International Growth Trends in Prison Privatization

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This report was written by Cody Mason, consultant to The Sentencing Project.

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or-profit prison privatization, which dates back to 16th Century England,\(^1\) began to enjoy a modern reincarnation in the United States in the 1980s.\(^2\) Privatization advocates promised low-cost, quality, detention services at a time when government resources were being strained under the weight of exploding prison populations. It was on the back of these promises that lawmakers and officials would hand over eight percent of America’s prisoners,\(^3\) as well as larger amounts of its federal pre-trial\(^4\) and immigrant detainees,\(^5\) to privately owned or operated facilities by 2011. However, although privatization has enjoyed a steady reemergence in the United States, the companies managing these facilities have faced persistent criticism for providing low-quality services, failing to save taxpayer money, and negatively affecting criminal justice policy.\(^6\)

Despite these failures, several countries have followed the United States in utilizing private prisons and detention centers with the intent of decreasing correctional expenditures and reducing prison overcrowding. These developments have helped private U.S. prison companies diversify their investments at a time when America’s prison population growth has stalled.\(^7\) For example, 14 percent of the revenue for America’s second largest private prison company, The GEO Group, came from international services in fiscal year 2012.\(^8\) Similarly, the spread of prison privatization has also benefited for-profit companies from other countries, including UK-based G4S, which claims to be the largest security service provider in the world.\(^9\) Together, these companies have thrived off of the expanded privatization of prisons, immigration detention systems, and other governmental services, while often failing to deliver on the services that were promised.

This report investigates the trends identified above and explores the growth of for-profit prison privatizations across the globe. Noteworthy findings discussed in this report include:

- At least 11 countries, spread across North America, South America, Europe, Africa, and Oceania, are engaged in some level of prison privatization.
- While the United States maintains the highest total number of privately held prisoners, Australia, Scotland, England and Wales, and New Zealand hold a
larger proportion of prisoners in private facilities, with a high of 19 percent in Australia.

- As in the United States, immigrant detention has been a particular target of privatization in the United Kingdom, which has 73 percent of its immigrant detainees held privately, and Australia, which has a wholly private immigrant detention system.

- The prison privatization market outside of the United States is dominated by The GEO Group and two British companies, G4S and Serco.

- Media reports from countries including the United Kingdom, New Zealand, Australia, and Canada have reflected research conducted in the United States showing that private prison companies’ profit motives often lead to inadequate services and unsafe conditions.

THE EXTENT OF INTERNATIONAL PRIVATIZATION

Prison privatization now exists in various forms in at least 11 countries throughout the world. However, although the scope of prison privatization is relatively wide, it appears most concentrated and most fully privatized in a handful of predominantly English-speaking countries. These include Australia, Scotland, England and Wales, New Zealand, South Africa, and the United States.

<table>
<thead>
<tr>
<th>Country</th>
<th>Percent of Prisoners Held Privately</th>
</tr>
</thead>
<tbody>
<tr>
<td>South Africa</td>
<td>4%</td>
</tr>
<tr>
<td>United States</td>
<td>8%</td>
</tr>
<tr>
<td>New Zealand</td>
<td>11%</td>
</tr>
<tr>
<td>England &amp; Wales</td>
<td>14%</td>
</tr>
<tr>
<td>Scotland</td>
<td>17%</td>
</tr>
<tr>
<td>Australia</td>
<td>19%</td>
</tr>
</tbody>
</table>

Note: Data from Australia and the United States are from 2011; Data from Scotland and South Africa are from fiscal year 2011; data from New Zealand and England & Wales are from 2012.
Although each of the above countries allows private companies to manage and operate prison facilities, prison privatization can vary by whether it is achieved through for-profit or not-for-profit organizations, as well as by the extent of the privatization. For example, German officials remained in charge of all detention services when their country contracted its first private prison in 2004. France utilizes a public-private partnership in which civil servants remain responsible for the management and security of privately constructed facilities, which were expected to house over 50 percent of France’s inmates by the end of 2012. Some states in Brazil have also been utilizing a form of limited privatization since 1999, and about 1.5 percent of its inmate population was held in partially privatized facilities in 2009. Japan’s first private prison, which opened in 2007, operates on a less restricted form of privatization in that the majority of its management, including security, is the responsibility of private actors. However, this facility and the three other private facilities that followed it are currently reserved for first-time offenders. In 2003, Chile became the first South American country to fully contract with private prison companies, and Peru began soliciting bids for its first private prison in 2010. Israel’s plans to open a fully private prison were blocked in 2009 when the Israeli Supreme Court ruled that the transfer of correctional authority in the name of the state to for-profit companies would cause “harsh and grave damage to the basic human rights of prisoners and to their personal freedom and human dignity.” Thailand has also reportedly experimented with some level of prison privatization, and officials in Jamaica have recently raised the prospect of partial or total privatization of the country’s prison system. Similarly, there have been reports that Mexico would open its first private prison in 2012 and that private companies could end up guarding all of Greece’s immigrant detention centers.

American private prison companies, including The GEO Group and Management and Training Corporation (MTC), have reportedly targeted Canada’s Conservative government for potential prison and detention contracts. Two of Canada’s three official immigrant holding centers are privately operated and The GEO Group currently owns the Miramachi Youth Detention Facility, which is leased to and
operated by the New Brunswick Government. Any further privatization would occur in spite of an earlier privatization effort, in which MTC’s contract to operate a facility in Ontario was not renewed after the prison was found to be inefficient and beset with problems.

**PRIVATIZATION TRENDS IN SELECTED COUNTRIES**

**Australia**

Australia’s first private prison was operated by Correctional Corporation of Australia, an international venture of Corrections Corporation of America. The Queensland facility began operations in 1990, and soon stoked interest in privatization in several other states. By 2011, five of Australia’s eight states had some level of privatization, with Victoria having the highest rate (33 percent), as well as the largest privately held population (1,530). Victoria is likely to add to its privately held population as the local government is soliciting bids for a new 500-bed facility to be built in Melbourne. Nonetheless, Victoria may lose the dubious distinction of having the most privatized prison system in Australia to Queensland, where there are plans to privatize the entire state prison system.

![Australian Prison Populations by State, 2011](image)

Combined, the private prisons in these states resulted in 19 percent of Australia’s 28,711 prisoners being held privately in 2011. The 5,520 privately-held prisoners
represented a 95 percent increase from the private population of 1998. In contrast, during this period, the number of publicly-held prisoners grew by 50 percent and the total prison population increased by 57 percent.

As in the United Kingdom and the United States, Australia’s use of private prison companies is more pervasive in the detention of immigrants than in the management of prisons. However, the Australian immigrant detention system is unique in that it is entirely operated by for-profit companies. In April 2013, there were 8,797 individuals held in Australian Immigration Detention Facilities and Alternative Places of Detention.

Scotland
Scotland’s first private prison was Her Majesty’s Prison (HMP) Kilmarnock. It was opened in 1999 and is operated by Serco under a 25-year contract with the Scottish Prison Service. Kilmarnock was joined in 2008 by the Addiewell Prison, which is operated by UK-based Sodexo. By fiscal year 2011, these two private facilities held an average daily population of 1,408 individuals out of Scotland’s total average prison population of 8,178.
Growth within Kilmarnock and the opening of Addiewell increased the average daily private prison population by 175 percent between 2000 and 2011. In contrast, the total prison population grew by 39 percent and the public prison population increased by 26 percent during this time. These disparate growth rates led to 17 percent of Scotland’s prisoners being held privately in 2011, compared to nine percent in 2000.

**England and Wales**

G4S began managing England’s first private prison in 1992. Approved under a Conservative Government, HMP Wolds began a trend in England and Wales that would result in a total of 14 private prisons by 2012. Six of these facilities are operated by G4S, while Serco manages five, and Sodexo operates four. Combined, these three companies held roughly 14 percent of England’s prison population in 2012, compared to 8 percent in 2000. This growth represented a 140 percent increase in the number of privately held inmates. In contrast, during the same period the number of publicly held prisoners increased by 23 percent and the total prison population grew by 32 percent.
Prison Population, England and Wales, 2000-2012

The growth in private prisons in recent years can be attributed to the transfer of HMP Birmingham from public control to G4S in 2011, and the opening of two new private facilities, HMP Thameside and HMP Oakwood, in 2012. Serco operates HMP Thameside, while the management of Birmingham and Oakwood resides with G4S. It has also been reported that several other facilities will be put up for possible privatization, including HMPs Castington, Acklington, Moorland, Hatfield, and Lindholme. In addition, the percentage of prisoners held by private companies was further increased by the closure of several public facilities, including HMP Ashwell, Lancaster Castle, and Latchmere House in 2011, as well as HMP Wellingborough, which was shuttered in 2012, but could eventually reopen.

Despite this recent shift toward prison privatization, the level of privatization in English and Welsh prisons is substantially less than that found in the United Kingdom’s immigration detention system. Predating the United States’ implementation of private detention, the UK’s Conservative Government started its immigration detention system by contracting with Securicor (which later merged with Group 4 Falck to create G4S) in 1970. The initial agreement to manage immigration detention centers at the Heathrow and Manchester airports would evolve over the next several decades into an immigration detention system that continues to be dominated by private companies.
In March 2012, 73 percent of the U.K.’s 3,034 immigrant detainees were held by private companies. This represented a decline from the recent peak of 80 percent in 2010 and 2011, which can be attributed largely to the closure of the G4S-operated Oakington Immigration Reception Centre (IRC) in 2011, and the opening of the publicly-operated Morton Hall IRC in 2012.

### United Kingdom Immigrant Detainee Population, 2008-2012

In 2012, ten different facilities held the UK’s 2,219 privately held immigrant detainees. G4S managed four facilities, while Serco, The GEO Group, and the U.K.-based Reliance Security each managed two. U.K.-based MITIE operated a single IRC.

### New Zealand

The first private prison in New Zealand was the Auckland Central Remand Prison, which opened in 2000. The GEO Group operated the facility until early 2005, when the center-left New Zealand Parliament repealed the law permitting private prisons. Parliament’s decision was reversed by a new conservative coalition in 2009, and the British company, Serco took over operations of the Auckland Central Remand Prison in May 2011. That facility was then incorporated into the Mount Eden Correctional Facility, which Serco began managing in August 2011. In March 2012, the newly expanded Mount Eden facility held 954 individuals, representing nearly 11 percent of New Zealand’s 8,698 prisoners. In September 2012, construction began on a new 960-bed prison that would be operated largely
by Serco. It is scheduled to open in mid-2015, and would, if filled to capacity, effectively double the privately held prison population of New Zealand.

**South Africa**

In 1997, South Africa began planning to open four private prisons. In 1999, those plans were scaled back to two facilities, Kutama-Sinthumule Correctional Centre and Mangaung Maximum Security Correctional Centre. Kutama-Sinthumule Correctional Centre was built with a capacity of 3,024 and is operated by The GEO Group. Mangaung has a capacity of 2,928, and is managed by G4S, which acquired the original South African managing company. By 2004, these two facilities were filled to capacity and held a combined 5,952 individuals, representing three percent of the total correctional population of 181,688. Both facilities remained full in the 2011 fiscal year, despite South Africa’s total prison population falling to a daily average of 158,790. This drop, coupled with the consistency in the private population, resulted in roughly four percent of South Africa’s prison population being held privately in 2011.

**CONCERNS OVER PRIVATIZATION**

Although several countries rely on private prisons more than the United States, the U.S. remains far ahead in the actual number of prisoners held by for-profit companies, totalling over 130,000 in 2011. However, this is largely a result of the United States’ comparatively large population and high incarceration rates. Moreover, Australia, England and Wales, New Zealand, and Scotland all currently have a larger commitment to prison privatization in terms of the share of prisoners held privately.

<table>
<thead>
<tr>
<th>Country</th>
<th>Privately Held Prisoners</th>
<th>Publicly Held Prisoners</th>
<th>Percent Held Privately</th>
</tr>
</thead>
<tbody>
<tr>
<td>Australia</td>
<td>5,520</td>
<td>23,191</td>
<td>19%</td>
</tr>
<tr>
<td>Scotland</td>
<td>1,408</td>
<td>6,770</td>
<td>17%</td>
</tr>
<tr>
<td>England &amp; Wales</td>
<td>10,936</td>
<td>74,030</td>
<td>13%</td>
</tr>
<tr>
<td>New Zealand</td>
<td>925</td>
<td>7,508</td>
<td>11%</td>
</tr>
<tr>
<td>United States</td>
<td>130,941</td>
<td>1,467,839</td>
<td>8%</td>
</tr>
<tr>
<td>South Africa</td>
<td>5,952</td>
<td>152,838</td>
<td>3%</td>
</tr>
</tbody>
</table>

Note: Data from Australia and the United States is from 2011; Data from Scotland and South Africa is from fiscal year 2011; data from New Zealand and England & Wales is from 2012.
The significance of international prison contracts is also reflected by the financial success of companies such as G4S and Serco, as well as The GEO Group’s investments in international operations. However, the importance of global prison privatization is most directly connected to the basic fact that countries are handing thousands of incarcerated and detained individuals over to for-profit schemes that have been shown to result in substandard services, while negatively influencing public policy.

**Substandard Service**
Studies in the United States have found that the profit motive of private prisons leads to an emphasis on revenue and cost saving, rather than providing quality service. As prisons lack many unnecessary costs, this often results in lower staff salaries and benefits, less training, and higher turnover rates. In some instances, private prison companies have also been criticized for providing substandard services, including healthcare and hygiene. Combined, these factors can lead to volatile environments that are more prone to abuse, violence, injury, and death.

These deficiencies may have contributed to several violent riots and alleged abuse at immigration detention centers in Australia, as well as negative assessments of facilities in other countries. In 2013, the new Thameside prison in England was criticized by the chief inspector of prisons for having high rates of assault as well as Serco’s response to the assaults. In 2012, it was announced that G4S would lose its contract for England’s first private prison, HMP Wolds, after the facility’s inmates were found to have high levels of drug use and idleness. Scotland’s privately-operated Addiewell Prison was found to be the most violent prison in the country for both staff and inmates in 2011. In 2009, government documents revealed that private prisons in England and Wales were less proficient than their publicly-operated counterparts, and that twice as many inmate complaints were upheld in private facilities than in their publicly operated counterparts.

**Unlikely Financial Benefits**
Performing cost-comparisons between privately and publicly operated prison facilities is a complex and difficult task that is only further complicated when dealing with various forms of privatization within different countries. However, studies from the United States have found that there are no guaranteed cost-savings...
associated with private prisons,\textsuperscript{114, 115} and that private companies may end up costing more than publicly-operated alternatives.\textsuperscript{116, 117} The economic benefits to communities housing private facilities have also been called into question through research\textsuperscript{118} and media reports.\textsuperscript{119}

**Policy Implications**

This report does not examine the international political role of private prison companies, due to the disparate lobbying and campaign finance laws between countries. However, for-profit prison companies, including Corrections Corporation of America and The GEO Group, have spent millions of dollars on lobbying and campaign contributions, on both the state and federal levels in the United States. Although it is difficult to assess the exact effect of these actions, private prison companies have lobbied federally in regard to immigration policy, and have a history of contributing to supporters of harsh immigration detention laws.\textsuperscript{120}

Although these findings are specific to the United States, the business model of for-profit prison companies leaves their financial success dependent on individuals being incarcerated and detained, regardless of the country in which they are operating. This creates a natural incentive for these companies to promote policies that will ensure higher incarceration rates and more privatization contracts.\textsuperscript{121}

**CONCLUSION**

Research to date on private prisons has found that they perform no better than publicly operated facilities, are not guaranteed to reduce correctional costs, and provide an incentive for increasing correctional and detention populations. Despite these repeated failings, many countries, including those facing serious problems in the quality and capabilities of their correctional systems, have followed the United States in adopting a flawed and shortsighted scheme.

The form and extent of privatization varies by country, but there is little reason to believe that any of these governments are spending taxpayer money wisely by investing in private prisons. At its most basic level, prison privatization is based on maximizing profits by incarcerating and detaining the largest amount of individuals at the lowest possible cost. The result of this dynamic is less spending on staff,
lower quality services, and an industry focused on increasing the population of incarcerated individuals and detainees.

These practical failures and moral implications deserve serious attention and scrutiny by the international community and the policymakers and citizens in the countries that utilize private prisons, and those contemplating doing so. Specifically, at a time of increased globalization and international corporate reach, it is imperative that lawmakers evaluate the full effect of prison privatization as experienced in other countries, as well as at home. Accordingly, prison privatization should be restricted and reduced with the aim of turning toward more effective and fiscally sound measures to reduce costs and prison overcrowding, such as reforming sentencing laws and adopting alternatives to incarceration. These systemic problems will only be remedied when lawmakers directly address criminal justice and correctional system reform, rather than passing the buck on to profit-motivated companies.

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5. Enforcement and Removal Operations, Detention Management Division. (2012). ICE private detention facilities. Received January 19, 2012 from Lindsey Cole, Outreach Coordinator, U.S. Immigration and Customs Enforcement. 43 percent of all immigrant detainees were held privately in 2011. Id.
12 Serco, the private prison contractor, was made responsible for all “psychological, medical and educational care of the prisoners as well as buildings maintenance, video surveillance, kitchens, workshops and other FM services.”


29 Id.

30 Id.

31 Id.


38 Id.


40 Id.


43 Id.

51 Id.
56 Id.
58 Id.
59 Id.
60 Id.
16 INTERNATIONAL GROWTH TRENDS IN PRISON PRIVATIZATION

http://www.g4s.com/en/Media%20Centre/News/2011/03/31/HMP%20Birmingham%20and%20Featherstone%202
73 Id.
74 Id.
75 Id.
77 Id.
85 Id.
95 Id.


121 Id.
Further reading available at www.sentencingproject.org:

Dollars and Detainees: The Growth of For-Profit Detention

Too Good to be True: Private Prisons in America

Trends in U.S. Corrections