

STANDING COMMITTEE ON PUBLIC ADMINISTRATION

**INQUIRY INTO THE TRANSPORT OF PERSONS IN CUSTODY
IN WESTERN AUSTRALIA**

**TRANSCRIPT OF EVIDENCE
TAKEN AT PERTH
WEDNESDAY, 17 JUNE 2015**

SESSION THREE

Members

Hon Liz Behjat (Chairman)
Hon Darren West (Deputy Chairman)
Hon Nigel Hallett
Hon Jacqui Boydell
Hon Amber-Jade Sanderson

Hearing commenced at 10.46 am**Mr PAUL MAHONEY****Managing Director, Justice, Community and Health, Serco Australia Pty Ltd, sworn and examined:****Mr ANDREW BECK****Deputy Managing Director and Director of Operations, Justice and Health, Serco Australia Pty Ltd, sworn and examined:****Mr ABOO KAJEE****Contract Director, Serco Australia Pty Ltd, sworn and examined:**

The CHAIRMAN: Thank you for coming to our committee this morning. Some of you I know have been here for the hearings earlier, but my name is Liz Behjat, and I am the Chair of the committee; I represent the North Metropolitan Region. My colleague Hon Amber-Jade Sanderson represents the East Metropolitan Region. The Deputy Chair of the committee, Hon Darren West, represents the Agricultural Region. Dr Julia Lawrinson is our advisory officer. Hon Nigel Hallett represents the South West Region, and Hon Jacqui Boydell represents Mining and Pastoral Region. Tracey is our committee clerk.

Firstly, we need to do some formalities to swear you all in. You are going to give evidence, so we will ask each of you in turn to take either an oath or affirmation.

[Witnesses took the affirmation.]

The CHAIRMAN: You will have all signed a document entitled “Information for Witnesses”. Have you read and understood that document?

The Witnesses: Yes.

The CHAIRMAN: The proceedings are being recorded by Hansard and a transcript of your evidence will be provided to you. To assist the committee and Hansard, please quote the full title of any document you refer to during the course of this hearing for the record, and please be aware of the microphones and try to speak into them and ensure that you do not cover them with papers or make too much noise near them. I remind you that your transcript will become a matter for the public record. If for some reason you wish to make a confidential statement during today’s proceedings, you should request that the evidence be taken in closed session. If the committee grant your request, any public and media in attendance will be excluded from the hearing. Please note that until such time as the transcript of your public evidence is finalised, it should not be made public. I advise you that publication or disclosure of the uncorrected transcript of evidence may constitute a contempt of parliament and may mean that the material published or disclosed is not subject to parliamentary privilege. Would you like to make an opening statement to the committee? You have just tabled an opening statement for us. If you would like to speak to that, Mr Mahoney, we would like you to do that.

[10.50 am]

Mr Mahoney: Thank you and good morning, Madam Chair and committee members. We are grateful for the opportunity to participate in this inquiry.

Serco Australia has held the contract to provide court security and custodial services, including the transportation of prisoners in Western Australia, for almost four years. It is an incredibly expensive

contract, covering the entire state, and we recognise the privilege and responsibility we have in this vital role. Since contract inception, we have undertaken almost 125 000 transports that equate to more than 4.6 million kilometres of travel. In addition, we have provided thousands of hours of hospital sits. We are measured against a set of key performance indicators and have achieved greater than 99 per cent success against these. To undertake this work, we employ 400 people and maintain 23 individual sites from Kununurra in the north to Albany in the south and Kalgoorlie in the east. These statistics give a view of the tasks we undertake on a daily basis. This is only done with the commitment of our staff, who do their jobs with skill and dedication, often in very trying circumstances. Importantly, we treat the people in our care with dignity and respect in a secure environment. These duties are outlined in the contract but are embedded in the values of our organisation and our people.

There have been a number of high-profile incidents that have been widely reported. We do not shy away from these. Where we have made mistakes, we have sought to find the source of any problem and rectify it. Between January and May last year we had four escapes. We have challenged ourselves and worked hard with the department to improve performance and ensure the security we need to provide. As I said before, this is in the context of some 30 000 transports a year, and for the past 12 months there have been no escapes and a level of performance against the KPIs that we are very proud of.

I want to briefly touch on accountability and performance measures. Claims are often made that the contract is conducted with some level of secrecy. This is not the case, and in fact we are under continuous scrutiny and are subject to significant accountability measures. In addition to the competitive tender process, government service contracts deliver a level of accountability that few other organisations face. The accountability measures contained in our contract include key performance indicators, financial and reputational sanctions for failure to meet service levels, independent inspectors and auditors, and departmental monitors. Of course, the ultimate accountability for a private sector provider is that they will be replaced if their performance is found to be unsatisfactory. Our contract, the significant key performance indicators, abatements and our pricing schedules are available and we are subject to requests under freedom of information. We report regularly to the department and our other stakeholders, and each year our performance is reported to the Parliament. These accountability measures help to ensure the highest standard of service; they drive innovation; they direct the provider's focus to the government's priorities; and they help to ensure value for money for taxpayers. Serco believes that clear and strong accountability is a critical element in successful service delivery, whether it is public or private.

Thank you, and I look forward to questions.

The CHAIRMAN: Mr Mahoney, obviously the landscape changed somewhat yesterday with the minister's statement that he made to the house, but I do not think it would really impact on the sorts of questions that we are going to go through today, and I am assuming that when the contract goes out to tender again—without committing you—I am sure that Serco will be re-tendering for that contract. Firstly, as a West Australian, I cannot let it go by that it is pronounced “Albany” not “Allbany”. We do things differently here in Western Australia.

Mr Mahoney: Sorry about that.

The CHAIRMAN: One of the things that we would like to be able to have some information about to help us understand things a bit better is the actual corporate structure of Serco Asia Pacific. We understand that it is a proprietary company limited by shares in Australia, but how does Serco Asia Pacific fit into the whole Serco Group? Is it a wholly-owned subsidiary and what sort of framework of governance is in place, if that is the case, if you could just walk through that structure?

Mr Mahoney: Serco Australia Pty Ltd is the contracting entity for this contract. It is a statutory entity. It has a board of directors. The board of directors meet on a regular basis. That is the

statutory company structure. In terms of the way we manage our business, we manage it by divisions. So the division you referred to as Serco Asia Pacific, that is where this particular contract sits. Within Serco Asia Pacific, we have a justice and health business unit. That is what I manage, and my colleagues work with me on that. The Serco justice and health business reports into Serco Asia Pacific. Serco Asia Pacific then reports into Serco Group, which is based in London, which is our publicly listed entity. So I have a CEO for the Serco Asia Pacific region. His name is Mark Irwin. He reports in to the CEO in London.

The CHAIRMAN: Serco Asia Pacific is not a disclosing entity; is that right?

Mr Mahoney: You are referring to our statutory accounts?

The CHAIRMAN: Yes, whether or not there is a requirement for them to comply with part 2M.3 of the Corporations Act 2001 in relation to disclosures?

Mr Mahoney: I am not exactly sure of the nature of your question there but, as I understand, our statutory accounts are reported on an annual basis. They are lodged on approximately 31 May each year with ASIC. They are not a reporting entity under the legislation, and our auditors have confirmed that. We have been doing that for a number of years, and that is consistent with what we understand with similar companies of our size that do similar work to us.

The CHAIRMAN: You can appreciate that there is little publicly available information with regard to financial performance. I notice in your opening statement you say that “abatements and even our pricing schedules are available and we are subject to requests under freedom of information”, but with specific abatements, I do not think that information has ever been made available publicly.

Mr Mahoney: I will just confer with my colleagues in terms of specifics. That would be made available through the department, would it not?

The CHAIRMAN: Again, the department does not make them available publicly.

Hon AMBER-JADE SANDERSON: I have a question on the structure. Can you describe the subcontracting arrangements of the CS&CS contract that Serco entered into?

Mr Mahoney: Could you just clarify that? Do you mean companies underneath who provide services for us in the contract?

Hon AMBER-JADE SANDERSON: For the CS&CS contract specifically.

Mr Kajee: In terms of the actual services, which is about managing persons in custody, we do not subcontract any of those obligations. What we do have is a number of suppliers that we acquire goods and services from, and the main ones are in relation to transport. There is an inter-prison transfer to Kalgoorlie and there is an inter-prison transfer to Albany on a once-a-week basis, and because of the mode of transport that we are contractually required to undertake these journeys in, we use a coach. We hire a coach through an approved company, which the department has approved. With charter flights, again there is a number of companies across the state that we have agreements with for the provision of charter aircraft, and again, those companies are approved by the department as well. But we do not subcontract the delivery of the services; they are providing a vehicle.

Hon AMBER-JADE SANDERSON: And the CCTV and the van maintenance?

Mr Kajee: The CCTV are in our vehicles. They are in a locked cabinet. We do not have access to the equipment. The contract for accessing the data and replacing the disc is direct between the department and their subcontractor.

Hon AMBER-JADE SANDERSON: And the van maintenance?

Mr Kajee: The van ownership, the van insurance and the van maintenance and upkeep is our responsibility. They are our vehicles.

Hon AMBER-JADE SANDERSON: They are Serco vehicles?

Mr Kajee: Correct. We purchased the vehicles from the department at the start of the contract.

The CHAIRMAN: So the department determines what the vehicles will be and then you pay for them?

Mr Kajee: It was a fleet that had already been designed and built by the department, coming to the end of the previous contract. When we started the contract, the fleet were anything from six months to maybe 18 months old.

[11.00 am]

The CHAIRMAN: When you have to renew any vehicles in the fleet, do you do that yourself or does DCS do that, source them and then you just pay for them or have there been no changes in the fleet since the beginning of the contract?

Mr Kajee: The contract is clear with regard to how long a vehicle can remain on the road. A vehicle that comprises of a chassis-cab configuration with a body installed on it, the chassis cab has a life of five years from first being placed on the road and the body has a 10-year life. If it is a van configuration, then it is a five-year life, and Serco is responsible at the five-year point to replace the chassis and replace the vans. That is part of the department's minimum standards for secure vehicles.

The CHAIRMAN: Just on the vehicles—just as a matter of interest I suppose—our committee recently visited a number of prisons in the metropolitan area as part of other matters that we are doing. In one prison in particular we noticed that one of the vehicles used to bring prisoners to the prison cannot actually get into the sally port of the prison because the roof is too low. There is lots of evidence where people have tried to get in and there have been gouges out of the ceiling, even though it is within the confines of the protective fence and obviously it is not out on the street or anything. Was it the responsibility of DCS to source that particular vehicle and not buy something that was not going to fit into the sally port? Has that been raised with them as an issue for Serco?

Mr Kajee: The fleet was the fleet that we acquired. They did not fit in the sally port before and they do not fit in the sally port now. The way we operate our service is for every location that we attend—whether it is a prison, whether it is a court—we have a list noting exactly what vehicles will fit in the sally port and which ones will not. Logistically sometimes it is not always possible, but we try to arrange for a vehicle that can fit to actually be the vehicle that we task to that particular location, particularly courts. But sometimes it is not always possible, in which case we then have procedures for loading and offloading that come into effect.

The CHAIRMAN: Are you comfortable with those procedures? I have to say that on the day we were there was a vehicle there and they were taking some prisoners back to the regions—one to Bunbury, I think, and one to somewhere, maybe Karnet—I think is where they were going to. The vehicle was not inside the sally port. We were all standing outside with the vehicle. Are you comfortable with those procedures and that safety can still be maintained?

Mr Kajee: Yes, provided staff are following those procedures. If you are in a secure environment, we would tend not to restrain the person in custody, but if you are loading or unloading in an unsecure environment, then we will restrain the person in custody in terms of their safety, our staff's safety and the community's safety.

The CHAIRMAN: Has Serco undertaken its own review of the CS&CS contract? Your annual report 2014 states that reviews have been undertaken of high and medium-risk contracts. We are unclear as to whether those reviews are done in the UK or across the group.

Mr Mahoney: As a corporation we undertake regular reviews. They are generally called internal audit reviews, so we have an internal audit department, which sits at our global organisation, and they take an assessment of risk on our contracts in the region and they will periodically review all of

our contracts. Now CS&CS has had a review in the four years that we have had the contract, but so have pretty much all of our contracts.

The CHAIRMAN: It has had?

Mr Mahoney: Yes, it has had a review.

The CHAIRMAN: So that would be somewhere in the high and medium-risk category, because you would not be doing reviews of low-risk contracts is my understanding?

Mr Mahoney: Yes. This is a large contract and a significant responsibility in terms of what we have got to deliver for the state, so pretty much most of the things we do in custodial do sit in that high-risk range and, therefore, we would definitely conduct regular reviews.

Hon AMBER-JADE SANDERSON: And when you are assessing against risk, is this financial risk?

Mr Mahoney: No, it is operational risk; it is risk of non-delivery of the contract; it is risk of penalties; and, yes, risk of financial—that is important as well. So it is a broad range of running a business of risk. We use sometimes a mix of internal people who do the audits and then sometimes we use external organisations, such as KPMG, to have independence.

The CHAIRMAN: You might want to take this question on notice, and I do not know whether you will want to provide it or not, but could you provide to the committee a copy of the latest assessment or the latest review that you have done in particular to the CS&CS contract?

Mr Mahoney: We will take that on notice and we will confer with our colleagues.

The CHAIRMAN: If you could, it would just be helpful for us to see the scope of that assessment and what is contained in it. Hansard, that would be B1. We will write to you with the questions that we do put on notice and ask you what those are. Serco conduct employment engagement surveys. I think these are something that you do regularly across the board. Have you actually run any surveys with officers engaged in prisoner transport in Western Australia?

Mr Mahoney: Yes, the staff survey we do annually. It is an organisation-wide survey. It is not just the CS&CS contract; it is every contract that Serco runs. The purpose of that is to assess the level of engagement of our employee group—that is managers; that is start off and all levels within the organisation—and we assess their level of engagement in terms of working in the organisation.

The CHAIRMAN: So my next question will be: could the committee have a copy of the latest survey results that Serco have available to provide to us? Again, you can take the question on notice. It is not the entire document but just for prisoner transport.

Mr Mahoney: We have one for the contract. I do not particularly have a problem with that. Quite frankly, the results are quite positive and we have achieved significant improvement over the last number of years, so I am quite positive to say that—actually quite significant improvement from when we first took over the contract. You can imagine when you do a transition, at the beginning that is quite a difficult situation for the staff involved, to move from one provider to another. So our challenge was to bring the staff on a journey where they understood what we were trying to achieve and, therefore, bought into that and engaged, and their levels of satisfaction from their job improved. Now we can actually say that significant improvements have been made, so we should not have a problem with disclosing that.

The CHAIRMAN: Hansard, that would be B2, providing that question. Also, just to make you aware, it is generally this committee's practice that any documents that we do ask for in these hearings and circumstances are made public, and if they are to be treated in any other way, that has got to be done by a request from the person handing the document to us, and then it is something that the committee themselves consider. So you need to be aware that with anything we get, we always like to work in an air of transparency and accountability for the committee.

How does Serco arrive at any appropriate staffing model for prisoner transports? The 2013 Inspector of Custodial Services review into court custody centres identified that half of the Serco and youth custodial officers surveyed believed that staffing levels were actually poor. Although that is a different part of the contract, if you can comment on how you arrive at the staffing level and then how that review is conducted?

Mr Mahoney: Firstly, our staffing levels are generally determined at the bid stage, so subject to competitive tender is the starting point obviously. All of the contracts that we have in WA we have won through competitive tender, and so the customer generally determines the remit of our services and then we have to tender back to those services.

Hon AMBER-JADE SANDERSON: Do you outline staffing numbers in the tender or just cost?

Mr Mahoney: It depends on what the department requires, so in some cases the department will be quite prescriptive and obviously require us to actually list our staffing numbers; in other cases not.

Mr Beck: Aboo was involved—we were both involved in the actual bid process—so Aboo might want to talk in some detail about the process by which we determined staffing through that bid.

[11.10 am]

Mr Kajee: The tender is quite clear in terms of the services required to be provided. If we talk about courts, some courts have a custody centre that they require the contractor to resource and some courts do not have a custody centre because a custody is managed by the police in the lock-up because it is not a prescribed lock-up. There is a general requirement in terms of the number of staff that you will need in a custody centre to manage the persons that are either waiting to go to court or having come down from court. In the courtroom itself, there is a requirement to provide an orderly and there is a requirement to provide a dock staff or more, based on risk assessment or based on the number of defendants appearing at the same time or when you have defendants appearing from custody in court. We are also required to provide roving security services in the court building and also the perimeter. So based on those requirements, we developed a model and provided that to the department in terms of the staffing for each of those locations. Movement services—again, we are provided with a number of movements as undertaken, where they have come from and where they have gone to, not point to point but just in high-level numbers; then the times that prisons will be open, the times that they are required to go—in the case of court appearance, 30 minutes before warrant. That is provided to us. So those are clear parameters. We engaged a logistical consultant, who, using the scheduling tool, based on information provided, based on the assumptions and based on the criteria in terms of service delivery, then created schedules, and from those schedules that then determines the number of staff that you need in terms of the number of vehicles one would need to put out in the morning to get people to court on time, and what those vehicles can then do during the course of the day in terms of medical appointments, lock-up clearances and all the other movement services that we do. The number of vehicles then drives the number of officers and so on. That is, I guess, a very high level of the process that we would have gone through to bid. That would have been provided to the department. During the negotiation/presentation stages, there were detailed discussions about the number of vehicles, the number of staff with the department before they made their decision in terms of who to award the contract to.

Hon AMBER-JADE SANDERSON: Outside of the bid process, we have seen some evidence from prison officers as well as police officers that there are regular staffing issues with Serco providing services that are contracted. Can you comment on that, in particular, say, for regional areas where they are contracted to do transport from a particular lock-up and they regularly do not because of staffing issues?

Mr Beck: I think you need to look at what the contract specifies in terms of the service that we are required to deliver, and also in terms of the service that we are required to deliver the expectation is that we will deliver 100 per cent of that service delivery, and if we fail to deliver 100 per cent, there

is an abatement regime that applies following that. Our service delivery across all of the KPIs of the contract is over 99 per cent. In terms of the regional areas and in terms of some of the surveys that have been conducted and some of the feedback that I have certainly read from the submissions, some of what the people report on is actually what they want from the contract or what they expect from the contract, and that is not actually what the contract provides for. So some of the expectations far exceed what the contract is actually set up to provide. Whilst people would like that service, the contract does not provide that service. I think that sometimes there is a gap between contract and expectation, which often creates some frustration for people, particularly in the regions.

The CHAIRMAN: Can you give an example of that?

Mr Kajee: I think one of the submissions was in relation to Pilbara–South Hedland and I think legal aid doing legal visits with their clients and being told that Serco do not have the staff. If we look at South Hedland, the custody facility is not provided and not contracted to Serco; it is a police lock-up. Whoever is responsible for the custody function is also responsible for legal visits. Now, we have a group of staff who work in South Hedland. Predominantly, their role is to provide the court orderly or take any persons in custody, when they are ready to be presented in court, into the dock, and we provide the front-of-house security in terms of the roving. We have also got another group of staff there. These staff are interchangeable, because we need that flexibility in a small town. They are also responsible for doing medical appointments for people at the local prison in Karratha. They are also responsible for a lock-up clearance from one of the hubs in the Pilbara. They are also responsible for collecting from Karratha prison and taking them to one of the remote courts that we are not contracted to service other than delivering prisoners from a prison to court for their hearing. So, on days when we may not have those numbers of movements to do a lock-up or a court appearance to one of the remote sites or a medical appointment, we may have those staff available, and what we have done is said to the police, “We are happy to assist you in doing some of these legal visits.” Unfortunately, when we get those other jobs and other tasks, we have got to respond to those because they are our contractual obligation. When we do that, then our response is, “We do not have the staff to be able to assist you.” If the police are not quick enough in doing what they need to be doing, that can then causes the delay, which I think is the way it has been reported.

Hon AMBER-JADE SANDERSON: It is an important point about the contract, service demand and their expectations. I think we are seeing that in this. You have acknowledged there had been some areas where there has been some abatements, but one area in which there was—certainly last year—was late court appearances. There were 456 late court appearances in 2013–14. Not all of those are related to Serco—some of them are traffic and circumstances outside of your control—but a number of them were, because there was a \$98 000 abatement attached to those. Can you comment on those late court appearances and what Serco has done to improve that?

Mr Beck: We certainly can. In regard to late court appearances, I think there needs to be an acknowledgement that we are only one part of the task of getting somebody from a prison or from a police station into a court. There are many factors which can actually affect the delivery to court. When you look at the KPI performance in relation to late deliveries to court, we are achieving over 99 per cent in terms of on-time delivery. I will just quote from a DCS contract management report to the CS&CS board, and this is from the second quarter, 2014–15 report, which is prepared by the department. What they say is that the most frequent reason for delay of getting somebody to court was the person in custody not being ready. For October and November 2014 the most commonly occurring reason was the vehicle arriving and waiting outside the sally port. This was followed by prison-related issues, which include pick-ups not being ready at reception, vehicle not let in before scheduled time, other vehicles in the sally port, late add-on to transfer and discharge sheet.

What we do in terms of trying to improve performance, because we recognise that whilst we are only a small cog in that wheel, we actually have a responsibility to work with the Department of Corrective Services, the police and the courts to ensure that prisoners do get to court on time. We are required to deliver prisoners to court no more than 30 minutes prior to the warrant time. So we actually engaged with the department, with the police, on a project to actually identify areas where improvements could be made, such as the processing in the prison. How can we actually get people processed through the prison quicker to make sure that they are ready on time and make sure that our vehicles get into the prisons, because we may have three or four vehicles that have got to leave the prison. They only process one at a time. How can we actually smooth that process?

[11.20 am]

Similarly, we worked with the police in Northbridge to actually smooth their process and then worked with G4S at the CLC court to ensure that we actually make improvements in that area. In that same quarterly report, the department state that compared to the previous quarter, the percentage of prison-related issues which contributed to the late delivery to court decreased across all three months. That was as a consequence of the project that was put in place with the department and with the police and courts to actually drive improvements.

Hon AMBER-JADE SANDERSON: Is that a report from the department?

Mr Beck: That is a departmental report which is presented to the CS&CS board, which sits quarterly.

The CHAIRMAN: One of the things that has been raised in a number of submissions and evidence given to the inquiry—again we refer to regional and remote Western Australia in court appearances—it might be DCS, but Serco delivers the person in custody to the court and then there is the handover process and there is double handling in relation to search processes that have to go on, and they are handed into the custody of the police. Your contract stops once you have delivered that person—that is when the contract stops—until such time as you then go back to pick that person up after their appearance if they are to return or if they are not being released and they are to return to custody or to prison. Would it seem, in your opinion, a much easier way and more efficient way going into the future to handle things to have Serco engage more in taking the prisoner to where they are and keeping them in their custody whilst they are making their appearances, basically almost extending that court orderly role, if you like, which would then stop this necessity for double handling in regard to searching and also free up the police to be able to do the police front-lining duties?

Mr Beck: I think what you described is absolutely right in terms of what the contract specifies in that instance. I think a good example would be Esperance court, which is run by the police, where we are required to take prisoners. Generally we go from Kalgoorlie and they will go down to Esperance for an appearance. We hand over to the police because they run the court, and then our staff have to wait till that person has appeared in court and then they may take them back.

The CHAIRMAN: During that waiting time your staff are just waiting.

Mr Beck: Our staff do wait; they do not have jurisdiction to actually operate in the court. However, we recognise that for our staff, they do not enjoy sitting around doing nothing and they actually do want to engage. We have actually worked with the police and drawn up some protocols which actually say that where possible we can and we will assist the police in the running of the court. However, the responsibility for the person in custody remains with the police because that is what the contract specifies.

The CHAIRMAN: That is an ad hoc arrangement?

Mr Beck: That is an ad hoc arrangement; it is not incorporated into the contract. In terms of what is the best arrangement for going forward, I think my view would be that is something the police and the department need to determine—what would be the most efficient and effective way of actually

delivering those services? Our job is to respond to a tender or respond to a request for a service, and we will do that in the most efficient way that we possibly can. I think that matter really is for the department to decide—which is the most efficient way.

The CHAIRMAN: Would you be able to provide the committee with a list of subcontractors who perform services as part of the CS&CS contract and also clarify for us whether the Ashley Group is one of your subcontractors? You will take that on notice. That will be B3, Hansard, which will be a request for a list of those subcontractors.

Mr Mahoney: We can answer the Ashley one now.

Mr Kajee: I will differentiate between what a subcontractor is and what a supplier is. We do not subcontract the management of persons in custody to anyone. Ashley provides the vehicle maintenance and recovery service for us. We contract with them to maintain our vehicles, to make sure that they are licensed when they should be, to make sure that they go on the pits when they should do, to make sure that they are routinely serviced, to make sure the air conditioning is serviced accordingly; so all the work that needs to be done. If there is a vehicle breakdown, Ashley will have the contacts to come and assist and recover the vehicle.

Hon DARREN WEST: So that is the vehicle and the pod on the back? Is that the complete vehicle?

Mr Kajee: The complete vehicle. That is the vehicle.

Hon AMBER-JADE SANDERSON: Except the CCTV.

Mr Kajee: The CCTV system is outside of the cabinet, so you have got the recording system, which is a separate agreement between the department and Ashley. The rest of the vehicle, the cameras, which is part of the CCTV system, the monitoring screens in the cab for the drivers to keep constant observation are part of our obligations in terms of maintenance.

Hon DARREN WEST: Just briefly it bears asking, given that we have heard from other witnesses and we have had some acknowledgement about inefficiencies in the system—not through the fault of Serco but for various reasons, in terms of transfers of prisoners and handovers three and four times back and forward—there has been evidence of confusion as to nobody knowing actually who is responsible, when and where and there have been a few other issues that we have canvassed today. Can you tell us how it is that Serco is able to provide a cheaper and more efficient service than the public sector?

Mr Mahoney: I think we can start with the competitive tender process. That is where it begins. Obviously, what the department is able to do is very, very clearly specify the work that they would like organisations like us and our competitors to bid for. We are then able to bid for that in a quite targeted fashion, and we will not just rely on staffing, we will introduce technology. In most of these contracts, you have specific performance measures, sometimes quite extensive, sometimes very input-based, sometimes output-based. That allows us to produce quite a targeted solution to what the customer is looking for. Based on that targeted solution, we are able to refine the services that we deliver and then actually build from ground up the staffing solutions, any outsource contractors, subcontractors or suppliers we want to use, and we are able to market-test those as well into our price. I think that mix together of doing it in that competitive-tender environment where best price, best service in accordance with the outcomes that the customer is looking for and overall best value for money allows us to drive down price. So I think the tender environment, the competitive nature, the ability for us to build a solution from ground up at the start of that are all the things that generally allow us to achieve what I think is generally recognised as an efficient price by the private sector. I think the other point to say is that in most circumstances there is always a public sector comparator that is developed at the start of that process, and so therefore that is set and then our price can be compared to that. The three of us have been doing this for many years now. As a rule of thumb, it generally comes out at about 20 per cent. It will not always be that, but as

a rule of thumb, that is what we experience or we have knowledge of. Hopefully, that gives you some view of the answer.

The CHAIRMAN: Gentlemen, that is the end of our questions for today. Thank you very much. We will write to you with those three things that we have asked for on notice. We do appreciate you taking the time to come to us today.

Mr Mahoney: It is a pleasure. Thank you.

Hearing concluded at 11.28 am
