

ACACIA PRISON SERVICES AGREEMENT

ANNUAL REPORT 2000/2001

1. Director General's Statement

This report has been prepared pursuant to section 15G of the *Prisons Act 1981* (the Act).

Section 15G states:

- (1) *The chief executive officer is to prepare and deliver to the Minister by 30 September each year a report on each contractor who provided prison services under a contract in the preceding 12 months.*
- (2) *The report is to contain such information as is required to be included in the report by the Minister to enable an informed assessment to be made of –*
 - (a) *the operations of each contractor; and*
 - (b) *the extent to which there has been compliance with the relevant contract.*
- (3) *The Minister is to ensure that the report is laid before each House of Parliament within 10 sitting days of such House next following the Minister's receipt of the report.*

This report seeks to fulfil the requirement of section 15G, subsection 2 of the Act by providing an overview of services provided under the Acacia Prison Services Agreement (the Agreement) by Australian Integration Management Services Corporation (AIMS).

The commencement date of services under the Agreement was 16 May 2001. This initial annual report therefore covers the short operating period between 16 May 2001 and 30 June 2001. The report summarises service requirements, operational commissioning and testing, the operations of the contractor and compliance issues.

Service commencement on 16 May 2001 was preceded by an extensive operational establishment, testing and commissioning process which confirmed the readiness of Acacia Prison to receive its first prisoners.

Acacia Prison has a design capacity of 750 prisoners, and is being progressively filled to its design capacity over a 10-month period (through to February 2002). There has been insufficient operational time to fully assess the operations of the contractor. Whilst a good start has been made, a definitive view should not be formed before the prison is filled, and the contractor has had the opportunity to demonstrate performance over a sustained operational period.

Alan Piper
DIRECTOR GENERAL

2. Introduction

2.1 Background

In July 1998, the Department of Justice (the Department) commenced a tendering process in response to the Government of the day's decision to consider the delivery of adult custodial services in Western Australia by a private service provider. Private sector involvement was sought in the design, construction, finance and operation of a male 750-bed, medium-security prison located at Wooroloo, approximately 60 kilometres east of Perth.

The tender process was a competitive two-stage process, an expression of interest followed by a request for proposal from short-listed companies.

After detailed evaluation, it was decided that Acacia Prison would be State-owned and financed and that the design, construction, operation and maintenance would be contracted to the private sector. Whilst it was the preference of the Department to have had a single contract for design, construction, operation and maintenance, the scope of the project, for timing reasons, was required to be split into three separate contracts. The following table is a summary of those contracts.

Contract	Principal	Contractor
Acacia Prison design and construction agreement	Minister for Works	Australian Integration Management Services Corporation Pty. Ltd./Transfield Pty. Ltd.
Acacia Prison maintenance agreement	Minister for Works	Australian Integration Management Services Corporation Pty. Ltd.
Acacia Prison services agreement	The Director General, Department of Justice as CEO under the Prisons Act for and on behalf of the State of Western Australia	Australian Integration Management Services Corporation Pty. Ltd.

Practical completion was issued on the Acacia Prison design and construction agreement on 22 March 2001. The Acacia Prison maintenance agreement also became operational on 22 March 2001.

The Acacia Prison services agreement became operational on 16 May 2001.

This report deals exclusively with the Acacia Prison services agreement (the Agreement). The Agreement may be viewed on the Justice Department's website at www.justice.wa.gov.au.

2.2 Enabling Legislation

The enabling legislation that allows private sector involvement in the management of prisons in Western Australia is the *Prisons Act 1981* which incorporates the amendments passed by the Parliament in late 1999. In summary, the amendments allow for private sector involvement in the management of a prison within strict guidelines, and appropriate safeguards for the State.

2.3 Contract Details

2.3.1 Contracting Parties

The principal to the Agreement is the Director General of the Department in his capacity as Chief Executive Officer under the *Prisons Act 1981*, for and on behalf of the State of Western Australia.

The contractor is Australian Integration Management Services Corporation Pty. Ltd. (AIMS).

AIMS is an Australian registered company. At the time of contract award, AIMS (then Corrections Corporation of Australia), was owned by two 50% shareholders – Corrections Corporation of America and Sodexo Alliance, a French company. During the second half of 2000, Corrections Corporation of America sold its 50% share to Sodexo. In December of that year, the company adopted the new name, AIMS.

2.3.2 Service Requirements

Under the terms of the Agreement, AIMS provides for the management, control and security of Acacia Prison and the custody, care, well-being and rehabilitation of prisoners at the prison.

Annexure A of the Agreement documents the minimum standards and operation service requirements.

Acacia Prison has a design capacity of 750 prisoners. Acacia Prison is being progressively filled to its design capacity over a 10-month period (through to February 2002).

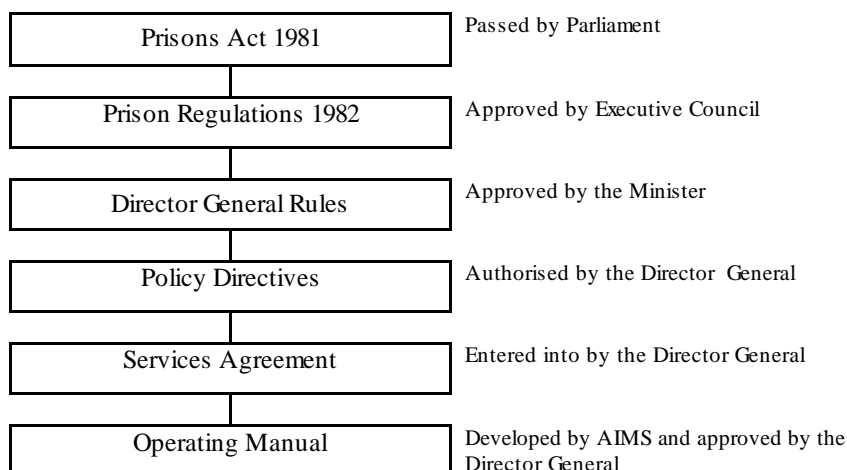
2.3.3 Contract Duration

The term of the Agreement is for five (5) years from the commencement date of 16 May 2001.

The principal has the option to extend the term of the Agreement on one or more occasions, and for terms of not less than three (3) years and not more than five (5) years, but cannot extend the operation period beyond the expiration of 20 years from the commencement date.

2.3.4 Regulatory Framework

AIMS must adhere to the same legislation, policies and procedures as publicly operated prisons, in delivering the services. The figure below shows the hierarchical relationship between legislation, policies, the Agreement, and Acacia Prison specific operational procedures developed by AIMS.



2.3.5 Remuneration Arrangements

Remuneration for AIMS under the Agreement is based upon a fixed price (operation charge) and is subject to CPI adjustments. The operation charge is paid monthly in the amounts specified in clause 8 of the Schedule of the Agreement.

The Department withholds from the monthly payments to AIMS a sum of 5% of the operation charge. This amount is held by the Department and forms the basis upon which an annual performance linked fee is calculated.

The Department may also withhold from the monthly payments to AIMS any amount AIMS owes the Department resulting from claims of liquidated damages.

2.3.5.1 Performance Linked Fee

At the conclusion of each operation year, AIMS is entitled to a percentage of the performance linked fee that has been withheld during the year, based on performance against the annual performance measures detailed in clause 1 of the Schedule of the Agreement.

2.3.5.2 Liquidated Damages

The Agreement allows for liquidated damages to be paid by AIMS to the Department where:

- ?? the number of available prisoner places is less than 750; or
- ?? a specified event occurs.

A specified event is defined as:

- ?? a completed escape;
- ?? the unnatural death of a prisoner; or
- ?? a loss of control.

3. Overview of First Service Year

3.1 Operational Commissioning and Testing

AIMS commenced delivery of prison services on 16 May 2001, with the transfer of the first prisoners to Acacia Prison. Service commencement was preceded by an extensive operational establishment, testing and commissioning process. Major tasks completed during the commissioning period include:

- ?? the issue of a prison certificate and cell certificates;
- ?? gazettal of the Acacia Prison;
- ?? a review of Prison Regulations, Director General's Rules and Policy Directives, and their application to Acacia Prison;
- ?? a review of AIMS recruitment and training plans and processes;
- ?? the issue of authorisations and permits to AIMS staff who undertake high-level security work at Acacia Prison. A range of checks was undertaken to ensure applicants were fit and proper to do high-level security work;
- ?? a review of AIMS, 'Acacia Prison Policy and Procedure Manual'. Some 270 policies, procedures and post orders were reviewed and approved;
- ?? a review of health services, including assessment and management of at risk prisoners, health education, emergency health response and prisoner access to medical, psychiatric, dental, podiatry, physiotherapy, optical, speech therapy and occupational therapy services;
- ?? a review of prison industries, including the establishment of a prison industry reference group;
- ?? a review of education and vocational training programs. AIMS is an approved Registered Training Organisation by the Training Accreditation Council;
- ?? a review of offending behaviour programs including cognitive skills, drug, alcohol and substance abuse programs, violent offender, domestic violence and sex offender programs;
- ?? a review of indigenous programs and initiatives. This involved assessing the appropriateness and cultural sensitivity of health services, educational, vocational, offending behaviour, mentoring and visitor programs to Aboriginal prisoners. A review was also undertaken of staff training, and AIMS policies and procedures to ensure the spiritual and cultural needs of Aboriginal prisoners are met. An Aboriginal reference group has been established;
- ?? AIMS and Department compliance with all contractual issues;
- ?? an independent security audit;

?? a joint AIMS and Department exercise involving police and emergency services (ambulance, fire etc) to confirm the State's emergency response capability; and

?? a comprehensive on-site operational testing program to confirm AIMS operational readiness.

3.2 Operations

The commencement date of the Agreement was 16 May 2001. The following is a summary of AIMS operational performance in the short operating period between 16 May and 30 June 2001.

Acacia Prison received its first prisoners on 16 May 2001. As at 30 June 2001 there were 74 prisoners at the prison.

Service implementation progressed well following the initial receipt of prisoners. Service areas that stand out favourably are prisoner reception and orientation, visits, recreation and indigenous services. Catering is of a good quality.

There has been insufficient operational time to fully assess performance in other areas. A good start had been made in the important service delivery areas of offending programs, education, prison industries and health services

The predominant issues in the period related to information systems technology and operational procedures. AIMS is addressing these issues.

Prisoners generally speak well of their initial experiences at Acacia Prison.

3.3 Staffing

As at 30 June 2001, AIMS employed 200 staff at Acacia Prison.

Section 15M of the *Prisons Act 1981* states:

A prison service is high-level security work if –

- (a) it is a kind that requires the person providing it to exercise a power of a superintendent, a prison officer or any other officer; and*
- (b) it is provided by a contract worker.*

Section 15O of the *Prisons Act 1981* states:

A contract worker must not do, or purport to do, any high-level security work unless he or she has a current permit to do the work and does the work in accordance with the permit.

Permits have been issued to 99 contract workers (staff) at Acacia Prison. These staff may exercise powers under the *Prisons Act 1981* specifically authorised on their permits.

3.4 Contract Payments

Contract payments to AIMS have been made in accordance with the amounts specified in the Agreement. No variations have been issued or approved.

Payments made to AIMS to 30 June (excluding GST)

Period	Gross (\$)	Retention (\$)	Net Paid (\$)
16/05 to 31/05	685,184	34,259	650,925
1/06 to 20/06	887,974	44,399	843,575
Total	1,573,158	78,658	1,494,500

3.5 Performance Measures

The Agreement details 12 annual performance measures (refer clause 1 of the Schedule of the Agreement). AIMS performance to 30 June is summarised below.

	Annual Performance Measures	Standard required for performance linked fee	Performance to 30 June 2001
CUSTODY			
(a)	No. of recorded incidents of serious assaults by prisoners on prisoners	30 or less p.a.	0
(b)	No. of recorded incidents of serious assaults by prisoners on contractor persons or visitors	8 or less p.a.	0
(c)	No. of recorded incidents of serious assaults by contractor persons on prisoners	nil p.a.	0
(d)	Percentage of positive findings from 5% monthly random urine analysis sampling	8% p.a. or less	0%
CARE AND WELL-BEING			
(e)	Percentage of prisoner complaints to Ombudsman found to be sustained or substantiated	5% or less	0%
(f)	No. of incidents of self-harm or attempted suicide	25 or less p.a.	0
REPARATION			
(g)	Percentage of DAM prisoners employed or in programs	100%	100%
(h)	Provision of actual work hours delivered as proportion of contracted hours (6 hrs per prisoner per work day)	100%	100%
REHABILITATION			
(i)	Provision of accredited vocational/educational training program hours as a percentage of required hours (4 hours per prisoner per week)	100%	100%
(j)	Provision of special program hours addressing offending behaviour as percentage of required hours from prisoner individual management plans	100%	not available
(k)	Percentage of prisoners at the prison for 12 months or more who re-offend within two years of discharge	30% or less	not applicable
(l)	Percentage of prisoners at the prison for 12 months or more, in community corrections programs after release, who are employed after 6 months.	50% or more adjusted quarterly, in line with WA unemployment rates (ABS)	not applicable

- Notes: 1) The counting rule for measure (j) excludes prisoners who have been received at Acacia Prison in the past three months. This measure will be assessed in August 2001 and monthly thereafter.
- 2) The Agreement acknowledges that it will not be possible to determine whether measures (k) and (l) have been met or exceeded in the first operation year.

3.6 Specified Events

The Agreement specifies a liquidated damage rate for each specified event. Specified events are defined in section 2.3.5.2 of this report.

There were no specified events at Acacia Prison in the reporting period.

4. Contract Compliance

4.1 Contract Compliance

A review of contract compliance was undertaken prior to operational commencement. The review confirmed that there were no outstanding compliance issues of a material nature at operational commencement.

No compliance issues of a material nature arose during the reporting period.

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DEPARTMENT OF
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