

www.pwc.com.au

NSW Infrastructure

Justice Infrastructure Baseline Report

Infrastructure NSW

June 2012

pwc

Liability is limited by a scheme approved under Professional Standards Legislation

Disclaimer

This Report has been prepared by PricewaterhouseCoopers Australia (PwC) at the request of Infrastructure NSW in our capacity as advisors in accordance with the Terms of Reference and the Terms and Conditions contained in the Consultant Agreement between Infrastructure NSW and PwC. This document is not intended to be utilised or relied upon by any persons other than Infrastructure NSW, nor to be used for any purpose other than that articulated above. Accordingly, PwC accept no responsibility in any way whatsoever for the use of this report by any other persons or for any other purpose.

The information, statements, statistics and commentary (together the “Information”) contained in this report have been prepared by PwC from publicly available material and from material provided by Infrastructure NSW and other NSW Government agencies. PwC have not sought any independent confirmation of the reliability, accuracy or completeness of this information. It should not be construed that PwC has carried out any form of audit of the information which has been relied upon.

Accordingly, whilst the statements made in this report are given in good faith, PwC accept no responsibility for any errors in the information provided by Infrastructure NSW or other parties nor the effect of any such errors on our analysis, suggestions or report.

1. Key highlights

- The NSW Government has about \$5 billion invested in the justice sector – most of this value is in buildings which include correctional centres for adults and juveniles, police facilities and court and tribunal facilities.
- Generally, existing infrastructure meets capacity requirements with some constraints at individual facilities but also underutilisation in some cases (e.g. remote and regional courts).
- Some major upgrade programs are complete or will be completed soon e.g. the 1000 beds for Correctional Services initiative (halted at 850 beds because of tapering demand), a 10 year program of Court Upgrades due to finish by June 2015 and a series of Police Station upgrades to be completed in 2016.
- Trends across the sector mean that demand for services is becoming less dependent on physical facilities:
 - ICT is playing a critical role across the sector in enhancing access to services with less need for physical presence. For example, video conferencing can be used for bail hearings.
 - Current policy is also primarily focused on interventions in the community and alternatives to custodial punishment as part of a strategy to achieve state targets for reducing re-offending.
- The primary drivers for future capital expenditure are the need to upgrade some existing facilities to meet standards, investment in facilities that support new service delivery models and ongoing roll-out and upgrades to ICT – some of the major ICT initiatives have whole of sector application eg. the Joined Up Justice project.
- Overall, levels of infrastructure investment over the next 10 years are expected to be less than over the last 10 years (in the order of 25 to 30% less) because of a shift away from expanding capacity and as existing programs of upgrades/new facilities end although it is expected some ongoing upgrade programs will be proposed.
- There are pressures on maintenance costs and each of the justice agencies reports maintenance backlogs and underfunding of recurrent maintenance.

Strategies for improved infrastructure provision

- While the infrastructure spend is expected to be less for this sector in the next 10 years compared to the last 10, there are strategies that could leverage greater value from infrastructure investment:
 - Combining the sector's total asset portfolio to facilitate:
 - > Planning better interfaces between the parts of the justice system (e.g. security and design of courts affects Correctional Services operations and there are cross sector ICT applications currently being rolled out or planned that can improve efficiency)

-
- > Reconfiguring assets over time including consolidating facilities in justice precincts (significant investment is committed to a justice precinct in Newcastle which will generate some efficiencies in capital and service delivery although there was potential for greater consolidation)
 - Developing a more comprehensive disposal strategy(as ICT solutions, operational changes and legislative changes reduce the necessity for physical presence)
 - Increasing flexibility in the overall property portfolio through a “buy over build” strategy:
 - > To cater for different service delivery models e.g. reduced dependency on formal hearing venues
 - > Through greater utilisation of leased rather than owned properties
 - > Through the sale and lease back with full service provision of facilities where there is a positive net present value
 - Implementation of approaches to contracting maintenance/alternative asset management models where efficiencies can be achieved.

Table of contents

1. Key highlights	3
2. Introduction	6
3. Governance	8
4. Asset portfolio	11
5. Courts and Tribunals	13
6. Corrective services	20
7. Juvenile justice.....	26
8. Police Force	31
9. Summary of sector wide investment and forecast expenditure across the justice sector	37
10. Summary of potential strategies for further consideration	38

2. Introduction

Infrastructure NSW is conducting a high level stocktake of the State's social infrastructure including the justice sector to inform the development of strategies for social infrastructure provision to be included in the 20 year NSW State Infrastructure Strategy.

2.1. Purpose

The purpose of this report is to:

- Establish a baseline of the existing asset base and existing strategies and patterns of investment
- Seek to answer the following questions:
 - How is infrastructure planned and managed?
 - What is the condition of the existing assets?
 - What is the current capacity and ability to meet demand?
 - How is the infrastructure performing?
 - What are the critical gaps?
- This information is used as part of an evidence base for identifying strategies for improved infrastructure provision in the sector.

2.2. Scope

Infrastructure included in analysis of this sector includes infrastructure related to:

- Courts and Tribunal Services
- Correctional services
- Juvenile Justice
- Police Force

Emergency Services (part of the cluster of agencies) is not included.

ICT is an increasingly important component of delivering services in this sector and is within scope of the analysis.

The sector is transitioning to a more consolidated asset management framework. A single asset management plan has now been prepared for the Principal Department covering Attorney Generals, Corerctive Service and Juvenile Justice with a separate plan for NSW Police. However, much of the analysis included in this baseline report is presented by sub-sector as it was undertaken prior to the single plan being prepared and because the different approaches in each sub-sector mean comparable information (e.g. for infrastructure performance and condition) that can be readily aggregated for all of the sub-sectors is not available.

The tables and figures in this report are based primarily on 2011/12 information.

3. Governance

Governance arrangements for the sector are in transition with consolidation of asset planning and management activities taking place across the cluster agencies. Various committee structures are in place to oversee prioritisation and delivery of infrastructure investment.

- This sector sits within the one departmental cluster –Attorney General and Justice Cluster .
- Courts and Tribunal Services sit within the Attorney General Division of the Department.
- Juvenile Justice and Corrective services are administered through their own divisions of the Department.
- Police services are administered through the Ministry of Police and Emergency Services which is separate from the Departmental structure.
- DAGJ is working towards shared corporate services in line with the NSW Government shared corporate services reform agenda – this will include a more integrated asset management group and strategy across all areas.
- The Cross Justice Cluster CEO Standing Committee has already established a Justice Cluster Asset Planning Group – this is increasingly important across the cluster because of the linkages between sub-sector assets. For example, ageing Court and Police facilities can pose operational concerns for Corrective Services management of persons in custody.
- For 2012-13, there are separate asset strategies for the DAGJ and NSW Police and total asset management plans and data available for the sector is largely segmented due to different supporting systems.
- As a result, much of the data in this baseline report is presented by each of the four sub-sectors.

3.1. Asset management governance for each sub-sector

The high level planning processes and governance arrangements for each sub-sector are outlined below.

Attorney General Division

- Undertakes gap analysis - identifies significant asset gaps and related service risks, applies any asset reducing programs or initiatives and overlays current funding programs to identify gaps which required capital investment in assets
- The initial analysis of the current asset portfolio uses a comparative assessment of the assets against the optimum asset portfolio required to meet service delivery expectations taking into account a number of variables including State Plan priorities, changes in community expectations, technology changes, legislative reform and building compliance requirements
- The Capital Investment Strategic Plan takes results from the gap analysis and overlays current initiatives, programs and major projects across the property and ICT asset portfolios.

-
- Remaining gaps in asset provision are then identified and solutions and options to support service delivery developed, including non-asset solutions.
 - Business cases for the projects are then developed in accordance with thresholds and guidelines prescribed by NSW Treasury.
 - Prioritisation of the projects is undertaken by the Attorney General's Division Capital Expenditure committee (CAPEX)
 - CAPEX was established as part of the overall DAGJ-AGD governance structure and is tasked with providing overall management responsibility for current and future capital requirements
 - A prioritisation matrix is used to assess new capital investment projects. The matrix utilises several indicators relating to service delivery, value for money and project planning

Corrective services:

- Corrective Services adopts enterprise asset management principles through a life cycle approach
- Asset management and priorities are further informed by an annual Enterprise Assets Planning and Development Forum consisting of Board of Management representatives where the role, structure, relevance and existence of assets is critiqued and aligned to business needs (taking account of changing business needs)
- The Corrective Services Board of Management Capital Works Committee is the executive level ongoing forum which manages asset alignment, strategy, investment and value outcomes.
- An overarching value management framework identifies, administers and validates benefits realisation and serves as the ultimate instrument to confirm the validity of economic appraisals and investment strategies.

Juvenile Justice:

- The primary governance role within the organisation with responsibility for Asset Management is the Deputy Chief Executive (Management Services)
- This role is supported by an Asset Management Committee – the Asset Management Committee is a group of executives with the common aim of maximizing the returns from investment in Minor and Major Capital Works and Maintenance projects
- The Committee provides a forum for the evaluation of project proposals and oversees the application of lessons learnt in the planning and construction of Juvenile Justice facilities so current projects are delivered in accordance with best practice and design
- The Committee is accountable for determining the strategic match between Juvenile Justice needs and resources, improving the quality, management and value of properties, and coordinating adherence to priorities objectives and budget
- Governance arrangements to manage the interface between Juvenile Justice and the new Department of Attorney General and Justice are still being developed.

Police Force

- New South Wales Police Force (NSWPF) has implemented a Total Asset Management and Investment Governance Process
- As part of this it has established an Investment Committee - this is a standalone committee of the Commissioner's Executive Team and has responsibility for the strategy direction of NSWPF investment strategies and programmes
- The Investment Committee is supported by an Investment Advisory Committee which is principally an advisory body to the Investment Committee
- The Finance and Business Services Directorate drives the strategic management of assets within the business including:
 - Facilitation of business cases
 - Capital works projects being undertaken by Police (focus is monitoring and reporting on progress and delivery of benefits to the organisation
 - The Total Asset Management process
- The Investment Committee reviews and endorses for Ministerial approval the NSWPF's investment strategy through consideration and approval of plans and investment proposals as recommended by the Investment Advisory Committee
- Once the TAM is approved, business cases are developed for initiatives identified in the plan
- The Investment Governance framework is designed to provide the Commissioner's Executive Team with a consolidated view of all current and proposed investments whether they are asst or non-asset related and whether they require capital or recurrent funds.

4. Asset portfolio

The assets in the sector are diverse with the fair value of physical assets estimated to be \$5 billion, about 2 per cent of the State's total¹

Courts and Tribunals

- 163 court facilities
- 45 office and shopfront sites
- 44 business centres
- Large ICT asset base including video conferencing network

Juvenile Justice

- 9 custodial centres
- 35 offices

Corrective services

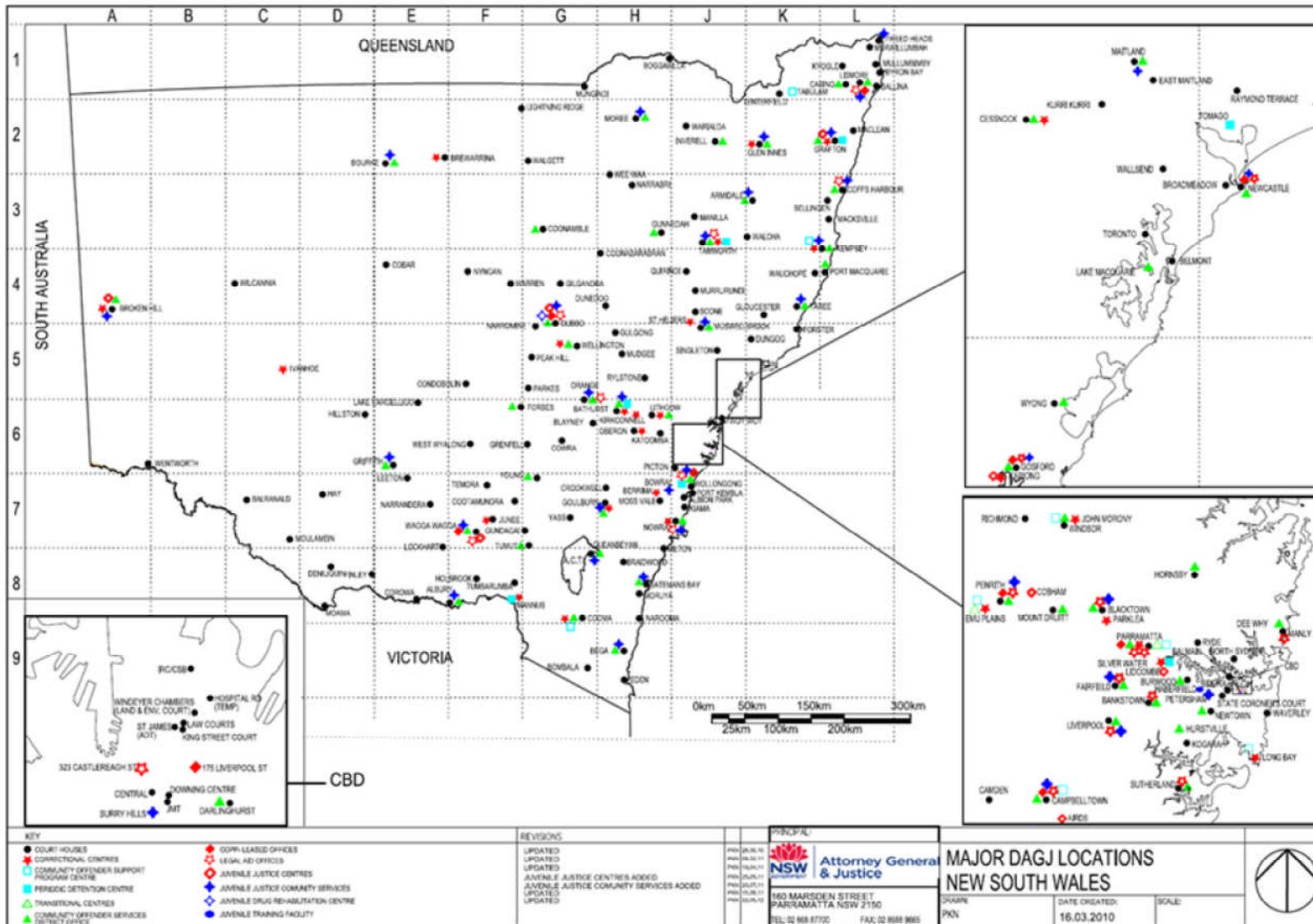
- 37 Correctional Centres
- 3 Periodic Detention Centres
- 2 Transitional Centres
- 11 Residential Facilities
- 77 Community Offender Services offices

Police Force

- 1,400 property assets including 430 Police Stations
- 330 specialist facilities
- 640 residences
- accounts for around \$1.5 billion of asset value in the sector

¹ NSW Government Budget Papers 2011-12, Infrastructure Statement, Budget Paper No. 4, p. 1-15 includes physical assets of the Department of Justice and Attorney General and NSW Police Force

Justice assets are widely spread across the State (Police Stations not shown)



5. Courts and Tribunals

Some Courts and Tribunals infrastructure is underutilised particularly in regional and remote locations. A proportion of courts do not comply with accessibility and other standards with significant programs of work underway to correct these issues. A number of key indicators are used to measure the utilisation and functionality of each court facility. Positive scores reflect gaps in functionality or over-utilisation, zero is the optimum and negative scores indicate under-utilisation compared to functionality. The table below lists those assets at most risk of not being able to support service delivery requirements in the future.

Table: Priority listing Top 25 courts – property assets most at risk of not being able to support service delivery requirements in the future

Rank	Location	Category	Courtroom utilisation	Functionality score	Courtroom GAP score	Services GAP score	Interview GAP score	Cells GAP score	RW score	Disability access GAP score	PS GAP score	Overall GAP score	Funding Source/status	Project status (current)
1	Coffs Harbour	Courthouse	57.9%	1	5	5	0	0	5	5	11.00		New capital	underway
2	Newcastle	Court Complex	64.7%	1	5	5	0	0	5	0	9.06		Major works - funded	underway
3	Windsor	Courthouse	100.0%	6	5	0	5	0	5	0	9.00		New capital - unfunded	In CISP
4	Bidura Children's Court	Courthouse	96.7%	3	5	0	0	0	5	0	6.77		New capital - unfunded	business case for 2012-13 TAM
5	Armidale	Courthouse	51.3%	4	5	0	5	0	5	0	5.64		Court upgrade programme	underway
6	Wagga Wagga	Courthouse	49.2%	4	5	0	0	0	5	5	5.42		Court upgrade programme	business case for 2012-13TAM

Rank	Location	Category	Performance Indicators										Funding Source/status	Project status (current)
			Courtroom utilisation	Functionality score	Courtroom GAP score	Services GAP score	Interview GAP score	Cells GAP score	RW score	Disability access GAP score	PS GAP score	Overall GAP score		
7	Darlinghurst	Court Complex	66.1%	3		5	0	0	0	0	5	4.63	Court upgrade programme	completed
8	Taree	Courthouse	55.0%	2		5	5	0	0	0	0	4.40	Court upgrade programme	underway
9	Waverley	Courthouse	102.8%	6	0.06	5	0	0	0	0	0	4.17	Court upgrade programme	underway
10	Hornsby	Courthouse	81.5%	5		5	0	5	0	5	0	4.08	Court upgrade programme	to commence 2012/13
11	Downing Centre	Court Complex	104.5%	3	1.43	5	0	0	0	0	0	3.59	Court upgrade programme	underway
12	Central	Courthouse	70.1%	5		5	0	0	0	5	0	3.51	Court upgrade programme	complete
13	Wollongong	Court Complex	68.2%	5		5	5	0	0	0	0	3.41	Court upgrade programme	business case for 2012-13 TAM
14	Blacktown	Courthouse	96.8%	7		5	5	0	0	0	0	2.90	Court upgrade programme	completed
15	NSW Coroners Court	Courthouse	90.7%	7		5	5	0	0	0	0	2.72	Court upgrade programme	Investigation underway
16	Penrith	Court	66.6%	6		5	5	0	0	0	0	2.66	Court upgrade	to commence

Rank	Location	Category	Performance Indicators										Funding Source/status	Project status (current)
			Courtroom utilisation	Functionality score	Courtroom GAP score	Services GAP score	Interview GAP score	Cells GAP score	RW score	Disability access GAP score	PS GAP score	Overall GAP score		
		Complex											programme	2013/14
17	Port Kembla	Courthouse	45.7%	5	0	0	0	5	5	0	2.28		Court upgrade programme	Under Review
18	Raymond Terrace	Courthouse	57.0%	6	5	0	0	0	5	0	2.28		Court upgrade programme	to commence 2012-13
19	Campbelltown	Court Complex	75.3%	7	5	5	0	0	0	0	2.26		Court upgrade programme	to commence 2014
20	Hospital Road	Court Complex	52.7%	6	5	0	0	0	0	0	2.11		Court upgrade programme	completed
21	Liverpool	Courthouse	99.1%	3	5	0	0	0	5	0	1.98		Court upgrade programme	underway
22	Newtown	Courthouse	69.9%	3	0	0	0	0	0	0	1.40		Court upgrade programme	deleted from programme
23	Mount Druitt	Courthouse	91.5%	9	5	5	0	0	0	0	0.91		Court upgrade programme	completed
24	Manly	Courthouse	77.2%	4	5	0	0	0	0	0	0.77		Court upgrade programme	to commence 2012/13
25	King Street Courts	Courthouse	38.0%	4	0	0	0	0	0	5	0.38		Court upgrade programme	underway

Source: Total Asset Management plan – Department of Attorney General and Justice, p.30

Legend:	Gap exists = 5	No gap = zero
	RW: Remote witness facility	PS: Perimeter security

Overall demand for courthouses will decline as improvements to court technology allow increased remote access to services. Capacity of non court facilities currently meets service requirements.

- Courts and Tribunals rely on physical assets for service delivery but an increase in the use of technology in courts in recent years is reducing this reliance.
- There is under-utilisation of courthouses with some geographical difficulties in addressing disparities in utilisation. Consolidation of court sittings in regional centres is an option with other court services provided to regional NSW either by face-to-face channels (access points and partnerships) or remotely (out-reach services, call centres, online etc.).
- Improvements to court technology and changes to associated legislation can provide access to services remotely and not exclusively through court facilities – the introduction of video-conferencing for bail and interlocutory hearings, electronic filing of documents and the electronic exchange of information between jurisdictions and other justice agencies client access points, information kiosks, call-centres and web services all enable continued provision of services without the need for such a geographically diverse property portfolio.
- Given these changes, the range of services provided, security requirements and the required overall functionality level is now much lower at smaller courts than major courts with more opportunities to divest court buildings.
- ICT roll-outs including JusticeLink, remote witness systems, video-conferencing technology, Connected –AGD and digital court reporting aim to upgrade ageing systems to meet future functionality requirements.
- The Department provides a range of crime and justice programs to Government as well as legal and community services e.g. Registry of Births, Deaths and Marriages. The office accommodation capacity for these services currently meets requirements and utilisation rates generally meet Government requirements. Some services are business driven e.g. The Public Trustee, and will only operate shopfronts where it is profitable to do so
- The two key drivers for future investment are improving functionality of major court houses and upgrades to ICT – while there may be gradual growth in demand for some facilities (e.g. call centres) no immediate needs have been identified.

The two drivers of future investment are upgrades to court facilities and ICT roll-outs

Court upgrades:

- Upgrades or replacements were found to be required at 33 of the 47 major court complexes in the state which triggered the need for a 10 year Court upgrade program which is due to be completed by June 2015
- The Court Upgrade Program is part of a strategy for securing the long-term future of the State's courts, retaining their ability to deliver quality services and therefore avoiding major investment in new infrastructure beyond the 10 year planning horizon

ICT:

The two major ICT investments are:

- JusticeLink – this is designed to provide:
 - An integrated multi-jurisdictional court administration system supporting: NSW Supreme, District and Local Courts, Coroner's Court, Children's Court and the NSW Sheriff Office
 - Web-based eServices to users of the courts through the Legal E-services project
 - A generic interface for electronic information exchange with Justice sector agencies through the Joined Up Justice project
- Court technology – this involves the continued roll-out of video-conferencing facilities in courts, correctional centres, police stations and other legal facilities with uses and benefits across the four justice sub-sectors.

Cost savings and improved operations can be achieved through consolidation of facilities in justice precincts

- Co-location of court, police and other justice facilities has some agglomeration benefit and also provides potential for development of specialty centres.
- A legal precinct is being delivered in Brisbane with co-location of the Supreme and District Court providing significant operating efficiencies through the use of shared facilities.
- A justice precinct strategy was the basis for investment in a new building in Parramatta and is being partially implemented in Newcastle and Coffs Harbour. For Newcastle, it was originally envisaged that state and federal police and court facilities as well as the University of Newcastle University Law Faculty would be co-located with operational and infrastructure efficiencies. Currently, a NSW court complex is under construction with potential, if Commonwealth funding is secured, for re-location of the Newcastle University Law Faculty. Space is also available for Commonwealth Court facilities to be co-located in future but there are currently no plans to relocate police to the new precinct.
- Shortcomings in cross-portfolio planning and securing agreement with the Commonwealth Government has reduced the scale of benefits that could have been achieved from this initiative and future cross-sector planning needs greater integration.

-
- Coffs Harbour is being developed as a Justice Precinct with NSW Police and Attorney Generals developing new collocated facilities

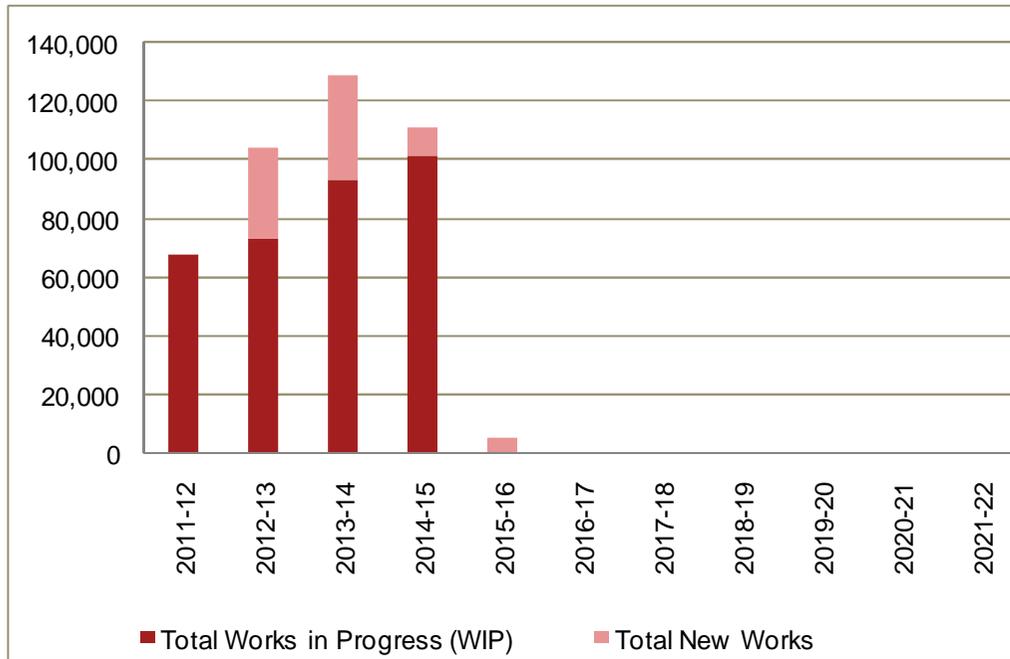
The Attorney General's Division of the Department considers annual maintenance funding of \$11.5M pa or 0.82% of its asset base is insufficient²

- The Department's maintenance strategy includes a mix of preventative, planned and reactive maintenance to courts through contracts, an internal Facility Management team and a Helpdesk response service
- The Attorney General's Division, Juvenile Justice and Corrective Services are also pursuing options for a joint approach to maintenance to determine if there are advantages to combine looking at the services offered through Corrective Services Industries, other maintenance arrangements, or common outsourced agreements
- The average age of the Department's owned properties is over 99 years and has a total replacement value of \$1.4 billion – current maintenance funding of \$11.5 m pa represents 0.82% of the asset value
- An increase in recurrent property maintenance funding will be requested in the 2013-14 budget process based on an analysis of current maintenance costs and the costs of new maintenance contracts that will be let in the current financial year.

² Total Asset Management plan – Department of Attorney General and Justice, p.47.

The Courts upgrade program is due for completion on 30 June 2015 but the Department has advised it will seek a new program of funding for court upgrades to continue addressing priority needs. Average forecast required funding for the next 3 years is \$115 million per annum. Requirements beyond that are uncertain.

10 year Capital Investment Summary - Attorney General \$000s



The current highest priorities for this sector are:

- Financial ERP System - Replacement of the Department’s Financial/ERP system – alignment with NSW supported systems SAP/Oracle
- New Children’s Court - A replacement facility is required to replace the Children’s Court at Bidura

Source: Total Asset Management plan – Department of Attorney General and Justice, p.34

6. Corrective services

A reversal of the trend of an increasing prison population in 2010-11 and the completion of new facilities has allowed the closure of three correctional centres³

- For the first time in thirteen years the NSW average full-time daily inmate population decreased in 2010-11. Over the past thirteen years the average annual increase in inmate population had grown by approximately 330 inmates or 4.2% per year. In 2010/11 the inmate population decreased by 505. This represented an availability of 11,224 inmate beds to support approximately 9,847 inmates compared to 10,400 in June 2010
- This allowed closure of Parramatta, Berrima and Kirckconnell correctional centres (905 beds) in 2011
- It is not yet known if this decline is a short term aberration or a long term trend but it is consistent with targets in NSW 2021 to reduce recidivism including through greater use of non-custodial punishment for less serious offenders
- If the current trend continues and a decline in numbers is sustained, the predicted inmate population is estimated at approximately 9,120 in 2020-21 – it is too early to expect this to be an accurate estimate
- It is generally accepted that the preferred level of prison utilisation falls between 85% and 95% (some spare capacity is needed to cater for the transfer of prisoners, special-purpose accommodation such as protection units, separate facilities for males and females and different security levels and to manage short-term fluctuations in prisoner numbers)
- During 2011-12 a long term projection of the custodial population against capacity capability by inmate demographics will be developed to build a 'Custodial Capacity Utilisation Matrix
- The current capital investment commitment of \$296.4M that commenced in 2005-06 to deliver 1,000 additional correctional beds has provided 600 at Nowra and 250 at Cessnock. This program will not be continued (ie. the final 150 beds) because of the tapering off of demand.
- The community based offender population has remained relatively static since 2006 – at April 2011 the average daily number of community based offenders under Corrective Services supervision was 17,683 compared to 17,676 in 2006
- A greater focus is now creating a more caring correctional environment to drive the reduction in reoffending by 5% by 2016 (to comply with Goal 17 of the NSW 2021 plan).

³Source: Correctives services TAM plan 2012/13

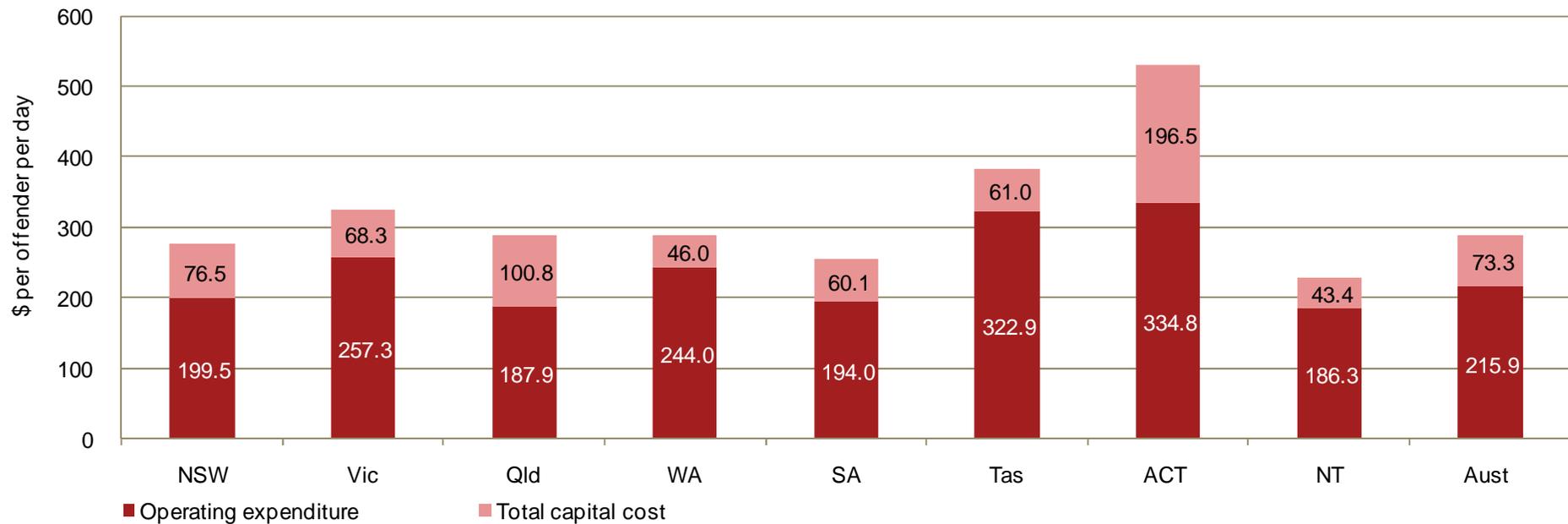
Efficiency measures indicate an increase in the capital cost per inmate and in the cost of supervision of offenders in the community and declining utilisation of facilities. The increased costs are likely to relate to the recent construction of new correctional centres.

Service measure	08-09 Actual	09-10 Actual	10-11 Actual
Rate of prison utilisation %			
Open custody	96.3	102.9	94.6
Secure custody	112.0	113.3	104.1
Total	105.9	109.4	102.6
Periodic detention	78.6	90.4	35.39
Capital cost per inmate per day	\$53.67	\$55.73	\$56.56
Depreciation	\$16.25	\$17.30	\$19.99
Total capital	\$69.92	\$73.00	\$76.55
Capital cost for supervision of offenders in the community			
Capital cost per offender per day	\$2.10	\$2.48	\$2.69

Source: Corrective Services NSW – Total Asset Management Plan

Total costs per offender per day are below the national average in NSW although capital costs are slightly higher.

Costs per offender per day, \$



Source: Productivity Commission (2012) Report on Government Services 2012

- Costs vary widely across NSW prisons. For example, a 2005 NSW Public Accounts Committee report (PAC Report) into the value for money from NSW Correctional Centres calculated that the cost of managing inmates at the privately built and operated Junee was \$91.75 per day compared to the New South Wales public prison average of \$187.80⁴
- The age, lay-out, security level, and size of centres, affects their costs.

⁴ NSW Public Accounts Committee, *Value for Money from NSW Correctional Centres*, Report No 13/53 (No 156), September 2005, p. 1.

Two correctional centres in NSW are operated by private providers – although direct comparisons with other centres have limitations, evidence overwhelmingly suggests there are cost savings in buying services from private operators compared to public ownership and operation

- Australia was the first country outside of the United States to open a privately managed prison in Queensland in 1990.
- Junee correctional centre in NSW was designed, constructed and operated by the private sector under a single contractual arrangement and opened in 1993. Data published by the then department of Corrective Services showed the average cost per prisoner per day by 2002-03 was 46% lower than the average for other minimum security prisons in NSW.
- The Department and the Auditor General acknowledged the costs were not directly comparable (as other prisons were generally older with a less efficient design leading to higher costs) but the growing disparity between costs over time was significant and comparative data was no longer published after 2002-03.⁵ A Legislative Council Inquiry also concluded that despite the difficulty of comparisons between old and new and different sized prisons with different security levels, Junee would cost less to operate by a private contractor than the then Department of Corrective Services.⁶
- The management and operation of Parklea correctional centre was outsourced in 2009. The decision to contract out Parklea was expected to result in substantial savings (when combined with Cessnock which wasn't ultimately leased, the predicted savings were in the order of \$15 million per annum).⁷
- The number of privately operated prisons in NSW is comparable with other major states – there are eight (of 115) privately operated custodial facilities Australia wide although a higher proportion of Victorian inmates are in privately operated prisons (more than 1/3rd)
- There are varying estimates of savings for private prisons relative to public prisons. – from 11 to 30% in the United Kingdom and 5 to 15% in the United States with the overwhelming bulk of evidence suggesting lower rather than higher costs.⁸
- Given limited need for building additional facilities, the focus of private provision of services would be the lease or sale or existing facilities with buy-back of full-service provision with expectations of substantial operating and capital cost savings.
- Not-for-profits are not widely involved in prison management world-wide but are involved in the provision of community-based offender services including case management, housing assistance, employment and training, residential rehabilitation, mentoring and drug counseling.
- A US study of more than 5,000 juveniles released from correctional institutions in Florida found nonprofit management led to recidivism rates 1 to 2% lower than public management and 6 to 8% lower than for-profit management – the not for profits cost significantly less than public prisons but more than private prisons though in the longer term, reduced recidivism rates contributed greater savings. There is no hard evidence that such

⁵ Sturgess, G, L., Smith, B., May, P. Sotiropoulos, A. (2007) *Competitive Edge – The Evidence*, The Serco Institute

⁶ *Inquiry into the privatisation of prisons and prison-related services*, General Purpose Standing Committee No. 3, Legislative Council, Report 21, June 2009

⁷ The expected savings for contracting out the management and operation of Parklea and Cessnock prisons was expected to save \$15 million per annum – source: *Inquiry into the privatisation of prisons and prison-related services*, General Purpose Standing Committee No. 3, Legislative Council, Report 21, June 2009

⁸ Sturgess, G, L., Smith, B., May, P. Sotiropoulos, A. (2007) *Competitive Edge – The Evidence*, The Serco Institute

results could be extrapolated to adult prisons but exploring options with not-for-profits may provide low-risk, low-costs solutions consistent with policy initiatives to reduce recidivism.⁹

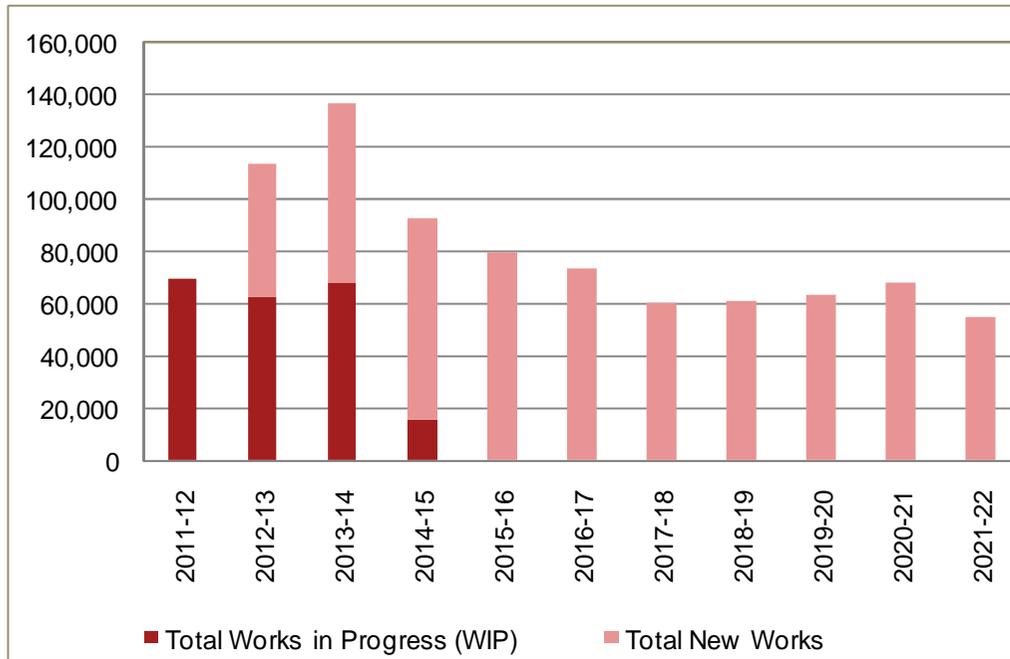
Corrective Services maintenance budget is currently linked to offender bed numbers and where increased service delivery is required independent of offender bed number increases there can be a shortfall in the maintenance budget

- Corrective Services currently manages the delivery of maintenance through a mix of in-house resources, specialist trade based contracts, comprehensive facility maintenance contracts and state-wide essential services maintenance contracts
- Comprehensive maintenance contracts are in place for Correctional Centres located at Silverwater, John Morony (South Windsor), Emu Plains, Wellington and Kempsey with essential services maintenance contracts in place of all other Centres
- Condition assessments are undertaken annually at each facility and submitted through the Regional Asset Managers to the central Enterprise Assets Division with a priority list of works for each Region
- Corrective Services is currently evaluating alternative maintenance strategies (including in-house maintenance delivery models and whole-of-government maintenance contracts) to identify better value for money solutions and establish more effective benchmarking
- An in-house maintenance delivery model has been implemented at the new South Coast Correctional Centre through Corrective Service Industries
- The in-house team are responsible for providing a comprehensive maintenance service including preventative maintenance, a call out service for urgent breakdowns and repairs, annual condition assessments and miscellaneous maintenance projects
- Several factors have led to identification of greater maintenance needs including:
 - Original condition assessments (commenced 1997/98) applied a very basic standard which has been replaced with more detailed performance measures as specified in revised maintenance contracts from 2003 which has increased maintenance costs
 - New projects are included in the maintenance program to meet legislative requirements e.g. increased testing of services to comply with Australian Standards, test and tagging of electrical points and monitoring of pollutant sources
 - The installation of new and improved security systems requires a higher cost of more specialized maintenance
- Currently the maintenance budget is linked to bed numbers and where increased service delivery is required independent of bed increases, there can be a shortfall
- The shortfall is currently met by the reduction of the number of approved projects in arrears and extended periodic maintenance programs
- The estimated costs for projects in arrears for the next financial year arising from the condition assessments for all Correctional Centres and other property assets is estimated at approximately \$20 million
- The proposed maintenance budget for 2012/2013 is \$32.3M.

⁹ Pozen, D, The Private, Nonprofit Prison – A commentary by David Pozen '07

The drivers of future investment are upgrades, replacement and/or reconfiguration of custodial facilities to better facilitate efficient operational priorities as well as continued roll-out of ICT upgrades and facilities support for programs such as the corrective services industries program. These are forecast to average \$80M pa over the next 10 years

10 year Capital Investment Summary - Corrective Services \$000s



Sources:
NSW Treasury data
Corrective Services TAM plan

- New proposed capital funded projects and programmes include:
- Office Accommodation Fitouts (\$26 M)
 - EICT Equipment Replacement (\$39.1M)
 - Electronic Security Equipment replacements (\$34.8M)
 - Corrective Services Industries Programme (\$9.1M)
 - New Women at Risk Unit at Long Bay (\$30M)

7. Juvenile justice

Following unprecedented growth in the remand population, numbers have now stabilised and there is now no urgent need to invest in additional custodial facilities

- The Juvenile Justice Corporate Plan and the NSW 2021 10 year plans' primary emphasis is on community interventions in line with targets to reduce reoffending
- The juvenile remand population in NSW experienced unprecedented growth between 2007 and 2008 (32%) from an average of 181 young people per day to 239
- In the past year Juvenile Justice has not seen a dramatic increase in custodial numbers and the key driver to invest in additional custodial bed numbers is no longer pressing
- Of the four justice sub-sectors considered in this baseline report, Juvenile Justice accounts for the smallest proportion of capital investment.

Summary of gaps in current infrastructure

Community-based supervision	Custodial services	ICT
Most facilities comply with the draft accommodation standards and are located in areas aligned with the department's service delivery	Most facilities have been upgraded with some minor works required to address demand issues.	Current agency case management business process has significantly changed to an evidence based framework
Half the offices in the metropolitan area do not meet the agencies requirements.	Riverina Juvenile Justice Centre still requiring major works to meet Agency standards	Very limited access to emerging mobile technologies

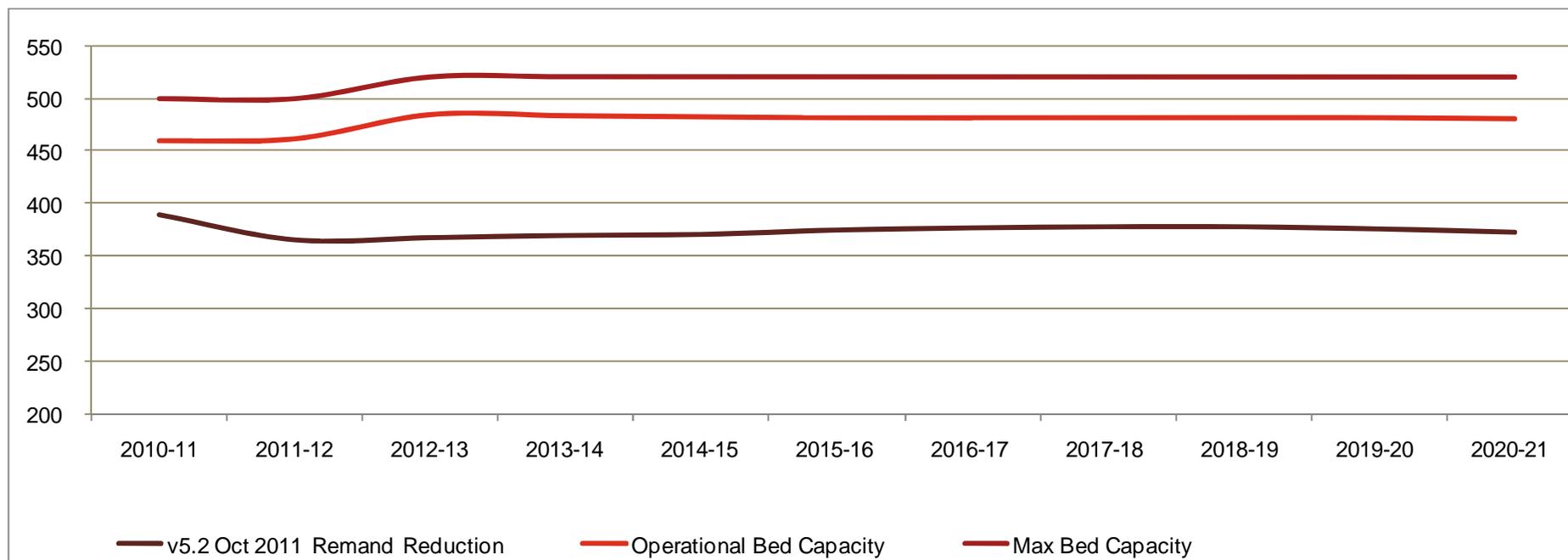
Juvenile Justice’s custodial operations are driven by the incidence of crime, the apprehension of suspected offenders through law enforcement activities of NSW Police, the timeliness of access to the state judiciary and the decisions of the State’s judiciary

- A strategic review of Juvenile Justice policy and practice in NSW was completed by the Noetic Group in January 2010. The Report found that the number of young people in custody is rising, there is significant over representation of Aboriginal young people in custody, and that more effective options may be available to reduce recidivism amongst young people.¹⁰
- Juvenile Justice is implementing the following strategies in response to the Noetic report:
 - Expansion of Juvenile Justice court intake and bail support staff throughout the state
 - Expansion of the Joint Tenancy Assistance Program and of the Intensive Supervision Program
 - Funding for Justice Health mental health nurses in each Juvenile Justice Centre to conduct mental health assessments, mental health education, treatment planning and monitoring for young people in custody
 - Targeted implementation of the Persistent Offenders Program
 - Examination of Multi-dimensional Treatment Foster Care
 - Improvements to the operation of Youth Justice Conferencing (YJC), for the development of policy proposals and targets, including the development of State Plan reporting measures for the NSW Police Force and courts on the rate of referrals to conferencing
 - Examination of the functioning of YJC to ensure appropriate risk assessments and possible linking of prescribed therapeutic interventions
 - Establishment of working group to enhance strategies to increase educational retention of young people at risk of disengaging from education and involvement in the juvenile justice system
 - Establishment of a working group led by the Department of Justice and Attorney General and NSW Health to examine the cost benefit of the Youth Drug and Alcohol Court to determine whether it is the best use of the funds available
 - Expansion of AVL use to increase court and transport efficiency to achieve savings across government, led by Executive Steering Committee on AVL.
 - Development of a comprehensive set of additional State Plan measures, in line with those recommended by the Australian Institute of Criminology.

¹⁰ Total Asset Management Submission: Juvenile Justice, p.18

If the Noetic report strategies are implemented it is unlikely demand for beds in custodial centres will exceed capacity but it also involves investing funding that would otherwise have been needed for new juvenile justice centres (\$348M over the next 6 years) into addressing underlying causes of crime¹¹

Projected average daily number of young people in custody



Source: Total Asset Management Submission: Juvenile Justice

¹¹ Juvenile Justice Total Asset Management Submission 2012/13 – 2021/22, p. 18

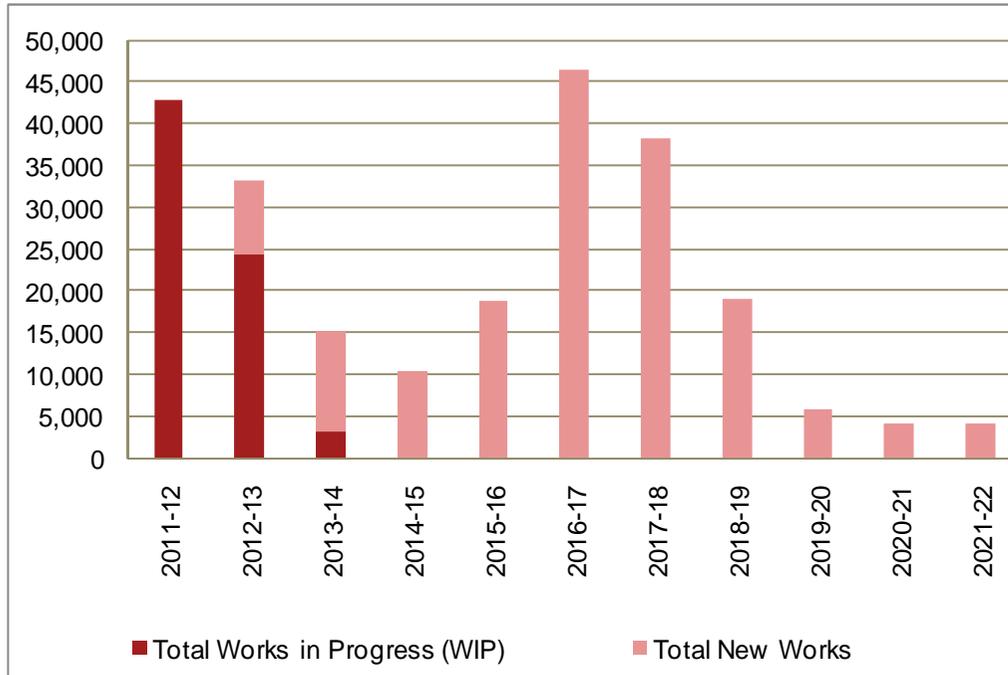
Juvenile Justice estimates maintenance remains underfunded by \$1.3m pa

- Funding for maintenance is currently \$7.059m per annum and comprises:¹²
 1. Cyclic maintenance (\$2.100m)
 2. Engineering contracts (\$2.627m)
 3. Centres (Minor works) (\$0.259m)
 4. Maintenance MOE excl savings (\$2.073m)
- This reflects increased funding including:
 1. \$1.9m per annum for 5 years to address backlog items identified within schedule C to the MoE
 2. an increase to the general maintenance of \$0.5m
- From 2016/17 maintenance funding will revert to \$4.1m pa unless a further Maintenance of Effort proposal is developed.
- The former business case sought a base recurrent of \$5.4m with an additional \$1.9m over 5 years for backlog hence the estimate that maintenance remains underfunded by \$1.3m pa.

¹² Total Asset Management Submission: Juvenile Justice, p. 32

The drivers of future capital investment are improving compliance of each Centre with the Juvenile Justice Facility Standards and to address service delivery provision in the areas of education and access

10 year Capital Investment Summary - Juvenile Justice \$000s



Juvenile justice has 5 prioritised projects starting in 2012-13

- | | | |
|---|---|---|
| 1 | Upgrade infrastructure – 2-year programme, total capital estimate \$5m | Replace the desktop/laptop fleet along with the aged operating environment with one that is more current, and complies with standard environments in most other NSW agencies. |
| 2 | Integrated Case-management Assessment, Support and Education (“iCASE”) – 4-year programme, total capital estimate \$15m | ”Planning funding” over two financial years to undertake all of the research, analysis, design, and some of the build the full solution This proposal is for stage 1 of a larger four-year project, tentatively referred to as “iCASE” (integrated Case-management Assessment, Support and Education). The overall “iCASE” project will be a four year program of works, which will define the road-map for Operational process change and ICT management over that time. |
| 3 | Front line Office Accommodation – one year project, total capital cost \$2.5m | Relocation of two community offices to more optimal geographic locations that can better service its client base

Relocation of two offices to more suitable office accommodation that meet the agencies office accommodation standards and can accommodate increased staffing numbers |
| 4 | Upgrade of Baxter Juvenile Justice Vocational facility – 2-year project, capital estimate \$5.3m | Improve compliance of each Centre with the Juvenile Justice Facility Standards and address service delivery provision in the areas of education and access

Ensure class sizes remain at 6:1 |

Source: Total Asset Management Submission: Juvenile Justice

8. Police Force

- The asset portfolio includes around 1300 properties - around 640 of these properties are police residences
- The asset portfolio is ageing with nearly 50% of Police Stations over 70 years old
- The majority of police housing stock is of an advanced age with increasing demand for ongoing maintenance and capital investment to ensure it is fit for purpose - it has been estimated that to bring the residential portfolio up to a modern standard a long term strategy and capital investment in excess of \$125m is required
- NSW Police reports there is a lack of adequate secure parking for high value fleet assets (police vehicles)
- There is also a lack of dedicated storage for the retention of exhibits and documents required for evidence at court
- The Police Force owns its education facilities – the largest being an 870 bed facility at Goulburn
- Policy changes such as shifting transit officer functions back to police increase total numbers of police – in some cases this results in the need to increase the space at some physical facilities though most police can be accommodated at existing facilities.

8.1. Demand for assets

Demographic change and evolving crime environment are putting additional pressure on the demand for police services

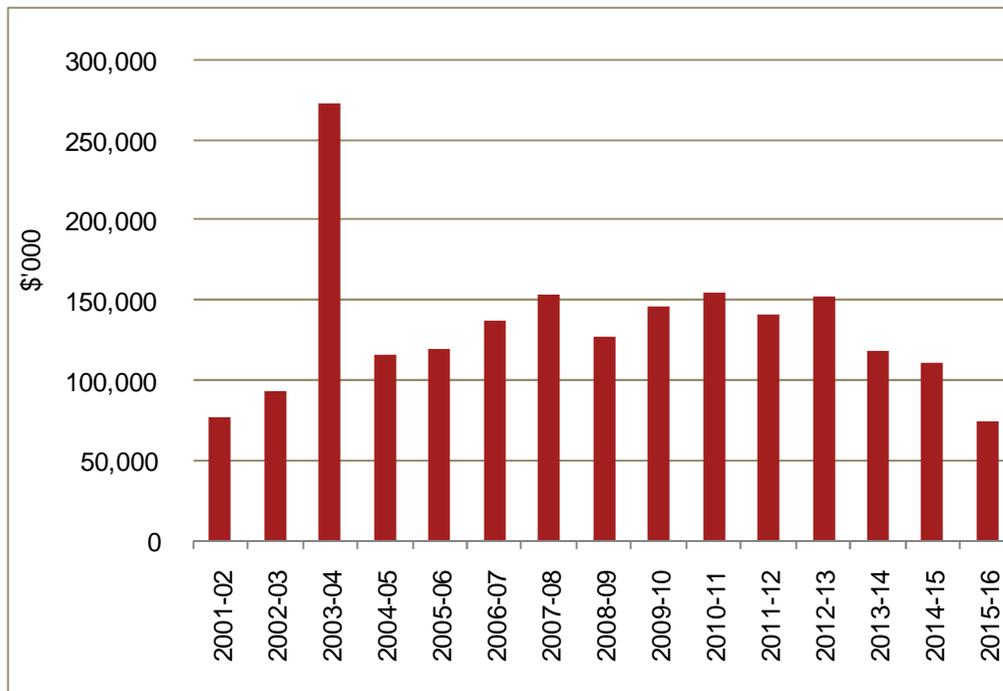
Emerging Service Demands and Issues	Characteristics	Asset Impact
Evolving Crime Environment	<p>Changing profile of crime and criminal activity and behaviours (e.g. technology based crimes such as child pornography, identity theft, computer crimes)</p> <p>Increasing public expectation that police use cutting edge science, technology and forensic services (e.g. DNA), as a matter of course, in crime detection and investigation</p>	<p>Increased capacity to detect and investigate e-crime</p> <p>Increased capacity to transmit, access and store video, audio and images</p> <p>Increased IT solutions and associated infrastructure i.e. server accommodation</p> <p>State of the art technology and capacity to purchase maintain and replace relevant equipment including the provision of relevant training to ensure qualified and skilled support staff and appropriate legislation to support technology in policing</p> <p>Increase in specialist training and accommodation facilities</p>
Terrorism	<p>Geo-political trends and international terrorist incidents Advances in communication have increased the risk and fear of terrorist attacks</p>	<p>Continual upgrading of intelligence gathering, analysis, surveillance and communications equipment; including the provision of relevant training to ensure qualified and skilled support staff and appropriate legislation to support technology</p>

Emerging Service Demands and Issues	Characteristics	Asset Impact
Legislation	Introduction of new/amended legislation in the interests of improved service delivery and social justice	in policing. Specialist Commands in place with appropriate major incident response training and equipment.
Provision of security for international conferences and major events	Security for major international conferences and sporting events.	Specialist equipment and training for close quarter protection, dignitary protection, surveillance, high risk bomb search, public order management, and civil disobedience, etc.
Demographic and social change, police properties	Population growth, associated with the Sydney Metropolitan Strategy will continue to stretch existing NSWPF resources and potentially inhibit efforts to reduce crime. Location and condition of police premises (including police housing), particularly in rural/remote areas.	The location and age of some police stations and other properties is limiting organisational capacity to effectively and efficiently deliver policing services to the community of NSW.

8.2. Trends in investment

- In most years over the last decade, annual capital expenditure has been between \$100 million and \$150 million per annum
- In 2004 a commitment was made to deliver 30 new Police Stations and 7 refurbishments in NSW - the last of these new facilities will be completed in 2016. Expenditure over the next four years is forecast to gradually decline but forecasts beyond that are not available.

Historic and forecast capital expenditure, Police Force



Source: NSW Treasury.

The proposed investments for 2012-13 FY include:

- \$39 m in technology upgrades
- \$34 m in new Police Stations and upgrades with major works to be undertaken for the Moree, Riverstone, Parkes, Tweed Heads, Walgett and Coffs Harbour police stations and the Lake Macquarie Local Area Command
- \$16 m for the Hazardous Materials Management Program
- \$14 m in plant, equipment and fleet upgrades
- \$10m for phases 4 and 5 of the radio communications network
- \$4 million for mobile automatic number plate recognition units

No detail of forecasts beyond the budget estimates has been provided

8.3. Maintenance

Maintenance of the Police property portfolio has decreased by more than 60% since 2005-06 resulting in a mounting backlog of maintenance work

- UGL Services, Police's service provider, manages the maintenance of the Police property portfolio. Since 2005-06FY, recurrent funding available for building maintenance (all categories) has decreased by more than 60% from \$21.7m in 2005-06 to \$8.6m in 2010-11FY. This funding shortfall has forced the Police Force to limit maintenance spending to priority critical works (i.e. P1 and P2 works). Since November 2007, works on the lower priority (classified as new works) P4 and P5 have ceased and this category of work is on hold.
- The effect of the cumulative funding shortfall has resulted in a mounting backlog of maintenance works in the P4 and P5 categories. NSW Police expects the deferral of maintenance work will, in the longer term result in higher costs to repair.
- One of Police's largest maintenance groups are the marine and aviation commands. These assets are used extensively and comprise many working and technical parts and need to comply with strict safety guidelines.

Asset Group	Maintenance strategy
Fleet	<ul style="list-style-type: none">• Maintenance is contracted out to an external provider• Fleet turnover estimated averages:<ul style="list-style-type: none">• 17 months Highway Patrol• 19 months General Duty• 22 months 4WD vehicles• 28 months Pool vehicles
Marine	<ul style="list-style-type: none">• Maintenance handled by Britton Marines
Aviation	<ul style="list-style-type: none">• Maintenance is provided by internal engineers
Uniforms	<ul style="list-style-type: none">• Monitor and review the new contracted delivery model
Forensics and Specialist Equipment	<ul style="list-style-type: none">• Information not provided
Radio	<ul style="list-style-type: none">• Maintenance is provided by internal radio engineers at locations across the State
Armoury	<ul style="list-style-type: none">• Information not provided
Livestock	<ul style="list-style-type: none">• Information not provided

Asset Group	Maintenance strategy
ICT	<ul style="list-style-type: none"> Upgrade as recommended by the vendor
Property	<ul style="list-style-type: none"> Undertaken by external service provider UGL

Source: NSW Police Force TAM plan 2012/13

Asset strategies and actions to address gaps include investment in state-of-the art technology to meet ongoing needs

Asset Group	Short Term Asset Strategies 1 - 2 years	Medium Term Asset Strategies 3 – 5 years	Long Term Asset Strategies 6 years +
Fleet	<ul style="list-style-type: none"> Extend lease terms to save recurrent costs Implement a Fleet Management System Maintain the leasing program of the main operational fleet 	<ul style="list-style-type: none"> Maintain the leasing program of the main operational fleet 	<ul style="list-style-type: none"> Maintain the leasing program of the main operational fleet
Marine	<ul style="list-style-type: none"> Provision for equipment replacement Analyse opportunities to avoid maintenance penalty payments 	<ul style="list-style-type: none"> Maintain the fleet Meet counter terrorism service needs 	<ul style="list-style-type: none"> Maintain the fleet Meet counter terrorism service needs
Aviation	<ul style="list-style-type: none"> Fill night operations and all weather response capability gap through replacement of Polair 4. 	<ul style="list-style-type: none"> Standardise and maintain the fleet. Replace Polair 1,2 and 3. 	<ul style="list-style-type: none"> Maintain the fleet
Uniforms	<ul style="list-style-type: none"> Monitor and review the new contracted delivery model 	<ul style="list-style-type: none"> Provide uniform and safety apparel design and testing services to assist the agency with specific needs. 	<ul style="list-style-type: none"> Develop alternate system for the maintenance of Police uniforms based on a user pays model
Forensics and Specialist Equipment	<ul style="list-style-type: none"> Replace existing specialised and forensics equipment with upgraded equipment. Maintain forensic equipment to NATA standards to meet court requirements. Standardise and rationalise equipment 	<ul style="list-style-type: none"> Maintain forensic equipment to NATA standards to meet court requirements Replace or upgrade forensic and specialised equipment Standardise and rationalise equipment 	<ul style="list-style-type: none"> Maintain forensic equipment to NATA standards to meet court requirements Strategic replacement of major forensic systems and specialist equipment Standardise and rationalise equipment
Radio	<ul style="list-style-type: none"> Replace failing and end of life network infrastructure, equipment and radios. 	<ul style="list-style-type: none"> Improved maintenance of radio sites and towers and increased bandwidth 	<ul style="list-style-type: none"> Obtain better value for money for government by being part of the GRN

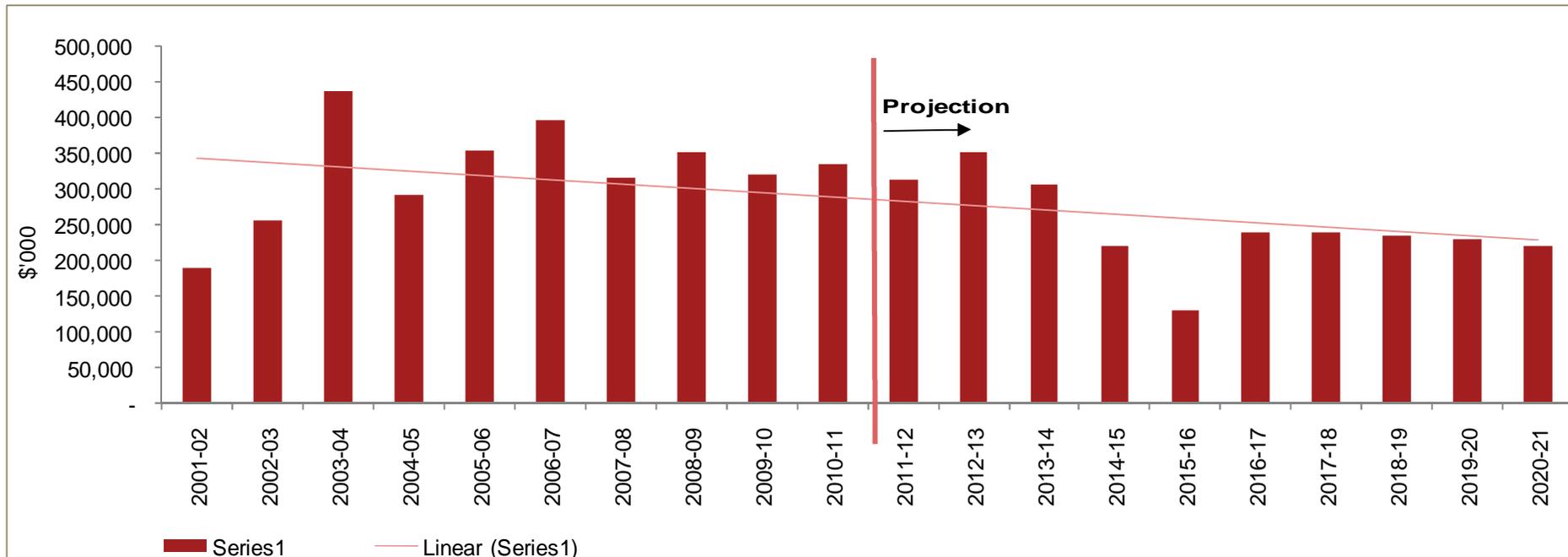
Asset Group	Short Term Asset Strategies 1 - 2 years	Medium Term Asset Strategies 3 – 5 years	Long Term Asset Strategies 6 years +
	<ul style="list-style-type: none"> Audit and establishment of a maintenance program for radio sites and towers. 	<ul style="list-style-type: none"> efficiency Continued operational convergence with the Government Radio network (GRN) 	
Armoury	<ul style="list-style-type: none"> Maintain existing assets and match ongoing service level demands for armoury assets. 	<ul style="list-style-type: none"> Maintain existing assets and match ongoing service level demands for armoury assets. 	<ul style="list-style-type: none"> Maintain existing assets and match ongoing service level demands for armoury assets.
Livestock	<ul style="list-style-type: none"> Ensure facilities are adequate to train and maintain livestock in a humane and cost effective manner. 	<ul style="list-style-type: none"> Ensure facilities are maintained and are adequate to train and maintain livestock in a humane and cost effective manner. 	<ul style="list-style-type: none"> Ensure facilities are maintained and adequate to train and maintain livestock in a humane and cost effective manner.
ICT	<ul style="list-style-type: none"> Identify, monitor and review existing ICT capabilities. 	<ul style="list-style-type: none"> Upgrade ICT infrastructure to meet ongoing needs 	<ul style="list-style-type: none"> Upgrade ICT infrastructure to meet ongoing needs
Property	<ul style="list-style-type: none"> Identify and plan for replacement police stations beyond current program. Implement Hazardous Materials Program Residential Housing Upgrades. Building and OH&S compliance program. Identify and plan for new housing stock Divestment of surplus properties. 	<ul style="list-style-type: none"> Ensure police stations are optimally located Ensure housing stock is maintained adequately Continue to implement Hazardous Materials Program 	<ul style="list-style-type: none"> Ensure police stations are optimally located Ensure housing stock is maintained adequately Continue to implement Hazardous Materials Program

Source: NSW Police Force TAM plan 2012/13

9. Summary of sector wide investment and forecast expenditure across the justice sector

- Consolidated data across the portfolio suggests a declining trend in investment. Over the last ten years expenditure has averaged \$323 million per annum. Over the forward estimates (to 2015-16) this drops 22% to just over \$250 million per annum.
- Reliable forecasts beyond 2015-16 have not been provided. However, qualitative information suggests a flat or declining trend given existing capacity is forecast to meet demand in most cases.
- An amount of between \$220 million to \$240 million (25 to 30% lower than existing levels) would be consistent with current trends.

Capital Expenditure Summary \$'000 2001-02 to 2015-16



Source: NSW Treasury with PwC forecasts from 2016-17

10. Summary of potential strategies for further consideration

Respond to new service delivery models

- Continue roll-out of ICT that enables more flexible, less capital intensive service delivery models and that supports legislative changes (e.g. that allow virtual court room proceedings)

Consolidation and precincts

- Consolidate assets through management as a single portfolio and establishing some justice precincts in metropolitan areas over time to deliver capital and operating efficiencies
- Develop a comprehensive disposal strategy for under-utilised assets in line with recommendations of the Property Utilisation Taskforce.
- Implement a joint approach to maintenance across the portfolio of assets where there are efficiency benefits

Private provision

- Adopt a priority of buy over build, including sale and buy-back with full-service provision of centres where there is a positive net present value.
 - Increase use of leased rather than owned facilities across the sector to increase flexibility to respond to changes in demand
-

