



**ACACIA PRISON SERVICES AGREEMENT
ANNUAL REPORT 2002/2003**

TO THE MINISTER

To the Hon Michelle Roberts
Minister for Justice

In accordance with section 15G of the *Prisons Act 1981*, I hereby submit for your information and presentation to Parliament the Annual Report of the Acacia Prison Services Agreement for the year ending 31 May 2003.

This report provides an overview of services provided under the Agreement for the management of Acacia Prison by Australian Integration Management Services Corporation (AIMS).

This report provides information which demonstrates the manner in which AIMS has performed in relation to the contract and the extent to which it has complied with the contract.

A handwritten signature in cursive script, appearing to read "Alan Piper".

Alan Piper
Director General
30 September 2003

FROM THE DIRECTOR GENERAL

Acacia Prison has operated for its first full year at near-capacity with a prison population of about 700 prisoners for the entire year.

Throughout this period there has been a pleasing lack of serious incidents, major disruptions or escapes. This contrasts with the start-up period for other private prisons in Australia and even Casuarina Prison which had both prisoner escapes and major staff assaults in its initial period.

However, the overall performance of Acacia Prison, based on a range of other performance criteria, is disappointing. It under-performed in a number of key areas and delivered services at a standard below the Department's expectations. As a result, AIMS was penalised \$356,756 of the total performance-linked fee possible.

It is encouraging that there have been significant improvements in the approach and results being achieved at Acacia Prison in recent months and I note that this report relates to activities in the 12-month period commencing May 2002.

During this period, it was particularly disappointing that those areas requiring attention had been highlighted in the Department's report to Parliament last year and include:

- The number of prisoners employed or in programs
- The quality and quantity of vocational education and training provided
- Programming for prisoners in line with individual management plan requirements
- Addressing the needs of indigenous prisoners.

The *2002 Performance Review* contracted by the Department and delivered by consultant Anne Dutney in 2002 identified significant weakness in the overall management processes and leadership of Acacia Prison. In particular, the report highlighted:

- Weaknesses in general management
- High turnover of middle management
- Poor supervisory relationships with custodial staff
- Poor processes in some areas.

Despite this report and clear direction from the Department - and the fact that the issues are at the heart of its under-performing service levels - Acacia was slow to respond to these difficulties.

I am pleased that AIMS has, somewhat belatedly, appointed a new general manager and a management team that has brought a welcome energy and rigour to addressing the key issues highlighted in this report.

The philosophy of operation at Acacia is based upon a mix of dynamic security by staff and technological support. Even though there have not been major incidents at Acacia during the year, it has struggled in both these areas. The smart card technology has not



delivered the precision of prisoner monitoring required by the Department, nor has it been effectively supported by good processes. Furthermore, while a sound pro-social attitude has remained with staff, they have struggled to implement a clear dynamic security framework.

These issues must be a priority for Acacia management in the next 12 months.

I am also concerned that the loss of privileges, grievance management and charges against prisoners have not been well monitored at Acacia, though there were noticeable improvements in these areas towards the end of the year.

Acacia's failure to adequately manage personal gratuities and cash for periods throughout the year and its inability to reconcile associated accounts is also of significant concern. While this matter is still subject to audit, there has already been considerable focus by the Department to ensure new processes are put in place to manage this deficiency.

In his 2003 *Performance Review*, John Mitchell also commented on the effect of contract correspondence that effectively varies the contract in the area of performance-linked fees. The Department is processing the formalisation of these variations and will submit them to Parliament as soon as they are available. I have detailed in advance in this report the substance of these variations and outlined further negotiated variations, which have not yet been implemented and will improve service levels at no additional cost. These will also be submitted to Parliament as soon as they are finalised.

It has been evident this year that the balance of contract management and monitoring requires change within the Department. The Department provides a monitoring team with almost as many senior and experienced staff as it would take to run the prison if it were in public ownership. However, it has not received a commensurate benefit from these on-site staff. This has been partly due to their operating processes, but is also attributable to the ways in which the contract management is operating.

The Department's contract management team has not involved itself adequately in operational matters during the year. Consequently, the Department will be reformulating its Acacia management team to more tightly integrate the onsite and Department-based monitoring functions.

Despite its poor performance in some areas, there is no doubt that Acacia Prison has taken significant pressure off the public prison system and this year accommodated a number of prisoners from other prisons that were facing over-crowding problems.

The front-line prison staff are maturing gradually and the year has been peppered with many challenging "firsts", including the first death in custody (from natural causes).

The prison's development is supported by a range of consultative groups, community-based and government organisations working with Acacia staff and management. They



DEPARTMENT OF JUSTICE

include Aboriginal community representatives, industry and training bodies, unions, welfare groups and others whose work and commitment has been extremely valuable.

Overall, while there has been an absence of major problems, the coming year must see a refocussed effort by both the Acacia management team and the Department to ensure that the overall performance of Acacia is lifted significantly.

The Department looks forward to Acacia fulfilling more of its potential in the year ahead.

A handwritten signature in black ink that reads "Alan Piper".

Alan Piper
DIRECTOR GENERAL

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BACKGROUND

The Australian Integration Management Services Corporation Pty Ltd (AIMS) was awarded the contract to provide prison services at the State's first privately operated prison, Acacia Prison, on 21 December 1999 and commenced delivery of prison services on 16 May 2001.

Under the terms of the Agreement, AIMS provides for the management, control and security of Acacia Prison under the four cornerstone service areas for good prisoner management – custody, care and well-being, rehabilitation and reparation.

There are financial penalties for AIMS, should they fail to meet agreed benchmarks in each of the Performance Linked Fee Measures covering the four cornerstones of prisoner management.

The concept and philosophy for Acacia Prison was the creation of a correctional environment which operated according to defined principles including the principle of balance between security, prisoner care and well-being, rehabilitation and reparation.

Reaching capacity

A graduated fill program designed to properly manage risk saw Acacia Prison's population grow from 12 at opening on 1 June 2001 to 652 on 31 May 2002.

During 2002/2003, the average daily population was consistently above 650 prisoners and exceeded 680 prisoners for nine months of the year and 690 for seven months of the year.

At year-end, the prisoner population was 684, and Aboriginal prisoners made up 28.5% of those prisoners. The percentage of Aboriginal prisoners was consistently above 24% throughout the year.

Acacia has a capacity of 750, however the continued limited availability of medium security prisoners, the downward trend in the State's prisoner population and shorter sentences resulting in a higher-than-predicted attrition rate, mean the prison has not yet been filled to capacity. It has, in fact, been able to accommodate prisoners from other prisons where over-crowding would otherwise have been an issue.

Prisoner population

Month	Aboriginal	Non-Aboriginal	Total ADP 2001/2002	Total ADP 2002/2003	Population on last working day of month 2001/2002	Population on last working day of month 2002/2003
June 02	159	493	69	652	74	664
July 02	171	507	87	678	114	699
Aug 02	183	515	164	698	197	708
Sep 02	179	517	215	696	218	690
Oct 02	184	513	231	697	261	681
Nov 02	185	510	307	695	344	713
Dec 02	196	499	370	695	367	687
Jan 03	192	483	408	675	468	681
Feb 03	199	488	511	687	559	694
Mar 03	206	492	585	698	617	698
Apr 03	202	491	637	693	649	688
May 03	195	489	652	684	651	684

Staffing

At 31 May 2003 a total of 272 staff, including management, was employed in 2002/2003 at Acacia Prison compared with 249 on 31 May of the previous year.

Staff classification (Figures quoted as of the last day in May)

Staff classification	2002	2003
Custodial staff		
Case management officers	63	64
Security staff	53	63
Casual staff	31	30
Supervisors	11	11
Total custodial	158	168
Non-custodial staff		
Management	7	5
Admin/Medical staff	30	26
Support/Industries	21	18
Casual staff	11	24
Education/Program	19	24
Operations management	3	7
Total non-custodial	91	104
TOTAL STAFFING	249	272

The staff profile indicates that up to 90% of staff have no previous correctional experience (which has some advantages and disadvantages for prison operations).

All staff working at Acacia Prison who have contact with prisoners are required to complete either a nine-week nationally accredited pre-service course (custodial) or a non-custodial induction program (programs, health services, industries and administration staff).

Industrial action

On 18 March 2003 Acacia custodial staff withdrew their labour and took industrial action. This resulted from a breakdown in Enterprise Bargaining Agreement negotiations relating to a bid for the payment of penalty rates for staff on sick leave and a demand for 30 additional custodial staff to be employed at the prison. The industrial action lasted two days and during this period, the Department's onsite monitors, Contract Management branch and the Emergency Support Group, monitored the daily operation of the prison. AIMS corporate staff and a small number of custodial staff who were not union members operated the prison. There were no incidents of note during the strike.

Following the strike action, AIMS conducted a review of operational staffing in consultation with the union and custodial staff. This resulted in:

- An increase in custodial staff numbers
- Changes to a number of operational procedures
- A reallocation of staffing levels to different parts of the prison to meet work demands.

Leadership

The most significant staffing issue is one of leadership. It is not surprising that the lack of leadership, poor support for inexperienced staff and inadequate prison processes have combined to create under-performance across the system at Acacia Prison.

During the year, there has been a significant turnover of senior managers with key positions altering and the position of General Manager changing twice.

This has meant the knowledge base of the prison has been low and the custodial officers, most of whom do not have previous correctional experience, have not had adequate support or leadership.



While the Department is generally positive about the final outcome of the turnover, the instability has been far from ideal and has undoubtedly placed significant pressure on the performance of the prison.

The Department was particularly concerned about lack of support from AIMS' Queensland-based head office during the first six months of the operational year. It was not until the industrial action and the Office of the Inspector of Custodial Services briefing in March 2003 that AIMS Corporation started to provide the necessary support.

Monitoring

The Department has recognised that the monitoring of the Acacia Prison contract requires particular attention. The prison's performance has been even more rigorously monitored in this second year of operation by the Department's Custodial Contracts directorate. The monitoring has been undertaken by an onsite Monitoring Services team and the head office-based Contract Management branch.

The onsite monitoring system operates to an approved Monitoring Plan which is quality accredited to AS/NZS ISO 9001:2000 and is considered to meet industry best practice. The Monitor has now started the development of a *Best Practice Manual* for Acacia Prison.

There have also been three specialist monitor's reports during the year (one per quarter) covering such areas as health services, treatment and developmental programs, and education. Ongoing workshops have been held to monitor and ensure the implementation of recommendations arising from these reports.

There have also been two operational reviews (*Operational Improvements* in response to the draft OICS Inspection report in May, 2003; *Review into the Acacia Prison Education Program*, June 2003) and an *Annual Performance Review* covering the period from June 2002 to the end of this reporting period, May 2003.

The Inspector of Custodial Services formally visited the site in March 2003 and is due to report in the coming year.

Other visitors to the prison included:

- Consultants from the UFJ Institute in Japan on behalf of the Japanese Government
- Representatives of the New Zealand Department of Corrections and the New South Wales Prison Service.

Other groups that visit on a regular basis include Aboriginal elders, the Deaths in Custody Watch Committee and the Prison Reform Group. In general, all visitors to the prison have been impressed by the high level of technology in use, as well as the pro-social environment that has become part of the Acacia Prison culture.

The Contract Management section of this report (page 25) provides information about the internal audit also conducted during the year.

Given the extent and volume of monitoring now being conducted at Acacia Prison, the Department is examining how reporting can be better presented and pertinent information properly analysed and more readily digested and acted upon.

Annual Performance Review 2002

Under the Acacia prison services agreement, a review of prison operations was conducted and delivered by consultant Anne Dutney in July 2002. The review identified a number of strategic and operational achievements as well as areas where the prison was seriously under-performing.

The recommendations for improvement fell into two categories – those requiring immediate, corrective action and others requiring fundamental change to the management of systems and processes within the prison.

Areas requiring immediate attention included:

- The development of risk management plans
- A process review of prison operations
- The development of formal anti-bullying strategies

Each of these issues has been addressed by the Department and AIMS and the actions taken in relation to risk management plans and anti-bullying strategies are detailed on pages 34 and 17 respectively. Work on the process review of prison operations started during the year and will form part of Acacia's quality management system due for completion at the end of the next operational year.

Other recommendations including reinforcing the principle of the structured day; improving links between prisoner employment and vocational training; and fulfilling the occupational health and safety accreditation requirements for prisoners are the subject of ongoing discussions between AIMS and the Department, and further investigation.

In the meantime, the prisoner movement system is being enhanced to provide the necessary information to help case officers track and manage the prisoners more efficiently and effectively. The improved system will facilitate the development of the prisoner's structured day. (See also page 16 of this report)

Investigations to date show Acacia Prison has had some difficulty fulfilling its occupational health and safety requirements during the year because it became apparent that not all prisoners were receiving the relevant training prior to their arrival from other prisons. Acacia is undertaking an audit of all its prisoners to determine which individuals require this training.

Other areas that demanded further investigation included the provision of work, education and treatment programs. The level of health services was also identified as an area of concern by a separate review conducted during the year.

In response, the Department established a program of specialist monitor reviews which often involve placing qualified reviewers within the prison to analyse services in their field of expertise. During this time, they are able to establish an understanding of the operation and better identify shortfalls in service provision – and make recommendations on the remedies required.

This year specialist monitor reviews of program delivery and education and training services have been conducted. A review of health services is scheduled for the first half of 2003/2004.

Many of the issues identified in the 2002 review and later in the specialist monitors reports are still ongoing. They include:

- The integrity of the treatment program delivery
- Processes and methods of evaluation
- Record keeping

A detailed plan for action on these and other issues has been developed by the Department and Acacia management and the onsite monitor is tracking the progress of each item.

Furthermore, overall progress in service improvement is the subject of regular meetings including the general manager of Acacia Prison and the Director General of the Department of Justice.

Some of these issues and progress made are also being examined by the Inspector of Custodial Services and form part of the scope of the *2003 Annual Review*.

Working with the community

Acacia Prison has established a number of links with external professionals and the community including:

- The Acacia Industry Reference Group – a strong body for reparative links with the community, responsible for the development of several community projects

- The Indigenous Reference Group – the indigenous support section on page 18 of this report provides more information about this group.

Acacia management has also worked to maintain a positive community profile by canvassing local groups and staging a local community display in Midland. It also offered assistance to community groups through prisoner industry work projects.

A number of community-based support groups also visited the prison including the Mirrabooka Wellmen's Group, Alcoholics Anonymous, Narcotics Anonymous, Prison Fellowship, Aboriginal elders, the Salvation Army and various pastoral groups.

SERVICES

CUSTODY

Prisoners should be kept in custody for the period prescribed by the court at the lowest possible level of security necessary to ensure their continuing custody, the good order and security of the prison and the safety and protection of the community.

Performance-linked fee measures: custody

		Standard required for performance-linked fee	Performance to 31 May 2002	Performance to 31 May 2003
(a)	No. of recorded incidents of serious assaults by prisoners on prisoners	30 or less pa	6	5
(b)	No. of recorded incidents of serious assaults by prisoners on contractor persons or visitors	8 or less pa	2	0
(c)	No. of recorded incidents of serious assaults by contractor persons on prisoners	0 pa	0	0
(d)	Percentage of positive findings from 5% monthly random urine analysis sampling	8% pa or less	9.09%	7.84%
(e)	No. of substantiated prisoner complaints to the Ombudsman	10 pa	3	3

AIMS has achieved the required results in each of the above performance-linked measures. Following the drug testing results of 2002, the Department closely monitored the issue and worked with prison management to ensure the systems and procedures were in place to control access to drugs.

Drug use

Acacia Prison continues to operate in line with a well-documented drug strategy based on demand reduction and supply reduction. Strategies include gate controls, use of passive alert dogs and intelligence functions. Prisoner management and treatment strategies complement the demand control strategies. Acacia also has a dedicated “drug free” unit which supports and assists those prisoners making a commitment to move from drug dependence to drug independence.

Following disappointing results last year, efforts this year have ensured that Acacia Prison’s level of positive drug tests has remained below the eight per cent maximum permitted, but the Department is keen to see further improvement.

Nonetheless, the level of drug use at Acacia Prison remains a concern.

Although the overall drug management has kept Acacia Prison within its performance requirements, there is clearly a need to address specific issues including the management of special family visit days where interaction between visitors and prisoners is high. There appears to be a large number of drugs within the prison following these days of high interaction.

The Department will be working with Acacia Prison over the next year to further improve the management of drugs as articulated in the Department’s *Justice Drug Plan*.

Complaints

There were 259 prisoner allegations to the Ombudsman during the year, compared with 132 in the previous year. Of the 226 matters finalised, three were found to be partly or wholly substantiated – the same number as last year.

At year’s-end last year, there were 52 prisoner complaints awaiting retrospective determination by the Ombudsman. Of these, four complaints were sustained, bringing the total for the year to seven, which was below the benchmark of ten. There was no retrospective adjustment to the performance-linked fee payment for the first year.

While the number of complaints to the Ombudsman’s office was high overall, there was a positive trend downwards over the course of the year, which reflects a growing confidence in the prison grievance process at Acacia Prison.

It is expected the implementation of a quality management system in the year ahead will result in better coordinated and more consistent services to prisoners. A more effective grievance mechanism and disciplinary system should mean fewer complaints to the Ombudsman.

These issues are being carefully monitored by the Department which is satisfied at year-end that they have not been serious enough to threaten the good order within the prison.

Escapes and unlawful releases

There were no escapes from Acacia Prison between June 2002 and May 2003, as was the case in the previous year. There were four unlawful releases during the year – one each in June, October and November 2002 and another in March 2003. Investigations were conducted into the circumstances surrounding the unlawful releases. These resulted in a number of recommendations that have been implemented by Acacia Prison and the Department. The recommendations focused particularly on improving the process for releasing prisoners from Acacia.

Security

A key feature of Acacia Prison is the integration of static and dynamic security systems to provide security and safety and support an internal environment that enforces the minimum restrictions necessary.

The 2002 Acacia Prison *Annual Performance Review Report* noted that the full integration of Acacia's security framework and innovative technology with management systems and practices - in line with the concept and philosophy of the prison - had not been fully realised. This remains the case at the end of the second operational year.

The challenge for Acacia management and staff is to achieve the appropriate balance between technology and the pro-social interaction with prisoners, particularly in the face of growing prisoner numbers.

Prisoner charges

There were a total of 536 internal charges laid against prisoners during the year. All these charges need to be heard by either a visiting magistrate or superintendent. During August and October 2002, a build-up of some 110 charges occurred while the Department was resolving issues with magistrates relating to the conditions under which they would attend the prison. At year's end, these matters had been resolved and charges were once again being heard in a timely manner.



To deal with these internal matters, six officers have been trained as prosecutors. Three of these officers have laid and presented charges before a superintendent and a visiting magistrate.

One officer is authorised to prosecute in the Court of Petty Sessions before a magistrate.

The high level of charges is mainly due to the “Loss of Privileges” (LOP) penalty not being implemented by custodial officers as a substitute for formal disciplinary proceedings where appropriate. To address the issue, Acacia Prison has more closely aligned its processes with those in the public system and the responsibility for charges and “Loss of Privileges” now rests with more senior prison personnel, who are better trained to apply the disciplinary measures more appropriately and consistently.

These changes should also address the poor record keeping and the untimely handling of appeals which occurred during the year.

Prisoner movement

Acacia Prison uses an automated prisoner movement system, which incorporates smartcard technology. The system is designed to establish a dynamic security that monitors and manages prisoner movements within the prison, but it has not yet been used to its full potential.

Until early 2003, the system was not properly controlling movement within the prison, primarily, because staff were not following the proper system procedures including ensuring all movements were recorded on the system. Once the contractor addressed this issue, the compliance critical to the integrity of the system was considerably higher.

However, at year-end, the system was still only being used as a means of recording movement throughout the prison when it is capable of achieving much more. The next stage is to use the system to better manage prisoner movements by providing custodial officers with immediate information relating to each individual prisoner on the swipe of the card.

This will also help manage the prisoner’s time to ensure a high level of engagement. By collating information on each prisoner’s movements from various sources and making it immediately available to staff, the system will prove an invaluable tool in developing a structured day for each prisoner. The prisoner will be fully informed of their schedule and custodial officers will have all necessary information required to efficiently manage the prisoner and their movements.

Addressing bullying and violence

The level of bullying, stand-over tactics and general violence was low at Acacia during the year but the number of instances reported exposed concerns about whether the prison had adequate systems or strategies to deal with the issue.

The bullying and other aggressive behaviour was of particular concern in the block housing prisoners under protection. With a population of 125 prisoners, Acacia's protection block has the highest number of protection prisoners in the State.

It's believed the bullying, stand-over tactics and some violence that occurred during the year, was primarily due to the mixture of induction prisoners and others who had been placed in the protection block as the result of poor behaviour. Poor planning, poor reviews of protection prisoners and limited documentation outlining actions being taken to address their individual issues were also contributing factors.

The Department worked with AIMS as it addressed the issue of bullying and violence across the prison by:

- Implementing an anti-bullying policy across the entire prison
- Establishing an anti-bullying committee
- Familiarising and training staff with the anti-bullying policy.

To address bullying and other violence in the protection block in particular, AIMS has:

- Reintegrated a small number of targeted prisoners back into the mainstream population. Assessed additional protection prisoners on an ongoing basis
- Implemented an improved staffing model in the protection accommodation block, which also addresses anti-bullying within the protection area. This has significantly improved safety, case management, prisoner interaction and security.

Sharing solutions

Acacia management representatives visited Hakea, Casuarina and Bunbury Prisons during May and June 2003 and discussed issues including protection minimisation, the reintegration of protection prisoners to the mainstream population and program delivery to protection prisoners (including program scheduling protection prisoners).

This networking, facilitated by the Department, proved to be a valuable starting point for addressing anti-bullying issues at Acacia Prison.



Both Department and AIMS personnel have identified a number of issues and are cooperatively seeking solutions. Addressing these issues will provide system-wide benefits.

The Department has developed a Protection Steering Committee and working party so that procedures can be developed for managing protection prisoners across the entire system. Acacia Prison management will be represented on this committee, which is due to start meeting in July 2003. A dedicated Department project officer will be appointed in the year ahead.

Emergency response – working with other agencies

Acacia Prison's location, 60 kilometres from Perth, poses risks in case of emergencies - such as fire or loss of control - both internally and externally. Without a clear understanding of the prison and its special features and circumstances, emergency response agencies may not be able to respond quickly or adequately enough, should their assistance be required.

To mitigate this risk, a closer relationship was established between Acacia and the WA Police Service, Mundaring Fire Service and the Department of Justice's Emergency Support Group (ESG) during the year.

Monthly emergency management meetings have been held throughout the year involving representatives from Acacia and the emergency service organisations, to discuss emergency management issues and to ensure all parties are kept up to date with issues affecting Acacia Prison.

Regular training between Acacia emergency management staff and the ESG has also started. Several emergency management training exercises involving the Fire Service, ESG and the Police Service were conducted at Acacia Prison during 2002/2003.

Acacia Prison (through AIMS) is a signatory to a number of Memorandums of Understanding (MoUs) signed prior to the start of operations at the prison including:

- Joint Department of Justice/AIMS MoU for major incidents occurring in Western Australia
- MoU for the exchange of information between the Department of Justice and AIMS.

Separate protocols are also in place with the Volunteer Fire Brigade (Wundowie) and the Western Australian Fire and Rescue Service, and with the Ambulance Service (Swan Districts Branch).

Wongi prisoners

Aboriginal prisoners make up almost 30% of Acacia's prisoner population. It holds more Aboriginal prisoners than any other prison in the State, including a number of Wongi prisoners transferred from the Eastern Goldfields Regional Prison.

Acacia Prison's performance in relation to the Wongi prisoners was unacceptable during the year and a joint Department and Acacia Prison working party (through the Acacia Indigenous Reference Group) was established to investigate and address many of the issues confronting this group of prisoners. This included a re-examination of more appropriate placement options for these prisoners which has resulted in a significant reduction in the number of Wongi prisoners held at Acacia Prison.

The Department has worked with AIMS to meet the challenges of family visits, a shortage of culturally-specific education and treatment programs and the poor understanding of Aboriginal issues by Acacia staff.

Solutions developed and implemented during the year include:

- Placing indigenous food on the menu at Acacia prison
- Purchasing of additional resources for the prisoner induction program to facilitate cultural awareness
- Adding cultural awareness refresher training to the *Annual Training Plan*
- Developing an industry area based around indigenous art for indigenous prisoners
- Maintaining contact with the Aboriginal Visitors Scheme (AVS). The AVS meets individually and collectively with Wongi prisoners and provides information on issues including the use of ATMs and employment and vocational education and training.

To relieve the dislocation for Aboriginal prisoners separated from their family and other support, Acacia Prison and the Department of Justice have also implemented a scheme where two indigenous people, particularly Wongi prisoners, are placed in the Eastern Goldfields Regional Prison for a two-week return visit whenever possible.

CARE AND WELL-BEING

There should be a commitment to ensuring prisoners' emotional, physical and cultural needs are acknowledged and appropriately addressed.

Performance-linked fee measures: Care and well-being

		Standard required for performance-linked fee	Performance to 31 May 2002	Performance to 31 May 2003
(a)	No. of incidents of serious self-harm or attempted suicide	25 or less pa	3	2

AIMS' performance in relation to care and well-being remains positive. The quantitative performance indicators relating to this key result area include the number of serious self-harm incidents and deaths other than from natural causes.

There were two reported incidents of serious self-harm or attempted suicide during the year, which is well within the performance measure established in the agreement.

The Department is also carefully monitoring other incidents of self-harm. There were 26 prisoners involved in 29 incidents of self-harm during the year.

Acacia recorded its first death in custody on 17 May 2003, when a prisoner died of natural causes while in Sir Charles Gairdner Hospital.

The culture

The correctional culture at Acacia Prison remains generally positive with the management of prisoners characterised by constructive management approaches consistent with the original concept and philosophy of Acacia.

The term 'pro-social' is a feature of language within the prison and, in most instances, staff model sound communication and responses to negative prisoner behaviour that reflects their understanding of the concept.

However, this culture has been under pressure from two main sources, and possibly compromised.

The growing prisoner population, which was close to 700 for most of the year, puts pressure on individual officers and other staff who had to deal with a greater number and variety of personalities within the prison.

Furthermore, ‘front-line’ staff – many of whom have not come from a corrections background – have been operating without sufficient support for the pro-social approach from supervisors – many of whom have come to Acacia from other prisons with more traditional approaches to the staff-prisoner relationship. The issues with senior management and the lack of a management system for the prison, detailed elsewhere in this report, have compounded the difficulties for ‘front-line’ staff.

Assisted care unit

The prison has a designated 20-bed ‘assisted care’ unit for prisoners with special needs. The centre is designed to meet the needs of elderly prisoners and prisoners with physical and intellectual disabilities. There were up to 12 prisoners housed in this unit during the year. There is an ongoing issue regarding access to an open air environment for the geriatric prisoners which will be addressed with a current commitment in the 2004/05 capital works budget to perform the necessary modifications.

Health services

Acacia Prison continues to provide daily health care of all prisoners by qualified health personnel, with attention given to special medical programs and preventative healthcare. In line with the *Acacia Prison Drug Strategy*, there is a focus on reducing the reliance on prescription medication and encouraging prisoners to reduce or cease reliance on illicit substances.

Acacia’s Medical Centre is staffed by registered nurses 24 hours a day. A doctor attends three times a week with prisoners given priority according to the seriousness of their ailment or injury. Each doctor’s visit schedule has four vacancies allotted for emergency or pressing needs patients. There were approximately 300 doctor consultations every month during the year.

Although an optometrist should visit the prison once a week, this has not been the case since January 2003. Acacia is experiencing some difficulties securing the services of a visiting optometrist because of its location and isolation. The previous contractor was unable to continue to provide the services to Acacia Prison due to their inability to acquire suitable liability insurance cover. Alternative arrangements are currently being investigated by AIMS in conjunction with the Department and are proving a challenge. In the meantime, all prisoners with urgent cases are being transported to Perth for treatment.

A review of Acacia’s health services, conducted in July 2002 by an independent auditor appointed by the Department, highlighted Acacia’s “patient-focused” approach to health care. It also highlighted a deficiency in dental services at the time. This has since been rectified with the average waiting time for urgent dental care reduced to less than three days by year’s-end.

Psychiatric services

At year-end, the Department of Justice was in the process of negotiating a contract with Statewide Forensic Mental Health Services for the delivery of psychiatric services in WA, including Acacia Prison. It is expected the contract will be finalised early in the new year.

The contract involves quadrupling sessions available at Acacia (from one to four) each week and provides for continuity of service and transparency across the entire prison system.

Food

The current menu served at Acacia Prison is prepared by a dietician to ensure it contains the correct dietary balance.

However, investigations conducted internally into the issue of food quality and the size of portions provided at Acacia Prison revealed significant problems involved in food distribution, including stand-over tactics and general wastage.

To address these issues:

- The Department's catering coordinator has expanded their scope to include Acacia Prison in the audit process. This will include announced and unannounced checks of the Prison's catering service
- Custodial officers have been made more aware of the distribution issues, resulting in considerable improvement in this area.

Indigenous support

Acacia Prison is committed to providing proactive indigenous services and has addressed some key issues during the year. (The section on Wongi Prisoners on page 19 of this report provides more information)

Indigenous support at Acacia includes:

- Two full-time indigenous support officer positions
- A Prisoner Peer Support Team, supported by the indigenous coordinator

- A special purpose-built cultural centre to encourage prisoners to retain strong links to their culture while in custody and where visiting members of the community can meet with prisoners
- Promotion of prison events such as NAIDOC celebrations, family days, visits by indigenous community elders and traditional dance groups
- An Aboriginal Visitors Scheme, which involves visits to Acacia twice a week.

An Indigenous Community Reference Group meets monthly and contributes to Acacia's indigenous programs and policy development.

AIMS has not established indigenous health services at Acacia and has yet to achieve the indigenous health services expressed in their initial proposal.

REHABILITATION

Prisoners are to be encouraged to engage in programs, education and activities that seek to reduce the risk of re-offending and increase their potential for reintegration into the community.

Performance-linked fee measures: Rehabilitation

		Standard required for performance linked fee	Performance to 31 May 2002	Performance to 31 May 2003
(a)	Percentage required vocational/ education training hours provided	100%	8 out of 12 months achieved the benchmark	7 out of 12 months achieved the benchmark
(b)	Percentage required offending behaviour programs delivered as required in prisoners Individual management plan.	100%	9 out of 12 months achieved the benchmark	6 out of 12 months achieved the benchmark

Acacia's performance in relation to the delivery of programs in accordance with each prisoner's individual management plan (IMP) requirements remains unsatisfactory, with the performance measure being met in only six of the twelve months.

A number of prisoners have not undertaken required programs due to the prison's inability to deliver programs as published in their schedule. The prison's inability to fulfil the contractual requirements is attributable to a lack of strategic planning and ongoing financial and human resource constraints.

This area will require rigorous ongoing monitoring by the Department to ensure program requirements are met.

Accredited programs

Accredited programs delivered at Acacia during the year included:

- Addictions offending programs including Preventing and Managing Relapse, Choices, Pathways, NASAS and Substance Abuse Education Program
- Cognitive skills course
- Sex offender intervention program
- Violent offender intervention program
- Controlling anger and learning to manage it.

Treatment and development programs

AIMS' performance in the delivery of treatment and development programs has been disappointing again this year with the contract requirements of the performance-linked fee measure met in only six of the 12 months. AIMS did not receive the full performance fee for this measure.

AIMS' performance is particularly disappointing given that the *2002 Performance Review* and the last *Annual Report* made it clear that this area demanded immediate remedial action so that prisoners were not disadvantaged.

At the end of the second operational year, the contractor has not delivered the number of programs required as published in the schedule, nor have all prisoners undertaken program intervention as required in their individual management plan.

This non-delivery of programs has been formally raised with the contractor who has since developed an amended schedule to address the outstanding requirements by the end of 2003. The delivery of this amended schedule will need to be monitored vigorously to ensure the contractor fulfils its requirements.

Specialist review

A specialist monitor was engaged in February 2003 to conduct a systematic review of the treatment and development programs provided at Acacia. The review was designed to evaluate and validate the quality of program content and delivery of programs at the prison.

It found deficiencies in terms of program evaluation and integrity, program documentation and processes and 31 recommendations were made to address all the issues identified.

An action plan has been developed to implement the recommendations and a working group made up of representatives of Acacia Prison management, program staff, Department of Justice contract management staff and programs staff, has been established and meets regularly to ensure the recommendations are being acted upon.

Matters which require early and decisive attention include:

- The timely delivery of programs that meet the requirements of individual management plans and which are completed prior to a prisoner's earliest eligibility for parole
- Indigenous-specific programs to target violence and substance abuse as well as an intensive substance abuse program, and the replacement of the existing sex offender program with a program facilitated by the Department
- Program integrity to be restored by ensuring issues such as the size of groups, length of programs and pre and post-program requirements are in line with the program provider specifications
- A standardised approach to documentation, report writing standards and record management
- Increased human and financial resources for support staff and a commitment to ensuring program staff have the required training.

The report of the specialist monitor was provided to the Inspector of Custodial Services and to AIMS Corporation.

Education and training programs

Acacia is a Registered Training Organisation and delivers educational courses and vocational training to prisoners, trading as Avon Valley Educational Training Services (AVETS).

However, the delivery of accredited educational and vocational training by the contractor has not met contractual requirements in 2002/2003 and the full performance-linked fee will not be paid. Rehabilitation outcomes were below performance expectations again, with the benchmark average of four hours tuition per week for prisoners achieved in only seven months of the year.

A specialist review of the education and vocational training services was commissioned by the Department and this area will require ongoing monitoring to ensure service levels improve significantly in the year ahead.

The specialist review

A specialist monitor was engaged in late 2002 to conduct a systematic review of education and vocational training at Acacia Prison. A number of subject experts were involved in the review, which was designed to improve the effectiveness of education delivery to offenders.

The review identified deficits in the range of programs reported to be on offer, the quality of the supervision of staff delivering the programs and the depth of understanding by staff of the Australian Quality Training Framework, which is the basis for all accredited training.

An action plan for the 40 recommendations arising from the review has been developed and a working group comprised of representatives from Acacia Prison management, education staff, the Department of Justice's contract management staff and the Department's Education branch has been established and meets regularly to ensure all the recommendations are being acted upon.

The Department has also appointed an education administrator to work full-time for three months at Acacia Prison to help the education staff implement the appropriate systems and practices needed for more effective program delivery to comply with the required contract standards.

Among other improvements, AIMS is working on:

- Implementing the appropriate occupational safety and health program
- Ensuring all trade instructors are qualified in Certificate IV assessment and workplace training

- Properly resourcing the prison's library
- Selecting peer tutors and providing supervision and professional guidance
- Enforcing the requirement for all staff delivering vocational education and training programs to submit student assessment work for moderation, to test the validity and reliability of the assessment tools used
- Proper adherence to Registered Training Organisation guidelines.

The Department will appoint an independent education administrator in the year ahead to design and implement an educational and vocational administration system that ensures compliance with registered training organisation guidelines and correctional education standards. The administrator will also help with the coaching of education management staff to establish a sustainable education service.

The contractor will also appoint a replacement education coordinator to work closely with the education administrator to ensure appropriate educational processes are implemented.

A number of prisoners are now engaged in traineeships facilitated by the Department through the C Y O'Connor College of TAFE.

Re-entry / Exit issues

The number of releases from Acacia Prison, the State's largest medium-security prison, has been higher than expected and have included a very high number of parole cases, which require particularly careful release planning.

This has demanded an adjustment in thinking – by the Department of Justice and AIMS – of Acacia Prison's role within the Western Australian prison system.

Acacia Prison has struggled to provide prisoners re-entering the community with the necessary support for a number of reasons, including:

- It's status as a new prison contributing to poorly developed support structures including links with community organisations
- Difficulties in finding accommodation in the prison for a second community corrections officer to support prisoners in transition
- Ongoing negotiations between the Department of Justice and Outcare. Outcare provides support services for metropolitan male prisoners but did not consider Acacia prisoners to fall within its scope of work.

As part of the Department of Justice's re-entry program, a dedicated officer will be appointed to work with Acacia Prison in placing a greater emphasis on support for prisoners returning to the community.

Furthermore, at year-end, the Department and Acacia had worked together to ensure links with community organisations were being further developed and a second community corrections officer will start work at Acacia Prison early in the year ahead.

Ongoing negotiations between the Department of Justice and Outcare are also expected to see Outcare services to Acacia prisoners start within a few months.

REPARATION

Prisoners make positive contributions to the community through work and other activities.

Performance-linked fee measures: Reparation

		Standard required for performance linked fee	Performance to 31 May 2002	Performance to 31 May 2003
(a)	Percentage of prisoners employed or in programs	100%	5 out of 12 months achieved the benchmark	0 out of 12 months achieved the benchmark
(b)	Percentage of contract work hours provided	100%	9 out of 12 months achieved the benchmark	0 out of 12 months achieved the benchmark

The primary objectives of reparation are to:

- Provide opportunities for prisoners to offset the costs of their imprisonment
- Provide opportunities for prisoners to undertake tasks which provide a benefit to the community.

Employment / Industries

During the second operational year, prisoners were employed in food processing, metal work, woodwork, commercial laundry, kitchen, horticulture and grounds maintenance, education support services and general services.

However, for the second year, AIMS did not provide the required six hours work per day, per prisoner at any point in time. Prisoners' average work hours ranged between a monthly average of 4.09 hours per week and 5.45 hours per week.

The benchmark of 100% of prisoners employed or in programs or education was also not achieved.

Despite the challenges set by the *Annual Performance Review* in 2002 and relevant matters being raised regularly by the Department, reparation outcomes at Acacia continued to be sub-standard. Acacia management has failed to proactively seek methods to better meet their contractual requirements. Of particular concern was the high number of prisoners who were unemployed or not being managed effectively in their place of employment. For example, some prisoners were carrying out multiple shifts in various workplaces while others were unemployed. AIMS also failed to use prisoners to work on the general upkeep of the prison including painting and graffiti removal.

At year-end, the Department was more confident that management had finally engaged on this issue and it expects to see considerable improvement in the year ahead.

During the year, Acacia has been successful in acquiring a number of commercial contracts for goods and services and which include the following:

- Vegetable processing (\$7,800 per month)
- Visy Recycling Bins (\$6,500 per month)
- Wire baskets (\$ 600 per month)
- Carpentry, (which has switched to a sales agent and who has provided orders for \$2,000 per month)
- Horticulture, which will supply the prison system with vegetables.

Revenue from these activities is used for prison improvements that directly benefit the prisoners, through the Acacia Prison industries welfare account. (See page 32 of this report).

Contract payments

Contract payments to AIMS have been made in accordance with the amounts specified in the agreement. At year-end, the payment of the total performance-linked fee (PLF) figure was the subject of negotiations between the Department of Justice and AIMS.

A total of \$23,036,801.93 was payable to AIMS Corporation for the year 2002/2003. This was made up of the base contract fee and the payable performance-linked fee.

Under the agreement, five per cent of the total possible fee to AIMS is withheld and payment of the full amount is linked to performance. In 2001/2002, AIMS was paid 87.5% of the PLF funds withheld. Its level of compliance in the 2002/2003 operational year has seen only 69.5% of the PLF monies returned. This is primarily due to the prison failing to meet its reparation requirements.

Contractual payments relating to prison muster made to AIMS to 31 May 2003 (excluding GST)

Period	Total owing (\$)	PLF withheld (\$)	Amount payable (\$)
June 2002	1,949,463.00	97,473.15	1,851,989.85
July 2002	1,949,463.00	97,473.15	1,851,989.85
August 2002	1,949,463.00	97,473.15	1,851,989.85
September 2002	1,949,463.00	97,473.15	1,851,989.85
October 2002	1,949,463.00	97,473.15	1,851,989.85
November 2002	1,949,463.00	97,473.15	1,851,989.85
December 2002	1,949,463.00	97,473.15	1,851,989.85
January 2003	1,949,463.00	97,473.15	1,851,989.85
February 2003	1,949,463.00	97,473.15	1,851,989.85
March 2003	1,949,463.00	97,473.15	1,851,989.85
April 2003	1,949,463.00	97,473.15	1,851,989.85
May 2003	1,949,463.00	97,473.15	1,851,989.85
TOTAL	23,393,556.00	1,169,677.80	22,223,878.20

Penalties

The table below shows the performance areas in which AIMS was penalised for poor performance during the year, including the amount of the PLF payment lost.

Performance-linked fee measures	Total fee payable (100% performance)	Actual fee paid (2002/3 performance)
a) N° serious prisoner assaults on prisoners	\$70,181	\$70,181
b) N° serious prisoner assaults on staff/visitors	\$70,181	\$70,181
c) N° serious staff assaults on prisoners	\$70,181	\$70,181
d) % positive results from random urine sampling	\$70,181	\$70,181
e) N° substantiated prisoner complaints to Ombudsman	\$140,361	\$140,361
f) N° incidents serious self-harm or attempted suicide	\$175,452	\$175,452
g) % prisoners employed or in programs	\$146,210	0
h) % contracted work hours provided	\$146,210	0
i) % required vocational/education training hours provided	\$70,181	\$40,936
j) % required offending behaviour program hours provided	\$70,181	\$35,090
Percentage of prisoners at the prison for 12 months or more who reoffend within two years of discharge.	\$70,181 *Not currently applied	\$70,181
Percentage of prisoners at the prison for 12 months or more, in community corrections programs after release, which are employed after 6 months.	\$70,181 *Not currently applied	\$70,181
TOTAL	\$1,169,681	\$812,925

*** Adequate measurements and counting rules could not be made in these instances. Please see “Contract Variations” on page 35 of this report.**

Other payments

Other payments made to AIMS during the operational year relate to the PLF payment for 2001/2002, adjustments to the PLF and services provided over or below the contract's minimum requirements (see table below).

Other payments 2002/2003

Month	Amount (\$)	Description of other payments
Jun 2002	28,353	Prisoner payment differential in May 2002
Jul 2002	840,874	PLF payment
Aug 2002	10,527	PLF adjustment
Sep 2002		
Oct 2002	54,830	PLF adjustment
Nov 2002	15,633	DNA testing
Dec 2002		
Jan 2003	15,814	PLF adjustment
Feb 2003		
Mar2003		
Apr 2003		
May 2003		

Acacia Prison industries welfare account

The *Acacia Prison Services Agreement* requires that a proportion of revenue generated by prison industries be held in a prison industries welfare account. AIMS can, and has, made submissions to the Department on how some of this money can be used for the welfare of the prisoners. The list below provides those initiatives funded from monies collected in the 2002/2003 operational year.

Acacia Prison industries welfare account

Month	Amount (\$)	Payments made from the Acacia Prison industries welfare account
Jun-03	9,711.22	Net barrier in gymnasium
Jun-03	6,939.01	Sporting equipment for inmates
Jun-03	2,867.46	Library books and resources
Jun-03	1,777.75	Drinking trough for oval

CONTRACT MANAGEMENT

During the year, the Department has recognised and acted on a number of deficiencies in the contract management for Acacia Prison. It is also working with AIMS to ensure management issues raised by the Department and external reviews are addressed in an effective and timely manner.

Accountability

The Department of Justice has in place a number of accountability systems between AIMS and the Contract Management branch. These include:

- Human resources, including staff approvals and high-security permits, staff movement and status, including medical staff
- Assets, including their maintenance and location
- Medical, including annual assessments, medication under ‘schedule eight’, medical records and the level of health services delivered
- Notifiable incidents – a compliance-focussed database gathering information from daily site representatives, monitors and the contractors.

Staffing

There has been considerable discussion with AIMS about the staffing levels and structure throughout the year.

The two main issues onsite have been the appropriateness of the staffing levels and whether they are in line with what was originally specified in the contractor’s proposal.

An analysis was performed by the Department’s Contract Management branch in June 2003 that identified some variation in the staffing arrangements from those prescribed in the proposal. However, when considered in aggregate hours provided, the staffing levels are higher than that originally outlined by the contractor.

The focus has, therefore, moved to determining the suitability of current staffing levels. AIMS announced it plans to conduct a full review of staffing next year. This will include the issue of appropriateness. It is expected this review will validate or otherwise the perceptions that the staffing is inappropriate as mentioned earlier in this report.

Please refer also to comments regarding the corporate support from AIMS made on page ten of this report.

Internal audit

An internal audit of the contract management of Acacia Prison was conducted by the Department's Internal Audit branch in October 2002, following receipt of a full financial report from AIMS.

The audit identified a number of issues that were subsequently addressed including:

- The timely provision of financial information to the Department
- Enhancing the risk management of the contract, which included the development of a *Risk Management Plan* and a *Transition Plan*
- Confirm the appropriateness of insurances held by AIMS.

Financial risk management

The agreement between AIMS and the Department of Justice requires AIMS to provide financial statements to allow the Department to monitor the status of the company.

During the year, the Department conducted an analysis of the financial risk management of the service agreement. This review investigated the suitability of the measures in place and was the catalyst for the following actions:

- A revision of the *Risk Management Plan* to focus more on the operation of the prison in the event of the contractor defaulting in the provision of services
- The development of a *Transition Plan* which would be implemented in the event of a partial or total takeover of services at the prison, to ensure all relevant matters are transferred from the existing contractor to the new provider. The plan provides the Department with a complete checklist of matters that would need to be addressed in either of the events identified. The plan was developed with the co-operation of many groups, including the existing contractor, and was completed in May 2003.
- Confirmation of the currency of the \$3 million bank guarantee held by the Department. These funds would be essential to fund any transition arrangement required if the contractor defaulted on the contract.

Prisoner trust account

It is of significant concern to the Department that Acacia management has failed to adequately manage prisoners' personal gratuities and cash for periods throughout the year and has not been able to reconcile associated accounts.

Acacia Prison is required to have a full audit of the trust account holding prisoners' gratuities conducted each year. It has been unable to fulfil this requirement because it has relied on the same 'Total Offender Management' accounting system used by other prisons. This system does not provide the information required for a full audit of the Acacia Prison trust account.

AIMS has committed to implementing a complementary accounting system in the year ahead which will provide the information for audits of each year of operation to be conducted, retrospectively and in the future.

Contract costs

The direct Departmental costs that can be attributed to contract management during the year were approximately \$1.5 million. This includes the costs associated with the Department's monitors, contract management team and Custodial Contracts branch.

The above cost equates to only 6.5% of the total contract value, which is within the generally accepted industry range of between 5% and 8%.

Contract variations

The service agreement between AIMS Corporation and the WA Government requires an annual review including the appropriateness of the annual performance measures and areas for improvement in the services provided.

Following the annual review, a number of contract variations have been negotiated between the Department of Justice and AIMS and documented. At year-end, the variations were being considered by the Department of Justice before being forwarded to the Minister for Justice. In accordance with *Prisons Act*, all variations will be tabled in both houses of Parliament.

The tables following summarise the proposed contract variations, their cost implications, status and impact on the contract.

Table: Summary of contract variations at no cost to the Department or contractor.

Proposed variation	Cost	Contractual implications	Status
Allow <u>reporting</u> to be conducted on a calendar month basis	Nil	Delivers administrative benefits	This administrative measure would confirm arrangements that have been in place since the start of the contract period.
Require OH&S training to be conducted in accordance with a nationally accredited industry based program.	Nil	Introduces flexibility and aligns with Departmental requirements	The specific qualification required by the contract no longer exists, and was replaced by a more general obligation
Facilitate the provision of two high intensity substance abuse programs	Nil	Increases the Contractor's service obligations to include, at no extra cost to the Department, the facilitation of these programs	This requirement has already been agreed to by all parties and will commence in 2004.
PLF payments will be made on a quarterly basis	Nil	Varies contract's requirement for PLF to be paid annually.	If approved, this variation will be applied to the 2003/04 operational year.
Align daily average muster with that used by the Department.	Nil	Varies contract's definition of daily average muster to that used by the Department.	This administrative measure has been in place since inception
Remove requirement for a "supermarket" style prison shop.	Nil	Varies contract to remove reference to "supermarket" style prison shop.	The facility was never built into the prison.
Assaults will be measured against the number of victims rather than incidents	Nil	Varies references within the contract to ensure clarity of the performance measures	Original counting rules that were developed included these definitions.
Only serious self-harms will be measured against PLF. Also, the number of victims will be counted rather than incidents.	Nil	Varies references within the contract to ensure clarity of the performance measures. Using serious self-harm will align measure with the Department's key performance indicators.	Original counting rules that were developed included these definitions.

Table: Summary of contract variations with cost implications for the contractor

Proposed variation	Cost per annum	Contractual implications	Status
Contractual requirement for the contractor to acquire and maintain ISO 9000 certification	\$87,000	Ensures a high level of management systems within the prison	The quality management system is currently being developed and is expected to be completed next year
Include a requirement for \$1 million of medical malpractice insurance cover.	\$25,000	Expands suite of insurances required by the contractor to include medical malpractice	Insurance will be written following variation of contract
Provision of two medium sex offender treatment programs per annum as required by the Department.	\$124,000	Increases the contractor's service obligations to include, at no extra cost to the Department, the provision of these programs	If approved, this requirement will be applied in 2004
Facilitate the provision of one intensive violent offending treatment program per annum as required by the Department.	\$66,000	Increases the contractor's service obligations to include, at no extra cost to the Department, the facilitation of these programs	If approved, this requirement will be applied in 2004.
Measures relating to re-entry and recidivism will be abolished	\$140,000 (not paid to the contractor once this variation is approved)	Varies contract to remove reference to Performance-linked fee measures referring to recidivism and re-entry. The fee associated with these measures transferred to new measure	Following a review by the Department, it was agreed that appropriate standards and counting rules could not be established. It was agreed that these measures would not be used.

Table: Summary of contract variations with cost implications for the Department

Proposed variation	Cost per annum	Contractual implications	Status
Formalising the payment of those performance measures that are calculated monthly and paid in proportion to the number of months the benchmark was achieved.	\$76,000	Aligns the contract to administrative changes instigated last year. Expands contract's "payment" clauses to include this method.	This measure has been in place since inception following agreement by all parties.
Measures relating to Rehabilitation and Reparation will allow PLF payments to Acacia Prison to be proportional with its performance once they have reached an agreed minimum level.	\$225,000	Varies reference within the contract to allow proportional payment on specified measures. Formal counting measures will be included in performance-linked fee measures document.	Upon approval, this variation will be applied to the 2003/04 operational year.
A measure of the contractor's responsiveness will be introduced	\$140,000	Includes in the contract a new performance-linked fee measure that relates to the contractor's responsiveness. Formal counting measures will be included in performance-linked fee measures document	New measure will be applied following approval of variations. This performance-linked fee will replace the measures of recidivism and re-entry when they are abolished.

Wastewater treatment plant

The wastewater treatment plant (WWTP) is critical to the operation of Acacia Prison. It is operated under stringent conditions and the treated water is used for purposes including the reticulation of prison gardens and grounds when groundwater levels are relatively low.

During early 2003, inadequate testing resulted in high rates of suspended solids in the wastewater treatment dam. Reticulation was ceased immediately and the Department of Environmental Protection, local government and health authorities were notified.

The issue was resolved to the Department of Environmental Protection's satisfaction, however, groundwater levels had risen and the prison was unable to use the water for reticulation. Excess treated water was carted to a nearby site at El Caballo. Reticulation will recommence when the groundwater levels drop.

A review revealed the primary cause of the incident was the maintenance sub-contractor's lack of training and knowledge. The maintenance contractor was made fully aware of the maintenance and testing requirements stipulated in the licence conditions.

DEFINITIONS

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. The amendments allow for private sector involvement in the management of a prison within strict guidelines, and appropriate safeguards for the State.

The contract:

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 Australian registered and 100% owned by a French company, Sodexo Alliance.

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.

The agreement documents the minimum standards and operation service requirements in Annexure A.

Contract duration

The term of the agreement is for five 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 years and not more than five years, but cannot extend the operation period beyond the expiration of 20 years from the commencement date.

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.



Remuneration arrangements

Remuneration for AIMS under the agreement is based upon a fixed price (operation charge) and is subject to consumer price index 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.



Performance-linked fee

At the conclusion of each operational 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.

Liquidated damages

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

- the number of available prisoners 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.