

# CORRECTED TRANSCRIPT

## PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE

### Inquiry into 2004–05 budget estimates

Melbourne–21 May 2004

#### Members

Mr W. R. Baxter

Ms C. M. Campbell

Mr R. W. Clark

Mr L. A. Donnellan

Mr B. Forwood

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Mr G. K. Rich-Phillips

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#### Witnesses

Mr A. Haermeyer, Minister for Corrections;

Ms P. Armytage, secretary, Department of Justice; and

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

**The CHAIR** — I declare open the Public Accounts and Estimates Committee hearings on the 2004–05 budget estimates for the corrections portfolio and the police and emergency services portfolio. I welcome the Honourable André Haermeyer, Minister for Police and Emergency Services and Minister for Corrections; Ms Penny Armytage, Secretary of the Department of Justice; Mr Alan Clayton, executive director, police, emergency services and corrections, Department of Justice; departmental officers; and members of the public and the media.

All evidence taken by this 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 the transcript early next week.

I call on the minister to give a brief presentation on the more complex financial and performance information that relates to the budget estimates for corrections. Minister, over to you for your presentation. I alert you to the fact that many people like to give fairly expansive explanations of the overheads; however, we appreciate very much the fact that you have given us this handout, and I remind you that we have those in front of us.

**Mr HAERMEYER** — I will try to keep it brief, and if there are any things that members of the committee would like further expansion on, I am sure they will ask during the opportunity for questions. Thank you very much, Chair. It is always a pleasure to appear before the Public Accounts and Estimates Committee.

#### **Overheads shown.**

**Mr HAERMEYER** — The first slide is obviously the ubiquitous pie chart, which shows the break-up of expenditure within the Department of Justice. That indicates that the corrections portfolio, which we are now about to go through, accounts for 16.19 per cent of the department's total allocation or, in dollar terms, \$390.1 million. To save going through this pie chart again in the latter presentations, I will also point out that the emergency services budget is 5.35 per cent — or \$128.8 million — of that chart, and that the police allocation is \$1322.5 or 54.89 per cent of that total allocation.

The cornerstone of our corrections strategy has been our Corrections Long-Term Management Strategy, and that has involved a variety of initiatives both in terms of infrastructure by providing bed capacity within the system and new and upgraded facilities, but also in terms of looking at the way we manage prisoners by dealing with rehabilitative needs, trying to reduce recidivism and also establishing diversion initiatives in relation to some of the lower-order offences. Some of these initiatives are highlighted on that slide, and I will pick up on some of them in a bit more detail later as I go through them.

The first of those is the corrections infrastructure development program, which will see a number of new prisons built and also the expansion of existing facilities. As I have indicated to this committee previously, there were some delays in a number of those projects which were largely attributable to the fact that we have undertaken a comprehensive cell-design review, which was a recommendation of the coroner following some deaths at Port Phillip Prison — five in fact — back in 1999. We wanted to make sure that any prison expansions and any new prisons and cells built were inclusive of the features of that cell-design review, and that is probably the major cause for some of the delays. The final new prison will be delivered in late 2005, perhaps some six month later than was originally anticipated.

As a result of this expansion of prison capacity, which has been quite substantial already, even without the new prisons coming online, we have seen a significant reduction in overcrowding of our prison system. Our utilisation rates against total capacity of the prison system are now down below 90 per cent, and probably the most telling indicator of that is the reduction in police cell utilisation. The next slide shows how we have had a significant reduction in average numbers of prisoners in police cells since 2001, and I am advised that at 20 May that is down to 105. It needs to be understood that there will always be some people in police cells, because they are people who are properly in police custody — people who are either being held by police for various purposes or being held in police cells because of ongoing court cases. Those figures include everybody who is held within the Melbourne Custody Centre as well as people held in police cells throughout the state. That is a situation that has improved out of sight over the last few years.

**The CHAIR** — Minister, you are going to have to refer more briefly to the slides.

**Mr HAERMEYER** — Sure. The Victorian Prison Drug Strategy that was commenced in 2002 has been an enormous success. We have doubled the number of searches of visitors; we have also increased the number of searches of cells, with a significant increase in contraband finds. We have also doubled the number of tests — or significantly increased the number of drug tests — undertaken by prisoners, with a reduction in positive results from 6.3 per cent in 1997–98 to 4.74 per cent on 31 March 2004.

We undertook a deliberate strategy to try and reduce the exponential growth in prison numbers through diversion strategies, and that is starting to work. As you can see from the graph the red one is the one that highlights the actuals against our forecasts, so in fact we exceeded our targets in terms of diversion. Both the Bail Advocacy and Support Program — again you can see the number of beds saved is significantly higher than we had forecast, and also the number of beds saved as a result of the boost to community correctional services.

**Mr FORWOOD** — Minister, can you just explain the top graph?

**Mr HAERMEYER** — In the top graph basically the blue is effectively the forecast in projected prisoner numbers in our Corrections Long-Term Management Strategy; the red is the actual, so what that actually — —

**Mr FORWOOD** — Actual prisoner numbers.

**Mr HAERMEYER** — The actual prisoner numbers; and that is underpinned by the two graphs below it which actually show that in our diversion strategies we have exceeded our expectations in terms of the number of beds saved as a result of those diversion strategies.

**Mr FORWOOD** — Why are so many people being let out in May 2004?

**Mr HAERMEYER** — No, that is not prisoners being let out, that is a result largely of diversion strategies kicking in.

One of the things we take a great deal of pride in is the recidivism rate. What that graph does not indicate is that in 1997–98 our recidivism rate was something around about 25 per cent. Over the ensuing few years to 1999–00 it kicked up to 33.1 per cent. We undertook, in the early years of this government, a strategy of reducing recidivism through a number of projects, and we are actually now seeing for the second year in a row a reduction in recidivism rates; and it is also quite clear that our recidivism rates are now noticeably below the national average.

With respect to the Aboriginal Justice Agreement there are a number of items on the slide that are available to committee members, and again we are doing some very innovative things on that front which I am happy to discuss in more detail with committee members later. Can we just skip two slides to save a bit of time and go down to Corrections Victoria?

As I indicated last year, we were integrating the prison system, so that the private prisons become part of one prison system together with the public system. We have also brought together the Office of the Correctional Services Commissioner together with CORE to achieve a greater integration between policy and operational delivery, but we have taken out the monitoring and evaluation — or monitoring and review — functions, into a separate corrections inspectorate to ensure that that is done independently of the people who are responsible for delivering the service. So we now have a separate Corrections Inspectorate that is there to advise us on the performance of the prisons. That inspectorate has also taken responsibility for the Ministerial Official Prison Visitor Program. They are all about the accountability of the system, and I think that significantly strengthens our accountability arrangements. On that note I am happy to hand over to questions.

**The CHAIR** — Thank you, Minister. My question goes to the Corrections Infrastructure Program, particularly in relation to police cell numbers. Can you give us a little more detail on the progress of that initiative?

**Mr HAERMEYER** — Yes. When we came into government we had significant overflow from overcrowding in the prisons, into police cells. People were being kept in police cells who were sentenced prisoners; they were remand prisoners, people who should actually be the responsibility of the corrections system, but because there was no capacity there they flowed over into police cells, even into some old shabby places like the old Preston police station which was an absolute disgrace. That was largely a result of the fact that we had very significant growth in the prison population during the late 1990s. But whilst three new prisons came online between, I think, 1995 and 1997, the closure of, I think, five other prisons led to a situation where the net addition in beds was

something in the vicinity of just over 100, so that caused this overcrowding of the system. That flowed through whilst we were putting these new beds in place. We reached a peak in 2001, an annual peak, of 344. In 2002 that went down to 271; in 2003 it was down to 198. The year to date peak for 2004 is 181, and I might add that as at 20 May, which is the latest figure available to me, the number of people in police cells is 105. That is, as I said, largely due to the people who are due to be there, who are meant to be there, held in the custody centre; and also the fact that places like Mildura actually operate as prisons as well as police cells.

**Mr CLARK** — Minister, based on what you have told the committee and what was in the recent Auditor-General's report, I understand that the government's plan now is to complete the construction of the additional 1073 permanent beds by late 2005, with that 1073 counting in the closure of three current prisons, and that thereafter it is intended that 630 of the 930 temporary beds in existing prisons that have been created will be removed. Is that understanding correct; and if it is, by when is it expected that all of the 630 temporary bunk beds will be removed?

**Mr HAERMEYER** — I think there is a description of these as temporary bunk beds in the Auditor-General's report, and I think it is something that should have been corrected. Most of those beds are in fact relocatable facilities. There are actually — —

**Mr FORWOOD** — Demountables.

**Mr HAERMEYER** — Sorry?

**Mr FORWOOD** — Demountables.

**Mr HAERMEYER** — Demountables. These are very high-quality facilities, and we intend to use many of them as permanent facilities because it gives us the capacity to reconfigure the needs of the prison population. Sometimes we will need different capacity in different prisons. Also it will give us capacity from time to time to deal with unexpected overloads, so we intend to keep those beds in the system. They are an important part of the system. To describe them as temporary bunk beds is not correct. I think we are going to see that they will become a very permanent part of the system.

**Mr CLARK** — Do you intend to keep all of the 930?

**Mr HAERMEYER** — They are not all demountables. Three hundred of those beds are demountables. As I said, some of those beds will remain online even once those new prisons become operational, but also some of them will be there available to us to deal with peak loads as required. Sometimes you get unexpected peaks in the system. They will be available for us to use in that way. They are a very critical part of creating flexibility in the system. Sometimes our mix of medium security, high security and low security will change for a whole variety of reasons. Instead of going around and building a lot of expensive fixed facilities, what we want is greater flexibility in the system, and that is why they are there. I have said to this committee in the past that in some cases we deliberately double up in prisons because it is a deliberate correctional policy. For some prisoners it is an advantage to work under the buddy system where particularly — —

**Mr FORWOOD** — Learn new skills.

**Mr HAERMEYER** — Yes, I have used that term in this committee before too. No, it is more about when you have prisoners who are under some sort of risk of self-harm you will often appoint a buddy who shares a cell with a prisoner in the interests of that prisoner. But it is important that those sorts of situations come as a result of correctional management policy rather than as a result of a shortage of beds, which has been the necessity in the past.

**Mr CLARK** — How many temporary beds will be removed?

**Mr FORWOOD** — How many will stay?

**Mr CLARK** — Of the 930 how many will go and how many will stay?

**Mr HAERMEYER** — I will give you that exact figure. I am happy to provide the exact figure.

**Mr MERLINO** — I refer to page 169 of budget paper 3, which relates to victim support. Can you explain progress on the establishment of the victims register and how this will assist victims of crime?

**Mr HAERMEYER** — Yes, sure. The victims register was largely set up because it is felt by a lot of victims that once someone has been sentenced and enters the correctional system the victim is totally taken out of the equation. Some do not, but many victims would like to know what is going on with the person who has offended against them, such as what dates they are likely to come out on, whether there is any sort of leave, be it compassionate leave or leave that is designed for their rehabilitation and whether they are due for parole. They are advised of all of those dates. Also for the first time it actually gives the victim the capacity to make a submission and obliges the parole board to take into account the views of the victim when considering parole. I think that is a very important initiative, because the victim often feels the person who has offended against them is granted parole without their — —

It is like a victim impact statement, which happens at the sentencing stage. You have another victim impact statement at a parole level and the parole board is obliged to take account of that. That is a first in this state and I think it has been widely welcomed by victims.

**Mr RICH-PHILLIPS** — I would like to ask you about statistics you use to record prison occupancy. I note that in the budget papers this year you have discontinued the use of average daily prison design capacity utilisation. There was a longstanding use of that measure and a time series which showed that from 1995-96 that figure came in at 93 per cent, rising to 106 per cent in 1999-2000. Then according to the discontinued measures page of this year's budget paper it would be 119 per cent for the 2003-04 year. So it has been constantly rising in recent years. However, for this year that measure has been dumped. It appears to have been replaced with a similar but different measure showing utilisation rate of total prison capacity. Can you explain to the committee why the other measure, which I understand is the nationally accepted measure and the measure that is used across other jurisdictions to measure prison capacity, has been replaced by this new measure.

**Mr HAERMEYER** — The first reason is that it was a recommendation of this committee. The second reason is that we think it is a fairly useless measure because it basically measures the number of prisoners against the original design capacity of the prison, which tells you nothing about whether the prison is overcrowded or not. We have done a lot of expansions and changes to our prisons. Also we have our demountables in there, so we think the more useful measure is the actual percentage utilisation rate against total prison capacity. That is a matter we also will be taking up through the correctional services ministers. Correctional services ministers in other states have expressed similar views, and it is a matter that also will be taken up with the Productivity Commission. For our purposes, for prison planning purposes and for analysis of whether our prisons are overcrowded or not it is a useless measure, and I think that is why this committee recommended it.

**Mr RICH-PHILLIPS** — Are you able to give the committee revised time series based on the new measure? Does the department have the data to be able to do that, so we can see where the prison system is now based on the new measure relative to historical performance?

**Mr HAERMEYER** — We have traditionally given that figure in some format, but I am happy to — —

**Mr CLAYTON** — Not now, but we can make it available.

**The CHAIR** — And that would take into account the demountables that have been established and your corrections management?

**Mr FORWOOD** — Flexible beds.

**Mr RICH-PHILLIPS** — Just so we can establish a trend.

**Mr HAERMEYER** — Flexible beds are bad for your back.

**Ms GREEN** — In your presentation you referred to the Victorian prisons drug strategy. Could you explain to the committee the barrier control activities and how successful they have been in the reduction of drugs entering Victorian prisons?

**Mr HAERMEYER** — We did have a very significant problem with the availability of drugs in the prison system. Drugs are a very corrupting influence, and they are also quite pervasive. We discovered a prison system

into which drugs were making their way very easily. This is as much about other contraband as about drugs, but we have implemented, firstly, some state-of-the-art detection equipment, such as an ionic scanner which commenced operation late last year. It analyses the vapours and particles on the surface and detects the presence of particular types of drugs, and can be used in terms of searching people who are entering the prison.

We have also implemented a number of passive alert dogs (PADs). You may have noticed that we introduced some similar dogs to the police force just last week in terms of searching around nightclubs and so on for other drugs. Whilst those dogs might seem fairly friendly and cuddly and are not aggressive, they are highly effective as far as identifying the presence of drugs on an individual, in a room or in a car. They have been highly effective in terms of stopping a lot of drugs coming into the system in the first place.

The other initiative has been, as I have said, that there has been a significant increase — a virtual doubling — of the searching of visitors coming into the prison system. That is still the major cause of drugs and contraband coming into the prison system, and that has had a very noticeable effect. We have also significantly increased — I think nearly doubled — the number of tests that prisoners do in terms of urine analysis, and that is an enormous deterrent to those prisoners take drugs into system.

As a result the number of positive samples has dropped very considerably, so all of this is working very successfully. We are also doing a trial at Dhurringile. One of the things that we have identified in the past that causes prisoners to escape from minimum-security facilities is that after they have had a urine analysis test taken some of them know almost certainly that that will come up positive. That is a very high factor in prisoners walking from low-security facilities. We are now doing an indicative drug testing process whereby we will know almost instantaneously, and until we can confirm that with a proper urine analysis those prisoners who prove positive in the indicative tests, for security reasons, are then returned to a medium or high-security facility.

**Mr FORWOOD** — I have just a quick follow-up question. Are you saying that people who walk from low-security prisoners walk primarily because they have been caught taking drugs?

**Mr HAERMEYER** — No. It is a high factor in the reasons why they do. When they have had their urine analysis done many of them will know that they had access to drugs over the last few days and they know there is a high probability that that urine analysis will come up positive; so rather than going back to a maximum-security facility some then walk. Many of them also then return voluntarily, but to prevent that occurring what we are now doing is using a preliminary test. It is a bit like a preliminary breath test: it is not of evidentiary standard, but it gives a preliminary indication. If that proves positive we will put them in a more secure facility until we can confirm what has occurred.

**Mr FORWOOD** — Your prisoner number slide stops in June 2005 with a figure of 3600 — I promise you that is what it says. At page 17 of his November report last year on addressing the needs of Victorian prisoners the Auditor-General said words to the effect that Corrections Victoria predicts continuing strong growth in prisoner numbers to around 4220 by June 2006. In other words, if we continue the slide for another year we are looking at another 620, according to Corrections Victoria six months ago. The first part of my question is: are those figures still appropriate? The second part of my question is: given that we think the building program will be finished in about November 2005, my understanding is that last week's Auditor-General's report said that you will need to keep open two of the three prisons you had intended to close. Which two will you keep open?

**Mr HAERMEYER** — No, firstly, we adjust the projections annually in terms of the actuality. As you can see we are actually at the moment tracking below our expected rate. Our projections will need to be adjusted for that. But let me say also that is one of the reasons why we are intent on having available to us these demountable facilities: because they give us the capacity and flexibility to cope for a period of time with any overruns. If we believe that or if there is any indication to us that there is likely to be a sustained increase in the permanent prison population we will obviously go back and make submissions in terms of increasing the size of some of the fixed facilities that we have, but we believe at the moment that program will quite comfortably accommodate what is likely to occur in the foreseeable years. One of the problems in the past has been when we have had these sudden increases — and sometimes they come for a whole variety of reasons that are hard to forecast — we have not had the beds that we could throw in to help us accommodate that. With the disused demountables we will have that capacity.

**Mr FORWOOD** — Are we walking away from the 4220?

**Mr HAERMEYER** — I understand that is something that will be revised in the context of these figures. Let me say also that we are also tracking, and because the diversion rates are much higher than we expected we believe, certainly for the foreseeable future, the actual figures will continue to be below what those projections tend to indicate.

**Mr FORWOOD** — So does that mean you will close all three prisons?

**Mr HAERMEYER** — We are committed to closing Won Wron, Bendigo and Beechworth; and Beechworth and those closures will go ahead.

**Mr FORWOOD** — But delayed? The Auditor-General said — —

**Mr HAERMEYER** — Let me say that Won Wron will close at the same time as the new Beechworth prison opens, because that is a direct exchange — it is a minimum for a minimum. With regard to the others we will have to be flexible in terms of our utilisation of beds and when the new prisons come online. But certainly Won Wron for Beechworth will be a straight exchange. We expect that to occur in January at this stage.

**Ms ROMANES** — Minister, in your presentation you had a slide on community corrections. I ask what progress has been made on the redevelopment of community correctional services.

**Mr HAERMEYER** — I think community corrections is one of the areas that we have placed a very high priority on. It is an area that I think was basically neglected during the 1990s. We had a situation where the number of community orders increased significantly initially. However, the number of staff there to supervise them declined and programs related to community corrections were almost abandoned. As a result of that we saw, firstly, a very high turnover of staff in community corrections because the morale was pretty low, and we also saw magistrates losing confidence in community corrections and turning increasingly to custodial sentences because of the high level of breaching. We have made a very significant investment in community corrections. It is \$42.3 million over four years. We expect that that will contribute 350-bed savings in the prison system itself. Certainly community corrections has a significantly better performance when you are talking about recidivism.

I think the figure for recidivism in the prison system is something about 10 times higher — I am happy to provide a more exact figure — than in community corrections, simply because, provided it is accompanied by programs, community corrections provides you with a better chance of rehabilitating the person in a community setting. Once they are in the prison system, as Mr Forwood said before, they meet some interesting new friends and learn some wonderful new skills which we would rather they did not. So for low-order offenders that is a far better way of doing it.

We have also introduced a new risk assessment tool in community corrections that gives us a better chance of identifying the risks to which people under community correctional services are exposed and also whether somebody is or is not appropriate for community corrections. We are working very closely with the courts to make them more aware of the community corrections options that are available. This also works hand in hand with the Department of Human Services because one of the big causes of the increase in the incarceration rates is that magistrates have used the prison system or remand as a drying-out centre. DHS has been increasing the number of community-based detox and rehabilitation beds and facilities and that is significantly assisting us in overcoming this notion of using the remand system as a drying out centre.

**Mr CLARK** — I want to raise with you the issue of prison lockdowns. Can you give the committee some information as to what the extent of prison lockdowns has been in recent times, the extent to which that is linked to staff shortages, and what arrangements are made to ensure that prisoners still receive the rehabilitation program sessions and educational classes when prison lockdowns occur?

**Mr HAERMEYER** — I am happy to provide the committee with some figures on prison lockdowns. You will find that over the last four years they have dropped both in the private and the public system quite dramatically, because we have significantly improved staffing arrangements there. We have one prison where there has recently been an issue where prisoners had been locked down; that is a very temporary issue related not to chronic staff shortages but to staff turnover and our capacity to replace those staff. That is being addressed as a matter of urgency and we have also referred that matter to the prisons inspectorate to investigate, but we take prison lockdowns very seriously. They are significantly down, but at the women's prison there has been an issue which is related to turnover of staff, not chronic staff shortages.

**The CHAIR** — So you will provide that at a later date. Excellent, thank you very much. I just want to flesh out this idea of the recidivism rate and rehabilitation a little more. I refer to the recidivism rate in the slide you presented to us, Minister; could you expand upon the fact that you have referred to the rehabilitation framework and its utilisation with regard to recidivism?

**Mr HAERMEYER** — Certainly I am very happy to do that. As I indicated — if we are able to go back to the slide on recidivism, it indicates for the first time last year we had a downturn, albeit a very small one. It was for the first time in nearly a decade that we had a downturn in the prison recidivism rate; we went from 1997 when it was round 25 per cent — —

**Mr FORWOOD** — Yes, 25 per cent for 1997–98.

**Mr HAERMEYER** — Up to 1999–2000, 33.68 per cent; and then 34.09 per cent in 2000–2001. As a result of the programs we have had in place and that these programs are now starting to kick in, we are starting to see that reduction. These programs include, firstly, a number of the release programs that we have put in place to assist prisoners coming out of the system in terms of finding work, in terms of finding accommodation, providing ongoing access to programs. In the past we would provide them with a multitude of programs within the system, but once their period of incarceration finished it was, ‘Out there on your own, buddy’. So what we are now trying to do is provide assistance once they are released.

Those programs, we believe, are working well there; they are currently undergoing some independent evaluation, but we believe that has assisted quite significantly. We have also implemented cognitive skills programs that have commenced in the public and private prisons and community corrections over 2002 and those programs I think are having a significant effect on offender behaviour. Sex offender programs that commenced in public prisons and community corrections have been expanded and improved; and also we have got some violent offending programs which are due to commence this year. We expect that they will further assist in reducing our recidivism rate.

I have to say one of the things that surprised me when I became Minister for Corrections was that I went to one of our prisons and they told me very proudly — I think it was actually the former metropolitan women’s correctional centre, and whether that was indicative of the system or not I do not know but it caused me some concern — they boasted all of these programs that they were running. It was like a tick list: ‘Yes, we do this, this, this and this’. And when I actually asked how they evaluated those programs they were unable to tell me. When you do not evaluate programs you have absolutely no idea how successful they are likely to be so, with each of these programs now, we build into the funding an evaluation component to ensure that they are properly evaluated and if they are not working we will discontinue them; if they need modification they will be modified; and if they are working successfully we will seek whatever opportunities we can to expand them.

**Mr RICH-PHILLIPS** — Minister, I would like to take you to the Ombudsman’s annual report when he commented on complaints received by the Ombudsman rather than the Auditor-General.

**Mr HAERMEYER** — The Ombudsman, sorry, I do not have that with me today, but go on.

**Mr RICH-PHILLIPS** — On complaints received from prisoners and the issue of determining whether complaints are trivial et cetera, he reported that the number of complaints received from prisoners had escalated. What is the reason? Does the department have a reason why there is an increase in the number of complaints to the Ombudsman from prisoners, and given the Ombudsman’s concerns about trivial complaints versus complaints of substance, what process can the department put in place to ensure that the Ombudsman’s time is not tied up with trivial complaints?

**Mr HAERMEYER** — I say, firstly, that there has in fact — the realities are — been a increase in prisoners, so that one would expect that would lead to some extent to the level of complaints. The main nature of those complaints is about property; prisoners through a stay in the prison system will be shifted typically through a number of prisons. I do not know what the average is, but they probably go through three or four prisons through a stay in the system. Often those complaints are about property that gets lost. Prisoners are allowed very little property and the property they have therefore is very precious to them; it is a big issue for prisoners. Whilst some people might regard those complaints as trivial, I believe the Ombudsman does take them seriously, but again we do have to have some vehicle for where prisoners can lodge those complaints and the Ombudsman has said that his role is properly to investigate those complaints.



If he regards them as vexatious or absurd, he will afford them due consideration in that regard, but similarly some of those complaints do turn out to be valid; similarly some of those complaints from time to time highlight some systemic issues that we need to address. It is a bit like the legal system: a lot of people bring complaints before the courts which some people might regard as being a waste of the court's time, but it is all about people's rights and access to those rights; and whilst we take a large amount of prisoners' rights away from them, they still have some basic rights which I think everybody would agree they should have.

**Mr RICH-PHILLIPS** — As far as the level of complaints go, are you satisfied that the increase is due to increase in prisoner numbers rather than in the rate of complaints?

**Mr HAERMEYER** — I think also the Ombudsman has engaged extra officers; he regards his role in investigating complaints with — prisons are an activity that take place behind closed doors so we have to make sure that there is — —

**Mr FORWOOD** — Yes.

**Mr HAERMEYER** — One would hope so, yes. We have to make sure, however, that there is appropriate accountability and scrutiny and the Ombudsman is part of that. To do that he has actually increased the number of officers in his office to ensure that he is more proactive in investigating issues and complaints within the prison system, so that is a partial contributing factor as well.

**Mr MERLINO** — Minister, my question is about bail support. Could you inform the committee what are the benefits of the bail support program and has it been successful?

**Mr HAERMEYER** — The bail support program is basically about the fact that we find that part of the explosion in our prison population was due to the fact that a lot of prisoners would appear before court and because they either had poor advocacy or no place to stay — often it was just homelessness that was the reason they were denied bail. So the bail support program has sought to deal with this and it has been high successful in reducing the number of people that are denied bail simply because of access to a place of residence and so on, and it enables us to keep those people out of the system.

The slide I showed earlier indicated that really has been the standout success so far of any of the diversion programs because it has produced a bail support and bail advocacy program. We forecast that that would save us 20 beds per annum. It is saving us 37 beds per annum. What that actually means is that we have had 547 clients going through the system. There is a high turnover of those beds as well. So there are 547 clients who have been served by it and the annual saving in beds is 37 beds — people who have simply been denied bail, who would normally receive bail if they were people with a home, a place they could stay where all of the normal sureties could be provided. So by providing them with those sorts of facilities and with advocacy — often people just come up before the system without any advocate whatsoever — that has helped us reduce people going into the remand system who would not normally if they were better resourced.

**Mr FORWOOD** — Minister, we are now four months into the home detention system — it started on 1 January. I wonder if you could advise the committee how many offenders are now on home detention and if you could let us know if the costs are in line with what you anticipated when you established the program. Can you let us know whether they are front end or back end and preferably the geographic location — do you know where they are?

**Mr HAERMEYER** — I can try to accommodate you with the latter bit later. It does not identify individual streets or offenders — —

**Mr FORWOOD** — Areas.

**Mr HAERMEYER** — As at 28 April we have had 79 cases, including 5 cases from the courts that have been referred to home detention for comprehensive assessment; 37 of those have been refused. I might add we are erring on the side of caution on this program. We want to make sure that the prisoners who are released into the community under home detention are those that have a very low risk of reoffending. So far 11 home detention orders have been made and one has been completed. I think it is fair to say that most of them so far have been back-end home detention orders simply because they are more easily — —

The front-end home detention orders will require a significant time of build-up because it firstly requires a case to come through the courts which then needs to be assessed. With the back-end home detention orders we have, you might say, a captive population that is very eager to avail itself of the facility.

**Mr FORWOOD** — Seventy nine have applied, 37 have been refused, 42 are therefore in the system, 11 have been granted and 1 is completed?

**Mr HAERMEYER** — Yes.

**Mr FORWOOD** — And the money side of it?

**Mr HAERMEYER** — I am advised that we were allocated \$1.6 million a year for the program and at this stage there are no indications that it would exceed that budget.

**Ms GREEN** — Minister, has Victoria explored avenues to jam mobile phones around prisons and is there anything preventing this from occurring?

**Mr HAERMEYER** — It is a federal communications authority issue; it is an issue of significant concern to prison authorities not just in Victoria but Australia-wide. The last Australasian correctional services ministers conference actually called on the Australian Communications Authority and the federal communications minister to act on this. Whilst we can take certain action in relation to barrier control these things can always somehow find themselves into the system. Sometimes one mobile phone in the system can be shared by many prisoners. They are also sometimes easily concealed. Often what will happen is the component parts of a mobile phone will be smuggled in bits and pieces and they will be kept in bits and pieces and then reassembled. These people — —

You look quite amazed, Mr Forwood, but I have got to say, as I have said before, if only these people could use their ingenuity for niceness instead of evil! They are extremely ingenious in getting contraband in. We have reduced the opportunity for that, but a single mobile phone in a prison can be used to organise illegal activities outside, their drug businesses, drug drops into the prison through various processes; it can even be used to set off an incendiary device outside the prison. We have significant concerns — if we had a terrorist in our system who had access to a mobile phone that mobile phone could be used to commandeer all sorts of orders and potentially even set off an incendiary device.

We have asked the commonwealth to enable us to scramble mobile phone messages coming in and out of the prison system. We do not think it is an onerous requirement. It is simply done and prisons generally are built in facilities where there is a significant amount of curtilage around them. We are not interfering with businesses, residents or law-abiding people outside. It is easy to contain it just to the prison environs. Unfortunately the ACA has denied that, but corrections ministers around the country will continue to keep the pressure up.

**Mr CLARK** — Can I ask you about community transition units (CTUs)? As you would know the Auditor-General reported that the program establishing community transition units is running three years behind schedule. Can you update the committee on the status and time lines for the program? What impact is the delay in them having on the phasing out of whatever number of temporary beds it was intended to phase out? Can you outline to the committee what benefits you expect them to have once they are up and running?

**Mr HAERMEYER** — The CTUs are basically a proposition that was actually being promoted initially by my predecessor Mr McGrath. He had a budget submission in along those lines. I think they are a good idea. They are about providing prisoners who are approaching their release date a place outside where they are able to seek employment opportunities, where they are able to set up educational programs, where they are able to start reconnecting with their families. These are some of the main causes behind people reoffending. We think it is an important program.

We projected that we would set up a CTU project with 60 beds. The Auditor-General has rightly noted that we are behind on that. The main reason is twofold. Firstly, that there is, as you can understand, a lot of community sensitivity about the siting of these facilities, and we are going very, very carefully through the siting process. I expect that we will advise sites for those in the second half of this year. The construction will commence. Because they are not large facilities I would imagine construction would be able to commence and be completed within a reasonable time frame after that. Because corrections has had on its plate a major construction program with new prisons and prison expansions, the focus has been quite deliberately on dealing with the exposures we have got

with prisoners being kept in police cells and so on. That has been our priority. We acknowledge that CTUs are behind and we are now in the position, as the major part of the infrastructure program approaches completion, to make sure we get the CTUs up and running as soon as possible.

**Ms ROMANES** — Minister, I would like to ask a question about the Bridging the Gap program. At the budget estimates hearings last year you advised the committee that a major activity for the department was an evaluation of the effectiveness of the corrections long-term management strategy, and part of that was an evaluation of the Bridging the Gap program. I understand it was expected to be completed in late 2003. Could you inform the committee of the main findings of that evaluation?

**Mr HAERMEYER** — Sure. Bridging the Gap was established in 2001. It was a two-year pilot and was about providing intensive, statewide, post-release support particularly for high-risk and high-need offenders — people who were at very high risk of reoffending.

Over the 18-month evaluation period 700 prisoners were screened for eligibility for the Bridging the Gap program under five service providers. Of the 700 assessed, 464 were assessed as suitable for the program and 319 ultimately agreed to participate.

The evaluation found that six months post release, 33 per cent of the offenders who participated in the program were assessed as not using drugs, with another 24 per cent using drugs in a manner that did not constitute dependence or abuse. The evaluation also found that six months post release, 51 per cent of participants were in stable accommodation. With regard to reoffending, 60 per cent of participants had no episodes of reoffending over the evaluation period.

We are continuing to evaluate it, but I think it is shown to be a quite successful program. You would never expect 100 per cent success from a program like that, but it has certainly has significantly reduced the likelihood of these people appearing in our recidivism rates.

**Mr RICH-PHILLIPS** — In his report last year, *Addressing the Needs of Victorian Prisoners*, the Auditor-General made 10 recommendations on the improvement of the management of prisoners. Can you tell the committee what progress has been made by Corrections Victoria against those specific AG recommendations?

**Mr HAERMEYER** — I am happy to provide a detailed response to the committee, but I do not think the briefing note that is provided here addresses the issues in the way that you would like them answered.

**Mr RICH-PHILLIPS** — Thank you.

**The CHAIR** — Minister, in the overhead presentation you talked about the Koori strategy and the Aboriginal Justice Agreement. Could you give us details on the effectiveness of measures that have been instituted to implement that agreement.

**Mr HAERMEYER** — Yes, certainly. The Aboriginal Justice Agreement tries to acknowledge the particular needs of Aboriginal offenders. We allocated an additional \$1.9 million to that in 2004-05 to take the total for 2004-05 to \$3.6 million. It is made up firstly of a residential diversion program — again to provide them with a residential facility where they can remain and undertake diversion activities, undergo programs. We have a very successful, I think, model of that. Strangely enough it is largely funded by us but it operates in New South Wales — a place called Warrakoo. It is a residential program where the offender is sent to, either as a condition of bail or as a place where they can carry out their community order. It is run by Aboriginal elders. It takes into account their particular cultural needs, but it also tries to connect them with TAFE and other courses to help them with skills.

These are young offenders who have basically not committed, at that stage, particularly serious offences, but whom we hope to set onto a different path. We are currently in the process of developing a second facility of a similar nature called Waring, which is going up in Strathbogie shire just south of Euroa. We believe that will be a similar success to Warrakoo. It has been located there because of its proximity to both the Broadmeadows and Shepparton Aboriginal courts.

We have also established an Aboriginal family visits program that takes into account, particularly, the very particular needs — that family relationships and connections are very important in terms of the wellbeing and

cultural needs of Aboriginal offenders. We have appointed for the first time two Aboriginal Official Visitors. That is important because they will often not trust or talk to non-Aboriginal Official Visitors.

We have another program called Marumali, which is an intensive five-day program that focuses on the healing of trauma and loss. That is delivered at four prison locations. We have a cultural immersion program which is, again, involving Aboriginal elders and Aboriginal agencies in helping young Aboriginal offenders develop a relationship to and understanding of their own cultural traditions. We find that is highly successful in helping them develop a set of values that will keep them out of trouble in the future. We have also established six Aboriginal community corrections officers. Previously there was none. They are in locations such as Shepparton, Bendigo, Geelong, Hume, Bairnsdale and Mildura, operating out of community corrections offices.

**The CHAIR** — Minister, are there any evaluations of their effectiveness and recidivism rates? If any have occurred it would be appreciated if it could be provided to the committee.

**Mr HAERMEYER** — I am happy to provide that. The entire Aboriginal Justice Agreement is currently under active evaluation. As soon as those evaluations become available we are happy to make them available to the committee.

**The CHAIR** — That would be very helpful for our work. Thank you.

**Mr FORWOOD** — Minister, I refer you to page 312 onwards of the Public Accounts and Estimates Committee's report on the outcomes for last year, which deals with the department's asset investment program. I make the point that I know that it includes more than just corrections, but 31 per cent of expenditure on the asset investment program falls within your bailiwick. The analysis the committee did in the report, which we tabled recently, shows that of the department's 50 projects, 30 of them had revised dates and that of those a number were more than six months late — 15 were more than six months late — and of six, I think, that were more than 12 months late, most of them were yours: the Prison Capacity Expansion Program, the community-based corrections facilities, the Diversionary Program for Adult Aboriginal Offenders and the Correctional Services Prisoner Information System. So we have a number of projects that were more than 12 months late. I wondered whether or not this was some cause of concern to you.

**The CHAIR** — In terms of answering the question I will give some latitude in that if you wish to put on record, at this point, not just corrections but — —

**Mr FORWOOD** — Yes. If you want to answer for your colleagues whose projects are late as well, that would be fine.

**The CHAIR** — No. Corrections — if you wish to comment upon other assets for which you are responsible, you are free to do so if you wish.

**Mr HAERMEYER** — I will confine myself to the areas for which I have responsibility.

**The CHAIR** — Obviously, yes.

**Mr FORWOOD** — Very wise.

**The CHAIR** — All I am saying is that if you want to go into police stations, you do not have to confine yourself to corrections — whichever you wish.

**Mr HAERMEYER** — I am happy to do that. I will obviously discuss police stations later as well, but I note that in relation to police stations the Auditor-General in fact reported they were on time and on budget.

**Mr FORWOOD** — I did not mention police stations, Minister.

**The CHAIR** — You did say, 'within your Department of Justice' — —

**Mr HAERMEYER** — No. You referred to page 312 of the — —

**Mr FORWOOD** — Onwards.

**Mr HAERMEYER** — Onwards, yes. And you referred to the total Department of Justice asset program, so I will mention in passing that the Auditor-General made the point that police stations were completed on budget, on time.

**Mr FORWOOD** — Now we will turn to the ones that are more than 12 months late.

**Mr HAERMEYER** — The Auditor-General has also noted that corrections has not had a major infrastructure program, certainly of this size, maybe ever. I think the last time corrections had to handle major prison construction was back in the 1980s — which was the metropolitan assessment prison, Barwon and Loddon — because you will recall the two private prisons were not corrections projects. I think he has also noted in his report that the department:

While there have been issues with the Department of Justice's management of two earlier prison bed expansion projects, the department took appropriate action in late 2002 to strengthen its management of infrastructure projects.

He also points out I think correctly, that is considerable — he says:

Redevelopment and construction of prisons are complex undertakings with challenges not usually faced by infrastructure projects. Prisons are complicated buildings to design and must balance prisoner rehabilitation needs with the need for a safe and secure environment. Considerable time is involved in identifying sites and obtaining planning approvals, works must be undertaken without compromise to prison operations and security, and community sensitivities about having a prison located nearby also need to be managed.

I did indicate earlier that we acknowledge that there were some deliberate delays in the prison expansion program and in the new prisons program, largely due to the fact that we were awaiting the findings of the cell design review and also in part due to the importance of finding a site. That, as you are well aware, is always a very controversial issue and finding an appropriate site that meets our requirements and that has community acceptability as well, is sometimes a difficult exercise.

It has just been pointed out that the three new prisons are now on time against the contracts that have been signed and we expect them to be delivered within the time frames specified in those contracts.

**Mr MERLINO** — Minister, the last slide in your presentation 'Corrections Inspectorate' refers to monitoring the Port Phillip default cure plan. Could you provide the committee with some information on that particular project.

**Mr HAERMEYER** — There was a default notice issued against Port Phillip Prison on 22 October last year and that related to a number of what we considered serious security deficiencies in the way the prison was being run. On 7 and 8 May targeted searches of that prison revealed a small handgun loaded with five bullets, mobile phones, and a significant quantity of drugs and a digital camera. There was a subsequent security breach on 15 August where a sick prisoner was unable to be located for more than 7 hours and that constituted a failure to provide the movement control of prisoners which the prison is required to provide for.

We thought that these failures to comply were in breach of the prisons management specifications and our advice was to issue a default notice under the terms of the contract that we are being required to demand of the prison, that it delivers us a cure plan. That cure plan has to outline the rectification tasks that the prison will undertake. That cure plan was delivered to me on 26 November 2003. It contained 31 tasks which were broken down into 118 different work commitments which were to be completed by 29 February 2004. These had to be agreed to by the Correctional Services Commissioner and noted by me. That cure plan was deemed to be appropriate by the Correctional Services Commissioner and I approved that cure plan.

On 11 March I received advice from the correctional services inspectorate that 113 of the 118 work commitments had been fully implemented and the other five were being satisfactorily progressed. On 17 March I advised the commissioner that I considered that the default plan had been satisfactorily remedied.

I might note that the prison actually did go a bit further than was actually required of them in the cure plan, and it has resulted in a significant capital expenditure by the contractor to the order of about half a million dollars which involves a major refurbishment of the prison entry reception area and the vehicle sally port. It includes enhanced security features including increased security check point screening and scanning equipment. So we think they have significantly lifted their game as a result of the implementation of that cure plan and so I am satisfied with the action they have taken in response to those deficiencies.

**The CHAIR** — By way of follow up, were there financial implications for the state or group following the issue of those default notices.

**Mr HAERMEYER** — I do not think there were any financial implications for the state. The state has the capacity to withhold performance fees or to financially penalise the contractor but given the expenditure that the contractor invested over and above what we actually required of them in the cure plan it was recommended that the option to impose a financial penalty be waived since they had already made a significant financial sacrifice over and above what we would have imposed upon them in terms of the financial penalty.

**Mr FORWOOD** — You did use a Treasurer's advance of \$10 million to top up their funds?

**Mr HAERMEYER** — Sorry?

**Mr FORWOOD** — You did use a Treasurer's advance of \$10 million to make additional payments to private operators?

**Mr HAERMEYER** — That was in relation to the renegotiation of the prison services agreement. We are required, as you are aware, the way the prison contracts are structured, the contractor, has a 20-year build, own, operate contract. At the end of the first four years there is a renegotiation of the prison services agreement which is simply the process by which the operator runs the prison. We required, as a result of the deficiencies that had occurred in those prisons — and we negotiated this with both of the remaining two private operators — we noted that there were some significant deficiencies in the way that they were required to operate under the prison services agreement and there were things like a tolerance for escapes. I think one or both of them were allowed one escape a year. There was a tolerance for deaths in custody. These sort of things, we just will not cop.

So we negotiated a much tighter prison service agreement which also went to some more qualitative issues in terms of good prison management. As a result of that we have a better prison services agreement but that has a cost.

It has also been pointed out to me that we do have an increased flow-through of prisoners through Port Phillip Prison which increases their cost. We have also expanded the capacity of both those prisons as well.

**Mr CLARK** — Could I refer you to page 81 of the Auditor-General's May 2004 report and in particular to footnote (c) which indicates that the amount of \$135.9 million was allocated as a capital budget for the construction of 300 and 600-bed centres. I assume those 300 and 600-bed centres are Lara and Ravenhall. If that is correct, the departmental response to the committee's questionnaire indicated that these projects which of course have now become Partnerships Victoria projects have a net present value expected cost of \$275 million, so my question is: can you explain that apparent discrepancy? Which output group will the ongoing cost of these prisons be charged to once they are up and running and can you give the committee an indication of what the full-year cost of these two projects will be to the budget once they have become initially operational?

**Mr HAERMEYER** — You are correct, the \$135.9 million is about the prison which is going up at Lara and also the remand centre which is going up at Ravenhall. Because it is a present-value (PV) project, the \$135.9 million contains both a capital and a recurrent component, so it is not just the capital cost.

I have just been advised the \$135.9 million was simply on an own-build projection, but I understand that the budget papers reflect the full PV cost of that. I might ask the deputy secretary to comment on that.

**Mr CLAYTON** — The original cabinet decision in relation to the building of prisons was that it would be a normal build-and-construct public service project, and it was funded in that way for \$135 million or whatever the precise price is. We then explored the opportunity of looking at a PV project, which includes a 25-year maintenance contract to fully maintain the prison, and so when we went to tender that is what we bid on — with a build, with us having a big input into the design, and the maintenance contract. So what you have got there in terms of the departmental response, which has not yet been reflected in the budget papers, is the actual NPV — the net present value — over the 25-year contract of the design, build and maintain.

**Mr CLARK** — There are just two remaining elements to the question. Which program output group will the costs be charged to when it is up and running, and roughly what will be the initial full-year cost paid under the PV contracts?

**The CHAIR** — That will come under prisoner supervision and support.

**Mr CLARK** — Can you give us an approximate figure?

**Mr HAERMEYER** — We do not have that available.

**Mr CLARK** — You can take that on notice. Thank you.

**The CHAIR** — Thank you. We will take a brief break.

**Witnesses withdrew.**