

Media Release
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PPP Prison Provides Opening For Innovation

PPP Prison Provides Opening For Innovation Through Competition

"The Government's decision to seek competitive bids from the private sector to provide prison services at Wiri in South Auckland as a Public Private Partnership provides an opportunity to promote innovation into the prison service", says the Chief Executive of the New Zealand Council for Infrastructure Development, Stephen Selwood.

"Under the PPP delivery model private sector providers will tender for the opportunity to design, build, finance, maintain and operate the prison under a long term contract.

"The inclusion of custodial care into the PPP proposal means that successful bidders will have to optimise building design and construction to provide the best custodial services for the least cost over the long term of the contract.

"A PPP competitive process provides the opportunity to challenge the traditional public sector monopoly provision of custodial services.

"Under a normal PPP bidding process, competitive bids to provide the service will be tested against an equivalent model prepared by the prison service (this is known as the public sector comparator).

This is designed to measure whether private sector delivery will provide better value for money than traditional public sector delivery.

"One would hope that the contracts incentivise prisoner rehabilitation.

After all the real test of the success of a prison service is not so much how well prisoners are locked up, but rather how successfully they can be rehabilitated back into society after they have served their time.

"Under a PPP payment mechanism, private sector partners will need to deliver or exceed service standards that will be set and monitored by the Government. Failure to meet service standards would mean that the operator will not receive full payment.

"This provides a powerful incentive to private sector operators to meet the standards required. The desire to gain more contracts into the future will motivate operators to exceed service standards.

"PPP has the potential to provide the best of both worlds in the provision of custodial services - public sector direction and control and private sector innovation and efficiency driven by a performance based payment mechanism.

"But at the end of the day, if the private sector cannot provide a better offer, the government can choose to procure the prison the same way it usually does", Selwood said.

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