well as Melbourne, Dandenong and Ringwood we are in the process or we have expanded it to Ballarat, Sunshine, Geelong, Moe and Frankston, and at some stage in the future we propose expansions that would include Heidelberg and Broadmeadows. It has been a very successful program. It has linked us up with a series of other service providers that have been able to assist us in meeting the support service needs of those offenders who would otherwise have been placed in custody, in a correctional facility. We think that is a preferable outcome.

Mr FORWOOD — Minister, I know you have only been in the portfolio a short time so I will not hold you responsible for this story, but in 2002-03, from memory, this committee sought some information in relation to the cost of private prisons. We followed it up each year. Last year we were advised that the disclosure 'is now under active consideration and you will be notified'. In September 2004 we were told that 'legal advice had been finalised'. In December 2004 we were told that 'a decision is expected shortly' and advice would be forwarded to the committee 'by the end of January'. In April we had a key finding, saying 'it is now 10 months' and 'the committee considers this matter should be resolved and the information provided'. Here we are, in May 2005 — any idea where the information is and when we are likely to get it?

Mr HOLDING — Are there standing orders against overacting? I am sure there are.

Ms GREEN — You picked up on that too, Minister!

Mr HOLDING — Firstly, I welcome a question which allows us to address something which is a very important issue — that is, what information ought be in the public domain in relation to our private prisons and what information ought not be. This is a very important issue because it raises a whole series of issues around how the interests of the state are appropriately protected, how commercial in confidence information should be appropriately protected and what is the best way of maximising and ensuring that the state continues to get value for money from the administration of its private prisons contracts.

Mr Forwood, you would know that the private prisons framework is not necessarily a framework that this government would have put in place if it had been up to us. This is a framework we inherited from the previous government

Mr CLARK — You started a whole lot of new prisons under it as well — —

Mr HOLDING — Please! Actually I welcome that question because it reminds us of the fact that in some cases, at least in one instance our prisons were so badly mismanaged by a private provider that this government had to reassert its rights and retake control of a previous privately run prison. That is what happened at the Dame Phyllis Frost Centre. This government, in order to make sure that appropriate standards were being met, had to take it over again. We found when we came to office in some cases a shambolic set of arrangements in place for ensuring appropriate accountability in some of our private prisons and ensuring that the proper processes were in place. In relation to the contracts themselves — —

The CHAIR — The contract Mr Forwood was referring to, please, Minister.

Mr HOLDING — I have yesterday or this morning provided advice to the chairperson of public accounts and estimates in relation to the information that we intend to disclose to PAEC in relation to this issue. You are looking puzzled. Maybe you have not received it.

Mr FORWOOD — I think we are all puzzled.

The CHAIR — It might have been sent to my electorate office, but I have been in here all day.

Mr HOLDING — That is fine. Would you mind if I quoted from that advice so that committee members have the opportunity to reflect on the decision the government has made and the reason for it. I will cut to the chase, if that's all right, Mr Forwood.

Mr FORWOOD — Thank you, I can't wait to read the letter.

Mr HOLDING — It gives the background in terms of the recommendations that have been made and it notes that:

Additional advice was sought from Maddocks Lawyers, the Department of Treasury and Finance ... and Ernst and Young regarding the legal, financial and probity implications of the PAEC's recommendations.

In seeking the release of this financial information, the PAEC may have been unaware triennial reviews of the PSAs take place. These reviews entitle me to reset the contractors' performance targets and allow them to re-bid for the correctional and health services. If I reject their re-bid, I can then seek a full market tender the outcome of which must ensure value for money is achieved for the state.

The second triennial review has commenced and it is considered likely the contractors will re-bid (by providing CV —

Corrections Victoria —

with a dollar figure and all relevant financial information related to this calculation) for the correctional and health services.

Advice from Maddocks Lawyers confirmed the commercial in-confidence exemption contained in the Freedom of Information Act ... supported the Department of Justice's position that any release of the financial and related information may disadvantage the state and potentially unreasonably expose the current contractor to disadvantage.

Let us make this absolutely clear.

Mr FORWOOD — You are hiding!

Mr HOLDING — This advice says to government firstly, that we are fully within our rights to assert our responsibilities under the Freedom of Information Act not to release these contracts; secondly, that it would be inappropriate both in terms of maximising value for money and the best possible outcome for the Victorian public were these private financial considerations and bids to be made public during a competitive bidding and evaluation process. What this advice also makes very clear is that this decision is based not only on protecting the interests of the private prison provider themselves but more importantly protecting the interests of Victorian taxpayers who have every right to — —

Mr FORWOOD — Rubbish!

The CHAIR — Let him finish, Mr Forwood.

Mr FORWOOD — Absolute rubbish!

Mr HOLDING — You are now definitely in violation of the overacting standards.

Mr FORWOOD — This is just about hiding!

The CHAIR — Mr Forwood, if you keep shouting, we will go to the next question.

Mr FORWOOD — No, we won't.

The CHAIR — I spoke to you quietly before about not shouting and showing respect to our witnesses, and I reinforce it — —

Mr FORWOOD — Oh, be quiet! Do I have to go and sit in the corner?

The CHAIR — Don't say 'Be quiet' and then wink. We will go — —

Mr FORWOOD — I have got a tic!

The CHAIR — Bad luck about your tic. We can go to the next question, thank you.

Mr FORWOOD — Hang on! You're not going to let him get away with that answer, surely?

The CHAIR — I am not letting anybody get away with shouting at each other. You can ask the next question, Mr Merlino.

Mr MERLINO — Minister, I refer you to the Growing Victoria Together goals on page 141 of budget paper 3 — that is, 'building friendly, confident and safe communities'. Can you inform the committee of the progress and also of the benefits of the long-term corrections management strategy?

Mr HOLDING — This is a very important question which goes to an important issue. If we can bring up slide 9, I will distribute this slide to committee members. The member for Monbulk referred to the corrections long-term strategy.

Mr HOLDING — I will just put the strategy in context as we circulate copies of the slide so it can form part of the record. You can see here that the blue shaded area shows the prisoner number projection rates under the previous government. In other words, if we had not taken any action as a government when we were elected in September-October 1999, prisoner numbers would have blown out and we would have had a crisis in our corrections system and had to expend an extraordinary amount of money constructing new prisons and providing accommodation and obviously support for prisoners. We have acted to address that challenge, and what you see in place there in the yellow shaded area is the actual prison population in the period of time that the Bracks government has been in office, and this is a direct result of the measures we have taken as part of our corrections long-term management strategy.

Firstly, it has received a significant budget allocation — \$334.5 million allocated over four years for its implementation — and what it seeks to do, as well as constructing two new prisons as we were discussing earlier, is put in place a comprehensive set of diversion and rehabilitation programs. What you can see there is the impact that

that strategy has had on prisoner numbers. So firstly the rate of increase was moderated, and now we have seen a decline start to kick in, as we have been able to better manage our prison population.

We have been able to achieve this by stabilising recidivism, by reducing imprisonment numbers and by improving the management and supervision of our community corrections system — in other words, more people on community-based orders and better managing of people on those orders — so we have been able to manage capacity within our prisons more effectively and, more importantly, we have been able to ensure that the investment in those initiatives has avoided the requirement for investment in the additional new prisons that would have been required if we had not taken these important measures. It is a very simple message: if we had not taken that action, if we had left in place the mechanisms left to us by the previous Kennett government, our prison population would have continued to spiral out of control. By taking these important measures we have been able to firstly stabilise the increase and now start to see some decreases taking effect.

The CHAIR — You made a point in relation to community corrections. Historically DOJ had a significant number of community correction orders to one officer. Has that number diminished, and if so by how much?

Mr HOLDING — We have seen a significant reduction in the caseload for a significant percentage of our community-based orders. We found, when we did a review of the community-based order system, that there were a large number of people on very simple orders who might have been fine defaulters or whatever. They did not represent a threat to public safety, and their caseload could be managed by a relatively small number of community correctional services staff. We were able to increase the caseload of those high-volume and low-risk offenders on community-based orders and instead focus on those people on community-based orders whose offending behaviour and the nature of the offences that they have committed represented the greatest challenge for the public. So what we have put in place now is a caseload which those CCS officers can far more effectively manage. We can provide some data to the committee on the practical aspects.

Mr CLARK — I am still at a loss to understand why it is that you believe you cannot tell the public what the costs are of housing prisoners in private prisons. But let us come at the issue in another way: can you tell the committee what is the average cost of housing a prisoner in a publicly run prison and what is the average cost of housing a prisoner in a privately run prison?

Mr HOLDING — The average cost of housing a prisoner in a public prison in 2003–04 was \$76 168; the average cost of housing a prisoner in a private prison in 2003–04 was \$71 914; and the average for all prisons was \$74 449. That is in 2003–04 dollars.

Ms GREEN — Minister, in your presentation you referred to a disturbing increase in women's incarceration rates, and I also refer you to page 40 of the DOJ annual report of 2003–04, which refers to the women's correctional services advisory committee. Could you advise us of the role of the committee, its composition and how it is being used to further the government's reform in our corrections system?

Mr HOLDING — Thank you for the question, Danielle, because it raises an important issue which I touched on in my presentation — the significant increase in the female incarceration rate and the impact that has on the general prison system. More importantly, it poses the question of how the government responds to that challenge and what is the most effective way for us to garner expertise and perspectives to ensure our response is as effective as possible. That is why in 2003 the former Minister for Corrections established the women's correctional services advisory committee, and that committee was established to provide advice to government on those sorts of issues in terms of how we tackle some of the challenges that female offenders face within our corrections system.

The committee comprises 14 community representatives with expertise across a whole range of different areas — program development, service delivery, advocacy, management and research — all of which are particularly relevant to women's corrections. It is chaired by Jenny Mikakos, the Parliamentary Secretary for Justice, and it actually fulfils an election pledge that the Labor Party made prior to the 1999 election. The committee met six times in 2004, and it provided important input on a range of different areas. Firstly it provided input and perspectives on the government's better pathways strategy, which I alluded to in my presentation. It also provided input and perspectives on the development of the mother and children program interim policy, which is our program for supporting mothers who find themselves at the Dame Phyllis Frost Centre or potentially at Tarrengower Prison also, within our women's corrections system. It has provided important feedback on a range of

different things that the government has put in place. It has provided important stakeholder support for outcomes we are trying to achieve for female offenders, it has provided stakeholder feedback and perspectives on things like the development of our family violence strategy, which is an important part of the initiatives we introduced as part of this year's budget.

It has also provided perspectives on issues such as the original proposal for the development of a community transition unit for women offenders, which we decided — on the basis of the feedback provided by that advisory committee — we would not proceed with, and instead we decided to focus on the male offender CTU. So it has been a very valuable mechanism for providing feedback to government. I congratulate all the members who serve on the advisory committee. They serve without receiving any fee or compensation for their service, and they do a fantastic job to ensure that the government's strategies in relation to supporting female offenders are as effective as possible and are based on real world experience.

Mr FORWOOD — Minister, can you confirm that the design capacity of Ararat is 256 prisoners, that Barwon is 325, that Fulham is 658 and that Port Phillip is 614, and that at the moment all of those prisons are carrying more than their designed capacity?

Mr HOLDING — Thanks for that question, Mr Forwood, and if I might say without wanting to reflect on the questioner in any way — —

The CHAIR — It is Friday afternoon after a number of hearings. Do not even attempt to go down that path.

Mr HOLDING — I will, however, reflect on the question itself. The question itself is a particularly stupid and silly one. The reason why — —

Mr FORWOOD — Because you do not design a prison to have — —

Mr HOLDING — The reason why is this: when the Public Accounts and Estimates Committee considered this question back in 2003 the government used to present information to the committee which showed the design utilisation rate of our prisons and the actual utilisation rate. On the suggestion — and I actually have the transcript in front of me, Mr Forwood, believe it or not — —

Mr FORWOOD — That is a separate issue. This is not relevant to what I asked.

The CHAIR — The question is on design capacity and the ability of that prison to house X number of prisoners. That, Minister, is what you are addressing.

Mr HOLDING — What Mr Forwood said at the time was in response to an answer given by the former minister:

Thank you for such a frank and honest answer —

when the minister had actually said that the design utilisation rate was a ridiculous measure for measuring prison capacity on —

I find it though — as you would understand — extraordinary that you would bring to the people of Victoria in this committee an output measure, a benchmark measure, which you treat with such disdain.

That was your quote.

Mr FORWOOD — That is true.

Mr HOLDING — And then you said:

I don't expect to see it next year ...

Mr FORWOOD — And I did not see it next year.

Mr HOLDING — And Mr Haermeyer said:

Well, I am quite happy to get rid of it.

And then the Chair said:

All right. That will be one absent measure we will not complain about.

So I thought that was fantastic — we had agreed to get rid of this ridiculous measure on the recommendation of the Public Accounts and Estimates Committee. Then when the design information is made available to members of the opposition we get this claim that our jails are dangerously overcrowded because the design capacity is being used as a statistic in order to determine whether or not our prisons are being effectively and appropriately — —

Mr FORWOOD — I — —

Mr HOLDING — So you are disowning the shadow spokesperson for corrections?

The CHAIR — If you two want to have a conversation, you can enjoy it at afternoon tea. At this point the minister is enjoying answering the question and we are all enjoying listening to it. Can you please finish, Minister.

Mr HOLDING — So we are now able to provide the committee not with silly data based on design utilisation but at the request of the Public Accounts and Estimates Committee — —

Mr FORWOOD — That is not what I asked. You know that is not what I asked!

The CHAIR — You can have a supplementary, Mr Forwood, but just let the minister finish.

Mr HOLDING — So what we are now able to provide the committee with is information which shows what each prison can hold and the number of prisoners at each prison. In the interests of answering this question with absolute clarity, I ask that slide 8 be brought up.

Mr HOLDING — Believe it or not, Bill, I might have seen this coming.

Mr FORWOOD — I certainly did. And can I have the rest of the slides as well — all the slides, thanks?

Mr HOLDING — We will circulate this so members can — —

Mr FORWOOD — Can I have the other 11 slides as well, please?

Mr HOLDING — If you ask the right questions, Bill, you will get all the answers.

The CHAIR — This is like Pick-a-Box.

Mr FORWOOD — This is an important point. You have information there in the other 11 slides and you are not going to make it available?

Mr HOLDING — All of this information is designed to respond to specific questions which may be asked by committee members. I do not know what committee members are going to ask, Bill. But if you ask a particular question, all of these are anticipated answers to questions that might be asked by committee members or the secretariat.

The CHAIR — Can we quickly move along and we will ask a few more.

Mr HOLDING — So if we have a look here we have got the capacity of each prison and the number of prisoners within each prison. What this tells us conclusively is that despite the rash and outrageous claims made by the shadow spokesperson for corrections, in fact our prisons are not overcrowded, not dangerously or in any other way overcrowded. We are running at 93 per cent utilisation rate, which is what we would expect and target for. Obviously we would not want them to run a great deal below that because that would be wasting considerable resources and if we ran considerably over that we would run the risk of not being able to effectively manage the prison population according to all the different security classifications, protective needs et cetera of different prisoners. This chart unambiguously shows, based on the exact information that the Public Accounts and Estimates Committee wants, that our prisons are running within capacity.

The CHAIR — I was going to ask if you, Mr Forwood, wanted to be quiet so you could hear the answer.

Mr FORWOOD — He gave me what I was after, after a red herring along the way.

The CHAIR — Minister, I am looking forward to seeing if you are going to give me a sheet of paper, too, to my question.

Mr HOLDING — We will see what we can do.

The CHAIR — My question is in relation to reducing reoffending. If you look at the Department of Justice 2003–04 annual report on pages 40–41 there is a reference to specific strategies to reduce reoffending. I would be interested if you could outline to the committee some of those strategies. In looking at it I note there is, for example, a pilot program in partnership to establish 61 properties around Victoria and a preparation for release program. The second component of my question is: are those sites and houses spread around the metropolitan area and Victoria because I would be concerned if some areas were not thought suitable because of what some people kindly claim are rednecks?

Mr HOLDING — They are spread around. Those decisions and judgments are made in close cooperation with the Office of Housing. We have a very close partnership with them.

The CHAIR — I know you buy them in cooperation with the Office of Housing. What I am particularly concerned about is that they are spread around metropolitan and regional Victoria and there is not an over-concentration in areas where people are enlightened as opposed to those where people might be described as rednecks?

Mr HOLDING — It is very hard for me to respond to a question about where people might be described as rednecks. However — —

Mr FORWOOD — There aren't any in my electorate.

Mr HOLDING — There certainly aren't any in my electorate, Mr Forwood. We have cleared that up.

The CHAIR — You may want to take the geographic mix on notice.

Mr HOLDING — We will get some information about broadly where they are. In relation to the initiatives around reducing reoffending, this is a very important part of the corrections long-term management strategy and I want to stress that. When you saw that trend earlier in the slide one of the ways we can better manage our prison population is reflecting on appropriate sentencing options. But a far more important way of managing prisoner and offender population is obviously to prevent people reoffending or reducing the likelihood of them reoffending. If we achieve that, over time it will have a much greater impact on the way we manage our correctional services throughout the state. The framework that has been put in place provides standard specifications and programs for the assessment, treatment and management of prisoners and offenders who are deemed to be at a high risk of reoffending. That includes particularly violent and sex offenders.

These transition initiatives include a broad range of things. Chair, as you have already identified, it includes housing as an important part of that, but also initiatives to support employment assistance. Obviously for a prisoner to make the best possible transition from prison back into the general community it is important that they are housed securely, not in the sense of having additional restrictions, but in that they can feel confident they can live there. Also it is important we provide other support mechanisms as well. Employment assistance is a very important part of that. We recognise there is a significant stigma that surrounds prisoners seeking employment when they return into the community. Putting in place programs to support their employment is very important.

More importantly, though, are issues around supporting the development of appropriate skills sets for prisoners prior to their release. I cannot stress this strongly enough. If you wait until a prisoner is due to be released, send them into the community and say, 'Here is a place to stay and we will try to link you up with someone who will provide you with a job', we will not be providing them with the support they need. That is why we have put in place the skills and sex offender programs which try to address while they are in prison the offending behaviour which led to the commission of their offences in the first place. For example our sex offender treatment program is one of the most highly acclaimed sex offender treatment programs anywhere in the world. We frequently have visitors from interstate who evaluate and consider the program in terms of its capacity for adoption in their own jurisdictions.

We have also put in place our first violent offending programs. They do not run only in our prisons; obviously also from time to time there are violent offenders who are in our CCS system, perhaps on intensive corrections orders or whatever. Having in place programs which enable them to address their violent behaviour that may have led to the commission of their original offence is extremely important as well. These programs are about achieving good, balanced outcomes for offenders so that when they are released from prison or when they conclude a community-based or intensive corrections order or their parole period is finished or whatever, their likelihood of reoffending is addressed. We will have addressed not only their transition needs in terms of employment, education and housing, but more importantly also addressed issues around their offending behaviour in the first place.

The CHAIR — By way of a quick supplementary question, you have mentioned the significant protective factors in people's lives, like education, training and social connectedness. What you have not mentioned is the critical role of family and where family is a positive influence. I know there are some families that give reasons to be kept well away from in everybody's assessment, but there are others that are extremely supportive. Is there a component of this that you may wish to get back to us on in relation to their family support?

Mr HOLDING — Firstly, as a general comment, I would say that the introduction of our case management system has enabled us to put in place really effective ways of utilising the benefits and supports that come from family networks where they exist. But also we have put in place specific initiatives which actually support the maintenance and strengthening of family ties. A good example of that — and other members may wish to ask further questions about this at some stage in the future — are policies like our home detention policy, which I know not all people agree with, but enabling a non-violent offender to complete in a home environment a part of what would otherwise have been a custodial sentence in a prison does enable these family links to be retained and strengthened, and we think that is a good thing.

The CHAIR — Thank you, that is very comprehensive, and compliments to your system that has put that together.

Mr CLARK — My question again relates to this issue of measuring the capacity of prisons and the adequacy of the prison capacity in Victoria at present. As you may be aware, despite your disparaging remarks about the use of prison design capacity utilisation rates, this is the measure that is used by the Council of Australian Governments and the Productivity Commission report on government service provision.

Mr HOLDING — So you think they were wrong?

Mr CLARK — It is their indicator and standard measure across the states of prison utilisation rates. So my question to you is, Given that, why are you so disparaging of that indicator for Victoria, and how do you propose to maintain interstate consistency of data measurement if you cease to use that measure, but more substantively, what can you tell the committee about the difference between the capacity measure that you have given us, of 3921 in the capacity based on the interstate nationally accepted measure of 3174, and what evidence can you give to the committee to satisfy us that you have not simply squeezed in a whole lot of temporary bunk beds in order to boost up the capacity of your prisons beyond what they are capable of effectively holding?

Mr HOLDING — You have put me in an agonising dilemma, Mr Clark, because you have asked me to repudiate the recommendation of the Public Accounts and Estimates Committee.

Mr CLARK — I am asking you to make a frank assessment and answer the question.

Mr HOLDING — I am just not willing to hold the committee's recommendations in such disdain. I actually think it was a good recommendation, and I support it. It is for that reason that we provided the information in the manner we have. But I do want to go to the issue of design capacity because it is relevant and it is important. The reason why is this: for example, I talked before about the Nalu Challenge which I described as an additional piece of infrastructure that was constructed at the Fulham Correctional Centre and opened in 2003, well after the original Fulham Correctional Centre was commissioned and operating as a prison. If I were to use the design capacity figure as the figure for measuring capacity in our prisons, I would be required to say that the Nalu Challenge facility does not exist. For the purposes of measuring capacity it is an irrelevant, extra piece of infrastructure that has been constructed in our prison because it was not part of the original design of that prison when it was constructed.

Mr FORWOOD — That is nonsense.

Mr HOLDING — No, Mr Forwood, it is absolutely true.

The CHAIR — You can have a supplementary — —

Mr HOLDING — And I am not willing to go through our prison system and say where we have constructed particular units and facilities to support program delivery, as in the case of the Nalu Challenge, which I think is about a 64-bed facility — that is 64 beds that your measure would have us discount from the system if you were to measure it in the old-fashioned way that the PAEC asked us to stop.

Mr CLARK — It is the accepted way.

Mr HOLDING — Essentially what you are saying, Mr Clark, is that we cannot win either way. When we came here with the design utilisation figure this committee — Mr Forwood himself — condemned us for presenting the information in that way and asked us to remove it. So then when we have removed it, we come back and you turn around and say, ‘Actually, we like the old measure, and we would like to have that measure in place’.

Mr CLARK — I just want you to explain the quality of the beds that are put in and the difference between the design capacity and the figures that you are using. That is the key thing for assessing the quality of the prison service you are providing.

Mr HOLDING — To make it absolutely clear, we have put in place temporary bed facilities in a range of our prisons to support the fact or recognise the fact that under construction at the moment there are 900 beds that will open by the end of 2005 — 600 at the new remand centre, 300 at the correctional program centre in Lara.

We make no apologies for putting in place that additional infrastructure, but at the same time to suggest that the beds that are being put in place in our prison as a temporary measure are somehow substandard is ridiculous. We have said there are six relocatable cellular accommodation units that each accommodate 52 prisoners, so these are not bunk-bed facilities. These are facilities that are demountable and are capable of supporting prisoners in much the same way as the existing accommodation supports them. Just because when the prison was originally constructed space was either put aside or it was not anticipated that those relocatables would be put in place does not make it an invalid measure to turn around and then calculate design prison capacity on the back of that information. We think our figures are appropriate. We think they are consistent with the way the Public Accounts and Estimates Committee sought us to present the data for your information in years gone by, and frankly, if the recommendations of the PAEC are to have any credibility at all, then it is important that members of the committee do not then abuse ministers when they come back presenting the data in exactly the way that the PAEC sought it originally.

The CHAIR — There is a supplementary, and Mr Forwood — —

Mr FORWOOD — I was there, and you were not, Minister. Let me make the point — —

The CHAIR — Just a minute. There is someone talking to him. Wait till he can hear it.

Mr FORWOOD — Let me make the point: when you have a performance measure that says you are after 100 per cent, and you come in and say it is 125 per cent, there is something wrong with the measure or the argument. That is what the issue is about, the design capacity one. So, leaving that to one side, if the original design capacity for Port Phillip Prison was 614, and you go and build the Nowingi centre and put an extra 64 beds on it, you have designed an extra 64 beds, the design capacity goes up. No-one is asking — —

Mr HOLDING — The what centre, sorry?

Mr FORWOOD — The one that you said at Port Phillip, the extra 64 beds.

Mr HOLDING — It is at Fulham.

The CHAIR — Nalu

Mr HOLDING — What, sorry? It is Nalu. Sorry, you have completely confused me.

Mr FORWOOD — Okay.

Mr HOLDING — It is the Nalu centre and it is at Fulham.

Mr FORWOOD — At Fulham.

Mr HOLDING — That was my example, by way of example.

Mr FORWOOD — Okay, still we will go with Fulham. Six hundred and fifty eight beds originally, and you build an extra 64 beds. Your design capacity goes up by 64 beds. You add it on top. That is how you do it. It is ridiculous to suggest that all you would do is measure the extra capacity, your new 64 beds, against the original figure.

Mr SOMYUREK — What is the supplementary question?

Mr HOLDING — Is there a question here at all, or is it just a rant?

Mr FORWOOD — I am trying to explain to the minister — —

The CHAIR — You said you had a supplementary question.

Mr FORWOOD — Well, hang on.

The CHAIR — Have you got a supplementary?

Mr FORWOOD — What is wrong with doing it that way?

The CHAIR — All right. That is your supplementary question: what is wrong with doing it that way?

Mr FORWOOD — Seriously, what is wrong with doing it that way? If you come along and say, ‘The design capacity for prison X is 200. We have added 4 demountables, and each demountable has 16 beds but the design capacity is now 264’?, then we know how many you can take, and if you have got less than that, that is fine, and if you have got more than that, you are squeezing them in. It is pretty simple stuff; it is not rocket science.

Mr MERLINO — Lucky for you!

Mr FORWOOD — For you too, and the minister, I suspect, because he has been in a lot of difficulty adding 64 onto 658.

Mr HOLDING — Just to make it clear, when we came into office we inherited a system where you had not made sufficient investment in additional capacity to meet the — —

Mr FORWOOD — It is not about what Mr Somyurek was going on about, it is about whether or not this minister is prepared to answer questions that are put to him.

The CHAIR — You have made a comment. The minister is now making another comment.

Mr FORWOOD — I did not mention the previous government.

The CHAIR — I know you did not.

Mr HOLDING — I would not have mentioned it either, if I were you, Mr Forwood. I would feel embarrassed.

Mr FORWOOD — I did not mean to. I was just talking to you.

Mr HOLDING — I would feel embarrassed by what the previous government did. Nevertheless I am compelled to mention the fact that you put in place a system where you were not investing in capacity in the system. We are investing, we are making sure that there will be sufficient capacity to meet Victoria’s prison needs into the future.

Ms ROMANES — Minister, I refer you to budget paper 3, page 141, and the Growing Victoria Together goals, in particular the first one:

building friendly, confident and safe communities ...

The recent incarceration of a number of alleged gangland prisoners has contributed to community safety in Victoria, but no doubt this has had some impact on the correctional system. I ask you to inform the committee of some of the measures and upgrades to our correctional facilities due to the incarceration of these alleged gangland prisoners.

Mr HOLDING — I appreciate the question, Ms Romanes, and I particularly appreciate the opportunity to comment on this today when Victoria Police has made in recent days such significant inroads in bringing cases to court in relation to many of these alleged activities. I certainly do not propose to comment on the specifics on any of those cases, but the Purana task force and all of the police men and women who have worked in support of it and have provided such professional and indeed from time to time brave service in supporting this very important investigation really deserve our thanks.

There was a time a couple of years ago when Victorians were alarmed at what was occurring. I think people now feel much more secure, much more confident that Victoria Police has in place the resources to respond and bring these people to justice. Of course the arrest of many of these figures has placed particular strains on our court system, but also on our prison system, which is required to secure them pending their various trials.

We have put in place, firstly, a high-security escort list to make sure that the security and emergency services group is able to escort these prisoners so that they can meet their various court hearings and attend court for those various activities. We have also provided additional funding for escorting staff and provided funding to support the purchase of a high-security escort vehicle. We have also provided security upgrades at the Barwon and Melbourne Assessment prisons and have put in place additional and enhanced security at the County and Supreme courts. Those measures are the physical infrastructure measures that we have needed to put in place to make sure these prisoners are appropriately secured and that they can give evidence and appear at court for these various hearings. Obviously we also have to make sure that the security regimes for holding these prisoners in MAP and Barwon Prison are suitable and appropriate. Obviously we have made sure that that has been occurring as well.

While all these things have been occurring, obviously the placement and management of these prisoners, carrying the high profiles that they do, is a matter of significant public and media interest. We have had to make sure that at the same time as meeting the legitimate media inquiries and the legitimate media interest where it exists we in no way compromise prison security, the security of these prisoners and their ability to participate in the various court matters that will over the coming months and years come before Victoria's court system.

Witnesses withdrew.