

prison privatisation, has become "one of the most powerful forces in California politics," donating \$2.174m to campaigns.

There is a section on resisting prison privatisation, with a case study of a successful campaign in Utah.

It concludes that, "private prison corporations are seeking to increase their access to policy makers" and, although the private prison industry has recently suffered substantial losses in the stock market "it would be a mistake to discount their growing political power."

The Prison Payoff: the role of politics and private prisons in the incarceration boom, by Brigitte Sarabi and Edwin Bender, Western States Center and Western Prison Project. Copies price \$15 + shipping per copy, discounts for larger orders. From WPP, Publications Dept, PO Box 40085, Portland, Oregon 97240, USA. Tel: ++503 335 8449. Fax: ++ 503 287 5561. Email:wpp@teleport.com

<Canada>

US firms close in on Ontario

The Government of Ontario has passed legislation enabling the contracting out of adult correctional services.

Bill 144, is euphemistically described as "an Act to establish accountability in correctional services ..." and amends the existing Ministry of Correctional Services Act.

Prison companies from the US have visited Ontario's public prisons in preparation for the competition to run the new 1,200 bed facility at Penetanguishene (see PPRI #37, #35, #34 and #32). Ministry of Corrections officials who supervised the visits refused to name the companies.

The government's shroud of commercial secrecy was also used to deny the Penetanguishene Town Council access to the Request for Qualifications (RFQ).

The Ontario Public Service Employees Union (OPSEU) and the council have since established that the RFQ omitted 29 of the council's suggested 52 clauses that were included in the original Request for Proposals.

Around 150 municipal councils in Ontario have passed resolutions opposing the government's plans for privatised adult correctional facilities.

Citizens Against Private Prisons (CAPP) has a website: www.capp.50megs.com

The Ontario Public Service Employees' Union corrections bulletin Locktalk is on the internet at: www.opseu.org/ops/ministry/locktalk

What the auditor revealed

The Government of Ontario's auditor general has found that the ministry of corrections expanded the use of privately run 'strict discipline' programmes for young offenders before a three year pilot project had

been completed and evaluated.

Project Turnaround (see PPRI #13) won a three year C\$8.3m contract which, prior to its expiry in July 2000, should have been evaluated for its impact on young offender recidivism, academic achievement, employment success and other factors.

But the evaluation did not take place.

The audit also found that an extra C\$400,000 was paid to Project Turnaround for additional staffing not anticipated in the original contract even though the contract had no provision for such payments.

Nor had the ministry verified invoiced amounts against the contract and had been overpaying the contractor by C\$24,000 for aftercare services.

In 1996, the Ministry of Corrections was supposed to have explored the possibility of private finance and ownership of two new prisons which were being planned as part of an infrastructure renewal project.

Although no Requests for Qualifications (RFQ) were ever issued, ministry officials did have meetings with the private companies. The auditor reported that:

in the meetings, the private sector consortia indicated they would be willing to provide the financing to win the contract. However, they were more interested in obtaining the operating component of the package;

with provincial financing and ownership, the cost of financing would be at the province's interest rate which was 15 to 40 base points lower than that of the private sector;

if a facility were to be owned and operated by the private sector, the province's ability to regain possession and/or ownership in the case of inadequate performance could be problematic;

the release of a RFQ or a RFP to privately finance, design, build and/or operate the facility could have resulted in significant delays caused by union grievances.

<Chile>

New timetable for prisons

The tendering timetable for Chile's ten new semi private prisons has been revised with bids being split into two phases (see PPRI #36).

January 2001 was the deadline for prequalification for the first five bids. Calls for tender will be in March and the adjudication will take place in October and November 2001. The government wants the first five prisons to be open by 2003.

Calls for tenders for a further five prisons will be in September 2001 and the adjudication will take place in April/May 2002.

Contracts will be for 20 to 25 years and all prisons will be privately financed, designed and built. All non custodial services will also be contracted out but custodial services will be provided by the Gendanneria.

In December 2000, Chile's director general of public works told the private finance conference in Cape Town (see below) that prisons have been targeted for public private partnership involvement as they are schemes - along with highways, airports, ports and hospitals - which have a strong social impact while showing adequate private returns.

The government will share with private partners non diversifiable risks such as lower than expected demand and will cover currency risks with a payment to the contractor for exchange rate fluctuations when depreciation is more than 10 per cent.

<South Africa>

Private finance global summit

The Public-Private Partnerships/Private Finance Initiative Global Summit took place in Cape Town in December 2000.

The aim was to market the concept of providing new infrastructure through privately financed and operated projects and expand the already growing international business of British contractors, law firms, banks and consultants.

According to The PFI Report January 2001, "senior government ministers from across the developing world appealed for the private sector to invest in their countries through Public Private Partnerships ..."

One of the case study presentations was on South Africa's two private prisons currently under construction (see PPRI #13, #15, #16, #18, #20, #23 and #30, #34 and #36. It was revealed that the government had an advisory team comprising Justice Solutions International as lead consultant; South Africa's Loots International and Malelake Msimang & Associates and UK law firm Masons as legal advisers; Kagiso Financial Services (South Africa) and the UK's Berliner Bank as financial advisers; Aon as insurance advisers; and LMA/Ove Arup as engineers.

The cost of the fees associated with all this advice and consultancy was not reported.

The event's sponsors included: consultants KPMG and PricewaterhouseCoopers; construction firm Carillion; construction risk advisers Curie and Brown; bankers Investec; and international law firms Masons and Simmons and Simmons.

Speakers from the world of banking included representatives from Bank of America, Commonwealth Bank of Australia, European Investment Bank, First Rand Bank, Investec and Development Bank of South Africa.

Recent Publications

Privatization in Criminal Justice, Past Present and Future, edited by David Shichor and Michael J.Gilbert. Anderson Publishing Co, PO Box 1576, Cincinnati, Ohio 45201-1576. www.andersonpublishing.com An important collection dealing with issues relating to prison privatisation in the US. But it raises fundamental

questions - particularly about the concept of the state, its functions, responsibilities and authority - that need to be debated everywhere.

It includes a history of privatised criminal justice and asks how much is too much privatisation in criminal justice. There are also chapters on: jail privatisation, the next frontier and the grassroots battle against CCA in Tennessee. The chapter profiling CCA notes: "If government operated correctional facilities had an even halfway decent record they would not be as vulnerable to encroachment by groups such as CCA..."

GATS: How The World Trade Organization's new "services" negotiations threaten democracy by Scott Sinclair, Canadian Center for Policy Alternatives, Suite 410, 75 Albert Street, Ottawa, Ontario K1P 5E7, Canada. www.policyalternatives.ca Explains the General Agreement on Trade in Services (GATS) and sets out the threat to public services. "Most citizens and even elected officials still do not comprehend the full extent or implications of the existing GATS... the ultimate goal is to commercialise every service sector in every WTO country - including essential services..."

Public Services or Corporate Welfare, Rethinking the Nation State in the Global Economy by Dexter Whitfield, Pluto Press, London. www.plutobooks.com Available from: Centre for Public Services, 1 Sidney Street, Sheffield S1 4RG, England. Tel: +44 114 2726683. Fax +44 114 272 7066. www.centre.public.org.uk Email: ctr.public.serv@mcrl.poptel.org.uk The book provides an analysis of modernisation including partnerships, private finance and Best Value. It analyses how the state facilitates globalisation by promoting private finance and the marketisation of public services; demonstrates how the World Trade Organization is committed to privatising public services and welfare states; charts the emergence of a Corporate Welfare Complex; promotes a revitalised role for the state in a new system of global governance, stressing the importance of sustaining and improving the welfare state; and advocates a dynamic new model of public service management.

Prison Privatisation Update: what the private prison industry doesn't want you to know. Fifth edition, July- December 2000. Corrections USA www.cusa.org A compilation of reports from a variety of news outlets across the country and around the world. "These reports document the incredible failure this industry has become..."

Private Prisons: Public Safety Threatened. A survey of recent escapes. Ryan Sherman, California Correctional Peace Officers' Association Legislative Department. Email: rscppoa@aol.com Since 1995, there have been at least 200 escapes from private prisons throughout the US. In the same period, there have only been 11 escapes from secure California Department of Corrections(CDC) facilities.

Business Behind Bars, a two part film documentary directed and co-produced by Catherine Scott and Pat Fisk. Further details are available on the internet at: www.businessbehindbars.com The films deal with prison privatisation in the US and Australia. "They're [Australia] really starting to punish people, as they should have all along." - George C. Wackenhut, president of Wackenhut Corporation.

Australia: ACM contract under scrutiny

Recent incidents at immigration detention centres run by Australasian Correctional Management (ACM) in Australia (see PPRI #38, #37, #36, #32, #30, #29 and #14) led the federal government's Legal and Constitutional Legislation Committee to question Department of Immigration and Multicultural Affairs (DIMA) officials about these incidents, DIMA policy and ACM's performance under their contract.

This issue of PPRI reports extracts from the hearing in Canberra on 20 February 2001. Once again, concerned Members of Parliament failed to penetrate the shroud of commercial confidentiality that surrounds privatisation.

Duncan Kerr MP, shadow minister for justice, customs and population stated on 21 February that "DIMA was unable to provide satisfactory answers to important questions about the tendering process, terms and renegotiation of ACM's contract ... the Australian public has a right to know more about the contractual deal the Howard Government has done with ACM."

DIMA did reveal that, as well as ACM being under the direction of its US parent Wackenhut Corrections Corporation (WCC), there is also a sharing of management techniques and practices between WCC and all its subsidiaries.

The full transcript of the hearing can be found at:
<http://www.aph.gov.au/hansard/senate/commtee/s4572.pdf>

Senator Cooney (Lab, Victoria): I would like to ask some questions arising out of the statement Mr Farmer made. You say you have full faith in the staff and have been very impressed with it over your three years. Have you got confidence in Australasian Correctional Management, ACM, that runs the centres?

Mr Farmer (Secretary, DIMA): We have an elaborate - and deliberately so - system for managing the contract with ACM.

Senator Cooney: I asked you whether you had faith in them. I take it from that answer that you have not.

Mr Farmer: No, I am saying we have a process that enables us to reach conclusions about the way in which ACM handles its contract.

Senator Cooney: Why would you do that if you had full faith in them? I simply asked whether you had confidence in them, and the impression I am getting is that you have not - which concerns me a bit.

Mr Farmer: Perhaps I am not conveying my view clearly.

Senator Cooney: I do not think so.

Mr Farmer: We have in any major contract a variety of mechanisms for monitoring the contract. That is what you would expect. The detention services contract has substantial elements of reporting and monitoring which enable us to reach conclusions about the way in which ACM does its job. So I have more than an impression that we have a quite detailed process for reaching views on how that contract is performed.

Senator Cooney: Do you have faith and trust in ACM?

Mr Farmer: Over the last two years there have been a number of highly challenging issues, many of which ACM has handled very well, in my view. There have also been a number of incidents where we believe things were not handled well, and we have pursued those with ACM.

Senator Cooney: Unfortunately, I am still left with the impression that I am not sure what you think of ACM. It sounds as though you have some considerable doubt about them. If that is so, why do you persist with them?

Mr Farmer: I have not used those words, Senator. I have tried to explain to you the basis on which we deal with ACM, the way in which we try to ensure that they administer our centres in accordance with the contract.

Senator Cooney: I keep asking the same question - I do not know how much clearer I can make it, I am sorry...

Mr Farmer: I think I have the same difficulty, Senator.

Senator Cooney: The question is: do you have full faith and trust in ACM? Every time I ask you that you balk at the answer, you will not answer it. I conclude from that that you have some doubts about them.

Mr Farmer: The contract does not contain any reference to faith or trust. It talks about detention standards which we expect ACM to administer. As I said, we have a quite well developed process to enable us both to do that and to take corrective action if it is not being done.

Senator Cooney: So your answer is that it is irrelevant as to whether you have full faith and trust in ACM?

Mr Farmer: We have a commercial relationship with them, Senator; that is right.

Senator Cooney: So you say that what you think as to whether they are good or bad is quite irrelevant?

Mr Farmer: No, not at all.

Senator Cooney: I am not sure what you are saying.

Sen. Ellison (Minister for Justice and Customs): Madam Chair, I think the thing here is that Senator Cooney has asked Mr Farmer about whether he has faith or trust in ACM. Those words are somewhat subjective, and Mr Farmer is saying, 'We have a contract in place, there is quality assurance and we assess the performance of ACM in relation to that contract.'

I think we are perhaps on two different wavelengths here. If Mr Farmer were asked about how that contract had gone, the evaluation of it, and if they had fulfilled their requirements, that would be a little different to being asked about faith and trust, because that really is a more subjective view. To bring that into a contractual situation is a bit different. If you had asked, 'Have they lived up to their contract and are they fulfilling their contract?' that is a different story.

Senator Cooney: I will explain to you why I am asking the questions. Mr Farmer introduced the issue of the problems that we have had in detention centres. He then says, 'Arising out of those problems, there are statements by the inmates who say, "We have been treated badly." There are then statements by the department which say, 'We have looked at this, but it is all right. This has not happened. There has been the odd event but, by and large, it has been very good.' If Mr Farmer is basing that opinion on the fact that he has great trust in the department - which he says he has - plus great faith in the ACM, then you would want to ask just how good the department and ACM are, because what he is doing is preferring one version to another. That is the difficulty with all this business in the detention centres. In other words, there seems to be a propensity on the department's part to pick up the evidence of one side, and I think a lot of that comes because of his proper faith in his staff and in ACM.

Mr Farmer: Senator, they are your words. You talked about 'faith' and 'trust'. I have not used those words. I have not said that they are elements in my thinking about ACM.

Senator Cooney: Of course they are my words. That is exactly what I am saying. You seem to cavil, Mr Farmer. You do not seem to want to answer the questions. If you do not want to answer, we draw our own conclusions.

Mr Farmer: I am not cavilling, and I am not not answering, Senator. I am saying that I do not use the words that you attributed to me.

Senator Cooney: I know what you are saying. You are not answering the questions. You are saying that they are unfair questions and that I should ask you about the contract and whether you monitor the contract. I am not asking you that. As Senator Ellison says, perhaps I should not. But you are not answering my questions. You are saying, 'I am not going to answer them because they are not appropriate.'

Mr Farmer: I have answered your question, but I am not in a position where it is appropriate for me to say, I have faith or trust in a commercial organisation.'

Senator Cooney: Right. That is the answer.

Mr Farmer: Our approach is to use the elements in the contract which are designed to enable us to manage the contract and to arrive at views on whether the contractor is or is not performing the contract to the required standard.

Senator Cooney: You have given me the answer that I want. Perhaps it would have helped at the start if you had simply said, 'I do not think it is appropriate for me to answer the questions.' That is all you needed to have said.

Performance measures?

Senator Harradine (Ind. Tasmania): May I ask a question. Mr Farmer, what methods are used to measure ACM's performance against the detention standards?

Mr Farmer: I will ask my colleague Ms Godwin, who is the First Assistant Secretary in charge of the detention task force, to answer that question in detail.

Ms Godwin (DIMA): We have a process of quarterly formal evaluations. That takes the form of reports received by us from our centre managers - the DIMA business manager in each of the centres - as well as an examination of incident reports and the way in which various incidents have been managed during the period under review. Those items are brought together, as I say, in central office and staff in central office go through them. There is a framework against which the contractor is assessed, which is included in the contract, and points are assigned - positive or negative - and then, at the end of that process, there is either a net gain positive points - or net negative points, and they are applied. The way in which the assessment is done looks not just at the incident that occurred, for example, but at the way in which the incident was managed. For example, if an incident occurred but was well managed, that would not necessarily attract a negative response from us. On the other hand, if an incident occurred and we took the view that it had not been well managed then negative points might accrue.

Senator Harradine: So it is the amassing of those points, negative or positive, that constitutes the performance review function of DIMA?

Ms Godwin: That is the formal assessment component. As well as that, we have regular meetings with ACM, both at a central office and ACM head office level, and also on the ground where our DIMA staff at centres meet with the ACM manager at the centre. The purpose of those meetings is to discuss contract issues more generally. They may not be things that are formally assessable under the contract but where we would want to discuss with them, for instance, their staff selection processes or the way in which they have responded to the health needs of detainees in that particular centre or something of that nature.

Senator Harradine: Or educational needs, specific needs for women and children and so on?

Ms Godwin: We have those discussions regularly. They used to be held quarterly to coincide with the quarterly assessment process. In the last few months, we have upgraded those to monthly discussions. We are also introducing some additional elements to our monitoring arrangements to do with - what I guess you could call - audits from time to time of particular issues in the contract and that processes being

implemented now.

Contract extended, but ...

Senator Harradine: Much has been said about the contract. When was the contract entered into with ACM?

Ms Godwin: The contract was signed in February 1998

Senator Harradine: For how many years?

Ms Godwin: For an initial period of three years but with extension provisions.

Senator Harradine: Am I correct in understanding that that has been extended for another 12 months and, if so, why?

Ms Webb (DIMA): The contract was extended for a further 12 months to allow time for the negotiations that the contract requires to be conducted fully and thoroughly. In the preceding period, we had had that surge in boat arrivals and the department had not been in a position to give it the priority that it would otherwise have been given.

Senator Harradine: Whether or not you renew a contract would depend on performance standards. Were you not at any given time during that period able to alert the ACM management to problems in their performance standards? Presumably, their performance standards were not considered to be at a sufficiently high level to award them the contract for the further three years?

Mr Farmer: In terms of the contract itself, there are a number of steps that have to be taken.

The first one is that we have to satisfy ourselves that the service provider is delivering value for money. We also have to satisfy ourselves that, in terms of industry standards and so on, we are getting the sort of service that is the best in the marketplace and we have to satisfy ourselves about the quality of service. In relation to particular issues and incidents, we have pursued those with ACM. In relation to their overall performance during the contract, that is something that is being looked at in the context of contract renewal or not. We essentially have a choice: to extend the contract or to go to the market - in other words, to tender for services in the market.

Costs, merchant bankers & audits

Senator Harradine: Do you have figures that provide the overall cost, the cost per centre and the cost per detainee per year?

Mr Vardos (DIMA): We do have those costings; I am sure they are in my brief

Senator Harradine: I would be grateful if you would take that on notice.

Mr Farmer: We will do that, Senator.

Senator Harradine: Thank you. Are you able to provide us with a breakdown of payments made to ACM - for example, by centre per head of detainees per financial year?

Mr Farmer: Some of those matters we have explained to the committee before. There is a particular reason. We are facing litigation in respect of this contract, and we have really been constrained from giving information that would, in effect, be of use in that litigation. We will give you such information as is possible to do within those constraints.

Senator Harradine: Since the commencement of the contract with ACM, has DIMA ever conducted an audit of ACM's accounts?

Mr Vardos: There has not been an audit, in the conventional sense, of their accounts, but there certainly has been a review of their costing regime in the context of the renewal of contract negotiations. Ms Webb may be able to provide more information on that.

Ms Webb: If you would like me to elaborate, we employed a merchant banking firm, N M Rothschild and Sons, to assist us in understanding the costing structure and the way that the charges imposed by ACM had been constructed. That went on for about six months of last year. In a pretty thorough manner, they went right into the details of the books and were able to advise us in a lot of detail about the way the charges were constructed. While that is not a formal audit in the sense of their being an auditing firm and with the intention of their giving us, if you like, a bill of health about their books, it was nonetheless a very thorough analysis of the underlying charges that lead to the prices that we paid.

Senator Harradine: Is there any way that one can get a handle on how ACM have done - for example, their profit and loss, their balance sheets and what have you - out of the centres?

Mr Farmer: Presumably, they have a company report. I just do not know the extent to which they report on matters in the report.

Senator Harradine: Surely your department would be very interested in how they have gone financially in respect of the services provided at detention centres.

Mr Farmer: Indeed we are, and there are provisions in the contract for us to deal with ACM in relation to profit matters.

Ms Godwin: As far as I am aware - and I would need to check this back to the beginning of the contract - ACM provides us with an audited statement each year. We are entitled under the contract to undertake our own examination of their books if we so determine. That was the point that Ms Webb was mentioning, that we have actually used our ability under the contract to examine their financial arrangements as part of our overall approach to contract renewal.

ACM's profits guaranteed

Senator Harradine: Can the committee be provided with this information on how they have gone and whether they have made a profit out of their contract with you?

Mr Farmer: They have certainly made a profit, because that is inherent in the contract.

Senator Harradine: It is a cost plus arrangement, is it?

Ms Webb: Yes, that is correct. The contract provides for a margin of profit above costs. In terms of providing the details, can I suggest that we review how much we can give you consistent with not interfering with the other issues that we are facing. Within that constraint, we will give you as much as we can.

Senator Harradine: In 3.3 of the general agreement it mentions the sharing of costs between DIMA and ACM. How is this measured and achieved?

Ms Godwin: Each year, under the contract, if ACM has made savings over and above its normal operating arrangements, those savings are shared with the department on an agreed formula. Again, that is something that we are able to audit. It is done on a calendar year basis and we would be able to audit those. At the moment, we are at the point where we would expect to get their statement under that provision of the contract and then go forward with an audit.

Senator Harradine: You have got a system of incentives and fines and, at the end of the year, you have performance linked fees. How does that operate?

Ms Godwin: That goes back to the point that I was making before about the quarterly assessment. So it is not done on an annual basis; it is done quarterly. There is a proportion of the fee for each month in the quarter that is retained by us, and then at the point where we do the assessments - as I said before, there is a negative points, positive points sort of approach - if there is a net negative, there is a financial amount attached to that and we would withhold that. If it is positive, we do not pay them, but they would then get the full amount of what is called the 'retention amount' that we have so far held back.

Senator Harradine: In the event of say, a riot, who pays for the damage? The new perimeter fence cost something like \$1.7 million. Who pays for that?

Ms Webb: In the case of something like a riot there are three ways that the damage bill is distributed. One way is by ACM themselves, if the damage is such that, under the contract, they would have been assessed as being reasonably capable of preventing it had they acted in a different way.

Had the damage been such that it was assessed that it was not something that ACM were able to prevent, then we go to the Commonwealth insurer - Comcover - and put in a claim for insurance, which is what we have done with the damage done in the Woomera riot. Comcover is assessing the claim. In that instance, we understand that we will shortly be getting a determination from Comcover and we are led to believe that they will agree to foot the bill.

The cost of the capital works at the various centres is met in different ways, to some extent depending on who owns the centres. Where the Department of Finance and Administration is the landlord, at places such

as Maribyrnong or Port Hedland, they actually fund the capital to put up fences or, in the case of Port Hedland, to put in a new kitchen. At Woomera the department has been funding those works either as capital works or as works that can be dismantled and moved to another centre when we need them.

Senator Harradine: Mr Farmer, has the department made an overall assessment of the comparison between the cost of detention prior to privatisation and the cost after - that is, the cost to the taxpayer?

Mr Farmer: I am not sure that the microphones are working properly. We cannot hear you.

Senator Harradine: I will try again. Has the department made an analysis of the comparison between the cost to the taxpayer of the detention prior to privatisation as against after privatisation?

Mr Farmer: There are a number of things to say to that. One is that in absolute terms the cost to the Commonwealth has risen very substantially because the number of people in detention has risen very substantially in the last two years.

Senator Harradine: Mutatis mutandis.

Mr Farmer: The trouble is changing of things that need to be changed. We are dealing with different contracts and we are asking different things of the current detention service provider than we asked of the previous detention service provider. Mr Metcalfe elaborated on this point to Senator McKiernan at an earlier meeting. I might ask him to elaborate on that point.

Senator Harradine: I do not want anything to be repeated, if you can point me in the direction of when that was.

Mr Metcalfe (DIMA): It certainly was at the previous estimates hearing. I think it was in this room. possibly 12 months ago.

Just to supplement what the secretary said, when the Australian Protective Service were the service provider, essentially they were providing guarding services and security services, but some other aspects of service delivery, such as medical services and catering and so on, were independently contacted by the department. Part of the concept of the competitive tendering of the contract would be that the service provider provides a complete service: detention services, catering, health and education services, transport services and whatever.

As I said to Senator McKiernan some time ago, it is difficult to make a comparison because you are comparing apples and pears. We can find the reference to the earlier exchange and we will provide that to you.

Senator Harradine: Obviously we are interested - and no doubt you are, because we are both responsible for the expenditure of public monies - in seeing how it has gone, principally for the detainees but also for the taxpayer. That seems to be a relevant question. I know you have got apples and pears arguments ...

Mr Metcalfe: I completely understand the question and I think it is a very fair proposition that you are pointing to. I will take on notice that particular issue and see if there is any analytical or comparative work that may have been done that may be able to assist the committee in saying whether it was cheaper to do it in a certain way or more expensive to do it in this way.

To a certain extent, I think our response may be seen as not being particularly helpful, but it may reflect reality: the decision was taken by the government in 1996 to competitively tender the service.

A number of companies forwarded tenders. The previous service provider did not tender, so what their costs might have been under the current service provision becomes quite speculative. Adding to that is the fact that, as we have discussed at previous hearings, there are different daily rates for detainees depending on the numbers of people in detention.

Having made all those points, I will take that question on notice and see if we can provide you with an answers

Wackenhut's involvement

Senator Harradine: Thank you. On the question of your own immigration detention standards, I notice that the first principle in those standards states: 'Immigration detention is required by the Migration Act and is administrative detention, not a prison or correctional sentence.' Considering that, how did DIMA assess that against its decision to appoint a company which really is a prison and correctional services company?

Mr Metcalfe: The answer is that the company can do a variety of things and, in the tender process that took place before the signing of the contract in November 1998, an evaluation was made of the tenders.

You are quite right: we are looking for a range of services which is not in all respects the same range of services that you would be looking for in a prison or a correctional environment. We are looking at the capacity of potential service providers to provide what we require.

Senator Harradine: ACM's parent company is Wackenhut Corrections Management, isn't it?

Mr Metcalfe: There are two owners of Australian Correctional Services: Wackenhut, a US company, and Theiss Constructions, an Australian company

Senator Harradine: What is the relationship between the Australian company and Wackenhut, for example, in its operations in America?

Mr Metcalfe: There is an Australian set of directors and it is an Australian company, but there is an ownership structure back to the American company.

Senator Cooney: Is it ACM or ACS that you are talking about?

Mr Metcalfe: The parent company in Australia is Australasian Correctional Services. They have contracted the service delivery component of the contract to a subsidiary company, Australasian Correctional

Management. The names do tend to get interchangeably used, but ACM are actually the people who provide the service.

Senator Cooney: Mr Farmer, when you were asked by Senator Harradine about what experience they have had, you said they have done a variety of things. I take it from that that they have looked after detention centres either here or overseas prior to signing up with the immigration department. Can you tell me what those detention centres either here or overseas that you were referring to were when you said that they do a variety of things?

Mr Metcalfe: It was before my time, Senator, but we will see if someone who was involved in the contract can help you there.

Ms Bedlington (DIMA): I know because we got references from the countries concerned, that Wackenhut or one of its subsidiaries actually operated immigration detention centres in the United Kingdom and in the US.

Senator Cooney: We have been told by the secretary that Wackenhut is not directly involved, that it has an ownership link and that it has nothing to do with the management. I was asking this in terms of management.

Ms Bedlington: They do have a link in terms of management in the sense that where they produce, for example -

Senator Cooney: Just stop there. I want to clear this up first. We were told that it did not have a management link, that it had an ownership link and that it was all done in Australia.

Ms Bedlington: Senator, if I could finish, then the answer to that question will become clear.

They do not have a direct responsibility management link, but where they develop products and procedures that might be useful, for example, particular management techniques and so on, there is an informal sharing of best practice across Wackenhut and all its subsidiaries. They are subject to direction from the parent company.

Senator Cooney: How do you know that?

Ms Bedlington: That was part of the evaluation.

Senator Cooney: Have you got those evaluation documents?

Ms Bedlington: I beg your pardon?

Senator Cooney: Have you got the evaluation documents you have just spoken about?

Ms Bedlington: That was part of the tender evaluation.

Senator Cooney: Where are they now? You have told us something, and I just want to check up on it. Is that possible?

Mr Metcalfe: Those documents will be held by the department. Could I take on notice that question and again run the issue of whether there are any commercial-in-confidence issues that may arise. I know the precise point that you are seeking, and we may be able to extract that particular aspect.

Smoke and mirrors

Senator Cooney: Mr Metcalfe, you have been very helpful over the years and I thank you for that - but when we discuss these issues here, we get statements - bang - and, as a committee, we have absolutely no way of checking the credibility of those sorts of statements.

Mr Metcalfe: I appreciate the point. That is why I said that, certainly to the extent possible, we will follow that issue up. The precise thing that I think you are asking is: what information was before the department when we awarded the contract to ACM?

Senator Cooney: I will put the issue of statements in context. From what I can see and from events described in the papers, a lot of trouble has occurred in these detention centres, which is not normal if you look at jails.

People say, 'It is really the inmates who are the problem,' which seems to me to be a cop-out, if I can use that expression, because there are not the same problems in the places that ACS runs where you have convicted criminals.

We are told that it is an inmate problem and we have to do nothing there, but you can imagine - and I think you have given evidence that people sent out as guards to Woomera, for example, have about four weeks of training - that people with little training who are working in these detention centres are going to get a bit irritated by what goes on there and that clearly the closest people to take their frustrations out on are those they are supposed to be looking after. That is the picture you get. You come along here and say, 'What about the contracts, and, 'This contract is going to do this' but we never see the contract.

That is a bit unfair because you have given me a pro forma and invited me to look at it, which I do not intend to do because this has all got to come out in public.

The committee is bound the whole time here by statements from the table. I am not saying for one minute that the department is not full of people with absolute integrity, but I would really like to know whether their interpretation of things is as good as it could be.

Ms Webb gets you a bit worried when she says, 'We went off to a merchant banker to see our way through.' You have to ask yourself 'What capabilities are in this gathering before us?' I am just trying to get some sort of check on things.

Mr Metcalfe: I know where you are coming from Senator, and to the extent possible we certainly will assist.

Exclusive contract negotiations

Senator Cooney: As I understand it, Mr Farmer was saying that the way we are checking whether or not we ought to keep on ACM is by measuring them against contractors. It is not a matter of having faith or trust in them; it is a matter of whether they adhere to the contract. They said they are in negotiations and that they are going to be long negotiations. Would I be right in concluding that there would be some problems with ACM management?

Mr Farmer: Were we to decide not to extend the contract, the length of time gives us the option to go into a tender process which would take some time. That is the reason for the period we are talking about.

Senator Cooney: I understood that this was a term contract for three years, with a right - I take it the right is in ACM - to renew the contract, but for how long?

Mr Metcalfe: I might briefly explain the contractual overview to provide some context to that question. Essentially, the department has a contract in place with ACM, called the general agreement, which has a life of 10 years.

Although that sounds like a long period, the actual performance of the contract comes under a services contract which is the three-year contract we have been talking about. That ran from February 1998 until about now and has been extended to allow us to go through this particular process. It is open to the Commonwealth to extend the contract for a further period, but as Mr Farmer indicated earlier when responding to Senator Harradine, there are a number of issues that we are obliged to take into account in deciding whether or not we would extend the contract.

The threshold issue is: do we believe that we are getting value for money? Are we able to satisfy ourselves in relation to that? That is exactly what we are going through at the moment and what Ms Webb has described. Depending upon the outcome of that, we also have to look at issues such as whether we believe that they are performing all requirements of the contract to a satisfactory standard and whether they represent best practice in the industry.

The value for money consideration is occurring at the moment. We are being very careful in what we say today because the contract requires an exclusive negotiation period and that is what we are in currently. It is crucial that we maintain an open mind in relation to these matters until the secretary ultimately takes a view one way or the other. Hypothetically, were the decision taken that we did not wish to extend the contract, then we would need to go through a new tender process.

ACM, of course, would be open to bid for that process but other companies could then come in and we could examine their costs and capabilities in the area. Our experience in such commercial areas is that that process would naturally take some time. We would need extensive commercial and legal advice. It is a valuable and crucial contract in terms of public interest, so we want to do the best we possibly can. As we have indicated, when it occurred last time one of the disappointed tenderers commenced litigation in relation to that issue. So we will obviously undertake the task properly and carefully. Realistically, that will take some months. That is why the 12-month extension was provided. If the secretary hypothetically decided to extend the contract, that is something that would occur more quickly.

Senator Cooney: I take it that the right for renewal lies with the department; the ACM has no right of renewal.

Mr Metcalfe: The contract allows ACM to make an offer, which they have done. It requires there to be an exclusive bargaining period, which is what we are in, but at the end of the day it is our decision.

Investigating incidents

Senator Cooney: In this context but a little differently, say there is a complaint, a difficulty at some detention centre, and someone rings up or writes in to the department that there are some problems there: what happens? I get the impression that you might ring up ACM and say, 'Is there any trouble?' and they say, 'No. Somebody was rioting and that's all been fixed up now.' You then hang up the phone and say, 'That's the problem. Write a letter to the constituent saying that we have inquired about this and our inquiries show that that has not happened.' Or else you might ring up somebody from the department who was there but did not see the incident and then sees ACM. One of your problems is a problem with prisons in general and it is a difficult one. It is the quality of an investigation into an incident that is a problem, I think.

Mr Metcalfe: It is more than just a phone call, I can assure you. A lot of resources are devoted to monitoring and performance managing of the contract.

Ms Godwin: In many instances we would already have been made aware that there had been an incident through what is referred to as the incident reporting process. That is something that has been a matter of discussion publicly in the last few months. In any event, if we got such a complaint, you are quite right - we would in the first instance speak to ACM, but it would not just be a phone call, as Mr Metcalfe said. What we would ask for would be a report of the incident, if one had not already been provided on the basis of that report we would go back and seek further information. A number of other things would follow, or may already be in train.

ACM itself will often, depending on the nature of an incident, appoint an investigator from some other part of the agency - someone who is not in that centre and who is not involved in the management of that centre in any way - to go in and examine the complaint. We would always consult with our DIMA business manager as to their view - whether there were further issues that needed to be explored. Depending on the nature of the incident, we would also check that certain reporting had been done. For example, if it was something that should have been drawn to the attention of the police or some other agency we would check that it had been done appropriately. There have been occasions - and this is something we are progressively doing a bit more of - when we would engage somebody independent to undertake a further examination of ACM's handling of an issue and, to some extent, whether we, as the DIMA officers responsible, had also attended to the issue appropriately.

Senator Cooney: I do not know what the answer is. I suppose it is the same for prisons. The people who are actually investigating are those with an interest. They are deemed as clearly having an interest and we have to make sure that it looks good in the public's eye. You now have a director of public affairs in the immigration department so there is that consciousness. Certainly ACM have an interest.

As against this you have got somebody who is going to give a version who probably cannot speak English and is not particularly a figure of sympathy for those who are doing the investigation. It is a classic case. You could let it go but, underneath it all, it is the Commonwealth that is locking the people up, so it has some sort of obligation.

Mr Metcalfe: I might just add that we have internal procedures, as does ACM, to deal with incidents. Of course, there are external accountability mechanisms. Detainees are aware of and do regularly use their access to the ombudsman and to the Human Rights and Equal Opportunity Commission. We deal with a number of complaints or requests for information that come from those bodies and obviously we investigate those, and they independently investigate those by talking directly to the people concerned or whatever.

Senator Cooney: I am absolutely sure you are trying to do your best. You have this Wackenhut, as you mentioned before, and I read the other day that they are taking care of some of the nearly two million prisoners in America. They have an interest, I suppose, in having people incarcerated, legitimately, no doubt, but they also have a position to defend because their contract is up.

Mr Metcalfe: I do not think there is any suggestion that Wackenhut is bringing illegal immigrants to Australia.

Senator Cooney: No, but I am saying that it does depend on whether it is management or whether it is simply ownership - and that has to be identified. If it is management, Wackenhut is bringing a culture to their body here which will be, 'Lock people up.'

Mr Metcalfe: Yes. I suppose the point I was making, without wanting to appear glib, is that ACM has no role in the decision as to whether someone is detained under the Migration Act. That is a decision provided for by Australian law and is solely within the domain of this portfolio and this department and that is where we are highly accountable. The issue I think you are driving at is whether there is a performance culture or a management culture or whatever coming through ACM. At the end of the day, when the decision was made 3½ years ago to award the contract to ACM, from what I have seen - and I was not personally involved in the decision - it was a very thorough process which looked at the people who had presented their claims.

Training of ACM officers

Senator Cooney: I think the time before last it was said that the length of training that ACM puts their people through is four weeks.

Ms Godwin: It is a five-week pre-service training course and there are 40 hours of refresher training each year for each officer. We have been collating some quite detailed information on that in the context of discussions that Mr Metcalfe mentioned we have been having with the Human Rights Subcommittee of the Joint Standing Committee on Foreign Affairs, Defence and Trade. We would certainly be able to provide that same sort of information to you. Although it is five weeks, it is an intensive period. The other point to make about the training is that it has been developed in consultation with national accreditation bodies and it is a TAFE certificate accredited course.

Senator Cooney: You can get all sorts of certificates. You will not be able to tell me, because it will be pursuant to contract and commercial in confidence, but how much do people out there earn?

Ms Godwin: I do not know.

Senator Cooney: I am glad you gave an answer because it now allows me to make some suppositions. I suppose that they would not be paid terribly much. What concerns me is that you have these people with limited training - five weeks, with 40 hours upgrade - out there in the middle of the desert in Woomera having to act as prison guards for people in detention.

Day after day, you would imagine that your temper might get short at times. It would be a terrible strain. If there is an opportunity to give an outlet to your frustration, the people you are detaining, who are pretty vulnerable, would be the ones that you would let your frustration out on. That is why I am asking about the level of training and so on. You are not going to get people from St Vincent de Paul going out there to be to the guards, I wouldn't have thought.

Ms Godwin: I understand entirely, and that of course is an issue in any institutional setting where people are responsible for the care of others - the relationship between the staff and the people for whom they are responsible. I would add a couple of things. Prior to even being selected, there is a pretty intensive process - which we could also provide you with some details on - which involves interviews, police and other checks, and psychological assessment. There is quite a significant culling process, if I can put it that way, in terms of the number of people who apply for jobs and the number of people who are ultimately selected.

The other point to make is that it is clear that, from time to time, exactly what you are describing can happen: people do feel frustrated and they inappropriately take that frustration out on detainees. The issue at that point, it seems to me, is: are there processes in place for appropriately recognising that and dealing with it?

New contract negotiations

Senator Cooney: Who is negotiating the contract? Has that been negotiated through merchant bankers?

Ms Webb: No, we are doing the negotiations ourselves. We have consultants on board to advise us. If perhaps I can collect you, I may have been not quite clear in my reference to merchant bankers. It was more in reference to a group from that particular firm who probably have one of the best areas of expertise in Australia on those sorts of institutions and organisations and the sort of cost structures one would expect. That is the reason they were chosen - not because they are merchant bankers.

Senator Cooney: And you are in the process of negotiations now?

Ms Webb: That is right. As Mr Metcalfe said, we are in the process of negotiations on value for money.

Senator Cooney: I think it is fair enough not to interfere with negotiations. Thank you.

Senator Ludwig (Lab, Queensland): I have a follow-up question to Senator Harradine's in relation to the litigation that was referred to. As I understand it, that litigation you have enlarged upon, Mr Metcalfe, concerns a disappointed tenderer who is litigating. Are there any others or is there just the one?

Mr Metcalfe: There is just one. It is one of the short-listed tenderers from the 1997 process who obviously was not awarded the contract, and they have pursued a couple of actions. There is no resolution of that matter at this stage.

PPRI #40 will include the findings of both the Federal Ombudsman and the independent inquiry into immigration detention procedures in Australia.

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Venezuela: first in South America?

The Government of Venezuela is seeking bids from companies to finance, build and operate six new 1,500 bed prisons within two years.

For now, the country's existing 32 prisons will remain under public ownership and operation.

Mr Flavio Figueredo, Venezuela's director of prisons, told the Associated Press (AP) on 1 April 2001 that, although the prisons are urgently needed, "the government doesn't have the money in the short term."

Paul Doucette of Cornell Companies - which is yet to win a contract outside of the US - told AP that: "If it looks like a match for our focus, we'd be delighted to submit a bid."

If the government's plans are implemented then it will be the first in South America to have fully privatised prisons.

Despite an amnesty in 1999 which led to the release of 10,000 prisoners, there are still over 16,000 in Venezuela's overcrowded and under staffed prison system.

The government has a loan from the Inter-American Development Bank to recruit and pay for 1,500 more staff.

According to the London based International Centre for Prison Studies (ICPS), in many Venezuelan prisons "there is a lack of good management that contributes to levels of corruption and violence which are among the worst in world."

ICPS has since carried out a needs assessment to start a reform process and has begun providing training to 240 Venezuelan prison staff on management, health and human rights issues.

<Thailand >

Privatisation on the agenda

The director general of Thailand's corrections department would like to see the newly completed 500 bed Pattaya City Prison privately managed.

But a spokesperson for the Thai government told PPRI that the claim made in the Bangkok Post of 26 March 2001 that the prison will be privately run was premature.

"It is a proposal from the director general, not the government," he said, adding that there would have to be cabinet approval for the idea and enabling legislation passed before private management was possible.

The government is, however, having trouble staffing the new facility and is trying to encourage staff to move from other prisons.

Between 12 and 20 March 2001, a delegation of Thai corrections officials visited prisons in the UK, including the privately operated Forest Bank (run by UK Detention Services Ltd) in England and Kilmarnock (run by Premier Prison Services Ltd in Scotland.)

In 1998, the International Monetary Fund (IMF) called for the privatisation of state assets and services as part of a \$17.2bn bail-out package for Thailand.

Companies invited to APCCA conference

The Asian and Pacific Conference of Correctional Administrators (APCCA) has invited private prison companies to attend and make presentations to the organisation's next event in Chiang Mai, Thailand, from 21 to 26 October 2001.

Senior corrections officials from some 20 countries in the region usually attend these events.

The private sector was last invited to attend the APCCA in 1997.

Since then, South Korea is the only government in the region to have passed legislation enabling the private management of prisons (see PPRI #28).

<Germany>

Reprieve for Schluchtern but ...

Residents of Schluchtern who have been campaigning against the siting of a semi-private prison in their town have won a temporary reprieve from the Hesse state government (see PPRI #37 and #30).

On 10 April 2001, the minister for justice said that he was considering alternative sites while keeping his options on Schluchtern open. He has since offered DM50m to any community that offers itself as a location and claims to have had 25 positive responses.

Locating a prison in Schluchtern would involve the government in protracted legal proceedings and the minister wants to avoid a delay in building a new prison.

<Canada>

Ontario awards contract to MTC

The Government of Ontario announced on 5 May 2001 that it has awarded Management & Training Corporation (MTC) of Utah a five year contract worth C\$170.8m to manage the 1,184 bed Central North Correctional Centre at Penetanguishene (see PPRI #38, #37, #35, #34 and #32).

Other bidders included international firms Wackenhut Corrections Corporation and Group 4 as well as the Toronto-based First Nations Protective Services (FNPS), which provides security services to shopping malls.

As well as its US contracts, MTC also runs the Borallon Correctional Centre in Queensland, Australia (see PPRI #38, #37 and #36).

MTC could, however, face immediate staffing problems. Community opposition to privatisation has been fierce and only 50 out of the 500 corrections staff facing redundancy due to public sector restructuring have agreed to transfer to the new facility. With the private sector's staff turnover rate of around 30 per cent, there are doubts about the availability of a local workforce.

Ontario's contract is the first for an adult correctional facility in Canada.

Government warns communities

Like 200 other municipalities across Ontario, the Township of McKellar recently passed a resolution opposing the government's plans for private prisons.

On 19 April 2001 they received the following response from Mr Rob Sampson, Ontario's minister for corrections:

"I understand that your Council has taken a position with respect to the privatisation of correctional services. However, as Minister, I must ensure that future options remain open to the government. As this government continues in its transformation of correctional services to get better results, we must be able to allow for future planning. Our focus must be on how correctional facilities are run and not just who runs them. Therefore, any municipality interested in hosting a correctional facility must be open to the idea of a privately owned and/or operated facility.

"Should you wish to amend your resolution, I would be pleased to amend our records."

<United Kingdom>

Kilmarnock's second inspection

There have been two suicides within 12 months at Premier Prison Services-run HMP Kilmarnock in Scotland (see PPRI #37 and #36).

On 25 March 2001, 17 year old James Bolland, a remand prisoner, was found hanging in his cell. Angelo McAusland, 26, was found hanged in March 2000.

Rosemary McIlwhan of the Scottish Centre for Human Rights told *The Scotsman* : "It should not be possible for anyone in prison to commit suicide. Staffing levels and the design of institutions should be such that suicides can be prevented. This is a problem throughout the system, and we have particular concerns about the issue of contracting out prison services to private firms."

Chief inspector's second report

The death of Mr Bolland coincided with a new report by Scotland's chief inspector of prisons which warned that low staffing levels at the prison meant that the jail "did not feel a particularly safe environment for prisoners or staff."

The, as yet, unpublished report followed an inspection of the prison between 5 and 7 March and on 12 March 2001.

The purpose of this second inspection was to monitor progress since the first visit in March 2000 and the subsequent release of a critical report (see PPRI #36).

This time, the chief inspector found that, overall, conditions for prisoners were "excellent", the Health Centre was "going from strength to strength" and the staff were courteous" and had a "flexible approach."

But it was also noted that:

" ... at the time of the previous inspection, operating to an agreed specification had been thought to provide clarity of purpose. On this occasion, however, it seemed that the contract was more of a mixed blessing with management also describing it as being 'restrictive and inflexible at times'. It was also pointed out several times [by management] that running a contract was not necessarily the same as running a prison."

although the prison had been operational for two years, "the necessary regime performance measures have still not been agreed. This prevented full, objective assessments of performance in regime delivery. We noted however, that while work sheds were full, a large number of prisoners were not engaged in purposeful activity, the regime timetable was not being followed and a number of prisoners were seen to be asleep in the sheds."

the rate of staff turnover was 32 per cent in the last year (94/295) which was significantly higher than any other Scottish prison (e.g., Barlinnie, 9 per cent - 55/605; Greenock, 11 per cent 52/477). More of the experienced staff were also expected to leave shortly on promotion for a new Premier Prison Services prison in England;

the starting salary in the new prison (HMP Dovegate) was higher than staff were currently earning at Kilmarnock;

"... we were concerned about the levels of violence against staff, despite extensive CCTV coverage which had previously been thought to be a powerful deterrent. The number of assaults on staff was high although none had been classified as serious. A review of sample incident reports highlighted a number of possible discrepancies which we noted were being further investigated by Scottish Prison Service HQ."

staffing levels in the house blocks "continued to be a concern ... often the case that single officers were supervising large numbers of prisoners, due to the competing pressures of demands for escorts and other out of wing activities."

'A' Wing in particular "seemed to be a particularly difficult place to work."

"... we would caution against possible exploitation and conditioning of staff by more manipulative and experienced prisoners."

" ... the number of misconduct reports continued to be high - over 5,000 in the past year whereas HMP Perth, which has a similar size and prisoner mix, had only one third of that number over the same period."

compared to other Scottish Prison Service establishments "there was a high number of acts of deliberate self harm. We were told that this was a manipulative tactic used by some individuals to avoid being transferred ... but on checking incident reports we found only nine out of 124 incidents were specifically attributed to this."

following the chief inspector's criticisms last year, slightly better facilities for staff had been provided. "Unfortunately, most staff said they rarely have the time to use them - though some said that the level of job security ... offset this unsatisfactory situation. We still think staff deserve better and we were pleased to note that a review of staff terms and conditions was shortly to be undertaken."

although the establishment had recently issued a drug strategy document ... "when compared to action plans developed by other Scottish Prison Service prisons there appeared to be a number of gaps..."

"... it would certainly appear that Kilmarnock, with its considerably lower staffing levels, is cheaper to run than most public sector prisons, though by how much depends on the way figures are presented and interpreted."

" ... while we were pleased to note developments in process to identify needs, we remain concerned that insufficient resources were in place for the timeous delivery of programmes to address reoffending. In this critical area, the accredited offending behaviour programmes being delivered in a number of other Scottish prisons . . . are now setting the standards for others to achieve."

Scottish Executive. HM Prisons Inspectorate, HMP Kilmarnock, Intermediate Inspection, 5-7 and 12 March 2001.

More youngsters in private units

More young offenders aged between 12 and 17 are to serve part of their sentences in private secure training centres in England and Wales.

Three 40 bed units already exist and the government announced in March 2001 that two new 40 bed secure units for girls are to be built and operated on the sites of existing secure training centres, Medway in Kent and Rainsbrook in Essex. Both are currently run by subsidiaries of Group 4 Falck.

The Youth Justice Board, which oversees these centres, has not yet decided if Group 4 will automatically operate the new centres or whether a tendering exercise will take place.

It is planned that the new units for girls will open in 2002.

There are no plans to build on the site of the third facility, Hassockfield in County Durham, run by Premier Prison Services Ltd.

Other new centres will be built with a planned opening for October 2003 at Milton Keynes, Buckinghamshire; March 2004 at Brentwood in Essex; and March 2005 at a location in North West England. A 40 bed facility near Birmingham is also being purchased and the Board is looking for a site to build a 100 bed facility in Wales.

Last year, an independent study of Medway found that it had failed to prevent young people from reoffending (see PPRI #37).

The last published figures (as at 8 November 2000) for financial penalties reflecting contract failures at the three centres were: Medway, £663,240; Rainsbrook £155,152; and Hassockfield £45,808.

Reports by the Social Services Inspectorate (SSI) into operations at Hassockfield and Rainsbrook secure training centres were published on 26 January 2001. The inspections took place between 9-11 May 2000 at Hassockfield and 12-14 September 2000 at Rainsbrook but no explanation for the delays in publishing were given.

<Hassockfield >

The centre opened in September 1999 and was Premier Prison Services's first STC contract. By January 2000, there had been a change of director.

The SSI's overall conclusion was "that this centre has followed a process of development and, at the time of the inspection, was showing good signs of recovery with a competent, stable and committed staff"

Other findings included:

"... the senior management had worked well ... during a period of change following the appointment of a new director ... following a disruptive period characterised by high levels of damage by young people and use of restraint by staff."

immediate action was necessary to address serious issues associated with the provision of education ... the quality of the curriculum and the quality of the teaching were both unsatisfactory ... progress was severely hampered due to poor conditions of service for teachers which lead to difficulties in recruiting and retaining suitable experienced staff."

"... there were insufficient staff in post."

whilst the routine day to day care was of high quality, "the staff group needed further guidance on ... risk assessment, recording systems to meet regulations, searching and the development of a consistent programme of individual and group work to provide constructive activity and crime avoidance programmes

Hassockfield STC had made considerable progress since the pre-opening visit and follow-up visit in February 2000 by SSI "... by putting into place effective audit systems, they must ensure that policies, procedures and practices are reviewed at regular intervals."

<Rainsbrook>

This was Group 4's second STC contract. Rainsbrook opened in July 1999. Despite the finding that "the education department is presently under-staffed," this was an altogether different report to Hassockfield's and the SSI found "evidence of consistent very high standards of service which stands comparison with the best provided anywhere in the secure estate."

The SSI did, however, make 20 recommendations "designed to improve further the quality of service offered to trainees."

Inspection of Hassockfield Secure Training Centre, May 2000 and Inspection of Rainsbrook Secure Training Centre, September 2000 both published 26 January 2001, Social Services Inspectorate, Department of Health, 2nd Floor, Hannibal House, Elephant and Castle, London SE1 6TQ, England.

Abbey National helps out CCA

Abbey National Treasury Services plc (ANTS) has taken over the financing for Forest Bank prison at Salford, North West England from Corrections Corporation of America (see page 5).

In a deal completed in April 2001, the company paid CCA around £50m to acquire the share holding in Agecroft Properties Inc, a CCA subsidiary.

That company no longer exists but a new company, Agecroft Properties No. 2 Ltd has been set up by ANTS as the vehicle through which the finance is lent to Agecroft Prison Management Ltd, the company with which the government signed the contract to operate Forest Bank.

An Abbey National spokesperson told PPRI that, although there was no windfall from refinancing the project (see PPRI #36) "it is a good investment for us" and that the relationship with Sodexho is "a real lateral benefit" of the deal.

Unlike other recent Abbey National public infrastructure finance deals, this one was not announced publicly.

Along with two other banks, ANTS is also responsible for one third of the financing for Group 4's Rye Hill prison which opened in January 2001.

ANTS claims to be the number one debt arranger for projects under the UK's private finance initiative. It is a subsidiary of Abbey National, currently Britain's fifth largest bank. Abbey National is currently the target of a £19bn takeover by another leading British bank, Lloyds TSB.

Corrections Corporation of America still owns 50 per cent of Agecroft Prison Management Ltd. Sodexho SA owns the other 50 per cent.

UK prison contracts - April 2001

Prisons Opened Contractor

Contractually managed

Wolds 1992 Group 4
Blakenhurst 1993 UKDS
Doncaster 1994 PPS

Design, construct, manage and finance (DCMF)

Parc 1997 Securicor
Altcourse 1997 Group 4
Lowdham G. 1998 PPS
Ashfield 1999 PPS
Kilmarnock 1999 PPS
Forest Bank 2000 UKDS
Rye Hill 2001 Group 4
Dovegate due 2001 PPS

Ashford due 2002 Tba.
Peterborough due 2003 Tba.

Secure Training Centres (also DCMF).
Medway 1998 Group 4
Hassockfield 1999 PPS
Rainsbrook 1999 Group 4

Notes:

UKDS - UK Detention Services Ltd
PPS - Premier Prison Services Ltd.
Lowdham G. - Lowdham Grange.
Tba - contract awards to be announced.

The contract for Wolds has been extended to September 2002 and is due to be retendered against bids from other companies and the Prison Service.

UKDS lost its contract for Blakenhurst after retendering in 2000. From August 2001 the prison will be run by the Prison Service.

The contract for Doncaster was retendered in 1999 and Premier Prison Services won a further ten year contract.

Group 4 lost its contract for Buckley Hall (opened 1994) after retendering in 1999. The prison has been run by the Prison Service since June 2000.

Premier Prison Services is a joint venture between Wackenhut Corrections Corporation of the US and British company Serco plc. Premier companies and their subsidiaries now form the Premier Custodial Group Ltd.

UKDS is now 100 per cent owned by Sodexo SA of France.

In 2000 the private sector bid against the Prison Service for a contract for publicly run HMP Manchester. In January 2001 it was announced that the Prison Service had retained its contract (see PPRI #38).

Kilmarnock is Scotland's only private prison. The Scottish Executive is considering a further two.

Rainsbrook and Medway STCs are to be expanded by a further 32 beds each (see above).

Three further STCs are planned for Essex, Buckinghamshire and north west England.

PPRI #41 will include details of immigration detention, prisoner escort and electronic monitoring contracts.

Private finance agency sold off

The government has sold a 51 per cent stake in Partnerships UK, formerly a quango (quasi autonomous non governmental organisation) set up to formulate policy and practice relating to the private finance initiative (PFI).

The PFI is the government's strategy to increase the private provision of public infrastructure and services - euphemistically called Public Private Partnerships - and is a model being promoted worldwide.

In return for £45m, 11 companies with an active interest in PFI projects including prisons, schools and hospitals now control Partnerships UK.

These companies include prisons and security services firm Group 4, Serco (which currently owns 50 per cent of the companies in the Premier Prisons Group), construction firm Jarvis, insurance giant Prudential and banks such as Abbey National, Barclays, Bank of Scotland and Royal Bank of Scotland.

Companies were so keen to take over Partnerships UK that the stock offer was 30 per cent oversubscribed.

According to the April 2001 issue of The PFI Report, the head of the PFI Unit at accountants Grant Thornton believes that: "The withdrawal of the state from public services will continue come rain or shine ..." Meanwhile, The PFI Report's editor Roger Baird commented that: "The PFI industry, with its 30 year contracts, annual 14 per cent-plus margins and relative lack of competition, seems set to enjoy the good times a while longer."

<United States>

CCA still losing money

Corrections Corporation of America (CCA), still the largest private prison operator in the US and Puerto Rico with 61,000 beds in 65 facilities, lost \$731m in the financial year ended 31 December 2000 and was \$1.1 bn debt.

CCA also lost \$10.1m in the three months ended 31 March 2001, although the company reported "solid increases in its occupancy and operating margins."

Its debt has been reduced by selling one US facility for \$24.9m. In April, the debt financing for Forest Bank prison at Salford, North West England was sold and this raised a further \$65.7m (see above).

It is also negotiating the sale of a further six US facilities.

Last year, CCA sold the majority of its British and Australian interests to French multinational Sodexo SA.

The company is also closing its North East Ohio Correctional Center (NEOCC) in Youngstown, Ohio on 18 August 2001 (see PPRI #18, #19, #23, #24, #26, #28 and #35).

Around 500 staff are affected even though the prison was supposed to have provided a long term economic boost for an area suffering high levels of unemployment.

Prisoner awarded damages

Charles Degan, a former prisoner at CCA's West Tennessee Detention Center in Mason, Tennessee, has been awarded \$235,000 in damages after having his broken jaw wired shut from October to December 1998.

The jury placed on record a letter stating that it hoped the message would "echo throughout the halls of your corporate offices as well as your corporate housing facilities. That message is that the medical needs of those you serve is a right not to be forgotten, omitted, lost, delayed or otherwise denied . . . This is a basic human right, as important as providing nourishment or shelter to those who are entrusted to your care.

CCA also faces a lawsuit from Merrill Lynch, which claims that it is owed \$8.1m in fees arising from CCA's corporate restructuring in 1999/2000 (see PPRI #37, #35 and #34). CCA denies the claim.

Industry promotes itself

Private corrections companies have formed a new trade association to promote their interests, combat bad press coverage and restore confidence in the industry (see PPRI #37).

The Association of Private Correctional and Treatment Organisations (APCTO) is aiming to bring together private correctional and treatment firms, other service and product providers, government officials and individuals interested in private corrections and treatment.

The Association's first president is Steve Logan, chief executive officer and president of Cornell Companies Inc. Formally announcing the initiative on 7 May 2001, Mr Logan said: "Private correctional and treatment organisations, from both the for-profit and the non-profit world, provide a growing list of services to government agencies and need to have a base for common process and outcome data, sharing of best practices and an opportunity to communicate with the media, elected officials and the public on important

matters regarding the custody and treatment of those entrusted to our care.

APCTO's aims include:

improving the quality of services and products;

further developing and maintaining communication and understanding between private companies, public agencies and the non-profit community; in order to better meet common needs;

promoting and making readily available accurate and useful industry research;

utilising the research data to gain a better understanding of the needs of clients, offenders and patients, and promoting accuracy with respect to information provided to the media and the community;

positively impacting on public policy by bridging the information gap between the not for profit and for-profit community, industry and government, media and the public.

"APCTO will serve as a voice for the quality of care and treatment that private providers deliver and demonstrate the value added by private providers. APCTO will also outsource research projects to well recognised and respected universities and research organisations," according to Wayne Calabrese of Wackenhut Corrections Corporation.

The organisation's initial office is in Chicago. APCTO's founding members include: Addus HealthCare, ARAMARK Correctional Services Inc., BI Inc., CorTech, Community Corrections Corporation, Cornell Companies, Inc., Cornerstone Programs, Corrections Corporation of America, Correctional Services Corporation, Durrant Architects, Management & Training Corporation, PCS Public Communications Service, Securicor, Summit Bank, Wackenhut Corrections Corporation, Y&S Pharmacy.

Wackenhut's continued growth

In the financial year ended 31 December 2000, Wackenhut Corrections Corporation's (WCC) revenues were \$535.6m, an increase of 22 per cent over 1999.

In the company's recently published 2000 Annual Report, WCC claims that it has 27 per cent of the global correctional management market and 57 per cent of contracts outside of the US while "aggressively seeking further opportunities in economically and politically stable countries."

It also states that 73 per cent of its facilities are either medium or high security.

In the US, "one of our greatest growth opportunities exists at the federal level ... federal prisons are operating at 32 per cent overcapacity and state prisons are operating at 17 per cent overcapacity."

WCC also refers to the Bureau of Prisons, Immigration and Naturalization Service and the US Marshals Service being able to enter into contracts for "longer periods than ever before thereby facilitating more

favourable private financing rates."

WCC mentions unnamed "industry experts" who claim that a "15 per cent growth rate in the international privatised corrections market is sustainable for the foreseeable future."

WCC's revenues for the first quarter of 2001 were \$135m, an increase of three per cent over the same period in 2000.

In Chile, where the government is looking for firms for its new prisons (see PPRI #38 and #36), WCC's parent company the Wackenhut Corporation's joint venture company is now some \$60m in debt.

<Australia>

Tasmania rejects privatisation

The State Government of Tasmania will own and operate a new A\$53m prison to be built at Risdon, in the south of the island (see PPRI #35 and #32).

It will take six years to build the facility which will include a forensic medical centre and separate accommodation for vulnerable prisoners.

The existing prison at Risdon will be demolished in 2007.

Industrial action over conditions

Staff at Group 4-run Port Phillip Prison in Victoria kept prisoners locked in cells on 5 March 2001 as part of their industrial action over a pay claim.

The Community and Public Sector Union (CPSU) is seeking a 17.5 per cent pay increase over two years to achieve parity with public sector correctional staff.

Group 4 has offered staff 10 per cent over three years.

Also in March, staff at Australasian Correctional Management (ACM) - run Fulham prison in Victoria took action over the company's plan to give existing staff a pay rise in return for allowing starting salaries for new staff to be cut.

The CPSU argues that new staff would be A\$8,000 a year worse off.

According to the CPSU, staff at Fulham are already paid at the lowest rate in Victoria and have to work the longest hours, an 84-hour fortnight.

Staff represented by the Australian Liquor Hospitality and Miscellaneous Workers Union at ACM's Junee Correctional Centre in New South Wales also took industrial action in March over a pay dispute with the company.

Meanwhile, in Western Australia, members of the Transport Workers Union (TWU) took industrial action

in March over inadequate staffing and safety issues relating to the court security contract operated by Australian Integrated Management Services Corporation (AIMS, formerly Corrections Corporation of Australia, see PPRI #38).

A spokesperson for the TWU has alleged that some country - based prisoner transport drivers are working up to 36 hours without sleep. The union is arguing for 80 extra staff to be employed across the service.

The recently elected Labor government - which inherited the contract from the previous administration - has found that the company is having to do between 30 and 40 per cent more work than was expected when they took the A\$11.7m per year contract on.

AIMS has been fined A\$75,000 for allowing five escapes since it started its court security contract for the Government of Western Australia in July 2000. The company has also been fined A\$30,000 for two administrative errors which led to prisoners being accidentally set free. If there are six escapes within a year, the government can terminate the contract.

Immigration detention reports

Complaints about alleged incidents at Australasian Correctional Management (ACM) - run immigration detention centres and wider concerns about federal government policy towards immigration detainees has led to investigations and hearings (see PPRI #39, #38, #37, #36, #32, #30, #29 and #14).

1. The Ombudsman

In September 1999, the Commonwealth Ombudsman began an investigation which focused on the period from September 1999 to September 2000.

The findings and recommendations for action by the Department of Immigration and Multicultural Affairs (DIMA), which oversees ACM's operations, included:

"... evidence at every immigration detention centre (IDC) of self-harm, damage to property, fights and assaults, which suggested that there were systemic deficiencies in the management of the detainees, including individuals, groups, staff, women and children."

"DIMA has submitted that in the light of the unprecedented surge of arrivals in late 1999 ... the amenity and security provided were as reasonable as the circumstances allowed. The evidence available to me suggests that what was provided in late 1999 to mid 2000 was not adequate ... especially at Woomera where large numbers of detainees were held."

"All ACM staff working in detention centres should undergo cultural awareness training on a regular basis and there should be ongoing assessment of the suitability of ACM staff for working in the detention centre environment."

"Overall, the information revealed recurring themes arising from overcrowding, frustrations from delays in

processing and problems associated with the co-location of a large number of single males with families, women and children in a communal living environment."

"... given a policy of mandatory detention, it is not acceptable ... that a sudden surge, however great, excuses the detention of unlawful non-citizens in accommodation and facilities that are sub-standard or overcrowded ..."

"... the accommodation and monitoring/care arrangements at IDCs did not come up to what I regard as a minimum acceptable standard ... this was particularly the case at Woomera IDC."

"Attitudes and cultural issues within ACM staff ... may also contribute to poor morale ... this problem is not solely confined to Woomera, but has been a source of complaint for all IDCs over the past year save for Arthur Gorrie Correctional Centre."

"DIMA's approach to the contracting out of detention and transport services was to enter into a 'strategic alliance' with ACM - rather than a strictly contract driven relationship - although it is underpinned by a Specific Detention Service Contract ... the detention agreement is not prescriptive on how the services are to be delivered but it is prescriptive in terms of accountability..."

"In my view, it is important that in negotiating any renewal or new contract that any incentives to under reporting be removed."

The Ombudsman also acknowledged that "DIMA has put significant effort into improving the detention environment over the past twelve months" and he was "encouraged by the wide range of improvements proposed or underway" since his investigation commenced.

Report of an Own Motion Investigation into The Department of Immigration and Multicultural Affairs' Immigration Detention Centres, March 2001. (See also: Report of an Own Motion Investigation into Immigration Detainees held in State Correctional Facilities, March 2001. Yet another investigation by the Ombudsman into the management and follow up of incident reports in IDCs has not yet been completed).

2. The government commissioned inquiry

The minister for immigration and cultural affairs set the terms of the inquiry which covered 1 December 1999 to 30 November 2000. The findings included:

"I have reviewed the processes and procedures of DIMA and ACM in respect of cases made known to me of allegations, instances or situations where there was a reasonable suspicion of child abuse ... in all, 35 cases were assessed as meeting the terms of reference ..."

"... I believe on the balance of probabilities that on 13 and 14 March 2000 the ACM centre manager at Woomera failed to follow established policy and procedures dealing with incident reporting and assault when advised by the duty nurse of her belief that a boy had been sexually assaulted ... the failure to report the incident in the manner prescribed by policy and procedure contravened contractual requirements

for reporting outlined by DIMA. ACM agrees with this conclusion."

"This incident highlighted another aspect of Woomera management in that many staff ... were not well briefed on DIMA and ACM policy. Some nurses and counsellors received no formal or informal induction or orientation. There was also a lack of knowledge of South Australian legislative requirements relating to child abuse."

"There are some weaknesses in current procedures applying to all centres ... there are additional deficiencies in procedures and processes for handling records at the Woomera centre."

Sixteen recommendations for improvements were directed at ACM and the DIMA.

Report of Inquiry into Immigration Detention Procedures, Philip Flood AO, February 2001.

Wackenhut's new PR exercise

Australasian Correctional Management (ACM), Wackenhut Corrections Corporation's Australian subsidiary, has published ACM Review, a newsletter that "allows our customers, suppliers, staff and other interested parties to gain an insight into the achievements of our organisation ... while pointing to some of our intentions in the year ahead."

The first issue states that: "Our business is subject to considerable media attention and frequently the facts, as presented, do not reflect the total picture. More often than not the media do not cover the positive stories and successes that abound in each of our centres in Australia and New Zealand."

ACM's managers have been asked to "prepare articles that provide snapshots as to what really takes place at ACM operated facilities."

<Recent Publications>

The Culture of Control: Crime and Social Order in Contemporary Society, David Garland, Oxford University Press, 2001.

The author argues that contemporary crime control arrangements in Britain and the US have been "shaped by two underlying social forces - the distinctive social organisation of late modernity, and the free market, socially conservative politics that came to dominate ... in the 1980s." The study ends with "a consideration of the social processes that will tend to lock us into an institutional culture of control, and the countervailing forces that could yet allow us to escape that new iron cage."

Crime Control As Industry, Towards Gulags Western Style, Nils Christie, Routledge, London and New York. Third Edition, 2000.

A revised edition of the book that serves as "a warning against recent developments in the field of crime control."

The Perpetual Prisoner Machine, How America Profits from Crime, Joel Dyer, Westview Press, 2000.

"How many hundreds of billions of tax dollars will divert into the bank accounts of the prison industrial complex? How many millions of lives within our low income communities will it devastate?"

Profiting From Punishment. Private Prisons in Australia: Reform or Regression? Paul Moyle, Pluto Press Australia Ltd, 2000.

The first detailed account of Australia's first private prison, Borallon in Queensland. "The impact of private correctional management upon the Queensland corrections system during the early 1990s was not revolutionary or, for that matter, particularly innovative. Therefore, the hypothesis that the private sector will introduce important improvements ... was not proved."

Privatising Prisons from the USA to South Africa: Controlling Dangerous Africans across the Atlantic, William G. Martin, Association of Concerned African Scholars Bulletin #59, Winter 2001. On the internet at: <http://acas.prairienet.org/Wackenhut5.htm>

This paper describes "how corporate interests are interwoven with a second major theme of US policy towards Africa: the containment of dangerous Africa and Africans ... here Wackenhut's recently announced deal reveals a new era, where profits from privatisation merge with a racially-stratified, global security system."

Selective Celling: Inmate Population in Ohio's Private Prisons, Policy Matters Ohio, May 2001. www.policymattersohio.org

This reports that stated comparative cost savings may be manufactured by the practice of sending healthier and better behaved prisoners to one of Ohio's private prisons.

Societes Sous Controle, Maniere de voir 56, Le Monde diplomatique, March/April 2001.

A collection of 30 articles on surveillance, incarceration and its alternatives, electronic monitoring, and the export of US-style zero tolerance policies to Europe.

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