

INTRODUCTORY COMMENTS TO THE STANDING COMMITTEE ON PUBLIC ADMINISTRATION INQUIRY  
INTO THE TRANSPORT OF PERSONS IN CUSTODY

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#1

Thank you for the opportunity to contribute to the Inquiry.

Serco Watch is a citizen-led, independent network of citizens based in WA with supporters and links throughout Australia, UK, US, New Zealand and Canada.

To understand what happens in WA it is instructive to consider Serco's record elsewhere. The problems evident in this contract that led to this inquiry reflect consistent, persistent and recurring patterns of corporate behaviour.

Our submission describes Serco's record of misconduct and poor performance across countries and contracts, including the failed UK Prisoner Transport contract which the UK Government took off Serco after damning findings from criminal and statutory investigations.

Let's remember that Serco was debarred from tendering for UK Government contracts for some time.

We urge the Committee to study Serco's UK Prisoner Transport contract as described in our submission.

The responsible Conservative Government Minister said about Serco:

*"It has become very clear that there has been a culture within parts of Serco that have been totally unacceptable and actions which need to be investigated by the Police"*

Frances Crook, the CEO of the UK's oldest criminal justice charity, the Howard League for Penal Reform wrote about Serco's behaviour:

*"The evidence points to practices aimed at maximising profits by cutting corners, paying low wages, stinting on training, employing too few staff, not sharing good practice with public agencies, buying cheap equipment.*

*The result has been years of poor delivery and incompetence. But more than this, I would argue that providing a poor service on the cheap because the company wants to increase its profits at the expense of the taxpayer and service user amounts to form of criminality, whether it hits the courts required threshold."*

Detailed study of Serco's record shows that it is unable to sustain reliability and quality of service and meet performance standards, whilst extracting profit from contracts.

Due to multiple contract failures and scandals, Serco has suffered serious reputational and financial damage. It has lost or withdrawn from contracts because the requirement to deliver sustainable

service quality and meet performance targets has proved incompatible with Serco's drive for increased profits.

The Australian Business journalist Michael West has written recently that Serco is technically insolvent in Australia and has a negative balance sheet. The company is burdened with considerable debt and has had to shore up its financial position through a fire-sale of assets and a rights issue.

Our submission documents a cycle of underperformance and failures of public accountability in the WA Prisoner transport contract which has triggered contract termination clauses multiple times, including multiple escapes, rising abatements, contractual breaches, allegations about understaffing and overcharging, late deliveries, problems with hospital sits, allegations of mistreatment of prisoners.

We urge the Committee to investigate Serco's influence and power. Serco has become 'too big to fail' and too close to the Department and State Government. Serco has a virtual monopoly in the criminal justice area.

It is the Department and the Government's 'privateer of choice'.

We raise concern about multimillion dollar contracts awarded to Serco without competitive process.

There is also 'the revolving door' that sees former Departmental staff working for or advising Serco.

The submission documents how Serco exercises considerable political influence in WA.

The conditions for termination of this contract have been met multiple times. We urge the Committee to recommend the cessation of Serco's contract immediately, or if not immediately at the expiry of the contract in 2016.

The lessons of contractor failures in this contract, including the death of Mr Ward, have been forgotten. Claims of 'commercial confidentiality' and 'operational security', minimisation or dismissal of citizen concerns and Ministerial and Department obfuscation are used to restrict Parliamentary and public transparency and accountability.

We are opposed to corporate delivery, however if the contract continues, then public accountability, transparency and scrutiny and monitoring must improve drastically. We make a range of recommendations about how that could happen.

Thank you.