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INQUIRY INTO THE PRIVATISATION OF PRISONS AND PRISON-RELATED SERVICES

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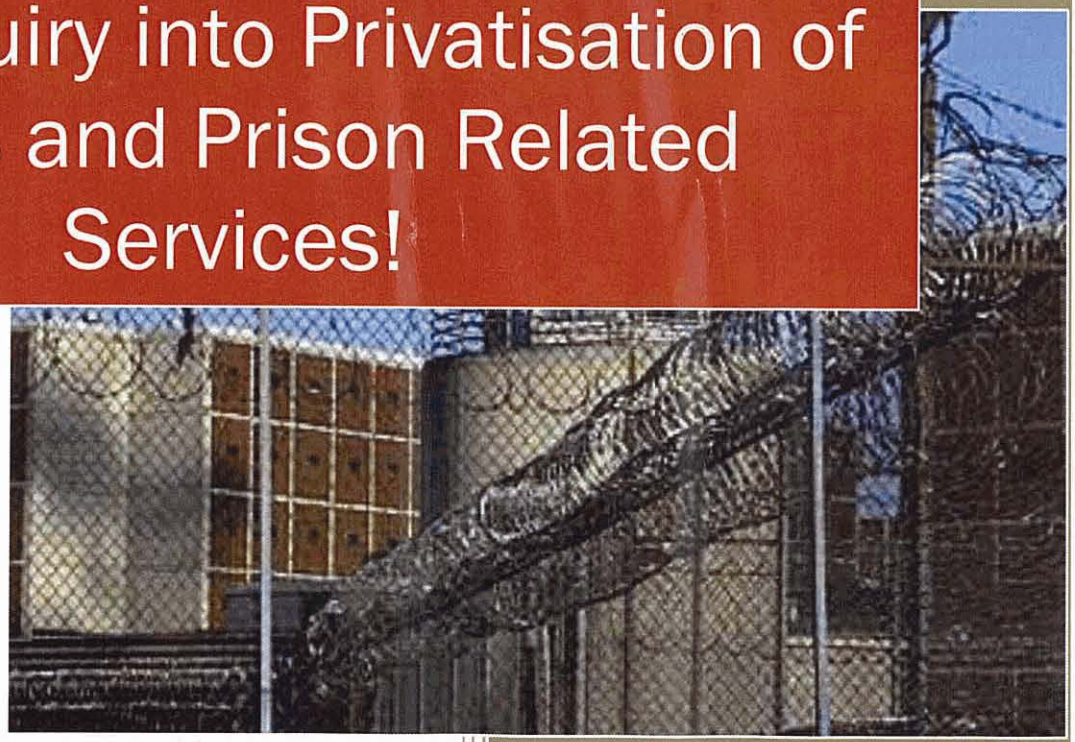
New South Wales Government Public Inquiry into Privatisation of Prisons and Prison Related Services!



Stuart Turnbull

Private submission

3/1/2009

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Dear Sir, Madam

I would like to take this opportunity to resubmit an updated submission taking into account information brought to light during the Public Hearing conducted on the 23rd February 2009, into the privatisation of prison-related services.

Regards,

Stuart Turnbull

1/3/2009

Information collected from the internet for this report

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2 Summary

The major justification argued in support of the privatisation of prisons, both in Australia and the US, has been the cost savings which are claimed to result. The 1988 *Kennedy Report* into corrective services in Queensland, upon which the decision to privatise Borallon was based, simply asserts that "in some particular areas [of prison operations] the private sector can do it cheaper and better" *((Commission of Review into Corrective Services in Queensland, p. 88), 1988).*

But is this assumption justified?

The common theme that emerges from the US literature is that the case for or against the superior cost efficiency of the private operation of prisons over public operation has not yet been made *(DiIulio 1990, Donahue 1989, Keating 1990, Logan 1990, McDonald 1990, Ring 1987, Weiss 1989).* The situation is well summed up by DiIulio *(1990, p. 156)*:

> Despite a variety of claims to the contrary, there is absolutely nothing in either the scholarly or the nonscholarly literature on the subject, no journal article, no government report, no newspaper story, no conference proceedings, no book that would enable one to speak confidently about how private corrections firms compare with public corrections agencies in terms of costs . . . or any other significant dimension. The necessary comparative research simply has not been done, and reliable empirical data are still scarce.

It is here at this interface between public policy and ideology that the real problems with contracting out are to be found. For rather than treat it as another policy tool, another means of achieving policy outcomes, Australian governments over the last decade have seen outsourcing as a policy end in itself, first in New South Wales, then Victoria, then Queensland and South Australia and more recently the Commonwealth. It was at this juncture that mistakes were made, transaction costs rose dramatically and service levels were compromised.

The argument that contracting out was necessary to make the public sector more efficient and customer focused is best seen in this context, for it is not supported by the evidence, particularly in the areas to be looked at. In prisons and public transport, costs did not fall in the way that they were meant to and service levels appear to have declined. You could have looked at other areas and reached very similar conclusions. The outsourcing of Commonwealth IT services (Auditor-General (Commonwealth) 2000; Humphrey Review 2000), automated ticketing (Audit Review of Government Contracts 2000), speed cameras (Audit Review of Government Contracts 2000), 'build, own, operate and transfer' infrastructure programs (Walker & Walker 2000) and emergency call centres (Auditor-General (Victoria) 1997) are examples where a strong argument along these lines could be, or already has been, developed. In addition, we now know that the cost savings that followed contracting out in many cases have simply been a product of cuts to workers' pay and conditions rather than efficiency gains, a practice which has recently been

ruled illegal by the Federal Court and has required contractors in Victoria to back pay employees (*Age*, 21 April 2001). The Productivity Commission's claim that contracting out may have led to GDP gains in the order of $1.3 billion per annum (Rimmer 1998) is simply ludicrous, telling us more about the assumptions and values of the Productivity Commission's modellers than about what has happened in reality.

Contracting out has not been a response to globalisation as some have suggested. But in the overly zealous way it has been promoted, it has been a major contributing cause. Liberal policy regimes have helped create a global market where governments enter into contracts with entities that in some cases are far larger than themselves. In the process, they seem to have lost the power to monitor performance and to put in place effective accountability regimes. The multinational players in the outsourcing game lose contracts in some places, only to pick up others elsewhere within this relatively small band of countries keen to do business with them. Increasingly they are entering into partnerships and alliances that enable them to secure new markets that continue to open up. Australian governments seem poorly placed to negotiate contracts with the fleet-footed global players that they have helped to create, at a cost to taxpayers and to the detriment of public policy more generally. It is time for a policy rethink.

The NSW prison sector has undergone considerable reform over the last ten years. The NSW government now oversees the operation of publicly managed prisons, one privately managed prison and a number of new public prisons operating under the new 'Way Forward' management model. In order to establish which approach to prison management offered the best value for money, the NSW government undertook a 'value for money' assessment in 2005. In this paper, it is argued the cost accounting information is privileged in the assessment process. However, it is contended that this information was limited and partial, and provided a poor basis on which to form policy. Even so, the NSW government has proceeded on this basis. In order to explain this, the report will be positioned within the wider neoliberal turn in policy-making and the workplace reforms that have accompanied it.

The only study which has been done on comparing costs on two identical designed prisons was by the Ontario government with one operated by a private company and the other operated by the public system. The end result was the public run facility was deemed to be more cost efficient even though the private facility was in compliance with its contractual agreement.

As in most other industries, the potential for cost savings in private prison operations will depend largely upon the degree of competition in the "prisons market". If there are several firms bidding for contracts, and several firms willing and able to take over contracts from incumbent private firms, the consequent competition can be expected to result in economically efficient operations. On the other hand the existence of only a few private competitors in the market will be less conducive to efficiency.

A low level of competition will increase the likelihood of incumbent firms becoming entrenched, with little prospect of losing existing contracts when they become due for renewal. Under such

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circumstances there will be little incentive for them to control and reduce costs, and they will enjoy an enhanced ability over time to increase charges under their contracts with the state, and their profits *(Donahue 1989; Gentry 1986; Porter 1990)*. Since 2005 the costs to run Junee have risen 18.49% (an average of 6.16%) - (2005-2008) and so have their profits increased as no penalties have been applied to the contract. A small number of firms also create the conditions for the formation of "cartel" behaviour to reduce the level of effective competition among members of the industry *(Ring 1987)*.

A case in point to the creation of conditions for the formation of "cartel" behaviour was with the $573m acquisition of Wackenhut Corrections Corporation's (WCC) parent company, the Florida-based Wackenhut Corporation, by rival security firm Group 4 Falck of Copenhagen, which has led to lawsuits in the US, a dispute over rights to the lucrative UK prison market, a referral to the British government's competition commission and a multi-million dollar bonanza for Wackenhut executives. But what obviously concerns the government is that WCC - through its joint venture with Serco plc, known as Premier Custodial Group Ltd - and Group 4, through its Global Solutions Ltd subsidiary, have the majority of the contracts for private prisons, immigration detention centres, secure training centres and prisoner transportation. Premier also provides electronic monitoring services. Group 4 owning 50 per cent of Premier would make a mockery of the government's desire to maintain a competitive market amongst an already narrow range of companies.

Part of the problem in comparing costs under the different systems is that it is often difficult to identify one private and one public prison whose operations are sufficiently comparable. The location of a prison may affect wages and other costs, the age and design of a facility can have a bearing on required staff numbers, and security classification of inmates determines the extent and cost of their custody requirements. Most importantly, the population size of a prison is a major determinant of its "per day per prisoner" cost of operation *(Logan 1990)*: a prison with 400 inmates is likely to have a lower daily cost per prisoner than one which houses 200 inmates whether either or both prisons be private or public.

The Queensland Government did a study comparing Borallon (private) with Lotus Glen (public) and used this to justify its privatisation agenda. Lotus Glen is in Cairns North Queensland and Borallon near Ipswich. Borallon was designed as a maximum security installation but under the contract only houses medium and minimum security inmates. It is ironic that such an obviously inefficient utilisation of a prison facility is justified mainly in terms of economic efficiency. Lotus Glen being in North Queensland is at a cost disadvantage due to a remote locality allowance being paid. Lotus Glen caters for an unknown number of special protection, remand and HIV-positive inmates, whereas Borallon is not obliged to accept any such prisoners *(Harding 1992a)*. This represents a further cost disadvantage to Lotus Glen (the amount depending upon the number of inmates and the special detention requirements involved)

The operation of a prison is a labour intensive activity. A prison requires to be staffed 24 hours a day, and there needs to be a sufficient number of prison officers to direct inmates and to ensure the internal security of staff, other inmates and property. The major potential for savings by private prison contractors, therefore, is in relation to labour costs. This is achieved by reducing staff levels relative to public prisons and/or hiring labour at a lower average hourly cost. This

may mean that prison officers are employed on terms less favourable than those pertaining in the public sector, with lower salary levels, penalty rates and/or retirement benefits. Savings in labour costs also are achieved by private prison firms hiring a higher proportion of casual and lower ranking prison officers than their public counterparts.

In considering the cost effectiveness of private prison operators' account should be taken of that proportion of their expenditures and profits which flow back to the public sector in the form of income and other taxation. Account should also be taken of the additional costs incurred by governments in contracting out prisons to private firms, and in monitoring and renewing contracts *(see below)*.

Although the cost effectiveness of private relative to public prisons is an important matter, it should not dominate the prison privatisation debate.

Private Correctional Companies in Australia

Since 2000 the state of play in the level of private correctional facilities has changed by one. This was due to the state of Victoria taking back the Deer Park Metropolitan Women's Correctional Centre *(MWCC)*. On 3 October 2000, the government took control of the facility and appointed an administrator under section 8F of the Corrections Act, and section 27B of the prison contract to operate the prison. On 2 November 2000, the Minister for Corrections announced the transfer of ownership and management of MWCC to the public sector. It is now known as the Dame Phyllis Frost Centre with an operating capacity of 260 women inmates of maximum security classification.

Serco Australia (a subsidiary of Serco Group plc) took over the AIMS contract for the 750 bed, Male Medium Security Classification Acacia Prison in Western Australia in May 2006 and the 490 bed, Male Medium Security Classification Borallon Correctional Centre in Queensland from MTC in January 2008.

G4S Australia Pty ltd (a subsidiary of G4Securicor) previously known as GSL Custodial Services took over the AIMS Corporation operational contracts in August 2007 for Court Security and Custodial Services *(CSCS)* for the Western Australian Government. They have the contract to run Port Phillip Prison in Victoria, Wilfred Lopes Centre for Forensic Mental health in Tasmania, Thomas Embling Hospital in Victoria in conjunction with Forensicare, Long Bay Forensic Hospital NSW and Mt. Gambier Prison in South Australia, South Australian Movement & in Court Management, Victorian Court Security Services and Victorian Prisoner Transport.

Management & Training Corporation *(MTC)* nil facilities since they lost the contract for the Borallon Correctional Centre in January 2008.

The GEO Group, Australia (a subsidiary of The GEO Group, Inc.) has the contract for the 890 bed Remand Centre Arthur Gorrie Correctional Centre in Queensland, the 790 bed Medium / Minimum Security Classification Junee Correctional Centre in NSW and the 845 bed Medium / Minimum Security Classification Fulham Correctional Centre in Victoria.

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Update of situation in NSW

Junee continues to be privately run, the operator having been awarded a new five-year contract in January 2009.[2] No other prison in this state has been privatised. Tenders have been called for the privatisation of Parklea and Cessnock Correctional Centres, Court Escort Security functions which include prisoner transport services excepting the High Risk Escorts, security of the new Long Bay Hospital and Forensic unit and the possibility of a new correctional centre to replace or the extension of Grafton Correctional Centre. There was speculation early in 2004 that pressure from Treasury to save money might result in the NSW government privatising three of the state's new prisons.[3] These included the Mid- North Coast Correctional Centre at Kempsey and the Dillwynia Women's Correctional Centre at Windsor, both opened July 2004, and the Mid-Western Correctional Centre in Wellington, which opened in 2006. However, the Minister Hon J. Hatzistergos MLC announced that, following successful negotiations with the unions, the government had approved the public operation of Kempsey and Windsor correctional centres. [4] This would be "dependent on their continued effective and efficient operation which would be monitored."[5] The Minister said that the correctional centre at Wellington would be built according the public sector model but a decision on its operation would depend "on the successful implementation of the [workplace] agreement at Kempsey and Windsor correctional centres."[6] Wellington Correctional Centre is publically operated under the same conditions as Kempsey and Windsor correctional centres (Consent Award)

If the proposed privatisation of Correctional centres goes ahead this would increase the bed capacity under privatisation from 790 to 3134 beds from a proposed 11755 bed capacity, if the new prison at Grafton is privatised. That would equate to 37.5% of capacity. All correctional centres that have not been proposed for privatisation have a NSW Heritage listing or are very small and /or offer a unique offender program. All of the correctional centres being or proposed for privatisation have a bed capacity or will have a bed capacity in the case of Cessnock Correctional Centre (after the new maximum security extension of 250 beds) of over 750.

With the privatisation agenda that is in place over 1,000 staff currently employed by the public system will have to find employment in a permanent position. The Department stated that it would carry surplus staff till the new Centre is opened in Nowra. This does not include the reduction in staff numbers still at the centres that are not up for privatisation but will occur under the Way Forward and its Management Plans. (M2008-22 Managing Excess Employees) The Government's commitment remains that redeployment is the principal means for managing excess employees. However, where an alternative position is not found after the 12 month retention period, as a last and unavoidable resort, an agency may make redundant an excess employee as an agreed area of reform arising from the settlement of the ***Crown Employees (Public Sector Salaries –2008) Award*** *(see section on stress)*

Recent developments in other nations:

Other nations have recently entered the private prisons field, or are considering doing so. New Zealand opened its first and only privately run prison in July 2000. The 300- bed Auckland Central Remand Prison was managed by Australasian Correctional Management under a five-year contract with the Department of Corrections, which expired in 2005.[7] Privatisation took place under the former National government, which also had plans to privatise a further five new

prisons and seven specialist youth facilities.[8] However, the government did not renew the private operator's contract and has legislated against private prisons.[9] In Canada, the first and only privately run prison opened in Ontario in 2001. It is a 'super jail', with a capacity of 1,184 inmates, which is run by the US-based Management and Training Corporation *(MTC)*.

Developments in other countries are summarised in the following extract from a May 2002 article by Stephen Nathan:

> .....South Africa has the world's two largest private prisons[10] and France's semi -private prisons, are becoming a 'third way' of choice for a number of governments. Semi -private prisons - in which the private sector finances (or not, in the case of France's first [7]) builds, maintains and operates all non-custodial services under contract, while the state employs the prison officers – are catching on. Belgium has one; the German state of Hesse is planning one; the prison service in England and Wales is strongly considering the idea. But Chile, under the watchful eye of the government of Peru, has signed the first three contracts of a programme of ten privately financed prisons. France has commissioned six more. ...Meanwhile, South Korea's ministry of corrections has invited religious groups as well as private companies to bid for a 300 bed prison management contract. And in Israel, long regarded by stock analysts as a potential market, the current minister of justice supports full privatisation of the prison service and the immediate establishment of private prisons. Governments as diverse as Costa Rica, Lesotho, Lebanon, Thailand, the Netherlands and Venezuela are at various stages of feasibility studies or tendering processes while others, such as Poland, Malaysia and Hong Kong are closely watching developments, particularly in the UK.

Private prisons cause budget crisis

A team of officials from South Africa's treasury and departments of correctional services and public works are examining five issues relating to the future of the government's Asset Procurement of Privatisation System *(APOPS)* through which the country's two private prisons were commissioned. There is now a crisis in the department of corrections as the two private prisons are using up 75 per cent of the entire prison budget to cover the costs of the contracts. The department has had to freeze posts and make other cutbacks.

- Two of the three controllers trained in the UK by South Africa's department of corrections have now gone to work for the private sector.
- Expenditure on South Africa's two private prisons will have increased from R435 million in 2002 to R613 million in 2006/07, a nominal increase of 40.9% and a real increase of 3.6% for accommodating exactly the same number of prisoners according to the NGO Civil Society Prison Reform Initiative *(CSPRI)* in its submission to the government's Portfolio Committee on Correctional Services 2005/06 budget vote in April 2005, CSPRI also noted that: "In 2002 the [Corrections] Commissioner complained to Parliament that the two private prisons are the single largest expense item for the department ... it does not appear that the Commissioner's complaint is being addressed."

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- Meanwhile, four new publicly built and run prisons are being developed. The prisons at Leeuwkop, Nigel, Kimberley and Klerksdorp will provide space for 12,000 prisoners by 2006/07. According to the department of correctional services these "new generation correctional centres are based on models from Europe and the United states and their cost-effective design ... and their facilities are more conducive to rehabilitation."
- "In our view no real possibility for effecting changes to fee structures as PPP operators indicated reluctance to initiate discussions in this regard." This was the bleak statement from The Perekisano-Nmogo Consortium to South Africa's correctional services portfolio committee on 10 August 2006. The consultants had been hired to advise the government on the possible options to renegotiate the expensive cost of the contracts for the country's two private prisons run by GSL and The GEO Group.
- With regard to unlocking value for money and improving cash flow for the department of corrections from changes in design and operations the consultants reported that "both contracts contain no indication of sharing any savings." On 6 June, the committee heard from the department of correctional services that the per capita cost of keeping a prisoner in a private prison in 2005/06 was R257.63 (£19) compared to R119.24 (£8.70) for a prisoner in a public prison. For 2006/07 the comparative costs are R266.83 (£19.50) and R151.77 (£11.10) respectively. As part of the same presentation it was stated that South Africa's "PPP centres are not delivering better than our newest [public] correctional centres; the risk of core business is not transferred to [the] private sector - DCS is backstop on all risks in core business as seen in the recent events at Kutama Sinthemule"; and that the "risk of overcrowding cannot be addressed through PPP centres."

Ontario government to take over MTC-run prison

"The Government of Ontario will transfer the operation of the Central North Correctional Centre in Penetanguishene to the public sector", the provincial government's community safety and correctional services minister Monte Kwinter announced on 27 April 2006.

- "After five years, there has been no appreciable benefit from the private operation of the Central North Correctional Centre," said Kwinter in a news release. "We carefully studied its overall performance compared with the publicly operated Central East Correctional Centre *(CECC)* in Kawartha Lakes, and concluded the CECC performed better in key areas such as security, health care and reducing re-offending rates. As a result, the government will allow the contract with the private operator to expire."
- Utah-based Management & Training Corporation's *(MTC)* Canadian subsidiary, Management and Training Corporation Canada *(MTCC)*, was chosen to operate the Central North Correctional Centre in May 2001 as part of a five-year pilot project. During that period, the Central East Correctional Centre - which is identical in design - opened as a publicly operated facility. The pilot project was to determine if there was any advantage to private operations of correctional services in Ontario. "We acknowledge that MTCC was in material compliance with the

contract," said Kwinter, "but the evidence clearly indicates that the public facility produced better results in key performance areas."

Semi-private prisons more expensive

The direct running costs of France's semi-private prisons could be between 8.5% and 50% more expensive than publicly managed prisons, according to a recent report by France's Cour des Comptes, the agency that oversees public sector finances. The report also found that "it is regrettable that after the mixed management system has been in place for a number of years there has been no evaluation of it by the government. As a result ... the state is no more able to assess whether this system responds to needs than it is to compare costs and performance of the two management models." France currently has 27 'mixed management' or semi-private prisons. *Cour des Comptes, Rapport public thématique, Garde et réinsertion, La gestion des prisons, January 2006.*

For now I will leave the summary and allow the reader to carry on and make their own minds up as to what should happen. I have made my own conclusions and recommendations for this NSW Parliamentary Inquiry into the privatisation of prisons and prison related services.

1 Harding R, "Private Prisons in Australia: The Second Phase" (April 1998) No. 84 *Australian Institute of Criminology - Trends and Issues in Crime and Criminal Justice* at 6. Professor Richard Harding has been the Inspector of Custodial Services in Western Australia.

2 At one stage, the Labor government was planning for the NSW Department of Corrective Services to submit a bid to takeover Junee but these plans were ultimately abandoned.

3 'Pressure for private jails fuels union fear', *The Sun Herald*, 4/1/04, and 'NSW: Prison privatisation question to go before NSW Cabinet', *AAP*, 24/2/04.

4 Hon J Hatzistergos, Minister for Justice and Minister Assisting the Premier on Citizenship, 'Kempsey and Dilwynnia (Windsor) to be Publicly Operated', *Media Release*, 3/3/04.

5 Ibid.

6 Ibid.

7 Ibid.

8 Nathan S, *Private Adult Correctional Facilities: Fines, Failures and Dubious Practices* (April 2000) located on Ontario Public Service website: http://www.opseu.org/ops/ministry/report/section1.htm. As to early developments in NZ in the 1990s see Harding (1997), Note 14, p 9.

9 *Corrections Act 2004* (assented to 3 June 2004). See NZ Department of Corrections website: http://www.corrections.govt.nz/public/PolicyAndLegislation/correctionsact/.

10 These two prisons were privately financed, designed, and built and are privately operated. Both prisons are maximum security with around 3,000 beds each. The Manguang prison in Bloemfontein opened in July 2001 and became fully operational in January 2002. It is run by the Denmark -based Group 4 Falck led consortium. The Kutama-Sinthumule prison at Louis Trichardt in Northern Province opened in February 2002 and is run by a consortium led by Florida-based Wackenhut Corrections Corporation. See Nathan S, 'Prison Privatisation: The International Experience and Implications for Africa' (2003) 11 *Southern African Human Rights Review* 7. See also Berg J, "Prison Privatization: Developments in South Africa" in Coyle et al, *Capitalist Punishment: Prison Privatization and Human Rights*, Clarity Press Inc, 2003, p 179. Privatisation of Prisons, p.6.

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ACCOUNTABILITY MECHANISMS AVAILABLE IN PRIVATE PRISONS

3 Accountability!

3.1.1 The right to know and obligation to provide

INTRODUCTION

The use of market-based reforms in the public sector has been widespread over recent decades. These reforms entail a shift in the established paradigm, with the public sector moving from direct delivery to buying goods, services and infrastructure from non-government sectors. These reforms aim to reduce the scope and influence of the public sector and to improve its management by introducing private sector management practices and incentives. These reforms take many shapes and include the introduction of alternative service delivery models, such as contracting out and privatisation. However, the more recent types of privatisation such as public private partnerships ('PPPs') can produce dysfunctional consequences. One effect addressed in this paper is the possible demise of the established social contract, which is effectively an agreement determining the authority and obligations between government and its citizens. A problem undermining the social contract is the paucity of information available to citizens under these market-based methods of public service delivery.

This was one of the concerns of the New South Wales ('NSW') Public Accounts Committee who conjectured that when 'PPP arrangements ... [are] seen as less than transparent ... a low level of trust about PPP projects and a poor understanding'[1] ensues.[2] In particular, the insertion of commercial confidentiality clauses into PPP contracts effectively limits citizens' access to publicly owned information, thereby jeopardising the chance of informed public debate and healthy public accountability outcomes.

This paper uses prison privatisation cases to illustrate the proposition that the public can be disenfranchised, and public knowledge can be endangered, under market-based public sector reforms such as PPPs. It proposes that the paucity of public knowledge is a threat to good governance and public accountability.

3.1.2 Service delivery in the 21st century public sector

Government reforms of recent years have sought increased cost-efficiency and quality improvements. Governments around the globe have introduced competition by way of privatisation techniques – one of a number of options governments have in their management reform tool kit. Methods of privatisation include contracting out, private finance initiatives ('PFIs') and PPPs. These are all built on the assumption that private sector skills and practices enhance public management and the public sector. These privatisations are characterised by both divesture of assets or programs, as well as the privatisation of services once seen as the government's domain. In the case of PPPs, for example, the contract might include design, planning, financing, construction or operation of projects. To be called a PPP all these features do not need to be present; one or two may be enough.

In Australia, privatisation and its heir, the PPP, are progressively becoming a central policy solution for governments: for example, PPP projects in Victoria include the Latrobe Hospital, Victoria County Court, Spencer Street Station and Victorian Correctional Facilities.[3] Allen also names a number of NSW initiatives including the Sydney Harbour Tunnel, Westlink M7, Lane Cove Tunnel, Eastern Distributor Toll Road and M5 Toll Road. A specific example that illustrates the scope of privatisation models is the Victorian prison system, which has undergone extensive privatisation over the past decade. The first round of privatisations was originally called 'design, construct, finance and manage' ('DCFM') projects. These same projects were then re-labelled 'build, own, operate, transfer ('BOOT') projects.[4]The most recent prison privatisations have been designated PPPs under the auspices of the Government's Partnerships Victoria; project.[5] In attempts to achieve purported cost savings and quality outcomes, reform governments usually initiate privatisation programs, which frequently override the public's doubt and suspicion about their benefits. However, the implementation of these privatisation programs, including PPP models, comes with threats to levels of public knowledge and possible disenfranchisement of the public.

3.1.3 The social contract: the right to know and the obligation to provide

In liberal democratic societies, there is an implicit agreement establishing authority and obligations between the government and its citizens. This 'conception of society ... recognises the rights and liberties of individual citizens, within an overall social order to which individual citizens consent'.[6] Under this arrangement there is implied consent that citizens will forgo certain rights and freedoms for the right of the government to undertake certain obligations and create a central authoritative structure. This agreement is commonly called the social contract. Creyke and McMillan alert us to the notion that public services delivered via an explicit legal contract may be problematic for public accountability as

> "powers are conferred upon government not for a private end but for the public good and should not be fettered by individual agreements. This contest – between private law and public law considerations – is likely to be increasingly important in the modern age of contracting out the delivery of government services. It is a problem that also arises commonly when governments enter into large-scale development contracts that purport to free the developer from the obligation to obtain planning consents and regulatory approvals that would otherwise apply to the project".[7]

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Under the social contract, citizens have the right to expect governments to ensure all aspects of public accountability are met by the government and its agents. However, this responsibility to the public is not contracted out when a private partner is engaged to design, plan, finance, construct or operate a public service or infrastructure. Public accountability remains with the government despite the blurring of public-private boundaries and attempts to hide behind legal contracts. Blanchard, Hinnant and Wong identify that '[o]ne of the most important factors in our conceptualisation of the social contract relationship is the presence of appropriate accountability and control mechanisms'.[8] These developments raise a number of questions, including what impacts PPPs have made on the ability to police accountability on the boundaries between the public and private sectors.

3.1.4 PPPs and problems for public knowledge

Extensive theory and experience point to a number of areas where care should be taken when implementing PPPs. A large slice of the pie is taken up by those areas related to public knowledge. First, commercial confidentiality clauses reduce transparency and negatively impact on public accountability. A second area relates to potential problems associated with reduced scrutiny, which creates opportunities for corruption and patronage. Third, part of the 'standard' package of public sector reforms often includes legislative changes, including changes to freedom of information legislation that limit citizens' access to public information. The final area is the asymmetric information held by private partners as they may accumulate better knowledge than the public contract manager, which can lead to public interest challenges. Each of these problems is addressed below.

- ***Commercial Confidentiality Clauses and Reduced Transparency***

First, as Hodge notes, the overuse of 'commercial-in-confidence' clauses in privatisation projects has impacted on public accountability and transparency.[9] Limiting or making secret the information previously available to public stakeholders of government decisions creates a major risk for governments. This can occur when contracts with commercial confidentiality clauses restrict citizens' access to public information, thereby thwarting transparency. Therefore, striking a balance between the confidentiality clause and the public's right to know creates tensions for public accountability: too much transparency and the private sector partner will be disadvantaged, too little transparency and the citizens' right to public information might be severed. Additionally, if we accept that good communication is at the core of trust building, commercial confidentiality regimes alienate public stakeholders and their potential to identify problems and help develop solutions. In short, commercial confidentiality needs to be minimised to ensure transparency and ensure citizens retain their rights to public information.

- ***Reduced Scrutiny and Associations with Corruption and Patronage Allegations***

Second, a fundamental part of accountability requires that the terms of contracts are met. Therefore, irrespective of whether a probity concern is based on perception or fact, it is imperative that independent checks of the privatised system are possible. The lack of scrutiny

provided under a commercially confidential clause leaves the door open for temptations or allegations of corruption or 'kick backs' and patronage or 'cronyism', which at the very least can undermine administrative processes. For example, in some PPPs there may be substantial money to be made, which calls for robust oversight, an important component of public accountability.

- ***Freedom of Information Legislation Changes***

Third, legislative changes can often impact on citizen access to public information. This occurred during Victoria's public sector reforms. Changes included the *Freedom of Information (Amendment) Act 1993* (Vic), which severely decreased public access to government documents, for example, by broadening confidentiality exemptions to more Cabinet documents and also adding a considerable application fee. This legislation has a particularly strong bearing on PPP projects and was expressly extended to include private prison providers.

- ***Asymmetric Information by the Private Partner***

Fourth, complications can arise if the private partner in a PPP accumulates better knowledge about (say) operations than the public organisation on whose behalf they are acting. This means that the private partner is in a position to act in their own interest instead of in the public interest. For example, the private partner might 'cherry-pick' clients leaving the public sector to deal with the less profitable clients or activities. Private companies are required to meet their legal obligations to their shareholders first and foremost, which may conflict with the public interest. In extreme situations, the asymmetric information might enable a private partner to know much more about the business than the government does, thereby constituting another problem for public knowledge.

3.1.5 What has been done? ... Prisons

In today's globalised, competitive world it is inevitable that public goods, services or infrastructure are tested against the efficiency and innovation of the market. Furthermore, it is vital that the social contract which underpins the authority and obligations between government and citizens is upheld. The challenge is to ensure that, in the process, the accountability required of good governance is preserved. One component of this transparency is citizen access to public information. The NSW Public Accounts Committee examined ways in which knowledge sharing about the development and operation of PPPs could be improved.[10] One of their recommendations supports accounting treatment that promotes public knowledge about the Government's liability for ... projects. There should certainly be efforts to clarify public understanding of the issue of off balance sheet accounting'.[11] This should be extended to include opportunities for stakeholder scrutiny of all contract clauses and conditions as well as performance specifications and financial data.

So what happens in Australian PPP prisons?

Roth found that whilst the Victorian, Queensland and Western Australian jurisdictions made contracts available to the public, NSW did not make contracts available to the public due to

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commercial confidentiality restrictions.[12] However, other research questions the extent of the scrutiny available. For example in the case of Victorian prisons, the Victorian Auditor-General, after receiving legal advice, omitted financial payment data from his Special Report on Victoria's partly privatised prison system.[13] This report also revealed that a number of minimum standards were not being met, demonstrating the way in which PPP arrangements avert the public eye. In response to these findings, one recommendation was that 'the Department [of Justice, Victoria] should move to incorporate in future annual reports more extensive information ... as a key means of discharging the Government's accountability to the Parliament and community for the operations of such a significant State industry'.[14] Apart from the lack of information, the Special Report found that there were onerous restrictions placed on the public release of the prison contracts as well as on performance and financial data, creating major problems for citizens wanting to access information about the service being delivered in their 'name'.[15] However, around the same time as the Auditor-General's Report, a committed group of activists banded together (through the Coburg Brunswick Community Legal and Financial Counselling Centre)[16] and successfully obtained the release of much information that had originally been withheld by the Department of Justice on the grounds of commercial confidentiality. This was a win for public knowledge. On the other hand, Moyle found that the management of the privatised Borallon Prison in Queensland was excessively secretive. This meant access to information was difficult, and commercial considerations took precedence over public accountability.[17]The impact asymmetry of information has on public knowledge is also evident in prison PPPs. For example, in the case of the recently privatised Metropolitan Women's Correctional Centre in Victoria, the private company had a better understanding of the privatised prison business than the Victorian Correctional Regulator did. This affected the ability of the Regulator to effectively carry out its regulatory functions, especially during the first years of the privatisation program. That is, the private operator of the Centre had more extensive financial resources and better organisational capacity and experience when compared to the Regulator. These circumstances opened up opportunities which the private company could exploit, including withholding information. This impacted on the capacity of the Regulator to properly exercise its power, leading to a situation where the private operator acted in its own interest rather than in the public interest. It took over a year for the Regulator to understand the rules of the new privatisation game and serve a number of default notices on the private operator. This episode concluded when the Government took back control of the Centre by removing management and ownership from the private operators and placing it with the public sector again.

3.1.6 Prisons, The profit motive and other challenges to accountability

It has been argued that "accountability is the linchpin of the correctional system" *(Freiberg, 1999, p 120)* and needs to be a central feature of any prison system. It is here that care needs to be taken. Accountability in its modern manifestation has become a largely technical and instrumental process, yet accountability for prison policies and practices has an undeniable moral component that needs to be addressed in order for public accountability to be meaningful within this domain.

In Australia, accountability for private prisons has emphasised performance measures, contractual compliance and monitoring, and this has often led to poor outcomes for prisoners and

the Australian community more broadly. The rise of the modern private prison brings new questions surrounding appropriate approaches to accountability, some of which will be explored in this paper. In order to consider the affect of private prisons on the Australian prison system, I have drawn on Chomsky's work on neoliberalism.

3.1.7 Prisons means business

> **They are large organisations. They consist of many paid staff, bricks and mortar, beds, security devices, professional practitioners of ancillary services. They are expensive to build. They are expensive to operate. But they are easy to fill** *(White, 1999, p. 243).*

It is imperative that public accountability is central to a democratic government's ability to exercise its powers of restraint and punishment. A technical or instrumental discharge of such a responsibility is not enough, as the vulnerability of those incarcerated and the invisibility of those who manage that incarceration, inscribe a moral dimension to the accountability relationships that result.

The rise of the private prison, has added to the public accountability issues within the prison sector. Although businesses have been involved in the administration of punishment throughout history, the shift to state administered punishment was heralded as a way to ensure equity, justice and humanity within the penal system *(Morris and Rothman, 1995).*

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Over the last twenty years this has changed significantly with the emergence of a contemporary, private, 'for-profit' prison industry, providing diverse services, including catering, medical care, employment training, court escort services, security, and prisons for juveniles, people on remand, illegal immigrants, and adult offenders.

This contemporary transference of responsibility for prisons, from the public to the private sector, began in the United States twenty years ago and is now commonplace in Britain and Australia, with the latter holding about 17.8% of its incarcerated population in privately owned and/or operated prisons *(Private Prison Report International May 2003; Australian Bureau of Statistics, 2004; Roth, 2004).* This transformation has also signified changes in accountability relationships between the community, the government and the private prison operator that are only beginning to be investigated.

Accountability is notoriously difficult to define *(Cousins & Sikka, 1993; Sinclair, 1995).* Although few would argue against the proposition that accountability involves the giving and/or receiving of an account of an event *(Mulgan, 2000),* there are many who argue that this is not all that it entails *(Sinclair, 1995; Shearer, 2002).*

Even though many accounting researchers are recognising that accountability has broader, more nebulous implications and possibilities, the more commonplace expectations do play an important role. The giving and receiving of accounts of events for which we have an interest or a responsibility has a number of important features; the account must be offered to an external source; it enables debate as the giving or receiving of an account should allow for clarification,

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scrutiny and revision; and it reinforces the idea that a broader social group may have rights to an account of an event for which they are not directly in control *(Mulgan, 2000)*.

One of the problems associated with this interpretation of accountability is that in order to discharge the requirement to be accountable, both the private and public sector have come to rely heavily on approaches that are technical, measurable and procedural - which may have the effect of limiting our expectations of what a public or private enterprise should be accountable for *(Nelson, 1993; Shearer, 2002)*. Nelson *(1993)* has argued that the technical emphasis that has come to dominate our understanding of accountability, particularly within the public sector, configures it as procedural, rather than dynamic, denying its ethical influences and dimensions. These are evidenced by the increasing reliance on performance measures *(Robinson, 2003)*, financial reports *(Stanton, 1997)*, limited audit investigations *(English, 2003)* and political debate that centres on a statistical or numerical discussion of events *(Rose, 1991)*.

In regard to accounting, Arrington has argued that "accounting just assumes its sovereignty over the moral, assumes its right to hold all accountable to its ridiculous telos – money" *(1999, p.1)*. Dillard and Ruchala *(2005)* have taken this argument further, raising the idea that a technical or hierarchical approach to accountability has enabled "administrative evil" in which a social actor is disconnected from the moral community through technical processes. They claim that overcoming administrative evil can occur only as a reconnection of the instrumental and the moral is undertaken through a reintegration of socializing and hierarchical accountability systems *(Dillard and Ruchala, 2005, p.619)*.

So, although accountability has often been interpreted to be a largely procedural and technical exchange of information between interested parties that fulfils a broader social, political and economic need within societies that make claims to democracy - increasingly, accountability is being recognised as a discourse *(Nelson, 1993; Sinclair, 1995)*. Discourses of accountability play a role in constituting our beliefs about whom, what and how accounts of events are to be given and received *(Roberts, 1991)*. It is constantly being renegotiated (often unequally) and it always encompasses the possibility of challenge *(Roberts, 1991)*.

The paper represents a contribution to the challenges that are already emerging within the accounting literature to the dominance of technical and procedural dimensions of accountability over its important moral and ethical implications *(Broadbent, Dietrich and Laughlin, 1996; Shearer, 2002; Funnell, 2003; Dillard and Ruchala, 2005)*.

Shearer *(2002)*, in particular, emphasises the need to redefine accountability beyond the narrow requirements of economic entities within market economies. She says that it is "moral responsibility that grounds the accountability of the entity with respect to this community" *(2002, p.543)* and she called for a discourse of human identity that is irreducibly distinct from economic man, and it must be capable of infusing our self-understanding as economic subjects with a moral obligation that exceeds our own self-interest *(Shearer, 2002, p.569)*.

Shearer's *(2002)* call for a deeper appreciation of which we are as ethical (as well as economic) beings is indicative of a growing interest in an expanded understanding of what constitutes

accountability. It also suggests ways that we can avoid being trapped by an already present discourse that emphasises accountability in limited, often economic, terms and is supported by Lehman's *(2005, pg. 976)* call for a framework that "contextualised accountability within a substantive moral framework". This is particularly important within the context of public accountability for privately operated prisons, as ethics and morality should not be divorced from debates about incarceration and the management of such facilities.

The discussion that follows seeks to expose how the Australian government has come to define public accountability for private prisons in limited terms, focusing largely on cost effectiveness rather than service quality. This approach has also emphasised specific performance requirements; it has disengaged debate from the purpose and intent of incarceration; and broader issues of accountability that link a community of citizens to its responses to criminal behaviour have all but disappeared.

This is the real purpose of public accountability and the provision of information that narrows this scope to such things as the number of drug tests, or the number of violent incidents within a prison distracts us from examining the deeper issues that arise from a social choice to incarcerate criminals – particularly within the confines of privately operated, profit oriented, prisons.

Within the current political climate, the discharge of this responsibility has emphasised the technical and procedural dimensions of accountability. However, even this has been hard to achieve.

As will be shown, this effaces the significant moral and ethical aspects of the accountability relationships between the private operator and the government; the government and citizens and ultimately, our society and how it treats people we deem to be 'criminal'.

3.1.8 Pushing Prison Privatisation

In state capitalist democracies, the public arena has been extended and enriched by long and bitter popular struggle. Meanwhile concentrated private power has laboured to restrict it. The conflicts form a good part of modern history. The most effective way to restrict democracy is to transfer decision making from the public arena to unaccountable institutions: kings and princes, priestly castes, military juntas, party dictatorships, or modern corporations *(Chomsky, 1999, p.132).*

Generally, it has been argued that outsourcing and privatisation have benefits that include the ability for the government to shop around for vendors in order to choose the quality and quantity of services required. It has also been suggested that outsourcing will invite competition, giving the government choices between innovative, lean, less expensive service providers *(Dixon et al, 1996; Shaoul, 1997; Taylor &Warrack, 1998).*

There are a number of corresponding concerns, including the fact that competition may not be easily stimulated or may not suit the industry in question (for example, defence industry contractors are highly specialised and secretive, two qualities that do not suit a competitive market; and in Australia there had been three companies bidding for private prison contracts in

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the early stages of privatisation); there have also been many examples of bad contracts *(Funnell, 2001)*; there is a danger of excessive dependence on a particular service provider; and perhaps most importantly, the full costs of the process are rarely calculated (for example, the cost to the community of eroding job security; the retraction of state obligations to its citizens; and the cost of reversing the decision if it turns out to be a bad one) *(Gormley, 1991; Butler, 1991)*.

Although couched in neoliberal terms, the case for private prison cost-effectiveness remains ambiguous and evidence from innumerable studies have revealed contradictory outcomes *(Logan, 1990; McDonald, 1990; Kirby et al, 2000; Cooper and Williams, 2005)*. Most recently NSW Parliament's inquiry into the 'Value for Money for NSW Correctional Centres' *(2005)* found that no definitive conclusion could be drawn on the cost-effectiveness of private prisons because the uniqueness of each prison (such as size, mixture of prisoners, responsibility, programs, building design, services) doesn't enable a meaningful comparison.

The lack of definitive information about outsourcing decisions would suggest that it cannot be separated from ideological, political, economic or ethical influences *(Ryan & Ward, 1989; Chomsky; 1999)*. Cooper and Williams *(2005)* argued financial representations of cost savings used to initiate discussions about prison privatization, are in and of themselves hypothetical.

This hypothetical data has been used as though it is 'real' in order to legitimise the privatisation agenda and when the assumptions that underpinned the data were explored it became obvious that many alternative conclusions could be drawn.

For instance, they point out that the Scottish Executive's proposal to 'cost' prison services treated the current Scottish incarceration trends as "inexorable and failed to consider alternatives to custody" *(Cooper and Williams, 2005, p.499)*.

Incarceration has a variety of different public policy objectives and justifications (such as deterrence, reform, incapacitation and/or classification) and imprisonment also has unintended consequences and effects a person in more ways than those anticipated by the State. Amongst other things, it means that a member of society is restrained and loses their freedom; their life path is interrupted; their family and social relations become difficult to maintain; there is a reduction in civil liberties such as privacy; they are held in places that are frequently charged with an atmosphere of distrust and violence; they are often surrounded by drugs and drug deals; and their lives often become lonely, idle and unstimulated.

In this vein Davis argued that the "prison industrial system materially and morally impoverishes its inhabitants and devours the social wealth needed to address the very problems that have led to spiralling numbers of prisoners" *(1998)*. This places an inescapable moral responsibility on society to ensure that there are clear objectives associated with incarceration; that imprisonment meets these broader social objectives; and that prisons operate in a socially acceptable manner.

Fundamentally, a society holds a 'criminal' accountable for their actions and that person has a corresponding right to an accountable execution of the objectives of their sentence. This is predicated on the assumption that all of these can be negotiated meaningfully and democratically. It is also complicated by the fact that some private entities can now profit from

incarceration and that these entities have a vested interest in the maintenance, if not the expansion of incarceration as a response to criminal behaviour.

It has led some to ask whether there are "services that are "inherently governmental" and should thus be quarantined from the process [of contracting out]?" *(Schoombee, 1997, p.141)*. This has raised discussion about how to reconfigure accountability within this context *(Funnell, 2003; Dillard and Ruchala, 2005)*.

Not only are the public policy objectives diverse, but also the level of privatisation varying considerably. As many peripheral services that are integral to the operation of a public prison are now purchased from private contractors, including employment advice/training, garbage collection, energy and water/sewerage services, boundaries between the public and the private sector are blurred.

This complicates accountability arrangements and makes it more difficult to justify the place of the public sector within such an environment, a situation that has been capitalised on by private operators who argue they are just providing cheaper services, whilst distancing themselves from the significance of those services to the community. This is a point presented by many scholars in the field, such as Harding who has argued that the key point, whatever degree or model of privatisation is adopted, is that the allocation of punishment should remain with the state apparatus, whilst the day to day administration of that punishment is devolved to the contract managers *(1992, p.2)*.

Harding's *(1992)* point of view would suggest that a clear distinction between sentencing and the administration of that sentence could be drawn. Such a distinction is not necessarily as easy or as desirable as this suggests. As the State has the power to deprive a person of their liberty, it is critical the administration of that sentence is subject to an appropriate standard of care, that human rights are observed and the actions of those vested with the control over the detainees should be closely scrutinised and monitored. The further this task moves away from the State the more difficult it is to monitor and the State has more opportunity to retreat from its responsibility to ensure such conditions. Moyle has argued "it should be emphasised that prison regimes, and the powers exercised by those who manage them, involve a continuation of sovereign power" *(1999, p.154)* and that there is a need to identify the "the powers that may not be delegatable within a democracy" *(1999. p.155)*.

The delegation of these powers may well be strategic, providing benefits to both the state and the private sector. Chomsky *(1996; 1999)* has argued that the current capitalist order undermines democracy, and within this context public debate has diminished. This is a view that is supported by Munck *(2005, p.65)* when he wrote that it "is government intervention in economic life that threatens freedom, according to the neoliberal theorists".

As corporations gain control of more and more of the institutions and services traditionally maintained by government (such as prisons), private power has been enhanced. As such, formal electoral democracy helps to maintain the illusion of democracy, and that the "population has been diverted from the information and public forums necessary for meaningful participation in decision making" *(McChesney, 1998, p. 9)*. As McChesney wrote neoliberalism is the defining

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political economic paradigm of our time – it refers to the policies and processes whereby a relative handful of private interests are permitted to control as much as possible of social life in order to maximise their personal profit *(McChesney, 1998, p. 7)*.

This has often been characterized as a logical and appropriate response to governments who have been painted as "incompetent, bureaucratic and parasitic" *(McChesney, 1998, p.7)*. On the other hand the free market is assumed to "encourage private enterprise and consumer choice, reward personal responsibility and entrepreneurial initiative" *(McChesney, 1998, p.7)* even though there is little empirical evidence to support this claim. Contrary to the rhetoric of neoliberalism, Chomsky *(1999)* points out that governments have not reduced in size, and there is little evidence to suggest that privatised public assets have increased in efficiency and/or quality.

The ideology that underpins neoliberalism has contributed to the rise of private prisons, and with this privatisation a number of questions need to be raised about the nature, appropriateness and maintenance of public accountability within a prison system that is increasingly profit oriented.

Investigations such as this one need to be placed within the context of neoliberalism, in order to shed light on the ways that we organise our societies and to problematise the privatisation of prisons on both technical and moral grounds *(see Russell, 1997)*. This argument hinges on the idea that 'neoliberal' governments serve the interests of capital and its impulse to continually accumulate, whilst enabling a retreat from any substantive public accountability.. As Puxty *(1997)* has argued, when capitalism is in crisis, capital needs to expand into new areas, which may lead to a changed role of the state as it releases areas it has traditionally controlled to the private sector and "capitalism tries to turn all relationships into a commercial exchange" *(Hutton and Giddens, 2001, p.17)*.

In this vein, private prisons serve both the interests of government and private enterprise. Private prisons may help disguise the impact of global capitalism on people (through job losses, failure to provide productive work and 'imprisoning' the products of political and economic alienation), it appears to shift the responsibility for prisons to the private sector and it enables private interests to profit in a new way. As a result it diminishes the public sphere, and changes the nature of public accountability *(Chomsky, 1999; Funnell, 2003)*. In support of this Chomsky wrote that democracy is under attack worldwide, including the leading industrial countries; at least, democracy in a meaningful sense of the term, involving opportunities for people to manage their own collective and individual affairs.

Something similar is true of markets. The assaults on democracy and markets are furthermore related. Their roots lie in the power of corporate entities that are increasingly interlinked and reliant on powerful states, and largely unaccountable to the public *(1999, p.92)*. The changing relationships between the private and the public sector referred to by Chomsky *(1999)* have impacted significantly on discourses of accountability. The current arrangements for incarceration in Australia testify to this. It is now possible that a private, for profit, company to be accountable to the government for the delivery of prison services and facilities and the government is then accountable to the public (including prisoners) for the delivery of these services – in so doing, distance is placed between the service provider and the community in a

way that would present significant challenges to fulfilling any technical, let alone moral, accountability function. In an attempt to address this, or further reinforce it, private prison operators present largely technical accounts of events and are accountable for the delivery of certain services at a certain quality against performance indicators *(Robinson, 2003)*; the government is able to report on these in a relatively objective manner and also distance themselves from direct responsibility; and at the same time, questions about the ethical and moral responsibility of government and society to these citizens is almost entirely eradicated from debate.

Before proceeding, it is important to note that there is a problem with framing the debate within the private/public sector dichotomy, and considering accountability issues within this framework, as it can often fail to investigate the 'subject' that is being debated *(Cooper and Williams, 2005)*. This is in itself an emasculated view of accountability, because it does not consider critically what to do in circumstances in which both the private and the public sector have failed to provide a solution to the crisis of the current prison system. This delineates the debate within the parameters of who should provide the prison, rather than whether the prison is a solution to the social issues that our societies face. This may make it easier to ignore and silence debate about the definitions and causes of criminal behaviour, such as social alienation, economic inequity and institutionalised discrimination. As accountability plays an important role in our ability to make decisions, the nature of the information is vital. It should not be limited to information that allows us to compare the public to the private sector on the basis of cost, but rather it should enable an investigation into the purpose and possibilities of addressing the social issues that lead to crime and not just what we do with 'the criminal' afterwards.

3.1.9 Private prisons in Australia

A private corporation is not in the business of being humanitarian. It's in the business of increasing profit and market share. Doing that typically is extremely harmful to the general population. It may make some number look good *(Chomsky, 1996, p. 122)*. Since 1988, the private sector has played an expanding role in the operation of Australia's correctional facilities. This was sparked by the Kennedy Report *(1988)* for the Queensland Corrective Services Commission into correctional reform recommended that a private operator under contract to the Commission should develop one prison. This was based on its findings that problems within the existing system could be solved through privatisation, including staffing difficulties, creating a market for corrective institutions, increased flexibility in correctional arrangements, and developing competition in order to have something to test performance and costs against. This argument had been presented in other countries previously, and it is widely accepted within the literature on private prisons that the fundamental motivations of prison privatisation have been the belief that private prisons will reduce operating costs (largely through reduced labour costs), provide faster and cheaper prison capacity (limited barriers to financing and construction) and that they should improve the quality of the service (through innovation) *(Logan, 1990; Calabrese, 1993; Shichor; 1995)*.

Although these arguments have been presented as neutral representations of the issues, the arguments are not sterile or politically neutral. Ideological assumptions underpinned the Kennedy Report, including the appeal to 'the market' to solve persistent failures within the

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prison sector; the representation of the unionised workforce as 'difficult' and 'problematic', in part because of their refusal to accept further compromised work conditions; the appeal to 'flexibility' as though this will have no affect on quality or performance and that this flexibility does not come at a cost (such as people's jobs or job security, working hours and so on); and the presumption that competition will enable performance to be measured more accurately on the basis of cost, which may have scaled back attempts to develop other ways of critiquing and improving punishment and prison services *(Chan, 1994; Moyle, 1999)*.

This would suggest that the decision to privatise prisons was not one based purely on technical information; rather, it was a highly politicised move surrounding a need to disassociate the government from the prevailing problems within prisons. Although these motivations were raised within the media and there was some public debate over the government's approach, the report was accepted. This led the Commission to call for tenders to manage and operate Borallon Correctional Centre, which was a 240-bed medium security prison near Brisbane. Corrections Corporation Australia (CCA) was awarded this contract in 1989, and under this three-year contract, the first private prison in Australia was opened in 1991 at a cost of $22 million to build, and a contract fee of $9.7 million for the 1991 financial year *(Harding, 1992)*. This contract was awarded partly as a result of the lobbying efforts of Senior Executives from CCA who travelled around Australia in 1989 'informing' State governments of the benefits of private prisons *(Gow and Williamson, 1998)*.

Subsequently contracts have been awarded to private prison operators throughout the country and today Australia has 7 privately operated adult prisons operating in 5 states. These are run by three companies, all of which are foreign owned – Australian Integrated Management Services (AIMS) (a wholly owned subsidiary of the US Company Sodexho Alliance), The GEO Group, Australia (previously known as Australian Correctional Management, a subsidiary of Wackenhut Corrections Corporation), Management and Training Corporation (MTC) (whose corporate headquarters are in Utah) and GSL Custodial Services (formerly Group 4 Falck) and now known by G4Securicor. Information about each of these prisons is presented in the following table

State	Name	Security Level	Size	Private Operator
Western Australia	Acacia	Medium(Male)	750	AIMS
Queensland	Arthur Gorrie	Max/Med/Min (reception and remand)	710	ACM

Queensland	Borallon	Max/Med	492	MTC
Victoria	Fulham	Med/Min	777	ACM
Victoria	Port Phillip	Max	710	Group 4
NSW	Junee	Med/Min	600	ACM
South Australia	Mt Gambier	Med/Min	110	Group 4
Victoria	Metro Women's	Max/Med/Min	125	CCA (1996-2000)

Table1: Private Prisons in Australia, 2003. *(Data provided by the Australian Institute for Criminology)*

From the Kennedy Report onwards, the possibility that private companies could play a role in the provision of correctional institutions throughout Australia was firmly entrenched. Running a prison brings with it significant responsibilities. The foremost of these responsibilities is prisoner health, safety and dignity, all of which are prioritised under the Standard Guidelines for Corrections in Australia 1996 and the UN Standard Minimum Rules for Treatment of Prisoners. Public prisons are notoriously bad at providing safe and dignified conditions for their inmates, which has meant that arguments suggesting that public prisons are more able to meet these qualitative outcomes than private prisons have been difficult to mount.

However, there is significant evidence that suggests the pursuit of profit has exaggerated the erosion of the quality of services and conditions being provided to prisoners and the community as a whole. A study conducted by Biles and Dalton found that Port Phillip prison, Deer Park and Arthur Gorrie all have higher rates for all deaths and suicides than the Australian average *(1999, p.4, see table)*. Although some of the findings of Biles and Dalton *(1999)* are alarming, the reports significance does not just lie in what it reveals about the performance of these prisons.

Its significance also lies in what it reveals about the inability for a community to affect change, express outrage, demand greater scrutiny and ensure better outcomes for their community and

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the prison system as a whole. As prison institutions have struggled to maintain legitimacy as a form of punishment that has positive outcomes for the 'punished' and society in general, the introduction of the profit motive into this arena raises further concern *(Cavise, 1998)*. Cavise has argued that with private control, there is a danger that prisoners, traditionally among society's most neglected members, will suffer abuse and exploitation for profit *(1998, p.22)*. It certainly makes the relationship between the community and the service provider one that is dependent on the community's ability to monitor and access information about prisons. In the words of Harding: The question of effective accountability thus becomes central *(Harding, 1992, p.2)*.

Much of the literature concerning the debate over the contracting out of government services suggests that accountability can be ensured through a carefully constructed contract and appropriate monitoring arrangements *(Harding, 1992; McDonald, 1994; Steane and Walker, 2000)*. This presents a very technical face of accountability, which is not unusual within the context of societies that privilege technical approaches to social negotiations and is closely linked to a neoliberal framework *(Bryan, 2000)*. Although there is a technical dimension to accountability this is often given a disproportionate representation within the literature and may have the affect of constructing rather than representing, notions of accountability "by rendering selectively visible, relations of accountability" *(Power, 1991, p.38)*. Steane and Walker have argued that the dominant discourses in which this view of accountability is placed, "concerns the application of economic logic to issues previously within the domain of political scientists and public policy theorists" *(2000, p.248; Chomsky, 1999)*. This is indicative of the systemic divorce of economic and social policy, as though one can be justified through the other, rather than equally important components of social organisation.

At the least, the accountability process should reveal whether the contracted private operator is fulfilling its contract and providing the service that has been agreed upon, but according to Bates after 15 years of privatization, officials still have almost no reliable data to assess whether for profit prisons are doing their job – or living up to their promise to save taxpayers money *(1999, p.22)*.

In order to unravel some of the issues surrounding the public accountability of private prisons, the remainder of this paper will look at both its procedural and ethical manifestations discussed in an earlier section, illustrating how inadequate the current arrangements have been in achieving either. It should be noted that any attempt to deal with the procedural and the ethical dimensions of accountability separately presents problems. The failings of technical accountability enable discussion of the importance the ethical dimensions of accountability. Inevitably, these discussions are intertwined.

3.1.10 Procedural accountability and prison profits

The term 'accountability' is used in this context to mean more a 'technical' than a 'moral' responsibility and it is considered to be an objective and measurable concept rather than a subjective one *(Shichor, 1998, p.90)*. Although it is increasingly accepted that accountability has a moral and ethical dimension *(Burritt & Lehman, 1995; Sinclair, 1995; Shichor, 1998; Hill et al, 2001;*

Shearer, 2002; English 2003), even its technical components are difficult to ensure. When applied to private prisons, ensuring even the most basic, commonplace forms of accountability has been problematic. There have been difficulties ensuring access to quality information; it has been hard to ensure financial accountability because of the ways that contract fees have been structured; it has been difficult to monitor contract performance; and the processes of contract awarding, renewal and termination have presented difficulties that undermine the ability of the community to ensure public accountability.

3.1.11 Access to quality information

If accountability is central to the concept of responsible government and knowledge of the activities of government is central to the exercise of a citizen's control over government then it is clear that the doctrine of commercial confidentiality can operate as a barrier to the availability of information *(Freiberg, 1999, p. 121)*.

For the procedural functions of accountability to be satisfied there must be access to information that facilitates necessary scrutiny. This is essential in order to ensure that social institutions are constantly under review and challenged to improve the quality of their services. Along with the important dimension of access is the need for quality information that gives detailed, accurate, comparable data – a mission that most accountants are fully aware of. Unfortunately, in the case of prison privatisation this access has been hindered by a number of things, namely, the government's ability to deem certain information 'commercial in confidence'; the information has often been technical and hasn't necessarily provided significant insight; often the information has not been reported in a timely manner; and some sources of information (such as prisoners) have been harder to access under privatisation.

In Australia, many core documents relating to prison privatisation have been held back from public scrutiny under the guise of 'commercial confidentiality', stalling many attempts to scrutinise the operations of both state and private prisons because of a "lack of access to what seemed to be key documentation" *(Harding, 1998, p.5; Funnell, 2003)*. This is a position supported by Gow and Williamson *(1998)* in their analysis of Australia's historical development from a penal colony to what they describe as a 'corporate colony' in which public access to information is secondary to a corporation's desire for secrecy. Although some information about private prisons has been made available through Freedom of Information claims, this is costly, time consuming and often vital information is censored before release. The other main source of public information on privately managed prisons has been provided through audit reports of the prisons, and official investigations into prison operations such as the State Government of Victoria's Audit Review of Government Contracts *(2000)*; the annual Productivity Commissions Report on Government Services; and specially commissioned reports such as the Victorian Correctional Service's Report on the Metropolitan Women's Correctional Centre's Compliance with Contractual Obligations and Prison Services Agreement *(Armytage, 2000)* and the Report of the Independent Investigation into the Management and Operations of Victoria's Private Prisons *(Kirby et al, 2000)*. Although these have value, they are limited and constrained by the framework in which they operate and often reinforce the current arrangements. The scopes of these investigations are often limited and most have focused on efficiency improvements, financial

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expenditures and performance against set measures. Appraisals that adopt a broader evaluative stance are not commonplace and are more likely the result of investigative journalism than any officially sanctioned system of accountability.

A second issue that inhibits the ability to ensure effective accountability in this environment relates to the quality of that information. Information about the quality of the services has often been limited to that which is easily counted, such as the number of escape attempts, positive drug tests, or 'incidents'. Audit reports and special reports commissioned by State Government's into the activities of private prisons, like those mentioned previously, have also focused on these issues. These have considerable problems because of the ability to manipulate the data. It is also questionable whether this data can shed light on the quality of the service being provided, and whether it provides enough information on which to evaluate and review approaches to justice and punishment. Unfortunately, a strict liberal framework may "perpetuate the status quo by simply providing additional information to stakeholders without critically investigating" *(Lehman, 1999, p.218)* the issues that are in question. It is here that this technical mutation of accountability becomes problematic because it is potentially constructing, by virtue of rendering selectively visible, relationship of accountability; an inversion of the traditional view of the sources of accountability *(Power, 1991, p.39)*.

The problems associated with access to information were highlighted in the Correctional Services Commissioner's Report on the Metropolitan Women's Correctional Centre's (MWCC) *(Armytage, 2000)* compliance with its contractual obligations and prison services agreement. A lot of the issues raised here were not visible in the reports required under the contract and were only made apparent through detailed investigations and not through the standard accountability arrangements. By way of a specific example, the contract requires that the prison operator report drug related incidents to the Commissioner. The contract also required that no more than 8.26% of Prisoners test positive for nonprescribed drug use, as a result of random testing *(Contract for the Management of Metropolitan Women's Correctional Centre, 1995, p. 171)*. This accounted for 20% of the Corrections Corporation Australia's (CCA) performance related fee *(Armytage, 2000)*. Should this target be breached then the fee would be reduced by the proportion established within the contract. Ideally, the emphasis placed on these kinds of performance outcomes should improve the performance of the service. However, the emphasis can also mean that steps are taken to ensure that the outcomes are met 'technically' without actually improving performance. For instance, the Commissioner's investigation into the MWCC found that for the last 3 months, prisoner 'E' has been tested on 13 occasions between 4.00am and 5.20am. The MWCC Manager Health Services has advised OCSC there is no medical reason as to why prisoner 'E' has to be tested at these times. The testing of prisoner 'E' at these times is of significant concern as the predictability of testing enables the prisoner to use drugs with a decreased likelihood of being detected *(Armytage, 2000, p.16)*.

This is an example of how the measurement criteria can be manipulated in order to meet contractual requirements. Such distortions of 'successes are inevitable when the criteria for measurement are as limited as the number of positive drug tests, and that these criteria are contingent on the continuity of the contract and the financial viability of the private contractor. Many of the issues that led to default notices being issued to the contractor related to the management decision not to report required information in a timely manner. As any meaningful

system of accountability requires the exchange of information, these breaches undermine the ability of the government to ensure the private contractor is held accountable and also undermines the ability of the public to hold the government accountable for its actions. The Auditor General of Victoria's Report on Ministerial Portfolio's *(2001)* identified a number of key issues that related to Victoria's private prisons operators failing to report information. They found that significant incidents were not "immediately reported" *(2001, s3.4.39)* and many incidents were "not declared at the earliest opportunity" *(2001, s.3.4.40)*, undermining the most basic dimension of accountability.

Although some audit reports and special investigations into private prisons have provided insight into the management of the private prisons, this has been limited by a number of factors that are unique to the new private arrangements. For instance, traditionally, prisoners have been a good source of information about what is actually occurring within a prison and their access to people outside the prison has played an important accountability function *(Maguire et al, 1985)*. According to Gow and Williamson *(1998)*, in Victoria private prison regulation has ensured the censoring and silencing of prisoners, wherein prisoners have to pre-record eight phone numbers, calling the media is banned and all phone calls are recorded. This has meant that there has been a decrease in the amount of information about what happens inside prisons from the point of view of the actual prisoners. The report into MWCC *(Armytage, 2000)* found similar problems, with inadequate staffing leading to long lock-down periods, which make it impossible for prisoners to access telephones or meet with family and friends. This draws into question the argument that more flexible staffing arrangements made possible through private prison operators are actually lead to more successful prisons.

In order for basic accountability this to be satisfied access to information needs to be ensured, and in a profit-oriented environment, this may be even harder to guarantee. Rather than ensuring that private contractors perform well, these examples suggest that there is a large incentive to ensure that the private contractor appears to be performing well. As Shichor has argued, evaluating private prison performance is hard because "of the paucity of benchmark data to forecast future developments", the "problems of access to the records of private companies" and the difficulty of providing an evaluation of private operators when "there is already an assumption that they are doing a better job than state run prisons" *(1998, p. 89)*. There is significant evidence to suggest that private prison operators are not providing the government with even the most basic, contractually required information within the defined time frames. As such, access to quality information that enables scrutiny of private prisons by the government becomes very difficult and just as importantly, the lack of publicly available information makes it almost impossible for member of the broader community to scrutinise the activities of the prison operators. A corresponding problem arises, in that the energies of the interested parties become focused narrowly on achieving basic information exchanges, and questions about what constitutes that information, and who has a right to it become marginalised by the pressing need to ensure the basic requirements (as defined by the contract) are met. In light of this, even this procedural element of the accountability arrangements between the prison contractor and the government has been hard to ensure.

3.1.12 Contractual Fees: How to make a profit prison style

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What has happened is the privatisation of profit and the socialisation of risk *(Scott, 1996, p.101)* As a result of the commercial confidentiality powers of governments, very little contract information has been released. By mid 2004, contracts for private prisons in Victoria and Western Australian were publicly available; however, all other states have not released the contracts to the public. Importantly, the financial information within these contracts has not been made publicly available, so public scrutiny of the financial arrangements has only been possible through secondary sources.

Fees awarded for private prison management contracts differ from state to state and prison to prison. There are obvious reasons for the differences in payment, including the different mix of inmates in the prison, the different level of services provided, or the agreed differences in efficiency, running costs and profit margins for the operators. When analysing these costs, the Auditor-General *(1999)* could not release the benchmarks for government operating costs, but could say that all contracts were less than the government's benchmarks and that even so, he was unsure about the cost savings because of the inability to factor in things like long-term social costs, societal risks and monitoring cost 'realities'. In terms of accountability, the contracts provide little information about how much the fee will be reduced in the case of breaches, which is essential in order to understand how the firm is encouraged financially to comply with the contract. There is also little information about how the corporation can make a profit and what actions they can take in order to pursue this aim.

Generally the fees associated with a prison contract have been divided into three parts. There is an accommodation service charge, which is for the provision of physical facilities; a correctional services fee, which is for the day-to-day operations of the prison; and a performance-linked fee, representing the investment reward or profit. It is the latter that distinguishes the private operator from the government. It is a fee that should encourage quality service delivery because it enables the operator to make a profit. However, this fee has often led to an erosion of reporting quality rather than an increase in service. The following section will offer some examples of how this fee structure has not enhanced the accountability framework, financially or in terms of service quality.

Firstly, the accommodation service charge appears to be a simple fee for service payment, but has proven to be quite controversial. For example, the Australian Broadcasting Commission *(Mares, 2000)* reported that charities may have inadvertently contributed to ACM's (GEO) bottom line. ACM's (GEO) contract requires it to ensure that there is adequate clothing for the detainees and prisoners, but it puts no limits on how they can source and finance these needs. According to the Australian Broadcasting Corporation's report, ACM (GEO) initially sourced clothes from St Vincent de Paul, who agreed to provide them at $5 per kilogram (their normal rate was $8). Eventually it was discovered that ACM managed to source the clothes from another section of St Vincent de Paul for free. When ACM was confronted by St Vincent de Paul, they ended up paying $2,100 for 2,000 kilograms of clothes for which they originally had negotiated a rate of $5 per kilogram. When this information came to light, the commercial relations between St Vincent de Paul and ACM broke down, so ACM(GEO) went to the Uniting Church and asked for clothes and basic housing items to be provided (such as curtains). According to the Uniting Church, there was no suggestion that they would pay for these items. When the Uniting Church

realised that, "the government is actually, on behalf of the Australian people, paying ACM(GEO) to provide those things and we decided then not to go ahead with it" *(Mares, 22/11/2000)*.

The situation exposed the fact that the government had no way of holding the private operator accountable for how they provided the service. The outcome proved controversial as it allowed the private operator the opportunity to exploit charitable organisations to fulfil its contractual requirements in an attempt to maximise its profits. In this situation the use of private operators and the claims that these operators can provide the services more cost effectively, has meant the provider under the private system can be held less accountable than a government provider.

Secondly, the correctional services fee also appeared to be a straightforward payment, but instead, it has proven quite controversial. For example, in January 2003, prison guards at Arthur Gorrie Correctional Centre were in dispute with ACM (GEO) over a plan to use prison labour to increase prison profits *(Private Prison Report International, May 2003)*. The proposal involved replacing prison staff with inmates in areas such as the kitchen. Although ACM (GEO) was paid a fee to provide for the day-to-day management of the centre, this proposal didn't appear to contravene the contract as the contract had not defined how the services should be provided. After protracted negotiations with unions, the proposal was dropped. This presented a similar dilemma to that outlined previously, the mode of delivery was left out of the contract to enable 'flexibility' but instead could be interpreted as allowing the company access to exploitative practices to maximise returns.

There was no formal process that allowed the government and the community to hold the provider accountable for how the service was to be delivered. And finally, the performance linked fee was designed to enable the company to be paid a fee that was above the costs of the operation based on them meeting certain specified standards. Unfortunately, the performance incentive has often led to under reporting of incidents, rather than excellence in service quality. For example the Woomera detention centre provides graphic examples of the extent that corrections corporations will go to in order to be 'cost effective' and ultimately generate a profit. In the case of Woomera, it appeared that Australasian Correctional Management (ACM) (GEO) failed to report 'incidents' that related to its performance evaluation. Such an incident received considerable media attention when it was reported in 2000 that ACM (GEO) failed to report an alleged rape of a 12- year-old boy in their Woomera facility. It was also widely reported that they were reluctant to disclose this information because it would lead to a financial penalty of around $20,000 *(Nolan, 2000)*.

This would suggest that the presence of a financial penalty and the corresponding effect this would have on the profitability of the centre, meant that the accountability arrangements written into the contract weren't sufficient and may well have led to opposing outcomes. For ACM (GEO) to be held accountable if they breach their responsibilities to care for refugees and keep them free from physical and sexual abuse, the government relies on them to report incidents accurately. Conversely, to ensure a profit, the company has an interest in ensuring reports do not expose them to a financial penalty. Detailed information is important in order to understand how the profit motive is affecting the provision of prison services and how 'cost effectiveness' is actually achieved. Without this type of information financial accountability becomes emasculated and technical, lacking any substantial information on which to assess performance.

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As few contracts are available, and the costing remains secret in many cases, it forces the public to rely on secondary sources. It becomes hard to scrutinise costs, let alone form a picture as to whether the cost savings (if there are any) are morally defensible or are the result of practices that are unacceptable to the community.

3.1.13 Contractual Monitoring

Richard Harding: To give an example, in Junee Prison, which is in New South Wales, there was at one stage a riot, and this riot wasn't even mentioned in the annual report of the monitors about the prison. It was quite a major riot, and obviously they didn't quite conceive, or their superiors did not quite conceive their role as dealing with the feel of what's happening in the prison, the ethos, they were more concerned with tick-a-box kind of monitoring *(Haultain, 1997).*

From a purely technical point of view, the contract with the private prison needs to ensure access for official visitors, Ombudsmen's right to oversee the operations, parliamentary scrutiny and freedom of information. Notably, these things would be almost identical to the monitoring rights of the community if the facilities were being managed by the public sector, but in addition to these the contracts must ensure that an independent monitor is appointed to check contract compliance and compliance with general standards. In order to perform a monitoring task, the contracts that are being monitored need to be available, however in many cases the "final contracts themselves are treated as being 'commercial in confidence'" *(Harding, 1992, p.5).*

As noted earlier, the controversy surrounding public sector secrecy and a protracted legal battles using Freedom of Information legislation has led the Western Australian and Victorian government to make available private prison contracts to the public. Although this kind of openness is an essential part of accountability, it is not enough in itself. Monitoring the contract is essential to ensure that the service that has been defined and paid for is actually being provided. Harding *(1998)* suggested that the monitoring of contracts under the stated arrangements and within the organisational cultural contexts provides a situation that is open to regulatory capture. This sections opening statement by Richard Harding *(Haultain, 1997)* on the Junee Prison riots provides an example of regulatory failure, as the Correction Service Commission of New South Wales had not persisted with the on-site full-time monitor provided for in the contract. Instead they had withdrawn that person from the system, leaving Junee prison without a person equipped to monitor the operations properly. There are a number of examples of this 'capture' within contractual arrangements. One such example is the Borallon prison in Queensland, which was supposed to have a monitor on site five days per week. This person was directly responsible to the Queensland Corrective Services Commission (QCSC).

When interviewed a year after the opening of the prison, the monitor was spending one day per week at the site as the person had become responsible for the monitoring of five sites *(Moyle, 1994)*. Harding *(1998)* suggested that this process was the result of resource constraints and neither a corporate or government organisational culture that was supportive of the need for monitoring, making it difficult for the monitor to access the information and resources to fulfil the obligations of the role. In this way, the contracting out decision may service the needs of both

the private operator and the government, as neither have had to maintain the monitoring standard required previously – and both have been able to blame each other for the inadequacies.

Although the accountability mechanisms may appear sound within the contract, the practicalities are never as clearly represented *(Funnell, 2001)*. This is a point that has been clearly made by Cavise, when he argued that if the interests of society and the rights of the individual are to be safeguarded, the "government of the people" is under an obligation to ensure that the goals of incarceration are met by the constant control and monitoring exercised by a state agency that is not motivated by profit but by societal and individual concerns *(1998, p.20)*.

It has been suggested that if the contract is sound, it can provide strict safeguards in terms of specification of standards, default, penalty, termination and step-in clauses. According to Harding, "a loose contract will tend to have loose accountability; a tighter one should facilitate accountability" *(1998, p.80)*. However, as the Borallon and Junee example suggest, contracted and actual accountability may be significantly different. All this may enable us to forget that we are talking about accountability in and for prisons, which has a moral and social responsibility beyond the technical inaccuracies of a contract. As Shearer has argued "any theory of moral responsibility; must ultimately rest on ethical considerations regarding the nature of the economic entity, including its relationship to the human community within which it operates" *(Shearer, 2002, p.543)*.

3.1.14 Contract awarding, renewal and termination

The process of awarding, renewing and terminating contracts must enable the government to hold the contractor accountable for their actions and also should allow the community to have input as to the acceptability of the contractual arrangement *(Scott, 1996; Schoombee, 1997)*. Unfortunately, this has proven difficult in Australia as the tendering and renewal process has not encouraged the kind of competition that is supposed to lead to better outcomes. This is particularly true in the case of contract renewal, wherein many of the contracts allow the current operating company the right to the contract over other operators in the industry.

There are a variety of possible contractual arrangements between government and the private contractor, from purely outsourcing the administration of prisons, to contracting out design and construction of the prisons, to full ownership and financing of the complete prison arrangement. There have been considerable investigations into the mixture that is the most cost effective, whilst maintaining the minimum quality required *(Logan, 1990)*. According to Harding *(1998)* there has been considerable take up of the model that ensures private contractors, or their financiers, have paid for and own the prison structure itself, with the government repaying the capital and borrowing costs over time. At the expiry of this, the private contractor continues to own the structure and has a further twenty-year lease of the land. These contracts also come with initial five-year management contracts with three-year renewal periods. This arrangement has been adopted heavily in Victoria, leading Harding to question how accountability can be maintained within these contractual arrangements as it "gives the owner/operator a powerful position in bidding for the continuance of the initial contract" *(1998, p. 2)*. As the "loss of a management contract to a competitor" is an "important element in effective accountability" this is "unlikely" *(Harding, 1998, p.2)*. Currently in Australia, Borallon, Arthur Gorrie and Mt Gambier are

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'management only' contracts; Woodford and Junee are 'design, construct and management' contracts; with Victoria's Deer Park, Fulham and Port Phillip being the only fully privatised prisons.

The private ownership of prison buildings and land may present a serious issue to governments if they choose to take back the administration of prison services. As the ability to reclaim the administration of the prison is an integral part of the accountability process, these ownership and control issues could erode the 'actual' existence of appropriate accountability mechanisms. Harding has argued that deferred ownership of real estate and physical plant and long-term financial commitment by way of certificates of participation together constitute real if not insuperable barriers to state policy reversal in this area *(1997, p.13)*.

There are many examples of State governments failing to step in when companies have breached their contracts. For instance, the Prison Privatisation Report International *(PPRI)* reported in May 2003, that the Inspector General of Corrective Services for NSW commented on ACM's management of the Junee Correctional Centre, stating that "there appear to be a number of ongoing areas where the contractor and the department (of corrective services) have disagreed in terms of service delivery, but these matters never seem to be resolved. Nevertheless; the department continues to find the contractor satisfactorily meets its contractual obligations" *(PPRI, May 2003)*.

During a lockdown in Port Phillip prison operated by Group 4 in May 2003, a pistol, ammunition, drugs, mobile phones and a digital camera were found in prison cells. As the government did not step in, there was considerable community concern surrounding the "imbalance of power in the contracts between the government and Victoria's two private prison operators" *(PPRI, June 2003)*. PPRI drew attention to an interview with Andre Haermeyer on ABC Radio in which he said "we have contractual obligations and it is only when there is a serious and repeated material default against the contract that we can actually step in" and when asked whether a loaded gun constituted such a breach he replied "well, no, it isn't, under the contract, no..." *(PPRI, June 2003)*. In fact, the contracts for this prison and Fulham (run by Group 4) was renewed in October 2002 with what the government described as 'tighter performance measures', however, this was not part of a competitive retendering process because the initial contract gave these operators first rights to new contracts.

The difficulties, faced by governments when they decide to reverse the decision to privatise or contract out has been evidenced in the case of the Metropolitan Women's Correctional Centre in Victoria, where the government has faced community concern about the cost of the reversal. Even though the situation at the MWCC was revealed to be in breach of the contract, the decision to terminate the contract was not easy. With the return of MWCC to public control in 2000, this situation arose after 4 years of repeated breaches of contract and failure to meet the service delivery outcomes required.

However, there was little precedence for such a situation and the conditions of that return were complicated and negotiations were protracted. In the end, the state of Victoria was forced to purchase the building from the contractor. Acknowledging the breaches the contractor requested a negotiated settlement of the contractual arrangements, which meant that the state of Victoria

was not exposed to extended litigation. In November 2000, the Government took back ownership and management of the prison for $20.2 million, $17.8 million of which was for the building, infrastructure and chattels and $2.4 covered the costs of terminating the loan on the facility that had been taken out by the private operator *(Auditor General – Victoria, 2001)*. The Auditor General – Victoria *(2001)* identified that $1.2 million of these costs were specifically related to the step-in and administration of the facility.

These indicate the costs that are not considered when a contracting out or privatisation decision is made and is indicative of the ideologically driven cost data that is produced in order to justify privatisation decisions. As a result of the complexities of the contracting process, it is hard to hold the government or the private operator accountable for their actions. As Robinson *(2003, p.184)* pointed out "reports generated through performance measurement initiatives were supposed to give the voting public a way to see how responsible and accountable their government had become. But the presence of such unintended consequences might inspire us to consider the following idea: scientific knowledge can be used as a weapon". Perhaps an extension of this would be to say that in light of neoliberal ideology, these consequences may benefit both the government and the private prison operator as they produce the appearance of accountability whilst distorting its meaning in fundamental ways that enable a retreat from responsibility *(Funnell, 2001)*.

3.1.15 Ethical Accountability and Prison Profits

Frank Vincent: The State creates the offences, imposes the sanctions, enforced the law, and then either incarcerates individuals or subjects them to community-based orders of one kind or another. The whole process is an activity of the State, and for the purposes of the State, and it makes no sense then that the State would not be central to it. It must be realised that at the end of the day that what is being exercised is a considerable amount of power in relation to individuals *(Haultain, 1997)*.

In the previous section it has been established that even a procedural view of accountability is difficult to ensure, but even if it was easy, it is still insufficient as it fails to ground our ideas of accountability within a "substantive moral framework" *(Lehman, 2005, p.976)*. As Lehman *(2005, p.985)* has argued "it remains problematic whether procedural conceptions of accountability expand our understanding of citizenship" instead, it is possible that "people the atoms that make a market system work".

Along with this, it is important to acknowledge that accountability within the prison sector has important ethical dimensions; the removal of a person's right to participate in society is a significant State power and public support because of its moral intent. This intent can't be discharged by a 'check the box' style accountability arrangement, as the State, the community, the 'prison provider' and the 'criminals' moral responsibility is more substantive than immediate, measurable outcomes would lead us to believe. In this section, two issues will be explored in order to illustrate the centrality of ethics, when discussing public accountability for prisons.

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Firstly, the quasi-judicial powers of prisons mean that corporations could have a substantial affect on the length and type of punishment that a person may endure; and secondly, there are considerable socio-political and ethical questions surrounding the future of a society that sanctions a connection between profit and punishment. As Shichor argued "instrumental goals are usually clear, consistent and easily quantifiable, on the other hand, the goals of human service organisations are harder to quantify, their level of performance does not lend itself to easy evaluation" *(1998, p.89)*.

3.1.16 The quasi-judicial powers of prisons

When addressing issues of moral responsibility and prison management, the outsourcing of prisons has been justified on claims that the sentence and the administration of that sentence can be clearly separated *(Harding, 1992)*. However there are a number of problems with this, particularly in regard to 'quasi-legal' decisions that are made within prisons themselves. These are made with little outside arbitration or scrutiny and in some cases there is no outside arbitration at all.

This means that prison management does have the ability to affect the way that the sentence is administered, and has some ability to significantly change the experience of that sentence as a result of internal decisions, particularly in the case of alleged breaches of prison discipline. In these cases, the hearing and review process often occurs entirely within a correctional centre *(Moyle, 1999)*, drawing into question the ability for private sector management to make credible, uninterested decisions, about the treatment of prisoners. Moyle *(1994)* attended a number of hearings at Borallon and Lotus Glen in Queensland, and some of the transcripts illustrate the lack of scrutiny within internal hearings. He outlined the position of Manager of Operations (MO) at the Borallon prison saying it was acceptable to breach inmates because they were a "problem at the centre". The MO clarified the meaning of "problem at the centre" as "protecting CCA's business name" *(Moyle, 1999, p.166)*.

This is not an isolated incident. In Queensland, the private company ACM runs the reception centre at Arthur Gorrie. At this facility, all the decisions about the prisoner's classification as a maximum/medium/minimum security inmate are made. It goes without saying that these will seriously affect the movement of a prisoner through the correctional system, and although there are regulations that guide this decision making process there is, in practice, extensive discretion to be exercised on behalf of the classification staff. When Moyle interviewed a sentence classification officer at ACM in 1997, they gave an example:

"Here is an inmate who is a serious sex offender. We have to look at presentation, appearance, behaviour, mood, what he is thinking and his employment history. We should get a psychologist to do this but because of a shortage we have a teacher doing it. I shouldn't tell you that. The recommendation should not be made by a teacher...We know it's not their place" *(Moyle, 1999, p. 169)*.

This decision making process has serious consequences for the person about to enter the correctional system as it will affect the 'type' of sentence they will have to undergo. Moyle's *(1999)* paper argued that the fact that a private facility was able to make these decisions meant

that they might have the opportunity to choose 'profitable' or 'cheap' prisoners *(Harding, 1998 also outlines this possibility)*. Private management can also exercise quasi-judicial powers by placing a prisoner in solitary confinement, which is a practice that amounts to punishment and it does not have to be sanctioned directly by the State. At the Acacia prison in Western Australia, AIMS Corporation came under criticism from the Inspector General, Richard Harding when he discovered that there was evidence that "some inmates had been locked in their cell, with the electricity off as a form of punishment" *(PPRI, May 2003)*.

According to Moyle, these internal "disciplinary regimes involve an extension of state authority" *(1999, p. 172)*. Russell voiced concern over these arrangements when he wrote private prisons can directly affect remission, parole, disciplinary decisions and a number of other issues which potentially increase the length of sentence of an inmate and some these matters are not subject to review or appeal *(1997, p.8)*. The fact that private companies, primarily answerable to their shareholders, can make decisions about prisoners that go beyond administration, undermines the government's argument that a prison sentence can be managed by a private entity. It is obvious that the quasi judicial powers of prison management impinge on the government's ultimate responsibility to determine the punishment of the person. It also complicates the public accountability process as the punisher is further removed from the society in whose name the punishment is being carried out. The affect of profiting from punishment on public accountability will be considered in the following section.

3.1.17 Profiting from punishment

As punishment is complex social, ideological and cultural terrain, it will never be an entirely rational execution of orders with clear objectives and controllable outcomes. It has multiple and competing aims and innumerable intended and unintended consequences. In accordance with this Garland has argued "(t)he failure of modern punishment is in part the inevitable outcome of an over rationalized conception of its functions" *(1991, p.12)*. As prisons enable a society to separate and classify those that it deems to be 'criminal', the introduction of privately operated prisons further separates criminals from society because of the shifts this enables in terms of public accountability. In light of this, the ability for a private corporation to profit from nuanced state and social objectives acted out on the body of a citizen could be considered unreasonable and morally repugnant. By no means is it surprising that corporations will act to minimise costs, and cost is an obvious consideration in the delivery of any public sector function but the centrality of cost and the possibility of profit are problematic. Prisons and penal policy should be focused on broader social objectives and questions that lead to better outcomes for all members of a society, including prisoners, as has been shown, these questions are not enabled within the current accountability arrangements.

This is a view supported by Shearer *(2002, p.546)* who argued that "when economic entities render accounts of themselves in economic terms, the identity so portrayed and the obligations of the entity with respect to the broader community are both dependent upon the specific conceptions of subjectivity and inter-subjectivity that are instantiated by economic discourse"

It has been argued throughout this paper that imprisonment has an undeniable moral component, as punishment imposes deprivation and suffering on a citizen as a result of them breaking the law. According to Ryan and Ward, it should be remembered that punishment represents "organized use of force in liberal democratic states" *(1989, p. 70)* which means there is a huge scope for abuse in this process by both private and public agencies. They argued that it is morally repugnant to punish people for profit because it creates a link between pain and suffering, and profits. For them it is not punishment that is the problem, but the socio-political message sent via "the rewards that accrue to penal entrepreneurs" *(1989, p.70)*. It is also possible that these rewards may create a prison industrial complex, in which there is a vested interest in prison expansion *(Stern, 1998)*.

This would suggest that there are profound ethical and ideological issues surrounding the privatisation of prisons, yet these have been ignored largely in favour of discussions regarding cost-effectiveness, comparative costs and value for money – all strong indicators of a government driven by neoliberal ideology *(both Logan, 1990 and Calabrese, 1993 discuss this in detail)*.

It is difficult to accept the argument that problems associated with the private/public sector split of responsibilities can be overcome with effective accountability, because the accountability proposed is highly technical, rational and objective, disconnected from the moral and ethical dimensions present within accountability relationship. As has been argued by Freiberg, the provision of correctional services carries with it greater responsibilities and unusual requirements of accountability than most other areas of government services. Because prisons are concerned with the liberty of individuals, issues of authority, legitimacy, procedural justice, liability and corruptibility must play a major role in their management *(1999, p.122)*. Questions about the quality and purpose of corrections services must be central to the debate, which has led Russell to argue that private prisons should be opposed fundamentally because of the inferior quality of services prisoners receive as a result of the insatiable drive to increase the profit margin in such institutions *(1997, p.7)*.

As has been suggested, the boundaries between the allocation and administration of punishment are also complicated within a private prison system as the prison operator does have many discretionary powers that can affect the length and type of incarceration that the prisoner experiences *(Ryan and Ward, 1989; Moyle, 1999)*. This is also true of public prisons, but when a corporation who is ultimately bound by corporation law to maximize returns to shareholders is responsible for such decision making, keeping prison beds filled and the industry growing is essential to the growth potential of the company. This may lead to a situation in which "doing well beats doing good" *(Smith, 1993)* in the corrections industry. There is substantial evidence of this within the industry, for instance the Inspector General's report on the Acacia prison in Western Australia highlighted this when he discovered that "quantities of food seemed to have diminished as population increased, as if the same sized cake were being divided more times" *(PPRI, May 2003)*.

This is a view supported by Hallet who claimed that combining privatising aspects of the corrections system has enabled a solution to over-crowded and costly prisons that leaves the root cause of crime unaddressed, and "in this case, the fountain of all profits – large populations of disenfranchised surplus population trapped in the inner city to be incarcerated for non-violent

drug crime – conveniently intact" *(2002, p. 389)*. Instead of communities demanding a form of accountability that highlights their elected officials' efforts to address root causes of crime, and information about a government's efforts to reduce behaviour that is deemed to be socially inappropriate, we are left with accounts of how governments are reducing the costs of crime through privatisation. This is obviously in the interests of those that profit from imprisonment, because if we were to begin to address root causes, it is imaginable that the number of people going to jail would decrease and this would have a corresponding negative impact on shareholder wealth of private corrections companies. Overall, connecting profits to punishment means that there will be less incentive to reduce rates of incarceration and enormous private resources will be mobilized to ensure that prison policy does not deviate from a policy that continues to enrich private interests *(Chomsky, 1999)*. For Shichor even the potential "for conflict between the social interests to reduce prison population, and the financial interests of private correctional corporations to increase it" *(1998, p.84)* is too much and he argued that the logic and nature of corporations further the consistent drive toward expansion and they will build a growth factor into the correctional system *(Shichor, 1998, p.86)*.

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3.1.18 Value for Money?

3.1.18.1 Neoliberalism in New South Wales Prisons

In September 2005 the New South Wales Parliament's Public Accounts Committee released a report entitled "Value for Money from NSW Correctional Centres". The report considers three different approaches to correctional service delivery in New South Wales. These can be loosely categorized as public prisons; private prisons and a "way forward" model that draws on elements of both. The report is part of a global trend whereby policymakers have sought to determine which mixture of private and/or public prison arrangements are the most efficient and effective *(Schicor, 1995; Cooper and Taylor, 2003; Roth, 2004; Andrew, 2007)*.

It is argued that this report is fundamentally flawed on its own terms. Although efficiency has many meanings, you can posit the most significant measure of efficiency for the New South Wales government in its value for money assessment has been 'cost-effectiveness', rather than service delivery and the stated 'corrective' objectives, of incarceration. It is undeniable that cost effectiveness is important in the design of any policy, but it is only ever part of the story *(Newberry and Pallot, 2003)*. In this case 'cost effectiveness' has been given such a central position that other issues that should be considered in the design of good prison policies have been neglected. Not only is cost considered central to the NSW government's prison policy recommendations, it will be shown how the cost data used to build an understanding of the prison sector is flawed and based on assumptions that are not supported with externally verifiable evidence.

It is also argued that the report positions workplace reform as the central innovation required for positive transformation of the prison system in New South Wales. Although other aspects of innovation are acknowledged, none are considered to the level of detail offered labour reform. While it is recognised that the maintenance of a private prison in New South Wales has a number of objectives, reading of this report suggests its primary purpose has been to discipline labour. It is an example of the use the private sector to achieve reforms within the public sector.

Firstly, the content of the report will be discussed and consider how the NSW Government has framed prison policy. The cost data used is challenged within the report and show how this does not present a clear foundation for policy. Secondly, exploration of how neoliberalism functions within NSW Government policy processes. Using this perspective, it is argued the cost focus of the NSW Government belies the strategies that are actually operating. Thirdly, exploration of an alternate reasoning, arguing that the paradoxical position of the government has strategic-political motivations that underpin the appeal to 'value for money'.

New South Wales Prisons

- ***Our Mission:*** *Managing offenders in a safe, secure and humane manner and reduce risks of re-offending*
- ***Our Vision:*** *Contribute to a safer community through quality correctional services* *(NSW Department of Corrective Services, http://www.dcs.nsw.gov.au/about_us/Mission_and_Vision.asp.)*

Information collected from the internet for this report

The delivery, management and maintenance of prisons are no longer the exclusive domain of government. In 2007, about 17% of the overall prison population of Australia is held in private facilities *(Andrew, 2007)*. NSW has adopted incarceration policies that have led to a prison population that in 2004-2005 that was about 10% above the national average *(Auditor-General, 2006)*. At the last census date, in June 2007, NSW held the largest number of prisoners in Australia, with approximately 9,486 sentenced and unsentenced people incarcerated. *(NSW Inmate Census 2007 DCS Feb. 2008)* Without a doubt, NSW incarceration policies place a significant burden on the prison system, and the state now has 35 correctional centres that need to be operated and maintained. None of these centres are identical. For instance, they vary in terms of size, security level, geographical location, the age of the infrastructure, the gender of the inmates. The ability of the government to maintain and expand prisons to meet the expanding demand for prison space and services has caused considerable concern within the government.

The Report: Value for Money

Despite the promise of cost reduction, much evidence shows that the cost differences between state and private prisons are insignificant *(Cooper and Taylor, 2005: 506)* The Public Accounts Committee is an extension of the NSW Legislative Assembly, taking direction from Ministers or the Auditor General to scrutinize the "efficiency and effectiveness" of government activities. In April 2005, the Public Accounts Committee began an inquiry into the "value for money" of NSW correctional centres. The report states that "value for money is usually defined as the efficient, effective and economic use of resources" *(Public Accounts Committee Report No.13/53 (No.156), 2005: IV)*, however no definition of efficiency and effectiveness is provided.

Considering the complexity of issues that surround the provision of correctional centres, most significantly their stated purpose (in NSW this is corrective) and the acceptable means through which this purpose can be obtained (such as the level of educational opportunities, work experience programs and drug rehabilitation considered appropriate to correct 'criminal' behaviour), it is noteworthy that a definition of 'efficient and effective' is not provided as this would help set up a basis for assessment. Although service quality and policy outcomes are essential to a determination of 'value for money' these are peripheral to the NSW report *(2005)*. It will be argued that this enables the report to position cost-effectiveness at the heart of NSW prison policy and legitimizes public debate that focuses on this issue, whilst delegitimizing alternative criteria for assessment, such as safety, educational outcomes, or low recidivism (in NSW about 40% of people released from prison return to serve a sentence within 2 years) *(Auditor General 2002; Andrew, 2007)*.

Cost over value?

'Value for money' is an increasingly popular approach to assessing the 'value' of current and future government policies and projects *(Jacobs, 1998)*. Considering its significance it is surprising that it has not been clearly defined within the literature and that the terms of assessment remain ambiguous *(Grimsey and Lewis, 2005)*. In general, value for money has involved the assessing of the cost and quality trade-off to determine the viability of a current or potential project in terms of its stated objectives. Unfortunately, for the most part this interpretation is not one that has been

adopted by governments in their assessments. According to Grimsey and Lewis *(2005:375)* "the value for money test frequently comes down to a simple, single point comparison between two procurement options...the problem is that value for money is more often than not poorly understood and often equated with the lowest cost".

The report into the Value for Money from NSW Correctional Centres *(2005)* substantiates the argument that value is being equated with cost. In this report, there was no discussion of what may constitute 'value'. Instead it was assumed throughout the report that cost and value are ostensibly synonymous. This privileging of 'cost' is evident from the outset and is embedded in the report's terms of reference which begins with two objectives that state the report will make cost comparisons within and across the sector. Somewhat paradoxically, the third objective of the report focuses on the development of appropriate costing methods that enable such comparisons. The report acknowledges the difficulties associated with costing and cost comparisons within the sector, but states clearly that despite this, "the focus of this inquiry is on the financial aspects of value for money" *(VFM, 2005, p.14)*. It is also apparent from the terms of reference that, apart from safety considerations, other markers of 'value', such as the quality of the services provided, will not be the focus of the report. Specifically, the terms of reference state that the report should:

1. Consider the current initiatives being undertaken by the Department of Corrective Services (DCS) to improve safety and cost effectiveness of correctional centre management;
2. Compare the cost of corrective services provided by public correctional centres using the Way Forward program and by private operators; and **3.** Review whether the planned improvements to the DCS calculation of costs will facilitate better comparisons between private and public sector providers *(Public Accounts Committee, Report No.13/53 (No.156), 2005:iv)*.

These terms of reference offer an implicit recognition that cost comparisons cannot be made. However, it is important to acknowledge qualitative matters are considered to some extent within the report, but it is contended that the report is written in such a way that this is a marginal concern. Unlike cost, quality information is seen to be relatively easy to compare and as a result does not present the same difficulties in a value assessment as those related to its cost. It is well documented that the cost data available is limited and the nature of the sector makes any such direct comparison all but impossible *(Roth, 2004)*. It is also apparent that 'value for money' is ill-defined and, as shall be argued, it is questionable whether realistic cost comparisons and assessments are the motivation for such a report. However, it does enable policy makers to reaffirm cost as its central policy consideration and relegate other issues into the margins of public debate *(Andrew, 2007)*. It also allows the government an opportunity to position new workplace changes to the sector in 'neutral' cost terms (as discussed later). Although we acknowledge the terms of reference of all reports must be limited, we consider the boundaries of this report to be part of a strategy to position cost at the heart of prison policy discussions.

Partial Cost?

Information collected from the internet for this report

Not only does the report focus on cost rather than 'value', the cost data that is provided is inadequate. The report begins with an outline of inmate costs per day which represents the costs in a way that fails to acknowledge their partiality and ambiguity. The table appearing on page one of the report *(Table 1, shown below)*, suggests the cost per day to incarcerate a person in a private prison (Junee) is almost half the cost per day of incarceration in a public prison. This table frames the discussion that takes place in the remainder of the report, and although the limitations of this data are mentioned, it is nonetheless on this basis that the report precedes.

(Table 1.1 Average Cost per inmate)

		2001-02	**2002-03**	**2003-04**
Department of Corrective Services	Average cost per inmate per day	167.85	187.00	187.80
Junee Correctional Centre	Average cost per inmate per day	92.04	93.54	91.75

TABLE 1 Average Costs per Inmate *(taken from the Public Accounts Committee Report, 2005)*

If the information presented in Table 1 was adequate, presenting accurate and comparable cost data, it would be logical to conclude that private prisons are cheaper. If concluded that they were cheaper, it would be possible to argue they were more efficient and therefore a better use of public funds if this were accepted as the criteria for assessment. However, the story is not this simple. Although the table may be strikingly effective in creating an impression of private prison cost effectiveness, the information is flawed on many levels.

Firstly, the representation of the average cost per inmate per day in the Junee private prison cannot be substantiated with any externally verifiable evidence. The report states in a footnote: These figures were not in the Auditor-General's Reports to Parliament. They have been calculated by dividing the quoted annual cost amounts by the number of days in the year. This is the cost to DCS i.e. the management fee plus the allocation of department overheads and not the actual cost to the private operator *(Public Accounts Committee Report No.156, 2005:1)*

These figures have been created for this report, yet there is no detailed explanation as to what constitutes the figure. The Auditor-General's report *(2002)* didn't include this figure because it was considered too difficult to determine. As the comparative data provided in this table is central to the presentation of the discussion within the report, it would seem appropriate that the Public Accounts Committee substantiate its calculation. Significantly, the allocation of departmental overheads is never completely clear and requires management accountants to make decisions as to how these should be reflected in their accounts. There is much room for distortion and manipulation here, and although the report claims the 'cost per inmate' includes overheads, we are not told what proportion of the Department of Corrective Service's overheads were attributed to the private operator. This complexity of cost allocations is widely acknowledged within the literature *(Alam and Lawrence, 1994; Doost, 1997)*. For instance, Marshall *(1994:12)* argued that "when overhead is allocated, costs become politicized". Considering that the report proceeds on this basis, it is of concern that these cost allocations are not discussed in more detail.

Secondly, the report relies heavily on the Auditor General's reports to Parliament; however, in the presentation of this cost data the report downplays the inadequacy of this information. For example, the Auditor General *(2002)* stated that the weighted average cost of an inmate held in

one of the State's publicly run prisons in 2001-2002 was $61,265 per year. However, the cost of an inmate held in the State's private prison at Junee was $33,595 per year. Significantly, the Auditor General's 2002 report states that "this cost cannot be readily compared to the weighted average cost for the Department of $61,265, as that cost incorporates additional overhead and program costs." *(Auditor General, 2002:125)*. The nature of these overheads and program costs are not revealed, but it is clear that the calculation of the figure for Junee includes little more than the direct management of the prison. It is unclear how these figures deal with the costs incurred through the process of overseeing the individual prisons and the sector more broadly; the costs associated with contract compliance and design costs; and the cost of the building and grounds that are born by the government. It is also apparent that Junee has been running below capacity, yet the management fee is fixed irrespective of the number of prisoners held in Junee:

Over the year, the privately operated correctional centre at Junee operated at 94.0 per cent of its capacity... The management fee is fixed, and is based on providing accommodation for 682 inmates *(AG, 2002:125)*

Using simple strategies, this cost data distorts the representation of the efficiency of the private operator. For instance, the cost per capita for 2001-2002 at the Junee Correctional Centre is based on a capacity of 682 prisoners, when in fact there were only 641 prisoners. Obviously, if the prison is being paid a set amount, yet needs to provide less service, the cost data will be distorted. The fact they were allowed to operate below capacity is also interesting, considering State prisons have been overcrowded, leading to other cost implications related to the maintenance of a safe, orderly prison when there are too many people in it *(NSW Legislative Council, Paper No. 924, 2001)*.

When cost comparisons are being constructed, it is important to acknowledge that the cost per day of housing prisoners is substantially different depending on their classification. This is apparent when state operated prisons are compared to each other. These per capita cost figures vary significantly, for instance it costs $421.79 per day to house a prisoner in the Special Purpose Centre at Long Bay, whereas it costs only $115.01 per day at a minimum security prison *(Auditor-General, 2004)*. This is equally true of the costs used to compare the Department of Corrective Services (DCS) to Junee. The figures appear to vary widely, with the private operator appearing substantially more cost effective; however this needs to be placed within the context of a very diverse correctional system. The fact that the figures vary widely is not evidence in and of itself, because as it has been shown, the cost figures will vary depending on the nature of the costs included in the figure and the type of prisoners/prison being compared.

Secret Efficiencies

The actual internal operating efficiencies of the private operator are not made publicly available. The Public Accounts Committee Report states "the actual operating costs for Junee are not available as GEO is a private company that is in competition with other operators in Australia and this information is commercially sensitive" *(2005:23)*. This statement reveals just how little evidence the government has available regarding the operational efficiencies of the private operator and what strategies it is using to meet its contractual and regulatory responsibilities, and also ensure a profit for its shareholders. Although the public may be interested only in the amount it costs to provide public or private prisons, the internal efficiencies are still relevant.

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There are many examples of arrangements that may be made by private providers in order to meet their broad contractual obligations at the lowest cost. For instance, one provider sourced much of the internal furnishing and clothing for the prison through a charity *(see Andrew, 2007)*. How a prison manages to minimise costs is fundamental to an accurate assessment of the prison's performance, and this may not be reflected in a tick of the box style accountability that contractual compliance audits rely on. Arguably, private prisons are at a strategic advantage if they are able to keep much of their operations confidential as the public sector competitors are required to make much of this information publicly available.

To presume efficiency and proceed on this basis is entirely insufficient, as is the argument that private operators encourage innovation if that innovation is a corporate secret and it will not be possible to use it to influence the development of the sector. Based on this discussion it is argued that the privileging of cost over value; the partiality of the costing offered within the report; and the secrecy surrounding the private operators efficiencies undermine the legitimacy of the report on its own terms. As the report proceeds, on the basis of what been shown is inadequate, and, at times misleading, information, It is suggested the report legitimizes strategic policy initiatives through the use of what is presented as 'neutral' cost accounting. All private operators strive to have neutral cost accounting utilised because it will favour them when they present their arguments for business.

3.1.18.2 Neoliberalism and NSW Prisons

It has been argued that the report "Value for Money from NSW Correctional Centres" provides little sound basis for a reasonable cost comparison between the public and private forms of prison operation under the NSW Government's jurisdiction. Nonetheless, the report found that the privatised Junee prison offered superior cost effectiveness to that of the publicly managed prisons. Using this finding as a justification, the report recommended that at least one private prison should be maintained in NSW to serve as a benchmark against which the publicly operated prisons could be evaluated. The obvious question arising from this seemingly paradoxical outcome is: why did the report find the privately operated prison to be superior in terms of cost effectiveness, when insufficient evidence existed to make such a case? It is to answering this question that we'll now turn too.

The use of private entities to provide correctional services in NSW is part of a global neoliberal shift in policy-making. During the past twenty years, neo-liberalism has become, albeit unevenly, the globally dominant 'rationality of government' *(Dean & Hindess, 1998)*.As a theory of governance, neo-liberalism (or synonymous processes such as 'economic rationalism' and 'economic reform') argues that markets are, in general, the most efficient means of providing a host of social services traditionally undertaken by governments. The rise of neo-liberalism has seen the proliferation of processes such as privatisation, deregulation and marketisation for delivering public services. This rise is often explained as a consequence of the triumph of a particular set of ideas about policymaking *(see for example Yergin & Stanislaw 1998, Pusey 1991, Funnell 2001)*.

According to this account, the 'Keynesian' consensus in policy-making which prevailed in most capitalist countries during the post-WW2 boom, and which entailed a strong role for government in the regulation of economic activity, was superseded, as policy-makers came under the sway of the neo-liberal worldview. According to this argument, neoliberalism has therefore become the dominant logic of policy-making.

Such an analysis provides one possible explanation for the findings of the "Value for Money" report. If neo-liberalism constitutes the triumph of a particular ideology, and has become the dominant logic of policy-making globally, then in prioritising the private prison model the NSW government is, it could be argued, simply following this dominant logic. The paradigmatic dominance of neo-liberalism would help explain why the government is seemingly blind to the lack of evidence which informs its decision. In fact, this is the same general argument in relation to neo-liberalism that has been put by many of its critics. It is argued that the capture of policy making elites by neo-liberal modes of thought helps to explain why, what such authors view as, an irrational ideology, dominates policy making. Pusey *(1991, 8)* for example argues that "(t)he process of reform and rationalisation is driven by an intellectual triumph of formal models over practical substance", while Funnell *(2001, 1)* writes, "(t)hroughout the Western world liberal democratic governments have transformed themselves in the image of the private sector and according to the beliefs of neo-liberal ideologies". While this explanation no doubt has some merit, it ultimately relies upon the assumption that governments have been captured by an ideology that renders them blind to their own irrational decision making processes.

In this case, to decisions based upon inadequate cost accounting information. In contrast we can posit an alternative explanation that emphasises the strategic aspects of the "Value for Money" document. This is not to deny the importance of ideas in influencing policy making, or the potentially socially deleterious and unintended consequences of neo-liberal policy, nor the potential for policy makers to make irrational and ill-conceived policy decisions. Rather, it is to go beyond such explanations and to recognise that rhetorical commitment to certain philosophies of government – such as neo-liberalism or new public management *(Newberry, 2004; Newberry and Pallot, 2003)* – often belies the strategic-political motivations that underpin policy decisions.

3.1.18.3 The "Way Forward"

(t)he proposed cost savings were illusory. Furthermore, the underlying objectives driving the proposals...were more complex that the apparently transparent aim of saving money and providing value for money (VFM). Behind the rhetoric we discern the erosion of public sector pay and conditions and the transfer of wealth from the public to private sector through the perpetuation of a particular type of prison regime *(Cooper and Taylor, 2005: 501)*.

The previous discussion has illustrated how the cost data presented provides an inadequate basis of assessment. However, this data plays a vital role in constituting the terms of debate, offering visibility and legitimacy to cost comparisons that are partial at best. It also legitimizes the development of 'cost minimization' strategies, making significant reforms possible within a debate that has been captured by these terms. We can argue that this is strategic and is not an accidental consequence of policy investigations and government reports. It is the inevitable

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consequence of reports that are framed almost entirely within the limited parameters of cost effectiveness. One outcome of this has been the development of the 'Way Forward' Workplace reform within the public prison system, which has been operating in the States' three new prisons at Kempsey and Dillwynia since 2004 and Wellington 2006.

According to the report, the 'main benefits' of the 'Way Forward' model are: reduced overtime, reduced sick leave and streamlining of operational functions. This has resulted in significant cost savings when compared with correctional centres operating under the traditional model. Other advantages include improved security and safety for both staff and inmates and increased rehabilitation opportunities *(Public Accounts Committee, 2005:15)*.

While greater cost efficiency is the acknowledged aim of the 'Way Forward' model, a closer reading of the 'Value for Money' report reveals a broader agenda. The report states that Memorandums of Understanding based upon the 'Way Forward Model' will be introduced in the future to replace existing 'Operational Agreements' in order to: • Consult staff on matters related to safety and workplace relations; • Increase flexibility of management to pursue operational and economic key performance measures; and • Reduce the union focus on maximizing overtime in future award negotiations *(Public Accounts Committee, 2005:16)*

The last two points are revealing. They suggest that the broader goals of the "Way Forward" program are greater managerial flexibility and a reduction in the purview of union demands. Increased managerial flexibility is noted in the document as an outcome of the "Way Forward" model. For example, the 'let go and 'lock in' process "allows more flexibility in managing staff resources ... This has resulted in overtime not being the only solution to staff shortages" *(Public Accounts Committee Report, 2005: 17)*.

Similarly, changes to the operation of 24 hour court cells; to align them with correctional centres means that: "staff can be redeployed between centres and court cells to meet needs on a day to day basis. This will allow greater flexibility in staff management and reduce operating costs" *(Public Accounts Committee Report, 2005: 18)*. Furthermore, the proposed centralization of staff rostering under the 'Way Forward' model gives greater power for the DCS to manage staff hours without incurring overtime costs and curtails the ability of prison staff to influence rostering decisions. The Way Forward model therefore points to a regime of greater managerial prerogatives, increased flexibility of management in the deployment of labour, potential cost savings through the reduction in over-time and sick leave, and a diminution in union influence over these issues.

These reforms were negotiated using data that illustrated the cost-effectiveness of the private model, and the labour-related inefficiencies of the public model. Throughout these negotiations the government maintained its right to offer the new prisons to private tenders if the negotiations were not successful. The union representing prison staff, the Prison Officers Vocational Branch (POVB) of the Public Service Association, reported to its members that during negotiations over the 'Way Forward' model 'At all times hovering in the background is the spectre of privatisation. The Government through Treasury has made it plain that privatisation will follow if agreement on working conditions, etc, is not achieved between the Union and the department' *(PSA, 2003)*. The POVB also claimed that 'all available sources of information confirmed the threat that the new prisons were to be operated by the private sector' *(CPSU-SPSF, 2004)*. One of these sources

was the John Hatzistergos, Minister for Correctional Services, who informed union officials at a meeting on September 10, 2003 that 'private prison operations are continually approaching the government for work' *(CPSU-SPSF, 2003)*. It was in this context that the 'Way Forward' reforms were agreed to by the union. At the time POVB official John Scullion, argued that the agreement ensured 'that more than 500 jobs remain in the public sector' *(CPSU-SPSF, 2004)*.

In effect, it seems that the government used the possibility of further privatization as a threat to discipline the union representing prison staff into ceding to the government's Way Forward model. There is implicit acknowledgement of this in the 'Value for Money Report':

There was early speculation that the new correctional centres at Kempsey and Dilwynnia would be privatized. Around the same time, DCS was negotiating with the Prison Officers Vocational Branch (POVB) of the Public Service Association to introduce the 'Way Forward' workplace reform to improve the efficiency and effectiveness of the public system. The negotiations with the union proved successful and a new consent award was established to cover these new facilities. Subsequently in March 2004, the NSW Government approved the public operation of the new correctional centres' *(Public Accounts Committee Report, 2005: 19)*.

In light of this, the cost-effectiveness of the private sector is almost irrelevant – the maintenance of an alternative prison policy possibility offers the government a tool to instigate workplace reform, whilst maintaining an appearance of rationality and neutrality *(Dillard, 1991)*. This is embodied in one of the report's key recommendations:

Recommendation 4: The Government should maintain at least one private prison in the State for the purposes of benchmarking the performance of publicly operated centres and to encourage the development of innovative management strategies" *(Public Accounts Committee, 2005:v11)*.

If we can rule out cost effectiveness as the primary purpose for maintaining private prisons in NSW, the more revealing issues relate to workplace reforms. It seems, at the very least, plausible to suggest that the existence of the private prison at Junee acted as a disciplinary device to pressure the union into accepting the "Way Forward" model which ceded greater flexibility and prerogative to prison management and reduced the influence of the union over staffing.

When Junee opened in 1993, the government intended for it to provide a benchmark for the public sector and according to Roth *(2004)* the future direction of prison management was heavily influenced by this decision. When the company was awarded a second contract in 2001, this was seen as a sign of success which paving the way for much speculation about the management of future prisons. According to the Public Services Association, who represent the public sector prison officers, the decision to open publicly managed prisons in the future rested entirely on their agreement to substantial workplace reforms. Most significantly they agreed to be paid a flat rate for overtime.

This is a position that was clear even before the construction of Junee had begun, when in September 1989 the Kleinwort Benson Report *(1989)* recommended to the State Government that it approve the operation of a privately run prisons. The report stated that changes in prison management would be accelerated through the use of a private prison, and that it would provide

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an effective benchmark to assess the efficiency of other prisons within the sector. The report was endorsed by the NSW state government, and they decided to recommend a medium security prison be built in Junee rather than the maximum security prison initially intended in order to facilitate privatisation.

Strong causal links between neo-liberal agendas and workplace reforms have been noted elsewhere. For example, Cooper and Taylor *(2005)*, in a study of prison privatisation in Scotland, identify reducing labour costs and increasing labour flexibilities as a key reason for privatisations. We contend that, in the specific case of the New South Wales 'Value for Money Report', the government's support for the maintenance of 'at least one private prison', in the absence of meaningful cost data, was on the basis of the continuing disciplinary effects it would have upon the union, and therefore the leverage it would grant the government in extending its workplace reform agenda. In this context, the private prison acts as a form of 'indirect regulation', meaning "the capacity of the state to regulate through a range of alternative mechanisms other than formal rules" *(Gahan and Brosnan, 2006: 133)*. In this case, privatization is used for the indirect regulation of labour by the state.

That such processes might occur under a system of neo-liberalism is consonant with recent scholarly literature. A number of theorists, for example, note the discrepancy between the ideology of neo-liberalism, and the policies enacted by neo-liberal governments *(Anderson, 1999; Brenner and Theodore, 2002; Cahill & Beder, 2005; Harvey, 2005)*. Indeed, a striking feature of neo-liberal policy-making globally has been the construction of a new and pervasive set of regulatory apparatuses. While the "retreat of the state" *(Strange, 1996)* has often been understood as a consequence of neoliberalism, the experience of the last twenty years has been the reconfiguration, not the diminution, of state regulations *(Harvey 2005, 78; Cahill & Beder, 2005)*. It was such observations that led Brenner and Theodore *(2002)* to coin the term "actually existing neo-liberalism", in order to distinguish the real-world policy regimes of neo-liberal states from the predicted outcomes of neo-liberalism put forward by many of its supporters and detractors alike. Similarly, Anderson *(1999)* argues that the neo-liberal process of 'deregulation' often entails a social and market "re-regulation". It is through such a conception of neo-liberalism that, I argue, a more nuanced understanding of the "Value for Money" document is possible. Close examination of the "Value for Money" report reveals the operation of "actually existing" neo-liberal processes that re-regulate labour in the interests of management. This is in keeping with scholarly analysis of neo-liberal labour market deregulation in Australia, which argues that governments have been empowered to regulate labour in a range of new ways *(Anderson, 1999; Ellem, 2006)*. That the NSW correctional system embodies a hybrid model of privatized and government operated prisons reflects the 'uneven geographical development of neo-liberalism' *(Harvey, 200)*. The Value for Money Report also highlights the ways that accounting practices have been used as vehicles for the implementation of neo-liberal agendas globally *(Newberry, 2004; Newberry & Pallot, 2003; Cooper and Taylor, 2005)*.

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3.1.19 Best Finance Option Chosen?

In 2006/07 a private sector company, was engaged to finance, design, construct and maintain the Long Bay Forensic and Prison Hospitals at Long Bay under a Project Deed. The development is a joint project between the NSW Department of Health and the Department of Corrective Services. In addition to the hospital facilities, the project includes a new Operations Building and a new Pharmacy Building for Justice Health and a new Gatehouse for the NSW Department of Corrective Services.

The new Gatehouse component was completed on 18 June 2008 and the Prison Hospital on 14 July 2008. The Department of Corrective Services will recognise the new Prison Hospital as an asset. The basis for the accounting treatment is that custodial services will be delivered by the Department of Corrective Services for the duration of the term until July 2034. In addition, the Department will recognise a finance lease liability, payable over the period to 2034 for the construction of the new facilities.

Total projected costs of $383, 998 million (2007 dollars GST inclusive) not including the cost of the security by private contractor. This includes facilities management costs of $101,323 million for the Long Bay Hospital for the duration of the term until 2034, $199,651 million for finance lease liability and the original construction costs of $83,024 million for the redevelopment of the Long Bay Hospital (85 beds) and the Forensic Hospital (135 bed). This equates to $17,454,455 per bed without security costs being included.

If you look at the cost it took to build the Western Region Correctional Centre (Wellington) (644 beds) which was $125.561 million did the public get value for money when both were built by private enterprise but financed differently? This raises a question as to ownership of the asset when the lease runs out in 2034, does it still belong to the leasing company and therefore the government will have to renegotiate terms or purchase the buildings outright?

4 Staffing, inmates, overcrowding, absenteeism and recidivism

4.1.1 Prison staffing

The Department is currently addressing the issue of cost per inmate per day ($210.48) (2007/08) via The Way Forward reforms to increase operational efficiencies by:

- introducing new correctional centre management plans with a structured day
- reducing staff overtime costs
- utilising modern correctional centre technology
- centralised rostering
- introducing a new sick leave and related absences policy
- utilising resources more efficiently
- introducing casual correctional officers.

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Prison officers are tasked with maintaining the security and good order of the prison *(King, 2006)*. It may also be the case that prison officers help inmates' to access justice, for instance by providing information, and by ensuring there is ample security available (e.g. in the form of escorts, etc.) for services (such as the library or legal visits) to be facilitated. As well as custodial staff, all prisons have education and specialist program staff, including psychologists and alcohol and other drug workers. All prisons apart from Junee have specialist welfare staff. However, at Junee prison, "welfare" is part of the custodial officers' 'case management' role. DCS describe the case management of inmates as:

... a collaborative, multi-disciplinary process which assesses, plans, implements, co-ordinates, monitors and evaluates options and services to meet an individual's needs. (NSW DCS, 2006c, s. 2)

In a study of the changing role of prison officers in South Australia, King *(2006)* observed that conceptualising the prison officer as 'case manager' 'can involve a winding back of the engagement of other human service specialists, such as psychologists and social workers in the prison environment' *(p. 151)*. Given the assistance they provide, custodial and non-custodial staff ratios in different parts of the prison system could have a bearing on inmates' access to justice or any rehabilitative program. While staff-prisoner ratios are not publicly reported, figures may be extrapolated from published documents.[7] Analysis of this data indicate that while the average numbers of prisoners in the system has increased dramatically in recent years, the prisoner to staff ratio (in custody and periodic detention) has remained fairly consistent since 1999: at around 2.2 prisoners to each staff member.[8] However, because these figures describe the average number of staff (custodial and non-custodial) in all prisons, periodic detention centres, courts and transport services, they may mask considerable variations in staff ratios *within* the system (e.g., between periodic detention centres, correctional centres and transport services, between different correctional centres or wings, between custodial and non custodial staff, on different shifts etc). As of the 30 June 2008 the staff-prisoner ratio was 2.27 prisoners per staff member.

The staff-prisoner ratio will have to change from 2.27(2008) to possibly as high as 2.9 (2009) as the Department of Corrective Services implements its Way Forward Program and Management Plans in 2009 coupled together with an ever increasing number of inmates being sentenced by the courts to varying terms of imprisonment. The staffing levels of Correctional Officers are being reduced in line with the new formula utilised in the Way Forward Centres of Wellington, Dillwynia (Windsor) and Mid North Coast Correctional Centre (MNCC) (Kempsey) and introduced into older centres that previously required larger manpower for the safety of staff and the safe secure custody of inmates. The management plan will maximise flexibility to allow General Managers to reduce or vary daily operations by activating protocols to ensure the security and safety of the facility/centre and to ensure staff expenditure remains within a budget. This may cause a further reduction in the average hours the inmate is out of cell which is considered humane and conducive to rehabilitative programs for inmates to address their offending behaviour to keep within the budget currently from 11.86 (open), 7.15 (secure). The National Average in hours for inmates being out of their cells is 13.50 (open) and 9.5 (secure).

7 Staffing figures can be found in NSW DCS, 2003, p. 132 and NSW DCS, 2006b, p.93. Inmate figures are drawn from NSW DCS, 2006d, p. 12).

8 Staff includes all operational staff involved in the care or custody of inmates AND periodic detainees: governors, custodial staff, industries staff, court security and transport, programs staff including welfare and psychologists, and education staff. To ensure an appropriate comparison, 'prisoners' include inmates in jails and court cell complexes, as well as those in periodic detention.

As stated the Department is introducing a new sick leave and absenteeism policy and by reducing staff overtime costs it believes it can reduce the cost per day per inmate from an average of $210.48 down to being somewhere in the vicinity of the national average of $187.10. Land values in NSW as identified by the Department of Corrective Services will affect this final average cost.

The problem that can be seen with this if you take into consideration what assets the Department will have left after the privatisation of Parklea and Cessnock, all are heritage listed or they are very small and/or offer unique programs. The facilities that are left were built in a time when rehabilitation of the offender was not the priority only issuing of a punishment. (Hard Labour) Over time the department has spent money trying to modernise these facilities by utilising modern security devices but, they are not the same as building a modern structure where you can place all your lessons learnt previously into practice. They still will be more manpower intensive than the newer facilities mentioned above which is being used by the department to reduce staffing levels.

4.1.2 Double bunking inmates

Our prisons are being squeezed between two diametrically opposed pressures: the need to minimize costs in the face of significant government revenue shortfalls, and the public's intolerance for crime and criminals. The latter is being increased by an increasing number of offenders being sentenced to terms in prisons. Prisons are having to accept more inmates than they are designed to hold, and the number of inmates double bunking is increasing.

By "double bunking" means the housing of two or more inmates in a cell designed for one person, usually by replacing a single bed with bunk beds. This phrase is also used to refer to a design of prisons in which two or more inmates are housed in a cell or dormitory. In this discussion, the use of double bunking refers only to the first sense, although many of the comments may apply to double bunking in the second sense.

Double bunking is viewed as primarily a public policy issue—a decision based on weighing public interest in the attempt to find an affordable solution to the rise in prison populations, on the one hand, against the public interest in safe and orderly prisons and inmates' privacy, health and safety interests, on the other.

However, it is not just a public policy issue. Studies indicate that the threat posed by double bunking to the privacy, health and safety of inmates can be severe enough to engage the fundamental right of inmates to reasonable protection for their privacy, health and safety needs.

In what follows, describes the effects of double bunking and argue that these effects constitute a threat to the rights of inmates. Double bunking should be considered an acceptable public policy

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only when it does not involve a substantial lowering of inmates' quality of life, and only when the other options open to the government to deal effectively with the increase in the prison population have been exhausted.

The consequences of overcrowding and double bunking

Double bunking is, by definition, overcrowding. It is used in situations where more inmates are housed than a prison is designed to hold, and cells designed for one inmate are refitted to hold two or more prisoners. Given that prisons are designed to reflect a standard of the quality of life deemed appropriate for inmates, the presumption must be that incarcerating more inmates than a prison is designed to hold results in prisons that fall below that standard.

Numerous studies have been conducted on the effects of overcrowding and double bunking in prisons and a summary of the results of these studies is as follows:

Negative social outcomes

Overcrowding in general and multiple bunking in particular, has negative impacts on the social relations and interactions within the prison environment. Perceptions about fair and consistent rule enforcement and inmate satisfaction are less favourable following double bunking.

- The tendency for higher levels of aggression and violence is increased in crowded surroundings. There is stiffer competition for resources in crowded institutions. Such resources include washroom availability, library books, television, lounge seating and recreational materials. As a result, tension, boredom, conflict and violence all increase.
- Rule and disciplinary infractions increase as social density (the number of inmates living in an area) increases. Inmate assaults on inmates and inmate assaults on staff increase as increases in an institution.

Negative Psychological/Physiological Effects

Inmates who live in double or multiple cells and dormitories have an increased number of illness complaints. Higher reported stress levels and blood pressure are also indicative of inmates in crowded situations. Crowded institutions have higher rates of suicide, self-mutilation, homicides and psychiatric commitments. Inmates are more likely to report mental strain. When inmates simply have a perception of being crowded they experience stress reaction, which can manifest in withdrawal, violence, sickness and psychopathy.

Effects on Staff/Administration

Institutions must ensure that the number of confined inmates does not exceed that which a prison's resources can adequately accommodate. As prison population increases the following becomes more important: higher clinical utilization rates, exhaustion of services, and limitation on recreational activities, sanitation, hygiene and control of communicable diseases.

When prison populations increase past capacity levels, the eventual effects on staff members become pressing: increase in staff needed, degradation of morale, greater staff turnover and a vicious cycle of diminished control. The long term costs of overcrowding include issues such as heating, ventilation, utility costs, adequate sinks, showers and toilets, environmental standards for sewage disposal, adequate dining, recreation, and work and program space.

Effects of Prison Design

New prison designs emphasize inmate responsibility and an internal or social sphere of control, freer range of behaviours (escape to privacy and greater perceived control), greater degree of privacy and the importance of social relations. People have predictable reactions when their territory is threatened and when they are required to share space. Our sense of self worth is connected to being able to control access to our persons.

Designers of new institutions can help reduce the friction caused by our innate sense of territoriality by clearly defining boundaries for staff and inmates.

Moral Issues

"Overcrowding connotes an extremely adverse confinement conditions that deprive the inmate of essential human needs" Individual rooms' best meet the goals of decency and humaneness within the correctional environment. Prisoners struggle daily to resist being labelled 'animals'. Having to live under crowded conditions, under conditions that society deems unsuitable, does not seem to encourage them to maintain beliefs they once might have had in the worthiness of the criminal justice system"

Social density (the number of inmates living per quarter) can be positively correlated with a perception of crowding as well as illness complaint rates. Double cells or double cubicles yield negative effects on infraction rates and the uncertainty is a large element in producing negative consequences from social interactions. Inmate's speaking of the fear or anxiety aroused because "you don't know what to expect". Increases in inmate turnover, which heighten uncertainty, can be accompanied by increases in prisoners' complaints and infraction reports. Initial exposure to a housing situation (and so to new inmates) is associated with relatively high levels of stress and illness.

From the above statements it can be concluded that "...the major factors responsible for crowding effects lies within the dynamic properties of social interactions. It is proposed that the experience of crowding and concomitant behavioural and psychological effects are due, in large part, to the uncertainty, goal interference, and cognitive load often experienced in highly dense settings".

The civil liberties component of the issue

The current use of double bunking is a problem warranting prompt attention. Anyone sentenced to prison will, as a natural consequence, have diminished rights and freedoms and lose benefits that they enjoyed "outside". Obviously, their freedom of movement and enjoyment of privacy are severely restricted. As well, their health and safety are placed at risk: merely by being in prison,

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they are more likely to suffer coercion and assault, and are more likely to contract a communicable disease or suffer health problems associated with stress, regimentation and depersonalization inherent in prison life. To some extent, these evils are both an inescapable consequence of imprisonment and part of the punishment that a substantial part of our population deems appropriate for those who have broken the law. On the other hand, there is a general consensus (and jurisprudence) that we as a society will tolerate only those diminishments of the rights and freedoms of prisoners, and risks to their health and safety, as are necessary to house them and maintain good order in the prison and protect the health and safety of other inmates and staff.

The studies noted above give evidence that overcrowding and double bunking pose a greater threat to the health and safety of inmates than would housing inmates one to a cell. That is, by accepting more inmates than prisons are designed to hold, and so by having to double bunk them, we are stepping up the level of punishment that inmates must endure. Does housing more inmates than a prison is designed to hold in and of itself constitute an unacceptable level of punishment?

I do not share the view that double bunking is intrinsically unacceptable. Prisons are designed to reflect the standard of treatment of inmates that society considers acceptable. Modern prisons are, for the most part, designed to house one prisoner per cell, and the facilities designed to accommodate the number of prisoners that can be housed on that basis. To house more than that number of prisoners is to violate the minimum standard the design reflects.

I also don't believe the standards reflected in prison design always set absolute minimum conditions for the treatment of prisoners, but as general indicators of the tolerable limits of punishment. Prison design differs from jurisdiction to jurisdiction and from older to modern construction, and therefore so do the standards reflected in their design. A slight departure from the standard reflected by a prison design would not necessarily create intolerable conditions. Thus, insisting that double bunking always constitutes cruel and unusual punishment draws the line too quickly. I'll agree that the assumption should be that double bunking would cross the line unless the specifics of the prison and prison population mitigate that assumption.

However, that insofar as the design of most prisons does reflect a general standard of punishment tolerance, any significant departure from that standard is unacceptable. For some (perhaps older) prisons, the conditions may be such that any double bunking will cross the line, whereas for other prisons, some double bunking could, in the short term and as an interim measure, be tolerable.

For some (perhaps older) prisons, the conditions may be such that any double bunking will cross the line, whereas for other prisons, some double bunking could, in the short term and as an interim measure, be tolerable. Following the results of the studies mentioned above, the criteria for tolerance would include the stability of the prison population, the characteristics of the inmates being double bunked (e.g., their crimes, their mental stability and their prison histories), the amount of time spent locked in a cell, and the availability of adequate treatment, recreation and education opportunities.

Although it can be conceded that double bunking could, in certain circumstances, not cross the line of intolerable degree of punishment, I submit that it should be considered only as a last resort.

Other options are:

- probation
- diversion
- restorative justice
- electronic monitoring
- early release for non-violent offenders
- creation of more halfway houses.

I would strongly oppose overcrowding and double bunking as long term policy option to address the problem of more offenders being sentenced to terms in prison coupled with the lack of money to build more prisons. Such a policy would inevitably result in a significant departure from the standards inherent in the current prison design, and so create intolerable levels of punishment. The government's budget problems should not be solved at the extreme expense of unacceptably high risks to the health and safety of inmates and staff.

The public policy issues:

Addressing the problem:

This crisis (overcrowding in prisons) brings into sharp focus a public policy issue that this and other governments have ducked for decades. The issue referred to is the increasing public demand for tougher sentencing of criminals coupled with the public concern about government deficits and debt.

Clearly, at some point, a choice has to be made: we as a society have to either accept that tougher sentencing means more money spent on building more prisons, or else (if we're not willing to spend the money) fewer and shorter prison terms for offenders. In addition, a number of commentators have suggested that we are already incarcerating more offenders than is justified by concern for the protection of society and punishment for serious criminal behaviour. By allowing double bunking, the government would expand the opportunity for incarcerating offenders who these commentators think should not be in prison, but on supervision in the community.

Although the government cannot directly control sentencing, it can give an indirect impact through Crown Counsel Policies on sentencing submissions and diversion, through the availability of electronic monitoring options, and through probation and early release policies. And the government has direct control over the budget for new prisons to house projected increases in the prison population.

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Governments are urged to confront the issue, and to make the hard choices we have elected them to make.

The quality of prisons

Over and above ensuring that minimum standards for the treatment of offenders are adhered to, the government should seriously consider the benefits of providing better than minimum levels of treatment. That would mean keeping prison populations at levels that prisons are designed to hold (primarily by making use of diversion, probation, early release and other options for non-violent offenders), and putting resources into counselling, treatment and educational programs designed as a concerted effort to keep current inmates from repeating criminal behaviour once released. Given the huge costs of apprehending, prosecuting and incarcerating people, such a program makes good economic sense...

The costs of overcrowding

As indicated by research, there are significant monetary and non-monetary costs to overcrowding. These include:

- the negative impact on prison staff, including stress, inmate assaults on staff, increase in the number of staff needed to ensure safe staff-inmate ratios and staff turnover and use of sick leave.
- the financial costs of expanded medical, educational and recreational resources, and renovations to the physical plant to address increased demand on heating, ventilation, sewage disposal and lighting capabilities.
- the cost of dealing with increased disciplinary infractions and inmate assaults on inmates and
- the cost of dealing with increased drug use and the spread of infectious diseases.

In addition to these direct costs in the operation of prisons, there are the indirect costs to society associated with return of inmates who see themselves as having been housed like animals. Their anger at society's treatment of them and lower self esteem will inevitably result in an increased likelihood of a return to criminal behaviour, with a greater propensity for violence.

Ombudsman Report *(Annual Report 2007-08)*

When Wellington Correctional Centre opened in August 2007, we were contacted by many of the inmates transferred there. Most of the issues raised related to 'teething problems' that can be expected when a new building opens, housing hundreds of people and staffed by many new employees. By November 2007, however, Wellington inmates began to complain about being placed into segregation, without knowing why or for how long and without any segregation order. Also, several inmates in the mainstream accommodation units complained about the size of the cells and especially the inclusion of a second bunk in a cell that was clearly built for only one person. Our initial inquiries with the centre found the inmates were being put into a behaviour management program run in a separate pod from the mainstream accommodation, not

the identified segregation unit. They were not placed on a segregation direction while in the program unit, but in the behaviour management unit (BMU). We visited Wellington Correctional Centre in February and observed the BMU as well as the mainstream cells where the inmates had complained about the second bunk. We were particularly concerned the BMU was similar to other short term management programs the department had operated several years earlier.
As a result of previous investigations conducted by the Ombudsman, it was determined that participants housed in these units had been illegally segregated.

After our visit to Wellington Correctional Centre, we wrote to the Commissioner using our own motion powers. Shortly after our approach to the Commissioner we were told by inmates that the BMU had been closed. In responding to our inquiries, DCS said the BMU draft program had been discontinued and no inmate would be placed in the BMU until there was a further review of the program. Also, if and when the BMU program is approved, it will only be used to manage inmates on a valid segregation direction back to a normal institutional routine.

We also asked the Commissioner for information about the second bunk in the main accommodation cells that were originally designed to accommodate one person. Our staff who visited the centre noted that a person sitting on the bottom bunk hit their head on the top bunk, there was only space in the cell for the property tubs for one inmate, and there was only one fixed concrete stool in the cell. This meant that only one person could sit at the fixed concrete bench to eat or write. The Commissioner responded with advice that although the cells did not meet the terms of either the Development Consent from Wellington Council, or clause 22 of the Public Health (General) Regulation 2002, the department had submitted an amended development application to council which was approved. In addition, the Minister for Health issued an order exempting them from the provisions of clause 22 of the Public Health (General) Regulation "subject to the condition that at all times the Department of Corrective Services shall be satisfied that this exemption will not result in adverse effect on the health of persons sleeping in any room or cubicle which is the subject of this exemption". Clause 22 provides that a room or cubicle that is to be occupied for more than 28 days by any person must have a floor area of 5.5 square metres for each person. We had been advised by the department that the standard for single cells (i.e. the original design of these cells) is between 7.5 and 9 square metres. The exempted cells will now potentially house two inmates.
We remain concerned about aspects of this issue and we are continuing our inquiries.

4.1.3 Absenteeism

The Department has stated that it has introduced a new sick leave and absenteeism policy to reduce staff overtime costs and the following is submitted as to some of the reasons why this is occurring within the workforce of the Department.

But what is prison life like for the correctional officer? For the correctional officer prison life is filled with confrontation, mendaciousness and force. To be challenged mentally and physically and to have your integrity tested is an event that reoccurs over and over for the correctional officer. Over time the pressure of the prison subculture takes over and can affect the correctional officer. Some officers have a good handle on the profession and a strong internal

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locus of control to afford them the ability to control their own stress and life events. On the other end of the spectrum are those who have an external locus of control which allows events and their environment like the prison subculture to control their ability to cope with stress (Robbins, 2005).

The prison subculture in a high security prison is violent, deadly, repressive and manipulative. Even those in prison who are low custody or first time offenders run the risk of being entrapped in the prison subculture. According to Agnew and Cullen *(2003)* "The probability that persons will engage in criminal and deviant behaviour is increased and the probability of their conforming to the norms decreased when they differentially associate with others who commit criminal behaviour" *(p. 143)*. The Deviant behaviour that Agnew and Cullen wrote about is abundant behind the walls of our state's prisons. The type of offences that officers and inmates have to deal with in NSW on a daily basis and these were dealt with by a Governor or General Manager of a Correctional Centre for the period 2006/07 are Abusive behaviour (1036), Fighting or Assault (987), Charges against good order (3738), Stealing (963), Property damage (792), Fail to attend muster (691), Refuse to supply Urine Sample (567), Alcohol charges (28), Other drug charges (2139) and Possess Audio, Camera or Mobile Phone (11) totalling 10954 offences with a rate of 116 per hundred inmates. *(NSW DCS - Statistical Report 2006/07)*

From shift to shift the correctional officer is tasked with policing this violent, abusive subculture. Being subjected to this violent and or abusive subculture on a daily basis is a stressor in the career and life of a correctional officer. These stressors can cause the correctional officer to experience more health issues, have a shorter life span and on average die at an earlier age than the average worker. *(Lambert, 2001)*

Stress is not only harmful to the stressed officer or correctional worker but is also onerous to the profession and to the lives of others working in the institution. Cheek wrote that "Burned-out officers frequently lose interest in their jobs, become passive instead of active in carrying them out, and let things go. Thus harmful incidents may occur that could have been avoided if handled properly from the beginning" *(1984)*.

Stress is not always a direct association of the inmate population. Other by-products of the profession can cause stress and impair functioning of the correctional officer. Shift Lag is one of these by-products. Shift Lag is when the stress and physiological fatigue of shift work causes one to become peevish, experience impaired performance, and a feeling of being soporific both on the job and in personal affairs *(Pollock, 2005)*.

The pride that one takes in their career can lead to stress as well. Whiteacre *(2006)* reported in his study of the Salvation Army Correctional Services in Chicago that a cause for concern was that "54 percent of the respondents felt they were at a standstill in their career/job" *(p. 72)*. A parallel can be seen with this statement for NSW prison officers, zero recruitment for a number of years, only recruitment being for when the Way Forward Centres needed staffing, promotion prospects only in the Way Forward Centres and the length of time staff have had to wait for the Way Forward.

Domestic affairs are not only the reciprocity of this stress, but can be the cause of stress as well. According to Pollack *(2005)* "Correctional officers frequently reported letting out tensions at the wrong place (at home), tightening discipline at home and spending less time at home on their days off. *(p. 213)*. This stress and misanthropic release might be influential in the fact that correctional officer divorce rate is two times the rate of other blue collar workers. *(Pollock, 2005)*. Work-Family conflict is three fold as it affects the correctional officers and his or her family. According to Barton, Hogan, & Lambert *(2004)*: Essentially, work-family conflict occurs when the two primary focuses in a person's life (i.e., work and family social) are incompatible and, therefore, cause conflict that leads to spillovers into both the work and familial/social milieus. In the end, this leads to stress for the individual. Correctional officer absenteeism from stress is another problem that has a direct correlation to stress and the prison environment. Work stress, poor work environment, age, gender and family responsibilities affect correctional officer absenteeism. The Shift variance can also adversely affect female absenteeism because of child care issues *(Lambert, 2001)*. The role of a correctional officer can cause confusion and stress, especially when coupled with the changing political landscape that can engulf this sometime punitive and other times rehabilitative occupation.[3] Pollock *(2006)* wrote "Role conflict could be defined as the struggle of officers to reconcile custodial responsibilities (which could include maintaining security through preventing escapes and inmate violence) with their treatment function (rehabilitation of offenders)" *(p. 209)*.

BURNOUT

Stress in any occupation and life style, when administered in small doses can be healthy and productive. Stress can be a motivator for one to ameliorate problems at work and better deal with complex issues. It is when stress becomes over bearing and out of control that it becomes dangerous and can lead to a phenomenon called "burnout". Lindquist and Whitehead *(1986)* define Job burnout as "A syndrome of emotional exhaustion and cynicism that occurs frequently among individuals who do people work of some kind." Lindquist and Whitehead *(1986)* states in their research that: It must be emphasized here that the role conflict being measured is the conflict of working in a setting where the line officer feels he or she must balance incompatible demands from different audiences (i.e., management and offenders), carry out tasks he or she feels should be done differently, and produce results despite lacking the resources (human and other) to carry out assignments.

Burnout is the prolonged exposure to stress and people centered or client centered occupations. When correctional officers are troubled with stress and burnout it is portrayed as an individual problem associated with a weak officer. Tracy *(2003)* wrote that: Burnout and stress are often treated as problems that correctional officers can and should deal with on their own. As such, employees are usually trained to identify personal stressors and address those using tactics such as biofeedback, meditation and relaxation techniques. And when employees are considered too stress to do their work effectively; they are referred to employee assistance programs to work out their emotional difficulties behind the scenes. In other words, programs regularly focus on stress and burnout as an individual pathology. Correctional officers and workers are subjected to a paradoxical phenomenon in corrections called the *Double bind*. The double bind is basically the correctional officer being told to respect the inmate population while being suspicious of them

(i.e. suspicious of them making weapons, selling drugs and planning escapes). Tracy *(2003)* conducted research on the rigors and stressors associated with double binds in correction.

The research also found that respondents between the ages of 31-40 years of age reported more conflict with time and family obligations due to work. Barton et al *(2004)* wrote that "Correctional officers had higher levels of time-based conflict than correctional staff working in non-custody posts" *(pg. 160)*. These are import finding, considering the effects on the correctional officer because of shift lag and juggling family and social obligations against the background of shift work (i.e., weekends and holidays). Supervisors and non-custody fared well in work-family time conflict. This can be explained by understanding that most supervisors and non-custody staff do not work weekends, holidays and can take vacation and sick time since their work is not on a specific post that must be manned 24 hours a day 7 days a week.

As the ambiguity of the correctional officer job increased so did the stress that one experienced, it was deduced that agency and administrative decisions have a major impact on the stress level of staff. The findings in this research were not gender or racial specific. Stress does not only affect the correctional officer personally, but more adversely affects his or her social and domestic affairs.

Stress is also debilitating on the correctional agency through absenteeism. Absenteeism among correctional staff costs a correctional institution much needed manpower, consistency that is instilled in institutional environments, and through financial burdens on agency budgets because of overtime expenditures. *(Armstrong and Griffin (2004))*

Stress in this environment should no longer be considered an individual problem, but part of the complexities of the occupation and not that of a *weak* officer. As some deal with stress in different ways, the underlining problem is that this is a profession and an agency problem that needs to be addressed to all and not relegated to self help programs like Employee Assistance Programs.

3 Provides supervision, care and correctional treatment of inmates. They are concerned with the maintenance of institution security contributing to the health and welfare of the inmates and the promotion of good public relations.

4.1.4 The inmate

The Correctional Officer in dealing with his or her stress at the same time has a duty of care to provide safe and secure custody to the inmate population as will be described below. There is considerable evidence to suggest that prisoners tend to come from, and return to, disadvantaged backgrounds *(Corben, 2006a; Butler & Milner, 2003; Borzycki, 2005, p. 33–35; Baldry et al., 2003)*. In particular, Borzycki *(2005)* notes prisoners as having histories of social isolation, welfare reliance, unemployment or poor employment, criminal involvement by the family, physical, sexual and emotional abuse, health issues (substance misuse, mental illness, high mortality rates including violent death and suicide, poor physical health, co-morbidity of conditions) and poor life skills (education, literacy, numeracy, time management, financial management) and poor

cognitive function *(pp. 33–35)*. The literature suggests that the over-representation of multiple forms of disadvantage among prisoners and ex-prisoners, together with the fact of being or having been a prisoner, may directly affect the legal issues experienced by prisoners and their capacity to address these legal and welfare issues *(Borzycki, 2005; Webster et al.; 2001; Stringer, 1999)*. The following section describes the prevalence of certain characteristics that are indicative of disadvantage within the NSW prison population.

Prisoner health

Unless indicated otherwise, the following data were drawn from the Inmate Health Survey *(IHS)* *(Butler & Milner, 2003)*, a survey of 914 inmates conducted by Justice Health. The sample was stratified by Aboriginality and age (groups being under 25 years, 25–40 years, and over 40 years) *(p. 11, Butler & Milner, 2003)*. Overall, 95 per cent of women inmates and 78 per cent of male inmates surveyed in the IHS had at least one chronic health condition *(p. 8)*.

Addiction and addictive behaviour

Available data indicates that prisoners commonly have histories involving harmful alcohol and other drug use. Substance misuse is of particular relevance to prisoners and legal need as it has been previously identified in meta-analyses as 'a robust predictor of recidivism' *(See Kinner, 2006 p. 1)*. Butler and Milner *(2003)* identified that:

- Over one third of women and approximately half the men in their sample drank alcohol in the 'hazardous' or 'harmful' range according to the Alcohol Use Disorders Identification Tool[11] *(pp. 120–121)*. As a point of comparison, 9.3 per cent of the NSW population (aged 14 years and older)report drinking alcohol at 'risky or high risk levels' *(AIHW, 2005a, p. 4)*[12]
- Seventy-four per cent of women and 67 per cent of men had used illicit drugs regularly in the twelve months before prison *(pp. 119–120)*. In[11]
- Eleven per cent of women and 20 per cent of men were identified as 'probable pathological gamblers' *(p. 8)*. While not directly comparable, a recent survey of over 2 000 people found that 0.8 per cent of the NSW adult population fell in the 'problem gambling group'. A further 1.6 per cent [AQ of men or people?] are considered moderate risk gamblers and 2.1 per cent low risk gamblers *(Brockelsby &Kenrick, 2007, pp. 7–9)*.[13]

The Drug Use Monitoring in Australia *(DUMA)* project is a national study which seeks to measure drug use among people who have been recently apprehended by the police.[14] While DUMA data is only drawn from people in *police* custody, the data is useful here as this is where the vast majority of prisoners commence their incarceratation. The DUMA data indicated that overall, 83 per cent of the sample of offenders charged with property offences and 65 per cent of those charged with violent offences *tested positive to a drug at the time they were detained by police* *(Schulte, Mouzos & Makkai, 2005)*. Most commonly detected drugs included cannabis (60% of males, 52% of females); methylamphetamine (29% of males, 41% of females); benzodiazepines (20% of males, 36% of females) and heroin (13% of males, 19% of females). The study also

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found considerable overlap between heavy use of alcohol (defined as more than five drinks in one day for men and three drinks for women) and illicit drug use *(Schulte et al., 2005, pp. 1–2)*.

The resumption of alcohol and other drug use may also be an issue for inmates after release from prison. In a small scale study in Queensland of drug use following release from jail, Kinner *(2006)* identified that within an average of 34 days post-release, 64 per cent of men and 37 per cent of women reported illicit drug use, particularly cannabis and amphetamines *(p. 1)*.

11 The Alcohol Use Disorders Identification Test *(AUDIT)* is a 10-item questionnaire, developed as a screening tool to detect excessive alcohol consumption and dependence. Number of drinks is only one measure in this test.

12 'Risky or high risk' alcohol consumption is defined as 29 or more standard drinks a week for men and 15 or more standard drinks for women. In comparison, 14.6 per cent of the NSW population report having used an illicit drug at all in the previous 12 months *(AIHW, 2005a, p. 7)*

Mental health

Ogloff et al. *(2007)* report that the rates of major mental illnesses such as schizophrenia and depression are three to five times higher among Australian prisoners than those in the general population *(p. 1)*. Overall, 54 per cent of female and 39 per cent of male inmates interviewed for the IHS had been diagnosed at some time in the past with a psychiatric problem. Depression was the most common diagnosis in both sexes. Three per cent of women and five per cent of men had been diagnosed with schizophrenia *(Butler & Milner, 2003, p. 96)*.

A report focusing on the mental health of prison inmates in NSW identified that 74 per cent of their prisoner sample were identified as having had 'any mental disorder' (psychosis, anxiety disorder, affective disorder, substance use disorder, personality disorder or neurasthenia) in the previous 12 months. This is substantially higher than the proportion of general community members with such disorders (22%) *(Butler & Allnut, 2003, p. 2)*. The authors report that, *at the point of their reception into prison*, nearly half of all reception inmates were experiencing at least one mental disorder (psychosis, anxiety or affective disorder) and 12% had psychosis *(p. 17)*. Further, Butler and Allnut estimated that on an average day, around four people suffering schizophrenia will enter 'the system' *(Butler & Allnut, 2003, p. 21)*.

13 Figures were derived using the Canadian Problem Gambling Index *(CPGI)*

14 The DUMA program is a quarterly collection of information from police detainees regarding their alcohol and other drug use, in seven police stations or watchhouses across Australia. Two of the sites are in Sydney.

Anxiety and stress

Literature on the response of inmates to incarceration has suggested that prisoners experience high levels of anxiety and stress when they first come into prison, but that anxiety levels lessen over the time spent in custody *(Dollard et al., 2003, p. 93; Paulus & Dzindolet, 1993; MacKenzie & Goodstein, 1985)*. Dollard et al. *(2003)* cited a number of studies, which indicated that prisoners' trait anxiety (their general vulnerability to anxiety) is higher than in other populations, and that their anxiety levels are raised further by the experience of going into custody. It would also

appear from this research that as inmates' anxiety levels increase, their capacity to cope with the imprisonment decreases *(p. 93)*.

Intellectual disability

According to the IHS, 18 per cent of women and 27 per cent of men scored below the pass rate on the intellectual disability screener used (see Butler & Milner, 2003, for details). Of those screened, who were further assessed using the *Weschler Adult Intelligence Scale Revised (WAIS-R)* test, 59 per cent of women and 39 per cent of men had either an intellectually disability or were functioning in the borderline range *(Butler &Milner, 2003, pp. 8–9)*. While
population estimates vary depending upon the definition, the prevalence of intellectual disability in the Australian population aged under 65 years was estimated by the AIHW in 2003 to be 2.5 per cent (or 3.0% for the whole population) *(AIHW, 2005b, p. 213)*.

Traumatic Brain Injury (TBI)

In the IHS nearly one in four (39%) women inmates and 45 per cent of male inmates reported having had sustained a head injury at some time in the past which resulted in an episode of unconsciousness or 'blacking out' *(Butler &Milner, 2003)*. Forty-one per cent of women and 23 per cent of men who had sustained a head injury reported unresolved side effects. Being struck by an object or person was the most common cause of head injuries in both male and female inmates (60% and 69%) *(Butler &Milner, 2003, pp. 66–67)*. In a recent study of 200 men received into police or corrective services custody in NSW, 82 per cent had experienced at least one traumatic brain injury *(TBI) (Scholfield et al., 2006, p.501)*. Sixty-five per cent reported at least one TBI *with* loss of consciousness. Of those who had lost consciousness, 59 per cent reported they had been unconscious for less than 30 minutes. Of note were the very high rates of *multiple* TBI (43% of the sample had sustained four or more TBIs), and high rates of *recent* TBI and ongoing symptoms. Symptoms reported included headaches, personality change, anxiety/depression, memory loss, uncontrollable anger and relationship breakdown. As a point of comparison, Scholfield et al. *(2006)* reported that an Australian community survey found that the lifetime prevalence of TBI with at least 15 minutes of loss of consciousness ranged between 5.6 and 6.0 per cent *(p. 502)*.

Histories of violence and abuse

Consistent with the figures on inmate head injuries reported above, prisoners often reported personal histories involving violence and abuse. In terms of sexual abuse, figures in the IHS showed that 60 per cent of women prisoners and 37 per cent of men reported having been sexually abused before the age of 16 years, while 30 per cent of women and ten per cent of men reported having been sexually abused before the age of ten *(Butler &Milner, 2003, pp. 8-9)*.
In the IHS, nearly eight out of every ten women reported being the victim of violence as adults and 44 per cent reported being the subject of sexual assault as adults *(Butler & Milner, 2003, p. 5)*. Further, in a survey of 50 Aboriginal women in custody in NSW, Lawrie *(2002)* also found that 70 per cent of the women surveyed reported sexual assault as children, and approximately 80 per cent reported having been victims of domestic violence.

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Histories of state care

Approximately one-third of women and one-fifth of men in NSW prisons have been identified as having spent time in the state care system during childhood *(Butler & Milner, 2003, p. 8)*. Further, sixteen per cent of both women and men had at least one parent who had been imprisoned during their childhood *(p. 29)*.

Literacy levels and education

Rawnsley *(2003)* analysed Australian prison census data from 1993-2001, to discern factors leading to repeat imprisonment. Rawnsley observed 'that prisoners with more prison spells are likely to have lower levels of education' than other prisoners *(p. 20)*. In 2001, DCS reported that 60 per cent of inmates at that time were not functionally literate or numerate *(NSW Legislative Council, 2001, p. 20)*. However, these figures should be considered in context of literacy levels in the broader population. A recent ABS survey of adult literacy and life skills describes a minimum standard of literacy 'required for individuals to meet the complex demands of everyday life and work in the emerging knowledge-based economy' *(ABS, 2007b, p. 5)*. The study found that 46 per cent of Australians aged 15–74 scored *below* this minimum standard for prose literacy, 47 per cent for document literacy and 53 per cent per cent for numeracy. Seventy per cent of Australians aged 15–74 scored below the minimum standard for problem solving *(ABS, 2007b, p. 5)*. Consequently, while prisoner literacy rates appear to be low, population figures suggest that limited literacy may be a broader issue within the Australian population.

The ABS study also found a strong association between educational attainment and achieved literacy levels *(p. 9)*. In the IHS, 46 per cent of female inmates and 53 per cent of male inmates reported having left school with no qualifications (e.g. not achieved the year 10 Certificate or High School Certificate). Approximately one in four inmates sampled had attended more than 5 schools, and 29 per cent of women and 39 per cent of men had been expelled from at least one school. Eight per cent of the women and 11 per cent of the men had attended a special school *(Butler & Milner, 2003, p. 22)*. As a point of comparison, the 'apparent retention rate'[15] from year 7 to year 12 for all full-time school students in NSW in 2006 is 70.5 per cent *(ABS, 2007c, p. 28)*. The apparent retention rate to year 12 Australia-wide is 75.9 per cent for non-Indigenous students and 40.1 per cent for Indigenous students *(ABS, 2007c, p. 31)*.

15 To calculate the apparent retention rate of full-time students, the total number of full-time students in Year 12 in 2006 is divided by the number of full-time students in the base year, which is Year 7 in NSW *(ABS, 2007c, p. 37)*.

Employment histories and welfare dependence

The IHS reported that 36 per cent of the women interviewed and 55 per cent of men had worked in the six months prior to imprisonment. Women were most commonly employed in sales and personal service work (27%) whereas most men were employed as labourers and related workers (40%) *(Butler & Milner, 2003, p. 22)*. The remaining 64 per cent of women and 45 per cent of men were unemployed in the six months prior to imprisonment. The period of unemployment for

these inmates ranged from less than one year (women 8%; men 13%) to over ten years (women 23%; men 7%). Nine per cent of women and 12 per cent of men had never worked. Most of the inmates interviewed had received a benefit or pension in the six months before coming into prison (women 85%; men 64%) and the median length of time on a benefit or a pension was four years for women and 18 months for men *(Butler & Milner, 2003, pp. 22–23)*. By comparison, the unemployment rate in the NSW general population at the time of the IHS was 5.9 per cent for men, with a 71.1 per cent participation rate in the labour force. For women it was 5.6 per cent, with a 54.1 per cent participation rate in the labour force *(ABS, 2001, p. 1)*. Borzycki *(2005)* reports that recent unemployment among prisoners (as well as injecting drug users and police detainees) 'appeared markedly higher than seen in the Australian population over 15 years of age, with the proportion even higher among those who had previously been imprisoned' *(p. 47)*. Reflecting on the issue of prisoners' employment histories, she noted:

> *Prisoners tend to have patchy and erratic histories of employment within the legal economy, which can in part be linked to average poor education levels, poor life skills, low self-esteem, unstable lifestyles, and drug abuse. Upon release, these factors may be exacerbated by a lack of stable accommodation, a criminal history that now contains a custodial term, a prolonged absence from the job market and associated job skill loss.* *(Borzycki, 2005, p. 38; also Webster et al., 2001, pp. 8–9)*

Homelessness

In research conducted between 2001 and 2003 with 194 participants in NSW and 145 participants in Victoria, Baldry et al. *(2003)* explored the relationship between homelessness and incarceration. The study found that the incidence of homelessness increased from 20 per cent prior to incarceration to 38 per cent six months after release. The authors identified significant associations between returning to prison and being homeless; not having any, or adequate accommodation support; and worsening alcohol and other drug problems *(p. i)*. Access to socially supported housing was associated with staying out of prison and increased social integration. Not having such housing was commonly associated with slipping back into a transitory lifestyle, problematic drug use and being re-arrested and re-incarcerated *(p. ii)*. The Law Foundation's own study into the legal needs of homeless people also identified that people recently released from jail seemed to be disproportionately represented among the homeless *(Forell et al., 2005, p. 269)*. In 2001, the rate of homelessness within the general NSW population was estimated to be 42.2 per 100 000 people *(Chamberlain & MacKenzie, 2003, p. 5)*.

4.1.5 Recidivism

A study was conducted into the risk and patterns of re-offending among parolees in NSW with a baseline group of offenders totalling 2793 released to parole supervision in 2001-2002 financial years. The study found by September 2004 approximately two-thirds of the index group had reappeared in court, sixty-four percent had been convicted of a new offence and forty-one percent had received a further custodial sentence for re-offending. Analyses revealed that the following groups re-offended more quickly: offenders who had a greater number of prior

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custodial sentences, offenders who had one or more prior drug convictions (i.e. for use or possession of heroin, cocaine or amphetamine), younger offenders, Indigenous offenders, those who had been released with a parole order issued by a court (as opposed to the NSW Parole Authority), offenders who had spent less time in custody during their initial custody episode and those who had been serving sentences for violence, property crimes or for breaching justice orders. *(NSW Bureau of Crime Statistics and Research, Contemporary Issues in Crime and Justice No.91 January 2006)*

Offenders in the study tended to re-offend fairly rapidly after release on parole. Between 27 and 39 months after their release from prison, around two-thirds of the offenders had reappeared in court (68%) and a similar proportion (64%) had had one or more new convictions recorded against them. Forty-one per cent of the offenders had been returned to prison for committing further offences. Results indicated that approximately one-quarter of offenders in the study had re-offended within three months of their release. Half had reoffended within one year and slightly less than two-thirds were estimated to have re-offended within two years following their release from prison. Some of the predictors found that caused the offender to re-offend are as follows (recidivism from highest to lowest): • Having a greater number of prior custodial episodes in the eight years preceding release was the strongest predictor of re-offending; followed by • Being younger at the time of release; • Identifying as Indigenous; • Having a most serious initial offence for robbery or another violent offence, property/deception or for breaching a justice order; • Having been issued with a parole order from a court (as opposed to the Parole Authority); • Having one or more prior offences for using or possessing heroin, amphetamine or cocaine in the previous eight years; and • Having spent less time in custody during the index custody episode.

No data was shown to differentiate if an offender came from a prison managed by a private company or if the inmate came only via the public system. The Department has to accept the risk factor associated with recidivism as parole of inmates is in its purview. Probation of offenders at Junee is by the Probation & Parole officer attached to the centre.

5 Private Corrections

5.1.1 Junee Performance and the $2.4 million + profit

The GEO (Global Expertise in Outsourcing) Group Australia manages Junee Correctional Centre, the State's only privately operated correctional centre, under a management agreement entered into with the NSW Department of Corrective Services. (Australian Correctional Management (AMS) a subsidiary of Wackenhut Corrections Corporation of America operated the centre since it was opened in April 1993 till its parent name change in November 2003 where it became the, The GEO Group Inc. and its subsidiary The GEO Group, Australia.)

Since this contract was let originally to ACM now called The GEO Group Australia, it has been hard to judge if it has really lived up to the promise of saving the taxpayer money or operating with increased efficiency compared to the publicly operated prisons. Information about problems identified by the Departments Monitor, Ombudsman and other reviews still are occurring and in some cases are not being reported to Government or to the NSW Department of Corrective Services. From 1993 till 2004/05 this company has been penalised for failing to meet its contractual obligations for its Performance Linked Fee (PLF) which is used to assure the government that the contractor is at base level performance compared to its publicly managed prisons. It was in 2004/05 reporting year that the PLF fee was paid in full to The GEO Group for the operation of Junee Correctional Centre.

The Performance Linked Fee each Financial Year is calculated as a maximum payment of 2.5% of the Operational Service Level Fee and is paid annually in arrears. This fee is primarily intended as an incentive for the achievement of the highest possible standard of correctional programs and services. Payment of the Fee is conditional and is linked to the level of attainment agreed to with the Department of Corrective Services as part of their contracture obligations. This fee varies to about 5% in other states in Australia for the PLF component.

Under section 242 Crimes (Administration of Sentences) Act 1999 (the Act), the Department appointed a person, designated the Junee Monitor, to monitor the performance and contract compliance of the management of any privately operated correctional centre. Monitors are utilised to monitor the Departments Way Forward Correctional centres; Mid North Coast Correctional Centre at Kempsey (MNCCC), Dillwynia Correctional centre at Windsor and the Mid-Western Correctional Centre at Wellington.

These reviews are carried out per year with the intension to cover all Key Performance Indicators (KPI) being reviewed over a two year period. Each of the indicators has a specified Base Level Performance and Best Practice Performance. The GEO Group's annual performance is measured against these indicators. GEO will not receive the portion of the PLF if their performance falls below the Base Level Performance level for any of the agreed KPI's. For performance assessed as above the Base Level, the portion of the PLF will be based upon a sliding scale, up to that of Best Practice Performance. For the 2004/05 contract year, the departmental performance review panel recommend to the Commissioner that the GEO Group receive the full PLF payment. The Commissioner agreed with the panel's recommendation and approved full payment of the PLF in December 2005.

The NSW Inspector General of Corrective Services stated in his annual report for 2000/2001 that he was critical of the tender evaluation process after the noting of the reappointment of Australian Correctional Management (ACM) to manage the prison at Junee. He stated that he "examined aspects of the selection process and noted that neither the report of the Junee Monitor nor the reports from the Community Advisory Council were formally taken into account as part of the tender evaluation." He also expected that these should be taken into account in any future review of the management contract. In 2001, the contract was retendered and ACM won a further five years with a three year extension option. The new contract commenced on 1 April 2001.The department of justice is increasing Junee's prisoner population from 600 to 750.

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Although the monitor's report for 1999/2000 concluded that ACM met its contractual obligations under the management contract, the inspector general noted that the monitor "continued to indicate that there were some compliance problems which had been reported on adversely since 1996/97, and it was also apparent that some other deficiencies required follow-up action." The inspector general's report was published before he received the monitor's 2000/2001 report on Junee.

Australasian Correctional Management Ltd (ACM) and the Government of New South Wales have been ordered to pay compensation of AUD$432,000 to a former ACM employee at Junee Correctional Centre. In 1997 Robert Napier was working as the manager of the prison factory when prisoners threatened his life. As a result, he suffered nervous shock and psychiatric illness. The amount of compensation was set by the judge at Wagga District Court on 17 September 2001 after she found that neither the government nor the company had provided adequate security to protect Mr. Napier.

The deficiencies identified in the Junee Monitor's review for 1999/2000 included self-help/victim support groups. It was perceived by the Department that these courses were leaderless and that groups such as sex offenders would have opportunity to gather unsupervised with a resultant networking. The core welfare services: concerns were raised that the staff were not dedicated welfare positions but used only generalist counsellors in conjunction with the Chaplaincy to address welfare needs of the inmates. Alcohol and other drugs (AOD) services: concerns "again related to the fact that there are no dedicated AOD positions within the staffing of programmes. During the review period the monitor again raised concerns that ACM were failing to ensure the inmates returning a positive result for urinalysis were charged in line with departmental procedures. Inmate employment levels were detected to be consistently falling behind the national performance indicator of 65%.

The monitor's 2000/2001 performance review of Junee also found that ACM "continues to satisfactorily meet its contractual obligations" but, despite some assurances made by the company in response to the monitor's previous report, "continued attention" was required in the following areas: With respect to core welfare services the "level of qualification for the unit counsellors stationed in the accommodation areas appears to be unattainable". The recording and management of inmate applications continues to be a concern. There are ongoing issues relating to the replacement of high cost items in the kitchen area. ACM has a contractual obligation to maintain and replace all assets provided by the department [of corrective services]. Inmate employment is an area that has been reported on regularly in other reviews. Actions taken by ACM to increase the level of work available to all inmates ... have fallen short of the benchmark. The plan to increase the inmate population from 600 to 750 inmates, including up to 80 unconvicted inmates, will place further pressure on ACM to meet this benchmark." *Junee Correctional Centre 2000-2001 Performance Report, Appendix 31 to the Annual Report 2000/2001, NSW Department of Corrective Services. See also Inspector-General of Corrective Services, 2000/2001 Annual Report.*

Australasian Correctional Management Ltd (ACM) has had more than AUD$100,000 withheld from its 2001/2002 performance linked fee for operating Junee Correctional Centre 2001/2002. The contract was renewed in March 2001 after a successful rebid and the government also agreed to ACM's request for the prisoner population to be increased from 600 to 750. ACM's re-

bid included the post of unit counsellor for each accommodation area but the company failed to recruit appropriately qualified staff to these positions. The A$100,000 relates to that. However, ACM will also be penalised for failing to deliver the base level performance related to behavioural programmes and individual counselling and the failure to appoint a throughcare specialist.

The 2001/2002 performance report concluded, once again, that "ACM continues to satisfactorily meet its contractual obligations under the management agreement." However, as well as the issues mentioned above "continued attention was required" in the following areas: The majority of welfare services have been provided by the chaplaincy service. The physical size of the area used for reception screening raised concerns relating to privacy issues. There was concerns raised, relating to the lack of special needs analysis of sex offenders on reception. The failure to satisfactorily track inmate applications and requests was of continued concern. A lack of documentary evidence on inmate case files relating to programmes and psychological services delivered to inmates. The composition of staff on case management teams, the full time staff allocated to the classification process and the physical size of the area it was delivered in. There was no evidence of programmes targeting the needs of females. There were concerns regarding the workload of the Alcohol and Other Drug Specialist due to the increase in inmate population. The review identified deficiencies in the temperature control of both hot and cold storage of prepared food and the physical facilities available. Again there was concern that ACM was not meeting the benchmark for inmate employment. A review was undertaken of the insurance policies held by ACM to ensure appropriate levels of indemnity are provided to the department. *Junee Correctional Centre 2001/2002, Performance Report, Appendix 31, New South Wales Corrective Services Annual Report 2001/2002*

The operations at Junee Correctional Centre by Australasian Correctional Management (ACM) were monitored more closely during the financial year 2002/2003 than previously. "ACM failed to fully meet their performance obligations with respect to compliance with the management specifications to the contract. The department will be working collaboratively with ACM to ensure that they fully comply with their performance requirements," said the government's monitor in his performance report on Junee Correctional Centre for 2002/03. Compliance issues have also been raised in previous years. Issues of concern in the latest report revolved around case management: the six monthly case plan reviews of all prisoners; the completion of the initial case plan and classification within 72 hours; and the reviewing of case plans of prisoners received from other centres. The contract with the government requires that the case plan of each prisoner is to be reviewed at least on a six monthly basis. A review found that "local management had failed to comply with this requirement." The inspector noted that: "departmental intervention was necessary to ensure that case plan reviews were brought up to date." A random audit of files of newly received prisoners "revealed that recognised screening protocols were not being adhered to. A follow up audit ... found that Junee ... was not adhering to the department's screening procedures and protocols as required ..." The inspector added that "local management at Junee were informed of the audit findings but, as at the end of the financial year, they had not introduced protocols to ensure they complied with their performance obligations." Prisoner employment was also an issue. The inspector noted that the company had been attempting to maintain a commitment to providing employment opportunities for 65 per cent of sentenced prisoners but this has "proved a difficult task." The department altered the

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prisoner mix and the Tyco electrical cable manufacturer, which provided employment to a significant number of prisoners, withdrew from Junee. The government approved extra finance for upgrading the prison in order to solve some of the building and maintenance shortcomings. The company responded to case plan failures by providing supplementary training to staff. The company could face reductions in their performance-linked fee for the performance breaches but it was "not possible" for the inspector to provide a final report on ACM's performance for the purposes of the performance linked fee as "a final position had not been determined." *New South Wales Department of Corrections Annual Report 2002-03, Appendix 22, Junee Correctional Centre 2002/03 Performance Report*

The auditor general for New South Wales has reported that, in 2002-03, Junee operated at 95.9 per cent of its capacity (94 per cent in 2001-02). The cost to the department of corrective services was AUD$22.9 million (AUD$21.5 million 2001-02) which consisted of a management fee of AUD$21 million (AUD$19.4 million 2001-02) payable to Australasian Correctional Management Pty Ltd and AUD$1.9 million (AUD$2.1 million 2001-02) in other direct and indirect costs. The management fee is based on providing accommodation for 750 prisoners. *Auditor General's Report to Parliament 2003, Volume Six, Tabled 4 December 2003.*

The GEO Group Australia "failed to meet all performance obligations with respect to their compliance with the Minimum Standards" at Junee Correctional centre in 2003-04, according to the latest Monitoring Report. Concerns by the Government contract monitor included "out of date screening forms and incorrect procedures were being used in the Reception Induction Process." Monthly case notes were still a problem and the issue remains a concern. In 2002-03 the monitor found that "there was a failure ... to ensure that the case plans of all inmates were reviewed on a six-monthly basis". In the latest report the monitor stated: "This is a Key Performance Indicator (KPI) of the Performance Linked Fee (PLF). The GEO Group has both a contractual and legislative obligation to ensure that all inmates' case plans are reviewed every six months. As a result of last year's findings, GEO management introduced a Compliance Monitoring System to assist them in meeting their obligations. However continued monitoring of this area revealed a repeated failure to meet this KPI." As the centre was undergoing refurbishment, including but not limited to the gatehouse, kitchen and reception area, the provision of suitable amenities to the centre remained an area of concern for the monitoring team. Continual problems with GEO, unable to maintain an employment for 65% of inmates. This KPI was based upon an inmate population of 600. When the inmate population was increased to 750 the Department of Corrective Services agreed to continue to calculate attainment of the KPI using the inmate population of 600. The report noted that as a result of the performance failures in 2002-03 the operator was penalised AUD$46, 477, some 15% of the company's Performance Linked Fee. *Junee Correctional Centre 2002/04 Performance Report, Appendix 21, New South Wales Department of Corrective Services Annual Report 2003-04*

The 2004/05 annual review of Junee's performance found that the GEO Group "met their contractual obligations." The department of corrective services "will continue to work collaboratively with GEO to maintain this standard."*New South Wales Department of Corrective Services, Annual Report 2004/05, Junee Correctional Centre 2004/05 Performance Assessment Report.*

In previous contract years a review was undertaken by the offender services and programs branch heads. However, this review was not undertaken for 2004/05. The report also noted that for the year 2003/04, the company had $AUD5, 625.00 withheld from its performance linked fee for failing to meet targets on prisoner classification.

For the 2004/05 contract year, the departmental performance review panel recommend to the Commissioner that the GEO Group receive the full PLF payment. The Commissioner agreed with the panel's recommendation and approved full payment of the PLF in December 2005. This is the first occasion, since the current contract commenced, on which the GEO Group received full payment for meeting the performance standards set by the Department.

During the 2005/06 contract year, monitoring identified issues of non-compliance with appropriate referrals for AOD intervention had not occurred in December 2005 for inmates assessed as having AOD issues with six months or more remaining to serve on reception at Junee. These inmates should have been offered individual or group treatment intervention. Monitoring identified that asset locations did not correspond with asset records during March 2006. During the April assessment review, the following KPI issue was again highlighted in the Monitor's monthly review report. Five Items were selected at random from around the centre. Two were correct on the asset database and two were recorded as being housed in incorrect locations. IBM Hard drive (10073) located in the Operations Manager's office was recorded as being in the Administration upstairs area. IBM hard drive (10044) located in the Monitor's office was recorded as being in the conference room, which prevented the attainment of the agreed performance levels. In December 2005, the Monitor's Checklist was introduced to assess compliance to a number of key elements including the maintenance of log books, gate and unit records and registers, segregated and protective custody directions, inmate movement, management and maintenance of security keys, weapons and electronic security systems, search information and management records and urinalysis procedures.

During the contract year a number of compliance anomalies were highlighted:

- Mobile phone security in the gate
- Incorrect authorisation of section six (2) orders
- Occasions of non-custodial staff not signing on and off duty
- No validation of staff sign on sign off records
- No staff searches conducted for a three day period
- No validation of search registers for 13 day period
- Gate log not signed for numerous days
- Little validation of gate records by management
- Vehicle register not maintained on a number of occasions
- No armoury checks conducted for a week period
- PRLA orders not being maintained correctly – some inmates had multiple orders
- Overdue case notes.

For the 2005/06 contract year, GEO's performance against two KPIs was below base level performance; however, the cause for this performance was effectively addressed. The Commissioner determined that the GEO Group receive the full PLF payment for the 2005/06

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contract year. In making his determination, the Commissioner stated he was "mindful that it was never my intention that the provisions of PLF be used in a punitive fashion. The PLF is intended to reward the achievement of performance standards set by the Department".*(New South Wales Department of Corrective Services, Annual Report 2005/06, Junee Correctional Centre 2005/06 Performance Assessment Report.)*

"Unfortunately there are continuing high numbers of complaints from inmates at Junee Correctional Centre, which is operated by GEO Pty Ltd. We receive significantly more complaints from Junee than any other centre," said the Ombudsman for the Government of New South Wales in his latest report. The Ombudsman continued: "These complaints are about a wide range of issues. Many are about minor matters which indicate that the centre's internal grievance and complaint-handling procedures are not being well managed. We are also receiving a number of complaints about serious matters such as inmates' release dates, their security, and their access to legal representation ...we will be increasing our visits to this centre this year." The report includes four case studies of complaints about Junee. *(NSW Ombudsman Annual Report 2005-06, published October 2006.)*

The GEO Group has been awarded an extension of its contract to run Junee Correctional Centre in New South Wales for a further three years until March 2009. However, GEO has had to review its security after a prisoner who was serving eight years for armed robbery escaped on 28 October 2005 by walking out Junee's front entrance. Junee Correctional centre has restructured its senior management in response to the inmates escape. Three senior staff were suspended when Lon Thomas McAlister walked out of the prison in October. They returned to work in early January 2006 and some of their duties have been delegated to other positions. The manager of Junee jail, Derek Bullock, says it appears McAllister was very well organised and left town quickly on Friday, possibly via the jail's main entrance. "Because our perimeter fence was not breached, the anecdotal information is that this prisoner actually managed to get through our front gate," he said.

In 2005/06, the Department reported that as a result of increases to the Junee Correctional Centre inmate population, from 600 to 750 inmates, changes needed to be made to the physical structure of the centre to accommodate the increase in inmate numbers. Works valued at $5.6 million commenced in April 2005, with completion scheduled for early November 2005. Building works were finally completed in February 2006, but, the gate had to be managed manually as the electronic systems (i.e., cameras and locking mechanisms) were not fully operational till the second quarter of 2007. The Department funded additional works valued at around $125,000 to bring the Gate systems on line.

Last year we reported that we received significantly more complaints about Junee Correctional Centre than any other centre. This trend has continued over the past 12 months. Senior management of the GEO Australia were very concerned about this trend and have met with us in an effort to identify any significant issues or areas where internal complaint handling performance could be improved. Despite also meeting with management at the centre and making a close analysis of the complaints received about Junee, we have not been able to point to any specific cause or reason, apart from reinforcing the importance of good communication between staff and inmates. The internal complaints and grievance system at Junee largely

replicates that in other correctional centres, and Junee inmates have access to the CSSL like all other inmates. We visited the centre on three occasions during the year — but the number of inmates wanting to speak with us was no greater than in previous years and we did not see any immediate reasons to account for the high levels of complaints. GEO has also told us they are reviewing activities and programs available to inmates at Junee in an effort to reduce some potential causes of complaint. Case studies 46 and 47 outline two of the matters we dealt with about Junee this year. *(NSW Ombudsman Annual Report 2006–07 p.111)*

Case Study 46: Inmate discipline is a common cause of complaint. The Crimes (Administration of Sentences) Act 1999 (CAS Act) specifies the punishments that can be given to an inmate who is found guilty of a correctional centre offence or returns a positive urinalysis test. An inmate from Junee called us when he returned his first positive urinalysis test in over six years and was punished with seven days confinement in his cell. He also had his privileges removed for 42 days, including having his television taken from him. The inmate claimed he had asked to see the official visitor but an officer had refused to organise this. We called Junee and found them initially reluctant to accept our view that the general manager did not have the authority to impose the combination of punishments the inmate received. We referred them to the CAS Act — which states that a general manager or visiting magistrate may order the withdrawal of privileges for up to six months for a positive drug test. An inmate may be punished for correctional centre offences with seven days confinement to cells or by the withdrawal of privileges for a certain time, but not both. Junee agreed to withdraw the seven-day cellular confinement. *(NSW Ombudsman Annual Report 2006–07 p.111)*

Case Study 47: When officers at Junee Correctional Centre entered an inmate's cell and removed his paperwork — including documents relating to his case — he was not told why and became upset. He tried to make inquiries with his area manager and was told the officer would 'get back to him'. We found out that the officers had taken the paperwork from his cell so they could fax the police a copy of their own brief. The police had lost the brief and had contacted the centre, asking for a copy from the inmate. Junee staff agreed with us that the actions of the officers were inappropriate and told us that all paperwork had been returned to the inmate, along with an explanation about what had happened and why. *(NSW Ombudsman Annual Report 2006–07 p.112)*

For the 2006/07 contract year, GEO's performance against two KPIs was below base level performance. The first concerned the KPI related to the management of Departmental assets, which had also been an issue in the 2005/06 contract year. During the first quarter of the 2006/07 contract year, the monitor identified that the system of controls over assets was not effective. Repeated audit testing, post the redevelopment, found the system of control of assets was effective. The Department determined that the asset control issues were directly attributed to the major redevelopment of the centre. The second performance issue related to the KPI for staff deployment. This KPI requires GEO to maintain agreed staff levels to ensure that the Junee Correctional Centre operates to its agreed Structured Day. On 14 October 2006, as a result of staffing deficiencies, management of the centre found it necessary to implement a system of rolling 'lock-downs' of inmate accommodation units in order to staff the centre, to the level required to maintain safety and security. The Monitor conducted a review of GEO's training package for entry level correctional officers, which is required to be aligned with the nationally

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accredited Certificate III in Correctional Practice. The Management Agreement provided for this alignment through Minimum Standard of Staff Training.

The review methodology included: Review of GEO's Correctional Officer Pre-service Program documentation for compliance with the National Correctional Services Training Package CSC01; Comparison of GEO Correctional Officer Pre-service Program against the Department's Correctional Officer Pre-service Program to ensure that GEO correctional officers identify any significant differences between the two packages. The monitor found that the GEO training package substantially complied with the National Correctional Services Training Package CSC01.

However, the comparison of the GEO package against the Departmental package found there were differences in: the duration of the course (i.e., GEO eight weeks to DCS 11 weeks); number of competency units (i.e., GEO 17 units to DCS 20 units); comprehensiveness of topics, particularly case management, suicide awareness, incident management and response, security, report writing, managing offenders with special needs, cultural awareness and inclusiveness; and an apparent focus in the GEO package on knowledge to assess competency rather than practical assessment of skills learned.

In November 2006, GEO agreed to a variation to the Management Agreement to provide for the increase in the inmate population from 750 to 790 inmates. The increase in inmate population did not directly impact upon the delivery of services or programs. In the previous contract year 2006/ 07, the Performance Review Panel recommended to the Commissioner of the Department of Corrective Services that the GEO Group receive the full PLF payment.

For the 2007/ 08 contract year, there were two issues regarding the attainment of the following PLF indicator: 'Sentenced inmates transferred to Junee CC have their case plan and classification reviewed'. Non-compliance with this indicator was detected by staff at Junee. Centre management then reported the cases to the monitor. Junee management have implemented a range of strategies addressing these issues of non-compliance. The monitor has reviewed the revised practices and is satisfied with the levels of control that have been implemented. However, this aspect of operation will be monitored on an ongoing basis. For the 2007/08 contract year, the Performance Review Panel recommended to the Commissioner of the Department of Corrective Services that the GEO Group receive the full PLF payment. The Commissioner supported this recommendation. There were a number of recurring issues identified during the contract year which included:

1. Searching inmates entering the Industries facility and the recording of the searches
2. Frequency and format of some of the case note entries
3. Maintenance of current inmate identification in units
4. Armoury inventory checks – GEO submitted a request to vary the standard to the Department
5. Records management validation.

The percentage of positive samples returned from random sampling rose sharply between July 2007 (10.26 percent positive return rate) and September 2007 (34.21 percent positive return

rate). Two drug detector dogs and handlers commenced searching and screening inmates and staff throughout the correctional centre at the beginning of November 2007. This appeared to have a positive effect as there was a decline in the rate of positive returns after that date. It was down to an average of 15.8 percent of samples taken in October/November 2007. Junee Management complied with the conditions of these minimum standards, with the exception of the following issue of non-compliance with standard for Inmate Discipline Procedures: Of the 220 disciplinary matters heard during period 1 January 2007 to 17 April 2007, 102 matters had not been initially heard within the 24 hours since the offence occurred (as per OPM section 16.1.1 which states 'An inquiry into a correctional centre offence should commence within twenty-four hours of the alleged offence being committed'). Subsequent follow-up reviews throughout the contract year found Junee were complying with this minimum standard. Apart from the issues of non-compliance raised, the GEO met its contractual obligations for the 2007/08 contract year. *(Appendix 21: Junee Correctional Centre 2007/08 Performance Assessment Report)*

TOILET paper became the new currency in the Junee jail when a shortage of the product hit the prison, the NSW Ombudsman has said in his latest report. The issue was one of a number of case studies in the Ombudsman's just-released 2007-08 annual report. "When an inmate called from Junee to complain that their toilet roll ration had been reduced, we made immediate inquiries with the centre," the case study said. "Reducing or removing basic necessities, such as toilet paper, can spark an easily preventable incident in a correctional centre. "We were told that each inmate usually received two rolls per week, but if they ran out they could get more from the sweepers (inmate domestic workers) in their pod. "The sweepers, however, no longer had a supply and – in the absence of sufficient toilet rolls – they had become jail currency and were being stolen from the cells." "When we called the centre they were not aware of any change to the ration of toilet paper and undertook to investigate and rectify the situation immediately." The annual report said that in recent years the number of complaints against the jail was significantly higher than from other similar sized correctional centres. There was a slight decrease this year in the number of complaints, down from 360 in 2006-07 to 341, of which there were 83 formal complaints and 258 informal complaints. Only the Metropolitan Special Programs Centre, with 344 complaints, had more complaints than Junee. *(NSW Ombudsman Annual Report 2007–2008)* A spokesman for the company, Ken Davis, said it had noted the Ombudsman's remarks and looked forward to working with him to address any issues.

There is no reason to suspect that GEO will not receive the full PLF as the Commissioner of Corrective Services has stated "that he is mindful that it was never his intention to use the PLF as a Punitive Measure against the Contractor."

TWO Junee jail inmates yesterday spent hours on a roof of the prison in baking heat after what is believed to be an escape attempt was foiled by guards. Guards late last night were trying to talk the men down from their rooftop perch. The drama began about 3.30pm when the prisoners reportedly made a dash for a maintenance vehicle apparently with the intention of making a jail break. The men were prevented from getting into the vehicle by guards so they apparently scaled a protective fence and climbed onto the metal roof. From a road outside the prison about three hours into the stand-off, armed officers wearing safety vests and helmets could be seen several metres away from the two shirt-less prisoners. The prisoners were well within the perimeter of the jail and there was no chance of them escaping. An ambulance was on stand-by at the prison,

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built for minimum and medium security inmates. The company that runs the privately operated 790-bed prison for the State Government, the GEO Group last night was not commenting on the incident, and it was not known if the facility was in general lockdown. Negotiations were still ongoing last night. *January 28, 2009 Daily Advertiser*

Junee Correctional Centre has been trialling new staffing arrangements in a bid to address ongoing high complaint rates. The State Ombudsman's annual report, which was released yesterday, says the number of complaints from the Junee Jail in recent years is significantly higher than from other similar sized centres. It says that may be due to physical separation of inmates and staff. The report says the centre's management is trialling placing staff in inmates' accommodation for fixed times each day to handle requests and questions which has resulted in a slight reduction in calls to the Ombudsman's office. Junee Correctional Centre received 341 complaints over the year. The report also includes details of an inmate reporting a reduction in toilet roll rations and says at the time of the complaint the toilet rolls became jail currency and were stolen from cells. It says when management was contacted they acted immediately to investigate and fix the situation. In a statement, the GEO Group, which runs the jail, says it acknowledges the remarks and looks forward to working with the Ombudsman to address any issues. *October 23, 2008 ABC News*

In accordance with the published annual reports from the Department of Corrective Services to the NSW Government the Correctional Centre Management Fees paid to the contractor, The GEO Group Australia, have totalled AUD $96,923,000 for Junee Correctional Centre, for the period 2005-08. This figure of over AUD 96 million includes the PLF (profit) component and as they have not received a penalty against this 2.5% of the Operational Service Level Fee payable in arrears, equates to AUD$2,423,075 for this period. Since 2005 costs to the Department of Corrective Services have increased 18.49%. For 2008 they received $26,648,000 in Management Fees with a capacity of 790 inmates with an average increase of 6.16% since 2005.

CHS does not provide medical coverage to Junee Correctional Centre. Using the Operational Service Level Fee paid for 2008 of $26, 648,000, subtracting an approximate wage total of $1,065,920 for 250 staff and $264,186.27 for medical needs this leaves a balance of $25,317,894 or $87.80 per inmate per day. During the Parliamentary Inquiry into value for money from correctional centres GEO costed their inmates per day rate at $81.86. (Not including overheads from DCS)

GEO supplies medical services to its three correctional centres in Australia; Junee Correctional Centre NSW, Arthur Gorrie Correctional Centre Queensland and Fulham Correctional Centre in Victoria as well as through its subsidiary Pacific Shores Healthcare for nine public correctional centres in Victoria. This equates to about 4873 inmates that are receiving medical care by The GEO Group, in Australia. These government contracts would allow The GEO Group, Australia to purchase the medications and other healthcare needs at extremely good pricing structure using predominately generic medications and allow them to affray their total costs by spreading it over the total oganisation.

The GEO Group, Australia was selected as the preferred tenderer on the 1 January 2009 by the NSW Department of Corrective Services. The contract could be for another period of fifteen

years inclusive of renewal options. Australian revenues increased approximately US$15.0 million due to favourable fluctuations in foreign currency exchange rates during the period, contractual adjustments for inflation and improved terms and an increase of 50 beds at the Junee Correctional Centre as reported in the Annual report for The GEO Group Inc. 2007, the parent company of The GEO Group, Australia. Australian operating expenses during the same period also increased by US$13.1 million due to fluctuations in foreign currency exchange rates during the period as well as additional staffing and expenses related to contract variations.

Since July 2001 the custodial staff at Junee have worked 12 hour shifts instead of an 8 hour shift which has resulted in considerable reduction of labour costs for The GEO Group, Australia but has had a consequential flow on of reduced out of cell hours, less officer interaction, increased complaints as experienced by the NSW Ombudsman and case management problems. This would add up to increase of revenue for the company.

Based on what has been reported under various reviews by the Ombudsman, Parliamentary Inquiries and the Departments Monitor all that can be said of the contractor The GEO Group, Australia is that it is just materially in compliance of its contractual terms. On this basis has it been efficient in reducing recidivism through education and employment opportunities it cannot be identified as the Department is still accepting all of those risks. Employment opportunities at Junee are less than what is available within the public system. If anything the inmates may be at a disadvantage because of this. The Department averages 80% employment and Junee has been struggling to obtain the benchmark of 65% as identified in various reviews.

5.1.2 Who are the private correctional companies in Australia

Since 2000 the level of private correctional facilities has changed by one. This was due to the state of Victoria taking back the Deer Park Metropolitan Women's Correctional Centre (MWCC). On 3 October 2000, the government took control of the facility and appointed an administrator under section 8F of the Corrections Act, and section 27B of the prison contract to operate the prison. On 2 November 2000, the Minister for Corrections announced the transfer of ownership and management of MWCC to the public sector. It is now known as the Dame Phyllis Frost Centre with an operating capacity of 260 women inmates of maximum security classification.

Serco Australia (a subsidiary of Serco Group plc) took over the AIMS contract for the 750 bed, Male Medium Security Classification Acacia Prison in Western Australia in May 2006 and the 490 bed, Male Medium / High Security Classification Borallon Correctional Centre in Queensland from MTC in January 2008.

G4S Australia Pty ltd (a subsidiary of G4Securicor) previously known as GSL Custodial Services took over the AIMS Corporation operational contracts in August 2007 for Court Security and Custodial Services (CSCS) for the Western Australian Government. They have the contract to run Port Phillip Prison in Victoria, Wilfred Lopes Centre for Forensic Mental health in Tasmania, Thomas Embling Hospital in Victoria in conjunction with Forensicare, Long Bay Forensic Hospital NSW and Mt. Gambier Prison in South Australia, South Australian Movement & in Court Management, Victorian Court Security Services and Victorian Prisoner Transport.

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Management & Training Corporation (MTC) nil facilities since they lost the contract for the Borallon Correctional Centre in January 2008.

The GEO Group, Australia (a subsidiary of The GEO Group, Inc.) has the contract for the 890 bed Remand Centre Arthur Gorrie Correctional Centre in Queensland, the 790 bed Medium / Minimum Security Classification Junee Correctional Centre in NSW and the 845 bed Medium / Minimum Security Classification Fulham Correctional Centre in Victoria.

6 Rehabilitation

6.1.1 Rehabilitation programmes and mental health services

The courses offered by the private operator at Junee are not as extensive as the public system and this will have an impact on the Drug and Alcohol Addiction Program and Relapse Prevention Program. These two programs are funded from the Drug Summit Budget and run in the public correctional centres. They are predicated on 'what works' in reducing offending research, based on the premise that interventions targeting those at higher risk of recidivism have greater impact. More than 70 percent of offenders entering into the NSW correctional system face charges that are drug-related. Many of these offenders are classified as being at high risk for re-offending, and therefore are prime candidates for alcohol and other drugs (AOD) treatment programs. However, many of them refuse rehabilitative programs. Offenders in this category require highly motivational programs that target not only AOD issues, but also anti-social behaviour and criminal thinking patterns. The Traineeships, under the auspices of the NSW Department of Education and Training as part of the Commonwealth Australian Apprenticeship Program for selected inmates in correctional centres, many of these traineeships are integrated with work opportunities across a range of Corrective Services Industries (CSI) business units and would also be affected.

Private System

Junee Correctional Centre Programmes Department is staffed by: 6 x Psychologists, 5 x Specialist Counsellors – Indigenous Specialist, Throughcare Specialist, AOD Specialist, Special Needs & Women's Specialist, Disability Specialist, 3 x Case Management Coordinators, 1 x Employment Specialist. (Employment services are provided by Wesley Uniting Employment + delivering financial education and advice). A Chaplaincy service and a recreational specialist are also employed. The education department is currently supplied through a partnership with East Gippsland TAFE (VIC) who employs 10 x Vocational Trainers and Educators. The training staffs operate in parallel to the production industry to provide on-the-job training. A further development of the partnership is the running of specific industry OH&S programs as well as targeted pre-employment programs, tailored to meet client requirements for basic pre-employment skills and safety training on the equipment within the specific industries they are working in. They utilise industry-based trainers who have full access to the production floor, but they do not have a role in production supervision. The trainers conduct on-the-job training and

workplace assessment in industry as well as conducting small classes in an education facility located next to the industry production area. This training facility has areas for Engineering (welding), another small workshop and two small classrooms. This arrangement allows the trainers a deal of flexibility in the training strategies they can use. They can work alongside a student on the workshop floor, conduct sessions in the training workshops, show a training video or run a theory class in the classroom. The breadth of skills and underpinning knowledge required to gain competency can be achieved despite the restrictions of a limited production items in the industry area. This model of workplace training and assessments allows production and training to occur in parallel. Currently they deliver training in the industry area in engineering, furnishing and transport and distribution. As well as these programs based in the main prison industry they also deliver hospitality training in the prison kitchen and horticulture and outdoor equipment training to grounds workers. A particular success in this area has been in horticulture training. The horticulture teacher at JCC has delivered accredited training to workers in the prison protea plantation enabling successful harvesting of the protea crop. The hospitality teacher conducts training on all kitchen equipment. This has many benefits – the prisoners will have the skills to operate the machinery safely and efficiently, which will benefit the operation of the kitchen by reducing risk of injury to workers and damage to equipment. At the same time the prisoners will receive qualifications to enhance their employment opportunities on release. The basic principles underlying this model are that prisoners employed will be enrolled in nationally accredited modules and receive basic induction training in Occupational Health and Safety and safe machine operation specific to their work area. The TAFE teachers work closely with GEO supervisors in each area to identify skill shortages and training requirements. Job allocation in the industry area reflects the level of training received and as inmate employees progress with their training they are also able to progress through pay scales i.e. the more training they do, the more pay they can get. As well as offering training in skills specific to industry production, EG TAFE also run communication modules within the industry training facility. As workers can move out of the production area to the education area with no loss of pay they are much more willing to undertake these modules than when they were delivered outside the industry area.

Pre-Employment Programs

The aim of this program was to provide basic / generic skills for any inmate wishing to be employed at JCC. Then, once employed, the inmates would be expected to undertake specific training relevant to their work area. The program was made a pre-requisite for employment and consisted of modules related to: Occupational Health and Safety, Workplace Induction, First Aid, Asset Maintenance and Food Hygiene.

These modules are aligned with the main employment areas of the centre – Industry Production, Unit Maintenance (cleaners) and the Kitchen. It operates as a 3-day program with a key aim to deliver a set of skills and knowledge that will prepare prisoners for work within the centre that meets both the needs of the prisoners and the needs of the centre management. It is compulsory for prisoners to complete this program before they can be employed. Once employed inmates then undertake occupational health and safety training specific to their area of employment. It is a condition of ongoing employment that this training is completed. The pathway from induction, through training, into employment ensures that education is an integral component of the operation of the correctional centre.

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Their Throughcare initiatives include an established and ongoing relationship with Probation and Parole, DCS, DOCS, Department of Housing, Salvation Army and a range of Rehabilitation providers. Centrelink services, Pre-Release courses covering topics such as health and diet, budgeting and identifications issues. Their Throughcare strategy is based on HMP Worlds in the United Kingdom. HMP Worlds has the following courses to try and minimise recidivism: Reasoning & Rehabilitation (R&R), C.A.L.M. (Controlling Anger and Learning to Manage), G.E.A.R. (Group exploring addiction and relapse), Alcohol awareness, Drug Awareness and R&R Booster Program. Within the centre there is one government department and that is the Probation & Parole Service providing probation and parole services to the institution and the local community. A partnership has been developed between the parole unit and the GEO offender services and programs unit in a similar model as demonstrated by HMP Wolds.

Throughcare officers are members of staff responsible for preparing inmates' accommodation, AOD treatment, etc. during the post-release period.

Public System

To target the root causes of offending behaviour, the Department offers offenders in both custody and the community specialised programs to combat risk factors for re-offending. These risk factors include drug and alcohol addiction, literacy issues, impulse control and lack of skills. The Department has a focus of improving offender education levels to support their successful community integration post-release. The Department introduced basic skills testing early in a sentence, to ensure offenders with high education needs are put into education programs. The Adult Education and Vocational Training Institute (AEVTI) introduced new certificates still emphasising literacy and numeracy, but have stronger linkage to vocational skills. In addition, the Department operates Intensive Learning Centres at Wellington and Windsor. A Basic Skills Assessment (BSA) determines offenders' levels of reading, writing and numeracy, allowing the Department to give priority to addressing learning deficits.

The Department of Corrective Services operates 466 programs in custody and the community to reduce the rate of recidivism among prisoners which for NSW is 46.8% (28.3% given a prison sentence, 18.5% given a community order as opposed to a further custodial sentence). This is still higher than the National Average 27.6% for custodial sentence and 16.2% for a community order.

The following is a sample of the various courses run by the Department which target the offenders being identified as being of most need:

Aggression and Violence – Anger management, CALM-Controlling Anger and Leaning to Manage it, Domestic Abuse program, Social Interaction Program, Violent Offender Treatment Program (VOTP)-High Risk, VOTP Maintenance, VOTP-Moderate

Alcohol, Drugs and Addictions –Alcoholics Anonymous (AA meetings), Drug & Alcohol Addiction (Custody-based), Drugs: The impact of Dependence, Getting SMART, Narcotics

Anonymous (NA meetings), PATHWAYS-Criminal Conduct &Substance Abuse, Relapse Prevention (Custody-based), SMART Recovery Maintenance Groups, The Best Bet ...Is the One You Don't Have

Cognitive Skills – Think First and Life Management

Community Engagement – Hey Dad! (Aboriginal), Nexus, Responsibilities & Rights, Think & Link, Hey Dad!

Readiness – Managing Emotions, Motivational Enhancement, Personal Effectiveness – Communication, Mental Fitness, Working in Groups, Self and Others, Seasons for Growth, The R Program

Sexual Offending – Sex Offender Program (CUBIT), Sex Offender Program- Maintenance, Sex Offender Program-Preparatory, Sex Offender Program-Understanding Sexual Offending, Sex Offender Program-CORE (CUBIT Outreach)

Women Offender Programs-Mothering at a Distance, Supported Play Group, Women's DV program-Out of the Dark, Women's Life Management

The Department offers group-based interventions to offenders in custody and in the community, providing accredited programs that aim to reduce the risks of re-offending. This was enhanced by continued collaborative partnerships with other agencies including the Roads and Traffic Authority (RTA), the Motor Accident Authority and TAFE NSW.

Mental Health Support

The Department caters for the mentally ill in the correctional system with the ten bed mental health screening unit and nine bed clinic for women at the Silverwater Women's Correctional Centre, forty bed Mental Health Screening Unit for male inmates at the Metropolitan Remand and Reception Centre at Silverwater and the one hundred thirty five bed Forensic Hospital and eighty five bed Prison Hospital at Long Bay Complex which includes forty beds for acute mental cases. In addition, the Department together with Justice Health work with other health agencies and their Community Mental Health teams to effectively manage offenders with a mental illness in the community and to support offenders with a mental illness who have been sentenced to a community-based supervision order. The Department houses and manages one hundred and thirty forensic patients with nine forensic patients in normal correctional centres and one hundred and twenty one in either the mental health screening units or the forensic hospital. *(Mental Health Review Tribunal Annual Report 2007-08)* The Hon. John Hatzistergos MLC stated the Forensic Hospital was due to commence operation and start taking patients from the Long Bay Hospital on the 28 November 2008. *(NSW Government, Records of Legislative Proceedings (1824+) Hansard & Papers Legislative Council 13 November 2008)* These forensic patients are to be managed under the Mental Health Amendment (Forensic Provisions) Act 2008 which it is presently expected to commence at the end of February 2009 when it is expected the new Forensic Hospital will come fully on line. *(Mental Health Review Tribunal Annual Report 2007-08)*

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Department of Corrective Service - Community Corrections

COSP Centres

The Department of Corrective Services' (COSP) Centres are a non custodial community based service where offenders on parole (including court based parole) or a community based sentence, can reside and participate in programs aimed at reducing re-offending, protecting the community and assisting in the re-settlement process through involvement in community services.

They are to be located at Windsor, Campbelltown, Malabar, Wellington, Wollongong, Newcastle, Bathurst and Kempsey. The centres have been opened at Windsor, Malabar and Emu Plains. *(Annual Report DCS 2007-08)*. To fund the program the department closed a 300 bed prison releasing $18 million and appropriated additional funding from the government for Community Offender Services. This is the first time in the Department's history that it closed a centre this way. The department decommissioned Campbelltown Periodic Detention Centre, Emu Plains (officer residential premises), and Area 7, Long Bay Correctional Centre for conversion to Post Release Transitional Centres. In addition, thirty four psychologists' positions were moved from correctional centres into the community. Community Offender Services managers have access to psychology services for offenders. These psychologists will be involved with the supervised offenders and their families.

Two new units were formed reporting directly to the Commissioner:

- **Special Visitation Group**
  To improve community supervision, the Department formed the Special Visitation Group (SVG) to make unannounced home visits on high risk offenders in the community.
- **Offender Compliance and Monitoring Unit**
  The Department introduced a centralised Offender Compliance and Monitoring Unit (OCMU) to monitor all electronically supervised offenders, whether on home detention or external leave programs while in custody. The OCMU is supported by special legislation for compliance monitoring officers to enhance supervision.

Every Probation and Parole Officer in the State now has the opportunity to progress from minimum level 5 to maximum level 8. The Department is committed to assisting officers achieve the necessary competencies to gain the 7/8 bandwidth. There is now a very real possibility that each Probation and Parole Officer will be able to attain 7/8 level. This has been approved by the Public Employment Office on a one off, transitional basis. *(Commissioner, NSW Department of Corrective Services, Brush Farm Academy)*

Given the statements above and as some of these centres have been operational for approximately twelve months providing twenty four hour supervision with the focus on addressing re-settlement issues including criminogenic needs by offenders participating in programs that are to target reducing re-offending and life skills has there been any studies done by the Department to see if they are cost effective or are they waiting for the new Community

Corrections Order which was recommended by the NSW Sentencing Council in its *Review of Periodic Detention (December 2007)* to replace the Periodic Detention Scheme before conducting the analysis?

One of the recommendations of the report into Periodic Detention was for the provision of transitional or similar centres where offenders on parole or subject to an Intensive corrections order (ICO) could reside, and participate in programs aimed at reducing their re-offending behaviour.

DCS funds four specialist offender supported accommodation and transitional services run by non-government agencies. These are: Community Restorative Centre (CRC) accommodation (maximum 7 offenders after 2 week assessment period), Guthrie House (maximum 10 offenders), Rainbow Lodge (maximum 12 offenders) and New Horizons Enterprises (maximum 3 offenders with mental health issues). CRC, Guthrie House and Rainbow Lodge have varying exclusions ranging from mental health, violent offenders and sex offenders. Emergency Accommodation Funding which is funded by the Drug Summit scheme targeting medium to high risk (of re-offending) adult offenders with potential drug and alcohol relapse issues(and may include people with mental health, intellectual and physical disabilities) to provide short term emergency accommodation for fourteen days. Parolee Accommodation and Support scheme that targets offenders with mental health or intellectual disability to provide accommodation and living skills for each parolee to gain independence necessary before transfer to mainstream accommodation. Supported Offender Accommodation Program (SOAP) – supported accommodation for drug court and home detention offenders living in the Mt Druitt and Penrith Areas.

Given that there is a severe shortage of reasonably priced mainstream accommodation and a level of homelessness amongst the offender population it would appear that these COSP centres will be constantly at capacity till other avenues are found in the general community. The Departments 2004/05 Annual report states: *"During the year, welfare and services and program officers made over 8000 contacts to support accommodation deficits for those returning to the community."* *(Department of Corrective Services 2004/2005 Annual Report)*

It would then correlate that the Department would have to close further centres just to keep up with the demand for accommodation when the Intensive Corrections Order comes into force and for Parolee's that cannot find housing in the general community. The successful completion rate of an offender completing his / her parole is at present 60% (Court based) and 68% (Parole Board) will place an additional burden on these facilities when new parolee's have conditions placed on their parole to attend these centres. This is in stark contrast to the Departments building of correctional facilities with an ever increasing offender population as reported by government.

"Additionally, monitoring the alarms of offenders in the community wearing electronic and satellite monitoring equipment have been contracted out. However, the department has a shift manager on duty 24/7". *(Public Hearing 23 February 2009 Inquiry into the Privatisation of Prisons and prison-related services page 4 uncorrected versions)*

This statement above by the Commissioner of Corrective Services I believe requires clarification. The Offender Compliance and Monitoring Unit Officers (OCMU) have a state-wide responsibility and have special legislation to monitor the offenders that are outside the correctional centre on weekend leave, subject to parole or a community order. These officers get their enhanced supervision powers from the Crimes (Administration of Sentences) Act 1999 No 93 part 235G. The functions exercisable by compliance and monitoring officer may include any of the following:

a) Functions associated with the conduct of an intervention program under Part 4 of Chapter 7 of the Criminal Procedure Act 1986,
b) Functions associated with the administration of an extended supervision order or interim supervision order under Part 2 of the Crimes (Serious Sex Offenders) Act 2006,
c) Functions of a correctional officer under part 4A of the Summary Offences Act 1988 in relation to offences relating to places of detention,
d) Functions of a probation and parole officer, or of any other person within the Probation and Parole Service, under this or any other Act,
e) Functions of a correctional officer under section 39 in relation to the arrest of inmates unlawfully absent from custody.
f) Functions of a correctional officer under the regulations in relation to testing of offenders (including offenders who are release on parole) for the presence of alcohol or drugs,
g) Such other functions as are ancillary to the functions referred to in the forgoing paragraphs,

But only in relation to offenders who are outside a correctional centre and only in relation to offenders who are of or above the age of 18 years.

The functions referred to above may be exercised in relation to an offender, in accordance with the legislative provisions under which they arise, wherever the offender may be.

The statement above is not to be construed as conferring on compliance and monitoring officer any power to enter premises otherwise than with the consent of the occupier of the premises.

Compliance and monitoring officer may use such force as is reasonably necessary in the exercise of his or her functions under this section.

The Act lists an offender as an inmate who is absent from a correctional centre, an offender referred to in Part 8 of the Crimes *(Sentencing Procedure) Act 1999*, an offender or accused person the subject of an intervention program under Part 4 Chapter 7 of the *Criminal Procedure Act 1986* or a sex offender the subject of an extended supervision order or interim supervision order under Part 2 of the *Crimes (Serious Sex Offender) Act 2006.*

The functions listed above of these compliance and monitoring officers also are for offenders that have electronic ankle bracelets fitted to allow effective monitoring to be undertaken whilst they are in the community. The functions will be increased when the Community Corrections Order (ICO) legislation is enacted by Parliament as it has a mandatory requirement that all persons subject to the ICO will be electronically monitored 24/7 for the period up to three years.

This would be by the officers of OCMU. The officers have a duress button fitted to the radios to allow police to respond if there is trouble or they can utilise the officers from the Special Visitation Group to assist them in their functions of monitoring these offenders in the community if required.

Thereby with the Commissioner contracting out the monitoring does he intend to extend these extensive powers to the private contractor? There would be a potential for two thousand offenders in the community being monitored by GPS.

7 Conclusion

7.1.1 What can be done? ... Conclusion and recommendations

The dominance of neo-liberal ideology in post-industrial societies has meant that the prison has not been left untouched by decision-making models founded on 'economic rationalism'. Chomsky *(1999)* has argued that this is part of a systematic effort to erode democracy, which in his view benefits corporations and governments. Both are able to distance themselves from the will of the people and act in ways that are mutually beneficial to ensure expanding profits for corporations and a diminished citizenry for governments to have to respond to. The privatisation of prison management and prison building connects punishment with profit, and although many argue that the sentence and the administration of that sentence can be separated, this paper indicates that there are significant areas of overlap.

The expeditions of private capital into areas that have been off limits are indicative of the crises that face the expansionist imperative of capitalism in economies that are no longer industrially oriented. As capital looks for places to grow, public sector services are a logical focus and prisons have not been left out of this process. Within the context of private prison operations, effective accountability plays a vital role in order to provide the conditions that enable the private provider, the state and citizens to scrutinise penal policy and operations. Unfortunately, as this paper has shown, the technical mutations of accountability have dominated these processes and it has also been argued that the emphasis placed on procedural accountability has helped obfuscate the ethical and moral components of accountability relationships.

The idea that profits can be derived from punishment presents our society with a considerable ethical dilemma, and those opposed to such a relationship have often couched this opposition in terms of the superiority of the state over the private sector. The difficulty with this argument is that public prison systems are also riddled with problems, and a debate that centres on the provider can fail to analyse the role of prisons and punishment within society. Raising ethical accountability issues creates a level of complexity that can be confusing and messy, but such issues can lead to deeper considerations of the inequities that operate within our societies and the impact these have on criminality; the prejudices that are institutionalised and the affect this has on the ways we define deviance and illegality; the alienation experienced within post-industrial society and the corresponding need to act out; and the ways that power operates to define the parameters of the acceptable and unacceptable. It is in this way that punishment is both a social

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expression and an instrument of social control, wherein discussions about the role of the state in sentence administration can be a distraction from the deeper issues of economic, political and social influence. Unfortunately, the technical mutations of accountability appear to have provided a vehicle for such distraction.

Is it reasonable to expect the public sector to behave like entrepreneurs? Conversely, is it realistic to think the private sector will have the public interest as its default priority? In reality, these expectations are not easily met. As explained the realities of the new public sector have 'exposed an accountability gap between the accountability doctrine, conventions and reality.

Practice has moved ahead of the doctrinal adjustments required of the traditional [public sector] model, creating vagueness, gaps and disagreements'.[18] The change in how governments are now required to 'do business' highlights the requirement for superior accountability institutions, mechanisms, remedies, procedures and relationships which advocate on behalf of public stakeholders. These accountability tools need to ensure that public knowledge obligations are accommodated. Private sector involvement in social infrastructure remains highly political and sensitive, with the debate about public versus private primarily focusing on costs or value for money. This is a narrow discussion and the real contemplations should also involve quality and public accountability considerations. As contended by Sturgess:

> Public officials must understand the purposes of [public service] markets and insist service providers address key public policy objectives. They should be selective about the kind of providers allowed to participate ... [and] also understand how to attract quality providers with a diversity of business models to guarantee truly competitive markets. ... Governments are ... right to seek good employment practices ... [and] entitled to engender enhanced accountability.[19]

As the new forms of public service organisation become more common, there is a need for hybrid models of accountability. The public accountability framework governments currently use for PPPs arose from those designed to oversee simpler and more stable organisational structures and provide debatable public sector governance. It is now time to deal with the inadequate accountability mechanisms, remedies, procedures and relationships employed in today's complex and variegated public administrations.[20]The traditional accountability mechanisms served their purpose well under the traditional public governance models, but do not meet the needs of a public sector that uses PPPs to deliver government services and infrastructure.

Moreover, the social contract is undermined by the lack of transparency in PPP projects with commercial confidentiality clauses used excessively to prevent citizen access to public information. The Institute for Public Policy Research argues that 'a more robust and comprehensive framework for the release of information on PPP projects would help to foster confidence and thereby encourage members of the public to get involved with what may potentially become new democratic arenas'.[21]While PPPs are imperfect, they work well when certain conditions are present. PPPs may be appropriate when commercial confidentiality clauses are not too onerous to limit public access to important information; when the public accountability mechanisms used to scrutinise are sufficient to disallow opportunities for

corruption and patronage; or when the private partner's information asymmetry is so minimal that the public interest is not affected.

However, when one or more of these conditions do not hold; or when public accountability cannot be met under the PPP arrangements; when the social contract is undermined by the lack of transparency; or when the community would be disenfranchised because of lack of public access to public information, a PPP may not be the best public policy approach.

A critical examination of the NSW Government's "Value for Money" report into prisons reveals that the cost data presented in the report provides an inadequate basis for policy decisions about the appropriate mix of public and private management of prisons in NSW. That the cost data was found wanting prompts the question of why the privatized model of prison management was held to deliver superior 'value for money'. One possible answer to this question is that the Government has been influenced by neoliberal theories of policy-making to such an extent that it prioritizes private over public forms of management even when there is little cost-data to support the neo-liberal belief that privatized modes of service delivery are inherently more efficient than public modes. While not denying the influence of neo-liberal ideology upon policy-makers, it has to be argued that a more plausible explanation is to be found in the disciplinary leverage afforded to the government over unions in negotiations over workplace reform through the ongoing existence of a privatised prison in NSW. This highlights the ways in which the presentation of accounting information can mask power relations and political agendas and therefore that critical-analytical tools have an important role to play in their interpretation.

While the NSW prison population is largely young and male, an increasing number of women are also spending time in jail. Aboriginal people, people with intellectual disability, alcohol and other drug dependence, mental health issues, histories of violence and abuse, histories of state care and/or parental imprisonment, interrupted or limited education and high unemployment are over-represented among prison inmates, when compared to the NSW general population. It could be expected that having any one of these characteristics may add to the complexity of accessing legal services and/or addressing legal/rehabilitative need. However, the data reported above suggest that many prisoners may in fact face multiple and interrelated forms of disadvantage, adding to the complexity of addressing their needs. Further, these statistics have indicated that both the overall size of the prison population and the numbers of prisoners with complex or special needs is increasing and therefore issues regarding access to justice and rehabilitation are only likely to increase in the future.

Based on what has been reported under various reviews by the Ombudsman, Parliamentary Inquiries and the Departments Monitor all that can be said of the contractor The GEO Group, Australia is that it is just materially in compliance of its contractual terms. On this basis has it been efficient in reducing recidivism through education and employment opportunities it cannot be identified as the Department is still accepting all of those risks. Employment opportunities at Junee are less than what is available within the public system. If anything the inmates may be at a disadvantage because of this. The Department averages 80% employment and Junee has been struggling to obtain the benchmark of 65% as identified in various reviews.

Information collected from the internet for this report

Our prisons are being squeezed between two diametrically opposed pressures: the need to minimize costs in the face of significant government revenue shortfalls, and the public's intolerance for crime and criminals. The latter is being increased by an increasing number of offenders being sentenced to terms in prisons. Prisons are having to accept more inmates than they are designed to hold, and the number of inmates double bunking is increasing. As indicated by research, there are significant monetary and non-monetary costs to overcrowding. These include the negative impact on prison staff, including stress, inmate assaults on staff and increase in the number of staff needed to ensure safe staff-inmate ratios and staff turnover and use of sick leave. Then there the financial costs of expanded medical, educational and recreational resources, renovations to the physical plant to address increased demand on heating, ventilation, sewage disposal and lighting capabilities. Also the cost of dealing with increased disciplinary infractions; inmate assaults on inmates and the cost of dealing with increased drug use and the spread of infectious diseases.

In addition to these direct costs in the operation of prisons, there are the indirect costs to society associated with return of inmates who see themselves as having been housed like animals. Their anger at society's treatment of them and lower self esteem will inevitably result in an increased likelihood of a return to criminal behaviour, with a greater propensity for violence.

The overcrowding in prisons brings into sharp focus a public policy issue that this and other governments have ducked for decades. The issue referred to is the increasing public demand for tougher sentencing of criminals coupled with the public concern about government deficits and debt. Clearly, at some point, a choice has to be made: we as a society have to either accept that tougher sentencing means more money spent on building more prisons, or else (if we're not willing to spend the money) fewer and shorter prison terms for offenders.

The government is spending a lot of money over time to improve courts and the community using them and this is good to see but, what the public doesn't see is the cells that the offender is housed in and staffs have to work in. They are usually only have artificial light, poor ventilation and they become cramped depending on the court load for the day or if the police have caught new offenders. The offenders have their own problems depending on their offences; they may be threatening self harm, under the influence of alcohol or other drugs and the level of stress sometimes is quite high. Staffing levels at the courts with cells that are 24 hour and house inmates for periods of time due to crowding should be looked at to reduce stress levels and the cycle of sick leave and overtime.

If you look at the size of the majority of public prisons and this goes for the "Way Forward" centres as well is they are designed to house smaller size population of offenders for management reasons. The majority of centres you cannot do much in the way of extensive modification due to State Heritage Listing. The vast spread of centres around the state imposes limitations on public utilities locally i.e.: sewerage, water and power so an increase of inmate population will have an impact on them.

My recommendation for the government is to not privatise the facilities and to return Junee back to public operation, allowing the Department to sit down and sort out the manning requirements with its workforce with the assistance of the Industrial Court as the mediator for its Way Forward

agenda. Any savings from this would allow the manning of Junee, the courts and transport to reduce overtime. The staff at Junee can be given the option of retraining by the department at the Brush Farm Academy to fill any vacancies identified during arbitration. The reason for this recommendation is I believe that Junee even though it is materially in compliance with its contract has not delivered the savings believed and the Department is still carrying all of the risk for recidivism of the offender. By being at Junee I believe the offender is being disadvantaged to a degree of lower employment prospects and courses offered to reduce his offending behaviour.

It appears Queensland Corrective Services and the Government have analysed their projected growth of inmate population into the future and have decided to build a correctional complex at Gatton to house 3000 inmates with 1750 staff. This site was chosen due to good access to their remand centre, trade routes and the capacity of the local area to support it. They have realised that small prisons are inefficient compared to large prisons irrespective of private or public.

I propose that the Department of Corrective Services do this in a similar way. Looking at all of the complexes they have, the only one that has a capacity to grow substantially is the John Morony Correctional Complex. It is close to the remand centres, good transport links and a good capacity for the area to support it. The Long bay complex should be utilised further to supply more intensive rehabilitation programs and to cater for any additional programs needed to rehabilitate core offenders rejecting rehabilitation.

By increasing the utilization of the John Morony Correctional Complex would allow the department to house their offenders from the beginning of their sentence till the end of the sentence at one site instead of being transported around the state thereby reducing offender movements even further and the costs associated. Instead of separate Segregation Units in each prison a complex could have one segregation unit of sufficient size for the complex where one standard is applied to the offender with increased efficiency and associated costs from staff. With a secure perimeter and one point of entry together with increased use of technology at that point through the use of X-ray machines to combat the drug problem and trafficking into a correctional facility would also cause a reduction in crime. As each visitor is x-rayed like an airport the required searching at each visit section entry point of the respective prisons would be not required with an increased efficiency gained there and cost reduction. The complex would house all classifications of offender. As each centre is built and inmates transferred there it would then allow some of the other centres to be converted to a COSP centre for community corrections because if they have Heritage listings against them they would still need to be maintained. This would allow increased employment prospects for the community. Additionally a construction project of this size would allow the Government to rehabilitate the disused Trade waste facility adjoining the complex.

During this time of uncertainty with the economic climate and the recession happening around the world and with governments being asked to prop up private industry a construction of the type envisaged would be able to employ a large workforce over a long period of time, which will assist the Australian workforce with so many jobs forecast to be lost. It is my recommendation that the government increase its borrowing and fund this in a more traditional manner as they can borrow at far cheaper interest rate than the private sector can.

Information collected from the internet for this report

With respect to the contracting out the monitoring of offenders in the community parliament should get immediate clarification on this subject from the Department as I have mentioned that the monitoring officers have extensive powers to do their job of monitoring offenders in the community.

THE EXPERIENCE OF PRIVATISATION OF PRISONS AND PRISON SERVICES IN OTHER AUSTRALIAN AND OVERSEAS

NOVEMBER 2001

THE EXPERIENCE!

8 AUSTRALIA

GORRIE CONTRACT UP FOR TENDER Australasian Correctional Management Ltd (ACM)'s contract to manage the 710 bed Arthur Gorrie Correctional Centre at Wacol, Queensland is due for renewal. The government has launched a tendering process for a five year contract. The prison has been run by ACM since it opened in 1992. Thirteen prisoners have died from unnatural causes at the prison since it opened in 1992.

DAMAGES OF A$432,000 AWARDED Australasian Correctional Management Ltd (ACM) and the Government of New South Wales have been ordered to pay compensation of AUD$432,000 to a former ACM employee at Junee Correctional Centre.

In 1997 Robert Napier was working as the manager of the prison factory when prisoners threatened his life. As a result, he suffered nervous shock and psychiatric illness. The amount of compensation was set by the judge at Wagga District Court on 17 September 2001 after she found that neither the government nor the company had provided adequate security to protect Mr Napier. ACM has run the prison since 1992.

- The New South Wales corrections department has negotiated with ACM to increase the number of prisoners held at Junee from 600 to 750. Improvements to the facility will be needed in order to cater for the increase.

NEW CONSTRUCTION IN NSW The New South Wales government has approved guidelines for privately financing around AUD$5 billion worth of new infrastructure over the next four years. One of the projects could be a new A$70m prison and a $20m facility with six courts. The government's private finance model is based on the State of Victoria's which in turn was based on the UK's private finance initiative.

According to the government, the New South Wales model of public/private partnerships should not be regarded as privatisation. Under the guidelines, contract summaries for privately financed schemes would be audited by the auditor general and tabled before Parliament. Wider public interests would also be considered before a project is offered for private finance. The policy

Information collected from the internet for this report

document working with Government: Guidelines for Privately Financed Projects was published on 5 November 2001

ASSAULT VICTIMS SETTLE WITH ACM Australasian Correctional Management (ACM) has settled out of court a damages claim brought by eight detainees who were allegedly assaulted by ACM staff at the Villawood Detention Centre at Sydney in April 2001.

The terms of the settlement were not disclosed after a Federal Court hearing lasting several days was concluded on 22 October. The court was still due to hear the detainees' claim against the minister for immigration arising from the same incidents. The detainees' claimed that both ACM and the minister breached their duty of care by allowing a group of ACM guards in riot gear to allegedly punch kick and beat them with batons.

FEDERAL GOVERNMENT UNCHANGED The ruling Liberal/National coalition has won a third term of office as the Federal government of Australia. The coalition, which is responsible for contracting out the country's immigration detention centres to Australasian Correctional Management (ACM), based its campaign on denying asylum seekers the right to enter Australia to apply for refugee status.

The government is currently negotiating with ACM to expand its operations by 3,000 beds.

- Detainees who work in the kitchen for up to AUD$10 per day at ACM-run Port Hedland immigration detention centre went on strike on 1 November 2001. Their aim was to try and get more assistance and, within an hour of taking action, ACM managers agreed a settlement. Ironically, ACM staff had been unsuccessful in their attempt to negotiate with ACM over annual wage agreements.
- the department of immigration and multicultural affairs (DIMA) which oversees immigration detention centres, has advertised for staff for its detention task force. The advertisement states that the task force is responsible for reception and processing of unauthorised boat arrivals, detainee management and removal, liaising with and monitoring outsourced service provision of detention, legislative and policy enhancement on detention issues, the management and administration of the task force as well as managing community perceptions.

JANUARY 2002

VICTORIA DROPS ITS STANDARDS Benchmarks for Victoria's two private prisons have been reduced to allow them to cope with overcrowding. At Group 4-run Port Phillip Prison, rates for positive drug tests, self mutilations, education and industry participation have been reduced. Without these changes the prison would not have met its performance standards as defined by the contract.

The Sunday Herald Sun, 2 December 2001, reported that Group 4 had asked for benchmarks to be reduced because of increased numbers, the presence of a chronic self-harming prisoner and a high proportion of difficult prisoners. The newspaper refers to an annual report which states that

although the number of prisoners harming themselves had fallen, those harming themselves more than three times in one year had risen four per cent. One prisoner had self-mutilated six times. Other issues included:

- the prison has been running at 17 per cent overcapacity with an average of 679 prisoners. The state average was 15 per cent overcapacity.
- There were 128 prisoners on prisoner assaults and 24 assaults on staff.

The correctional services commissioner, Ms Penny Armytage, told the newspaper that services at the prison had "substantially improved." She also said that the decision to relax standards was made after a rigorous review. Victoria's other private prison, Fulham, is run by Australasian Correctional Management (ACM).

ACM MANAGER CHARGED

John Meyers, a senior ACM manager, has been charged by WorkSafe Victoria for allegedly threatening a staff member at the company-run Melbourne Custody Centre. An occupational health and safety representative had alerted WorkSafe to unsafe staffing levels last year. It is alleged that Mr. Meyers threatened to sack the officer if he contacted WorkSafe again. Charges under the Occupational Health Act were due to be heard at Melbourne Magistrates Court. Both the company and Mr. Meyers deny the allegations.

WACKENHUT RETAINS AND EXTENDS HEALTH SERVICES CONTRACT

The government of Victoria has renewed its contract with Wackenhut Corrections Corporation subsidiary Pacific Shores Healthcare to provide primary medical, dental and psychiatric nursing services at nine state prisons and extended the contract to a further two facilities under a deal worth around US $19m. The contract runs from 21 December 2001 and is for two years with a two year option.

Pacific Shores Healthcare has provided primary inmate health care services to nine prisons since January 1998.

- 24 hour strike by nurses at Melbourne Assessment Centre, Victoria's main remand prison, took place on 30 November 2000. The Australian Nursing Federation (ANF) was protesting at the government's decision to retain and extend Pacific Shores Healthcare's contract to provide services to state and private prisons. The ANF also argued that the government had reneged on its pre-2000 election pledge to maintain public health services and prisons in the public sector.
- The Royal Australian and New Zealand College of Psychiatrists has advised its members not to accept jobs with Australasian Correctional Management (ACM) and has called on staff to boycott immigration detention centres run by the company.

The organisation said in December 2001 that medical staff should not work for ACM because of serious concerns about the company's treatment of asylum seekers. Dr Louise Newman said: "We're concerned about the way ACM is treating detainees, including children and unaccompanied minors, in these centres. These are environments which are fundamentally

Information collected from the internet for this report

traumatising and disturbing to the people in there." Dr Newman believes that a boycott would force the department of immigration to admit detainees to hospitals where they should be treated.

COMPETITION FOR IMMIGRATION CONTRACTS Australasian Correctional Management (ACM), the current holder of a federal government contract to operate Australia's immigration detention centres, is facing competition for the renewal of the contract thought to be worth more than AUD$100m.

The Australian Protective Service, the state agency that ran the service before privatisation in 1997, will be bidding as will Chubb Protective Services, British owned and Australia's largest security firm. Chubb was involved in running Australia's first privately managed prison from the outset - Borallon in Queensland - and now provides home detention and prisoner transport services in New Zealand. Chubb also guards the asylum seekers that were headed for Australia last year but are currently being held on the island of Nauru in the South West Pacific. Serco, another British owned company - and Wackenhut's British joint venture partner in Premier Custodial Group Ltd - is also thought to be considering a bid. The federal government is retendering the contract early after a series of riots, escapes, other incidents and a range of problems which have led to doubts about value for money at ACM-run detention centres.

ACM's original contract was for ten years, renewable every three years with the company having the first right to bid until 2008. But, in 2001, the government rejected ACM's bid and decided to put the contract out to open tender. In December 2001, the government issued an exposure draft of the request for tenders. It contains "stronger mechanisms for the management of detention services" and responds to concerns raised by the Ombudsman and other inquiries into the reporting of incidents. It also stated that detainees had become increasingly non-compliant with violent protests, burning of buildings, mass escapes, assaults, the manufacture of weapons and other forms of inappropriate behaviour. Most were calm and cooperative at first but the longer they were detained the greater the chance their behaviour would deteriorate.

The final request for tenders is due in early 2002.

- Corrections Corporation of Australia (as was), settled a federal court claim against the government after claiming that the 1997 tendering process for the immigration detention centres contract favoured ACM. The company settled out of court for an undisclosed sum in October 2001.

LABOR'S POLICY IN QUEENSLAND Evaluation of the bids for the five year contract to run Queensland's Arthur Gorrie Correctional Centre will be completed by mid-2002 with operations under the new contract commencing by the end of 2002. The prison has been run since it opened in 1992 by Australasian Correctional Management (ACM). "The Labor government's policy is to ensure that prisons remain publicly owned with a limited number of privately operated prisons. This contrasts with the approach of the last National-Liberal government which was keen to increase the number of privately run prisons and had plans to sell infrastructure off to private concerns," said Tony McGrady, minister for corrective services, in a press statement on 11 December 2001.

NEW SOUTH WALES: REPORTS ON ACM-RUN JUNEE

"I examined aspects of the selection process and note that neither the report of the Junee monitor nor reports of the Community Advisory Council were formally taken into account as part of the tender evaluation. I would expect that these reports will be taken into account in any future review of the management contract."

So said the "New South Wales inspector-general of corrective services in his annual report for 2000/2001" after noting that Australian Correctional Management (ACM) was reappointed to manage the prison in 2001. Junee Correctional Centre is New South Wales's (NSW) only privately managed prison. It has been run by ACM since it opened in April 1993. In 2001, the contract was retendered and ACM won a further five years with a three year extension option. The new contract commenced on 1 April 2001.The department of justice is increasing Junee's prisoner population from 600 to 750. Although the monitor's report for 1999/2000 concluded that ACM met its contractual obligations under the management contract, the inspector general noted that the monitor "continued to indicate that there were some compliance problems which had been reported on adversely since 1996/97, and it was also apparent that some other deficiencies required follow-up action." The inspector general's report was published before he received the monitor's 2000/2001 report on Junee.

THE MONITOR'S REPORT 2000/2001

As background, the report included the deficiencies identified in the monitor's 1999/2000 review. These included:

- self - help/victim support groups: there was ongoing concern relating to the differing opinions between the department of justice and the programmes unit at Junee as to the delivery of Men's Groups programmes. It was perceived by the department that these programmes were "leaderless and that groups such as sex offenders would have the opportunity to gather unsupervised with a resulting networking." The monitor noted that these concerns have been addressed by assurances that all programmes have a facilitator in attendance.
- core welfare services: there were concerns related to the fact that "there are not dedicated welfare positions within the staffing of programmes. Counsellors at Junee are generalist counsellors." The company stated that the counsellors, in conjunction with the Chaplaincy, address the prisoners' welfare needs.
- alcohol and other drugs (AOD) services: concerns "again related to the fact that there are not dedicated AOD positions within the staffing of programmes." The company assured the monitor that the generalist counsellors are able to address the prisoners needs.
- case management: the monitor reported "concerns regarding the general maintenance of case files and other difficulties experienced during absences of the nominated case officer." These issues were resolved by having a nominated back-up case officer.
- urinalysis: during the review period the monitor "again raised concerns relating to ACM's failure to ensure that inmates returning a positive result were charged in line with departmental procedures." Changes in accountability resolved these concerns.
- buildings maintenance: a maintenance survey conducted in November 1999 "indicated that the centre was looking tired and in need of maintenance to finishes and floor coverings." Work has continued in these areas.

Information collected from the internet for this report

- inmate employment: employment levels were "consistently falling below the national performance indicator of 65 per cent." ACM have since made gains by increasing the number of business units.

THE 2000/2001 ASSESSMENT The monitor's 2000/2001 performance review of Junee also found that ACM "continues to satisfactorily meet its contractual obligations" but, despite some assurances made by the company in response to the monitor's previous report, "continued attention" was required in the following areas:

- core welfare services: "the level of qualification for the unit counsellors stationed in the accommodation areas appears to be unattainable. This will be an issue which will require continued monitoring."
- case management: this area, "in particular the recording and management of inmate applications continues to be of concern." ACM has implemented procedures intended to increase accountability in this area.
- building and maintenance: "there are ongoing issues relating to the replacement of high cost items in the kitchen area. ACM has a contractual obligation to maintain and replace all assets provided by the department [of corrective services]. This will require ongoing monitoring." Also, the floors in the accommodation areas "are beginning to show signs of wear." ACM is investigating options but "this also will require ongoing monitoring."
- inmate employment: "this is an area that has been reported on regularly in other reviews. Actions taken by ACM to increase the level of work available to all inmates ... have fallen short of the benchmark. The plan to increase the inmate population from 600 to 750 inmates, including up to 80 unconvicted inmates, will place further pressure on ACM to meet this benchmark." *Junee Correctional Centre 2000-2001 Performance Report, Appendix 31 to the Annual Report 2000/2001, NSW Department of Corrective Services. See also Inspector-General of Corrective Services, 2000/2001 Annual Report.*

INSPECTOR REPORTS ON AIMS' ESCORT CONTRACT A far-reaching investigation into Western Australia's court security and custodial services contract has exposed limitations in the government's contracting process and monitoring as well as the performance by the operator, AIMS Corporation (formerly Corrections Corporation of Australia).

The inspector of custodial services, Richard Harding, described his first encounter with AIMS' transportation system thus: "a Mazda van was about to be loaded with prisoners for medical escorts. The locked compartment contained two inward-facing metal benches with no restraints or grab handles to prevent passengers from sliding around as the vehicle braked. There was no natural airflow and very little natural light, for the back window was very closely grilled. The compartment was claustrophobic and cramped. An elderly Aboriginal prisoner ... told me that he had been ill on his last journey because of the shaking and discomfort of the van and, more particularly, because he had no sense of where he was or what land he was passing through ... it was evident from such a brief encounter that safety, comfort and duty of care issues were taking second place to security - an impression that was fortified when it emerged that even minimum security prisoners were handcuffed at all times when not in the vehicle."

The inspector also stated that: "our own view, unequivocally, is that some way of improving passenger safety must be found: the limitations of the current [vehicle] design are not acceptable" and that, "in the midst of a bureaucratic fandango, prisoner safety and care issues got left out." Although the benefits of contracting out have been tangible, it was stated that "the hazards have, to this point, offset those benefits. Divided responsibilities have enabled questions of passenger safety, dignity and reasonable comfort to be evaded. The department and the contractor have focused on commercial issues and have reached such a stage of mutual disillusionment that service quality is at risk, and neither party has monitored service quality in an appropriate way." Other findings included:

- of the eight complaints received by the Ombudsman's office over an eight month period, five have been upheld and the results of the other three are still pending;
- evidence gathered from prisoners and prison managers is that many prisoners are fearful of travelling in the vehicles. Some even decline other necessary services - for example, medical escorts - rather than be transported in these vehicles;
- not even the basic toilet facilities are provided for prisoners being transported in the metropolitan area;
- evidence has been gathered that prisoners sometimes have very restricted access to water;
- [staff] asked ... if they would stop if a prisoner were seen to self-harm they responded that they would not do so;
- transportation of those in custody is inconsistent in quality and, at its worst, unacceptable;
- despite being asked for evidence of internal compliance monitoring procedures AIMS was not able to provide the inspector with detailed information;
- the price for the provision of all services for the first year of operation was A$11.7m ... this consisted of A$11.06m as the budget cost, A$165,000 (1.5 per cent of service costs) as AIMS' profit margin and A$497,781 as a performance linked fee. The latter fee is assessed at bi-yearly intervals against 19 performance measures. AIMS; has been paid the full amount of the bi-yearly fee due after the first assessment. Following demands by AIMS employees for increased remuneration and an increase in the scope and volume of transport services provided, the department agreed to increase the total contract price by A$4.15m (to a total of A$15.88m) for the contract year 1 August 2000-31 July 2001.

The inspector's recommendations

1. SAFETY

The department of justice must reassess the acceptability of the vehicles in the context of the contractual obligations placed upon the contractor in relation to "safety, security, comfort and duty of care" and the department's own obligation to grant or withhold approval of the design submitted by the contractor.

2. INNOVATIVE DESIGN TO ADDRESS SAFETY ISSUES

The contractor should develop and implement innovative strategies that address the issues of anchor points, safety harnesses, bench seat design and evacuation hatches so as to conform to its contractual obligations.

Information collected from the internet for this report

3. COMFORT AND WELLBEING DURING JOURNEYS

The contractor must address such questions as breaks for private toilet use, the improved provision of fresh meals and drinking water, access to natural light and the method of climate control to improve the conditions experienced by prisoners whilst being transported.

4. ENVIRONMENTAL, REGIONAL AND ABORIGINAL ISSUES

Factors unique to the provision of transport in remote areas of Western Australia, such as climate and distance, and the fact that most prisoners carried on these transports are aboriginals to whom certain factors are particularly oppressive, must be given specific consideration by the department of justice and the contractor in the design of vehicles and in the development of the rules and procedures governing prisoner transportation.

5. DISABILITY

Vehicles that are appropriate for the movement of prisoners who are infirm or who have a disability must be made available and utilised by the contractor. In addition, proper equipment (such as wheelchairs) to assist prisoners who have problems with mobility due to infirmity or disability must also be utilised in moving prisoners.

6. TRAINING

The contractor must provide proper training to its employees to ensure rigorous procedures are in place relating to safety, rescue and vehicle evacuation. It must also continuously monitor that employees follow the established procedures. The procedures used to monitor the health and safety of prisoners whilst in transport must be improved.

7. TIMELINESS

The contractor must reassess its systems and practices in dispatching transport services to ensure a more reliable and timely service.

8. RESTRAINTS

The blanket policy of using restraints on all prisoners during transportation is not acceptable and must be reviewed. Discretionary use of restraints based upon security classification, age, infirmity and gender must be utilised.

9. DEMAND CONTROL

The department needs to develop measures to control demand for transport services from custodial facilities to ensure the genuine transportation needs of prisoners are maintained while eliminating excessive use of the service.

10. GRIEVANCES

The department needs to introduce a system to allow prisoner experiences of transport services to be documented and linked to the Department's recently introduced grievance system.

11. CONTRACT COMPLIANCE AND COST PRESSURES

The department should develop and implement improved measures to ensure that the contractor is delivering all services in the most efficient manner and not driving its own costs.

12. CONTRACTOR' S INTERNAL AUDIT SYSTEM

A complete and concise operational audit system should be planned and implemented by the contractor as a matter of priority.

13. DUTY OF DEPARTMENT OF JUSTICE TO MONITOR COMPLIANCE REGARDING SERVICE QUALITY

The department of justice must rigorously monitor and enforce compliance with the quality of service issues and work together with the contractor to facilitate the achievement of the above recommendations, including the renegotiation of any terms of the contract as necessary.

14. DEPARTMENT OF TRANSPORT SHOULD TAKE A LEADERSHIP ROLE IN THE DEVELOPMENT OF STANDARDS RELATING TO VEHICLES USED FOR PRISONER TRANSPORTATION

The department of transport should accept that it has responsibility for setting and enforcing standards of vehicles used in prisoner transportation, and produce a new code that reflects the passenger safety concerns identified in this report. *Report of an Announced Inspection of Adult Prisoner Transport Services, Office of the Inspector of Custodial Services, Western Australia.*

MARCH/APRIL 2002

IMMIGRATION CONTRACT TENDERS Short-listing of bids for the federal contract to run detention centres in Australia and a new facility on Christmas Island was due to take place on 10 May 2002. Tenders will close in July and the preferred tenderers will be notified in September. The new contract will start in November 2002. Australasian Correctional Management's (ACM) contract was retendered early after a series of riots, escapes and other incidents that led to doubts about whether the company was providing value for money

A new immigration detention centre to be built at Baxter, South Australia, will have an electrified perimeter fence designed to give escapees a non-lethal shock. A spokesperson for the immigration minister told The Australian, 15 April 2002; that "people have been hurting themselves on the razor wire [used at the Woomera facility] and this is a lot safer."

- ACM's parent company Wackenhut Corrections Corporation's fourth quarter 2001 profits were boosted by the influx of refugees to Australia. WCC's chief executive officer George Zoley referred to "positive Australian immigration centre contract performance."

Information collected from the internet for this report

The Australian Financial Review, 12 April 2002, reported that 3,600 refugees arrived in the second half of 2001 but the number of detainees has fallen from 3,000 to 1,300 over the past eight months.

- The contract between ACM and the department of immigration and multicultural affairs (DIMA) to run the Woomera detention centre north of Adelaide shows that it costs $AUD109,000 per day to detain 785 asylum seekers, according to The Australian, 31 January 2002. ACM was also receiving $AUD70 per day for each of the 700 detainees at Port Hedland in Western Australia.
- Three officers employed by ACM at Woomera detention centre who allegedly seized, interrogated and assaulted a 13 year old unaccompanied Afghani boy have been given their jobs back after first being fired in March 2002 over the December 2001 incident. The officers were reinstated after ACM held an internal investigation into the incident. The outcome of a police inquiry is awaited. A former detention centre medical doctor who both witnessed and reported the incident told The Age, 20 April 2002, that he examined the boy for bruising around the neck and a welt on his face.
- ACM has lost a Supreme Court appeal against a decision to pay workers compensation to a former officer at Port Hedland detention centre. Todd Francis suffered post traumatic stress disorder after he led officers dealing with a riot in May 2001. He has been unable to work since the riot and, in August 2001, ACM fired him. Western Australia WorkCover ordered ACM to pay Mr. Francis compensation back dated to June but ACM appealed.
- The Adelaide Magistrates Court has ordered the DIMA to produce some 50 boxes of documents relating to Australia's detention centres and, in particular, video tapes of incidents at the Woomera detention centre. The court is hearing the case of four Iranian men who escaped from the Woomera facility in November 2001 and who are claiming that they are being held as a form of punishment rather than administrative reasons.
- The human rights commissioner of New South Wales has launched an inquiry into the adequacy and appropriateness of Australia's treatment of child asylum seekers and other children who are or have been held in immigration detention centres. *Also see the Human Rights and Equal Opportunities Commission website at www.humanrights.gov.au*

MANAGEMENT OF PRISONER 'SUB-OPTIMAL' The Victoria state coroner who investigated the death of prisoner Ian Lamb at the Melbourne Custody Centre (MCC) in November 2000 declared that "I am satisfied that the management of the deceased ... was sub-optimal." She also raised concerns about policy and practice at the MCC which is run under contract from Victoria Police by Australasian Correctional Management Pty Ltd (ACM), Wackenhut Corrections Corporation's Australian subsidiary.

"The case raises serious concerns about the training and monitoring of custody staff when charged with the responsibility of managing intoxicated persons. Apart from Mr. Mathieson [the shift manager on the night in question], none of the staff was aware as to what was comprehended by the half hourly checks ...with the exception of Mr. Mathieson, all the custody officers displayed a lamentable lack of familiarity with the requirements of the policy in relation to intoxicated prisoners," said the coroner. Mr. Lamb, 22, had been arrested by police for being drunk and taken to the custody centre where he informed the duty nurse that he had also taken six mogadon tablets. Custody staff mistook Mr. Lamb's subsequent condition for a deep sleep,

the coroner noting that "they are not qualified to make clinical assessments," she said. Mr. Lamb died from aspiration of vomitus and toxicity to alcohol and nitrazepam. The coroner also considered that ACM's duty nurse should not have recommended that Mr. Lamb be kept at MMC and that "she should have arranged for an ambulance to transfer the deceased to hospital."

A report commissioned by ACM and submitted to the inquest doubted the purpose of waking a prisoner in such a condition every half hour. The coroner noted that, since Mr. Lamb's death, the company had made some changes which "would seem to go a long way towards addressing the issues that arose in this Inquest. Primarily this is a training issue, but it should not end there," she said. The coroner's recommendations included: that there should be "refresher training ... provided to custodial staff to ensure continued familiarity with ACM policies and procedures" as well as "on the job monitoring by senior staff to ensure that the policies and procedures are complied with." *Record of Investigation into Death, State Coroner Victoria, Case No: 3642/00, 30 January 2002.*

ACACIA FILLING UP Western Australia's only private prison was due to be filled to its 750 bed capacity by March 2002. In Acacia prison's short history, however, there have been two violent incidents and one attempted suicide reported. The contractor is Australian Integration Management Services (AIMS, formerly Corrections Corporation of Australia) which is now owned by Sodexho SA of France. The contract is worth AUD$21m per year.

- Sodexho now has a 'worldwide correctional services market champion'. He is Mr. Herb Nahapiet, a director of Sodexho subsidiary UK Detention Services Ltd. According to Sodexho's annual report for the financial year ended December 2001, as well as its prison contracts in the UK, Australia and France it provides food services to five detention centres in Spain, 21 detention centres in the Netherlands as well as detention centres in the Italian cities of Avellino, Aversa, Benvento and Pozzuoli. Correctional services contributed Euros 91m, just one per cent of Sodexho's worldwide revenues for the financial year 2000-2001.

VICTORIA'S BRIEFING Victoria's office of the correctional services commissioner held a briefing on 26 March 2002 for parties interested in bidding for two new prison contracts. Both the 600 remand and 300 beds medium security prisons for men will be privately financed, designed, built and maintained. Custodial and medical services and vocational training will be provided by the public sector. According to the government's timetable, preferred tenderers will be announced in February 2003 and construction completed by late 2004. A third prison is to be publicly built and operated.

CORPORATE GOVERNANCE INQUIRY Victoria's public accounts and estimates committee has launched an inquiry to assess whether existing corporate governance arrangements are appropriate. One of the issues for consideration is partnership arrangements between the public and private sectors. The closing date for submissions to the inquiry is 30 May 2002. The committee has also sought submissions for an inquiry into private sector investment in public infrastructure. The inquiry will publish findings on a range of issues including the benefits and disadvantages to the community and the mechanisms used by the government to protect the public interest.

Information collected from the internet for this report

NO SHARE IN REFINANCING WINDFALLS The government of Victoria will not seek to share any benefits arising from the refinancing of PFI projects although it will require consent from a consortium before such a refinancing takes place. According to the April 2002 issue of Update, Infrastructure and Projects produced by international law firm Maddocks, the government's position is based upon the assumption that, in putting in its most competitive bid, the private sector has already passed on to the government any savings it might derive from refinancing.

The most high profile prison project refinancing to date has been that of Group 4/Carillion's Altcourse prison in Liverpool, England. In that case, the consortium made a windfall of £10.7m but only £500,000 was passed on to the government. The latest prison contracts in England are due to state that refinancing windfalls should be split 50/50 between the contractor and the government.

- Australia's construction industry wants government help with the costs of bidding for public-private partnership infrastructure projects. Companies argue that the cost of bidding for some projects is ten times higher than standard construction costs which typically involve 0.1 per cent of the capital costs. The Australian Constructors Association has also lobbied "every major client in Australia" to restrict the short list of tenderers for projects to just three companies instead of five. The Australian Financial Review, 22 March 2002, reported that the Victorian government is the only authority that pays bidders to tender.

BIDS IN FOR ARTHUR GORRIE Four companies have been invited to submit tenders for the management of Queensland's Arthur Gorrie Correctional Centre. They are: Group 4 Correction Services Pty Ltd, Australasian Correctional Management Pty Ltd (ACM), Australian Integration Management Services Ltd (AIMS, owned by Sodexho SA), and Management and Training Corporation (MTC). The government did not allow an in-house bid from the department of corrective services. A new five year contract will commence from December 2002. The prison has been run by ACM since 1992.

- Queensland's other privately managed prison, Borallon Correctional Centre, has completed its first year under new management by MTC.

AUSTRALIA'S PRISONER FIGURES Between 1950 and June 2001, the official population of Australia increased from 8.31 million to 19.4 million, an increase of 133 per cent. Over the same period, the number of prisoners rose as a proportion from 52.22 to 115.84. In 1991 there were 15,021 prisoners but by 2001 there were 22,458. In the state of Victoria alone there has been a 30 per cent growth in the prisoner population in the last four years. As at 26 March 2002 Victoria had 3,450 prisoners and there were also 6,620 offenders being dealt with by community correctional services.

JUNE/JULY 2002

INSPECTOR CRITICAL OF COURT SECURITY CONTRACT "The state authorities, apparently somewhat taken aback by the bottom line costs, and AIMS, struggling to

cover its shrinking commercial base in Australia, are locked in commercial dispute and complicated arbitration proceedings. The mutual distrust is palpable and toxic."

That was one of the comments made by Richard Harding, the inspector of custodial services for Western Australia, in his recent report on the contracted out prisoner escort service for the state's metropolitan court custody centres. Corrections Corporation of Australia commenced a contract with the government of Western Australia on 31 July 2000. Subsequently, the company became 100 per cent owned by Sodexho of France and changed its name to AIMS Corporation. In November 2001 the inspector of custodial services also reported on the rest of the service.

Describing this component of the contract as the "most onerous" Harding raised concerns about the department of justice's handling of the contract - describing its oversight as "superficial" - as well as the company's implementation of it. To their credit, both parties started to address some issues before a draft of the inspector's report had been made available. He also noted that "an assessment of the suitability for purpose of all court custody centres needs to be completed by the department. To varying degrees, all of the ... centres have issues that require immediate attention to enable the contractor to properly fulfil the terms of the contract." Amongst the inspector's findings were:

- a number of serious staffing issues including a shortage of staff on busy court days at many locations, the absence of ongoing staff training and lack of interaction and, therefore, control from AIMS head office;
- at one site, Armadale, the contractor had allocated 123 working hours per week but the supervisor kept the allocation down to 110. "For actual hours worked to fall so far beneath that allocated calls into question the contractor's proper fulfilment of its service obligations, as well as the capacity of the parties to negotiate realistic contract variations."
- "staff have developed the confidence to cope in most circumstances, but this seems to have been as much by good fortune as by design of the contractor..."
- at the Central Law Courts, however, "the frequency of the use of force and restraints indicate that the staff see their job as one of managing conflict and risk, rather than the delivery of a court custody service."
- AIMS management have "endeavoured to operate its court custody management business from a head office in Brisbane and a state office in the Perth central business district. The absence of a hands-on management approach has impacted negatively upon the operation of the centres and the performance of the contract."
- the absence of a formal complaints mechanism for persons in custody was "a real matter for concern" and they had not been encouraged to raise grievances with the contractor or the department of justice. The inspector noted that "current contract arrangements are biased in favour of authors of incident reports. This imbalance is neither in the interests of the contractor nor the persons in custody and should not be tolerated by the department."
- the contract requires the contractor to provide a transport service to the courts as required. "Currently, it is not providing the service it has contracted to deliver."

Information collected from the internet for this report

- "There is considerable disparity in the service standards that have been achieved at each of the seven metropolitan court custody centres, ranging from excellent to barely coping."

The inspector made six major recommendations for improvements. He also stated that "the most cogent need ... is for a resolution of the commercial squabbles, so that in the public interest a reasonably promising start may be consolidated." *Report of an Announced Inspection of Metropolitan Court Custody Centres - November 2001, Office of the Inspector of Custodial Services, Perth, Western Australia, April 2002. www.custodialinspector.wa.gov.au*

NORTHERN TERRITORY, NEW SOUTH WALES AND ACT The Northern Territory government has rejected privatisation for its prisons and in June passed legislation maintaining prison officers as public servants. In New South Wales, however, the department of corrective services is currently considering a public private partnership for a new 350 bed prison in the central western area of the state.

Meanwhile, the Australian Capital Territory's (ACT) plans for a new prison of its own are on hold as no funding has been allocated. ACT currently contracts with the state of New South Wales to take around 160 sentenced prisoners at a cost of AUD$10 million per year. Full privatisation has been ruled out for such a project but the government might consider some kind of public private partnership. However, it has earmarked AUD$1.26 million in 2002-03 for the design and planning of a new remand centre to replace the ageing and overcrowded Beconnen Remand Centre. A further AUD$50 million has been budgeted in 2003-04 for the capital costs.

FROST REPORT IN VICTORIA There have been dramatic improvements at the Dame Phyllis Frost Centre since the prison, formerly known as the Metropolitan Women's Correctional Centre (MWCC), was taken over by the government of Victoria. According to the corrections minister Andre Haermeyer, since October 2002 drug use and the recorded rates of self harm and assaults have decreased. "Positive random drug test results had been running at 9.2 per cent for the period July 1999 to June 2000. The rate recorded for July 2001 to May 2002 has decreased four per cent. Improvements in performance ... have vindicated the government's decision to take back public management of the prison," he said in a media release 2 July 2002. Publication of a report on the prison's most recent performance is expected.

- A kilogram of high grade cannabis worth some AUD$17,000 was found by prison officers at a property next to the Australasian Correctional Management (ACM) - run Fulham Correctional Centre recently. The property is used by prisoners engaged in outdoor work. Two weeks before, the state corrections commissioner ordered an investigation after a prisoner sentenced for drug dealing was able to meet with a so-called underworld associate while on a supervised 12 hour community access visit.

ACACIA'S BAD APPLE A prison industrial officer employed by AIMS Corporation at the company-run Acacia prison in Western Australia has been jailed for 12 months after being found guilty of trying to smuggle drugs into the prison on 30 May 2002. The state Attorney General Jim McGinty said that the arrest came after three months of drug testing at Acacia showed up unacceptably high levels of illicit drugs. Random drug tests were positive in 18 per

cent of the prisoner population compared with an overall average of 14 per cent in Western Australia's publicly run prisons.

PRIVATE PAY AND CONDITIONS A work value review process for staff at ACM-run Fulham Correctional Centre in Melbourne has broken down leading to arbitration. According to the Community & Public Sector Union (CPSU), the eventual decision by the Australian Industrial Relations Committee "should bring a resolution to the longstanding issue of wage injustice suffered by officers employed at Fulham." Meanwhile, the staff at Group 4-run Port Phillip Prison have won an eight per cent increase in pay effective 24 February 2001.

SOUTH AUSTRALIA CONTRACTS INTACT Mike Rann, the premier of South Australia, has ignored demands from the Public Service Association trade union that the private prison and court escort contracts should not be renewed. Mr. Rann has renewed the contracts arguing that it was no good "trying to unscramble the egg." The government is also considering a new women's prison and five police stations to be built as public private partnerships. Following advice from a UK government advisor South Australia has now established a special unit to deal with these projects.

QUEENSLAND REVELATIONS The previous contracts for the operation of Borallon Correctional Centre - run by Corrections Corporation of Australia (as was) from 1989 to 2000 - "were basic and did not clearly define responsibilities and risk ... made no or limited reference to best practice in the delivering of services" according to Helen Ringrose, director general of Queensland department of corrective services.

Speaking at a conference earlier this year she also said that the new contract with Management & Training Corporation (MTC) which commenced in January 2001 is designed "to create an environment where the provider will strive to be innovative, to be a lead agent for change..." and "performance is linked to a bonus.... a fundamental shift away from penalty clauses." However, "as this is the first year of operation for Borallon [under MTC] it has been too early to award an innovation bonus. The centre is demonstrating innovation in programme delivery..." *Striving Towards Financial Best Practice: Correctional Facilities Management, Helen Ringrose, Queensland Department of Corrective Services, paper presented at International Quality and Productivity Centre, Cost Effective Correctional Facilities Management, 6-7 March 2002, Sydney.*

AUGUST/SEPTEMBER 2002

VICTORIA SETS NEW CONTRACT STANDARDS The government of Victoria has set new performance conditions for the two remaining private prisons, Group 4-run Port Phillip Prison and Australasian Correctional Management's Fulham Correctional Centre. The government's position is that although it is 'locked in' to 20 year contracts with the companies, "the contracts provide for regular reviews of the prison services agreement," said corrections minister Andre Haermeyer in a media release, 12 September 2002.

"We have used this review to set new prison standards which were recommended by the auditor-general and the Kirby inquiry into private prisons. This has provided us with the opportunity to set tough, more qualitative standards and to achieve some continuity of standards so we can have

Information collected from the internet for this report

one prison system and not three. Whilst the government believes the ideologically driven prison privatisation policies of the [former] Liberal and National parties were against the public interests, I have always been emphatic that we would not tear up legal contracts. We will honour our contractual obligations and will hold the private operators to theirs. We are determined to ensure taxpayers get the best deal from private prison agreements by improving these inflexible ... contracts and adapting delivery outputs to reflect good prison practice," said Mr Haermeyer. Among the new standards that contractors will have to provide are:

- a significant expansion of urine analysis testing for drugs;
- a more rigorous approach to public safety and prison security to reduce the number of escapes and walk offs from work gangs;
- 100 per cent compliance with minimum staffing rosters with qualified staff;
- better procedures for detecting weapons and contraband;
- a heightened focus on security intelligence to prevent incidents;
- a greater focus on rehabilitation and repatriation of prisoners;
- more management planning to reduce prisoners' self-harm;
- a holistic approach to health services, including better detection and treatment of prisoners with chronic health problems.

VICTORIA'S PFI COUNTY COURT The government of Victoria has opened the states; first privately financed, designed, built and operated court complex. Located in Melbourne, it is Australia's largest court complex. The Liberty Group has a 20 year contract. Finance is provided by ABN AMRO Australia; construction was by Multiplex; security is being provided by AIMS Corporation; and Honeywell and InterForm provide IT and buildings maintenance. A government brochure states that the new facility "is the most significant social infrastructure project to commence under the Victorian government's Partnerships Victoria policy ... it is a blueprint for working in partnership to deliver innovative solutions and value for money."

- The government of Victoria is facing increased hostility to private finance initiative/public private partnerships. In May 2002, the state Labour party conference passed a resolution prohibiting private sector ownership of prisons, schools, hospitals and other infrastructure. They have also called on the government to hold an inquiry into the policy. The treasurer, John Brumby, has agreed to a review but not on the terms called for by the grass roots party.

DETENTION CENTRES WILL REMAIN PRIVATE The Australian Protective Service (APS) has withdrawn from the bidding process to operate Australia's detention centres. The only public sector agency competing for the contract was pulled from the bidding by the federal police commissioner. The APS merged with the Australian Federal Police (AFP) in July 2002 and the AFP has increased responsibilities to enhance Australia's counter-terrorist capabilities.

This leaves just Australasian Correctional Management (ACM) which currently holds the contract, Group 4 Falck Global Solutions Ltd - both owned by Group 4 Falck - and Management & Training Corporation (MTC). The three companies are bidding for an initial three year

contract worth more than AUD$104 million per year. The contract could be extended for a further four years.

MORE ESCORT CONTRACT CONFLICT Western Australia's privatised court security and prisoner escort service "is costing the community dearly" according to attorney general Jim McGinty. Costs in the first year were AUD$16.3 million and are expected to be AUD$18 million for 2001-2002. The original bid from Corrections Corporation of Australia (now Sodexho subsidiary AIMS Corporation) was just AUD$11.7 million for the first year. "I have no doubt that this was a contract rushed into by the previous government for ideological reasons," Mr McGinty told The Australian, 23 August 2002. The service was contracted out for five years in 2000 and the contract allows increases for reasonable extra costs incurred by the contractor. One expense that has caused controversy is AUD$74,000 for corporate travel.

"The relationship between AIMS and the department of justice over this contract has reached very low levels and there is now a lack of trust and confidence in the contract," the attorney general told the West Australian on 23 August 2002. The contract has been criticised by Western Australia's inspector of custodial services.

However, John Cooper, managing director of AIMS Corporation issued a statement on 27 August 2002 saying that "cost blowouts arising from the actions of our company are entirely without basis. What has occurred is that the demands for services and costs beyond our control have risen significantly from the original estimates at the time of tendering."

QUEENSLAND: ACM RENEWS ARTHUR GORRIE CONTRACT Australasian Correctional Management (ACM) has been chosen by Queensland department of corrective services as preferred bidder in its attempt to renew the contract to operate the 710 bed Arthur Gorrie Correctional Centre in Brisbane. If negotiations are finalised the new five year contract will commence in December 2002 and will be worth some US$13.3 million per year in revenues. There will also be an option for a further five year extension. ACM has managed the facility since it opened in 1992. The other bidders for the new contract were Management & Training Corporation (MTC), AIMS Corporation (Sodexho) and Group 4.

OCTOBER 2002

DEATHS IN VICTORIA The death of Chereen Vale in a Victoria hospital after she attempted to hang herself at the Metropolitan Women's Correctional Centre (MWCC) on 22 November 2000 has revealed the lack of preparedness of a government faced with taking over a prison from the private sector. MWCC had been operated by Corrections Corporation of Australia until the state used emergency powers to take over the prison's management on 3 October 2000. On 9 November 2000 the state took complete control after buying out the company's contracts.

A report by the Office of the Correctional Services Commissioner noted that: "At the time of the 'Step In' process, several interim measures were implemented in order to activate all aspects of the process particularly around operational management of the prison in the immediate future. The process was staged with each level requiring an activation of essential requirements at that

Information collected from the internet for this report

time given that the long term outcome of the prison management was unknown. Mindful that the transition period was critical for short and long term effective management of the facility, the minimum changes necessary were implemented."

After 9 November 2000, training on correctional competencies were commenced for all staff who had previously been employed by Corrections Corporation of Australia. However, according to the state coroner "there appeared to be no real concern or attention by the management of the prison to the unsatisfactory sleeping and living conditions [of Ms Vale and the other prisoner sharing her cell] ... in addition there were no documented procedures in the prison dealing with the buddy system, when it was to be used and how it was to be monitored. There appeared to be no audit procedure operating within the prison, otherwise the failure to review the sleeping arrangements would have more likely to have been identified..." Although the incident should be seen in the light of the [management] changeover, many of the issues are those which required common management procedures that were not all that difficult or complex."

Jason Henry died at Group 4-run Port Phillip Prison on 29 March 2002. The state coroner noted that Mr. Henry was "a vulnerable, first time prisoner who had a number of complex issues to manage. His death is not so much as a result of total failure of the system but should be seen as recognition of the difficulties for the correctional and health authorities of managing any prisoner whose risk profile may, from time to time, change as a result of many competing unknown or known stressors."

An independent report [Johnson-Barclay] dated May 2000 was directed at the state's Correctional Services Commissioner as well as the director of Port Phillip Prison. Their comments and recommendations - which the coroner suggested should be implemented in full - included:

- "the [placement] system appears to operate somewhat randomly, and prisoners are not necessarily placed in a cell according to need" also making the point that there were similarities with an the suicide death of prisoner Adam Irwin in 1997 at the same prison "who hung himself when his cell mate was away from the cell overnight,".
- "the [on alert] system is in such non-use ... that it should be either substantially upgraded in significance to make it a meaningful form of observation or it should be abandoned altogether.
- Mr. Henry "should have received more attention in ongoing monitoring and assessment processes especially when certain alarm bells started ringing ..."
- "there was no real case planning or integrated case management at all.."

The coroner noted "there is little doubt that there were a number of failures in information transfer systems surrounding the management of Mr. Henry during his time in custody." *Inquest into the death of Chereen Vale, State Coroner Victoria, Case No.3935/00, 14 June 2002. Record of Investigation into the death of Jason Henry, State Coroner Victoria, Case No.0962/00, 30 August 2002.*

- Paula Richardson died after hanging herself at CCAustralia's Metropolitan Women's Correctional Centre (MWCC) on 11 September 1998. The state coroner found that she had died as a result of a simulated suicide attempt going wrong. Ms Richardson's family found the coroner's finding "insulting and disgusting". *Record of Investigation into the death of Paula Richardson, Case No: 2735/98, 9 September 2002. State Coroner Victoria, 57-83 Kavanagh Street, Southbank 3006, Victoria, Australia.*

VICTORIA UPDATES The government of Victoria has announced that a 600 bed Metropolitan Remand Centre will be built near the publicly run Dame Phyllis Frost Centre (formerly MWCC run by Corrections Corporation of Australia) west of Melbourne. The facility will cost AUD$100 million. A new 300 bed Correctional Programmes Centre costing AUD$40 million will also be built as part of an expansion to the existing Barwon Correctional Centre near Geelong. Both facilities will be privately financed and constructed but the state will provide custodial services.

- The tighter performance measures that Victoria's two private prisons will have to comply with coincided with the renewal of operating contracts for a further three years each from October 2002. Group 4 will continue to operate Port Phillip Prison and Australasian Correctional Management (ACM) will continue to operate Fulham Correctional Centre. The Community and Public Sector Union (CPSU) has criticised the contract extensions, arguing that the public sector was not given the opportunity to bid. But the original prison contracts signed by the previous administration stipulated that, after the first five years, the operators had first rights to negotiate new contracts with the government. The current minister of corrections, Andre Haermeyer said that the companies would have taken him to court "quicker than Jumping Jack Flash" if he had allowed an open tendering process. The CPSU says that private prison staff is paid up to 30 per cent less than their public sector counterparts.
- Wackenhut Corrections Corporation subsidiary Australasian Correctional Investment Ltd has signed a variation to the existing prison services agreement for Fulham Correctional Centre to finance, design, build and operate an additional 68 bed facility on the site. The contract for this Community Transition Programme facility will run from May 2003 until 2017 with reviews every three years. The facility will cost US$6.2 million and will be built by Thiess Pty Ltd. Australasian Correctional Management (ACM) will manage, earning US$1.6 million in revenues per year.
- The State of Victoria has appointed a new Correctional Services Commissioner. He is Kelvin Anderson, formerly employed by Corrections Corporation of Australia in 1997 as the first manager of the Metropolitan Women's Correctional Centre. In 1999 he became director of Group 4's Port Phillip Prison. Prior to those appointments Mr. Anderson worked for the government and was a member of the evaluation team for the New Prisons Project that oversaw the development of Victoria's three private prisons.

Information collected from the internet for this report

PUBLIC-PRIVATE FOR SOUTH AUSTRALIA The government of South Australia is to commission a privately financed women's prison and a juvenile detention centre. At this stage, the government is considering providing the correctional services with staff employed by the state. As with other Australian jurisdictions, the government is looking to the UK for expertise in the use of private finance for public infrastructure. Meanwhile, the Public Service Association, which represents public employees, has condemned the use of public-private partnerships. South Australia currently has one privately managed prison, Mt Gambier.

NOVEMBER 2002

GROUP 4'S HUMAN RIGHTS POLICY QUESTIONED Group 4's bid for the contract to run the Australian federal government's immigration detention centres has been challenged on human rights grounds. The contract - for up to ten facilities - is the largest single immigration contract in the world. Group 4 is also bidding against Australasian Correctional Management (ACM) which not only currently holds the contract but is also now owned by Group 4.

On 25 October 2002 the Brimbank Community Legal Centre in Victoria wrote to Mr Lars Norby Johansen, Group 4's chief executive officer, arguing that "if Group 4 is successful in its bid then it will become an instrumental actor in the violation of fundamental human rights of children and adults in immigration detention. If ACM is successful ... then a company that Group 4 holds a majority interest in ... will continue to participate and be instrumental in the knowing violation of children and adults in immigration detention." The centre's action was prompted by recent events in Israel. In 2001 Group 4 bought a 50 per cent interest in Hashmira, a leading Israeli security company. Hashmira provides support to the Israeli military in settlements in occupied territories which have been deemed illegal by UN Security Council's 1979 resolution 446 and which also contravene the fourth Geneva Convention. Following investigations by Danish and British newspapers into Hashmira's activities, Group 4 agreed to an impartial legal analysis of its operations' compliance with international law.

Group 4's position was reported in the Guardian, 9 October 2002. "Even if our investigation clearly indicates that our activities on the West Bank do not entail a breach of human rights, it is not enough for us to be legally in the clear. In some situations there are also other criteria, which we must take into consideration. And to avoid any doubt about whether Group 4 Falck respects international conventions and human rights we have decided to leave the West Bank." In its 16 page letter, the Brimbank Community Legal Centre commended Group 4's action in investigating the legal status of its operations in Israel. The letter did not, however, ask if Group 4 had investigated the legal aspects of Hashmira's operations before buying into the company in 2001.

The letter reminded the company that the United Nations Human Rights Committee, the United Nations High Commissioner Human Rights Special Envoy and the Australian Human Rights and Equal Opportunity Commission had all found that Australia's policy of mandatorily detaining all refugees and asylum seekers violates human rights law as it applies to adults and children in detention.

"It is a matter of settled international jurisprudence that Australia's policy and practice ... constitutes a grave and continuing violation of international human rights law," said the centre's Charandev Singh. "If Group 4 intends to undertake its international business in compliance with international human rights law ... it must as a matter of urgency withdraws itself from the IDC [immigration detention centre] tender process. It must also require WCC and ACM to remove itself from the IDC tender and their ongoing role in the violation of fundamental human rights obligations owed to children in immigration detention in Australia."

The letter continued: "The domestic and international reputation of Group 4 is very much at stake at a time when your acquisition and global repositioning activities are taking the company's international profile and operations (and scrutiny thereof) to a level not experienced in the history of Group 4."

GROUP 4 REPLIES Mr. Anders Wallin, chair of Group 4 Falck's corporate citizenship task force, responded to the Centre's letter on 4 November 2002. He stated that "it is not appropriate that we should comment on the policy of the Australian government in respect of mandatory detention," adding that the government has stated that its detention of immigrants is legal. He continued: "We totally refute the implication ... that if Group 4 Falck is successful in its bid 'it will become an instrumental actor in the violation of human rights of children and adults in immigration detention.' We have consistently stated and demonstrated through our commitment to the welfare of detainees and prisoners in our care in every country where we operate that Group 4 Falck respects international conventions and human rights."

- ACM and Group 4 are also bidding against Management & Training Corporation (MTC). The Utah-based company has one prison contract in Australia but no experience of operating immigration detention centres. The federal government is expected to announce a preferred bidder by the end of November 2002.

PUBLIC INTEREST VERSUS COMMERCIAL CONFIDENTIALITY Australia's human rights commissioner has rejected claims by Australasian Correctional Management (ACM) and the federal department for immigration, multicultural and indigenous affairs (DIMIA) that their evidence to a public inquiry should be kept confidential.

The inquiry, launched in November 2001, has been investigating the rights of children in Australia's privately operated immigration detention centres. In July 2002, the commissioner issued notices to ACM and DIMIA to produce relevant documents for a public hearing in September. In August 2002, the commissioner issued a further notice to ACM. Both parties responded but DIMIA subsequently asked for "directions of confidentiality" and submitted a written brief. ACM made an oral submission. Both parties claimed that disclosing information about operations at the immigration detention centres could jeopardise the management, place staff and detainees at risk, limit the possibility of innovative service delivery and commercially compromise ACM in the current tendering process for new contracts. The public hearing in September at which both parties were due to give evidence had to be cancelled. This was replaced by a hearing into DIMIA and ACM's arguments and that hearing was held in private.

Information collected from the internet for this report

Announcing his decision on how to proceed with the inquiry on 9 October 2002, the commissioner, Dr Sev Ozdowski, said that "I am of the view that there is a significant public interest in making the processes of the commission open to the public." He added: "I have carefully considered all the submissions made by DIMIA and ACM. However, I have decided in the majority of cases not to make a direction for confidentiality. In many cases I have rejected the claims made by DIMIA and ACM altogether. Where I have accepted the concerns raised by DIMIA and ACM I have balanced them with the interests of the public in being informed of the results of the inquiry and other relevant factors."

The commissioner also said DIMIA and ACM had argued that certain documents should not be published in their entirety on the basis of commercial confidentiality and innovation. He decided to grant their request "on the basis that it does not prevent my ability to refer to relevant extracts of the documents in question in public hearings and in the commissioner's final report." A public hearing at which ACM and DIMIA will give evidence will take place in Sydney from 2- 5 December 2002. *Human Rights and Equal Opportunities Commission, National Inquiry into Children in Immigration Detention, Reasons for Decision. www.humanrights.gov.au/human_rights/children_detention/dimia/reasons.html*

VICTORIA'S SHORT LIST FOR SEMI-PRIVATE PRISONS The government has short listed three consortia to be invited to bid for the design, construction and maintenance of two new correctional facilities. They are Guardian Alliance (Multiplex Constructions, ABN-AMRO); Prison Services Victoria (John Holland, Siemens, Laing Investments); and Victorian Correctional Infrastructure Partnership (Baulderstone Hornibrook, United KG, Rothschild).

The consortia must now respond to a detailed project brief currently being prepared by the Office of the Correctional Services Commissioner (OCSC). Responses must be submitted by early 2003. However, the minister for corrections, Andre Haermeyer, said that "If, after this process is completed and the private sector respondents have not demonstrated value for money, the government would build the facility." The 600 bed Metropolitan Remand Centre will be located at Ravenhall and a 300 bed Correctional Programs Centre will be built at Lara, with a combined value of about AUD$140 million. The state's prison service will manage the facilities. The government's probity auditor for the tendering process is PriceWaterhouseCoopers.

PRISON ECONOMY FEATURES IN ELECTION Arguments over the building of a new prison or whether an alternative economic strategy is required is at the heart of an election battle in Kororoit, Victoria, where community lawyer Amanda George is standing as an independent against the Labor candidate, Andre Haermeyer. Mr. Haermeyer is minister for corrections and police. The election is on 30 November 2002.

Speaking on a recent radio programme, Ms George said: "... we are becoming a prison precinct in Melbourne and the government's going to be spending AUD$115 million building a prison. And what our community needs is community building. We've got the second highest dropout rate of secondary students. Our community has twice as many unemployed people as any area in the west. We need money for real crime prevention and spending money on prisons will not deliver a safe community. We desperately need primary school classes to be reduced from 30 to 20 ... we have got 13 per cent unemployment of young people ... in our community we haven't

seen an economic windfall from the two prisons we've already had. They're saying that they will create some 300 jobs. There is no suggestion that all of these jobs will go in the west. "

"And the point is, we don't only want jobs that are prison jobs. Our community wants to be a mixed community. There are plenty of ways we can get job creation in our community without the government just dumping a prison on us. There is real need for traineeships and apprenticeships for young people. Now the prison population is increasing because of the policies of the government. The government can quite easily reduce the rate of incarceration if they introduce some real crime prevention and if they do something about the increasing sentences that are producing no benefit to the community. AUD$55,000 to keep a young person in prison for a year: that is a salary of a teacher, a teacher who could teach 20 students a year and perhaps keep them from falling into the criminal justice area. .. The amount of money we are spending on prison is financially unsustainable in the long term. It must rob our budgets in education and health and public housing. If we're really concerned about building a safe community we have to put money into building community, not into building prisons, because prisons don't reduce crime." Extract from an interview with Amanda George on Radio National Breakfast programme, 29 October 2002.

COMPLAINTS TO VICTORIA'S OMBUDSMAN Victoria's ombudsman received 173 complaints from prisoners at Group 4's Port Phillip Prison and 127 combined from ACM's Fulham Correctional Centre and Melbourne Custody Centre. This is out of a total of 699 complaints received from the remainder of the state's correctional system in the year 2001/2002.

The main issues of concern at Port Phillip were: visits, medical, property, assaults and harassment/victimisation. Complaints from prisoners at Fulham and Melbourne Custody Centre included: property, assaults, medical, buildings and facilities and visits.

In his recently published annual report the ombudsman highlighted the case of a Fulham prisoner to emphasise the problems relating to property. The prisoner was transferred from Fulham to a public sector prison and complained that some of his property had not arrived at the destination. "The prisoner was compensated for the property he claimed was still missing. The facts of this case clearly illustrate that staff had failed to check the prisoner's property prior to transfer, that the documentation accompanying the property that was first transferred was inaccurate and that there should have been documentation describing property transferred subsequently. In my previous report I emphasised that responsibility for collecting, recording and securing prisoners' property rests with the forwarding institution."

The Ombudsman then highlighted the plight of a number of prisoners at Fulham who complained that they had become unemployed after an industry within the prison, which supplied components to an outside organisation, was closed. ACM's contract with the company expired and was not renewed. ACM paid the prisoners an unemployment rate as there was no alternative work. "The prisoners, who wanted to work, indicted that no other jobs were available and they believed they should be paid the normal working rate. The prison authorities originally did not wish to do so, but after discussions with my office, agreed to pay the working rate." *Victoria, Twenty-ninth report of The Ombudsman, 30 June 2002, No. 190, Session 1999-2002.*

DEC 2002/JAN 2003

GROUP 4 WINS CONTROVERSIAL CONTRACT Group 4 Falck has been chosen as preferred bidder for the federal government's AUD$100 million contract to operate immigration detention centres for the department of multicultural and indigenous affairs (DIMA).

Group 4 staved off competition from Management & Training Corporation (MTC) and Australasian Correctional Management (ACM), which currently runs the centres and is owned by Group 4 after it acquired ACM's owners, the Wackenhut Corporation, in May 2002. Australia's competition and consumer commission approved the acquisition on the basis that the companies operated as separate entities.

Although Group 4 was chosen on the basis of providing better value for money, ACM's bid will be considered if negotiations with Group 4 break down. ACM has run the centres since 1998 but its 10 year contract was retendered last year as a result of a range of management problems. The new four year contract includes a 51 page list of obligations which Group 4 will have to comply with in order to receive maximum payments. ACM has been operating under a four page general statement of detention principles. The Australian Labor Party described the contract award as "a sham transfer" arguing that it was inappropriate for an international corrections business to handle detention centres.

ACACIA PRISON - AIMS' FIRST YEAR Western Australia's department of justice withheld AUD$1.05 million from AIMS Corporation's contract fee for the operation of Acacia Prison from May 2001 to May 2002 inclusive. The maximum payment due was A$21.09 million. Negotiations over the final amount payable to the Sodexho-owned company were still taking place when the department published its first year report on the prison's operation. At the end of each year, AIMS is entitled to a percentage of the performance linked fee that has been withheld during the year, based on performance against the schedule of annual performance measures.

The prison, near Perth, opened on 16 May 2001 and "the first full year of operation has been a rapid learning curve - for Australian Integration Management Services Corporation (AIMS) and, in many ways, for the department of justice too," stated the department's director general. The correctional culture was described as "positive" and consistent with the original concept and philosophy of Acacia.

He noted that there was a delay in achieving the agreed prisoner population of 700 due to "the limited availability of medium security prisoners, a marked downturn in the state's prisoner population and shorter sentences resulting in a higher than predicted attrition rate." But the prison was expected to reach full operating capacity "early in the new year of operation." There were "no escapes, no major disturbances and no deaths in custody."

There were three reported incidents of self harm or attempted suicide, six serious prisoner on prisoner assaults and two serious assaults by prisoners on contractor persons or visitors. These figures were below the benchmarks for incurring penalties. The rate of positive findings from random urine analysis was 9.09%. The benchmark was 8 per cent.

However, key areas in which AIMS' performance did not reach the agreed benchmark and therefore did not qualify for its full performance fee included:

- prisoners employed or in programmes - benchmark achieved in only five out of 12 months;
- employment hours completed - benchmark achieved in only nine out of 12 months;
- vocational education and training hours provided;
- programme need in accordance with Individual Management Plan requirements.

The high use of the Ombudsman's office by prisoners at Acacia was described as "disappointing and reflects a poor internal prisoner grievance process which requires considerable improvement in the year ahead." At the year end, some 23 per cent of the prisoner population was of Aboriginal descent. Yet AIMS had "not established indigenous health services at Acacia and has yet to achieve the health services expressed in their initial proposal. Rehabilitation outcomes for 2001/2002 were below performance expectations and therefore AIMS will not receive their full performance fee for this measure." *Annual Report Acacia Prison Services Agreement, 2001/2002, Department of Justice, Government of Western Australia, 30 September 2002. See also the findings of The Acacia Prison Annual Performance Review Report, 2002, www.justice.wa.gov.au*

NEW SOUTH WALES: REPORT ON ACM-RUN JUNEE

Australasian Correctional Management Ltd (ACM) has had more than AUD$100,000 withheld from its 2001/2002 performance linked fee for operating Junee Correctional Centre 2001/2002. ACM has run the prison since April 1993. The contract was renewed in March 2001 after a successful rebid and the government also agreed to ACM's request for the prisoner population to be increased from 600 to 750.

ACM's re-bid included the post of unit counsellor for each accommodation area but the company failed to recruit appropriately qualified staff to these positions. The A$100,000 relates to that. However, ACM will also be penalised for failing to deliver the base level performance related to behavioural programmes and individual counselling and the failure to appoint a throughcare specialist. The government also agreed to ACM's request for the prisoner population to be increased from 600 to 750.

In the latest review, the department of corrective services' monitor raised a number of other concerns about the prison's operation. The 2001/2002 performance report concluded, once again, that "ACM continues to satisfactorily meet its contractual obligations under the management agreement." However, as well as the issues mentioned above "continued attention was required" in the following areas:

- core welfare services: the majority of welfare services have been provided by members of the chaplaincy service. ACM management have been advised to rectify;
- reception screening: the physical size of the area allocated to the screening process has raised concerns relating to privacy issues. Concerns have also been raised relating to the lack of special needs analysis of sex offenders on reception;

Information collected from the internet for this report

- case management: the area of case file management of inmate applications remains an area of concern. The concern relates to a failure to satisfactorily track inmate applications and requests.

A review by departmental branch heads responsible for inmate services and programming identified the following concerns:

- a lack of documentary evidence on inmate case management files relating to programmes and psychological services delivered to inmates;
- the composition of staff on case management teams, the full time staff allocated to the classification process and the physical size of the area;
- there was no evidence of programmes targeting the needs of females.
- alcohol and other drug services: there were concerns regarding the work load of the Alcohol and Other Drug Specialist due to the increase in inmate population;
- food services: a review identified deficiencies in the temperature control of of both hot and cold food, the storage of prepared food and the physical facilities available;
- industries: inmate employment has been reported on regularly in previous years. Actions taken by ACM to meet the national benchmark (65 per cent of the inmate population) has been affected by the decision to increase the population from 600 to 750;
- insurance: a review was undertaken of policies held by ACM. Negotiations and consultation are ongoing to ensure appropriate indemnity is provided to the department. *Junee Correctional Centre 2001/2002, Performance Report, Appendix 31, New South Wales Corrective Services Annual Report 2001/2002*

MAY 2003

ACACIA: THE INSPECTOR'S LEAKED NOTES - "VIOLENCE UNREPORTED" Leaked confidential briefing notes from Western Australia's inspector general of custodial services allege that the AIMS Corporation-managed Acacia Prison is failing to meet the terms of its contract and that its performance is not satisfactory. The inspector general, Professor Richard Harding, and his team inspected the prison in March 2003.

According to documents dated 21 March 2003 seen by the West Australian Professor Harding states:

- a recurrent message from prison staff working in the blocks was that they were too thin on the ground to feel safe at all times;
- the whole management system, from top to bottom, is under tremendous stress;
- we wonder whether it could cope with a major incident or, less dramatically, whether it may quietly collapse as morale erodes;
- there is no doubt that a tangible amount of violence goes either unreported or unsanctioned. Prisoner safety at Acacia is markedly less than we would hope;
- there also seems to be a considerable amount of drug use at the prison;
- many long term prisoners told us that quantities of food seemed to have diminished as the population increased, as if the same sized cake were being divided more times;

- there can be a wait of two or even three weeks to see one of the doctors and this is below community standards;
- rehabilitation schemes were meant to be the flagship for offender programmes. The reality is that the arrangements are chaotic.

The inspector general also noted that there was a high level of grievances amongst prisoners and evidence that some had been locked in their cells and electricity cut off as a form of punishment. The prison's cultural area was not used by Aboriginal prisoners as they felt it was irrelevant and inappropriate.

Along with two state-run prisons in Western Australia, Acacia is now on the inspector general's alert list of prisons at real risk of significant failure. In his briefing notes Professor Harding wrote that "we will be keeping it [Acacia] under close review during the next six months to a year - a period which could be crucial to its future."

This was the prison's first official inspection by the inspector general. Unlike like the chief inspector of prisons in the UK, Professor Harding's team can also inspect the way that the department of justice manages the contract. The report is expected to be published by September 2003. AIMS have a 20 year contract. The prison opened in May 2001 and the company was penalised A$1.05m in its first year of operation.

STRIKE ACTION AT ACACIA Staff at the AIMS Corporation-run Acacia Prison at Wooroloo, Western Australia, went on 48 hour strike in March over staffing levels and wages. Both custodial and non-custodial staff members of the Community and Public Sector Union - Civil Service Association took action on 20 March 2003 after negotiations with the Sodexho-owned company broke down. The union believes that the prison needs 30 more custodial staff to ensure the safety of staff and prisoners and to meet its contractual obligations under case management requirements. The CPSU-CSA's branch secretary, Ms Toni Walkington, has called for AIMS Corporation's contract to be scrapped and for the prison to be run by the state.

LABOUR NOTES Guards at Australasian Correctional Management (ACM) - run immigration detention centres in mainland Australia called off a strike in January 2003 after the company agreed a raise of A$18 per week. On 1 February 2003 some 120 guards at ACM-run Arthur Gorrie Correctional Centre in Brisbane, Queensland held a second 24 hour strike as part of their claim for a 7.5 per cent pay increase. ACM had offered only three per cent for three years. Police had to patrol the prison's perimeter fence while the prisoners were locked down for the duration of the strike. Guards have also complained of staff shortages. At Arthur Gorrie there had been an increase of more than 100 prisoners - to around 800 - in the previous 18 months without any increase in staff. ACM had also proposed using prisoners to carry out work normally done by staff. The Australian Liquor Hospitality and Miscellaneous Workers Union (LHMU) represent both groups of staff.

A state emergency response team and dog unit had to be called to deal with a disturbance at Arthur Gorrie Correctional Centre on 12 April 2003. Prisoners started fires, refused to return to their cells and confronted prison guards. As a result some 35 prisoners face charges of unlawful assembly.

Information collected from the internet for this report

MEN'S PRISON FOR SOUTH AUSTRALIA In addition to a new prison for women, the state government is resuscitating a plan to develop a privately designed and operated 700 bed prison for men at Pelican Point on the Le Fevre Peninsula. The plan was shelved by the former Liberal government as the prison population decreased. However, the prison population of South Australia is due to increase as a result of new law and order reforms. Group 4 manages the state's only private prison to date, Mt Gambier.

VICTORIA RESTRUCTURES The government of Victoria is to integrate the Office of the Correctional Services Commissioner (OCSC) and CORE - the public correctional enterprise into a single business unit from July 2003. This reflects the recommendations of the Kirby inquiry which reported on the management and operation of Victoria's (then) three private prisons. The investigation found that the underlying policy framework of encouraging competition between providers resulted in fragmented service delivery and was no longer appropriate.

CAN MTC HELP VICTORIA? Management & Training Corporation (MTC) of Utah would like to help the government of Victoria. A letter from MTC's senior vice president, Mr. Ron Russell, to Victoria's corrections minister Andre Haermeyer in February 2003 states: "I understand that you are currently experiencing some overcrowding issues in your prisons. MTC would be happy to travel to Victoria to meet with you, discuss your current operations and explain how we may be able to partner with you in improving those operations." The letter also states that MTC is "the only major private prison vendor in the US that has conscientiously elected to remain private" and that "the work of changing the lives of offenders is more important to us than ensuring rapid growth and profit to our shareholders." Before MTC's approach, however, the government had decided that its new prisons would be managed by the state.

CLOSER INSPECTIONS FOR ACM AT JUNEE Australasian Correctional Management's (ACM) operations at Junee Correctional Centre have been monitored more closely during financial year 2002/2003 than in previous years.

In his annual report for 2001/2002, the inspector-general of corrective services for New South Wales commented that "there appear to be a number of ongoing areas where the contractor and the department [of corrective services] have disagreed in terms of service delivery, but these matters never seem to be resolved. Nevertheless, the department continues to find that the contractor satisfactorily meets its contractual obligations." the report continued: "We have not received the report of the monitor for the 2001/2002 financial year so we are unable to provide any in depth comment on improvements that may have been made by the contractor ... while it seems that the Junee Correctional Centre outperforms the department's operations that does not mean that outstanding issues should remain unresolved. The department needs to be more robust in sorting out matters of concern with the contractor. We will, in conjunction with the three new official visitors at the centre monitor operations more closely in the 2002/2003 financial year."
New South Wales, Inspector-General of Corrective Services, Annual Report 30 June 2002.

ACT PRISON PLAN SHELVED Plans for a $100m prison to be built in the Australian Capital Territory (ACT) may have to be shelved for a few years. This is a result of

economic problems caused by bush fires in January 2003. However, a new remand centre is likely to go ahead.

JUNE 2003

WEAPONS AND DRUGS AT GROUP 4'S PORT PHILLIP PRISON The discovery of a pistol, ammunition, drugs and syringes in a prisoner's cell at Group 4's maximum security Port Phillip Prison in Victoria has led to department of corrections, police, and company investigations into security breaches. It has also raised concerns about the imbalance of power in the contracts between the government and Victoria's two private prison operators.

The weapons find occurred during a lock down on 7 May 2003. The following day another prisoner was found with three mobile phones and a digital camera in his cell. According to the Herald Sun, 17 May 2003, a subsequent sweep of Port Phillip filled several laundry bags with banned material, including weapons and drugs. The newspaper also reported that the prison has "generated more than one third of the 300 reportable prison incidents referred to the police this year."

On 8 May 2003, in an interview with ABC radio, minister for corrections Andre Haermeyer said: "...the contracts ... have been written, I think, very much in favour of the operators, and whilst we have renegotiated some of the service delivery outcomes with the new operators and that's costing us some more, we can't simply step in and take over the prison. We have contractual obligations and it is only where there are serious and repeated material defaults against the contract that we can actually step in." The interview continued:

ABC presenter: How many times do you have to find a loaded gun in a prison for you to say this is a serious fault with the system and we are going to have to review the contract? Isn't once enough?

Minister: Well, no, it isn't, under the contract, no, because you have to understand that the contracts that were entered into by the previous government actually allowed things like one escape before you could default the prison on escapes. So these are the sort of things that are just totally unacceptable.

ABC presenter: They're something you've inherited from the previous government?

Minister: It is. And it leaves us with a great lack of flexibility in terms of how we can manage the system. To give the prison operators some credit, they have lifted their game considerably and I think -

ABC presenter: Because they needed to.

Minister: Oh, they very much needed to. And I think we sent that message very clearly when we stepped in and took over the women's prison. But ... and they have also been quite cooperative in trying ... what we are trying to do with them at the moment ... is to more closely integrate them

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into a single corrections system, whereas what we've had is effectively three systems, with each of the privates operating a sort of completely different set of rules within their own walls.

The Community and Public Sector Union (CPSU), which represents Port Phillip staff, would prefer the government to take a tougher stance. Speaking on ABC radio on 22 May 2003 Julian Kennelly of the CPSU said: "One of the major complaints of our members is that the management just do not manage, and effectively they're left to their own devices to try and run the prison and manage extremely difficult circumstances with the huge number of prisoners that effectively reside in that facility." He also said that the company's behaviour probably warranted the government taking control of the prison but he was "well aware of the restrictions that exist, or the limitations with the way that the contracts have been structured with their operation and the difficulties that face the government in being able to move straight in."

- The death of prisoner Glenn Whelan from heroin toxicity at Port Phillip Prison on or about 5 September 2000 has led Victoria state coroner, Iain West, to comment that " ... whilst the strategies involving detection, deterrence and treatment are commendable, the evidence is clear that drugs remain endemic in the prison system. The implementation of detailed procedures for searching cells, staff, prisons, vehicles, visitors, buildings and grounds has not prevented the carriage and trafficking of drugs at Port Phillip Prison. The court acknowledges that the problem is not unique to Port Phillip and that it occurs in both public and private prison systems."

However, in his findings published on 27 May 2003, the coroner also noted that "a review of the deceased's management highlights two issues of concern: his placement in ... an adjacent cell to a known drug user and the failure to carry out a direction that his cell be searched on 4 September ... the prison operations manager's response when challenged as to the appropriateness of the placement was 'They're in the same unit so any dealing with drugs that was going to occur would have occurred anyway, as once they're in the unit they've got all day to do it and once they're locked up at night it really doesn't make that much difference that they're in adjacent cells.' The coroner's view was that " ... it proved that adjacent cell placement was imprudent. Nevertheless, it cannot be said that had the deceased been placed elsewhere he outcome would have been prevented."

He also commented that: ".... the prisons operations manager on the evening of 4 September [2000] directed that the Prison Tactical Operations Group search the deceased's cell ... curiously, cells of other prisoners were searched but not that of the deceased ... this failure to carry out the direction was said to have occurred by reason of human error, that the direction from the operations manager had been misunderstood. It was submitted on behalf of Group 4 that had these searches been conducted, they would not necessarily have resulted in drugs being found, with the point being made that the deceased's door was jammed, which would result in delayed entry and provide the opportunity for disposal. While this submission has merit, so does the submission put on behalf of the family. While conceding that the search may or may not have located drugs, had they been found or disposed of the deceased might still be alive. Speculation as to the outcome however, is unhelpful. What is important is that mechanisms be put in place that includes staff accountability to ensure managerial directions are implemented." *State Coroner of Victoria, Record of Investigation into Death, Case No: 2878/00, 27 May 2003*

- Port Phillip opened in 1997 and was the third of Victoria's private prisons. The first, the Metropolitan Women's Correctional Centre, was taken over by the government in 2000 after four years of persistent operational problems. The government spent AUD$22m on buying the contracts from Corrections Corporation of Australia.

NURSES FILE LAWSUIT AGAINST ACM Fifteen nurses formerly employed by Australasian Correctional Management (ACM) at the Woomera immigration detention centre in South Australia have launched a class action lawsuit against the company. The nurses are seeking damages for pain and suffering and loss of pay. They allege that ACM was negligent and in breach of its statutory duty. One of the claimants alleges she suffered psychiatric injury as a result of being exposed to intimidation, verbal abuse and victimisation. The lawsuit was filed in the South Australian District Court on 20 May 2003.

Woomera closed in April 2003 after three years characterised by riots, breakouts, vandalism, and suicide attempts by detainees and staff shortages. In June 2003 ACM is due to be replaced as the operator of Australia's detention centres by Group 4. However, if the federal government's negotiations with Group 4 are not completed by then, ACM's contract might be extended. Further, if negotiations with Group 4 are not successful then ACM can still be considered as the only other qualified tenderers. In the year ended 31 December 2002, ACM's contract for the immigration detention centres generated approximately 10% of ACM owner Wackenhut Corrections Corporation's revenue.

- The federal government's department of immigration has launched an internal inquiry into alleged contract breaches by ACM at Woomera. This follows ABC television's Four Corners programme on 19 May 2003 that included secretly filmed footage at Woomera as well as former employees alleging that ACM misled the government about staffing levels and contract performance. The company has denied any impropriety. The immigration minister has admitted that ACM has been financially penalised for failing to meet contract obligations but he has provided no further details. The Commonwealth Ombudsman's office is finalising a report after initiating its own inquiry into conditions at ACM-run immigration detention centres. ACM also runs Fulham Correctional Centre in Melbourne, Victoria. In response to the allegations about the company's operations at Woomera, Victoria's minister for corrections issued a statement on 26 May saying that ACM would be subject to probity checks by the department of justice. The minister has also written to the federal immigration minister asking to be kept fully informed about his department's investigations into ACM.

ACM PRISON STAFF WIN PAY RISES Staff at Australasian Correctional Management (ACM) - run Arthur Gorrie Correctional Centre in Brisbane, Queensland have won pay increases of up to 14.25%. The Australian Liquor Hospitality and Miscellaneous Workers Union (LHMU), which represents some 300 prison staff, has finalised a three year agreement with ACM that includes: pay rises of between 9.5% and 14.25% over three years; 48 hours extra annual leave or pay in kind; and an increase in the minimum call in time from two to four hours. ACM only agreed the increases after the union took industrial action.

AUG/SEPT 2003

Information collected from the internet for this report

GOVERNMENT COVER UP PROTECTS ACM Throughout various inquiries and investigations, the Australian government kept secret the extent of Australasian Correctional Management's (ACM) problems in running immigration detention centres.

As a result of a lengthy freedom of information (FOI) application Business Review Weekly (BRW) 25 September 2003, obtained sections of a 66 page report commissioned by the department of immigration, multicultural and indigenous affairs (DIMIA), under its former minister, Philip Ruddock. The report, by the Knowledge Enterprises consultancy, was commissioned by DIMIA on 18 October 2000.

The report contains eight recommendations, regarded by the authors as "critical to the ongoing effectiveness and efficiency of the functioning of the detention facilities." These recommendations and findings against ACM's operations have remained confidential and DIMIA has never gone public about problems in its relationship with ACM. The report also reveals the seriousness of the problems at detention centres under ACM's management at the time, warning of the risk of injuries to staff and detainees if practices were not improved. It adds to continuing revelations about ACM's poor performance under a contract that ran from February 1998 and is due to end.

In a covering letter to the then first assistant secretary of DIMIA, Philippa Godwin, dated 23 February 2001, the report's authors warned: "The importance of early commencement on implementation of the recommendations cannot be over-stressed. Should another serious incident occur while the issues covered by the recommendations remain unresolved, the safety of detainees and staff may be at risk and the Department may face serious embarrassment?" According to BRW, access to the body of the report, requested under the Freedom of Information Act, was denied by DIMIA on the grounds that its release would adversely affect DIMIA's operations of detention centres.

Knowledge Enterprises' terms of reference were to:

- Review the circumstances leading to the breakout of 848 detainees from Woomera, Port Hedland and Curtin detention centres in June 2000.
- Review the circumstances leading to a riot at Woomera in August 2000, which resulted in six buildings being destroyed and 30 ACM staff being injured.
- Critically assess ACM's performance in management of those incidents and determine whether action was warranted under the contract.

The report critically assesses ACM's performance in the management of the incidents, makes recommendations for the future management of critical incidents and recommends improvements in security practices and operations. BRW notes that on 30 May 2001, three months after the report was sent to the department, DIMIA secretary Bill Farmer told a parliamentary committee that DIMIA had not completed its assessment of the incidents. The Labor senator Jim McKiernan, who has since retired, asked: "Could the committee be supplied with a copy of the assessment of the events in Woomera in August of last year [2000]?" Mr. Farmer replied: "I will take that on notice. We do not have the report. I do not know the details. I am not sure what conclusions are in there."

DIMIA refuses to disclose what, if any, action was taken by the department in response to the eight recommendations in the report. Mr Farmer would not speak to BRW. A spokesperson said that: "The department does not wish to comment on the actions it took in respect of the recommendations."

THE DEFAULT NOTICE BRW also discovered under the Freedom of Information Act that the DIMIA issued ACM with a default notice between 1 March 2001 and 5 September 2002. However, neither the contents nor the date of the notice have been disclosed. A letter on 5 September 2003 from DIMIA's secretary of unauthorised arrivals and detention services, Mr Jim Williams, to BRW states:

"I have taken into account ACM's written objections to release of the document based on its belief that information in this document could be used adversely by another competitor to diminish ACM's business reputation in order to gain an unfair business advantage.

"It also believes that disclosure of the document by itself, and without further explanation, could adversely impact on its business reputation generally as it believes that disclosure would potentially mislead its customers (past and present) and the public as to its ability to adequately perform its contractual obligations thereby diminishing its potential to successfully compete in this industry.

"As ACM is still an ongoing business enterprise, I believe its objections are still currently relevant. I do not believe that these objections are diminished by the fact that the document you are seeking is now over a year old or by the fact that ACM will no longer provide detention services at government facilities."

ACM LOSES OUT TO GROUP 4 In May 2001 after a series of problems at the ACM-run centres the DIMIA decided to re-tender the contract on the basis of "value for money". In December 2002, the minister announced that negotiations had begun with ACM's then owner, Group 4, to take over. A new contract to run five immigration detention centres was signed in August 2003. Group 4 will start in October.

REPORT ON ACACIA'S VULNERABLE AND PREDATORY PRISONERS A review of protection prisoners at AIMS Corporation-run Acacia prison was carried out in April 2002 by the inspector of custodial services for Western Australia. At the time of the inspection Acacia held 640 prisoners, of whom 21% were protection prisoners, the highest percentage of prisoners in protection in Western Australia's prison system. AIMS Corporation is owned by Sodexho.

When the contract was awarded it was not intended that such prisoners should be sent there. However, as the inspector noted, "that arrangement quickly changed."

The inspector found that, although prisoners' files were "up to date and contained well ordered material" there was " ... little evidence of staff patrolling inside the living accommodation on a regular basis ... some prisoners did not venture outside their units, for although this area is under

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surveillance by CCTV cameras, there are still numerous blind spots and thus opportunities for stand-overs and bullying, i.e., by other protection prisoners." The inspector also noted:

- Staff should not rely solely on modern technology at the expense of personal interaction. Case management officers were generally found inside the control room or inside one of the offices interviewing prisoners. Although they were occupied with other important responsibilities, patrolling of the unit was at best spasmodic or at worse rare. The officers would not generally enter any of the accommodation blocks on their own, because of perceived safety issues..."
- Whilst officers were not seen patrolling, the survey results show a different picture - over 70% of the staff respondents stated that 'staff worked directly with the prisoners on the wing.'
- Although there appeared to be a "reasonably healthy relationship between staff and prisoners" there was no prison-wide [anti-bullying] strategy in force. "Prisoners in Block K said that bullying, assaults and stand-overs were rife in mainstream."
- Acacia has "not operated an effective anti-bullying strategy, even though the contract is explicit that prisoner safety is one of its main requirements. On balance, however, it can be said that prisoners do not feel positively unsafe."
- The healthy prison test for staff working in Block K shows that "case management officers are stretched, sometimes to their limits, and certainly have high expectations made of them within their work environment. With only two case management officers working inside the unit and up to 124 protection prisoners, they face acute pressure both administratively and practically."
- prisoners in Block F "do not fare as well as prisoners in Block K. The block has no yard and prisoners do not receive proper and regular access to the outside of the unit."

Overall, the inspector found that "Acacia measures up reasonably well ... if accreditation were an issue then ... it would pass the test. However, the arrangements seem rather fragile in that they are unsupported by formal arrangements and not fortified by adequate training. Staff and prisoners could lose the good rapport that has been established if those areas are not addressed effectively."

FOOTNOTE - K BLOCK DETERIORATES In a footnote to the report on Acacia, the inspector stated: "Acacia prison was the subject of a full inspection by the Office of the Inspector of Custodial Services in March 2003. The position with regard to protection prisoners had deteriorated in that there was now, clear evidence of intimidation within K Block, i.e., by protection prisoners upon other protection prisoners. There was insufficient interaction between staff and prisoners to prevent this occurring. The situation had also deteriorated with regard to the availability of work. The previously identified weaknesses, with regard to case management and record keeping, had not improved. An evaluation as at March 2003 instead of March 2002 would conclude that the conditions were not satisfactory. The earlier comment that the arrangements were fragile unfortunately was prescient. *A full report of this inspection will be tabled in Parliament in October 2003." Vulnerable and Predatory Prisoners in Western Australia: A Review of Policy and Practice, Office of the Inspector of Custodial Services, Western Australia, May 2003. www.custodialinspector.wa.gov.au*

AIMS TRANSPORT CONTRACT ENDS AIMS Corporation's contract to operate prisoner transportation services for the government of Victoria ended on 1 July 2003. The contract was awarded to Corrections Corporation of Australia (CC Australia) in 1994. CC Australia became known as AIMS after Sodexho bought out Corrections Corporation of America's 50% stake in CC Australia.

FULHAM STAFF WIN WAGE RISES Prison officers at ACM - run Fulham Correctional Centre at Sale, Victoria, have accepted a 10.35% wage increase bringing them more into line with their public sector counterparts. The agreement included: 3.8% increase paid on 2 February 2003 back paid as a lump sum (calculated on substantive salary back to 1 July 2002); 4% increase to substantive salary from the first pay period following 1 July 2003; a further 4% increase to substantive salary from the first pay period following 1 July 2004; and an extension of the existing enterprise bargaining agreement by eight months to March 2005.

David Carey of the Community & Public Sector Union said the win was the result of a long running case in the Australian Industrial Relations Commission. "If the CPSU hadn't taken this action they [Fulham staff] would have fallen further behind and it would have been almost impossible to catch up."

- A prisoner at Fulham was stabbed four times by another prisoner on 22 July 2003 according to ACM's public relations firm Clifton Consulting Services Pty Ltd.

PORT PHILLIP GUARDS STOP WORK Prisoners at Group 4's Port Phillip Prison in Melbourne were locked down briefly on 2 September 2003 after staff held a stop-work meeting to discuss pay bargaining with the company. The Community and Public Sector union (CPSU) which represents staff is asking for a 12 % pay increase. The company has offered between three and four per cent.

Meanwhile, two prison guards employed by Group 4 at Port Phillip are awaiting trial for allegedly selling ecstasy and amphetamines in nightclubs. Mr. Martin Warry and his partner Kara Boyd have been charged with trafficking and possessing ecstasy and amphetamines. Both are on bail.

VICTORIA TENDERS FOR ELECTRONIC MONITORING Victoria's home detention programme is due to start in January 2004 and the government has issued requests for tenders for a three year contract. The contractor will supply an "end to end solution" comprising all hardware, software and related services, including installation training, support and maintenance.

STRIKE AT ACM-RUN JUNEE Within months of government celebrations commemorating ten years of private management at Junee Correctional Centre, prison guards were on strike. Some 110 staff represented by the Liquor, Hospitality and Miscellaneous Workers Union took action in September in protest at an attempt by Australasian Correctional Management (ACM) to impose a non-union pay structure. In June, New South Wales' minister for justice attended a ceremony at the prison where 48 Junee staff received recognition for ten years of service.

Information collected from the internet for this report

DECEMBER 2003

WESTERN AUSTRALIA: AIMS PRISON "NO BENEFIT" "It is clear that this privatisation delivered no benefit to the community," Western Australia's justice minister Michelle Roberts told parliament on 30 October 2003. Responding to a question about the department of justice's second annual report on Acacia Prison, run by AIMS Corporation (owned by Sodexho), the minister also said: "The model offered by Acacia Prison indicates what happens when a prison is privatised. For members [of parliament] opposite this was not just about building a prison. They believed Acacia would be their benchmark, their flagship, and the market leader in correctional practice. The previous government said at the time that it would provide proof that its privatisation policies would work ...we have seen the result has been a lot different from the rhetoric. On 19 November 2003 the West Australian reported the minister as saying: "Based on this experience, we wouldn't consider privatising any more prison in Western Australia."The prison, commissioned by the former coalition administration, opened on 1 June 2001. Introducing his annual report, which covers the period June 2002 - May 2003, the director general of the department of justice, Alan Piper, said: "Throughout this period there has been a pleasing lack of serious incidents, major disruptions or escapes ... 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 standards below the department's expectations. As a result, AIMS was penalised AUD$356,756 of the total performance-linked fee possible."

He also said that "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." The direct departmental costs that can be attributed to contract management during the year were approximately AUD$1.5 million. This includes the costs associated with the department's monitors, contract management team and custodial contracts branch. The director general's findings also included:

- The staff profile indicates that up to 90% of staff has no previous correctional experience (which has some advantages and disadvantages for prison operations).
- On 18 March 2003 Acacia custodial staff took industrial action lasting two days in protest over sick leave payments and a demand for 30 additional custodial staff to be employed. Following the strike AIMS increased custodial staff numbers, changed operational procedures and reallocated staffing levels to different parts of the prison to meet work demands.
- 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.
- The department was particularly concerned about the 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 started to provide the necessary support.
- Many of the issues identified in the 2002 review and later in specialist monitors' reports are still ongoing. They include: the integrity of treatment programme delivery; processes and methods of evaluation; and record keeping.

- The level of drug use at Acacia remains a concern.
- There were four unlawful releases during the year.
- The 2002 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 utilised. This remains the case at the end of the second operational year.
- 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.
- 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. Acacia's performance in relation to the Wongi prisoners was unacceptable during the year.
- AIMS have not established indigenous health service at Acacia and have yet to achieve the indigenous health services expressed in their initial proposal.
- Investigations conducted internally into food quality and the size of portions provided revealed significant problems involved in food distribution, including stand-over tactics and general wastage.
- Acacia's performance in relation to the delivery of programmes 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.
- The prison's inability to fulfil the contractual requirements is attributable to a lack of strategic planning and ongoing financial and human resource restraints.
- AIMS' performance in the delivery of treatment and development programmes has been disappointing again ... with the contract requirements of the performance-linked fee measure met in only six of the 12 months ... 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 programmes required as published in the schedule, nor have all the prisoners undertaken programme intervention as required in their individual management plan.
- A specialist monitor engaged in February 2003 ... found deficiencies in terms of programme evaluation and integrity, programme documentation and processes and 31 recommendations were made to address all the issues identified.
- 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.
- Acacia has struggled to provide prisoners re-entering the community with the necessary support.
- For the second year, AIMS did not provide the required six hours work per day per prisoner at any point in time.
- The benchmark of 100% of prisoners employed or in programmes or education was also not achieved.

Information collected from the internet for this report

CONTRACT PAYMENTS AND PENALTIES A total of A$ 23.04 million was payable to AIMS 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. 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.

- AUD$146,210 due for the % prisoners employed in programmes - AIMS received nil.
- AUD$146,210 due for the % contracted work hours provided - AIMS received nil.
- AUD$70,181 due for the required vocational/education hours provided - paid AUD$40, 936.
- AUD$70,181 due for the required offending behaviour programme hours paid - AUD$35,090. *Acacia Prison Services Agreement Annual Report 2002/2003, www.parliament.wa.gov.au (and follow the links.) See also Report of an Announced Inspection of Acacia Prison, March 2003, Office of the Inspector of Custodial Services, Western Australia, published October 2003. www.custodialinspector.wa.gov.au*

AIMS COURT SECURITY: FAILURES AND FINES For the third year running AIMS (Australian Integration Management Services, owned by Sodexho) has failed to meet the contractual requirements of its court security and custodial services contract with the government of Western Australia.

In a statement issued 1 November 2003, Western Australia's justice minister, Michelle Roberts, said: "While AIMS, for the first time, met budget forecasts of nearly A$18 million, a comprehensive review earlier this year highlighted that the service could be provided for at least A$1.5 million less. Clearly this is unacceptable and that is why other options have been explored to provide the state with better value for money."

The minister also said that, as a result of under-performing, AIMS would lose AUD$95,546 of a potential $757,893 in performance-linked fees. "The company also risks losing a further AUD$100,000 following a coronial inquiry into its first death in custody in May," she said. A review of future options concerning court security and custodial services is underway and a final decision is expected before the end of the state's financial year.

WESTERN AUSTRALIA - COURTS ARE NEXT Despite the state's experience with Acacia Prison and the court security and custodial contracts (see above) the government of Western Australia is to award an AUD$127 million contract for new court complex. The private sector's role will be to finance and construct the buildings and provide accommodation, estate management, soft facilities management, user management and security services, custodial services and court booking.

In a statement 20 October 2003, attorney general Jim McGinty said: "We are looking for the sort of innovation and project management which will deliver a first class justice facility for Western Australians - and represent extremely good value for money." Two consortia are being considered: Western Liberty Group which includes Multiplex and John Holland with ABN Ambro as the proposed financier; and Amicur, which includes Leighton Contractors, Broad

Construction Services and the Macquarie Bank. The consortia also include security specialists, facilities services organisations, engineers and architects.

SECURITY FLAWS IN ACM'S QUEENSLAND PRISON

Australasian Correctional Management (ACM) has been served with a non-compliance notice for failing to report a prisoner-on-prisoner assault in the maximum security unit (MSU) of the Arthur Gorrie Remand and Reception Centre at Wacol, Queensland.

The assault occurred on 11 October 2003 but the state was not notified within the specified time frame. Queensland's prisons minister, Tony McGrady, only learned of the incident through a newspaper. It was the second security breach since July. On 13 October 2003 Mr. McGrady told parliament that he had issued the notice and that he was "incensed that the company failed to notify the department of corrective services or myself immediately of this incident ... Australasian Correctional Management faces the real possibility that it will have its contract terminated if the episode is repeated. Indeed, had it been issued with a prior non-compliance notice, the termination of the contract would have been discussed ... because of the seriousness of this issue. It now has seven days to put in place a strategy to ensure this never occurs again."

The Brisbane Courier Mail, 20 October 2003, reported that ACM's parent company in the US, Wackenhut Corrections Corporation (now known as The Geo Group), had sent an audit team of three senior executives to investigate procedures at the prison. On 22 October the same newspaper reported that the prison's general manager, Kevin White, had resigned and four prison officers were suspended with pay. On 28 October the newspaper revealed the contents of an internal investigation report which found that prison doors jammed and staff were unaware for up to 90 seconds that doors were open. The report also noted:

- The doors in the exercise yard tended to bounce away from the magnetic hold and were not constructed specifically for the electronic security system.
- Electronic failure did not contribute to the alleged attack on [the prisoner] and a prison officer had not waited for confirmation a door had closed.
- The closed-circuit television, which monitors prisoners, was obsolete and inadequate for such a high-risk area.
- The practice for prisoners to open doors under intercom direction from staff had led to an undue familiarity.

The report recommended that the four officers in the MSU be disciplined, console operation training be reviewed and the surveillance and electronic security door control be upgraded. Commenting on the report's findings, Brian Newman of the Queensland Prison Officers Association said: "It's an example of human warehousing - locking criminals away and moving them around by remote control rather than having one-on-one interaction with prison officers." The Weekend Australian 7 December 2003 reported that a prisoner in the MSU allegedly assaulted three prison officers after they removed his handcuffs after returning the prisoner to his cell following an exercise period.

The Arthur Gorrie Remand and Reception Centre have been run by ACM since1992. It is one of two privately operated prisons in Queensland.

Information collected from the internet for this report

VICTORIA: DEFAULT NOTICE FOR GROUP 4 The state government of Victoria has issued Group 4 with a default notice over failing to deal with repeated security breaches at the company-run Port Phillip Prison. In a statement issued 22 October 2003, corrections minister Andre Haerneyer said Group 4 "would have to immediately address security issues with an acceptable cure plan or face sanctions including the possible loss of their contract."

The company has already lost 10 per cent of its performance-linked fee this year due to health-related breaches of contract. The notice was issued in respect of security breaches including:

- 7 May 2003 - a targeted search by Group 4 revealed: a small handgun loaded with five bullets; a mobile phone; and a significant quantity of drugs.
- 8 May - a search by Group 4 and the state Security and Emergency Services Group discovered contraband, including mobile phones and a digital camera.

Mr. Haermeyer said that a subsequent security breach on 15 August 2003, where a prisoner was unable to be located for more than seven hours, constituted a failure to provide the movement control of prisoners as required under the contract. Speaking on ABC Melbourne's Drive programme, 22 October 2003, Mr. Haermeyer also revealed that an independent team called in by the state's Correctional Services Commissioner to carry out a comprehensive security audit at Port Phillip "identified 39 areas where it was deficient. We then called on the newly formed corrections inspectorate to have a look ... and it has advised me that they're still deficient in 24."

In response to the government's action, Group 4 issued a media statement on 22 October 2003 "acknowledging the seriousness of the two incidents" and saying that the company had "taken, and continues to take, commensurate and appropriate actions to ensure security is enhanced and tightened further." Group 4 was awarded the contract in 1997 to finance, design, build and operate Port Phillip. The contract expires in 2017.

PRISONER FOUND DEAD A 71 year old remand prisoner was found dead in his cell at Port Phillip Prison on 14 October 2003. Richard Barry Turner had wrist wounds. Razor blades were found near his body. A spokesperson for Corrections Victoria said that early investigations did not indicate that Mr. Turner was suicidal or that he had been held in protective custody.

COMPLAINTS TO THE OMBUDSMAN According to Victoria's Ombudsman "Port Philip Prison, the prison with the largest prisoner movement in the state, does not forward any property details, other than the number of boxes, when transferring a prisoner. This practice creates a breach in the transparency of the property chain, with the subsequent need for unnecessary enquiries." The Ombudsman dealt with 106 complaints from prisoners at Port Phillip during 2002-03, the main concerns being property and medical issues. Thirtieth Annual Report of the Ombudsman - for the year ended 30 June 2003, tabled October 2003. www.ombudsman.vic.gov.au

ESCAPE FROM ACM'S "UNIVERSITY OF LIFE" A prisoner who escaped from Australasian Correctional Management (ACM)-run Fulham Correctional Centre in Victoria on

27 October 2003 was caught by police after they intercepted a vehicle in the early hours of 28 October, according to the Latrobe Valley Express, 30 October 2003. At the time, the police were unaware that a prisoner had escaped. Earlier in the month the Melbourne Herald Sun, 17 October 2003, reported that a prisoner on cleaning duties found a bullet in an area of the prison where punching bags are made. The find prompted a police investigation. The same newspaper reported on 9 October 2003 that police were interviewing three prisoners about an alleged racket to smuggle drugs into Fulham.

According to a new ACM promotional brochure for Fulham Correctional Centre, "Security is never compromised. Inmates are contained by highly efficient custodial technology and skilled staff members that allows for more open space and flexibility than most prisons. It's a university of life."

SOUTH AUSTRALIA COURTS South Australia's Labor government is tendering for contracts worth AUD$30 million to finance, design, construct, maintain and operate police stations and court buildings at Victor Harbor, Mount Barker, Gawler, Berri, Port Lincoln and Port Pirie. The government will run the policing and court processes.

Meanwhile, consultancy fees on the proposed public private partnership women's prison have already reached AUD$119,909, according to figures given to South Australia's parliament in October. A financial analysis of a police station development has cost taxpayers AUD$68,683 and an analysis and final business case for a proposed youth detention centre has cost AUD$100,217. The consultants were engaged by the state's public private partnership unit. In opposition Labor pledged to cut the use of consultants by developing in-house capabilities.

MARCH 2004

NEW SOUTH WALES: PRIVATE MANAGEMENT STAVED OFF Private management of three new prisons being built in New South Wales has been staved off. The Public Services Association, which represents public sector prison officers, has agreed to flat rate overtime payments "as key" to keeping the prisons publicly managed. Other compromises involve different work practices to other state-run prisons. The details have not been disclosed. The Treasury had wanted private management if a comparative study concluded that privatisation was more viable. The state's premier had said that his "first preference vote" was for a publicly run prison system.

The new facilities at Kempsey, on the mid-north coast; South Windsor, north-west Sydney; and Wellington in the state's central-west will hold a total of 1,200 prisoners. Kempsey is due to be completed mid 2004. The Wellington facility has yet to be built. New South Wales has the largest prison system in Australia and still only has one privately managed prison, Junee Correctional Centre, which has been run by the GEO Group (formerly Australasian Correctional Management) since April 1993.

JUNEE FAILS TO FULLY MEET PERFORMANCE OBLIGATIONS AGAIN "ACM failed to fully meet their performance obligations with respect to compliance with the management specifications to the contract. The department will be working collaboratively with ACM to

Information collected from the internet for this report

ensure that they fully comply with their performance requirements," said the government's monitor in his performance report on Junee Correctional Centre for 2002/03. Compliance issues have also been raised in previous years.

Issues of concern in the latest report revolved around case management: the six monthly case plan reviews of all prisoners; the completion of the initial case plan and classification within 72 hours; and the reviewing of case plans of prisoners received from other centres.

The contract with the government requires that the case plan of each prisoner is to be reviewed at least on a six monthly basis. A review found that "local management had failed to comply with this requirement." The inspector noted that: "departmental intervention was necessary to ensure that case plan reviews were brought up to date."

A random audit of files of newly received prisoners "revealed that recognised screening protocols were not being adhered to. A follow up audit ... found that Junee ... was not adhering to the department's screening procedures and protocols as required ..." The inspector added that "local management at Junee were informed of the audit findings but, as at the end of the financial year, they had not introduced protocols to ensure they complied with their performance obligations."

Prisoner employment was also an issue. The inspector noted that the company had been attempting to maintain a commitment to providing employment opportunities for 65 per cent of sentenced prisoners but this has "proved a difficult task." The department altered the prisoner mix and the Tyco electrical cable manufacturer, which provided employment to a significant number of prisoners, withdrew from Junee. The government approved extra finance for upgrading the prison in order to solve some of the building and maintenance shortcomings. The company responded to case plan failures by providing supplementary training to staff. The company could face reductions in their performance-linked fee for the performance breaches but it was "not possible" for the inspector to provide a final report on ACM's performance for the purposes of the performance linked fee as "a final position had not been determined." *New South Wales Department of Corrections Annual Report 2002-03, Appendix 22, Junee Correctional Centre 2002/03 Performance Report*

- The auditor general for New South Wales has reported that, in 2002-03, Junee operated at 95.9 per cent of its capacity (94 per cent in 2001-02). The cost to the department of corrective services was AUD$22.9 million (AUD$21.5 million 2001-02) which consisted of a management fee of AUD$21 million (AUD$19.4 million 2001-02) payable to Australasian Correctional Management Pty Ltd and AUD$1.9 million (AUD$2.1 million 2001-02) in other direct and indirect costs. The management fee is based on providing accommodation for 750 prisoners. *Auditor General's Report to Parliament 2003, Volume Six, Tabled 4 December 2003.*

DEATH AT SAFETY AWARD WINNING GEO-RUN PRISON An investigation has been launched into the death of a 45 year old remand prisoner who was found hanging in his cell at the GEO Group-run Arthur Gorrie Correctional Centre on 1 December 2003. The incident

follows the Queensland facility being awarded a five star rating by the National Safety Council of Australia.

Meanwhile, two managers at the prison have been suspended after they allegedly directed prison officers not to report that prisoners had been found with home-made alcohol. Under the terms of the company's contract with the department of corrective services, such finding should be reported within 24 hours. However, according to the Brisbane Courier, 25 February 2004, the report was delayed. The Queensland Prison Officers Association said that a failure to report such a serious breach was "unforgivable" and has called for "a full and thorough investigation."

LABOR AND PPPS In a compromise, opposing factions the Australian Labor Party (ALP) have agreed to hold a formal inquiry into the role of private financing in public sector projects such as prisons and courts. The inquiry will examine the financial worthiness of public-private partnerships (PPPs) and their long term costs to governments and taxpayers. A spokesperson for the ALP said: "We believe that we should consider public-private partnerships but we also recognise that their use would be dependent on minimising taxpayers' exposure to risk.

In 2003 the Australian Council of Trade Unions called for governments to issue development bonds to finance projects. Trade unions in Queensland have called PPPs a waste of time and money even though a re-elected Labor administration is pushing ahead with a PPP programme that includes a A$400m development of the Boggo Road jail. The Queensland Council of Unions argues for more publicly owned assets financed by a reduced holding of financial assets.

Meanwhile, the ABN Ambro Bank has teamed up the Development Australia Fund (DAF) to create a A$250 million fund to invest in PPPs. DAF is owned by four superannuation funds which have trade union representation on their boards.

GROUP 4 RECRUITING CASUALS Group 4 has been recruiting casual staff to work in Port Phillip Prison and on the company operated prisoner transport service in Victoria. Recruitment advertisements placed by the company state that 'Group 4 is an equal opportunity employer and provides a smoke free environment'. However, at Port Phillip, the Community and Public Sector Union (CPSU), which represents prison staff, have warned that they may take action over the risk of the effects of passive smoking. In state-run prisons the union recently introduced work bans including preventing staff from handling tobacco products until smoking by prisoners is restricted. At Port Phillip prisoners are permitted to smoke in the exercise yards and in their cells, which are separated into smoking and non-smoking areas.

GEO'S AUSTRALIAN FIGURES The GEO Group Australia Pty Ltd (formerly Australasian Correctional Management) has a turnover of AUD$120 million and a workforce of 1,000 people according to a recent recruitment advertisement. The company is a subsidiary of the US firm GEO Group. Australian operations include managing Junee Correctional Centre in New South Wales, Arthur Gorrie Remand and Reception Centre in Queensland and Fulham Correctional Centre and Melbourne Custody Centre in Victoria. It also provides health services to Victoria's prisons. In December 2003 the company was trying to recruit a new managing director, offering a salary package of AUD$340,000 plus bonuses.

Information collected from the internet for this report

VICTORIA'S NEW SEMI-PRIVATE PRISONS Work has started on the development of two semi-private prisons in Victoria. The 600 bed remand centre and 300 bed correctional programs centre are being financed, designed, built and maintained on 25 year contracts by Victorian Correctional Infrastructure Partnership Consortium comprising Bilfinger Berger BOT GmbH with Australian subsidiary Baulderstone Hornibrook as the design and construction company and United KG in conjunction with Baulderstone Services as facility maintenance manager. The state will operate the facilities and provide all correctional services. Construction of the correctional programs centre will be completed in June 2005 and the Remand Centre in October 2005. The contracts are worth AUD$275 million.

EM SUPPLIERS FOR WESTERN AUSTRALIA The electronic monitoring industry has another new market. The government of Western Australia is to electronically tag 250 juvenile offenders. Police minister Michelle Roberts announced in February 2004 that it is a toughening up approach to repeat offenders based on a system used in Britain.

However, children's rights advocates, lawyers and the state Opposition have condemned the plan. George Davies of the Juvenile Justice Network said that "it's treating kids like dogs."

INDUSTRIAL ACTION AT MTC PRISON Prison officers at the Management & Training Corporation (MTC)-run Borallon Correctional Centre at Ipswich, Queensland, are taking industrial action in a bid to improve their wages and conditions. The Liquor, Hospitality and Miscellaneous Workers Union (LHMU) which represents some 150 staff are arguing for a six per cent pay rise over two years. MTC has offered just 1.9 per cent a year and is attempting to cut sick leave entitlement from eight to six days a year. Staff work 12 hour shifts and the union is concerned about stress affecting both the health of the workforce and the services they provide. The union's action includes escalating work stoppages and an overtime ban. MTC won the Borallon contract in 2000 after it outbid the incumbent, Corrections Corporation of Australia.

MAY/JUNE 2004

8.1.1.1 MSU SYSTEMS AT ARTHUR GORRIE "LIMITED IF NOT VIRTUALLY NON EXISTENT

Fundamental operational deficiencies at the maximum security unit (MSU) at GEO Group Australia Pty Ltd-run Arthur Gorrie Remand and Reception Centre have been exposed by an independent audit commissioned by the government of Queensland. GEO was formerly known as Australasian Correctional Management (ACM).

A death at a publicly run maximum secure unit (MSU) in October 2003 and security breaches at the Arthur Gorrie facility led the government to commission an independent audit of both units. The auditors found systemic faults and made over 50 consolidated recommendations for improvements to policy and practice at both the public and private units. The report is "abridged because of the security risks and potential prejudice to pending criminal proceedings that may otherwise result from full release." The term 'NOT RELEASED' appears some 60 times in the main body of the report.

But it revealed that, in respect of the non-compliance notice issued to ACM on 13 October 2003, "observations by a contract monitor assigned to AG [Arthur Gorrie] at that time reported that monitoring and reporting systems with respect to the operations of the MSU were extremely limited, if not virtually non-existent. As a direct result of this non compliance notification, AG was directed to implement a 'cure plan' to rectify a number of shortcomings ... this was done ... prior to these developments, however, it would appear that the custodial staff at the AG MSU also lacked direct supervision, clear procedural guidelines and reporting relationships, and ongoing management support."

The auditors recommended that "the normal staffing complement for the day shift at the MSU at AG be increased by one officer to five, to comprise one correctional manager, one control room operator and three escort and search officers," and that "the appropriateness of a separate systemic overview and monitoring of the operations of the MSU must be further considered by the department in consultation with ACM."

Public Release Version Report of an Audit of the Management, Staffing and Operations of the Maximum Security Units at the Arthur Gorrie Correctional Centre and the Sir David Longland Correctional Centre. January 2004. *Tabled in Parliament 7 April 2004.*

- Queensland's current and future strategies for prison privatisation were to: "continue development of effective contract monitoring and performance; share in innovation; ensure cost efficiency." The government's performance measuring and analysis unit's primary role was to: "collect, analyse and interpret data on performance information for the contract management unit (CMU) whose role was, in turn to develop key performance indicators and standards, develop contracts, negotiate with service providers and assess contract performance." 'Striving Towards Financial Best Practice, Correctional Facilities Management', Helen Ringrose, director general Queensland department of corrective services, International Quality & Productivity Centre 6-7 March 2002, Sydney.

DEATH AT MTC-RUN PRISON A 33 year old prisoner, Troy Crossman, was found hanged in his cell at the Borallon Correctional centre near Brisbane on 17 March 2004. Borallon has been managed by Management & Training Corporation of Utah (MTC) since 2000 and is the company's only Australian prison contract.

PPP FOR NEW SOUTH WALES The New South Wales departments of health and corrective services have called for expressions of interest from the private sector for a contract to finance, design, redevelop and maintain (facilities management) the Long Bay forensic and prison hospitals. Ancillary services at the new 135 bed forensic hospital will be contracted out. Custodial services at the new 85 bed prison hospital, to be located within the publicly run Long Bay Correctional Centre, will be provided by the government.

JULY 2004

GROUP 4 SPENDS SO PORT PHILIP PENALTIES WAIVED Group 4 has solved its recent problems at Port Philip Prison in Victoria, according to the state's minister for

Information collected from the internet for this report

corrections, Andre Haermeyer. In response to questions from parliament's public accounts and estimate committee he said:

"There was a default notice issued against Port Philip Prison on 22 October last year and that related to a number of what we considered serious security deficiencies in the way the prison was being run. On 7 and 8 May targeted searches of that prison revealed a small handgun loaded with five bullets, mobile phones and a significant quantity of drugs and a digital camera. There was a subsequent security breach on 15 August where a sick prisoner was unable to be located for more than seven hours and that constituted a failure to provide the movement and control or prisoners which the prison is required to provide for.

We thought that these failures to comply were in breach of the prisons management specifications and our advice was to issue a default notice under the terms of the contract that we are being required to demand of that prison, that it delivers us a cure plan. That cure plan has to outline the rectification tasks that the prison will undertake. That cure plan was delivered to me on 26 November 2003. It contained 31 tasks which were broken down into 118 different work commitments which were to be completed by 29 February 2004. These had to be agreed to by the correctional services commissioner and I approved that plan.

On 11 March I received advice from the correctional services inspectorate that 113 of the 118 work commitments had been fully implemented and the other five were being satisfactorily progressed. On 17 March I advised the commissioner that I considered the default plan had been satisfactorily remedied.

I might note that the prison did go a bit further than we actually required of them in the cure plan, and it has resulted in a significant capital expenditure by the contractor to the order of about half a million [Australian] dollars which involves a major refurbishment of the prison entry reception area and the vehicle sally port. It also includes enhanced security features including increased security check point screening and scanning equipment. So we think they have significantly lifted their game as a result of the implementation of that cure plan and I so am satisfied with the action they have taken in response to those deficiencies.

I do not think there were any financial implications for the state. The state has the capacity to withhold performance fees or to financially penalise the contractor but given the expenditure that the contractor invested over and above what we actually required of them in the cure plan it was recommended that the option to impose a financial penalty be waived since they had already made a significant financial sacrifice over and above what we would have imposed on them in terms of the financial penalty."

EXTRA PAYMENTS A$10 million in additional payments have been made to the prison operators Group 4 and GEO after their respective prison service agreements were renegotiated. Mr. Haermeyer told the committee: "... the contractor has a 20 year build, own operate contract. At the end of the first four years there is a renegotiation of the prison services agreement which is simply the process by which the operator runs the prison. We required, as a result of the deficiencies that had occurred in those prisons - and we negotiated this with both the remaining two private operators - we noted that there were some significant deficiencies in the

way that they were required to operate under their prison services agreement and there were things like a tolerance for escapes. I think one or both of them were allowed one escape a year. There was a tolerance for deaths in custody. These sorts of things we just will not cop.

So we negotiated a much tighter prison service agreement which also went to some more qualitative issues in terms of good prison management. As a result of that we have a better prison services agreement that has a cost. It has also been pointed out to me that we do have an increased flow-through of prisoners through Port Philip prison which increases their cost. We have also expanded the capacity of both these prisons." *Extracts from Government of Victoria, Public Accounts and Estimates Committee, Inquiry into 2004-05 budget estimates, Melbourne, 21 May 2004.*

SEPTEMBER 2004

AIMS FINED A$300,000, LOSES PART OF CONTRACT

Australasian Integration Management Services (AIMS) has been fined A$300,000 for a security lapse which led to nine prisoners escaping from the supreme court in Perth, Western Australia, in June 2004. The Sodexho-owned company has also lost the contract to provide security at that court. However, for now, it has kept the remainder of the A$18.5 million contract for court security and custodial services at most major courts across Western Australia. A government-commissioned inquiry into the escapes found that:

- the processes and procedures employed by AIMS Corporation to unlock cell 1were deficient and contributed to the escape;
- the management of keys at the court custody centre was also deficient;
- and AIMS Corporation failed to take any steps, or any reasonable steps, to secure the locking of two doors, wedged open at the time of the escape, in the flight path of the escapees.

The inquiry also found that the department of justice's monitoring of the company's performance under the contract was inadequate. In a statement to Western Australia's legislative assembly on 17 August 2004, the premier, Dr Geoff Gallop, said: "When presented with the draft findings of the inquiry for comment, AIMS Corporation publicly acknowledged that the escape had been inexcusable and that it had badly failed the people of Western Australia. I concur with this view." Dr Gallop added that "AIMS Corporation will incur fines totalling AUD$300,000 for the supreme court escape and other escapes this contract year. It will also permanently lose the supreme court custody area of its contract, adding a further financial loss of approximately AUD$300,000."

He said: "...the responsibility for the supreme court custody area will remain with the department of justice. The state government was also due to advise AIMS of any contract renewal in October 2004. Given the findings of the Hooker inquiry, this will not occur. AIMS will be on notice that it has six months to demonstrate significant and major improvements in its operations. Any failure to do so may result in the company playing no further role in the delivery of court security and custodial services in Western Australia." *(www.parliament.wa.gov.au/hansard, 17 August 2004)*

The government also announced a A$3.6 million improvement programme for court security. The department of justice has also taken over from AIMS the management of metropolitan juvenile transport and escorts and the Perth holding rooms. The decision was taken in April 2004 following a review of the AIMS contract.

PRISONER HANGING: CORONER CRITICAL OF GROUP 4 The government of South Australia coroner has criticised the state and Group 4 following the death of a prisoner at Mount Gambier Prison on 2 September 2001. Mr. Troy Turner was found hanged in his cell at the Group 4-run prison. Following an inquest in July and August 2004, the coroner stated that "this is yet another case where the design of the cell has provided an easy hanging point to enable a prisoner to commit suicide." He also said that: "correctional officer Cluse's direction that Mr. Turner not be cut down and resuscitation not be implemented was inappropriate. He was in no position to determine that resuscitation was pointless." The coroner recommended that:

- the DCS [department of correctional services] and Group 4 review the language used in the relevant procedures to ensure that there is no uncertainty among custodial staff about their duty to resuscitate a prisoner in an emergency situation;
- Group 4 either provide a nurse qualified to provide emergency treatment to a prisoner available 24 hours per day 7 days per week or, alternatively, Group 4 ensures that custodial staff are adequately trained and equipped to provide appropriate emergency treatment to a prisoner pending the arrival of ambulance officers;
- Group 4 take appropriate steps to ensure that, in accordance with principles in the 'safe cell' project, cells used to accommodate prisoners at Mount Gambier Prison are designed to ensure that hanging points are kept to a minimum;
- DCS and Group 4 put appropriate consultative procedures in place so that changes in DCS practices and procedures are implemented in Group 4-operated prisons without delay;
- Group 4 put appropriate procedures in place to ensure that prisoners do not have access to hanging materials such as timber straps, etc. *In the Matter of Troy Philip Turner, Findings Of Inquest, 6 August 2004,*

AUSTRALIA'S PRIVATE PRISONER POPULATION There were 4,197 prisoners in Australia's private prison as at 30 June 2003. Figures published by the Australian Bureau of Statistics show that, with a total prisoner population of 23,555, this represented 17.8 per cent. However, the figures excluded those held in privately operated police lock ups, court cells and immigration detention centres.

New South Wales	Junee Correctional Centre	727
Victoria	Fulham Correctional Centre	746
Victoria	Port Phillip Prison	746
Queensland	Borallon Correctional Centre	489
Queensland	Arthur Gorrie Corr. Centre	707
South Australia	Mount Gambier Prison	108
Western Australia	Acacia Prison	696

Source: Australian Bureau of Statistics, Prisoners of Australia, January 2004. www.abs.gov.au

ACT PRISON TENDER The Australian Capital Territory (ACT) is to build a 347 bed prison in Canberra. The facility, which will be publicly owned and operated, will hold men and women and will allow the government to stop sending prisoners to serve their sentences in New South Wales. The government is seeking expressions of interest from companies to work on pre-tender industry consultation and design work.

JANUARY 2005

ACACIA PRISON: AIMS CORPORATION FINED $211,598 At AIMS Corporation-run Acacia Prison there are "still deficits in service delivery that require immediate attention. There are still many challenges to be met in the year ahead," according to the director general of Western Australia's department of justice, Alan Piper.

Writing in the department's 2003/2004 annual report of the Acacia prison services agreement, Mr. Piper also noted that the AIMS Corporation (Sodexho)-run prison "showed signs of stabilising under the leadership of a new general manager." However, in 2003/004 the department commissioned a number of reviews of Acacia that "... have given rise to recommendations across virtually every aspect of the prison's operation. Prison management and staff must act upon these in the year ahead if it is to properly fulfil its contract - and its commitment to Government."

The company is to be penalised AUD$211,598 of its performance-linked fee for problems relating to the detection of drugs in the prison, and the lack of meaningful work, education and training opportunities for prisoners. Although there have been improvements in intelligence systems "security also continues to be an area of concern..."

Also for the first time, the department commissioned professional services consultants SAI Global to review the prison against the Australian business excellence framework addressing, for example, human resources and information technology issues. Both the operational and SAI Global reviews "raised concerns about the financial viability of AIMS Corporation, as has the inspector of custodial services. In the context of contract renewal negotiations, the department will complete a financial due diligence review in the year ahead which will properly examine the financial viability of AIMS Corporation and any risks faced by the department." The department "has held concerns regarding the financial stability of AIMS Corporation for more than two years and last year implemented more thorough risk-management and more closely monitored its financial position in relation to Acacia Prison."

The contract, the only one between the state and a private prison operator, was awarded on 21 December 1999 and AIMS started service delivery on 16 May 2001. The prison is operating at capacity with around 730 prisoners, more than 230 of whom are aboriginal.

Information collected from the internet for this report

The annual report's other findings included:

- Total custodial staff increased to 178 from 168 in 2003. The total non-custodial staff decreased to 67 from 104 in 2003. This fall "is due mainly to the employment of permanent rather than casual nursing staff."
- The department was concerned about the low level of custodial staff during the year. "An intake of 19 new custodial staff in July 2004 and another group planned for October 2004 should alleviate the problem." AIMS Corporation has not conducted a full review of staffing during the year; however "the department will require such a review as part of the preparation for contract renewal negotiation."
- In November 2003 a new Acacia Prison Enterprise Bargaining Agreement was registered. In the months following "there was an ongoing campaign of industrial action ... over issues relating to sick leave, holidays, health, safety, and staffing levels. The action escalated from March 2004 and took a variety of forms including stop-work meetings and work-to-rule action in relation to prisoner unlocks. The stop-work meetings and the possibility of a staff walk-out, in particular, have had some impact on the prisoner regimes. At year end, the issues had not been resolved and industrial unrest was still a threat."

A three-tier annual review process was used to monitor performance. This included a peer review by another state jurisdiction. The review by Corrections Victoria found several areas where improvements are required to meet the contractual requirements of the Service Level Agreement and to achieve the stated philosophical outcomes of Acacia Prison. It also found more serious issues "to the extent they pose a risk to the department of justice and AIMS Corporation in terms of the longer term viability of the contract."

The review teams raised concerns about the following matters:

- the financial strength of AIMS Corporation and the risks that may present, particularly in terms of the five-year leases taken out on the smart card system and IT hardware;
- the operational efficiency and effectiveness of the Secure Transaction Environment Prison System which is not working as intended. It is not reliable in that it does not give an accurate record of where prisoners, staff or visitors are at any given time and is also frequently out of order and needs repairs;
- the prison is not meeting its intended operating philosophy. Purposeful interactions between staff and prisoners are inhibited by limitations in the design of the prison. In particular, officers frequently operate from behind glass enclosures and prisoners are not free to move around the prison as they wish;
- there are inadequate strategies or penalties to address issues arising from non-compliance with the service agreement;
- the role of onsite monitors should be reviewed so that it includes an obligation to ensure issues of underperformance and non-compliance with contractual requirements are dealt with promptly between the Department and AIMS Corporation;

The response to Aboriginal prisoners' needs improvement, including addressing:

the low number of Aboriginal staff employed relative to the number of Aboriginal prisoners; the under-utilisation of facilities dedicated to use by Aboriginal prisoners; difficulties experienced by the Wongi in the custodial environment; under-representation of Aboriginal prisoners in work and in the higher levels of accommodation; and the Nyoongah Alcohol Substance Abuse Program occurring too infrequently to meet demand. The process of releasing prisoners into the community with little or no money, heightening the risk of re-offending. In May 2004, 25% of prisoners discharged had no money at all and a further 23% were released with less than AUD$20. The poor results of the Healthy Prisons survey which provides a useful insight into how staff and prisoners feel about the prison environment and prison management.

Management review

A management review by SAI Global was formally contracted in July 2004 to undertake the review which establishes a benchmark for assessing improvement in the years ahead. SAI Global reported that the relationship between Acacia Prison and the department of justice had "improved considerably during the year but noted that the relationship could again come under pressure if some of the key issues highlighted by it were not addressed soon."

The report detailed Acacia Prison's strengths and opportunities across a range of management areas. In particular, SAI Global found:

- Acacia Prison was in "stabilisation" mode, with a top-down approach to planning and decision-making;
- Acacia Prison needs to develop a more strategic approach to secure the long term future of its contract;
- decision-making on operational matters was seen as slow by many staff; and
- there were inherent problems in the technology and human resources areas, with impacts on morale and staff's ability to do their jobs.

The three key strategic issues identified were:

- the need for all parties to the contract to make their expectations clear;
- define the strategic direction and investment criteria for Acacia Prison; and
- enable management to develop a new culture of prison management.

Maintenance review

A review of prison maintenance was conducted in May 2004. Areas such as the kitchen, roads, environment, security and fire services, buildings and infrastructure, electrical and mechanical systems were all examined and assessed.

The major issue raised by the review was the lack of planned maintenance programs for the assets. Unplanned maintenance items were usually undertaken within acceptable timeframes.

In particular, the review found:

Information collected from the internet for this report

- the security and safety systems are not generally being maintained in an acceptable condition;
- general and closed-circuit television monitors are in poor condition;
- cells and general intercom systems are in poor condition; and
- kitchen equipment is not maintained in an acceptable manner.

Transfield Services (Australia) Pty Ltd (TSAPL) provided maintenance services at Acacia under contract to AIMS Corporation during the year. However, AIMS was working towards replacing TSAPL with Altys Multi-Services Pty Ltd a company owned by AIMS' parent corporation Sodexho Alliance.

Services

AIMS Corporation achieved the required performance linked measure relating to assaults and substantiated prisoner complaints to the Ombudsman. However, "the level of illicit drug use ... is a significant concern."

Security

As reported in 2003, a key feature of Acacia Prison was to be 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 peer review conducted in 2004 confirmed the performance reviews of the previous two years which found 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.

In particular, the review highlighted an inability to track prisoner movements and location and showed periodic system failure. This means there was reduced accountability for the whereabouts of prisoners and the potential for prisoner frustration to manifest into incidents. Software improvements are required to increase the functionality of the smart card system and preventative and breakdown maintenance regimes are needed as a matter of priority. At year end, the Department was waiting on further information on what was required from AIMS Corporation in order to assess the financial implications of the improvements.

The review further found that security was not optimised because prison intelligence and management information is not gathered, analysed or deployed from a strategic planning perspective and a number of other operational issues needed to be addressed to bring security management into line with the expected performance of a medium security facility.

In what was a significant response to a major issue, AIMS Corporation made changes to its intelligence, risk management and incident management systems in early 2004. This included the appointment of a new security manager and intelligence manager. A new multi-disciplinary security committee including the Department's monitors was formed in February 2004 and met monthly to examine all areas of security and risk management.

Prisoner charges

There were a total of 656 internal charges laid against 581 prisoners during the year, compared with 536 internal charges laid against 449 prisoners last year. This represents an increase of 22% mitigated by a population increase of 7% during the period. All these charges need to be heard by either a visiting magistrate or superintendent. At year end, 24 or 3.6% of charges were not finalised.

Prisoner movement

Acacia Prison uses an automated system initially designed to track prisoner movements within the prison. The system, which incorporates smartcard technology, has not yet been used to its full potential because it is not capable of controlling movement - it merely acknowledges recorded movement.

The system needs to be incorporated with barrier management processes, which would enable a prisoner to open doors with the card, enabling movement and, at the same time, recording movement.

Care and well being

The Corrections Victoria review team carried out a survey and, obtained results from 92 prisoners, 47 staff and 20 visitors which, it is considered, "may not be sufficient for statistical validity but provide an indicator of how the prison environment is measured against the healthy prisons model." Key results:

- 27% of staff indicated they did not feel safe, citing occupational safety and health issues, staff shortages and training;
- 95% of visitors feel safe;
- 62% of prisoners didn't feel the meals were balanced or nutritious;
- 95% of visitors said staff treat them with respect and dignity;
- 35% of prisoners felt programs and services met their needs;
- 71% of prisoners agreed regular phone calls helped them maintain contact with family and significant others; and
- 85% of visitors indicated Acacia Prison's facilities met their needs.

The review found that a strict interpretation of the results would say Acacia is not a healthy prison. In the year ahead, Acacia Prison will develop an action plan designed to address the issues and an assessment of their budget implications will be made.

Support for Aboriginal prisoners - Wongi prisoners

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

Information collected from the internet for this report

Despite a number of improvements, Acacia Prison's performance in relation to Wongi prisoners was still not at a high enough level and a specialist monitor was engaged to undertake a review in May 2004.

The peer review also monitored the prison's performance in relation to Wongi prisoners and found there was insufficient attention given to their particular induction and orientation needs and they were too far from their normal environment to benefit from the visit program.

It also found the Wongi prisoners had problems communicating with non-Wongis and were reluctant, or unable, to approach custodial staff for information. This was due in part to officers being located behind glass barriers. These are difficult issues to address, but other efforts to make Wongi prisoners more comfortable in the prison setting may go some way to alleviating these problems.

Specialist review

A specialist review of Acacia Prison Aboriginal Services relating particularly to Wongi prisoners was conducted in April 2004 by independent consultant, Charlie Staples, and Ngaanyatjarra elder, Gerald Porter, from Warburton. His report was received in May 2004. It followed the March 2003 report of the Inspector of Custodial Services, which found "systemic discrimination faced by Indigenous prisoners at Acacia".

The specialist review found there had been improvement in some areas but there was still work to be done. Some 54 recommendations addressed issues including:

- strong feelings of isolation from family and community;
- difficulties with communication between prisoners and family and community;
- homesickness, depression and self-harm have been identified by the prisoners themselves as areas of concern;
- resentment over placement at Acacia Prison rather than Eastern Goldfields Regional Prison;
- apparent limited understanding of aspects of the Department of Justice and Acacia Prison processes;
- induction information is often misunderstood;
- a perception that Acacia Prison staff lack adequate understanding of Ngaanyatjarra culture;
- the cultural area is considered inappropriate;
- tensions exist between Ngaanyatjarra prisoners and Nyoongah prisoners;
- the base levels of literacy and numeracy are extremely low and current education options are too challenging; and
- access to appropriate, culturally-relevant therapeutic programs is too restricted.

While the appointment of an Aboriginal health worker in May 2004 was a positive step forward, AIMS Corporation has not yet established Aboriginal health services at Acacia prison and has yet to achieve the Aboriginal health services expressed in their initial proposal.

Contract payments

Contract payments to AIMS Corporation have been made in accordance with the amounts specified in the agreement. A total of $24,294,137 was payable to AIMS Corporation for the year 2003/2004, compared with $23,393,556 for the previous year. This was made up of the base contract fee and the payable performance-linked fee.

Under the agreement, 5% of the total possible fee payable to AIMS Corporation is withheld and payment of the full amount is linked to performance. In 2001/2002, AIMS was paid 87.5% of the performance-linked fee funds withheld; in the 2002/2003 operational year, 69.5% of the monies were paid. In 2003/2004, 83% of the retained funds were paid.

Penalties

Areas in which AIMS Corporation was penalised for poor performance during the year, including the amount of the performance-linked fee payment lost (A$).

Performance-linked fee measures	**Total fee payable (100% performance)**	**Actual fee paid (2003/2004 Performance)**
Number of serious prisoner assaults on prisoners	72,977	72,977
Number of serious prisoner assaults on staff/visitors	72,977	72,977
Number of serious staff assaults on prisoners	72,977	72,977
% positive results from random urine sampling	72,977	0
Number of substantiated prisoner complaints to Ombudsman	145,955	145,955
Number of incidents serious self-harm or attempted suicide	182,443	182,443
% prisoners employed or in programs	152,036	137,534
% contracted work hours provided	152,036	52,731
% required vocational/education training hours provided	72,977	49,416
% required offending behaviour program hours provided	72,977	71,727

Information collected from the internet for this report

Number of failures of contractor responsiveness	145,954	145,954
TOTAL	**$1,216,289**	**$1,004,691**

Other payments

Other payments made to AIMS Corporation during the operational year related to the performance-linked fee payment for 2003/2004, adjustments to the performance-linked fee and services provided over or below the contract's minimum requirements including:
*June 2003 AUD$819,924 payment of performance-linked fee for previous operational year;
* November 2003 AUD$2,150 Psychiatric services;
* December 2003 AUD$123,258 Counselling services.

Contract extension

The department started work on the renewal of the contract for the management of Acacia Prison during the year. The department will need to advise AIMS Corporation on the extension of the existing contract, or otherwise, by May 2005. The department "expects to be in a position to provide Government with the appropriate contract extension advice for consideration by March 2005." The contract is due to expire in May 2006. *Government of Western Australia, Department of Justice, Annual Report 2003/2004 Acacia Prison Services Agreement, 30 September 2004.*

SUICIDE AND CONTEMPT OF COURT AIMS escort officers overlooked a police document indicating that prisoner Charles Raymond Gamble was a suicide risk, according to Western Australia's state coroner. Mr. Gamble was found hanging by his shoelaces in the back of an AIMS van after being escorted to a court hearing in Perth in May 2003. The coroner raised concerns that AIMS staff did not consider it risky to give Mr. Gamble his shoelaces after police had previously confiscated them. The coroner also criticised AIMS for removing the van's hanging point only after two more prisoners attempted suicide in this way. The department of justice has increased its monitoring of AIMS' contract since Mr. Gamble's death. The justice minister is examining the coroner's October 2004 findings.

Western Australia District Court Chief Judge Antoinette Kennedy criticised AIMS staff after they brought two prisoners to the dock shackled in leg irons and handcuffs despite her orders not to do so. On 11 January 2005 the judge summoned an AIMS security supervisor Christopher Blottin on a contempt of court charge. A lawyer representing Mr. Blottin apologised to the court, arguing that his client had not acted in defiance of the judge but out of concern for a possible escape. According to the Courier-Mail, Judge Kennedy said: "If this was just a one-off incident then I would not have taken such drastic action. But this is not a one-off; it has been going on for three years".

WESTERN AUSTRALIA'S PPP COURT CONTRACT The government of Western Australia has signed the state's first public private partnership deal for a new court complex at Perth. Western Liberty Group comprising ABN Ambro, Multiplex and John Holland won a 27

year contract worth AUD$195 million to build, own and operate 22 maximum security courts, holding cells and hearing rooms. This means that for the first time in the state the private sector will operate custodial services, booking services, user management, court security, transcription and recording. The failed bidder was a consortium comprising Leighton Holdings and Macquarie Bank.

Meanwhile, the government could save AUD$21 million if it built the court complex itself rather than through a public-private partnership, according to a report commissioned by the department of housing and works. However, the attorney general Mr. Jim McGinty told the West Australian, 22 December 2004: "Running the building is a lot cheaper to the government (under the partnership) but the construction cost is higher." The project is scheduled for completion in 2008/9.

MARCH 2005

NORTHERN TERRITORY SAYS "NO" There are no plans to privatise Northern Territory prisons or contract out custodial services, according to department of justice. The Northern Territory News, 2 December 2004 reported the department's head Richard Coates as saying that "it has not been considered ..."

NEW SOUTH WALES INVESTIGATES PRIVATE COSTS New South Wales' public accounts committee has launched an inquiry to establish the cost effectiveness of the state's only private prison, the medium security 750 bed Junee Correctional Centre. The government pays GEO Group AUD$21.5 million per year to run Junee. Meanwhile, the state's newest prison at Wellington is publicly financed, built and operated.

VICTORIA POLICE TENDERING Victoria Police are re-tendering for the provision of custodial services for the Melbourne Custody Centre (MCC). The contract is for three years with two one-year options to extend. Since March 1999 the Centre has been run by ACM, subsequently The GEO Group. GEO has a one year contract that expires in March 2005. The company undertakes custodial duties at the MCC as well as providing court escort duties. Another GEO company, Pacific Shores Health Care provides 24-hour on site nursing service.

Five women custody officers are on long term stress leave from the Melbourne Custody centre because of alleged intolerable working conditions at the MCC. Their complaints include sexual harassment, discrimination, bullying, victimisation, intimidation and poor treatment of prisoners. They allege the centre is understaffed. Their claims are to be heard by Victoria's Civil and Administrative Tribunal. One of the five, Bruna Moressi, told the Herald Sun, 18 November 2004, "Melbourne Custody Centre is mismanaged through and through ... problems are covered up." It is the only police jail with padded cells for psychotic inmates and others with serious psychiatric illnesses. She added: "None of the staff have training with psych patients and the centre is not properly equipped to deal with these people ... it's the Bronx of prisons." A GEO spokesperson said staffing levels were above minimum requirements and, last year, the centre was given high marks for management, safety and care of inmates.

Information collected from the internet for this report

SOUTH AUSTRALIA NEGOTIATING WITH GSL The government of South Australia and GSL Custodial Services Pty Ltd are negotiating the renewal of the company's contract to run Mount Gambier Prison. The prison opened under Group 4's operation in December 1995 and is the state's only privately run prison. The government has commissioned a A$1 million control room for the prison. It will allow staff instant multi-camera visual coverage of the prison and its perimeter.

QUEENSLAND: INDUSTRIAL ACTION AT GEO PRISON Staff at the GEO Group-run Arthur Gorrie Correctional Centre took industrial action in January 2005 over wages and safety issues. Cleaners, maintenance workers, psychologists and others stopped work after the company refused to negotiate with the Liquor Hospitality and Miscellaneous Workers Union. The union alleges that GEO has failed to meet its obligations under the Queensland Industrial Relations Act. No award conditions, certified agreement or enterprise bargaining conditions cover the workers' employment. The facility's 700 prisoners were locked down during the industrial action which took place over two days.

At the January 2005 trial of a prisoner who attacked and beat another in a day room at the Arthur Gorrie Correctional Centre in July 2003 the court was told that no video recording of the incident was available despite there being two cameras in the day room. At the time of the incident the attacker should have been locked in his cell. However, no explanation was offered to the judge at Brisbane District Court as to how the attacker was able to leave his cell.

MAY/JUNE 2005

PRIVATE PRISONER FIGURES: Private prisons in Australia held 17.5 % of Australia's prisoners - 4,239 out of 24,171 - as at 30 June 2004. In 2003 4,197 out of a total prisoner population of 23,555 were held in private prisons. *Source: Australia Bureau of Statistics, Prisoners in Australia 2004.*

PORT PHILLIP SECURITY INCREASED GSL Custodial Services has had to provide extra roving security and new fencing at the 744 bed Port Phillip Prison in Victoria.

The company responded to a notice served by the Community and Public Sector Union (CPSU) which asked for changes to staffing arrangements. This was prompted by an incident on the night of 13 March 2005 involving rival factions of prisoners at a time when only seven prison officers were on duty to supervise 700 prisoners.

Correctional supervisors at Port Phillip have been awarded a pay increase to take account of increased responsibilities since 2003. The Australian Industrial Relations Commission (AIRC) determined that their work value had increased by 4% (leading to a 2% pay rise) but it also determined that industry supervisors' duties at the prison had not increased enough to warrant a pay increase. The case had been referred to the AIRC in 2003 as the CPSU and the company (then known as Group 4 Correction Services Pty Ltd) had failed to agree terms. Correctional supervisors now earn AUD$51,368 per annum. The prison opened in 1997. *Australian Industrial Relations Commission, CPSU the Community and Public Sector Union and GSL Custodial Services Pty Ltd, (C2003/2062), Melbourne, 2 March 2005.*

NEW SOUTH WALES NEWS A consortium comprising German construction firm Bilfinger Berger BOT, Macquarie Bank and United KG has been chosen as the preferred bidder for the A$130 million redevelopment of Long Bay Correctional Centre forensic and prison hospitals in Sydney.

The state premier announced in May 2005 that a new A$250 million, 500 bed jail will be built. The state's prisoner population was around 9,000 in January 2005 and is expected to increase to 10,000 by 2008. The government is continuing an inquiry into the comparative costs of GEO Inc-run Junee Correctional Centre and state run facilities.

PRISON AS INVESTMENT Australian investors in listed property trusts should buy into less traditional assets such as prisons, golf courses and self storage warehouses, according to JP Morgan Australia's head of real estate, Tim Church. According to The Age, 7 April 2005, Mr. Church's view is that the Australian property market is almost at saturation point and investors should look overseas for quality assets. "You have only got to look at the United States. They're very accepting of prisons as an income stream," he told a forum of the Property Council of Australia.

FROM TEXAS TO QUEENSLAND AND BEYOND? Queensland government officials have visited GEO Group Inc's 1,000 bed; Lockhart Correctional Center, Texas. According to the company's in-house magazine GEO World the purpose of the visit was "to better understand the management system and the operation of the facility and, in particular, the prison industry programme."

According to the magazine, Queensland's director general of Corrective Services, Frank Rockett, said that "his department was facing the potential of expanding its offender capacity and was interested in examining options of reducing costs to taxpayers. One option being considered is building a larger than traditional sized prison in Queensland to benefit from economies of scale by lowering per prisoner operating costs." Additionally, as Lockhart manages a unique prison industry programme whereby a portion of the wages earned by prisoners is applied to their cost of incarceration, "a win-win scenario is realised for the taxpayers and the prisoners who also keep a portion of their wages."

The report continued: "Although director general Rockett expressed his appreciation to Warden Dixon and his staff for the warm hospitality and the informative tour, it is GEO that is appreciative to Mr. Rockett and the Queensland Government for the compliment shown by including Lockhart in their fact finding tour. Although this particular tour highlighted the Lockhart Work Programme Facility, GEO is honoured by senior government correctional professionals from around the globe who tour our many correctional facilities operated under public private partnerships." *Source: GEO World, Volume XI, Number 2, Second Quarter 2005.*

JULY 2005

JUNEE MONITOR'S REPORT GEO Group Australia "failed to meet all performance obligations with respect to their compliance with the Minimum Standards" at Junee

Information collected from the internet for this report

Correctional Centre in 2003-04, according to the latest monitoring report. Concerns noted by the New South Wales Government's contract monitor included:

- An audit of the case management process found that "out of date screening forms and incorrect procedures were being used during the Reception Induction process." However, a follow up audit found that management had implemented new local procedures to comply with requirements.
- "Monthly case notes as required in the Minimum Standards were not completed. The issue continues to be of concern and is being closely monitored."
- In 2002-03 the monitor found that "there was a failure ... to ensure that the case plans of all inmates were reviewed on a six-monthly basis". In the latest report the monitor stated: "This is a Key Performance Indicator (KPI) of the Performance Linked Fee (PLF). The GEO Group has both a contractual and legislative obligation to ensure that all inmates' case plans are reviewed every six months. As a result of last year's findings, GEO management introduced a Compliance Monitoring System to assist them in meeting their obligations. However continued monitoring of this area revealed a repeated failure to meet this KPI."
- "The refurbishment of the centre, including but not limited to the gatehouse, kitchen and reception area, and the provision of suitable amenities to the centre remained an area of concern."
- GEO should maintain a KPI of providing 65% of sentenced inmates with employment. "This KPI was based upon an inmate population of 600. When the inmate population was increased to 750 the Department agreed to continue to calculate attainment of the KPI using the inmate population of 600. This has proven to be a difficult benchmark for GEO to reach, particularly with the loss of a major business unit which provided significant employment opportunities. The Department and GEO have been working ... to develop an appropriate counting rule to manage the situation."

It was "not possible to provide a final report on GEO's performance for the purposes of payment of the Performance Linked Fee for 2003-04." However, the report noted that as a result of performance failures in 2002-03, the operator was penalised AUD$46,477, some 15% of the company's Performance Linked Fee. *Junee Correctional Centre 2002/04 Performance Report, Appendix 21, New South Wales Department of Corrective Services Annual Report 2003-04,*

NEW SOUTH WALES VALUE FOR MONEY INQUIRY The Parliamentary Public Accounts Committee's inquiry into value for money from correctional centres in the state is continuing. One of the inquiry's terms of reference is to compare the operational costs of the only private prison in the state, the GEO-run Junee Correctional Centre, with the publicly run Mid North Coast Correctional Centre (MNCC).

MNCC is a 500 bed remand and reception centre catering for 350 maximum and medium security males, 75 minimum security males and 75 minimum security females. Junee holds 600 medium and 100 minimum security males.

According to the Department of Corrective Services' submission the costs per minimum security inmate per day are AUD$82.31 at Junee but only AUD$80.12 at MNCC. "...a clear comparative

based on assessing like inmates of like classification reveals that the Mid North Coast Correctional Centre is AUD$2.19 per inmate per day cheaper than Junee Correctional Centre to manage."

Both the GEO Group Australia Pty. Ltd and consultants commissioned by GEO, Knowledge Consulting, submitted papers to the inquiry. However, sections of GEO's submission have not been published due to commercial confidentiality. GEO stated that Junee operates at a cost of AUD$22.23 million and argued that, taking account of health costs, "Junee operates at a cost of AUD$81.86 per inmate per day while the published New South Wales cost is AUD$187.80."

Figures provided by the Auditor General stated that "the cost to the Department [of Corrective Services] was AUD$22.7 million which consisted of a management fee of AUD$21.5 million payable to GEO Group Australia Pty Ltd and AUD$1.2 million in other direct and indirect costs."

The Liquor, Hospitality & Miscellaneous Union (LHMU) represents "the great majority" of employees at Junee Correctional Centre. In its letter to the inquiry the LHMU stated that:

- "During the period since 1996 and in particular since mid 2001, there have been important changes in the way work is performed ... a significant number of those changes arose from the July 2001 introduction of 12 hour shifts for custodial staff, who previously almost exclusively worked shifts of eight hours duration. This change means a full complement of custodial staff is now on site at Junee for only 12 hours of each day, rather than the 16 hours (made up of two eight hour shifts) which previously applied, and allowed a considerable reduction in total labour costs."
- The introduction of those shifts and "the concurrent reduction in out of cells time for inmates from 13 or 14 hours a day to 11 hours have caused considerable difficulty for custodial staff in terms of effective case management. Adequate time for the proper exercise of case management was available up until mid 2001, but in our members' view has not been available since that time."
- Since mid 2001 " the number of inmates incarcerated at Junee has risen from 600 to 750, whilst over that time there has been a reduction of over 20% in the aggregate number of hours input by custodial staff."

The union also pointed out that custodial staff have not had a wage increase since 30 June 2003 and the LHMU is seeking increases of "between 29% and 36% dependant on classification payable over three years and the introduction of a 38 hour week (currently 40 hours)" and that "the inquiry should be cognisant of a likely increase in wages..." as the LHMU has "sought the question of appropriate remuneration ... be determined by the NSW Industrial Relations Commission." The LHMU also alleged that "the existing operators of Junee ... have previously attempted to introduce non-union agreements and individual agreements to replace the existing award of the NSW Industrial Relations Commission. It now appears that employees' ability to be represented by their union and to effectively bargain on a collective basis will be undermined by proposed Commonwealth legislation. Those restrictions will not apply to publicly-run NSW correctional centres."

Information collected from the internet for this report

The LHMU concluded: "for reasons of fairness and equity ... in order for effective comparisons of the costs of running privately operated v publicly operated centres into the future, it is imperative the NSW government includes as a contractual requirement that any operator of a private correctional centre negotiate industrial instruments with employees and their union on a collective basis."

Meanwhile, Justice Action, an NGO, argued that "the Committee should look at the recidivism rate as a measure of the efficiency of Department of Corrective Services initiatives rather than short-term financial accounting measures ... by any accounting, DCS has failed in its first job: community safety. More than 40% of prisoners return to prison within two years of release, and the reoffending rate is even higher ..." Justice Action also argued that "the definition of value for money needs to take account the long term costs associated with high recidivism rates, rather than a superficial comparison of cost-per-prisoner-per day across states, or a comparison of public versus private providers." *The submissions are available on the internet at: www.parliament.nsw.gov.au*

VICTORIA - CONTRACT INFORMATION CONFIDENTIAL The following are extracts of an exchange that took place during Victoria's Public Accounts and Estimates Committee (PAEC) meeting on 13 May 2005. It relates to the Committee's recent attempts to find out the costs of the two existing privately financed, designed, built and run prisons.

Mr. Forwood (Liberal opposition) - ...in 2002-03, from memory, this committee sought some information in relation to the cost of private prisons. We followed it up each year. Last year we were advised that disclosure 'is now under active consideration and you will be notified.' In September 2004 we were told that 'legal advice had been finalised. In December 2004 we were told that 'a decision is expected shortly' and advice would be forwarded to the committee 'by the end of January'. In April we had a key finding saying 'it is now 10 months and the committee considers this matter should be resolved and the information provided.' Here we are, in May 2005 - any idea where the information is and when we are likely to get it?

Mr. T Holding (Minister for Corrections) - "Additional advice was sought from Maddocks lawyers, the Department of Treasury and Finance ... and Ernst and Young regarding the legal, financial and probity implications of the PAEC's recommendations.

In seeking the release of this financial information, the PAEC may have been unaware triennial reviews of the PSAs take place. These reviews entitle me to reset the contractors' performance targets and allow them to re-bid for the correctional and health services. If I reject their re-bid, I can seek a full market tender the outcome of which must ensure value for money is achieved for the state. The second triennial service review has commenced and it is considered likely the contractors will re-bid by providing Corrections Victoria with a dollar figure and all relevant financial information related to this calculation for the correctional and health services. Advice from Maddocks lawyers confirmed the commercial-in-confidence exemption contained in the Freedom of Information Act ... supported by the Department of Justice's position that any release of the financial and related information may disadvantage the state and potentially unreasonably expose the current contractor to disadvantage." Let us make this absolutely clear.

Mr. Forwood - You are hiding!

Mr. Holding - This advice says to government firstly, that we are fully within our rights to assert our responsibilities under the Freedom of Information Act not to release these contracts; secondly, that it would be inappropriate both in terms of maximising value for money and the best possible outcome for the Victorian public were these private financial considerations and bids to be made public during a competitive bidding and evaluation process. What this advice makes very clear is that this decision is based not only on protecting the interests of Victorian taxpayers who have every right to …

Mr. B Forwood - Rubbish! *Source: Corrected Transcript, Public Accounts and Estimates Committee, Inquiry into Budget Estimates 2005-06, Melbourne, 13 May 2005.*

SOUTH AUSTRALIA'S PPP The Government of South Australia is proceeding with a AUD$45 million public private partnership to develop new police stations and courts. The Plenary Group will finance the project and the debt will be underwritten by Deutsche Bank. Hansen Yuncken is the construction firm.

SEP-NOV 2005

VICTORIA: COSTS ARE SECRET "Information relating to the cost per prisoner for private prisons - Fulham Correctional Centre/Port Philip Prison - is commercial in confidence and therefore not specified." That was Victoria's minister of corrections' answer to a Parliamentary Question asking the average cost of keeping a prisoner between 1 January 2004 and 30 April 2004 *(Victoria Hansard, 14 September 2005)*. The minister also refused to divulge staff numbers for the two private prisons: these were "not available," he said.

NEW LOBBY GROUP FORMED A new think tank promoting public private partnerships for new infrastructure in Australia has been formed. Infrastructure Partnerships Australia's (IPA) 36 members include MacQuarie Bank, Ernst & Young, Thiess, Leighton Holdings, Babcock & Brown and Bilfinger Berger. A former minister for major projects with the Kennet government in Victoria, Mark Birrell, is IPA's chairman. The Kennet administration implemented prison privatisation in Victoria. Mr. Birrell told the Financial Review, 26 September 2005, that: "The aim is to have a forum that brings the key players in one room and which recognises that great new capital projects only occur if you have the partnerships right. We will unashamedly support PPPs, but also traditionally funded capital works where that is suitable."

JUNEE CONTRACT EXTENDED The GEO Group has been awarded an extension of its contract to run Junee Correctional Centre in New South Wales for a further three years until March 2009. However, GEO has had to review its security after a prisoner who was serving eight years for armed robbery escaped on 28 October 2005 by walking out Junee's front entrance.

New South Wales' Public Accounts Committee has tabled its report on value for money from correctional centres.

NSW PRIVATISING POLICE STATIONS The private sector is being invited to manage the New South Wales Government's AUD$600 million police property portfolio. Twelve

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hundred police properties will be offered under a five year contract. The private sector will also help buy new police stations, refurbish existing facilities and sell older properties in prime locations. Surplus funds will be used to finance new developments. The government has a budget of AUD$200 million over five years for spending on police stations but that is deemed to be inadequate.

GEO'S EMPLOYEE SURVEY The majority of GEO employees like their work and find their jobs interesting and challenging, according to the results of the 2005 GEO Employee Survey in Australia. GEO's recent in-house newsletter reports that: "Nearly 500 employees participated...and it is pleasing that many of our employees have not only identified areas for change but are willing to be part of the improvement process." The need for improved communications between employees, centre management and head office "was identified as important in order to enhance work environments and increase job satisfaction...." and that "recognition, training and job evaluation are also high priorities for employees." GEO Australia's managing director, Peter Bezuidenhout said: "Armed with feedback on these and other important issues we will further address the strategic direction for the next three years to make GEO Australia the employer of choice and a company with whom we will all be extremely proud to be associated. It will also ensure that we are seen by our clients as the supplier of choice and the best in the country." *GEO Group Australia Pty Ltd Newsletter Issue 6: October 2005.*

INDUSTRIAL ACTION AT GEO PRISON Staff at GEO Group's Fulham Correctional Centre in Victoria had to take industrial action before being awarded a 12% pay rise over three years, lump sum back pay of up to AUD$1,827, increases in special leave days and other improvements. The company is also prevented from offering individual contracts to staff. The Community and Public Sector Union (CPSU) had argued that guards in Victoria's private prisons earn up to AUD$20,000 less and receive three weeks less annual holiday than their public sector counterparts.

The company's response was that comparisons with state-run prisons were not valid. "We don't draw comparisons, we never have," John Myers, GEO's general manager at Fulham told the Gippsland Times, 13 September 2005. The dispute was referred to the Australian Industrial Relations Commission which recommended the terms of the settlement in September.

GEO'S REGIONAL OUTLOOK As well as being interested in bidding for the contract to manage Acacia Prison in Western Australia (see below) GEO Group Australia has expressed an interest in providing services to the Solomon Islands Prison Service under Australia's federal aid programme AusAID. AusAID is tendering for management and implementation arrangements for the second phase in its Law and Justice Programme through which assistance is provided to the Solomon Islands for justice sector agencies and the corrections system.

AIMS PRISON CONTRACT MARKET TESTED AIMS Corporation's contract to manage Acacia Prison in Western Australia is being market tested against bids from other private companies as well as the public sector. AIMS Corporation, Sodexho's Australian subsidiary, is being invited to re-bid.

Western Australia's justice minister, John D'Orazio, said that the decision will ensure better service quality at the prison. "The market is much more competitive than it was four years ago when the tender was originally let," he said in a media statement released 19 July 2005. He added that: "AIMS performance had been mixed, with the corporation docked more than AUD$600,000 for not meeting performance measures in the past four years. The government originally intended a new private arrangement to set the benchmark in management and innovative correctional operations in Western Australia, but that has not occurred." The current AUD$25.5 million contract expires in May 2006.

- The Government of Western Australia has renewed AIMS Corporation's security and custodial services contract for 19 courts until 2008. In response to previous criticisms the company has had to hire an additional 80 staff, upgrade training and improve risk management. The Inspector of Custodial Services will review the operation after 18 months.

FEDERAL IMMIGRATION CONTRACT UNDER SCRUTINY Since 1997 the provision of detention services at the federal government's detention facilities has been outsourced. Between November 1997 and February 2004 Australasian Correctional Management (ACM, subsequently GEO Group) operated the contract. In August 2003 the government signed a new contract with Group 4 Falck (subsequently Global Solutions Ltd, GSL). Between 1 December 2003 and 29 February 2004 the provision of services was transitioned from GEO to GSL.

According to a recent report by the auditor general, in the year ended 30 June 2005 payments for operations under the contract were AUD$90 million while administration costs were projected to be AUD$30 million.

The Australian National Audit Office (ANAO) assessed how the Department of Multicultural and Indigenous Affairs (DIMIA) managed detention centres through the contract, including the transition period and the implementation of lessons learned from operating the first contract with ACM. The ANAO found that: "When it signed this contract [with GSL] DIMIA had more than six years of experience in contracting out detention services. Lessons learned from the previous arrangements are apparent in the general structure of the contract and it contains more information about detention services, but this has not provided the expected benefits. In particular, the contract does not establish clear expectations for the level and quality of services to be delivered; mechanisms to protect the Commonwealth's interests are not clear; and there is insufficient information about the quality of services being delivered and their costs to allow a value for money calculation." Other findings included:

- "...observations made in the transition report that GSL had not been adequately prepared for the transfer of some centres..."
- "DIMIA's monitoring of GSL's performance focuses on incidents (with considerable discretion on reporting and what is an incident) and, as a consequence, DIMIA is not able to provide assurance that all its standards are being met as expected."
- "...the terms of the liability, indemnity and insurance regime in the Contract are unclear to the point that it is not possible for the Commonwealth to know with any certainty what

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insurances are effected, what risks are covered, and to what extent the insurance cover that has been obtained is limited or quantified."

- "Although DIMIA has publicly stated the need to report on 'efficient' detention, the cost and productivity data available indicate that contract administration costs have risen appreciably over the life of the Contract, against a falling detainee population. However, DIMIA does not have sufficient relevant and credible information about the quality of services being delivered and their costs, to determine whether the delivery of detention services is improving over time, or other factors are resulting in increased costs."

The ANAO also noted that the judgement in the Federal Court of Australia (FCA) case of S versus Secretary, Department of Immigration and Multicultural and Indigenous Affairs [2005] FCA 549 (5 May 2005, see Recent Publications below) "contains a discussion of outsourced arrangements and the provision of certain aspects of detention services, which are relevant to the findings and conclusions of this audit."

On 10 August 2005 the Joint Standing Committee on Migration agreed to review the audit report. A public hearing was held in October 2005. A separate audit of the tender, evaluation and contract negotiation processes has been carried out and is expected to be presented to the government later in 2005. *Management of the Detention Centre Contracts - Part B, Department of Immigration and Multicultural and Indigenous Affairs, The Auditor general Audit Report No.1 2005-06, Performance Audit, Australian National Audit Office, July 2005,* ***www.anao.gov.au*** *See also Audit Report No.54 on the first contract tabled in Parliament on 18 June 2004. The audit found, amongst other things, that the previous detention agreements described the services and service outputs only in very general terms.*

"SIGNIFICANT SANCTIONS" FOR GSL GSL Australia Pty Ltd has been fined an undisclosed sum for using unregistered psychologists in breach of its contract with the Federal Government as well as state laws. In answer to a Parliamentary Question, acting immigration minister John Cobb said: "On 7 July 2005 the detention services provider (GSL Australia) advised my department of a total of 15 instances in which visiting psychologists providing services at the Christmas Island Immigration Reception and Processing Centre and Baxter IDF had failed to comply with state mutual recognition registration requirements while providing short term relief or visiting services." The acting minister added that: "significant sanctions were imposed on GSL as a result of the breaches."

DEC 05-APRIL 06

VICTORIA'S COMPARATIVE COSTS UNDER SCRUTINY Victoria's department of justice "needs to substantially expand the level of disclosure on prison costs in its annual report" due to the magnitude of annual prison outlays and the mix in Victoria of privately and publicly managed prisons.

The government's public accounts and estimates committee has called for the department to "provide meaningful comparisons of costs and benefits between public and private prisons in future annual reports. These comparisons should include:

- expenditure totals in the financial year for all prisons under their major cost categories;

- average cost of housing a prisoner for the year in each prison;
- explanations for major variations in expenditure on an individual prison basis;
- assessed aggregate performance against service delivery outcomes by each prison and the resulting impact on the amount of performance linked fee in the case of private prisons; and
- commentary on matters relevant to any comparisons that can be drawn between costs of public and private prisons.

In its report the committee also states that "the triennial reviews of the prison service agreements [between the government and private prison operators GSL and GEO Group] should not impede the publishing of costs data, given that the specific details of individual elements comprising each cost category would not need to be disclosed." Its view was that; "the overriding factors influencing decisions on the breadth of published cost material to be included in the department's annual report and the magnitude of public funds directed each year to the operations of public and private prisons, and the consequential right of Parliament and the community to have access to sufficient information to judge how well costs are managed within prisons."

The committee had been asking for the release of the original prison services agreements for Port Phillip Prison and Fulham Correctional Centre since its 2002-03 budget outcomes inquiry. The committee did not receive this material until November 2005. In May 2005 the minister for corrections had written to the committee stating that a second triennial review of the prison service agreements had commenced and that commercial confidentiality prevented the disclosure of prison cost data during this process. The committee intends to follow up the costs of running prisons in its 2006-07 budget estimates inquiry. *Parliament of Victoria, Public Accounts and Estimates Committee, Report on the 2004-05 Budget Outcomes, April 2006, No.194 Session 2003-06,*

GSL: PORT PHILLIP PRISON GSL Australia has been fined almost $AUD200,000 by Corrections Victoria for an incident in which a vulnerable prisoner was humiliated and hurt by prison officers at Port Phillip Prison in June 2005.

According to an internal GSL report seen by The Sunday Age the prisoner allegedly rejected efforts to make him cover up the incident. As a result of the incident the company fired four prison officers. Meanwhile, a 29 year old remand prisoner, Darren Parkes was stabbed to death at Port Phillip on 23 March 2006. He is the third Port Phillip prisoner to have been murdered since 1998. In November 2005 Ian Westcott, a prisoner who died in his Port Phillip cell from an asthma attack, had apparently left a note telling authorities that he had tried to get help but his calls went unanswered because of a faulty intercom. Victoria's corrections commissioner, Kelvin Anderson, confirmed that subsequent tests on the intercom in the prisoner's cell had revealed it was faulty. Three investigations into the prisoner's death have been launched.

The company is also facing a lawsuit from four former prisons at Port Phillip who allege that they were abused and mistreated in an incident when they were removed from their cells. Seven prison officers, the company and the State of Victoria are being sued for compensation for negligence. The case will be heard in the County Court of Victoria in May 2006. On behalf if the prisoners Brimbank Community Legal Centre used a freedom of information request to obtain internal documents relating to the incident. GSL told the Business Review Weekly, 6-12 April

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2006, that it denies the allegations and "will be defending the case vigorously" and that it does not "anticipate that it will have any bearing at all on our negotiations with the Victorian Government or with any other contract." The company's contract for Port Phillip is currently under a scheduled review by Corrections Victoria.

1999 DEATH AT FULHAM "A TRAVESTY The murder of prisoner Paul Shaw at the (then) Australasian Correctional Management-run Fulham Correctional Centre in November 1999 has led a Victoria state coroner to criticise the prison's operations that caused the incident.

"The fact that Paul Shaw was stabbed with a shiv [home-made knife] constructed in the Unit from the metal stays of a broom, coupled with the fact that there was a home brew in the unit in respect of which a number of inmates, possibly even one of the assailants, were affected by alcohol merely confirms the contention that searches and/or monitoring/supervision in the period leading up to Mr. Shaw's death was clearly deficient. The question then is whether that represents one of the causal factors or links in the chain of causation, or is it merely a background circumstance to the death of Paul Shaw," stated coroner Philip Byrne.

In a paragraph headed 'crux of the finding against ACM' the coroner stated: "The failure of staff to appreciate impending trouble due to an inadequate level of supervision, surveillance and monitoring of the unit, especially in the light of information that was abroad concerning home brew; an inadequate audit of implements such as the broom from which the shiv used to stab Paul Shaw was manufactured, together with the inadequacy of the search regime in the weeks leading to Mr. Shaw's death, clearly represent causal factors in the chain of causation that culminated in the death of Mr. Shaw. Incarceration obviously represents a loss of liberty - it is a travesty when it results in a prisoner losing his life." The coroner also noted that: "some of the critical requirements in the Operating Manual especially the Search Manual were clearly not fulfilled: this impacted inexorably on prisoner management and security. Responsibility for these inadequacies must be borne up the chain of command of management hierarchy, from corrections officers to supervisor, to unit managers to the top - where the buck ultimately stops."

While noting that since 1999 "significant advances" had been made, the coroner recommended that Victoria's corrections inspectorate "as a matter of urgency undertakes an assessment of whether the refinements to practices/systems claimed to have addressed the identified problems are adequate." ACM is now The GEO Group. *State Coroner Victoria, Record of Investigation into Death, Case No: 3416/99 20 December 2005, Lewis Phillip Byrne, Coroner.*

VICTORIA'S NEW PPP PRISONS Two new correctional facilities designed and built by Bilfinger Berger subsidiary Victorian Correctional Infrastructure Partnership have been officially opened. Marngoneet Correctional Centre near Lara, west of Melbourne is a 300 bed medium security facility. The Metropolitan Remand Centre is a 600 bed maximum security prison for remand prisoners. Both are staffed by state employed prison officers but the company will maintain the facilities under a 25 year contract. The operator of the prisons is Corrections Victoria, referred to in Bilfinger's publicity material as a 'business unit' of Victoria's department of justice.

Victoria entered into these PPP deals after deciding not to pursue the full PFI model of private finance, design, construction and operation of new prisons.

JUNEE'S ATTRACTIVE PACKAGE GEO Group Australia Pty Ltd has been recruiting an operations manager for its 750 bed Junee Correctional Centre in New South Wales. According to a recent advert in The Australian the company is offering "an attractive salary package negotiable in excess of AUD$100K." For that salary "... the primary objectives ... will be to ensure the operational functioning of the June Correctional Centre on a day to day basis..." GEO recently won a three year extension of its contract to manage the facility until March 2009.

■ The 2004/05 annual review of Junee's performance found that the GEO Group "met their contractual obligations." The department of corrective services "will continue to work collaboratively with GEO to maintain this standard." In previous contract years a review was undertaken by the offender services and programs branch heads. However, this review was not undertaken for 2004/05. The report also noted that for the year 2003/04, the company had $AUD5,625 withheld from its performance linked fee for failing to meet targets on prisoner classification. This penalty had not been calculated at the time of writing the 2003/04 report. At the time of writing this latest performance report the departmental review panel had not made its assessment and recommendations concerning GEO's performance for the purposes of payment of the performance linked fee for 2004/05. *New South Wales Department of Corrective Services, Annual Report 2004/05, Junee Correctional Centre 2004/05 Performance Assessment Report.*

VALUE FOR MONEY IN NEW SOUTH WALES? In April 2005 the government's public accounts committee resolved to conduct an inquiry into the value for money from New South Wales correctional centres, compare the costs of publicly run prisons with the state's one privately operated facility (GEO Group-run Junee Correctional Centre,) and to review whether improvements to the department of corrective services' (DCS) calculation of costs would facilitate better cost comparisons. Published in September 2005, the report's findings included:

- The publicly run correctional centres operating under the recently implemented 'Way Forward' model have reduced overtime, sick leave and other employee related expenses. During the 2004-05 financial year new correctional centres opened in Kempsey and Windsor. These centres are operating under a new consent award as part of the department of corrective services' 'Way Forward' workplace reform package. This new management model was developed to improve the efficiency and effectiveness of delivering corrective services and this agreement with the Public Service Association led to the prisons being publicly rather than privately run.

- Despite the difficulty in making comparisons between the performance of particular correctional centres, the privately operated centre was a useful comparison for the department during the development of its 'Way Forward' strategy.

- The auditor general's reports to parliament from 2002-2004 compared the cost of correctional centres operated by the department of correctional services against the privately operated centre at Junee. The inmate costs quoted in 2004 were from a DCS costing model that is no longer used for external purposes, as it is not comparable to other jurisdictions.

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- The government should maintain at least one private prison in the state for the purposes of benchmarking the performance of publicly operated centres and to encourage the development of innovative management techniques.

- The government should consider strategies to improve the cost effectiveness of health services provided by Justice Health.

The report also noted that:

- The cost of monitoring Junee and managing the contract is approximately A$150,000 per year.

- The actual operating costs for Junee are not available as GEO is a private company that is in competition with other operators in Australia and this information is commercially sensitive.

- The pay rates at Junee have remained static since 2003.

- The department of corrective services were not of the opinion that the private sector was required for change to occur.

- Besides comparing costs of correctional centre other qualitative factors should also be compared to provide a complete picture. However, comparing the quality of service can be even more difficult than comparing the cost.

- The committee considered that information on the performance of the corrections sector should be improved. Of particular importance is developing performance measures for preparing inmates for their return to society through rehabilitation programmes and training.

- On recidivism the committee also noted that there are no figures available from the US, UK or elsewhere in Australia (particularly Victoria which has the most prisoners held privately) on whether private correctional centres have better or worse recidivism rates compared to the public system. Within the next three years the Australian Bureau of Statistics (ABS) expects to publish reliable recidivism rates that could be used to assess the performance of rehabilitation strategies across the crime and justice system. *NSW Parliament Legislative Assembly, Public Accounts Committee Value for Money from NSW Correctional Centres, Report No. 13/53 (No.156) - September 2005.*

■ The transcripts of public hearings held in June 2005 and the written submissions to the inquiry are available at *www.parliament.nsw.gov.au/publicaccounts*

SERCO WINS IN WESTERN AUSTRALIA Serco Australia has been chosen as the preferred bidder for a five year contract to manage the 700 bed medium security Acacia Prison in Western Australia. If contract negotiations are successful the company will take over from AIMS Corporation on 16 May 2006. The re-tendering of AIMS Corporation's contract was announced in July 2005 (also see below). This is Serco's first prison contract in Australia.

ACACIA PRISON "STILL NOT THE STANDARD BEARER"

"Acacia is still not the standard bearer or pacesetter for the remainder of the prison system that it was intended to be. There is much to be achieved if it is, one day, to fulfil that role," said Western Australia's inspector of custodial services.

The prison, run by Sodexho subsidiary AIMS Corporation, was inspected in July and August 2005. It was previously inspected in 2003 and the inspector found that "there had been some improvements since then. However in the context where the first five year contract would expire in May 2006, these improvements were not sufficient for the inspector to be satisfied with the prospect that the management contract might simply be 'rolled over' to the existing contractors, AIMS. There seemed to be every reason to explore the field of potential operators - in other words to test the market. This was the view that the Government itself adopted."

The inspector also noted that: "the prison is nowhere near as fragile as at the time of the first inspection. On the other hand there are some significant areas of poor performance."

He also stated that "under-employment is a reality in most prisons in Western Australia, but it was widely evident during the inspection of Acacia," resulting in "a very large number of prisoners remaining in their accommodation blocks throughout the day with little constructive activity and in circumstances of low staffing levels."

The inspection "found considerable disquiet on the part of prisoners in relation to the allocation of work" and that "the situation seemed especially poor for Aboriginal prisoners."

"Overshadowing most aspects of the 2005 inspection ... was the issue of human resources-especially staffing levels, training, qualifications and support from management." A pre-inspection survey of staff saw many staff "list low rate of pay and no incentives, lack of ongoing training, and poor support from management as some of the worst things about working at Acacia and supported the apparent reasons for the instability of the workforce."

The inspector made 32 recommendations for improvements. *Report of an Announced Inspection of Acacia Prison, Report No. 32, March 2006, Office of the Inspector of Custodial Services,*

DEPARTMENT OF JUSTICE REPORT ON AIMS CONTRACT

"In considering its options the department had an independent market analysis carried out that identified a broad base of interest in the private sector for providing the prison service. This, together with AIMS chequered performance, led to the decision to re-tender the contract when it expires in May 2006, enabling the government to retest the market and improve the current form and cost of the contract," stated the director general of Western Australia's department of justice.

In 2005 the government commissioned an External Assessment Report which "found that there were clear signs that the prison was slipping back into a traditional prison model and its innovative ideals were being eroded. There was also evidence of behaviour that was not consistent with the stated aims of a private prison." Other findings included:

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- senior management were not leading the facility as an innovative and inclusive organisation, and not demonstrating leadership in the prison;

- custodial staff were spending more time in the control room rather than being visible in the prison;

- constant changes at senior management level had created a lack of consistency and some senior positions were subject to prolonged periods of acting;

- a severe loss of custodial staff over the year meant 50% of staff had less than 12 months experience in prisons and morale was extremely low; and

- some local practices by a new general manager appeared to be aimed at increasing profitability by cutting expenditure, often in key areas such as staffing.

The annual report also noted that: "This year AIMS Corporation failed to provide the necessary prisoner employment hours as required ... and was penalised financially. Of greater concern the department issued Acacia prison with a default notice in May 2005 after the withdrawal in April 2005 of the prison's accreditation as a registered training provider, following its failure to renew its malpractice insurance cover. However, by September the department was satisfied with the actions taken by AIMS to have its registered training provider status reinstated, but remained concerned at the lapse in management processes."

The department also re-examined the measures used to determine performance-linked fees and decided that: "more stringent performance measures, with a stronger focus on input and innovation will be included in any new contract."

"...While AIMS has responded to the review with an effective strategy, it has not, over the last four years, lived up to the promise of its tender documents and has not delivered the quality of service required by the department."

From June 2004 to May 2005 AIMS could have received a total of AUD$24,811,574 for the operation of Acacia Prison., including a base contract fee of AUD$23,570,990 and a performance-linked fee of AUD$1,240,583. However, because AIMS failed to fully meet the requirements for several performance linked fees the company only received a total of $AUD24,668,818.

AIMS' five year contract began in May 2001 with the option of extending the contract on one or more occasions for terms of three to five years. The maximum total operational period for the contract was 20 years. In July 2005 the department of justice advised AIMS that it would not be renewing the contract on 15 May 2006 and would be putting the service out for re-tender. *Government of Western Australia, Department of Justice, Annual Report 2004/2005, Acacia Prison Services Agreement, 30 September 2005, www.justice.wa.gov.au*

COURT SECURITY AND CUSTODIAL SERVICES INSPECTED "The usual mode of assessing whether privatisation of criminal justice services has been successful is to

look at the performance of the contractor in providing those services - in this case AIMS. That is obviously the core question. However, the attitude and skills of the purchaser - the department of justice and ultimately the State of Western Australia - are also relevant. If the performance of the contractor is not up to standard, the likelihood is that the performance of the purchaser in managing the contract is also not up to standard. The State cannot obliterate its responsibility and risk by contracting out services, so the purchaser must remain vigilant and involved," said Western Australia's inspector of custodial services.

As well as the contractor's performance the inspector's report investigated the contract and dealt with issues such as the government's cost-based financial model, under-resourcing, under-investment in infrastructure, poor communication, and parliamentary scrutiny, accountability, and contract variations. One finding was that: "in general terms there was a high level of approval of the service being provided by AIMS, especially in comparison with that of previous providers (the police and the Department). This view was commonly expressed by persons being held in custody, persons attending the centre and ancillary staff such as lawyers..." However, other findings included:

- "Staffing levels and training remain a major issue and ... putting the welfare of persons in custody, court staff and AIMS staff at risk."

- "The initial training for AIMS court security and custodial services staff seems adequate, but there is a deficiency in ongoing training."

- "...as the contract enters its first renewal period, the department must adhere to its legislative responsibility to table all amendments to the contract to ensure full public scrutiny and accountability can occur as intended by parliament."

The inspector made17 recommendations for improvements. Since the inspection was carried out both the government and the company have had the opportunity to respond to the inspector's recommendations and these are included as an appendix. *Report of an Announced Inspection of Metropolitan Court Security and Custodial Services, Report No.31, February 2006, Office of the Inspector of Custodial Services, www.custodialinspector.wa.gov.au See also Department of Justice, Annual Report Contract for the Provision of Court Security and Custodial Services, 30 September 2005, www.justice.wa.gov.au*

NSW POLICE BUILDINGS CONTRACT United Group Ltd an Australia-based multinational has won a five year contract to provide property management services at all New South Wales' (NSW) 1,200 police buildings including police stations, court houses, special purpose facilities, commercial and residential properties. Operations will commence on 1 July 2006. The company will also take part in the sale of some police stations and advise the government on acquisition and construction. This is the first full outsourcing of police property management in Australia.

GSL'S IMMIGRATION CONTRACT RE-TENDERED GSL's contract to operate immigration detention centres on behalf of the department of immigration and multicultural and indigenous affairs (DIMIA) will not be automatically extended. The company's existing $A300 million contract expires in 2007. GSL is expected to participate in the new tendering process.

FLAWS IN DIMIA'S 2002 TENDERING PROCESS The federal government's re-tendering process for what was, at the time, Australasian Correctional Management's (ACM) contract to run immigration detention centres has been severely criticised by the auditor general. In a recent report the auditor general found that the department of immigration and multicultural and indigenous affairs' records were "not fit for purpose" and compromised its ability "to demonstrate accountability and transparency."

Documents had been altered by the department to disguise the fact that the identity of the successful bidder, GSL, had been disclosed before it was appropriate. Also, at AUD$287 million GSL's bid was the cheapest when originally submitted in October 2002 compared with ACM's A$334 million and MTC's AUD$365 million. But when GSL revised its calculations and increased its bid by AUD$32.5 million the department did not consider the other bidders. The auditor general found that ACM's bid should have been preferable as it offered higher standards at a similar price.

ACM also received AUD$5.7 million as a contract completion payment which, the auditor general concluded, was "not within the intent or the spirit of the contract for the provision of detention services." Management of the Tender process for the Detention Services Contract, *The Auditor-General, Audit Report No.32, 2005-06, Australian National Audit Office, March 2006, www.anao.gov.au*

LABOR PLEDGES END TO PRIVATE IMMIGRATION DETENTION Australia's Labor Party would stop the outsourcing of immigration detention and settlement services to private companies if it took control of the Federal government. Labor immigration spokesperson Tony Burke announced in January 2006 that "...the government's policy, where privatisation of everything is meant to be always good and always delivering great outcomes, simply doesn't work in a whole range of immigration services and settlement services is a classic one."

JULY 06

QUEENSLAND RE-TENDERS CONTRACTS The Queensland government is calling for tenders for Borallon and Arthur Gorrie Correctional centres, Queensland's two privately managed prisons. Borallon opened in 1990 and Arthur Gorrie in 1992 and both contracts expire in December 2007. The GEO Group runs the Arthur Gorrie Correctional centre and Management & Training Corporation operate Borallon.

Corrections minister Judy Spence announced in July 2006 that: "The tender process is about ensuring value for money in the establishment of new contracts that are aligned with recent changes within Queensland's corrective services system. The call does not reflect on the performance of the current operators and in fact they will be eligible to participate in the process." Expressions of interest will close on 31 August 2006.

SOUTH AUSTRALIA: NO PRIVATISATION The recently re-elected Labor government has issued a 'no privatisations decree' stating that "there will be no privatisation of State Government assets during the entire term ..." The decree was signed by premier Mike Rann on 20 March 2006.

OCTOBER 06

VICTORIA'S SECRET PPP DEALS "In the absence of public documentation, the committee cannot conclusively state whether the PPP policy is delivering value for money over the life of the projects, compared with traditional procurement methods used by government."

That was one of the main conclusions of a parliamentary cross party committee that tried to assess whether Victoria's public private partnership projects are providing value for money. The committee was also concerned "about the excessive use of 'commercial in confidence' to prevent full disclosure of details such as the public service comparator, the risks to be transferred, the total amount of payments and contracts that are only released publicly months after the financial close has been agreed." On publication of a new report on 4 October 2006, Victoria's public accounts and estimates committee stated that it "did not have a problem with the concept of private investment in public infrastructure but some changes are needed to improve the transparency of these arrangements." The committee made 20 recommendations that, if implemented, would strengthen the present PPP arrangements in Victoria. *Report on Private Investment in Public Infrastructure, Public Accounts and Estimates Committee, Parliament of Victoria, October 2006, www.parliament.vic.gov.au/paec*

- Thirty pages of the committee's report that referred critically to specific PPP contracts were removed from an earlier draft before it was tabled in Parliament, according to www.theage.com 30 October 2006. The cost of the inquiry and report was AUD$196,000.

VICTORIA: ONE CONTRACT EXTENDED BUT The GEO Group has signed a three year extension to its contract to operate Fulham Correctional Centre in Victoria but there is uncertainty over the future of Victoria's other private prison, GSL-run Port Phillip.

GEO Group's new contract runs from 1 July 2006 to 30 June 2009 and will generate $86 million in revenues. The company has run the prison since it opened in 1997. However, the government has not announced a decision about the future of GSL's contract. The CPSU, the union representing staff at Port Phillip, has written to Victoria's corrections minister indicating concern about the uncertainty over the contract between the government and GSL and to prevent employment security and existing terms of conditions for staff becoming "a bargaining chip in any 'dutch auction' between new bidders for the contract."

ACT'S PUBLIC PRISON The Australian Capital Territory (ACT) government has awarded Bovis Lend Lease an AUD$113 million contract to build a 300 bed prison. The prison, ACT's first, has been scaled down from 374 beds and will be publicly run. ACT currently sends its prisoners to prisons in New South Wales.

JUNEE COMPLAINTS "Unfortunately there are continuing high numbers of complaints from inmates at Junee Correctional Centre, which is operated by GEO Pty Ltd. We receive significantly more complaints from Junee than any other centre," said the Ombudsman for the Government of New South Wales in his latest report.

Information collected from the internet for this report

The Ombudsman continued: "These complaints are about a wide range of issues. Many are about minor matters which indicate that the centre's internal grievance and complaint-handling procedures are not being well managed. We are also receiving a number of complaints about serious matters such as inmates' release dates, their security, and their access to legal representation ...we will be increasing our visits to this centre this year." The report includes four case studies of complaints about Junee. *NSW Ombudsman Annual Report 2005-06, published October 2006.*

8.1.1.2 NEWSPAPER ARTICLES FOR GEO RUN FACILIITES

ARTHUR GORRIE CORRECTIONAL CENTRE, ARTHUR GORRIE, QUEENSLAND

JUNE 1, 2008 COURIER MAIL A CAREER criminal on remand for assault was accidentally released from a privately run Brisbane jail last week. Three prison staff have been suspended over the security bungle at the Arthur Gorrie correctional centre at Wacol in Brisbane's west. Prison sources said the breach occurred when staff was processing the inmate for release into police custody. Police had been granted a court order to remove the inmate on Tuesday in relation to a break-and-enter investigation. However, prison staff discharged the inmate for release and gave him his property. Police arrived to collect him from a high-security area at the rear of the jail, which is used for transferring inmates, but they were directed to the reception area. Queensland Corrective Services denied the man was wrongfully discharged, saying the jail's operator, the GEO Group Australia, had reported there had been a "breach of internal security procedures". She said at no time was the inmate, who has since been returned to the jail, not in prison or police custody. She confirmed jail management suspended three staff as a result of an internal report on the incident and an investigation was under way. State Opposition prisons spokesman Vaughan Johnson demanded a full investigation into the incident, saying the jail had mismanaged the custodial process.

JANUARY 19, 2008 ABC Prison guards who walked off the job at Queensland's biggest remand centre yesterday; are now back at work. Brisbane's Arthur Gorrie Correctional Centre had been locked down since Friday afternoon, with only a skeleton management team running the centre and police patrolling the perimetre. The guards began their strike after being ordered to stop handcuffing prisonners with their hands behind their backs. The remand facility operators, Geo, had requested a hearing before the Industrial Relations Commission this morning, but Geo spokesman Pierre Langford says Geo and the Miscellaneous Workers Union representing the guards will instead continue their talks on Monday. "I suppose I would like to say on behalf of Geo Group Australia that we appreciate the assistance that the commission has provided us with today," he said. "At this point in time the parties have agreed to get back together early next week, to have further discussions and our employees have returned to work today, so we're pleased with that."

OCTOBER 25, 2006 TOWNSVILLE BULLETIN A TENDER for the state's two privately-run prisons is not a criticism of the current operators, the Queensland Government said today. Corrective Services Minister Judy Spence said new tenders to run Borallon and Arthur Gorrie correctional centres, valued at a total of $200 million, would ensure taxpayers got value for money. "It is not about the performance of the current operators," Ms Spence said. The Arthur Gorrie jail has been under fire in recent years over a number of deaths in custody, security

failures and assaults on prisoners by staff. Borallon made headlines four years ago when a report showed it had the highest rate of illicit drug use in the state, with almost one in three prisoners using drugs. Four companies will be invited to tender: GEO Group Australia Pty Ltd, GSL Australia Pty Ltd, Management and Training Corporation Pty Ltd and Serco Australia Pty Ltd. GEO currently operate Arthur Gorrie, and Management and Training Corporation operates Borallon. Ms Spence said the contracts would be for five years, with an option for Queensland Corrective Services to extend them for a further five years. The tenders will be evaluated in the first half of next year with new contracts to start on January 1, 2008. An independent probity auditor has been contracted to oversee the entire project.

NOVEMBER 30, 2005 AUSTRALIAN THE bonus and penalty system on which private prisons in Australia are run has been accused of encouraging operators to cover up riots and drug abuse by prisoners. Queensland Prison Officers Association secretary Brian Newman yesterday accused private prison operators of covering up incidents in their facilities that could threaten performance bonuses worth up to $500,000 a year. "Nine years ago I worked at Arthur Gorrie (Correctional Centre at Wacol, west of Brisbane) and I would make drug finds but the drugs would be flushed down the toilet in front of me by senior officials," Mr Newman said. "You were powerless to do anything about it. "Anecdotal evidence given to me is that it still goes on today. There is no incentive for privately run prisons to report incidents." The management contract of Arthur Gorrie operator, the GEO Group, formerly known as Australasian Correctional Management, with the Queensland Government provides a $500,000 performance bonus to prevent crime, drug abuse and riots. The Arthur Gorrie contract, a copy of which has been obtained by The Australian, says the $500,000 bonus will be reduced by $100,000 for each escape, "loss of control (riot)" or death in custody. Penalties of $25,000 are also imposed for a string of problems such as discharging a prisoner in error, assaults by prisoners resulting in injury or a case of self-harm or attempted suicide. Other incidents that incur the $25,000 penalty include serious industrial injuries, deliberately lit fires, major security breaches such as attempted escapes or hostage-taking and loss of high-risk restricted articles. If random urine tests disclose that drug use in the prison is higher than 9 per cent and does not reduce towards the target of 4per cent, the penalty applicable is also $25,000. The bonuses and penalty provisions are the same for the contracts the GEO Group, the Australian subsidiary of the Miami-based Wackenhut, has with the Victorian and NSW governments to run the Melbourne Custody Centre and the Fulham and Junee prisons. Mr Newman said his association had asked the Queensland Government to conduct an inquiry into allegations by staff at Arthur Gorrie that "incidents" had been covered up "to avoid financial penalty to breach of contract". GEO Group is paid almost $800 a week for each of the 710 prisoners housed at Arthur Gorrie. A spokesman for Queensland Corrective Services Minister Judy Spence yesterday confirmed that contracts for privately run prisons did provide for performance bonuses. "However, we are not able to confirm amounts or any details on payments or deductions regarding the bonuses as these matters are commercial in confidence," he said. Col Kelaher, GEO Group executive manager of operations said he could not comment on the contract with the Government.

JANUARY 26, 2005 SOUTH-WEST NEWS WORKERS at the Arthur Gorrie Correctional Centre at Wacol staged a strike from noon Friday to 5pm on Saturday over a wages and conditions dispute. The Liquor Hospitality and Miscellaneous Union accused correctional centre owners GEO Group of not meeting its obligations under the Queensland Industrial

Information collected from the internet for this report

Relations Act. Union prisons organiser David Pullen said the centre's 700 prisoners were locked down in cells during the strike. GEO group managing director Pieter Bezuidenhout said the action ended after an IRC officer recommended a return to work.

DECEMBER 24, 2004 COURIER MAIL QUEENSLAND'S prisons are overcrowded and urgently require more funding to stop the growing number of inmate deaths, a report by a state coroner has found. The findings came at the end of an inquiry into the suicide of prisoner William Mark Bailey in November 2002 at the Arthur Gorrie Correctional Centre. Deputy state coroner Christine Clements found no one else was responsible for Bailey's death and recommended no further action. Arthur Gorrie, a remand and reception centre that temporarily holds prisoners awaiting court hearings, can hold up to 800 people. It is managed by GEO Group Australia but owned by the Queensland Corrective Services department. "Evidence was given that there are 250 cells at Arthur Gorrie but at the time of the inquest there were 750 prisoners being held at the facility," Ms Clements said.

FULHAM CORRECTIONAL CENTRE, SALE, AUSTRALIA

SEPTEMBER 11, 2008 THE AGE COMPLAINTS about Victoria's private prisons have risen up to fourfold in the past two years, fuelling concerns by a public sector watchdog about the state's growing reliance on business to provide government services. State Ombudsman George Brouwer yesterday tabled his 2007-08 annual report, vowing to shine a light on the more murky aspects of public-private partnerships and outsourcing and noting the "high risk" that comes with the blurring of the private and public sectors. In the report, Mr Brouwer highlights a "growing interdependency" between government and business, which brings "a high potential for conflict situations and confusion about the ethical standards required". While issues of conflicts of interest, poor customer service and failure to fulfil legal requirements remain his core work, the Ombudsman says public-private contracts and public sector compliance with the new human rights charter are two new areas of focus. The 2008 report also shows:

■Overall complaints were up 13% to 16,344 on the previous year.

■Complaints about freedom of information rose by 16%.

■Whistleblower disclosures more than doubled.

■The largest single source (29%) of complaints related to the Justice Department.

■Local government made up 23% of complaints and the Department of Human Services 19%. Deputy Ombudsman John Taylor said his office was concerned that private sector involvement in services traditionally supplied by government may lead to the erosion of citizens' rights. He pointed to private prisons, noting 400% and 100% increases in complaints respectively about Port Phillip prison (rising to 443) and Fulham prison (129) since the 2006 annual report. While rising complaint figures are partly explained by the installation of phones for inmates, Mr Taylor described the increases as "disproportionately high". The emphasis on private contracting is a wake-up call for a state increasingly reliant on PPPs for services ranging from jails to water and now schools. Mr Taylor said the Ombudsman's office would make a point of scrutinising deals

with business. "Every time there is a major contract or outsourcing of what traditionally has been a government function we have an interest; we want to make sure that the normal rights of a citizen to complain are retained and that the Government doesn't legislate away the right of an individual to complain to the Ombudsman." Individual agencies with the most complaints were VicRoads and Port Phillip Prison.

■The Government is expected to table legislation tomorrow to toughen rules and guidelines for councillors, including clarifying confusing laws on conflicts of interest.

JULY 10, 2008 THE AGE Prisoners sparked a fire during a "disturbance" at a private jail in south-east Victoria last night. It is understood the fire at the Fulham Correctional Centre in West Sale was started when disgruntled inmates threw a mattress over a fridge and set it alight. A Corrections Victoria spokeswoman confirmed the incident at the Fulham Correctional Centre in West Sale. Nobody was injured in the incident. "We can confirm there was a disturbance involving a number of prisoners and we can confirm a fire was set alight," the spokeswoman said."The staff moved quickly to contain the incident and put out the fire." Fulham, is a private prison housing up to 785 minimum and medium security prisoners. It is owned by GEO Group Australia.

SEPTEMBER 16, 2007 SUNDAY HERALD INMATES of Fulham Correctional Centre, near Sale, are receiving personal gym training and specialised diet advice while in jail. Inmates of Fulham Correctional Centre are bulking up in a state-of-the-art gym with guidance from two sport and recreation officers. Prison sources said the officers were effectively personal trainers, giving inmates a service that would cost a member of the public up to $8000 a year. The prison has a record of providing perks for inmates and used to employ a karate sensei to teach martial arts skills. Prison sources said the $200,000 program saw officers set up training regimes for prisoners and devise diets to help them achieve maximum bulk. The source said inmates had access to a spacious cutting-edge gym which is unusual in jails. "The gym is well equipped with a section for free weights and weight training," the source said. "You see all these crooks getting absolutely everything and they get it all for nothing." The trainers are employed by the GEO Group Australia, which receives taxpayers' money to run the prison. People Against Lenient Sentencing president Steve Medcraft slammed the jail's personal trainers. "Rehabilitation has taken on a new meaning. Life's better inside than outside," he said. Crime Victims Support Association president Noel McNamara said: "On the outside world you pay a small fortune to have these sessions," he said. "To have them free for people who are supposed to be paying their debt to society is an insult to victims of crime." A Fulham Correctional Centre spokesman said: "Keeping inmates healthy means they have fewer medical problems and are a lower cost to taxpayers."

DECEMBER 22, 2005 THE AGE THE murder of a prisoner was "a travesty" that happened at a time of inadequate supervision and searches at the Fulham Correctional Centre, a coroner has found. Paul Anthony Shaw, 30, was stabbed to death on November 11, 1999, in the protection unit at Fulham with a home-made knife known as a "shiv". Coroner Phillip Byrne found this week that two other prisoners, Benjamin Kyriacou and Jason Los, were implicated in Shaw's death. Both have already been tried and acquitted of Shaw's murder. He ruled that there had been a failure of staff to appreciate impending trouble in the unit, due to an

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inadequate level of supervision, surveillance and monitoring. He said the prison's private operators, Australasian Correctional Management, had inadequately audited implements such as the broom from which the "shiv" had been made. "Incarceration obviously represents a loss of liberty. It is a travesty when it results in a prisoner losing his life," Mr Byrne said.

SEPTEMBER 27, 2005 ABC Unions and management at Fulham Prison near Sale, in south-east Victoria, are still negotiating to end a dispute over pay and leave which has lead to work bans. Prison guards are refusing to process new prisoners, escort inmates to court, or conduct urine tests. They are also refusing to lock or unlock prison cells unless a supervisor is present. The Industrial Relations Commission (IRC) has deemed the work bans lawful and has ordered both parties into conciliation. John Crane from the Community and Public Sector Union says the 12 per cent pay offer for guards is inadequate. "There are two private prisons in Victoria - the other private prison gets seven weeks leave per year," he said. "The workers at Fulham certainly don't get that, so we're hoping to at least bridge the gap with regard to leave."If we can't do it with leave, we'd like to address other components which would address workers' concerns."

SEPTEMBER 26, 2005 THE AUSTRALIAN THE Australian Industrial Relations Commission will today decide if prison guards at a privately-owned Victorian jail can continue work bans imposed in support of an enterprise bargaining claim. The prison is operated by the GEO Group Australia at Sale, 200 km east of Melbourne. The prison workers, members of the Community and Public Sector Union (CPSU), have been pushing for better wages and conditions in enterprise bargaining negotiations since March, union organiser John Crane said. Their log of claims before the AIRC includes a call for seven weeks of annual leave, up from five weeks, to match warders at other private jails in Victoria, he said. Work bans have been in place for some time but were escalated on Thursday last week to include bans on overtime, paperwork and higher duties. Mr Crane said the company moved to terminate the bargaining period when the new bans were introduced. The AIRC will rule on that issue today, he said.

SEPTEMBER 12, 2005 ABC GIPPSLAND Prison guards at the Fulham Correctional Centre near Sale have stepped up industrial action after failed negotiations last week. The US Company running Fulham, GEO, has offered guards the 12 per cent pay rise they want, but will not pay them two weeks extra annual leave. Stage two work bans are now in force that includes bans on prison programs and some escorts and urine sample collections. "I'm not really sure what the public sector is paying and getting, we do have an annualised salary for our staff, it's been negotiated with staff and finalised through the CPSU [Community and Public Sector Union] over two previous EBA [enterprise bargaining agreement] processes and negotiations so we'd like to look at Fulham as a stand-alone business in a sense, we don't really compare ourselves with the public sector," he said. The CPSU has taken a swipe at the State Government for letting private companies run correctional facilities. The union's John Crane says guards get paid up to 40 per cent less than those in the public system. Mr Crane also says the Government has not honoured the promise of its last Corrections Minister. "Andre Haermeyer stood out the front of the Fulham Correctional Centre and made a promise that the Labor Government would no longer continue to support private prisons, and made a commitment that prisons are the responsibility, for their operation, within government - now the Government have sat on their hands," he said.

MAY 5, 2005 HERALD SUN VICTORIA Police are hunting an escapee from a private prison in eastern Victoria. Saim Yalniz, 44, was last seen at the privately run Fulham Corrections Centre, west of Sale, between 6pm (AEST) and 9.10pm yesterday, police said. He was discovered missing by prison officers when he failed to attend the 9pm muster at the prison.

MAY 27, 2003 The operation of the Fulham prison in Sale will be investigated following allegations of mismanagement levelled against its private operator, Australasian Correctional Management. State Corrections Minister Andre Haermeyer has asked the Justice Department for probity checks on the Fulham Correctional Centre. The move follows allegations raised last week about ACM's management of the now-closed Woomera asylum-seeker detention centre in South Australia. Federal Immigration Minister Philip Ruddock has instructed his department to investigate allegations made by former Woomera staff that ACM defrauded the Government of millions of dollars by misrepresenting staff levels and health and education programs provided to detainees. ACM has denied the charges. (The Age)

MAY 15, 2001 Victorian prison managers have rejected claims that inmates are being subjected to illegal daily body searches. The claims were made by prisoners at the privately run Port Philip and Fulham jails. John Myers, the general manager of Australasian Correctional Management, which also runs the Fulham prison at Sale, says the allegation about cavity searches is wrong. "Searching is an important aspect of any prison operation." (ABC News)

JUNEE JAIL, NEW SOUTH WALES

JANUARY 28, 2009 DAILY ADVERTISER

TWO Junee jail inmates yesterday spent hours on a roof of the prison in baking heat after what is believed to be an escape attempt was foiled by guards. Guards late last night were trying to talk the men down from their rooftop perch. The drama began about 3.30pm when the prisoners reportedly made a dash for a maintenance vehicle apparently with the intention of making a jail break. The men were prevented from getting into the vehicle by guards so they apparently scaled a protective fence and climbed onto the metal roof. From a road outside the prison about three hours into the stand-off, armed officers wearing safety vests and helmets could be seen several metres away from the two shirt-less prisoners. The prisoners were well within the perimeter of the jail and there was no chance of them escaping. An ambulance was on stand-by at the prison, built for minimum and medium security inmates. The company that runs the privately operated 750-bed prison for the State Government, the GEO Group, last night was not commenting on the incident, and it was not known if the facility was in general lockdown. Negotiations were still ongoing last night.

OCTOBER 24, 2008 DAILY ADVERTISER TOILET paper became the new currency in the Junee jail when a shortage of the product hit the prison, the NSW Ombudsman has said in his latest report. The issue was one of a number of case studies in the Ombudsman's just-released 2007-08 annual report. "When an inmate called from Junee to complain that their toilet roll ration had been reduced, we made immediate inquiries with the centre," the case study said. "Reducing or removing basic necessities, such as toilet paper, can spark an easily preventable incident in a correctional centre. "We were told that each inmate usually received two rolls per week, but if they ran out they could get more from the sweepers

Information collected from the internet for this report

(inmate domestic workers) in their pod. "The sweepers, however, no longer had a supply and – in the absence of sufficient toilet rolls – they had become jail currency and were being stolen from the cells. "When we called the centre they were not aware of any change to the ration of toilet paper and undertook to investigate and rectify the situation immediately." The annual report said that in recent years the number of complaints against the jail was significantly higher than from other similar sized correctional centres. There was a slight decrease this year in the number of complaints, down from 360 in 2006-07 to 341, of which there were 83 formal complaints and 258 informal complaints. Only the Metropolitan Special Programs Centre, with 344 complaints, had more complaints than Junee. Junee has one of the largest prison populations in the state and is the only privately-operated jail in NSW. It is run for the government by the GEO Group. A spokesman for the company, Ken Davis, said it had noted the Ombudsman's remarks and looked forward to working with him to address any issues.

OCTOBER 23, 2008 ABC NEWS Junee Correctional Centre has been trialling new staffing arrangements in a bid to address ongoing high complaint rates. The State Ombudsman's annual report, which was released yesterday, says the number of complaints from the Junee Jail in recent years is significantly higher than from other similar sized centres. It says that may be due to physical separation of inmates and staff. The report says the centre's management is trialling placing staff in inmates' accommodation for fixed times each day to handle requests and questions which has resulted in a slight reduction in calls to the Ombudsman's office. Junee Correctional Centre received 341 complaints over the year. The report also includes details of an inmate reporting a reduction in toilet roll rations and says at the time of the complaint the toilet rolls became jail currency and were stolen from cells. It says when management was contacted they acted immediately to investigate and fix the situation. In a statement, the GEO Group, which runs the jail, says it acknowledges the remarks and looks forward to working with the Ombudsman to address any issues.

JANUARY 18, 2006 ABC Junee Jail has restructured its senior management in response to an inmate's escape last year. Three senior staff; were suspended when Lon Thomas McAlister walked out of the prison in October, but they have now returned to work. The Geo group's Colin Kelaher says the managers have retained their roles, but some duties have been delegated to other positions. He says management is still implementing the findings from the security review. "One of the recommendations that did come out of it and we've recognised that is ... the importance of restructuring in the staff at the facility to, I guess, more importantly oversee some of the roles of security there and ... we're doing that at the moment," he said.

NOVEMBER 1, 2005 ABC A prisoner who escaped from Junee jail in south-western New South Wales last week is believed to have walked out the jail's front gate. Forty-six-year-old Lon Thomas McAllister was serving an eight-year term for armed robbery and is considered dangerous. The manager of Junee jail, Derek Bullock, says it appears McAllister was very well organised and left town quickly on Friday, possibly via the jail's main entrance. "Because our perimeter fence was not breached, the anecdotal information is that this prisoner actually managed to get through our front gate," he said. Corrective Services officials travelled to Junee at the weekend to assess security at the jail and its operator, the GEO group, plans another security review tomorrow.

JANUARY 14, 2005 SIDNEY MORNING HERALD Longer sentences, tougher bail laws and higher police numbers have boosted NSW's prison population to 9000 for the first time, the Premier, Bob Carr, boasted yesterday. In another development yesterday, the head of a parliamentary committee launched an inquiry into the cost-effectiveness of the state's only private prison, run by the US Company GEO Group Australia. Labor MP Matt Brown, the chairman of the NSW Parliament's public accounts committee, said he wanted to inquire into whether the Junee prison really was value for money. Mr Brown said the committee would look into explanations from the Department of Corrective Services that maximum-security jails had higher costs than the medium-security Junee and that housing female prisoners involved special needs and higher costs. As well, publicly owned jails were older than and not as cost-efficient to run as Junee, which was built under the Greiner government in the early 1990s. Mr Brown said Labor policy opposed the building of private jails. The review would examine the performance of privately run prisons in other states.

SEPTEMBER 13, 2004 ABC

Prison officers are back on duty at Junee jail in southern New South Wales after a seven-day strike. The action by 120 officers ended on Friday night when members of the Miscellaneous Workers Union voted to return to work. Union spokesman Geoff Lawler says he will be seeking a commitment to full staffing levels at talks with GEO Australia on Wednesday.

SEPTEMBER 9, 2004 ABC

Striking prison officers at Junee Jail in southern New South Wales are threatening to obstruct entry to the prison unless management responds to their demands soon. About 120 officers walked off the job nearly a week ago, complaining about staffing levels and pay. The private prison operator, GEO Australia, has brought in outside workers to run the medium security facility and says the matter is in the Industrial Relations Commission. Union organiser Geoff Lawler says the striking guards may use force to stop people crossing the picket line.

APRIL 16, 2004 ABC The operator of Junee private prison has dismissed concerns about the jail's security, after the escape of an inmate yesterday. Police are still searching for Christopher Pritchard, who they say has a history of violence and should not be approached. It is believed the Gosford man was serving out the end of a sentence, which had been re-instated after he breached parole. Police say the 23-year-old escaped on a prison motorbike while working outside the prison grounds and then used a screwdriver to hijack a car. Police suspect he then headed towards Sydney after stealing a second car. Junee prison director Dom Karauria says a review of security will be conducted, but denies the security breach is cause for alarm. "I don't think the community needs to be too concerned about the degree of security in the prison itself," he said. "I mean, when you put things in perspective this inmate has been working out in the community for the last six months and working out in the prison farm. There's been no breach of the prison security itself."

MELBOURNE CUSTODY CENTRE, MELBOURNE, AUSTRALIA

DECEMBER 13, 2007 HERALD SUN MORE than 20 prison guards have

Information collected from the internet for this report

been sacked for sleeping on the job, getting too close to inmates and other protocol breaches over the past two years. The firm that runs the troubled Melbourne Custody Centre -- GEO Group Australia -- has sacked or let go 20 guards from its 14 Australian jails since January last year. GEO Group managing director Pieter Bezuidenhout told the Herald Sun that four of those were from Victoria. The company said that two guards had been dismissed for having inappropriate relationships with inmates; two for physically abusing inmates; one for sleeping on the job; one for misusing a prison vending machine; and one for accepting gift vouchers from a supplier. Mr Bezuidenhout said that another five guards had been sacked or resigned after launching vicious physical attacks on inmates in the Melbourne Custody Centre in 2005. One of those was David Eastham, 25, jailed last month for kicking an inmate as he lay handcuffed on the floor. The State Ombudsman found a culture of aggression in the centre, mostly instigated by a thuggish network called "The Family". After the Ombudsman's findings were made public last month, Mr Bezuidenhout told the centre's staff one violent incident was "one too many". Only one guard from Victoria's public prison system was sacked in the same period.

NOVEMBER 24, 2007 THE HERALD SUN TORTURING prisoners at the Melbourne Custody Centre was commonplace, former staff claim. Three former MCC prison officers told the Herald Sun yesterday a clique of staff known as "The Family" regularly terrorised inmates. Their claims come as the Victorian Equal Opportunity and Human Rights Commission warned the State Government of its responsibility to ensure all prisoners were treated humanely. Chief executive Helen Szoke said the Charter of Human Rights and Responsibilities comes into effect in January. Dr Szoke said the charter protected all Victorians. "The Government is accountable for the treatment of prisoners, whether they are in state-run institutions or privately run, like the MCC," she said. State Ombudsman George Brouwer this week accused the MCC group known as "The Family" of thriving on aggression and use of excessive force. He made public graphic CCTV footage of an alleged attack on a prisoner that may lead to three MCC staff being sacked and charged. Premier John Brumby yesterday described the footage as disturbing and unacceptable and vowed his Government would move to ensure nothing like it happened again. The MCC is run by private contractors, the GEO Group Australia, on behalf of Victoria Police and is housed in the basement below the Melbourne Magistrates' Court. Dr Szoke said she agreed with Mr Brouwer that the MCC needed a radical overhaul. "It is absolutely unacceptable to mistreat people in this way," she said. "We are appalled at the beating shown on CCTV. "I'd remind everyone that in relation to criminal conduct, detention is the punishment, not being beaten while detained." Former MCC employees Ros Atkinson and Bruna Moressi were among five female prison officers who first complained around 2002 about brutality and bullying at the custody centre. "We told the company, we told the Ombudsman, we told Victoria Police, we told members of Parliament, and others, but the situation didn't improve," Ms Atkinson said. "The Ombudsman ... revealed the torture and brutality we were warning about is still rampant. "It pains me to think of all the people who have been mistreated there in the years since we first raised the issue. "If the authorities had listened to us, then all that suffering could have been avoided." Ms Moressi called the MCC "a hellhole where blood is shed most days". The shocking alleged incidents outlined to the Herald Sun by Ms Atkinson, Ms Moressi and an anonymous third former employee included: THE near death of a prisoner who tried to hang himself after being beaten by staff. They put wet toilet paper over the camera in his cell so their brutality couldn't be seen. A MENTALLY ill prisoner who was refused medical help despite eating and drinking his own faeces and urine for three days. A

DEEPLY religious inmate who begged staff not to remove his crucifix saw it ripped from his neck and crushed in front of him before his head was slammed into a desk so hard the walls around him were sprayed with blood. A spokesman for GEO yesterday said in a statement to the Herald Sun that the allegations raised by the former employees were false. He said the women had been dismissed over the past two years for improper conduct and claimed they were raising the allegations as a means of getting back at GEO.

NOVEMBER 24, 2007 THE AGE THE State Government has made it more difficult for independent observers to monitor what goes on in jails, lawyers claim. "It's getting harder to get information about the way the prison system operates," said Hugh de Kretser, executive officer of the Federation of Community Legal Centres. "The Government, instead of increasing scrutiny, is going the other way," he said. This week, Brimbank Melton Community Legal Centre was told it could not set up a legal clinic at Port Phillip Prison to give advice on issues such as prisoners' treatment in jail, according to the centre's principal lawyer, Philip Cottier. In the past three months, the Government had moved to restrict prisoners' rights to make freedom of information requests and given jail governors overly wide discretion to restrict prisoners' mail, Mr de Kretser said. The laws about mail were badly drafted and could potentially capture even innocent mail exchanges, he said. Corrections Victoria had recently made secret key operational procedures about how guards should deal with force and firearms, Mr de Kretser said. These procedures were previously open to public scrutiny. "If we cannot access the rules Victoria's prisons operate under, how can we hold our prisons accountable to complying with them?" he said. The criticisms follow the release of a report this week by the State Ombudsman, George Brouwer, into a violent incident at the Melbourne Custody Centre earlier this year. Mr Brouwer found that guards used excessive force against a prisoner and called for a review of the centre, which is run by a private company, the GEO Group, under the supervision of Victoria Police. Deputy Ombudsman John Taylor told The Age that the custody centre was "a closed shop" with limited public scrutiny: "It's a place that no one can go. It's a de facto jail, but it's a police jail, and it's very hard to go there unless you are a lawyer or are from the Ombudsman's office." Mr de Kretser said Government monitoring of assaults by prison officers in privately run prisons was weak. "The private prison contractor and the Government have a common interest in burying the issues," he said.

NOVEMBER 22, 2007 THE AGE A GROUP of aggressive guards known as "The Family" dominates the Melbourne Custody Centre and often uses excessive force against prisoners, an investigation by the State Ombudsman has been told. In a damning report tabled in Parliament yesterday, Ombudsman George Brouwer concluded that guards had seriously mistreated a remand prisoner being strip-searched on June 13. CCTV footage released yesterday shows the prisoner being grabbed by the throat and pushed to the ground, with several guards then piling on top of him. He received a cut to the head. Following a complaint from the prisoner, Mr Brouwer summonsed guards from the centre, an underground facility in Lonsdale Street below the Melbourne Magistrates Court. Mr Brouwer wrote: "It is of concern that witnesses spoke of a culture that involves staff favouritism; the centre being dominated by a few staff; tolerance of abuse of prisoners; and an environment where speaking out means job loss." The report quotes guards claiming that a clique nicknamed "The Family" instigated violence with prisoners and struck prisoners unnecessarily. "They thrive on aggression," one guard reported. Another claimed that prisoners were "badgered" verbally by guards with "degrading" remarks

Information collected from the internet for this report

such as: "'You're a f---ing scumbucket. You deserve to be in here." A third guard said: "There's staff members that want to get at the prisoner that's on the floor simply because the prisoner wouldn't listen in the first instance." Mr Brouwer concluded that some of the staff had inappropriate attitudes, lacked proper training and failed to follow procedure. The centre is supervised by Victoria Police but is privately run by the GEO Group Australia, part of an $830 million international company with 59,000 beds in 68 jails and psychiatric hospitals in countries including the US, Canada and South Africa. The GEO Group runs four correctional facilities in Australia, including Fulham prison in Sale. Managing director Pieter Bezuidenhout said yesterday that the company disagreed with the Ombudsman's report. He said CCTV images showed the prisoner being aggressive towards a guard before he was restrained. The officers involved would face disciplinary action where necessary, he said. "GEO has a policy of zero tolerance for any failure to treat any person in custody appropriately." Victoria Police said it was investigating an alleged assault at the custody centre. Mr Brouwer wrote that oversight of the centre by GEO and Victoria Police was inadequate. The person in charge of reviewing incidents was three months behind in his viewing of CCTV footage, Mr Brouwer wrote. He recommended that:

■GEO comprehensively review the centre and the suitability of the officers involved in the June incident.
■Prisoners be allowed access to phones.
■Victoria Police review its supervision.
■The centre, which lacks fresh air and daylight, should only be used to hold prisoners for short stays (some prisoners are held for up to 28 days). A spokeswoman for Victoria Police said the centre's operations would be reviewed but it was impractical to limit it to being a daytime holding facility. Installing a phone system for prisoners would be almost impossible but the problem would be examined further. Deputy Ombudsman John Taylor told The Age that some previous complaints of violence at the centre could not be investigated properly because CCTV footage had not been available due to "alleged system failure".

NOVEMBER 22, 2007 THE AGE Victoria's government watchdog has recommended sweeping changes to conditions at the Melbourne Custody Centre following publication of a report that found excessive force was used against a prisoner earlier this year. Victorian Ombudsman George Brouwer tabled his report on the incident in Parliament today and has made CCTV footage of the incident available on his website. The video shows the prisoner, identified by the ombudsman as Mr A, being subjected to an apparently unprovoked attack by custody officers in the MCC's strip-search room on June 13. The prisoner removes his shoes and shirt before one of two officers appears to suddenly grab him by the throat. Both officers then throw Mr A to the ground before four other officers enter the room. The prisoner, who had not been charged with an offence at the time of the attack, lodged a complaint with the ombudsman about one week after the incident. Mr Brouwer found one officer had "over-reacted" and another, a female officer, had cut the prisoner by striking him to the head. The company that is contracted to run the MCC by the State Government, GEO Group Australia, has agreed to discipline two officers following a recommendation from the ombudsman that their employment be reviewed. A third officer criticised by the ombudsman was overseas when the report was being written. Victoria Police are also investigating whether charges should be laid against any of the officers. GEO Australia has told the ombudsman it will review training programs for all its staff in

conjunction with Victoria Police. Mr Brouwer's report is also scathing about MCC prisoners' lack of access to telephones. The custody centre, located beneath the Melbourne Magistrates Court, is used to detain people who have been arrested and are due to appear in court. Mr Brouwer's report says those in custody are unable to contact legal representatives or his office - an anomaly in Victoria's prison system. "The MCC appears to operate with only limited oversight by both GEO and Victoria Police and in my opinion the system in place to monitor incidents is unsatisfactory," Mr Brouwer's report says. In the ombudsman's annual report published in September, Mr Brouwer's office raised concerns about conditions at the MCC and about a lack of video footage of alleged assaults occurring there. The September report said the MCC was holding detainees in unsuitable conditions for periods of up to four weeks. "I have received complaints from prisoners about their treatment by custodial staff, particularly allegations of assault," the report said.

AUGUST 15, 2007 THE AGE GUARDS did not step in as a prisoner bashed another inmate — at one stage wiping blood from his boots with a towel before continuing to kick his victim in the head as he lay on the ground — in a brutal 14- minute attack at the Melbourne Custody Centre on September 9, 2005. A video recording of the incident was tendered to the County Court yesterday as Jim Giannakoulis, 33, formerly of Altona North, pleaded guilty to one count of intentionally causing serious injury. Prosecutor Paul D'Arcy said the graphic footage showed Giannakoulis punching and kicking the victim, Boak Nguyen, in the head and body, slamming his head on the ground and jumping on it as he lay in the centres exercise yard. Nguyen, who did not lodge a complaint about the incident, suffered cracked ribs, fractured cheekbones, bruises and cuts. Outside court, a spokeswoman for the GEO Group, which runs the Melbourne Custody Centre, said the company was fined under its contract "as a result of the time it took to respond". She said a figure of $75,000 quoted in court was "way over" the correct amount, which she would not disclose. "The delay was due to the fact that on the day they were installing a new closed-circuit TV system," she said. "The attack happened where they couldn't see, the other prisoners didn't react and there was nothing to suggest there was anything going on. The GEO staff intervened as soon as the incident was detected."

MAY 28, 2007 THE AGE A car-theft suspect who went on the run after a prison mix-up led to her being released in place of another woman has appeared in court. Caroline Musadeq, 31, of Niddrie, this morning faced Melbourne Magistrates Court on a charge of escaping a police jail after being recaptured yesterday. Magistrate William O'Day remanded Musadeq in custody and ordered her to reappear on June 2. She did not apply for bail. Musadeq allegedly escaped from the Melbourne Custody Centre on May 18. Officers arrested and charged her about 3pm yesterday after spotting her in a car in Brighton Road in St Kilda. She and a 25-year-old woman charged with armed robbery were in the cells at the Lonsdale Street centre when the Musadeq was released on bail instead of the other woman. It is believed that the younger woman pretended to be asleep while Musadeq assumed her identity and was released. Police said in a statement last week that the younger woman could be charged with aiding and abetting an escape, and that Musadeq was not considered a risk. "The Melbourne Custody Centre is staffed by private contractors to Victoria Police," the statement said. "An internal inquiry is under way into operational procedures at the centre to avoid similar occurrences in the future." The GEO Group Australia administers the custody centre. Under its

Information collected from the internet for this report

previous name of Australasian Correctional Management, it managed the Woomera Detention Centre and was subjected to federal inquiries.

MAY 22, 2007 HERALD SUN A PRISONER has walked out of the Melbourne Custody Centre after assuming another remanded woman's identity. The escapee tricked staff by swapping clothes with another inmate due to be released on bail, and changing her hairstyle to match hers. Custody centre sources said the woman, who was still free last night, had gone to some effort to escape. She also used the other woman's documents and learned personal details about her. The escapee, whose identity has not been revealed, walked to freedom about 4.30pm last Friday. Police said they would not reveal her details because the escaped woman, facing car-theft charges, was not considered dangerous. The Herald Sun has been told she is a 31-year-old Pacific Islander. "The woman has not been located and is not considered a risk to the community," a police spokeswoman said. Investigators have interviewed the other woman, 25, for allegedly aiding and abetting an escape. It is believed custody centre staff followed correct procedure but were still duped by the escapee, who was said to look similar to the woman whose identity she assumed. "Staff did everything by the book but these two (prisoners) cohorted to do this," a custody centre source alleged. The centre is staffed by private contractors. "An internal inquiry is under way into operational procedures at the centre to avoid similar occurrence in the future," the police spokeswoman said. The custody centre, which is under Melbourne Magistrates' Court in Lonsdale St, is run by the GEO Group Australia, formerly Australasian Correctional Management. GEO operations manager Peter Earnshaw confirmed the group was carrying out its own investigation and changes to procedures would be made if necessary. It is not the first time a person has been let free by mistake from the privately run centre. In July 2001, a man with convictions for aggravated burglary and drug matters was freed, despite having time to serve for breaching parole on a separate crime. Two months earlier, a convicted sex offender was mistakenly released despite having breached parole for a previous crime.

NOVEMBER 18, 2004 HERALD SUN A MELBOURNE police jail has been described as a hellhole and "the Bronx of prisons". The privately-run Melbourne Custody Centre is overcrowded, poorly managed and occasionally dangerous, according to disgruntled staff. Five women custody officers are on long-term stress leave because of what they claim are intolerable working conditions. Their complaints include sexual harassment, discrimination, bullying, victimisation, intimidation and poor treatment of inmates. They say the centre is understaffed and custody officers deal with inmates who are often drunk, violent, drugged or mentally disturbed. The centre, which is beneath Melbourne Magistrates' Court in Lonsdale St, is run by the GEO Group Australia, formerly Australasian Correctional Management. ACM, an offshoot of an American corrections giant, has a troubled history in Australia. There were federal government inquiries and penalties over the way it ran Woomera Detention Centre. The company also runs Fulham Correctional Centre. In May last year, Corrections Minister Andre Haermeyer began a probe into the company's operations. Bruna Moressi, one of the corrections officers on stress leave, said working at the centre became a nightmare. "Melbourne Custody Centre is mismanaged through and through," Ms Moressi said. "None of the staff have training with psych patients and the centre is not properly equipped to deal with these people," Ms Moressi said. Seriously disturbed inmates are often kept in cells with their wrists and ankles in handcuffs because staffs have no other way of controlling them. Anne Chiang said she cracked

under the pressure of working in the centre. She witnessed the inhumane treatment of a psychiatrically disturbed woman. "I complained. I sent a report up to head office and to the police monitor. I asked for an investigation, but nothing happened," she said.

NOVEMBER 2001

9 UNITED STATES

INDUSTRY SUBSIDISED: BUT IN WHOSE INTEREST Almost 75 per cent of the large privately built and operated prisons in the US have received state, local and/or federal subsidies such as tax-advantaged financing, property tax abatements or reductions, and/or training grants or credits. The study covered 60 prisons with 500 beds or more located in 19 states. This comprised half of the private prison market.

The findings included:

- At least 44 (73per cent) of the facilities received one or more development subsidy. The actual rate is very likely to be higher but cannot be determined because state corporate income tax credits are not disclosed;
- A total of $628m in tax-free bonds and other government-issued securities were used to finance 37 per cent of the prisons studied;
- 38 per cent received property tax abatements or other tax reductions;
- 23 per cent received infrastructure subsidies such as water, sewer or utility hook-ups, access roads and/or other publicly-paid improvements;
- Subsidies were found in 17 of the 19 states in which the 60 facilities are located;
- Facilities operated by the two largest companies, Corrections Corporation of America and Wackenhut Corrections Corporation, are frequently subsidised ... 78 per cent of CCA's and 69 per cent of Wackenhut's ... suggesting that these companies have been aggressive in seeking development subsidies;
- Not one of the dozens of economic development officials interviewed - covering 83 per cent of the facilities, often with multiple sources - could cite any formal economic impact study or cost-benefit analysis related to the prisons.

The authors noted that "the prison industry has not needed this extensive assistance from the public sector because of an inability to raise money from private capital markets."

"It could also be argued," They say, "that the frequent failure of governments to hold private prison operators accountable for substandard conditions - including poorly trained guards, inadequate facilities, insufficient medical care, etc - in effect subsidises the companies by freeing them of the cost of full contract compliance. These are legitimate issues but not the subject of the present study." "We are surprised to find subsidies so prevalent. We also wonder why they are necessary, given that governments are also paying the prison companies to operate the facilities," said Philip Mattera, primary author of the study.

Information collected from the internet for this report

"We are struck by the uneven quality of information available from local development officials," said Mafruza Khan, co-author. "Many officials did not know all of the taxpayer investments that had been made in local facilities. And despite granting hundreds of millions of dollars in subsidies, not one public official could cite a cost-benefit analysis or impact study on their facility." "Whatever the perceived development or contracting benefits of private prisons, they must now be balanced with a full accounting of their costs," said Greg LeRoy, director of Good Jobs First. "These massive taxpayer investments should be held to the same standards as any other economic development expenditures." *Jail Breaks: Economic Development Subsidies Given to Private Prisons, Good Jobs First, October 2001.*

- The Association of Private Correctional and Treatment Organizations (APCTO) has rejected the report's findings. In a press release dated 25 October 2001 APCTO's chief executive, Steve Logan, stated that "two decades experience and a mountain of hard economic data prove these conclusions to be absolutely false." APCTO, however, has yet to make this data available.

APCTO is a trade association representing the interests of private corrections and treatment providers. A co-chair of the organisation's research committee is Charles Thomas. Thomas was forced to resign as director of the Private Corrections Project at the University of Florida after conflict of interest complaints. Thomas is also formerly a director of CCA's Prison Realty Trust and is now a director of another private prison operator, Avalon.

CSC HIT BY DOWNTURN One of the great claims made by the private prison industry is that it is 'recession proof.' But proof that this might be yet another exaggeration is provided by the current fortunes of Florida - based Correctional Services Corporation (CSC).

The company announced on 26 October 2001 that it was restructuring as a result of a weakened economy. As we announced in August, the company has been impacted by various factors affecting its occupancy rates. These have been further affected by the recent economic downturn impacting several of our state clients. Many of the key states in which the company does business are now expected to show significant budget deficits and are formulating plans to reduce costs, including those related to corrections," said James Slattery, who is being replaced as chairman of CSC by Stuart M Gerson, a director of CSC since 1995 and a former acting US attorney general. The company stated that Mr. Gerson's lengthy experience with government contracts "will enable him to assist in the monitoring of the company's relationships with the agencies that are its clients. Occupancy rates have been falling at the company's 34 facilities, which hold 8,600 inmates in 17 states and Puerto Rico. Through its Youth Services International (YSI) subsidiary CSC describes itself as the nation's leading provider of juvenile programmes with 23 facilities and over 3,700 juveniles in its care. Its other 11 facilities are for adults. CSC's other restructuring plans include:

- Closing "as soon as practicable" six juvenile and one adult facilities totalling 528 beds. Those facilities had combined losses of $600,000 in the third quarter of financial year 2001;
- saving $2m in costs through a 25 per cent cut in non-facility personnel and reductions in travel and business development budgets;

- Selling one prison for $8m and realising assets worth a further $23m, as well as what it describes as selling "raw land". The company sold a 479-bed jail in Dickens, Texas, in August for $10.6m.

But Mr. Slattery believes the decline in prison occupancy levels is a short-term trend. "Increases in parole rates combined with economic slowdowns traditionally lead to increased need for correctional services," he said. Most of the restructuring, which is estimated to cost $8m, will be completed by the end of 2001. In the first nine months of 2001, CSC lost $6.28m on revenues of $131.8m compared with a profit of $4.71m and revenues of $158.3 million in 2000. Several attempts to discuss the impact on CSC's aspirations outside of the US but, unfortunately, the company would not comment. So far, CSC has failed in its bids for contracts in the UK and Australia.

LEHMAN BROTHERS TARGETED Not With Our Money! (NWOM), a New York-based network of student and community activists campaigning against private prisons in the US, is targeting Wall Street financial institutions which support the private prison industry.

NWOM is currently lobbying Lehman Brothers to halt two major financial deals: a new stock offering for Cornell Companies Inc and a debt refinancing for Corrections Corporation of America. NWOM wants to convince Wall Street not to give the private prison industry what it calls "a blank cheque" and that financial support for the private prison industry is unacceptable. According to NWOM, in the last decade Lehman Brothers has become the most important ally of the private prison industry by managing major financial deals, including credit agreements, bond issues and stock offers. Most recently, Lehman was the lead underwriter for an offering of three million shares in Cornell Companies Inc. that was expected to raise an estimated $50m. The finance was needed by Cornell for expansion. Lehman is also the managing agent for Corrections Corporation of America's $1 billion credit agreement, which must be renegotiated by 1 January 2002.

LEHMAN BROTHERS - A SNAPSHOT OF THEIR RECENT INVOLVEMENT IN PRIVATE PRISONS In 1988, Lehman Brothers (then known as Shearson Lehman) was involved in a joint venture with American Correctional Systems, Bechtel and Daewoo to develop a $40m medium security private prison in Colorado.

- In 1997, Lehman was one of the underwriters of the initial public offering of stock made by CCA Prison Realty Trust, the real estate investment trust spinoff of Corrections Corporation of America.

Also in 1997 Lehman was the underwriter for a $34.5m offering of certificates of participation to finance the East Mississippi Correctional Facility that was to be run by Wackenhut Corrections Corporation.

- In 1998 Lehman was the underwriter for $59m of revenue bonds issued by the Idaho State Building Authority to finance a private prison to be operated by CCA.
- In May 1999 Lehman served as the lead arranger for a $1 billion credit facility for Prison Realty Corp. (the new name of the CCA real estate investment trust).

Information collected from the internet for this report

- In June 1999, Lehman served as the underwriter for a $100m offering of Senior Notes by Prison Realty.

In August 2001 Lehman helped Cornell Companies Inc. carry out a sale/leaseback deal under which ownership of a group of its correctional facilities was transferred to an entity called Municipal Corrections Finance LP, generating $173m in cash for Cornell.

Logan's view

Steve Logan is chief executive officer of Cornell Companies Inc and The Association of Private Correctional and Treatment Organizations (APCTO). Set out below is the text of Mr. Logan's response to a question about the impact of 11 September on the company. The conversation took place during an analysts' conference call dealing with Cornell Companies' financial results for the third quarter of 2001.

Caller: "... Can you give me a little colour in terms of post September 11 what is going on in terms of activities of the borders that you're picking up, anecdotally with the INS.? And then how many illegal aliens are in your prisons currently and what the normal length of stay has been.

Steve Logan: "Yeah. Gosh, it's always tough when you ask three questions at once."

Caller: "You've got to; you have to write them down."

Steve Logan: "I think it's clear that with the events of September 11 there's a heightened focus on detention, both on the borders and within the US. I think what we are seeing is an increased scrutiny of, of tightening up the borders, which, some of it means that some people don't get through, but the other side of that is more people get caught. So I would say that's positive. And if anything, the federal system that is already over-burdened is, is indicating to us that they need even more help as a result of September 11. So that's a positive for our business."

"The other thing that you're seeing that to be honest with you I have no idea how this is going to impact us but it's not bad it can only be good is with, with the focus on people that are illegal and also from Mid Eastern descent, um, in the United states there are over 900,000 undocumented individuals from Middle Eastern descent. That's, keep in mind, that's half of our entire prison population. That's a huge number. Um, and that is a, a population for, for lot's a reasons that is being targeted. So I would say the events of September 11, um, let me back up. The federal business is the best business for us. It's the most consistent business for us, and the event of September 11 is increasing that level of business."

"It's clear that since September 11 there's a heightened focus on detention... more people are gonna get caught. So I would say that's positive... it's not bad it can only be good is with the focus on people that are illegal and also from Middle Eastern decent in the United States there are over 900,000 undocumented individuals from middle eastern decent... That's a huge number, and that is a population, for lots of reasons that is being targeted."

OHIO CUTS: PUBLIC OR PRIVATE?

The need for corrections budget cuts in Ohio have created a classic dilemma of the privatisation era. The state wants to make cuts which could mean the closure of three prisons. Currently the state has contracts with Management and Training Corporation (MTC) to operate two facilities.

But since MTC's prisons are deemed to be saving the state $3.5m a year they are not being targeted for closure. The more likely option is that state-run prisons will face the axe and, while prisoners will be transferred to other facilities, up to 800 people could lose their jobs. Some 48 staff in the department of rehabilitation's headquarters and training centre have already been laid off. The State says that staff with seniority would be able to 'bump' those with less. The state governor has also said that the union which represents most public sector corrections staff should make concessions. But the Ohio Civil Service Employees Association is arguing that the state should close the privately operated prisons and has proposed an alternative strategy for cost savings that includes reducing the number of accreditation inspections, cutting the number of state cars used by prison administrators and analysing the use of mandatory overtime. The union has also suggested limiting hot meals for prisoners to one per day.

JANUARY 2002

INDUSTRY STEPS UP PR The Association of Private Correctional and Treatment Organizations (APCTO) has stepped up its promotional efforts on behalf of the private corrections industry in the US. The organization's first edition of its newsletter, Partners In Public Services, reports that APCTO has "broken ground in its efforts to work with the media through an editorial board visit to the Washington Post" and is planning its first 'Congressional meet and Greet' briefing and reception for early in 2002. APCTO has also contracted with the Leonard Resource Group, a Washington DC-based management firm to develop a strategy for all APCTO committees and to "give us a presence in the nation's Capitol."

CCA'S MILITARY MARKET Corrections Corporation of America (CCA) regards the military as a source of potential business. The company currently has a contract with the US Air Force at Luke AFB in Phoenix, Arizona, for what it describes as "overflow housing needs" and the company believes that business with the armed services "may expand in the future," according to the November 2001 issue of Private Line, CCA's in-house publication for employees.

The proximity of company facilities to military bases across the US make CCA "a good partner for the military's corrections needs." The sales pitch continues: "The Department of Defence has varying needs across the country, with about 2,500 beds in the system. They need the ability for active personnel to be able to go to war, or move from base to base, even in peacetime. CCA offers the military a safety outlet. We can not only build facilities more cost effectively, but also offer many programmes and services that meet the military's demands and specifically target the type of offenders that make up their prison population."

- An average of between five and ten per cent of staff at most facilities and up to 45 per cent at some Corrections Corporation of America locations are affiliated with the military. CCA claims that "the intense atmosphere in corrections - with the element of

Information collected from the internet for this report

risk - attracts these people, and wearing the uniform and maintaining a dress standard gives them a sense of continuity after they leave the military."

- With some 500 CCA employees affiliated with the military through active, reserve or National Guard duty, the military links run from top to bottom in CCA. The company's co-founder and chairman emeritus Tom Beasley graduated from the US military academy at West Point and served as US Army officer in Vietnam, the Panama Canal Zone and Nicaragua. Chief Development Officer William T Baylor is a Lt. Colonel in the US Army Reserve and, in addition to his CCA duties, is an instructor at the Army's Command and General Staff College. Last year he taught a course on "Sudan and its terrorist regime" according to Private Line.
- As at 10 January 2002, CCA stated that it owns or manages 70 facilities, including 68 correctional and detention facilities, with a total design capacity of approximately 65,000 beds in 21 states, the District of Columbia and Puerto Rico, of which 68 facilities are operating (two of which are idle) and two are under construction.

BACK TO THE FLOOR Corrections Corporation of America's chief executive officer John Ferguson was filmed by BBC Television in England for a programme in the "Back To the Floor" series. The programme 'takes top bosses and sends them to work at the bottom of their operations.'

The programme, aired on 14 December 2001, showed Mr. Ferguson spending three days at CCA's New Mexico Women's Correctional Facility in Grants. On the first day he admitted that he had "no experience" and that "not everyone is fit for corrections". He was soon confronted by a prisoner suffering from Hepatitis B and C who was working in the prison kitchen and complaining that she should not be assigned to such duties because of her health. Other prisoners complained that they were "doing nothing ... no schooling, no job, no programming." A caseworker told Mr. Ferguson that compared to a similar state facility; CCA's facility had two fewer caseworkers. There were also two vacancies for caseworkers. Mr. Ferguson asked the caseworker how she coped. "We do it slower," she replied.

He was told that there was "a staffing crisis right through the jail," with officers working 12 hour shifts and, overall, a third less staff than there should be. Mr. Ferguson was also told that there were only two officers in charge of 100 prisoners in the medium security unit. No area - including the showers - was "off limits to male guards." In the control room he learned that 100 doors are centrally controlled by one person in order to "keep staff levels down" but some of the doors don't lock. Prisoners are locked up three times a day for a count.

Mr. Ferguson was shown leaving the facility after ten hours on the first day. Meanwhile, prison officers said they "didn't get to go to lunch" and only "went twice to the bathroom" during their shifts. On the second day it was revealed that the CCA prison shop is a profit-making enterprise and that the canteen is run by contract caterers, to save CCA 20 cents per prisoner per day.

Prisoners told Mr. Ferguson that "sewerage backs up in the kitchen" and "none of us are medically cleared to work in the kitchen." Some prisoners work in the prison as call centre operators for the New Mexico department of tourism. Mr. Ferguson learned how to operate the electronic control system which is designed to prevent different category prisoners - clothed in

different coloured uniforms - from mixing. Mr. Ferguson's attempt at the controls was shown to be allowing prisoners to mix.

A new pay rise was announced during his visit; but new officers would receive a higher pay rise than existing staff; a 65 cents per hour increase. Staff said that pay rates were "at least $2 per hour less than at other facilities." On day three, Mr. Ferguson worked in the segregation unit where prisoners are kept for 23 hours per day. Staff complained about the amount of paper work they have to do. Mr. Ferguson suggested computerisation.

Finally, he was shown relating his experience to his executive colleagues at CCA headquarters. "I had an interesting four days ... I do have a better appreciation and what I learned is that we push a lot of paper ... food was institutional," he said.

CCA'S TENNESSEE CONNECTIONS Brian Ferrell, an aide to the Governor of Tennessee, has quit his $88,000 per annum post to become vice president of government relations - a lobbyist position - for Nashville-based Corrections Corporation of America (CCA). Tennessee's former finance commissioner, John Ferguson, left the state last year to become CCA's chief executive officer. Mr. Ferguson's assistant, Leslie Higginbotham, also joined CCA soon after.

SUPREME COURT RULES IN INDUSTRY'S FAVOUR The Supreme Court has ruled that federal prisoners held in private correctional facilities cannot sue the contractor for financial damages for alleged violations of their constitutional rights. Since federal prisoners in publicly run prisons cannot sue the government - although they have the right to sue individual officers subject to the defence of qualified immunity - the court decided that it could not allow prisoners in private facilities greater legal protections than their public sector counterparts.

The case of Correctional Services Corporation v Malesko involved John Malesko who was serving a sentence at Le Marquis Community Correctional Center, a halfway house in New York City run by Correctional Services Corporation (CSC) under contract to the Federal Bureau of Prisons. Mr. Malesko's living quarters were on the fifth floor. CSC had a policy of only allowing offenders to use the elevator to reach the sixth floor or above. But, due to Mr. Malesko's known heart condition, he was allowed to use the elevator to reach the fifth floor.

On one occasion a correctional officer refused to allow Mr. Malesko to use the elevator. Mr. Malesko protested, but the officer still refused to let him use the elevator. On climbing the stairs Mr. Malesko suffered a heart attack and fell. Three years later, Mr. Malesko sued CSC and individual officers for $4m; the latter claim was dismissed due to statute of limitations. Since federal appeal courts have disagreed on claims against companies the Supreme Court took the case to resolve this conflict. Mr. Malesko's lawyers argued that private companies running prisons for profit should be held to a higher standard than government-run facilities. But the court disagreed, stating that this was a decision for Congress make. The judges ruled 5-4 in favour of Correctional Services Corporation.

CORRECTIONAL SERVICES CORPORATION V MALESKO, NO. 00-860.
An editorial in the Washington Post 2 December 2001 called the decision "perverse" and

Information collected from the internet for this report

referred to the opinion of Justice John Paul Stevens who, dissenting from the decision, stated that companies that manage prisons are no less agents of the government than are government employees, and they are no less in need of deterrence from unconstitutional behaviour. A "tragic consequence" of this decision, Justice Stevens wrote, "is the clear incentive it gives to corporate managers . . . to adopt cost saving policies that jeopardise the constitutional rights of the tens of thousands of inmates in their custody." The Post's view was that this should be unacceptable, and Congress, if not the court, needs to clarify that it is.

MARCH/APRIL 2002

INDUSTRY GIVES $1.1M TO CAMPAIGNS IN SOUTHERN STATES Private prison companies gave more than $1.1m in campaign contributions to state level candidates in 14 Southern states during the 2000 elections, favouring incumbents who typically have a high rate of re-election, according to a new study.

The study by the Institute on Money in State Politics also said that much of the campaign cash went to influential members of key committees that consider prison-related legislation. "Using these strategies, the companies made sure that more than 90 per cent of their contributions in the 2000 cycle went to candidates who would actually vote on the decisions that affected their bottom line," noted the study. Texas candidates benefited most heavily from the contributions, with 156 of them receiving more than $361,000 of the $1.1m. North Carolina followed, with 107 candidates receiving $226,500. Florida ranked third, with 122 candidates receiving nearly $158,500.

Key contributors were Corrections Corporation of America, which made more than 600 contributions totalling more than $443,300 to candidates in 13 states; Wackenhut Corrections Corporation, which gave 336 contributions totalling more than $237,750 to candidates in six states; Cornell Corrections, which made 284 contributions totalling nearly $100,000 in three states; and Correctional Services Corporation which gave 208 contributions in two states, for $97,670. In several states where private-prison interests gave heavily, lawmakers subsequently passed measures to bolster private prisons or defeated efforts to reduce funding for them. "In many cases, lawmakers considering the policy decisions received campaign contributions from the companies that stood to profit from the decisions," the report said. It provided several examples:

- The North Carolina Legislature approved Senate Bill (SB) 25, authorising the state to contract with private firms for building two new prisons that the state will then buy back. The legislators who sponsored SB25 received $3,700 in political gifts from proponents of the legislation. The bill was first sent to the Senate Finance Committee, where more than 60 percent of the members had received at least one cheque from private-prison interests; contributions to committee members totalled $21,303. It later went to the House Finance Committee, where nearly half of the members had been among the beneficiaries of $8,950 in campaign contributions. And it was signed by Governor Michael Easley, who received $40,675 in campaign contributions from prison interests, leading the 14 Southern gubernatorial candidates in private prison contributions.

- In Georgia, the Legislature rejected both a proposed ban on future private prisons without permission from state or local authorities and a ban on the importation of sex offenders or other violent criminals. House Bill 456 won approval in the House, but died in the Senate Corrections, Correctional Institutions and Property Committee. Nearly 60 per cent of the Senate candidates received at least one contribution from an industry source, compared with just 24 per cent of the House candidates. Four of the nine Senate committee members received contributions of $2,700. In all, private prison contributions totalled $56,650, with 95 per cent of the money going to incumbent candidates, who typically have an extremely high rate of success in their re-election contests and thus were likely to be acting on legislation affecting the industry.
- Oklahoma provided another example where the Legislature took steps to reduce the state's skyrocketing inmate population by reducing the number of people sent to prison for non-violent offences. But in Senate Bill (SB) 397 lawmakers also took two other steps that ensured continued incarceration of prisoners. They added eight violent crimes to the list of those for which offenders must serve at least 85 per cent of their sentences and also repealed the governor's authority to release qualified, non-violent offenders if the prison system reaches 95 per cent of its capacity.

Private prison interests gave $52,100 during the 2000 election cycle, and nearly 83 per cent of that money was given to winning candidates. Nine of the top 10 recipients of private prison funds favoured SB 397, while the tenth was excused from voting on the legislation.

- Lawmakers in Mississippi allocated $6m in 2001 to pay for empty prison beds for non-existent inmates and then overrode a gubernatorial veto of the funding, thus keeping the money in the budget. During the 1999 elections in Mississippi, private prison interests contributed nearly $42,000 to 38 candidates. CCA lobbyist Buddy Medlin and his firm gave $18,385 of that amount, or more than 44 percent. And nearly 30 per cent of the contributions were made either just before the election when some winners are all but certain or after the election.
- In Florida, lawmakers considered two bills to abolish the state correctional privatisation commission and transfer its duties. Both measures arose from concerns over conflict-of-interest allegations involving the staff of this oversight body and the consultants with whom they worked. Both bills died.

Executives and lobbyists for private prisons were active campaign contributors in 2000, giving 122 candidates more than $158,400. And more than half of the House and Senate candidates, or a voting majority, received at least $1,000 in contributions from industry sources. Wackenhut Corrections gave $12,500 of its $65,200 on 1 November and 2 November, just hours before the deadline for contributions at midnight 2 November.

- Texas lawmakers encouraged rehabilitation of prisoners in setting corrections policy during the 2001 legislative session, in an effort to rein in tough-on-crime policies and corrections spending that had led to an increase of 105,000 prison beds during the 1990s. Private prison interests contributed $361,293 during the 2000 election cycle, and 97.5 per cent of that money went to winning candidates and sitting office holders who would be considering prison spending in the next legislative session.

Information collected from the internet for this report

"On top of the strategically made contributions, the companies employed powerful lobbyists to push their interests in the halls of the legislatures, at a cost that's difficult, if not impossible, to measure," the report noted. By using both lobbyists and targeted campaign contributions, the companies made in-roads during 2001 legislative sessions in Southern states and blocked legislation that would have been harmful to their interests."They paid handsomely to play the public policy game, and likely will do so again," concluded the report. A Contributing Influence: The Private Prison Industry and Political Giving in the South, *See www.followthemoney.org*

INDUSTRY HITS ON THE FEDS The Association of Private Correctional and Treatment Organizations (APCTO) has been actively promoting its members' interests lately. Last November, APCTO members met with top officials of the Office of Management and Budget (OMB) to discuss, amongst other topics, the merits of out sourcing and the importance of fair and open competition. The department of justice (DOJ) has out sourced only one per cent of its workforce and, according to APCTO, the OMB has asked for "help in identifying potential activities and services the DOJ could competitively bid out to the private sector."

APCTO leaders also held a panel discussion with congressional staff members on "the positive attributes of privatisation in the correctional treatment and juvenile justice fields" on 30 January 2002. APCTO's president, Steve Logan, told attendees that: "We want to promote the gathering of data, including the independent data like the recent Heritage Foundation and Reason Public Policy Institute studies that show how privatisation works."

APCTO's 2002 federal legislative agenda includes: creating a privatisation caucus in the US Congress; supporting a measure that requires all federal government departments to allow private industry to compete for contracts where there exists an opportunity in the private sector to provide a similar or same service; developing a relationship between APCTO and appropriate federal government agencies and the US Congress; and increasing the opportunity for private correctional and treatment organisations in the 2003 financial year budget process. APCTO's annual membership meeting took place on 18 April 2002 at Management & Training Corporation's (MTC) headquarters in Salt Lake City. The next Congressional 'meet and greet' event is in the summer of 2002.

- APCTO has announced that Jim Macdonald, corrections industry stock analyst with First Analysis Corporation, has become a member of the organisation.

UNIONS PUT THEIR VIEWS The American Federation of Government Employees (AFGE), along with various labour, religious, criminal justice and public interest groups, hosted a prison privatisation policy briefing for more than 40 congressional legislative assistants from Republican and Democratic offices at the Capitol building on 17 April 2002.

The briefing centered on the privatisation of federal and state prisons, discussing whether contracting out the management and operations of prisons to private, for-profit companies save money; how well privately operated prisons perform; and, should the federal government rescue the industry by initiating a $4.6bn prison privatisation initiative over the next ten years. Some of the sponsoring organisations joining AFGE included the American Federation of State, County and Municipal Employees (AFSCME), the Communications Workers of

America (CWA), the Service Employees International Union (SEIU) and the Public Safety and Justice Campaign (PSJC). AFGE represents over 23,000 federal correctional officers and is the largest union for government employees, representing 600,000 federal workers in the US and overseas, as well as employees in the District of Columbia.

FEDS NEED CONTINGENCY FOR PRIVATE PRISONS With more than 18,000 federal prisoners kept in privately owned or operated facilities the Justice Department should develop contingency plans in the event that bankruptcies or other financial problems disrupt services. Most private prison space is provided to the department of justice by three companies: Corrections Corporation of America, Wackenhut Corrections Corporation and Cornell Companies Inc. The justice department's Office of the Inspector General report is dated July 2001 but was only published on 13 February 2002. *The Department of Justice's Reliance on Private Contractors for Prison Services, Report No.01-16, is on the internet at www.usdoj.gov/oig/audit/0116/index.htm*

- Corrections Digest 8 February 2002 reported that President Bush has asked Congress to consider buying private prisons for federal offenders on an as-need basis instead of constructing new facilities or expanding existing facilities. Between 1993 and 2001 the federal government spent over $4bn constructing new prisons and during that time the federal prison population grew by 76 per cent from 88,565 in 1993 to 156,572 in 2001. The publication also reported the president as saying that the "purchase of excess private sector and other correctional facilities may offer an affordable alternative to federal construction of additional prison space" and that the justice department "will evaluate the feasibility of purchasing private facilities for use by the BoP."

AUGUST/SEPTEMBER 2002

UK INFLUENCE AND FOUR PRIVATE PRISONS Four private prisons are being commissioned by the State of Mexico, the largest of the country's 31states. The State is also tendering for a company to take over a new publicly built prison. According to the State's director of prisons Wackenhut Corrections Corporation, Corrections Corporation of America, Cornell Companies and Management & Training Corporation (MTC), all US companies, have all expressed an interest in bidding for the contracts. The new prison contracts will be for 18 years and are worth $87.1 million and will provide 4,500 new prison beds in Tenancingo, Tenango del Valle, Ixlahuaca and Zumpango.

Previously, the State's director of prisons said that the authority will maintain prison security while the industry, maintenance and other non-custodial services will be privatised. Officials have visited semi-private prisons in France, examined developments with semi-private prisons in Chile and visited private prisons in the US. Although the State of Mexico is the first to implement private prisons it was the federal government that called on the Organisation of American States in 2000 to look into the possible advantages of this strategy. The federal government is keen to use prisons as a 'test bed' for private infrastructure - it is also considering hospitals and schools - and has recently contracted with Partnerships UK, the British government's privatised consultancy on public private partnerships. Partnerships UK has been helping to set up a task force within the federal government's treasury department to deal with such projects. Mexico has 21 prisons with a capacity for 8,474 prisoners. As at April 2002 the

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population stood at 11,650. While some prisons are up to 50 per cent overcrowded others have spare capacity. Other firms involved in negotiations have included Infratec-Interacciones, N.M.Rothschild, Bouygues Constructions, Precor Banobras, Adtec, Seapsa, and Corrections Corporation of America.

NEW COALITION FORMED A new coalition opposed to prison privatisation has been formed in the US. Citizens against Private Prisons of North America (CAPP) were formed from an initiative in July 2002 by Corrections USA (CUSA) and the California Correctional Peace Officers Association.

Ken Kopczynski of the Florida Police Benevolent Association (FPBA) is CAPP's chairperson. Announcing CAPP's launch on 2 August 2002 he said:"This is a historic moment in the battle for public safety and against yet another industry whose only motivation is profit. Incarceration for profit has been, and always will be, a bad idea. The expertise and commitment of the members of CAPP is unsurpassed." CAPP claims that it will organise local communities, educate decision makers and debate the for-profit prison industry wherever and whenever the corporations attempt to get new contracts. CAPP will also work to dismantle the private prison industry "wherever and whenever it can".

FEDERAL CONCERNS ABOUT PRIVATE PRISONS The Federal Bureau of Prisons is concerned about the ability of the private sector to accommodate medium and high security prisoners as well as the comparative costs of operating private versus FBOP-run prisons. These, and other concerns, were expressed in a letter from the FBOP to Senator Don Nickles earlier this year. Set out below is the FBOP's letter.

U.S. Department of Justice

Federal Bureau of Prisons

Washington, DC 20534

June 20, 2002

The Honorable Don Nickles

United States Senate

Washington, DC 20510

Dear Senator Nickles:

This is in response to your request for the Bureau of Prisons (BOP) to reply to a letter you received from Richard Loud, President, Corrections U.S.A., regarding prison privatization.

The Bureau has contracted with the private sector for the confinement of certain Federal inmates for decades. The BOP started contracting with the private sector for space in no

secure, community based halfway houses in the 1960's. In the mid-1980's, we began contracting for bed space to confine low security, non-U.S. citizen inmates with relatively short sentences. That effort gave our agency the needed flexibility to manage a rapidly growing inmate population and to help control crowding.

With the ongoing growth of the Federal inmate population, the Bureau's utilization of private sources for secure bed space has grown significantly in the recent past. We contract for private corrections beds to complement the facilities owned and operated by our agency.

Currently, the Bureau has approximately 13,500 inmates in secure adult facilities operated by private corrections firms (through direct contracts with the private prison or through intergovernmental agreements in which the local government contracts with a private prison company).

We have had success in contracting with the private sector for the confinement of minimum-security and low security inmates (populations for which the private sector has established an acceptable record). We have concerns with privatization for the confinement of inmates classified as medium security or high security, in accordance with Federal classification standards.

Over the years, the private sector has had significant problems with the incarceration and management of medium security and high security offenders. In particular, the private sector has not demonstrated the ability to manage high security sentenced inmates for long-term confinement, though they have held such offenders as short-term detention cases.

The Bureau carefully evaluates past performance prior to making a contract award for private secure corrections services. Likewise, the Bureau has implemented a comprehensive oversight process to monitor contractor performance after award. The Bureau also assesses a contractor's financial condition, including a routine review of financial information, as a way to determine responsibility prior to contract award and the exercise of each contract option. Contracts also include a bankruptcy clause which requires the contractor to notify the Bureau within 5 days of initiating bankruptcy proceedings.

With regard to cost efficiencies, a recently completed comparison of the cost of the privately operated prison in Taft, California, with similar Bureau facilities found that the BOP institutions were somewhat less costly than the private facility.

I trust this information will be useful as you continue to examine prison privatization. Please contact me if I can provide more detailed information or be of any further assistance.

Sincerely,

Thomas R. Kane, Assistant Director for Information, Policy, and Public Affairs

OCTOBER 2002

Information collected from the internet for this report

COLORADO SHOULD COUNT THE COSTS Serious questions about the true costs of running four private prisons in the State of Colorado have been raised by a new report which also calls for a legislative audit "to examine performance records and cost data pertaining to Colorado's use of private prisons in order to determine whether or not this is a practice that we, as a state, wish to continue."

Corrections Corporation of America (CCA) operates three prisons and Dominion Correctional Services the other. All are medium security prisons. In 2000 the state corrections department was directed to use private prisons for 30 per cent of the total prisoner population. The official comparative costs are $68.99 for publicly run prisons while the prison operators receive $54.66 per prisoner per day.

According to the report's author, Stephen Raher, "when the Colorado department of corrections discusses privatisation cost savings, it does so by making a direct comparison between the cost of housing a medium security prisoner in a state versus the legislatively-mandated price that the state pays private prisons. This method of cost comparison is problematic since it fails to take into account administrative overhead costs borne by the state ... since indirect or hidden costs are not factored in to the cost per inmate per day ... the supposed cost savings may not exist."

"By factoring in possible indirect costs for private prisons ... actual costs may be equal to or more than state-run Level III [medium security] prisons," he says. Categories of cost identified for closer scrutiny include: the executive director's office, offender services, legal access, the parole board, transportation, business operations, training, case management, medical services, mental health, special operations and the private prison monitoring unit (PPMU).

The author notes that, although the department of corrections' PPMU examines the performance of contract prisons, he claims that "the close relationship between contractors and the PPMU makes this office an inappropriate candidate for an independent audit." Since the beginning of 2001, private prison companies have given a total of $21,950 to state candidates and both the Republican and Democrat parties.

The report also notes that "data from Colorado and across the nation show that the performance of private prisons has been troubled - poor inmate programmes, security problems and fiscal woes have befallen all of the major private prison companies." *Private Prisons and Public Money, Hidden Costs Borne by Colorado's Taxpayers, Colorado Criminal Justice Reform Coalition, September 2002.*

HARVARD LAW REVIEW: REASON TO BELIEVE? The Association of Private Corrections and Treatment Organisations (APCTO) represent the private prison industry. In July 2002 APCTO issued a statement referring to the Harvard Law Review (HLR) as an "internationally respected source for sound legal and policy analysis." This accolade was prompted by the inclusion of an article, Tale of Two Systems: Cost, Quality and Accountability in Private Prisons by Alexander Volokh (see below) in the May 2002 issue of HLR which was devoted to prison law. The issue was written and edited by students.

The author of Two Systems states that, for the purposes of his article, he takes prison privatisation as "ethically neutral". He asks whether political influence peddling "weakens or

strengthens the case for privatisation" and answers it with the assertion that "it depends on whether corruption by corporations is worse than patronage of public prison guard unions - a question that calls for further research." On the question of cost and quality comparisons he argues that "what imperfect empirical evidence there is suggests that private prisons cost less than public prisons and that their quality is no worse.. In short despite all their possible faults, private prisons are a promising avenue for the future development of the prison system."

APCTO's chief executive, Steve Logan, stated in a media release that "we view the HLR article as a meaningful report for this industry," recommending it to US state and government officials as a sound external study on the benefits of the public-private partnership in corrections.

However, Michele Deitch, a lawyer with the Centre for Criminal Justice Initiatives in Austin, Texas, offers another view. Writing in the Correctional Law Reporter she says: "The journal's visibility means that prison law might appear on the radar screen of many lawyers, judges and academics who previously had little or no knowledge about the field. That's the good news: the bad news is that they are relying on inexperienced students to educate them about these issues."Ms Deitch reviews the whole issue of HLR but has the "strongest reservations" about the private prisons section, which, she argues "reads like a lobbying piece for the private prison industry and which was explicitly influenced by the Reason Foundation, a free market think tank that advocates privatisation in this area. Little law is actually covered in the discussion ... which cites extensively from industry-supported studies to argue that private prisons are in fact more cost effective and accountable than public institutions."

She adds: "There is no evidence that the author did not approach corrections officials for their points of view, nor did the author discuss issues such as the frequent practice of reducing costs by deliberately under staffing private facilities. Moreover, the author ... misses a key policy point when reviewing case studies: because private operators can pick and choose the 'cream of the crop' inmates, who are necessarily less expensive to house, they effectively drive up the prices of the comparison group of public institutions, which are left with higher-security and more medically needy inmate population. Thus many of these studies are comparing apples and oranges."

In her review Ms Deitch also counters the author's argument that the market keeps private prisons accountable by allowing governments to rescind contracts as necessary. "The author ignores the reality of the crises that typically lead to contracts with private providers, leaving corrections officials with little leverage in contract negotiations." She concludes: "one wishes that this part of the article could have been as objective as the other sections."

- The author of Tale of Two Systems: Cost, Quality and Accountability in Private Prisons is Alexander Volokh. Mr. Volokh is not a student but an assistant policy analyst who specialises in environmental policy for the Reason Public Policy Institute (RPPI). His qualifications for writing about prison privatisation are listed on the RPPI website. "Mr. Volokh's expertise includes hazardous waste policy, environmental economics, regulation, risk assessment, solid waste management, and the tort system."
- The aim of Reason's Competitive Corrections Research Project is to "explore the role of the private sector in corrections, evaluate the benefits of competition and privatisation,

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educate the public, government officials and the media on private corrections issues and provide practical, nuts-and-bolts policy advice to elected officials."

- The Reason Foundation was formed in 1978 and refers to itself as a national non-partisan research organisation. It develops ideas for increased private sector involvement at the state and local levels. It is so non-partisan that George W. Bush nominated Lynn Scarlett, Reason's president, as secretary of policy, management and budget of the US department of the interior.

According to NIRA's World Directory of Think Tanks, Reason's funding in 1998 comprised: 27 per cent private donations; 25 per cent publication sales; 20 per cent corporate donations; and 15 per cent from US foundations. Its budget was $5.4 million. Media Transparency's website reveals that this 'conservative libertarian think tank' received 97 foundation grants with a value of $4.5 million between 1985 and 2000, the main donors being: the Linda and Harry Bradley Foundation Inc; David H.Koch Charitable Foundation; Charles G. Koch Charitable Foundation; Claude R.Lambe Charitable Foundation; Scaife Family Foundation; Smith Richardson Foundation; John M. Olin Foundation and the Carthage Foundation. Harvard Law Review, May 2002. *www.harvardlawreview.org Correctional Law Reporter, August/September 2002, www.civicresearchinstitute.com/co3 Reason Public Policy Institute, www.rppi.org*

GRAND JURY'S FINDINGS ON DEATH AT CC'A BAY COUNTY JAIL

IN THE CIRCUIT COURT OF THE FOURTEENTH JUDICIAL CIRCUIT OF THE STATE OF FLORIDA, IN AND FOR BAY COUNTY SPRING TERM. TWO THOUSAND TWO IN RE: GRAND JURY INVESTIGATION

PRESENTMENT IN THE NAME OF AND BY THE AUTHORITY OF THE STATE OF

FLORIDA:

The Grand Jury of the State of Florida and County of Bay, empanelled and sworn on February 25, 2002, to inquire and true presentment make, in and for the Spring Term of Bay County, respectfully reports and recommends as follows:

The Grand, Jury of Bay County met in session on July11, 12, and 17, 2002, during which testimony was taken, exhibits received, and deliberations were had regarding the death of Justin Sturgis in the Bay County CCA Jail on February 15, 2002. In considering the existing law and the testimony, the Grand Jury finds no indictment of any person or entity shall issue. The Grand Jury does, however, feel that the people of Bay County, Florida, and the County Commission should be aware of the circumstances surrounding the death. In furtherance of that effort, the Grand Jury issues this presentment. The Grand Jury received the testimony of eighteen (18) witnesses, including two witnesses appearing at the behest of Correction Corporation of America. Witnesses included CCA personnel, inmates confined on February 15, 2002, and expert medical testimony. While no indictments will issue, the Grand Jury does find that serious deficiencies existed and errors occurred on February 15, 2002, which led, or contributed to, the death of Justin Sturgis.

The testimony and exhibits show the following:

- Justin Sturgis (hereinafter referred to as "Sturgis") was stopped by the Panama City Police Department Officer Richard McKenzie at approximately 1:03 a.m. on US Highway 98 near the entrance to Port Panama City.
- Following the administration of a battery of field sobriety tests, Sturgis was arrested for Driving under the Influence and taken to Bay County Corrections Corporation of America Jail.
- At the jail a breath/alcohol test was administered at approximately 2:20 a.m. with results of.101 and .105, which exceed the, 00 breath/alcohol level of 0.08 in Florida.
- Sturgis was booked into the Bay County Jail at 2:30 a.m.
- At the time of his arrest and booking Sturgis was cooperative with officers and exhibited nothing more than signs of alcohol intoxication.
- After booking, Sturgis was placed into Holding Cell No. 3 with one other inmate. Shortly after 3 a.m. Sturgis apparently began to suffer some degree of distress and asked the other inmate in the holding cell for help. Sturgis admitted to this inmate that he (Sturgis) had swallowed a number of pills to avoid arrest on that charge and was concerned he was experiencing an overdose.
- This other inmate alerted correctional officers as to the fact he had swallowed a quantity of pills and this was included within the notes utilized by the LPN, William Schwarz, Jr., who was attending to Sturgis.
- In a call by Nurse Schwarz to Bay Medical Centre's Emergency Room at 3:21a.m., he was instructed to take Sturgis' "vitals" and call Dr. George Tracy back with the information.
- In medical parlance "vitals" include blood pressure, pulse rate, respiration rate, and temperature.
- Dr. Tracy was not furnished with Sturgis' vitals as Dr. Tracy requested.
- Nurse Schwarz testified he received instructions from Dr. Tracy to take Sturgis' vitals and monitor Sturgis for two hours. (This testimony is at odds with Dr. Tracy's testimony.)
- The process for monitoring prisoners with medical issues is known as Constant Watch Observation (COW) - and calls for an entry at least every 15 minutes by a correctional officer. The forms used in this process are very limited in the descriptive terms available to detail the patient's conditions.
- The "monitoring" process is apparently the responsibility of correctional officers, not medical personnel.
- In the instant case, the actual details of observations made by the various correctional officers were not reflected on the COW form, nor did the "code numbers" used accurately reflect their observations.
- During the observation period, which ran from 3:30 a.m. to 6:10 a.m.; with the exception of the entry at 4:30 a.m., Sturgis is described as "mumbling incoherently". The 4:30 a.m. entry additionally notes Sturgis is "crying". (Descriptions are through utilization of a code number only.)
- Most witnesses indicated that the description of "mumbling incoherently" is not an accurate description of Sturgis' actual, observed behaviour.
- No correctional officer made any notation beyond utilization of the codes provided on the COW form.

Information collected from the internet for this report

- Testimony indicates that some correctional officers received information that Sturgis had ingested as many as twelve ecstacy pills. There is conflicting testimony as to whether this information was made known to the nurse.
- The observation of Sturgis was moved to at least three separate locations and the COW protocol seemed to lack sufficient details to provide guidance to those charged with the responsibility of monitoring him and communicating their observations to medical personnel.
- There is conflicting testimony as to whether Sturgis' condition could be characterized as "worsening" or "deteriorating" during the observation period.
- There is testimony that Sturgis:
    - appeared to grasp/grab things that were not there,
    - acted as though he was smoking a cigarette that he did not have,
    - acted as or said he was cooking something,
    - spoke to a correctional officer identifying him (the CO) as someone he (Sturgis) worked with.
- None of the above observations were made known to the nurse or doctor, nor were they documented in any contemporaneous observation record.
- There were repeated urgings from inmates, who were familiar with the effects of MDMA/ecstacy, to transport Sturgis to the hospital.
- Due to the onset of symptoms before discovery of the problem and the quantity of MDMA apparently ingested, it is unsure if Sturgis could have survived if then to the hospital upon onset.
- There is the possibility that with adequate information as to the potential nature and quantity of the substance ingested that adequate supportive therapy could have prevented the death of Justin Sturgis.
- Corrections Corporation of America medical staff does not maintain a log of medical services provided on each shift.
- CCA Policy 13-121 entitled "Suicide Management/Risk Reduction" deals with COW's (Le-Jel I & II), but appears to be limited to issues related to suicide. This policy as written has no provisions for unintentional overdoses. While a COW was utilized in the instant case, the policy lacks specific protocol for events such as this. Even with this policy in place, the Grand Jury finds it was not followed.
- Policy 3-ALDF-4E-06 of the "ACA Standards for Adult Local Detention Facility" suggests that inmate health complaints be "acted on by health training correctional personnel". Correctional Personnel failed to demonstrate adequate health training in responding to the level of medical distress evidenced by Justin Sturgis. Additionally, ACA's Policy 3-ALDF-4E-19 deals with preliminary health screening of new inmates and recognizes the importance of observations related to behaviour, including consciousness, mental status, appearance, conduct, tremor and sweating. The comment section of this policy recognizes this is a "system of STRUCTURED inquiry and observation." That structure was sorely lacking in the Sturgis case.
- ACA's Policy 3-ALDF-4E-24 on Emergency Care acknowledges the importance of training to recognize the "signs and symptoms and knowledge of action required in potential emergency situations." The conduct of the correctional staff on February 15, 2002, suggests there is a deficiency in this area.

- ACA's Policy 3-ALDF-4E-39 and Florida Model Jail Standards 7.02(i) on "Detoxification" suggests this process should be done under MEDICAL supervision. Testimony suggested that while a COW was initiated by Medical Staff, it was the duty of correctional staff to accomplish the task.
- Florida Model Jail Standards 7.17 suggests that inmates committed under the influence of drugs or alcohol should be separated from the general population and kept under close supervision for a reasonable period of time. Sturgis initially was neither separated, nor closely supervised (observed). After the problem surfaced, the supervision lacked any structure.
- William Schwarz was deficient in the performance of his duties as the facility's sole health care professional. Such deficiencies may have contributed to the death of Justin Sturgis.

Based on the foregoing findings of the Grand Jury, we recommend the following actions be taken:

a) That Correction Corporation of America installs a camera system in this portion of the jail to record the occurrences in this area.
b) That an area is designated within the jail as a COW area and that such area be monitored with closed circuit television that is recorded.
c) That a more detailed COW protocol be implemented with specific responsibility designated to specific persons.
d) That the COW form be amended to require a narrative description of the observations rather than the use solely of code number system.
e) That all personnel handling inmates be additional training in recognizing and responding to potential drug overdoses and other medical emergencies.
f) That medical personnel follow to the letter, a physician's order or be subject to disciplinary action.
g) That non-medical personnel, if charged with the responsibility of monitoring an inmate for medical issues, be trained in the importance of complete and accurate relay of observations to medical and/or supervisory personnel.
h) To require specific, periodic review of a COW by a supervisor to insure adequate detail in recording. The observations and that medical personnel are apprised of the inmate's condition.
i) Corrections Corporation of America should implement a policy requiring the maintenance of a log in the medical services department detailing all medical services provided to inmates on each shift. This log should be sufficiently detailed to identify the inmate, his/her complaint, the treatment or services rendered, findings of any examination or test, and the times related to the provision of services.
j) Corrections Corporation of America should modify their Policy 13-121, - "Suicide Management/Risk Reduction" to include specific provisions requiring the monitoring the medical aspects of inmates by qualified medical personnel.
k) Corrections Corporation of America should create a new policy (or amend the existing policy on screening new inmates) to establish detailed protocols for the observation of new inmates to detect potential medical emergencies. The factors

Information collected from the internet for this report

listed in ACA's Policy 3-ADLF-4E-19 should be specifically addressed. The protocols should also provide for inclusion of times and descriptions of the observed behaviour.

l) Corrections Corporation of America should amend their Policy 13-121 on "Constant Observation Watch" to REQUIRE active supervision and participation by qualified MEDICAL personnel. (This could be accomplished by the creation of a Detox-COW policy which requires monitoring by qualified medical personnel.)

m) William Schwarz, LPN, should be reported to the Division of Medical Quality Assurance within the Florida Department of Health for deficient performance and the State Attorney is hereby directed to send a copy of this Presentment to said Agency.

n) The Bay County Commission should monitor the situation to insure the above policies and/or changes are instituted.

o) The Bay County Commission should review the contract with Corrections Corporation of America to determine if the conduct in this matter constitutes a breach of that contract meriting termination.

p) The Bay County Commission should institute an inmate complaint procedure in which the contract monitor is made an integral part of the process. *Respectfully submitted this 17th day of July, 2002. Harris Prothro, Foreperson, Dated this 17th day of July, 2002 William A. Lewis, Assistant State Attorney, Fourteenth Judicial Circuit, Post Office Box 1040, Panama City, Florida 32402, (8501)872-4473, FL Bar No. 339520 PRESENTED in Open Court by the Grand Jury and filed this 17th day of July, 2002. Harold Bazzel, Clerk*

- CCA has defended its staff and stated that Mr. Sturgis caused his own death by swallowing illegal drugs in order to avoid prosecution. The company has also stated that its policies comply with ACA standards. The nurse - the only one on duty for 300 prisoners on the night in question - left CCA's employment soon after. The company has since implemented some of the Grand Jury's recommendations and has been found not to be in breach of its contract with the state. Meanwhile, a lawyer representing Mr. Sturgis' family is preparing a lawsuit against the company.

NOVEMBER 2002

CCA TO PAY IRS $54 MILLION Corrections Corporation of America (CCA) has been ordered to pay $54 million to settle a dispute with the Internal Revenue Service (IRS) over a 1997 audit of its predecessor, Prison Realty Trust. Prison Realty was formed out of the original CCA in 1997 as a real estate investment trust (REIT) to own CCA's prisons. The REIT was a vehicle by which Prison Realty paid less federal tax and distributed 95 per cent of annual income distribution amongst shareholders. The REIT was disbanded in 2000. CCA is still appealing IRS findings as a result of audits in 1998 and 1999. CCA is the largest private prison operator in the US.

DEC 2002/JAN 2003

ARIZONA: EDUCATION NOT INCARCERATION! A coalition of students and faculty at the University of Arizona, Tucson, are campaigning for the state to fund education rather than build two more private prisons with 5,400 beds. The Education not Incarceration Campaign claims that $33.4 million could be saved if offenders - the majority convicted of non-violent crimes - destined for the new facilities were offered treatment and counselling programmes instead.

The coalition argues that the $33.4 million saved could be diverted to prevent the university eliminating 16 programmes. It has called on the university president to take a stand against the governor's plans.

The state's prison budget is currently $600 million per year. Between 1980 and 2000 Arizona's spending on education decreased by 11 per cent per resident while the prison budget rocketed 140 per cent with the building of nine prison complexes. Over the same period the state's incarceration rate increased from 160 per 100,000 to 507 per 100,000. "Imprisonment does little to treat the root causes of drug abuse or drunk driving. There are alternatives that are not only more effective in rehabilitating substance abusers - which in turn decreases future crime rates - but actually cost less," said Professor Andy Silverman, director of clinical studies. *Education not Incarceration, c/o Caroline Isaacs, American Friends Service Committee, Tucson. Internet: www.afsc.org/az.htm*

- A proposal to build and operate a private prison in Mexico so that the State of Arizona can cut its costs has been raised again. In 1997 Arizona wanted to transfer up to 1,600 Mexican prisoners across the border to a private prison to be built in Sonora. However, the plan did not get off the ground due to legal and constitutional concerns on both sides of the border.

Until early November 2002 Terry Stewart was the state of Arizona's corrections director. He left to set up his own consulting and prison management firm, Advanced Correctional Management. On 31 October, while a group of Mexican congressmen were touring the state's private prisons Mr. Stewart suggested to them that an Arizona prison built in Mexico would save about 50 per cent in construction and operation costs to hold some 3,145 Mexican nationals currently in its prisons. The legal and constitutional issues for both jurisdictions that existed in 1997 are still relevant. However, these issues will be studied again.

CSC CORRUPTION PROBE Correctional Services Corporation (CSC) is being investigated by the State of New York's lobbying commission; board of elections and legislative ethics committee as well as Manhattan's district attorney's office over the company's lobbying activities.

Former Brooklyn Assemblywoman Gloria Davis, a democrat, has admitted receiving free, chauffeur-driven transport from CSC from 1998 to March 2002. The Manhattan district attorney's office alleges that this was in exchange for her help with CSC's attempts to win state contracts. Bronx Assemblyman Roger Green, also a democrat, has admitted receiving free transport from CSC but denies any wrongdoing. The company's three lobbying statements for 2000 and 2001- filing is a legal requirement - did not disclose the provision of transport o Assemblyman Davis. The lobbying commission is investigating whether CSC provided services

to other state lawmakers. Meanwhile, the ethics commission is in possession of a federal report alleging that CSC provided campaign workers and other help to New York politicians during the 1990s.

Since 1992 CSC has had corrections contracts worth $35.4 million with the state. The company also operates two half way houses in New York for the Federal Bureau of Prisons. In 1997 the company was found to have over-contributed to politicians. In 2001 it gave $10,650 to political campaigns in New York. Florida-based CSC operates 12 facilities with some 4,500 beds and has been selling property assets in order to reduce its debt. The company owns Youth Services International which operates 23 facilities and is a leading provider of juvenile programmes for adjudicated youths in the US.

HIGH STAFF TURNOVER AT CCA FACILITIES Staff turnover at Corrections Corporation of America's (CCA) facilities in Tennessee compares poorly with state run facilities. In the past three years, the average turnover at CCA's Hardeman County Correctional Facility was 83 per cent; Silverdale Workhouse averaged 66 per cent; and the South Central Correctional Facility averaged 63 per cent. According to official figures, the average turnover for the same period at state run Brushy Mountain prison was seven per cent and 38 per cent at the Tennessee Prison for Women.

APRIL 2003

PRIVATE NUMBERS DROPPED IN 2002 The number of prisoners held in privately operated facilities in the US dropped from 91,953 to 86,626 in the first six months of 2002. According to the US department of justice the drop was mainly due to the decline in prisoners held in private facilities for Texas authorities. Overall, private facilities held 6.1 % of all state and federal prisoners, down from 6.8 % at 30 June 2001. The federal system held 12.6 % and the state's 5.2% of its prisoners in private facilities at 30 June 2002.

As at 30 June 2002, the Federal system (20,293), Texas (10,764) and Oklahoma (6,773) reported the largest number of prisoners in private facilities. Five states - New Mexico (43 %), Montana (31 %), Alaska (29 %), Oklahoma (29 %), and Wyoming (28 %) had at least a quarter of their prisoners in private facilities. The District of Columbia had 27.4 % of its prisoners in private facilities. Other states: New Jersey 8.7 %; Pennsylvania 1.3 %; Indiana 4.4 %; Michigan 0.9 %; North Dakota 3.4 %; Ohio 4.3 %; South Dakota 1.3 %; Wisconsin 15 %;Florida 5.6 %;Georgia 9.9 %; Kentucky 10.1 %; Louisiana 8.3 %; Maryland 0.5 %; Mississippi 16.5 %; North Carolina 0.6 %; South Carolina 0.1 %; Tennessee 15.3%; Texas 6.8%; Virginia 4.8 %; Arizona 5.7 %; California 2.1 %;Colorado 13.1 %; Hawaii 22.2%; Idaho 21.5 %; and Nevada 5 %. The figures show that the greatest concentration of private prisoners is in the south and west. Source: Bureau of Justice Statistics Bulletin, April 2003, NCJ 1988877

APCTO ACTIVITIES UPDATE The private prison industry's lobby group, the Association of Private Correctional & Treatment Organisations (APCTO) has established a new bi-partisan congressional caucus on public-private partnerships (PPPs) with the aim of protecting and expanding privately run prisons used by federal, state and local governments. The caucus will eventually seek to expand the privatisation of other government services. In April

2003 APCTO released a study which claimed that, between 1999 and 2001, states without private prisons saw corrections costs increase by an average of 18.9 per cent while states with at least some private prisons or jails saw costs increase only 10.8 per cent.

MAY 2003

CSC SETTLES FOR $300,000 FINE Correctional Service Corporation (CSC) has agreed to pay a $300,000 civil fine for failure to disclose gifts it made to New York politicians who helped the company obtain millions of dollars worth of business. However, the company did not admit to breaking the law and, while disagreeing with some of the Lobbying Commission's findings, agreed to settle. The fine was a record for the state Lobbying Commission. CSC was also ordered by New York's state board of elections to seek refunds on political contributions it made in 2002. State law forbids companies from giving more than $5,000 per annum to campaign committees. But in 2002 CSC gave at least $7,500 to such committees. In 1997 CSC was also cited for over-contributing.

ARIZONA SELLS OFF? As the state of Arizona grapples with how to deal with its $1bn budget shortfall, Senate Bill 1126 'providing for the sale and operation of state correctional facilities' proposes to allow private companies to make closed bids for state prisons and purchase the right to run all prisons - except maximum security and juvenile facilities - on ten year contracts. The Bill states that the prison sale should be completed by 1 July 2004.

Meanwhile, consultants Ernst & Young have suggested that Arizona has "potential excess assets" and should sell infrastructure such as freeways, office buildings, hospitals, state parks and prisons with the state paying to lease them back. If the state adopts this proposal, Ernst & Young has offered to handle the transactions - for a fee. A proposal to build and operate an Arizona private prison in Mexico within 20 miles of the border has been rejected by the state's senate appropriations committee.

TEXAS PRISONS UP FOR GRABS A Texas legislative working group is studying radical proposals (House Bills 1480, 1669 and 2190) that could lead to, amongst other things, privatizing an entire division including some 22,000 state prison beds of the Texas department of criminal justice (TDCJ); the increase from 1,000 to 2,000 the number of beds allowed in any one private facility; shifting decisions on privatisation from the legislature to the department of criminal justice; and removing state oversight of private prisons.

These measures are aimed at reducing corrections costs by around $120m as a contribution to reducing the state's $10bn budget shortfall. Texas already has the most private prisons - both state run and federal - of any state in the US. Proposals from corporations interested in taking over the state's facilities were due by 30 April 2003.

The sponsor of the legislation, Mr. Ray Allen, is not only the chair of the house corrections committee but also the chair of the American Legislative Exchange Council's (ALEC) Public Safety Committee. ALEC provides model legislation for state politicians on harsher sentencing and prison privatisation and generally advances conservative principles. According to the Houston Chronicle 29 April 2003, a spokesperson for Mr. Allen's office confirmed that he had

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also received campaign contributions from private prison companies "all duly recorded and reported in accordance with all the applicable rules and regulations".

Meanwhile, the Texas Criminal Justice Reform Coalition, which includes the Texas chapter of the American Civil Liberties Union (ACLU) and the American Federation of State, County and Municipal Employees (AFSCME) is opposing the legislation, arguing that the claimed costs are spurious and the private sector's record in Texas is poor. Even the TDJC itself argues in a submission that savings from privatisation are mostly mythical. *A 'White Paper on Prison Privatisation Bills HB 1480, HB 1669 and HB 2190' arguing against the privatisation proposals is available from Michele Deitch, attorney and consultant, Email: MYDeitch@aol.com The 'White Paper Regarding Privatising Texas Department of Criminal Justice Facilities and HB 1480, 1669,1852 and 2190' is available from the American Civil Liberties Union.*

FAITH IN CCA Twenty years after its inception Corrections Corporation of America, now the largest private prison operator in the US, is to implement faith based programmes in all its facilities over the next three years. Dallas, Texas-based Bill Glass Champions for Life (CFL), an evangelical prison ministry, will partner CCA in a bid to improve prisoner and staff safety, reduce both prison costs and reincarceration rates. As at 2002 CFL operated in 17 CCA facilities.

CFL began in 1972 and operates prison ministries in 42 US states as well as Mexico, Bermuda, the Dominican Republic, South Africa and Russia. The organisation's website notes that "when President Bush launched his faith based initiative programme in 2001 - effectively enabling religious organisations to compete on a level playing field for social service contracts - rehabilitation leaped back onto the public agenda." CFL also claims that there is a "growing body of scientific research and literature linking religious participation among prisoners to decreased prison incidents, decreased recidivism, improved mental health and decreased severity of future crimes, if committed, upon release."

According to the Information Network Focus on Religious Movements (INFORM) at the London School of Economics, CFL "clearly identifies itself with a number of other Christian groups on its website that share a theological-political world view. These organisations appear to network extensively and have overlapping membership - as would be expected by their overlapping goals. This context places Champions for Life as part of the so-called Christian Right in the USA."

One organisation that the CFL website recommends as an 'additional resource for growth' is The Promise Keepers (PK), a US men's faith group which has been criticised by the National Organisation of Women (NOW). According to NOW, "many of the well financed leaders of the religious right publicly support the PK ministry, such as Jerry Farwell, Bill Bright of the Campus Crusade for Christ and James Dobson of Focus on the Family." The latter a group that, according to NOW, "thinks the Republican Party is too moderate."

As at March 2003 Corrections Corporation of America held 55,000 prisoners in 38 owned and 22 managed facilities in 21 states and the District of Columbia. It had one facility under construction. Its customer base includes: Federal Bureau of Prisons 13.8%; US Marshals Service 11.4%; Immigration and Naturalisation Service 6.9%; Wisconsin 5.6%; Georgia 5.3%; Texas 4.8

%; Tennessee 4.8 %; Florida 4.7 %, Oklahoma 4.3%; other 38.4%. According to CCA, it has 50.1% of the US market, followed by Wackenhut Corrections Corporation 20.4%; Management & Training Corporation 8.8%; Cornell Companies 7.9%; Correctional Services Corporation 6.8 %; and others 6.0%.

According to the company, historically, economic downturns have not materially affected the demand for prison beds. However, CCA currently has spare capacity of some 8,000 beds. The company is looking to Federal budget initiatives such as: increased funding to the US Marshals service of 4.1%; increased funding of 29.7% for the INS; and the Office of Federal Detention Trustee was funded at $1.4bn - an increase of $592m above the administration's request. Costs associated with facilities are primarily salaries and employee benefits, food and medical supplies. The company believes there are numerous opportunities for cost savings in staffing patterns, food procurement and medical expenditures. *Source: Irving E. Lingo Jr., CCA chief financial officer, presentation at Lehman Brothers High Yield Bond and Syndicated Loan Conference, 18-21 March 2003*

ACTION IN SOUTH CAROLINA This extract from the current issue of Grassroots Leader, the newsletter of the North Carolina-based organisation Grassroots Leadership, reveals how, a recent campaign in South Carolina "illustrated the problems when juvenile justice issues get mixed with up the profit motive."

In October 2002, Grassroots Leadership learned that a consulting firm from Columbia, South Carolina, planned to build a 320 bed non-profit juvenile academy in adjacent Fairfield County. Their original presentation to the Fairfield County Council - of which Grassroots Leadership staff member Kamau Marcharia is also a member - raised more questions than answers. A sample of the line of questioning at the County Council meeting:

Q: If this is an "academy," will the South Carolina State Department of Education review and approve the curriculum?

A: No.

Q: So, if it isn't really an educational institution, is it a juvenile detention facility?

A: No, it's an academy.

Q: So, if it's not a juvenile detention institution, the youth will be free to leave?

A: No, they won't.

Q: What's to keep them from leaving?

A: Some of the security personnel will be armed.

As it became apparent that the consultants were more interested in helping themselves rather than troubled youth in the state, Grassroots Leadership mounted an organising campaign to stop the facility from being built. We met with folks in the community where the 'academy' was

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scheduled to be built and helped them develop strategies to oppose it. We developed and submitted to the County Council, the local and state newspaper a list of 36 questions concerning the proposed facility. Fairfield County residents packed the next County Council meeting and wrote letters to the press.

Meanwhile, Grassroots Leadership staff did research and passed the results on to members of the community. They in turn gave this information to The State, South Carolina's state-wide newspaper, which launched its own investigation. The startling results of this investigation, published in a series of articles, documented that: The supposed 'non-profit' which was sponsoring the 'academy' had exactly the same board of directors as the for-profit consulting firm that was sponsoring the project. Although the proposed project was in Fairfield County, the firm had obtained a $437,000 empowerment zone loan that was intended for use in adjacent Richland County. In its loan application, Rosewood stated that the South Carolina Department of Juvenile Justice had contracted to assign youth to the facility – a claim denied by the DJJ's director.

In three months, the six main consultants used public funds from this loan to pay themselves from $22,500 to $27,500, billed at up to $225 per hour. At the present moment, the project seems dead in the water. Columbia city officials have cut off payments on the loan and have demanded return of the $187,000 they had already paid.

According to The State, the South Carolina State Senate, the state prosecutor and the FBI have all opened investigations. Even though it looks like the 'academy' is dead in the water, we're still keeping our eyes and ears open. As this example shows, profit-seeking entrepreneurs see juvenile justice not as a public service but as a potential major profit centre.

It's quite conceivable that, had Grassroots Leadership not intervened, the facility might have been built and 320 youth needlessly detained. The lesson to be learned from this experience is that, when there's money to be made in 'juvenile justice' neither juveniles nor justice will be well served. *Grassroots Leader, Spring 2003, Grassroots Leadership, www.grassrootsleadership.org*

JUNE 2003

TEXAS PRIVATISATION PLANS STYMIED Radical proposals for expanding prison privatisation in Texas have been stymied both by intense opposition and lack of legislative time.

Attempts to extend privatisation to the entire state jail division - which would have expanded the prison system by 5,000 beds (all private) and virtually eliminated monitoring of private facilities - were defeated during a debate in May about a wider bill aimed at restructuring state services. Other proposals included: eliminating the minimum/maximum terms for length of contracts with private vendors; cutting the required cost savings to the state for a private prison contract from 10% to only 5%; lifting the cap on the total number of private prison (as opposed to state jail or county jail) beds in Texas from 4,580 to unlimited; eliminating any cap on the size of individual private facilities (currently set at 1,000); allowing the state to negotiate away to private vendors up to 99.9% of profits from revenue-generating programmes; and setting up a new Commission

on Private Initiative which would be able to cherry-pick which units it wanted to privatise in the future.

After a coalition of criminal justice reform groups and trade unions lobbied against the proposals legislators were due to vote in early June on a compromise, to hold a state-wide independent inquiry into privatisation at a cost to taxpayers of $250,000. But this - and the entire restructuring bill - fell by the wayside. There is, however, a possibility that the prison privatisation proposals could reappear in the January 2005 legislative session or in special session before then. *Contact: Michele Deitch, Center for Criminal Justice Initiatives, Austin, Texas. Email:MYDeitch@aol.com*

PRESBYTERIAN CHURCH ACTS TO ABOLISH PRIVATE PRISONS The 215th General Assembly of the Presbyterian Church USA on 30 May 2003 passed a resolution calling for the abolition of all for-profit private prisons. "We have ... trusted the oversight of this responsibility to our governmental leaders. This must continue to be their responsibility; it cannot be delegated from the public to the private sector. However, the shortage of funds that many governments are experiencing makes them receptive to offers from the private sector to build and/or operate their prisons. Since the goal of for-profit prisons is earning a profit for their shareholders, there is a basic and fundamental conflict with the concept of rehabilitation as the ultimate goal of the prison system. We believe that this is a glaring and significant flaw in our justice system and that for-profit prisons should be abolished," noted the rationale for the resolution.

- Not only did the Assembly approve a comprehensive report detailing the rationale for opposing private prisons, it also agreed to a series of far reaching actions including:
- working towards comprehensive federal legislation to completely and permanently ban all for-profit private prisons, jails and detention centres from the US;
- intervening to prevent the renewal of current federal government contracts with for-profit private prison corporations;
- consulting and coordinating with other denominations, as well as with ecumenical and interfaith groups, to advocate for the permanent abolition of for-profit prisons;
- providing information to other levels of the Presbyterian Church (USA) to educate them on the issue and to encourage their participation in the campaign;
- urging middle governing bodies and members of local congregations to work for state, county and/or municipal legislation and administrative actions that eliminate particular elements of the for profit private prison system pending its ultimate abolition by federal law.

As well as numerous other activities, the resolution also called on the Mission Responsibility Through Investment Committee (MIRTI) to explore with the General Assembly investing strategies to lead Lehman Brothers to discontinue the practice of providing investment capital for building of for-profit private prisons. The full text of the 'Rationale for the Resolution Calling for the Abolition of For Profit Private Prisons' is on the internet at www.pcusa.org/generalassembly

SOUTHERN CATHOLIC BISHOPS SPEAK OUT In April 2003, Southern Catholic Bishops called for an end to for profit prisons in the US. Set out below is an extract from their statement.

We note with apprehension the rise of for-profit private prisons in the South and in the nation. The focus of this statement is the private prison industry. Recent reports by the U.S. Department of Justice indicate that prisons operated by private corporation's house over 100,000 prisoners in our country.

Private prisons have become more prevalent because our nation is putting growing numbers of people behind bars; governments are facing the rising costs of incarceration as with all public services, and there is increasing political pressure to privatise many government services.

We are concerned about the rise in for-profit private prisons because previous attempts to introduce the profit motive into prisons have failed to respect the fundamental human dignity of every prisoner. We recognise the fundamental human dignity of prisoners and are troubled by the documented level of violence against prisoners in private prisons. We recognise the inherent dignity of labour and are troubled by the working conditions and wages of those entrusted with the care of prisoners in private facilities.

In order to reduce costs and maximise profits, private prisons redistribute their operational costs, with less money going to those employees who work directly with prisoners and more to executives and shareholders. We do not agree that paying private prison staff lower wages; than a public employee receives, or cutting their numbers, advances the common good or just treatment of prisoners. We note that some state and local governments have cancelled private prison contracts because of insufficient staff and mismanagement.

We question whether private prisons have the incentive to assist people not to return to prison. In addition to removing people from the community for the safety of the community, one of the stated purposes of prison is to prepare the people who are in prison for reintegration into the community once their sentences have been served. Almost everyone in prison is re-entering our communities at some point. We are concerned that cutting staff and reducing wages in order to protect profit margins is in conflict with the need to respect and rehabilitate prisoners. We are even more deeply troubled that the private prison industry has actively supported institutions that lobby for harsher sentencing laws, which increase the prison population.

Since it appears that private prisons are not consistent with the need for our prisons to respect the human dignity of each and every person, we call for an end to all for-profit private prisons. The trend towards more and more people being held in private prisons should be reversed immediately. We call on all levels of government to refuse to sign new contracts or to renew expiring ones with private prison corporations. As long as private prisons continue to exist, they need to be held fully accountable. While private prisons continue, there needs to be independent, thorough, and systematic oversight of their operation by government.

Our region and our nation must change the policies that are putting so many of our people in prison. Imprisonment for profit would not have arisen again if our nation's prison population had

not been expanded so radically. While the U.S. now leads the entire world in rate of incarceration, our southern states lead the nation. The seven states with the highest incarceration rates are in the South. Sentencing must be reformed and alternative sentences employed so that justice rather than profit is served. *Contact: NC Catholic, Email: ncc@raldioc.org*

AUG/SEPT 2003

TENNESSEE AUDIT CRITICAL OF STATE AND CCA Despite "numerous instances of non-compliance" with contracts at Corrections Corporation of America (CCA)-run facilities in Tennessee, the department of corrections "failed to assess liquidated damages against CCA" a state audit has found.

In an audit by the comptroller of the treasury, the largest private prison operator in the US failed to comply with provisions dealing with the number of staff on duty, staff training and qualifications, and medical treatment provided to prisoners. The audit covered 1997-2002 The auditors stated: "By allowing the contractor to fail to comply with agreed-upon terms without negative consequences, the department [of corrections] has not ensured that the state is getting the level of service it has paid for and that the citizens of the state, including the inmates and facility employees, are receiving the level and types of services deemed necessary by the state." Although the auditors said that the department should have assessed liquidated damages against CCA they do not stipulate a figure.

CCA operates the South Central Correctional Facility and Hardeman County Correctional Facility. At South Central, the auditors found CCA was slow in filling vacancies. When it did, the company hired some employees without the required amount of experience. The company also used licensed professional nurses for shifts that required registered nurses. At Hardeman County CCA had "employees ranging from correctional officers to food service workers who have not received the required number of training hours," the auditors stated. Other staffing problems at Hardeman County included: "not having job descriptions, hiring staff not meeting job qualifications and not following established staffing patterns for its operations." CCA also violated its contract by not buying uniforms from Tricor, the state's prison industry programme.

The auditors recommended that "before the contracts are renewed, department [of corrections] management should review the contracts to identify areas that need to be strengthened or clarified to ensure that the contractor maintains sufficient, qualified staff at all times." They also found cause for concern with state oversight and performance of other contractors. Performance Audit, Department of Correction, September 2003, Comptroller of the Treasury, State of Tennessee. *www.comptroller.state.tn.us/sa/reports/pa02018.pdf*

FLORIDA CONSTITUTION CAMPAIGN The Florida Police Benevolent Association (FPBA) has launched a campaign to amend Florida's constitution so that state penitentiaries, county jails, juvenile facilities and probation services cannot be run by private companies.

The FPBA represents around 30,000 public sector corrections, police and probation officers. The state already provides substantial business for Corrections Corporation of America (CCA) and Wackenhut Corrections Corporation with the latter earning 14 % of its 2002 revenues in

Information collected from the internet for this report

Florida. The FPBA's campaign is timed to coincide with the renewal of the companies' existing contracts and to counter the influence of industry lobbyists. Damon Smith, a lobbyist for Wackenhut, called the FPBA's amendment "short sighted", arguing that the union's reason for opposing privatisation is that private prisons aren't unionised. However, Ken Kopczynski of the FPBA says that it is the government's role to rehabilitate prisoners and that privatisation "abdicates that responsibility by giving it to a for-profit corporation that profits off the mistakes of human beings." In 2002 three companies, CCA, Wackenhut and Cornell donated more than $274,000 to Florida candidates and political parties.

OCTOBER 2003

WACKENHUT AT GUANTANAMO BAY It was not press released and it is not listed on the company's website. But a small classified advertisement in the employment section of Gazette, 26 September 2003, "the authorised publication for members of the military services stationed at Naval Base Guantanamo Bay" states: "WCC has been awarded a contract by the Department of Homeland Security Bureau of Immigration and Custom Enforcement for the security operation of the Migrant Operations Center at Guantanamo Bay. Wackenhut Corrections is now hiring approx. 20 positions, including: custody officers; supervisory custody officer; recreational activities coordinator and administrative clerk. Full and part time positions available." According to WCC's in-house publication All Points Bulletin, Third Quarter 2003, the company will be providing custodial services for some 100 detainees.

LATEST RESEARCH UNDERMINES INDUSTRY CLAIMS The private prison industry's claims for cost savings, innovation and lower recidivism rates are not supported, according to the findings of a new report prepared for the National Institute of Justice by Abt Associates Inc.

Researchers examined state and federal governments' practices of contracting with private firms to manage prisons. Focusing on secure facilities holding convicted adult offenders the report includes case studies from Texas, Florida and Oklahoma, "the states with the longest and most extensive experience with contracting for privately operated imprisonment."

Abt found that nearly all contracts active on the last day of 1997 reportedly received some oversight from the contracting agency but that the levels contrasted "sharply" between out of state and in-state facilities and that "practices of monitoring ... vary widely." In 38 per cent of all contract agreements with out-of-state facilities, "the monitors or administrators rated the quality of service as below that of comparable facilities in their own department of correction, compared with seven per cent of the contracts with in-state facilities." However, Abt also note that: "most assessments of performance rely on the contract officers' judgments regarding contract compliance. There are a number of methodological issues that must be resolved when assessing whether or not objectives are being achieved."

On the three state case studies, Abt concluded that: "in short the evidence from Texas suggests that the private firms are delivering a service that would cost the government approximately 9-10 per cent more if the state's corrections department operated the facilities directly. This assumes

The lawsuit brought by Mr. Alexander's family claimed that CSC and its nurse did not provide adequate and timely medical care. Ms Reyes testified that she treated Mr. Alexander for a cold, flu and strep throat. Witnesses said that the nurse thought Mr. Alexander was faking. The jury found that the nurse and CSC acted with malice in ignoring the prisoner's pleas for help.

CSC had received $2.9 million a year to operate the boot camp. According to the family's lawyer, Charlie Smith, "This case was more like a homicide case than a wrongful-death lawsuit because of the way this young man died. Bryan's family was hopeful that this jury would speak loud about the conduct of these defendants so it will not happen to another child in the same circumstances as Bryan Alexander."

According to an accountant who testified in court, recent financial reports filed with the Securities & Exchange Commission showed that CSC is worth more than $50.8 million. CSC's lawyers stated that the company has about $35 million in insurance coverage. "In this case, the plaintiffs are asking the jury to punish the company. If the jury punishes the company, they are probably going to be punishing the stock holders ..." said Vic Anderson, a lawyer for CSC. The company is expected to appeal against the jury's verdict.

INVESTIGATION LAUNCHED New York State Board of Elections has opened an investigation into whether Correctional Services Corporation (CSC) broke state law by providing unreported help to New York lawmakers. In February 2003 the company was fined $300,000 by the state Lobbying Commission for handing out expensive gifts to state lawmakers. In March 2003 the Board of Elections ordered CSC to obtain refunds from some New York lawmakers for over-contributions to campaigns. Between 1992 and 2000, CSC received $25.4 million from the state to provide halfway house services to the New York prison system.

PRISONERS ESCAPE Two prisoners being held on drugs charges escaped from the CSC-operated 391 bed Frio County Detention Centre, Texas. They were reported missing on 8 September 2003.

YSI LOSES CONTRACT CSC subsidiary Youth Services International (YSI) - run Genesis Treatment Centre for young people closed on 10 October 2003. The 51 bed facility in Newport, Virginia had been open for just two years, was under-utilised, under staffed and problematic. State inspectors investigated two incidents in which staff members improperly restrained patients: one patient suffered a broken arm, the other a broken nose. As a result, two YSI staff were fired and others received training. A number of former staff have filed discrimination complaints with the US Equal Employment Opportunity Commission.

Prior to this closure CSC, through YSI, claimed to be the leading private provider of juvenile programmes in the US with 19 facilities and 2,500 juveniles in its care. CSC also operates 12 facilities with some 4,500 beds for adults.

MTC PROBLEMS IN NEW MEXICO McKinley County, New Mexico, is terminating its contract with Management & Training Corporation (MTC) to run the county jail. There have been numerous problems at the facility although these were not mentioned in MTC's press release announcing that the county and the company had reached a mutual agreement to

that the estimates of the department's costs ... are accurate, of course. Lacking more information about how these costs were estimated, it is not possible to evaluate them."

They also note that: "contracting for management services alone doesn't seem to have relieved overcrowding any faster than would have happened if the state built and then operated the facilities." The answer to the question, did contracting achieve conditions of confinement any faster than was achieved in the state-operated facilities was "probably not."

Responses from the Texas Department of Justice to an Abt Associates survey in 1998 were that the performance of 15 private facilities was equal to comparable publicly operated facilities.

Abt's findings on whether Florida's private prisons resulted in less criminality were that "absent a stronger methodology, however, the [Florida's commissioned] study does not provide indisputable evidence that privately operated prisons are doing any better or any worse than the public prisons." Abt found that there had been "no formal assessment" of whether private firms had introduced innovation into the state's prison system. As Abt points out: "The legislature may have assumed that any innovation of significance would result in more effective prisons (ie, lower recidivism) and less costly ones. The existing studies of comparative costs and of comparative recidivism rates do not support any strong influences about the state's obtaining more innovative imprisonment from the private sector."

Finally, in Oklahoma Abt found that the primary motivation behind the state's decision to privatise was to prevent the acquisition of prison properties. Abt's view on whether the state had been able to avoid locking itself into political obligations to support the private prison industry "for now ... seems to be yes".

The state reduced overcrowding and also avoided expanding the government workforce. "Had the state built enough prisons to house those now held in privately operated facilities ... the DOC workforce would have increased substantially ... public employees are represented by union representatives who wield substantial political power in state elections." *Governments' Management of Private Prisons, Abt Associates Inc, 15 September 2003. Prepared for the National Institute of Justice, 810 Seventh Street, NW. Washington DC 20531*

CSC IN WRONGFUL DEATH FINDING Correctional Services Corporation (CSC) and a nurse formerly in its employ have been ordered by a Texas court to pay $35 million compensation plus a further $5.1million in punitive damages to the parents and estate of Bryan Alexander.

Eighteen year old Mr. Alexander had been a prisoner at the company-run Tarrant County Community Correctional Facility in 2001. He died in hospital of a rare penicillin-resistant form of pneumonia on 9 January 2001, two days after being moved from the boot camp. Unless overturned on appeal CSC will be responsible for $26 million of the judgment while Nurse Knyvett Reyes will have to pay $14.1million. The 370 bed boot camp was closed six months after Mr. Alexander died.

Information collected from the internet for this report

end the contract by 1 December 2003. Four prisoners escaped from the facility on 4 July 2003. As a result, MTC fired the warden and a corrections officer for administrative lapses in judgment.

MTC also runs the 672-bed Santa Fe County jail in New Mexico. That facility has also been problematic. In July 2003, a state audit found that prisoner classification, grievance procedures, discipline, record keeping and prisoner programmes all needed improving. Also cited were inadequate staffing levels and poor handling of prisoners' property. The audit was prompted by concerns about how MTC was managing the McKinley County Detention Centre. The company was given 30 days to improve or face losing the $2.8 million Santa Fe contract. Four months earlier a US Department of Justice report detailed problems at the jail including poor medical care for prisoners.

LAWSUIT FILED MTC, Physicians Network Association and Santa Fe County have all been named as defendants in a lawsuit filed in Santa Fe's US District Court by the family of Tyson Johnson. They claim that staff at the Santa Fe County jail neglected prisoner Tyson Johnson, who hanged himself on 13 January 2003.

Despite being placed on suicide watch, Mr. Johnson hanged himself with a supposedly 'suicide-proof' blanket inside a padded cell. Mr. Johnson's family alleges that instead of tending to his psychiatric care staff neglected and taunted him. The family is seeking monetary damages as well as changes to the jail's policies.

ARIZONA - PRIVATE 'SUPER PRISON' STOPPED The state of Arizona's Governor Napolitano has decided not to commission a private 'super prison' for women. She told the Arizona Republic, 2 October 2003 that she was not convinced that private prisons save money or provide better services.

While prison reformers in the state have welcomed this decision they are still campaigning for sentencing reform in the light of the governor's decision to spend $700 million on building some 9,000 additional prison beds at existing prisons. *More details: American Friends Service Committee, www.afsc.org/az*

CCA'S PROMISING OUTLOOK - "SURFACE BARELY SCRATCHED" Corrections Corporation of America (CCA) now has 58,732 beds, representing some 49.4% of the private prison market in the US. This compares with Wackenhut Corrections Corporation's 21% (25,021 beds), Management & Training Corporation's (MTC) 9.2% (10,927 beds), and Correctional Services Corporation's 6.3% (7,474 beds). CCA claims to be the sixth largest prison system after the Federal Bureau of Prisons and four states. It has 59 facilities in 20 states and the District of Columbia.

Speaking at the 2003 Deutsche Bank Global High Yield Conference, 8 October 2003, Irving J. Lingo, CCA's chief financial officer, said that the company will benefit from the following domestic conditions: public sector prison overcrowding will continue to increase; there is a steady increase in the population of the 18-24 age group - which is most likely to commit crime, be caught, convicted and incarcerated; and favourable 2004 federal budget initiatives.

The company expects to pick up new federal contracts as the Office of Federal Detention Trustee will receive $810 million, an increase of $41 million over 2003; the budget calls for the Bureau of Prisons to meet needed bed space through the use of excess state and private prison capacity (as at 1 September 2003, CCA had around 7,000 spare beds); and the Bureau of Immigration and Customs Enforcement is budgeted for $2.48 billion in 2002, an increase of $113 million over 2003.

Mr. Lingo also said that 46 states have projected budget deficits for 2004 which makes new prison construction "difficult at best." CCA believes it has opportunities in Florida, Texas, Arizona, Colorado and Kansas to expand facilities by between 2,000 and 4,000 beds by 2005.

According to Mr. Lingo the US corrections market is worth $50 billion and so far only 6.1% of that is outsourced. There are now some 120,000 private beds today compared with 10,973 private beds in 1990. Corrections privatisation has "barely scratched the surface," he said.

SPIRITED TALK FROM WACKENHUT Following the buy-back of Group 4's 57% stake in the company in July, Wackenhut Corrections Corporation hopes to become a billion dollar company by 2004. Like CCA, the company is pinning its hopes on new federal contract opportunities related to homeland security. Federal contracts already provide the company with 20% of its revenues.

The company is also planning to remove itself from what it regards as risky and more costly aspects of the corrections business, operating facilities for women and juveniles. Problems at some of these facilities have caused high profile scandals in recent years. However, the company continues to win new contracts. For example, on 15 July it renewed a four year contract worth around $52 million with Michigan's department of corrections for the operation of Michigan Youth Correctional Centre.

Wackenhut plans to expand its mental health business, acquire new businesses and change its name. The company currently has some 41% of the international corrections market. According to All Points Bulletin, Special Edition August 2003, Volume IX, No.3, Wackenhut Corrections Corporation dubbed 9 July 2003 - the day the company repurchased its stock from Group 4 - as "independence day" describing the move as "the wind beneath our wings that will allow us to fully pursue our dreams of independence, autonomy and extraordinary growth."

LAWSUIT IN COLORADO The Colorado Criminal Justice Reform Coalition (CCJRC) has filed a lawsuit to prevent Wackenhut Corrections Corporation taking control of land that a city council wants to sell to the company. The CCJRC claims that Pueblo City Council violated Colorado's open meetings law and local zoning ordinances when it committed land to the company. The lawsuit seeks to void the council's actions and to uphold the zoning status that forbids government use of the land.

Stephen Raher co-director of the CCJRC said: "Pueblo City Council has demonstrated a pattern of conducting public business behind closed doors and ignoring the opinions of Pueblo residents. The laws that were designed to ensure open process in government have been flagrantly violated

and the people of Pueblo have been shut out of this process." The CCJRC advocates prison only as a last resort. *More details from: CCJRC www.ccjrc.org*

DECEMBER 2003

FEDERAL BAILOUT FOR PRIVATE PRISON INDUSTRY CONTINUES While states suffer from revenue shortfalls and some revise their corrections strategies away from incarceration (see FAMM report, page 14), private prison operators who need incarceration rates to grow can continue to seek solace from the federal government.

In September attorney general John Ashcroft ordered prosecutors to seek the most serious possible charges for almost all federal cases. More recently, the Department of Homeland Security announced that it wants additional prison bed space to hold up to 8,000 suspected illegal immigrants per day. The current detainee population is around 22,000 and security officials want to catch 400,000 of the supposed 8 million-11 million illegal immigrants in the US. The government aims to apprehend and deport all of them within five years.

According to the Houston Chronicle, 7 December 2003, Garrison Courtney of the Homeland Security's Bureau of Immigration and Customs Enforcement said: "If we don't have a place to keep them, they're going to disappear and we will have to go look for them again."

WACKENHUT BECOMES GEO GROUP Wackenhut Corrections Corporation (WCC) is now known as The Geo Group Inc. The new name became effective on 25 November 2003. According to the company the name has nothing to do with the fact that the founder was George Wackenhut or the current chairman and chief executive is George Zoley. "The Geo Group will continue to strive for high quality, efficiency and innovation in the delivery of outsourced government services around the world in the same way that we have done under the name Wackenhut Corrections Corporation for almost twenty years." said George Zoley in a media statement on 18 November 2003.

GIVING TO THE GOVERNATOR California's new governor, Arnold Schwarzenegger, refused donations from the state's prison guards union, the California Correctional Peace Officers Association, but he did not turn down $53,000 from The Geo Group. According to the Los Angeles Times, 28 November 2003, "the money came as the state prepared to close a 224-bed Wackenhut Corrections Corp. facility December 31 in the Central Valley town of McFarland." Geo has four of the nine private prisons in California housing state prisoners. Geo's president, Wayne Calabrese, told the newspaper: "We have a large investment in California ... we want to do everything we can to preserve our business base ... we thought we should support a candidate and governor who has articulated support for public-private partnerships."

JANUARY/FEBRUARY 2004

BUSH BUDGET BOOSTS PRIVATE SECTOR President Bush's 2005 federal budget halts the construction of new prisons by the Federal Bureau of Prisons (BOP) and

provides funding for 4,500 additional contract beds. As the budget document states: "BOP's total prison population increased by 10 per cent between 2002 and 2003 but its contract population remained largely static. The 2005 request is intended to help reverse this trend. The 2005 budget places a moratorium on new prison construction; while promoting more aggressive BOP contracting with state, local and private sector providers."

In addition the Budget urges the department of justice to examine the use of "up to $150 million" in prior year balances to contract out housing for low and minimum security prisoners. The BOP currently holds over 174,000 prisoners of which nearly 27,000 are in contract beds.

ALL SYSTEMS GEO The GEO Group Inc. (formerly Wackenhut Corrections Corporation) increased its revenue for 2003 to $617 million from $569 million in 2002. Average occupancy rates increased to 100% from 97% in 2002. It made an after-tax gain of some $32.7 million from the sale of its joint venture operations in the UK for $80.7 million in the third quarter of 2003. Other write-offs included the $1.2 million cost of refinancing its former senior credit facility and $1.8 million for transition costs related to handing over its immigration detention centre contract in Australia.

CCA'S HAPPY STOCKHOLDERS Corrections Corporation of America doubled its net income available to common stockholders for the financial quarter ended 31 December 2003. Some $24.5 million was generated compared to $12.2 million for the same quarter of 2002. For the year ended 31 December 2003 net income available to common stock holders was $126.5 million. Average compensated occupancy for continuing operations improved to 92.9% cent from 89.1 % in 2002. Facility operating margins increased to 25.7 % from 23.3 % in 2002. The company is the largest in the US, operating 64 facilities, 38 of which are company owned. The total design capacity of its facilities is 65,000 beds.

MARCH 2004

NEW CAMPAIGN GROUP LAUNCHED The Private Corrections Institute (PCI) is a new not-for-profit organisation established in the US to educate the public, media and elected officials about the dangers of for-profit private prisons, jails and detention centres."The time has come to meet this issue head on. PCI is ready, willing and able to help communities looking for resources about for-profit prison companies that the industry doesn't want the public to know," said PCI president Dee Hubbard. The PCI board includes activists from the Colorado Criminal Justice Reform Coalition, Florida Police Benevolent Association and National Association of Sentencing Advocates, as well as a former prisoner of a Corrections Corporation of America facility who successfully sued the company. See www.correctionsinstitute.org

MAY/JUNE 2004

'INDEPENDENT' RESEARCH ON CCA'S WEBSITE Governments considering prison privatisation as a policy option are being steered towards research that claims to be independent and 'proves' that private sector provision is cheaper, more efficient and more innovative than the public sector. Often this research is provided to government officials by

corrections companies and their lobbyists or consultants hired by governments to advise on possible policy options.

Corrections Corporation of America (CCA), the largest private prison operator in the US, no longer operates in the international market. So research listed on the company's website is aimed at persuading US authorities to privatise corrections. However, this research is also finding its way into the international arena as 'proof' that prison privatisation works. However, leaving aside arguments over methodology, the material cited by CCA as "a series of evaluation studies" cannot be considered objective as the work is funded and commissioned by the prison industry or through a network of free market, pro-privatisation think tanks and foundations. For example:

- The interrelationship Between Public and Private Prisons: Does the experience of prisoners under private management affect the rate of growth in expenditures on prisoners under public management.

This study by Vanderbilt University researchers was commissioned and paid for by Corrections Corporation of America and the prison industry's trade and lobbying group, the Association of Private Correctional & Treatment Organisations (APCTO).

- The Pros and Cons of privately Housed Cons: New Evidence on the Cost Savings of Private Prisons.

This was published by the Rio Grande Foundation an organisation that refers to itself as "New Mexico's free market think tank."

- Lock in Savings With Prison Privatisation

Published by the Michigan-based Mackinac Center for Public Policy, an affiliate of the Washington DC-based Heritage Foundation (see below). Mackinac was described by the Lansing Bureau, 2 May 2004, as "a Midland based think tank that supports privatisation."

- Corrections Privatisation Generates Savings and Better Service

The Wisconsin Policy Research Institute Inc published this work in Wisconsin Interest, described as "a journal of ideas and reform."

- Private Prisons and the Public Interest - Improving Quality and Reducing Costs through Competition.

A Washington Policy Center publication. The Center refers to itself as "Washington State's premier public policy center providing high quality analysis on issues related to the free market and government regulation."

- Privatising Iowa's Prisons-Policy Study

This report was published by the Iowa-based Public Interest Institute.

- Developments in the Law - The Law of Prisons, Section III: A Tale of Two Systems: Cost, Quality and Accountability in Private Prisons.

This now infamous piece of work appeared in the May 2002 issue of the Harvard Law Review (HLR). Although the author was a Harvard graduate student his affiliation with the Reason Public Policy Institute, a division of the libertarian and pro-privatisation Reason Foundation, was not mentioned.

- Weighing the Watchmen: Evaluating the Costs and Benefits of Outsourcing Correctional Services (Parts I and II).

The Reason Public Policy Institute published this work in 2002 and provides many references for the HLR article mentioned above.

Financial backing for these centres - if not specifically prison privatisation work - comes from a relatively small group of trusts and foundations. For example, The Lynde and Harry Bradley Foundation Inc have funded the Macinac Center and Wisconsin Policy Research Institute Inc. The JM Foundation has funded the Macinac Center, the Rio Grande Foundation and The Reason Foundation. The Earhart Foundation has funded the Mackinac Center, Public Interest Institute and Reason.

The Heritage Foundation, which refers to itself as "a think tank whose mission is to formulate and promote conservative public policies based on the principles of free enterprise, limited government, individual freedom, traditional American values and a strong national defence - was launched in 1973 by Paul Weyrich with funding from Joseph Coors of the Coors beer company and Richard Mellon-Scaife, heir of the Carnegie-Mellon fortune. Richard M. Scaife and Holland Coors are Heritage Foundation trustees. The Sarah Scaife Foundation has supported the Mackinac Center and the Reason Foundation. Amongst other businesses, individuals and foundations, Heritage has received financial support from the Olin and Bradley foundations. Frank Shakespeare, another Heritage trustee is also a trustee of the Wisconsin-based Lynde and Harry Bradley Foundation. Paul Weyrich also set up the American Legislative Exchange Council (ALEC) which, amongst other campaigns across the US, promotes model legislation for prison privatisation. *Sources: www.correctionscorp.com and www.elitewatch.911review.org www.watch.pair.com and www.mediatransparency.org*

GEO'S GRATITUDE - HOW IT'S SHOWN "Later on at this conference, we're going to have a break-out session on client relations. At the heart of that session is the concept of gratitude and how we show it to our clients - by contributing generously to the campaigns of elected officials who support our industry and our company; by regularly visiting the public officials who grant and renew our contracts, not just when we need something, but most especially when we don't need anything at all; by joining community civic groups and contributing our time back into the communities that have contributed so much to our success; and in countless other small and large ways. GEO employees are grateful." *Extract from GEO Group Inc. president Wayne Calabrese's address to the company's 2004 leadership conference, April 2004, reported in GEO World, Volume X Number 2, second quarter 2004.*

CSC FACES $10 MILLION LAWSUIT A former social worker employed by Youth Services International (YSI) at the troubled Charles H. Hickey Juvenile School in Maryland has filed a lawsuit claiming $10 million in compensatory damages. The former employee alleges that she was raped by a student and the company tried to cover up the incident by blaming her. The lawsuit, filed in Baltimore County Circuit Court, also alleges that YSI and its parent company, Correctional Services Corporation (CSC), allowed the rape to happen through lack of supervision.

In May 2003 a state audit found that instances of child abuse or neglect were taking place at the facility on average once a week. YSI's contract to run the facility expired in March 2004 and was not renewed. Maryland's juvenile justice department is currently withholding some $1.8 million from the company. According to the Baltimore Sun, 27 May 2004, when the state took over the facility from YSI on 1 April 2004 "it found an out- of-control wreck of a juvenile detention centre."

CSC is currently appealing against having pay a court imposed $35 million in compensation to the family of Bryan Alexander who died after allegedly been denied adequate medical care while a prisoner in CSC-run Tarrant County Community Correctional Facility, a Texas boot camp. In 2003 CSC was fined a record $300,000 by New York's state lobbying commission for failing to report that it provided free transportation and other gifts to state lawmakers. Between 1992 and 2000 CSC received $25.4 million in contracts to provide halfway house services to the New York prison system. In March 2004 New York state assemblyman Roger Green was sentenced to three years' probation and ordered to pay $3,000 restitution and a $2,000 fine in connection with his relationship with CSC. He denied any wrongdoing and argued that the company gained nothing in return from this relationship.

Despite these problems CSC continues to win new contracts. Through its YSI subsidiary it claims to be the leading private provider of juvenile programmes in the US for adjudicated youths with 20 facilities and 2,300 juveniles in its care. CSC also operates 14 adult correctional facilities with some 5,400 beds. Overall, including aftercare services, it has 7,700 beds in 12 states.

CORNELL'S STRATEGY "...it [the company] has taken steps primarily in the area of legislative and governmental monitoring and lobbying, in an effort to minimise these sorts of adverse developments in the future."

This strategy was mentioned in Cornell Companies Inc's recent 10Q report, 31 March 2004, filed with the Securities & Exchange Commission. The adverse developments Cornell is trying to prevent are negotiations with clients that fail to result in increased per diem reimbursement rates, "a key driver of the company's gross revenue and operating margins" representing 71.2 per cent during the first quarter of 2004. The company states that: "in recent years as budgetary pressures on governmental units have increased, the company has granted a few of its customers relief from formulaic increase provisions in their agreements and some of our customers have not agreed to increase the per diem rates payable to the company. Such increases are often necessary ... to offset operating expense increases." The company has "mitigated a portion of the impact of these developments "by reducing services or obtaining commitments for increased volume."

JULY 2004

MORE MISCONDUCT AT GEO PRISON A GEO Group Inc-run prison contributed more to prisoner misconduct than three comparable publicly run prisons between January 1999 and December 2001, a new study has found. The prison was also within the lower range of performance for low security prisons operated by the Federal Bureau of Prisons (BOP).

In order to demonstrate prison privatisation the BOP contracted with GEO (formerly Wackenhut Corrections Corp.) in 1997 to run a federal prison, Taft Correctional Institution (TCI) in California. The opening of TCI created organisational competition between the BOP and the company in terms of operating prisons cost efficiently and safely. TCI opened around the same time as three BOP prisons at Yazoo City, Elkton and Forrest City. All were built to the same design to hold low-security prisoners.

The study used the outcome measure of prisoner misconduct to assess the quality of operations and the authors argue that "the results were produced with more rigorous methods than were used in previous studies." TCI contributed to a higher probability that prisoners would be involved in overall misconduct for much of the time period than any of the BOP comparators. In terms of security misconduct, the performance of TCI was "very good". However, for accountability, property and other types of misconduct the performance of TCI was "worse than expected for most of the observation period."

The authors also note that, during the period, there were two escapes from TCI's secure facility and a disturbance when some 1,000 prisoners refused to return to their housing units for a 10pm count. The escapes "threatened public safety and the disturbance had the potential to threaten public safety and surely threatened the safety of inmates and staff at TCI." None of the comparators had such events: there was only one escape from any BOP prison during the same time period.

They conclude that: "Having noted that the prison probably met minimal standards, the fact remains that performance at Taft was an issue ...TCI had the highest positive results for random drug tests in comparison to all BOP low security prisons for the time period January 1998 through June 2003."

The authors caution that, while the results provide additional evidence about the respective quality of operations at private versus public prisons, they do not generalise to situations outside of the BOP. *Quality of Operations at Private and Public Prisons: Using Trends in Inmate Misconduct to Compare Prisons, Scott D. Camp and Dawn M. Daggett. 7 June 2004. The authors are based in the BOP Office of Research and Evaluation. The opinions expressed in the study do not necessarily reflect those of either the BOP or the US Department of Justice.*

INVESTING IN PRIVATE PRISONS Research into who invests in the US private prison industry has revealed that, as at 31 March 2004, Corrections Corporation of America had 125 institutional investors; Cornell Companies Inc. had 64; GEO Group had 59; and Correctional Services Corporation 13. The full details are included in a recent paper by two Rutgers University academics who argue that their work "contributes to a critical understanding

of prison privatisation by, among other things, tracking the flow of capital that supports the economic infrastructure vital for the expansion of corrections." Set out below is an extract from the authors' schedule of investors.

PRIVATE CORRECTIONAL FIRMS AND THEIR INSTITUTIONAL CORPORATE STOCK HOLDERS AS AT 31 MARCH 2004 (IN ORDER OF RANKING AND SHARES HELD OVER 100,000)

Cornell Companies Inc

1. Fund Asset Management 1,415,100
2. Wellington Management Co, L.L.C. Boston, MA 1,319,100
3. Fleet Boston Corporation Boston, MA 971,700
4. Dimensional FD Advisors, Inc Santa Monica, CA 964,900
5. Barclays Bank PLC New York, NY; London 702,884
6. Jana Partners, L.L.C. 688,100
7. Caxton Associates, L.L.C. 644,00
8. AXA Financial, Inc. 543,200
9. Merrill Lynch Inv Managers New York, New York 460,300
10. Allianz Dresdner Asset Management 428,208
11. Royce & Associates, L.L.C 419,700
12. Pioneer Investment Mgmt Inc 368,925
13. Fidelity Management & Research Boston, MA 318,500
14. State Street Corporation 219,902
15. Boston Partner Asset Mgmt, L.L.C 181,280
16. Wyper Partner L.L.C. 142,000
17. Mellon Bank NA 141,077
18. Bank One Corporation Columbus, OH 129,040
19. Paradigm Asset Mgmt Co, Inc 125,500
20. Northern Trust Corporation 116,173
21. LSV Asset Management 114,800

Corrections Corporation of America (CCA)

1. Fidelity Management & Research 3,346,624
2. Legg Mason Inc 1,704,308
3. Barclays Bank PLC 956,992
4. Courage Capital Mgmt, LLC 912,805
5. Capital Research & Mgmt Co 825,000
6. William Blair & Co, L.L.C. 739,570
7. AW Asset Management, L.L.C 720,600
8. Loeb Arbitrage Mgmt Inc 660,000
9. Vanguard Group, Inc. 645,903
10. State Street Corporation 625,932
11. Merrill Lynch Inv. Managers 621,215

12. Mellon Bank NA 535,733
13. Engemann Asset Management 473,335
14. J. & W. Seligman & Co., Inc. 438,462
15. Newsouth Capital Mgmt Inc. 401,843
16. Fund Asset Management 321,536
17. Dimensional FD Advisors, Inc 321,000
18. Northern Trust Corporation 297,742
19. Allianz Dresdner Asset Mgmt 265,301
20. College Retire Equities 255,774
21. Aronson + Johnson + Ortiz L. 249,000
22. Principal Financial Group Inc 227,262
23. Bamco Inc 212,766
24. S & E Partners L.P. 196,600
25. Aim Management Group, Inc. 178,250
26. SunTrust Banks Inc 159,175
27. Citigroup Inc 154,735
28. Oppenheimerfunds, Inc. 151,600
29. Delta Asset Mgmt L.L.C. (TN) 150,688
30. Southern Fiduciary Group Inc 148,413
31. Fuller & Thaler Asset Mgmt Inc 124,700
32. Renaissance Technologies Corporation 122,000
33. Cobalt Capital Mgmt, Inc. 115,000
34. New York Life Inv Mgmt Secs 107,925
35. James Investment Research Inc 101,890

Correctional Services Corporation (CSC)

1. Dimensional Fund Advisors 775,348
2. Benson Associates, L.L.C. 712,925
3. Wells Fargo & (Northwest Corp) 678,125
4. Vanguard Group, Inc. 285,482
5. Legg Mason Inc 102,500

GEO Group Inc

1. Strong Capital Mgmt, Inc. 1,126,602
2. MSDW & Company 867,867
3. Fidelity Management & Research 840,800
4. Barclays Bank PLC 767,975
5. Royce & Associates, L.L.C. 571,900
6. Heartland Advisors Inc. 505,400
7. High Rock Capital L.L.C. 254,700
8. Dimensional Fund Advisors, Inc 254,400
9. Vanguard Group, Inc. 225,973
10. Northern Trust Corporation 116,773 *Source: Globalisation in the Sphere of Penality: Tracking the Expansion of Private Prisons Around the World by Michael Welch and Fatiniyah Turner, Criminal Justice, Rutgers*

University, New Jersey. Paper presented at Prisons and Penal Policy: International Perspectives, City University, London, 23-25 June 2004. Email: Michael Welch, retrowelch@aol.com

- Pirate Capital, owner of 6.1 per cent of Cornell Companies Inc, has claimed that shareholders are being denied the opportunity to capitalise on a sale of the prison company. TheDeal.com reported on 13 July 2004 that Pirate considers "the refusal to explore the strategic sale of the company to be a breach by the board's fiduciary duty to shareholders." TheDeal.com also reported that Cornell's failure to meet earnings expectations in recent years and a scandal involving millions of dollars in missing investor capital "also aroused ire."
- In June 2004 Cornell completed a $60 million refinancing involving JPMorgan Securities Inc, Bank of America, Comerica Bank, South Trust Bank and US Bank.
- Heartland Advisors Inc (a GEO Group investor) and 12 company officials have been charged by the Securities and Exchange Commission (SEC) for misrepresentation, mispricing and insider trading in two Heartland Group high yield bond funds. The SEC announced civil fraud charges on 11 December 2003, (www.sec.gov/news/press/2003-171.htm)

HEARTLAND INSTITUTE - ANOTHER 'INDEPENDENT' VIEW yet another 'independent' think tank is contributing to the push for private prisons in the US. The Chicago-based Heartland Institute, which describes itself as "an independent source of research and commentary", recently published an article by Geoffrey F. Segal, the Reason Foundation's director of privatisation and government reform. In his article 'states tap private prisons' published by the Institute's Budget & Tax News,1 July 2004, Segal wrote that "prison privatisation remains an attractive option for governors and state legislators seeking to control spending and balance budgets," citing recent initiatives in California, Virginia, Colorado and Florida.

Heartland also runs PolicyBot "the largest collection of free-market research and commentary on the internet". According to its website Heartland's recent foundation donors include the Lynde and Harry Bradley Foundation, the Heritage Foundation as well as the Milton & Rose Friedman Foundation and hundreds of corporate donors including Heartland Capital Resources.

PRIVATE PRISONER STATISTICS Half the prisoners in private facilities in the US were held for the federal system and three states as at 30 June 2003, according to recently published statistics. Overall, private facilities held 6.5% of all state and federal prisoners compared with 6.2% as at mid-year 2002. In the first six months of 2003 the number of prisoners held in privately run facilities increased from 93,179 to 94,361, an increase of 1.3%.

The federal system (21,372), Texas (16,714), Oklahoma (5,573) and Tennessee (5,079) reported the largest number of privately held prisoners. New Mexico (44%), Alaska (29%), Wyoming and Montana (both 26%) were the states with the more than a quarter of their prisoners held privately. Overall, southern states averaged 8.1% of their prisoners held privately, followed by western states (6.1%), the Midwest (2.2%) and northeast (1.8%). In the northeast, seven of the nine states had no privately held prisoners while New Jersey accounted for 9.1% and Pennsylvania 1.4%. In the Midwest, six of the 12 states had no privately held prisoners.

Overall figures have increased since 31 December 2000 when there were 90,542 privately held prisoners, comprising 75,018 state and 15,524 federal prisoners respectively. *Prison and Jail Inmates at Midyear 2003, Bureau of Justice Statistics Bulletin, US Department of Justice, May 2004,* ***www.ojp.usdoj.gov***

GEO'S INTERNATIONAL PERSPECTIVE Florida-based GEO Group Inc is planning on extending its international operations. According to the company's 2003 annual report "Although our UK presence was curtailed by the sale of our 50 per cent interest in our joint venture, Premier Custodial Group Ltd, we have moved aggressively to identify business opportunities that will re-establish our regional presence. The government has dictated that all new corrections centres be designed, constructed, managed and financed by the private sector. This has given rise to a host of new opportunities for our company which we expect to pursue in the future. We will also continue to assess prospects in other international markets to partner with government agencies seeing cost-effective correctional management ... we expect a number of opportunities internationally over the next 12 to 18 months that could represent as many as 17,000 new beds."

However, GEO's first attempt to re-enter the UK market was thwarted when, earlier this year, Denmark's Group 4 Falck turned down the company's offer to buy its corrections business, GSL.

SEPTEMBER 2004

GEO DUE TO SETTLE $10.1 MILLION LAWSUIT The GEO Group Inc. is expected to settle a lawsuit brought by some 2,700 past and present prison employees who have alleged that the company engaged in unfair labour practices.

Correctional officers and support staff at six California facilities, including the Taft Correctional Institution (TCI) that GEO runs under contract for the Federal Bureau of Prisons, alleged that the Wackenhut Corrections Corporation and GEO as it is now did not pay overtime and made staff work 'off the clock' without pay. Rest and meal breaks were denied. Some staff were not paid according to their appropriate status. The class action lawsuit developed from a single complaint.

Under the proposed settlement those employed at the various facilities between December 1997 and July 2004 could share $10.1 million worth of cash payments or time off in lieu. The company will also have to implement new time keeping systems and retrain its human resource staff in labour laws.

The case, which has lasted three years, is due to be finalised on 27 September 2004. The employees' attorney, Philip Ganong of Bakersfield, California, stated that, under the terms of the proposed settlement, the company admits no liability or wrongdoing and neither party is allowed to disparage the other.

TAFT WHISTLEBLOWER WINS LEGAL BATTLE John Elliot, a former warden at the Taft Correctional Institution (TCI) has been awarded more than $640,000 compensation by a federal court in Fresno, California, after being dismissed by Wackenhut Corrections Corporation for alleging mismanagement at TCI.

The settlement comes after a three year legal wrangle over whether his actions were covered by California statutes that protect whistleblowers. A federal court recently found in his favour. GEO Group Inc has agreed not to file an appeal. Mr. Elliott claimed that the company retaliated against him after he wrote to government officials alleging that Wackenhut Corrections Corporation: covered up a prisoner escape; allowed sexual and physical assaults and drug use by prisoners; allowed prisoners to possess weapons; mishandled incident reports; and was not complying with its contract with the Federal Bureau of Prisons. Mr. Elliott was initially suspended without pay and then dismissed.

RECENT OPERATIONAL PROBLEMS

Corrections Corporation of America has been in the spotlight recently. For example:

- An autopsy of prisoner Estelle Richardson revealed that she was slammed into an object, perhaps a wall, with such force that it fractured her skull, broke four ribs and damaged her liver while at a CCA prison in Nashville. She died on 7 July 2004. A $60 million lawsuit has been filed alleging that she suffered a violent death from a beating caused by prison guards. *(The Tennessean, 15 September 2004)*
- Prisoners took part in a disturbance, started fires and gained partial control of CCA's Lee Adjustment Center, Beattyville Kentucky on 14 September 2004. Several guards were injured and buildings damaged. Special teams from other prisons had to quell the disturbance and regain control. *(Herald Leader, 15 September 2004)*
- Hundreds of prisoners at CCA's Crowley County Correctional Facility, Colorado, attacked each other, destroyed two accommodation units and burned a vocational greenhouse to the ground on 20 July 2004. Thirteen people were injured. The Denver Post, 22 July 2004, referred to the incident as "one of the most devastating inmate uprisings in Colorado history." The prison holds prisoners from Colorado, Wyoming and Washington. As a result of the incident Colorado's state auditor is to investigate all private prisons in the state. *(Denver Post, 24 August 2004)*
- Some 30 prisoners at CCA's Tallahatchie County Correctional Facility, Tutwiler, Mississippi rioted and set fires on 21 July 2004. (Clarion Ledger, 22 July 2004)
- CCA is being sued by the mother of prisoner Michael Jones, who killed himself while in the medical unit of the company's Tulsa Jail on 13 May 2004. Mary Jones alleges that CCA was negligent as it did not provide adequate supervision. *(Tulsa World, 21 July 2004)*

Meanwhile, the directors of **Cornell Companies Inc.** are still being challenged by angry investors who claim that they are losing out on bigger returns. The Houston Chronicle, 15 August 2004, stated that, according to investors and analysts Cornell "lands an impressive number of new contracts ... but they never seem to turn a profit." The newspaper quotes one stock analyst as saying that "there has been a litany of failure."

Other recent problems include:

- Seven Cornell employees at the Ben Reid Community Correctional Facility, Houston, Texas resigned after testing positive for drug use in September 2004. The facility is a halfway house for helping parolees through substance abuse prevention, sex offender

Information collected from the internet for this report

therapy and life skills. Cornell's director of training at the facility was indicted on 26 August 2004 on charges of possession and intent to distribute drugs. In 2003 the company also fired the facility's director and senior management staff, citing poor management and violations of company policies. *(Houston Chronicle, 9 September 2004)*

- A Cornell security manager at the Cordova Center, Anchorage, Alaska, has been accused of sexually assaulting an inmate at the company-run halfway house *(www.ktuu.com 4 August 2004)*

Correctional Services Corporation has also had its share of problems, including:

- On 9 September 2004 two prisoners cut their way through two layers of fencing and razor wire to escape from the CSC-run Bill Clayton Detention Center, Texas. Two prison guards have been arrested in connection with the incident. *(www.kcbd.com)*
- Federal authorities have offered a $50,000 reward for information leading to the capture of five prisoners who escaped from CSC-run Frio County Detention Center, San Antonio, Texas, on 6 August 2004. Following the escapes the US Marshals Service removed the remaining 240 federal prisoners from the facility. **Management & Training Corporation** (MTC) has had the career of its chief executive business development Lane McCotter under scrutiny following his work in Iraq. MTC is currently facing a lawsuit from the family of a prisoner who died at the company's Santa Fe Adult Detention Center, New Mexico. The prisoner, Dickie Ortega, was beaten to death by two other prisoners on 6 June 2004. The family alleges a lack of adequate staffing and inmate supervision, lack of video monitoring, inadequate policies regarding prisoner classification and problems with hiring, training and supervision of correctional officers. *(Santa Fe New Mexican, 31 August 2004)*

MINISTRY SPREADS THE WORD OF 'P' The evangelical Christian Mission Gate Prison Ministry is based in Chesterfield, Missouri, and operates in southern Illinois and Missouri. It is well connected to the Republican Party: its executive board includes US senator Jim Talent and its advisory board includes Congressman Todd Akin and Missouri state senator John Loudon. According to Mission Gate's website the organisation is "committed to continue to demonstrate how lives can be turned from crime to Christ without government control and intervention or funds. Plus no cost to the taxpayers. Think about that!" Its criminal justice ministry lists a simple, seven point plan for reversing recidivism:

1. Privatisation of the criminal justice system
2. Privatisation of all services and agencies of the criminal justice system.
3. Privatisation of inmate employment in the local community.
4. Privatisation of victim restitution in the local community.
5. Privatisation of community reintegration of former inmates.
6. Privatisation of vocational and educational training.
7. Privatisation of all faith based services and agencies.

Senator John Loudon's website reveals that he is also a member of the pro-privatisation American Legislative Exchange Council (ALEC). Meanwhile, according to activoteamercia.com senator Jim Talent's voting record on crime over the last ten years includes:

* NO on funding for alternative sentencing instead of more prisons *(June 2000)*;
* YES on more prosecution and sentencing for juvenile crime *(June 1999)*;
* NO on maintaining the right of habeus corpus in death penalty appeals *(March 1996)*;
* YES on making federal death penalty with life imprisonment *(April 1994)*;
* NO on replacing death penalty with life imprisonment *(April 1994)*;
* FOR more prisons, more enforcement, effective death penalty *(September 1994)*.

MARCH 2005

KENTUCKY REPUBLICAN REJECTS PRIVATISATION The Republican-led state administration in Kentucky has rejected privatisation for a new prison at Sandy Hook, Elliott County. After what Kentucky.Com 10 March 2005 described as "months of wrangling" the governor concluded that local residents and their legislators were "correct" to call for the prison to be publicly run. "It is in the best interests of Kentucky and the best interest of the taxpayers to operate this facility with the prison guards being state employees," said Governor Ernie Fletcher.

GEO'S FINANCIAL EFFICIENCY? The GEO Group Inc has had to restate its financial statements for financial years 2003 and 2002 to correct an accounting error related to its accruals for vacation expenses.

According to the company's Form 8-K filed with the Securities & Exchange Commission on 14 February 2005, "...the restatement will bring GEO's accounting treatment for vacation expenses into compliance with generally accepted accounting principles ... GEO also estimates that the restatement will cause adjustments to its 2003 balance sheet in order to reflect an increase in its deferred tax assets and accrued expenses of $1.3 million and $3.2 million respectively and a reduction in shareholders' equity of $1.9 million. GEO has determined that the internal control deficiency that gave rise to this restatement constitutes a material weakness ... consequently GEO's management will be unable to conclude in its Form 10-K for fiscal year 2004 that GEO's internal controls over financial reporting were effective as of January 2, 2005 ..."

It continues: "While GEO is not aware of any other accounting issues requiring adjustment to any prior financial statements, there can be no assurances that there will be no further adjustments to GEO's historical financial statements as the process of completing the audits of GEO's financial statements for the year ended January 2, 2005 is still ongoing at this time. GEO is presently unaware of any evidence that the restatement is due to any material non-compliance by GEO, as a result of misconduct, with any financial reporting requirement under the securities laws."

WYOMING: WHERE THE MONEY GOES Private prison and correctional services companies generally like to keep financial details and contract payments a closely guarded secret. However, Wyoming Statute 9-4-103 dictates that "When an appropriation is made by law for any purpose, to be expended for the state, the officer or board having charge of the appropriation shall keep an account herewith, showing when, to whom and for what purpose any portion of the appropriation has been expended. The account shall always be open for public

inspection..." Accordingly, the State Auditor's office has the details. Examples of recent payments to prison companies include:

Corrections Corporation of America (CCA)
24 January 2005 - $231,677.47 (Crowley (December 04)
14 February 2005 - $187,592.29 (Kit Carson January 05)
22 February 2005 - $10,265.09 (Crowley medical January 05)
9 March 2005 - $41,877.56 (Bent February 05)
(PPRI Note: Crowley County CF is in Wyoming. Bent County and Kit Carson are CCA facilities in Colorado.)

Securicor EMS
12 January 2005 - $4,686.30 (ISP Monitoring Oct)
18 January 2005 - $400.00 (ISP Monitoring)
28 February 2005 - $4,503.42 (ISP Monitoring Dec)
7 February 2005 - $2,852.97 (Part of Invoice)
7 February 2005 - $2,778.43 (Part of Invoice)

Correctional Medical Services
10 January 2005 - $2,306.72 (Medical Aggregate CAP)
31 January 2005 - $686,147.00 (January 2005 Health CAP)
28 February 2005 - $83,230.31 (Medical Aggregate CAP)
28 February 2005 - $686,147.00 (February 2005 Health CAP)

MAY/JUNE 2005

FLORIDA - LOWER RECIDIVISM RATES STILL NOT PROVEN Legislation in the State of Florida stipulates that private prisons operate more effectively, more efficiently or both than public sector prisons. Yet a new research study of Florida prisoners has found "no empirical justification for the policy argument that private prisons reduce recidivism rates better than public prisons."

The study is the focus of a debate in the current issue of the journal Criminology & Public Policy.

In his editorial introduction, Scott Camp states:

"The hypothesis often advanced, at least by proponents of prison privatisation, is that inmates released from private prisons have a better chance of adopting a crime-free lifestyle when released. Although little specific information is provided about why this hypothesis should be the case, the presumption is that the greater efficiency of private prisons in delivering services better prepares inmates. The existing theoretical and empirical literature about the prison factors that influence a return to crime, though, is sparse, with the possible exception of research on specific programmes such as adult basic education and drug treatment. The study reported here goes a long way toward answering the practical question about whether private prisons better prepare inmates for release than public prisons in Florida, and it does so with greater methodological

sophistication than other existing studies. Although it advances our understanding of the relative performance of private and public prisons on this factor, at least in one state, this study does not directly advance our theoretical understanding about why performance should differ in private and public prisons. Nonetheless, this study makes a great contribution in demonstrating how to use recidivism data to test any theories developed."

Researchers studied 11,612 releases directly from five private prisons in Florida between 1995 and 2001 and 88,678 total prison releases appropriate for analysis.*

They found that "the base re-offence rates for adult males show that, in the short term, through an 18 month follow-up period, public and private adult male inmates are virtually identical across all six treatment/comparison group definitions..." In the longer follow-up periods of 36 and 60 months, "private adult male inmates have slightly higher re-offence rates in four of the six comparisons ... and are the same as the public adult male inmates" in the other two comparisons. They also found that the base re-offence rates for adult females show that, in the short term, public and private adult females "are virtually identical in five of the six comparisons." In the longer term follow-up periods "no re-offence rates are statistically different."

As for young offenders, base re-offence rates in the short term "show no differences exceeding 2.0 percentage points" whereas for the longer term follow-up period public young male offenders "have higher re-offence rates in all six comparisons." According to the researchers their study "provides several advancements" on prior research. They argue that: "these Florida data provide substantially larger case sizes with reliable recidivism rate estimates that allow more confidence in the empirical conclusions." They found

"no empirical justification for the policy argument that private prisons reduce recidivism rates better than public prisons. However, the research on this issue has been limited and similar research is needed to test this claim in states other than Florida. Future research on the topic should incorporate reliable measures of programme attributes and participation, assess unique characteristics of private prisons that might affect recidivism, and determine whether certain inmate subgroups benefit from those distinctive attributes. In the meantime, until reliable evidence that private prison exposure reduces recidivism appears, public policy debate on the value of private prisons should focus on cost-savings or other arguments, not on recidivism-reduction claims."

In a reaction essay** Charles W. Thomas, formerly of the University of Florida's Private Corrections Project and the boards of Prison Realty Trust and Corrections Corporation of America and now of Avalon Correctional Services and the Homeland Security Corporation, does not offer an in-depth critique of the research study but argues that "neither Florida nor any other American jurisdiction with which I am familiar provides a clean context within which to evaluate the validity of either the claims of privatisation advocates or the counterclaims of their opponents."

He also expresses "grave reservations about the wisdom of evaluating either private or public prisons on the basis of the weak quality of the recidivism data we typically have at our disposal.

Information collected from the Internet for this report

To do so creates a real risk that either blame or credit will be allocated in a way that is fundamentally unfair."

In another reaction essay*** Gerald G. Gaes, formerly director of the Office of Research and Evaluation at the Federal Bureau of Prisons, states that the Bales et al study (above) "only scratches the surface of a very important set of public policy issues". He asks a key question: "Why should we expect private prison providers to be more successful in lowering recidivism rates? He asserts that, "the original promise was that prison privatisation would increase service quality. The premise was that the free market would introduce efficiency previously unknown in the Florida state adult correctional system. The resulting performance suggests that neither promise nor premise was correct. The research results are clear." Gaes is also an advocate of improved methods of articulating and measuring prison performance in order to "hold prison service providers accountable, both private and public." * *Recidivism of Public and Private State Prison Inmates in Florida, William D. Bales, Laura E. Bedard, Susan T. Quinn (Florida State University) David T. Ensley, Glenn P. Holley (Florida Department of Corrections)* ** *Recidivism of Public and Private State Prison Inmates in Florida: Issues and Unanswered Questions, Charles W. Thomas, (Homeland Security Corporation).* ***Prison Privatisation in Florida: Promises, Premise, and Performance, Gerald G. Gaes, (National Institute of Justice). Criminology & Public Policy, Volume 4, Number 1, February 2005* **www.criminologyandpublicpolicy.com**

COSTLY FAILURES AT GEO-RUN YOUTH PRISON The daily cost per prisoner at the Michigan Youth Correctional Facility (MYCF) in Lake County, Michigan, was higher than 33 of 37 other state run correctional facilities, Michigan's auditor general has found.

If the department of corrections had housed the prisoners in other lower cost state correctional facilities it could have achieved cost savings of $2.2 million annually. The auditor also stated that the department should "consider the need for and use of MYCF and evaluate its contract options." The GEO Inc-run facility opened in 1999 and is the state's only privately owned and run prison. As at August 2004 it held 480 males aged between 14 and 19 years old.

The audit also found that the prison was only moderately in compliance with selected policies and procedures related to safety and security. The auditors noted that MYCF failed to:

- consistently perform security classification reviews and did not correctly calculate and record prisoner security levels;
- ensure that all corrective officers performed and documented the required number of prisoner shakedowns and cell searches;
- ensure that employees entering and exiting the security perimeter were subject to required random searches;
- properly complete and monitor gate manifests to help control the movement of critical and dangerous items in and out of MYCF;
- ensure that employees received the required hours of new employee and in-service training;
- enforce cell search requirements for prisoners identified as security threat group prisoners.

The audit also concluded that the department of corrections had not evaluated the benefits of maintaining a separate correctional facility for youthful prisoners. The report included nine findings and 11 corresponding recommendations including that the department discontinues the waiver of prisoners' security levels as a means to maintain full occupancy at MYCF. The department of corrections agreed with 10 of the 11 recommendations and partially agreed with one. *Michigan Office of the Auditor General, Performance Audit, Michigan Youth Correctional Facility: A Facility Under Contract With the Department of Corrections, Report Number 47-280-04, Released May 2005.* ***www.audgen.michigan.gov***

JULY 2005

CORPORATE CONCENTRATION CONTINUES The GEO Group Inc (GEO) is negotiating to acquire rival Correctional Services Corporation (CSC) in a $62 million deal which will combine two of the largest private prison operators in the United States. While GEO also has international operations CSC has so far failed to win a contract outside of the US. In the past the company has bid for contracts in the UK.

GEO is using $42 million of its own cash and has arranged a $175 million credit facility underwritten by BNP Paribas. GEO will assume CSC's debt of $124 million. The deal is expected to be completed by the fourth quarter of 2005. GEO also plans to divest itself of CSC subsidiary Youth Services International (YSI) which operates 17 facilities for young offenders. CSC bought YSI in 1998 but it has had a chequered history. GEO hopes to sell YSI either to CSC's chief executive, James Slattery, or an alternative buyer. Although GEO believes there are positive prospects for the growth of the juvenile business it is deemed to be outside of the company's core focus. However, the proposed sale of YSI has been criticised. According to PalmBeachPost.com, 15 July 2005, Morgan Stanley Investment Executive Director Richard Glass said: "I don't feel [that] giving the juvenile business away is in the best interest of shareholders."

If the deal closes GEO will have 55 facilities with a total design capacity of about 43,500 beds. GEO could immediately benefit from a recent decision by Arizona's Department of Corrections to contract with CSC to build a 1,000-bed prison in Florence for sex offenders. As an editorial in the Tucson Citizen (*www.tucsoncitizen.com*) 15 July 2005 points out: "But here's the kicker: CSC will charge the state $61 a day to house each inmate. The state could do it for $50 a day in a state facility. The CSC bill works out to an extra $11,000 a day for Arizona taxpayers - and an extra $4.1 million a year. So where is the 'responsible fiscal management' of which legislators boasted? CSC explains its higher cost by saying it will have an 'innovative rehabilitation program'. We'll see."

According to GEO's Annual Report for the financial year ended 2 January 2005, GEO was "pursuing acquisition opportunities in 2004 and had capitalised direct and incremental costs related to potential acquisitions. During the fourth quarter of 2004, we determined that the related acquisitions were no longer probable, and wrote off the capitalised deferred acquisition costs of $1.3 million." The report did not identify the target companies.

Corrections Corporation of America (CCA) is still the largest private prison operator in the US. It has also acquired rival firms, such as US Corrections Corporation in 1998. As well as CCA, GEO and Correctional Services Corporation other firms operating private prisons in the US include Civigenics, which in 1998 bought Capital Corrections Resources; Cornell Companies Inc, which in April 2005 acquired Correctional Systems Inc; and Avalon Correctional Services, Maranatha Corrections and Dominion Correctional Services.

- GEO Group's international operations accounted for approximately 16.9% of total consolidated revenues for the financial year ended 2 January 2005. In the US, contracts with Federal Government agencies accounted for 27% of GEO's consolidated revenues, with agencies of the State of Florida and State of Texas accounting for 12% and 9% respectively.

CONSOLIDATION OF EM FIRMS G4S Justice Services Inc. (formerly Securicor EMS) a subsidiary of Group 4 Securicor has acquired Chicago-based ADT Offender Monitoring. ADT monitors some 17,000 offenders in the US. According to a statement from G4S Justice Services issued 23 June 2005, "the acquisition consolidates Group 4 Securicor's position as the global leader in offender monitoring services. G4S Justice Services has grown five-fold since its acquisition in 2001 ... the larger company will lead the USA electronic monitoring market both in terms of monitoring services and participants monitored." The company now monitors "over 35,000 offenders a day in the USA, Europe and the Middle East."

EMS had been providing offender monitoring services in the US since 1996. In 2001 it was acquired by British firm Securicor. In 2004 Securicor was acquired by Group 4.

- Elmo-Tech Ltd, an international provider of electronic monitoring and tracking technologies has established a US operations centre.

CORNELL FALLS TO PIRATE Pirate Capital LLC, a Connecticut-based investment firm and hedge fund has gained control of the board of Cornell Companies Inc. after a yearlong campaign to secure better returns for investors. Houston-based Cornell has correctional facilities in operation or under construction in 17 states and the District of Columbia. It is also part of consortium bidding for a contract in Israel and has expressed interest in the UK market.

SEP-NOV 2005

3.3% INCREASE IN PRIVATE PRISONERS IN 2004 The number of prisoners in private facilities in the US increased 3.3% during 2004, according to a new report from the US Department of Justice. There were 98,901 at year end 2004 compared with 95,707 at year end 2003. Overall, the nation's prison population grew 1.9% which was less than the average annual growth of 3.2% since year end 1995.

At the end of 2004, 34 states and the Federal system reported 98,901 prisoners in privately operated facilities. Private facilities held 5.6% of all state prisoners and 13.7% of Federal prisoners. The largest private prison populations were Texas with 16,668 and Oklahoma with 5,905 held in private prisons. Six states had at least 25% of their prison population housed in

private prisons, led by New Mexico (42%), Alaska (31%), Montana (30%), Wyoming and Hawaii (both 28%) and Oklahoma (25%). Some 8.1% of State prisoners in the South and 6.4% in the West were in privately run facilities, compared to 2% in the Northeast and 1.4% in the Midwest. Since 2000, the number of Federal prisoners in private facilities has increased 60% while the number held in State facilities has decreased 1.3%. As a percentage of all prisoners under State and Federal jurisdiction, the number held in private facilities has remained stable at 6.6% compared with 6.5% for the years 2000-2003.

The following states reported having no prisoners held privately: Connecticut, Massachusetts, New Hampshire, New York, Rhode Island, Illinois, Iowa, Kansas, Missouri, Nebraska, Arkansas, Delaware, West Virginia, Nevada, Oregon and Utah. *Bureau of Justice Statistics Bulletin, Prisoners in 2004, October 2005, NCJ 210677, US Department of Justice, Office of Justice Programs*

GEO COMPLETES ACQUISITION OF US RIVAL GEO Group Inc has completed the acquisition of rival US firm Correctional Services Corporation (CSC) as well as the sale of CSC's youth services subsidiary, Youth Services International.

CSC operated 16 adult facilities with 8,000 beds in six states. With this acquisition announced on 7 November 2005 GEO has contracts to manage 58 facilities with a total design capacity of 48,000 beds in the US, Australia and South Africa. GEO also has a maintenance contract for a youth facility in New Brunswick, Canada. YSI was sold to former CSC chief executive James Slattery for $3.75 million.

- On 21 October 2005 CSC settled the lawsuits arising from the death of prisoner Bryan Alexander at the company-run Tarrant County Community Correctional Facility, a boot camp in Texas. The full financial details of the settlement agreement have not been divulged but CSC is obliged to contribute $2.7 million towards the settlement.

GEO - HOW IT WORKS "As President Bush was fond of saying during the campaign last year: 'It's not easy: It's hard work.' We haven't been complacent. Our regional vice presidents, our contract compliance vice president, our corporate counsel, and many others who don't have the term 'government relations' in their titles or job descriptions, were tireless in their efforts to advance our company's agenda through local, state and federal legislation. We achieved much this past year and we are going to succeed even more in the coming 12 months." *Excerpt from vice chairman and president Wayne Calabrese's presentation to GEO's National leadership Conference, Orlando, May 2005, reported in GEO World, Third Quarter 2005, Vol. X1, Number 3.*

CHANGING THE TERMS OF THE DEBATE? The real question is not whether the management structure of our penal facilities should be public or private. It is instead why all our prisons, public and private alike, fall so far short of satisfying our obligations to those we incarcerate," according to Professor Sharon Dolovich of UCLA Law School. Speaking at a public hearing held by the Commission on Safety and Abuse in America's Prisons in November 2005 Professor Dolovich noted that "the danger posed by the state's use of private prisons to the possibility of safe and humane prison conditions stems from three identifiable practices."

Information collected from the internet for this report

She concluded: "The debate over private prisons has largely been framed as a choice between public prisons and private ones.... This is the wrong way to think about the issue. Exploring the problems with private prisons does not vindicate the public system. It instead raises questions about a range of penal practices operative in the prison system in general, practices that we have long taken for granted and thus no longer question. The challenge is to get past the false opposition between public and private. Only then will we recognise the way the study of private prisons operates as a 'miner's canary', warning us that not just the structure of private prisons but also that of our punishment practices in general may need serious reconsideration." *Changing the Terms of the Debate over Private Prisons, Testimony of Professor Sharon Dolovich, Commission on Safety and Abuse in America's Prisons, Public Hearing – St. Louis Missouri, 1-2 November 2005,* ***www.prisoncommission.org*** *See also State Punishment and Private Prisons, Sharon Dolovich, Duke Law Journal, forthcoming December 2005.*

As well as contributions to the other issues discussed at the hearing, www.prisoncommission.org includes other contributions to the public/private debate: Frank Smith of the Private Corrections Institute detailed how cost cutting leads to failures and abuses and how monitoring of private prisons is virtually meaningless; and Corrections Corporation of America's executive vice president, Richard P. Seiter, argued that "by introducing competition and innovation, privately run prisons have helped create a modern and efficient criminal justice system..."

9.1.1.1 STATE OVERSIGHT: CRITICAL AUDITS

COLORADO

Colorado's state auditor has reviewed the oversight of private prisons as the state "currently houses 2,800 of its 18,000 inmates (16%) in six private prisons. The department paid more than $53 million to incarcerate inmates in private prisons in Fiscal 2004." The department of corrections has contracts with six local governments for the confinement of state inmates in private prisons in their jurisdictions: the local governments subcontract with the private prisons. Five private prisons operate within the state. Corrections Corporation of America runs four of the Colorado prisons. The state also houses 100 inmates in a private prison in Tallahatchie County, Mississippi. The auditor's report was published in June 2005. The findings included:

- the department of corrections is not adequately overseeing the medical clinics operated by private prisons;
- inmates with serious mental illnesses are not being seen by mental health staff at the private prisons within required time frames;
- the private prisons are not consistently following the department's master menu as required by contracts;
- the department does not adequately oversee the staffing levels maintained by the private prisons where Colorado inmates are housed;
- private prisons have hired some applicants with questionable backgrounds;
- visitors to private prisons are not screened as frequently as visitors to state-run prisons;

- the department's audit process is inadequate and ineffective in identifying and documenting areas of non-compliance at the private prisons;
- the department has documented continued contract violations by the private prisons yet it has failed to take action to enforce the terms of the contracts;
- the department does not use a competitive bidding process to procure private correctional services;
- department management was not fully aware of the problems identified in our audit or the contract violations occurring at the private prisons as identified by the Monitoring Unit.

State of Colorado, Report of the State Auditor, Private Prisons Department of Corrections, Performance Audit, April 2005, published June 2005

FLORIDA

This review was carried out after the responsibility for contracting for and managing privately operated correctional facilities was transferred from the now defunct correctional privatisation commission (CPC) to the department of management services (DMS). It was revealed that Florida overpaid nearly $13 million to two private prison operators over an eight year period. The inspector general noted that: "The majority of issues discussed in this report stem from a lack of oversight by the state organisation formerly charged with reviewing, directing and monitoring the operations of privately operated correctional facilities, the CPC." Three of the facilities in question were run by Corrections Corporation of America and two by the GEO Group (formerly Wackenhut Corrections Corporation). The inspector general's findings included:

- the CPC failed to enforce contract provisions relating to the reporting of vacancies in staff positions. The CPC did not require the vendors to report vacancies during the major portion of the time the contracts were in effect and when vendors did report vacancies, the CPC did not reduce vendors' monthly per diem payments in accordance with contract provisions. This resulted in vendors at the five facilities receiving payments of about $4.5 million to which they were not entitled;
- the CPC allowed vendors to waive required staffing patterns for non-correctional positions and did not reduce vendors' monthly per diem payments. As a result, the State overpaid vendors about $290,000 for vacant positions during the period from July 1, 2001 through December 31, 2004;
- the vendor at the South Bay Correctional Facility received questionable payments of about $3.4 million during the period of January 1, 1999 through December 31, 2004, for salary additives referred to as Competitive Area Differential (CAD) payments. The $3.4 million in questionable payments included $1.86 million in overpayment errors, which, when discovered, the CPC made no effort to recover. Moreover, although State Competitive Area Differential rates were reduced during the contract period, the CPC arbitrarily increased the vendor's contracted per diem rates to cover the difference between the higher differential pay and the reduced differential pay. As a result, the vendor received an additional $1.54 million in per diem payments in lieu of direct CAD payments and contract per diem rates were artificially inflated. The State was charged a "burden" or overhead on the Competitive Area Differential payments the South Bay

Information collected from the internet for this report

vendor received during the contract period. These burden payments amounted to about $1.57 million. We could find no justification or authorisation for a vendor to receive such payments. Moreover, our review showed that not only were burden payments not authorised but they were greatly overstated by the vendor;

- in a November 2001 special session, the Legislature zero budgeted CPC salaries and expense funds. Subsequently, the CPC authorised a per diem increase to the vendors who in turn remitted the per diem increase back to the CPC's Grants and Donations Trust Fund. These funds were then used to pay CPC staff salaries and expenses. This action caused per diem rates to be artificially inflated. Also, because the Department was unaware of this transaction it could have resulted in loss of salary dollars for current Department employees when new contracts were negotiated. We could not determine whether legislative leaders knew of and condoned the actions by the CPC. This was brought to the attention of Department management during the review. Gadsden Correctional Facility receives an additional per diem rate of $2.30 per inmate (up to 768 inmates) or about $645,000 per year for routine and major maintenance and repair of the facility under the terms of its contract. However, records show that Gadsden Correctional Facility expends an average of only $170,000 annually for facility maintenance and repair. As a result, the State paid about $2.85 million more for maintenance and repair than the vendor expended for calendar years 1999 through 2004.
- The Inmate Welfare Trust Fund is used to supplement the cost of contractually required programs and services. This understates actual per diem rates and should be considered when evaluating compliance with statutory cost savings requirements. During Fiscal Year (FY) 2003-04, vendors expended about $988,000 from the Trust Fund for contractually required programmes and services. *Department of Management Services, Internal Audit report Number 2005-61, Office of Inspector General, Contract Management of Private Correctional Facilities, 30 June 2005, published July 2005*

DEC 05-APRIL 06

CONSTITUTIONAL ISSUES IN THE US Two eminent US academics have filed opinions in support of the petitioners' case. Professor Ira Robbins of the American University, Washington DC states that, in the US, "Privatisation of prisons would also disappear if we were to have definitive rulings from the judiciary to the effect that private incarceration violates the United States Constitution and/or constitutions of one or more of the states-as being an unconstitutional delegation of power. Yet although a strong and valid argument of unconstitutionality can be made ... to date, more than two decades after the inception of private prisons in this country, we have had no such rulings - due to the fact that the constitutionality of prisons' privatisation has not been adjudicated by a court in the US." In his view the reason is that: "when lawsuits brought against the private company raise the constitutional questions - which, if litigated to conclusion, may prove devastating, not only to the company but also to the entire industry - the private companies dispose of the cases by way of settlement, require confidentiality as a condition of the settlement, pay the plaintiff, and deal with the payment as a cost of doing business."

He concludes: "...based on my expertise, experience and analysis of relevant court decisions, is that the operation and management of prisons is one of the exclusive and essential function s of

the modern state: therefore, the act of privatising prisons, if properly brought before a competent court, would be declared unconstitutional. Another clear conclusion is the experience with private incarceration has proved to be futile, dangerous and gravely harmful to human rights, especially to inmates' rights and dignity. If a state delegates one of its essential functions (operating and managing of prisons) it might find itself in an irreversible process, ultimately abdicating itself of its sovereignty."

In a paper Private prisons - Colony beyond the scope of democracy and outside the realm of Law and Justice - prisoners as raw material, Professor Michael Waltzer of the Institute for Advanced Study at Princeton, argues that "the problem of prison privatisation is that it illegitimately exposes the prisoners from the protection of the law ... all the internal rule and regulations of their imprisonment, the system of discipline and reward, the hundreds of small decisions that shape their daily lives, are open now to a single unanswerable question: is this punishment or economic calculation, the law or the market?"

Furthermore he argues that: "In this case the state gives up on what it cannot give up legitimately, which is its prerogative to punish, or use coercive force against violators of the law. Since incarceration is part of the process of criminal justice and stems directly from decisions of the court, private prisons may put in question the legitimacy of the court decisions as well."

"Imprisonment is a state action, and so is every decision made, whoever makes it, about the course and character of imprisonment. All such decisions are subject to constitutional norms, and the courts will do what they can to enforce those norms. The enforcement will probably be more roundabout, and will take longer and be harder to monitor, in private than in public prisons. Although the constitutional monitoring of administrative decisions in the field of imprisonment leave room for desired improvement, it still offers the hope of legal protection."

This, he says, "is probably the chief economic advantage of prison privatisation-that it shuts down this hope, that it offers a (temporary) escape from the enforcement of constitutional norms.... we should not be contracting out, as if these were not our prisoners; we should be bringing new ideas into the orbit of public service."

JULY 06

PRISON COMPANIES ON THE CAMPAIGN TRAIL During the 2002 and 2004 election cycles, companies involved in private prisons and those affiliated with them contributed $3.3 million to candidates and state political parties, a new report has found.

According to the National Institute of State Money in Politics, while the companies and their officials were working the halls of state capitols to advocate their policy positions, "they also were opening their cheque books during campaign season." The report found that, "all told, the companies, their executives, directors and lobbyists gave $3.3 million in 44 states between 2000 and 2004 - a figure that includes contributions from not only private-prison firms, but also the investment and construction companies, food service providers, health-care management and counselling services that do business with them."

A closer look at their contributions shows a targeted strategy of giving to candidates most likely to affect the laws and budgets related to corrections, with large portions of their contributions going to winning candidates and those already in office and not up for re-election. The companies also focused much of their giving on legislative candidates, who approve laws and budgets governing corrections in their states.

Private-prison interests tended to pick winners, as well as maintain their relationship with incumbents. Nearly $1.8 million of the $2.2 million that private prison interests gave to candidates went to winners or to officer holders who were not running but were raising money for upcoming campaigns. Winners alone received 65 percent of the industry's contributions, compared with the 12 percent losing candidates received. Incumbent office holders who were not running but were raising money for the next election accounted for another 17 percent of the money private-prison interests gave.

Florida led all states in contributions, with candidates and political parties there receiving $647,600, or almost 20 percent of the contributions. Texas and New Jersey followed, with nearly $519,000 and $323,000 in contributions, respectively. Six states received no private-prison contributions: Delaware, Iowa, Nebraska, New Hampshire, North Dakota and South Dakota. Companies favoured states with some of the toughest sentencing laws, particularly those that had enacted legislation to lengthen the sentence given to any offender who was convicted of a felony for the third time. Private-prison interests gave almost $2.1 million in 22 states that had a so-called 'three-strikes law,' compared with $1.2 million in 22 states that did not. The authors' analysis of campaign contributions made to state-level candidates and political parties also reveals that private-prison interests:

- gave two-thirds of their money to candidates, who received nearly $2.2 million during the study period. The remainder went to state-level political party committees;

- favoured incumbents, both those seeking re-election and those not up for election but raising money for future campaigns. These incumbents received $1.6 million of the $2.2 million given to candidates, while those challenging a seated incumbent received about one-tenth of that amount, at $167,250. Candidates vying for an open seat received $410,830;

- backed winners, giving 65 percent of the candidate contributions to winning candidates;

- concentrated their giving on legislative candidates who, if elected, act on state budgets and sentencing laws. These candidates received almost half of the money given to candidates - slightly more than $1 million;

- gave heavily to gubernatorial candidates, who propose budgets and set policy directions and also have the authority to veto laws passed by the legislature. About $873,300 of the candidate money went to gubernatorial candidates, who have the power to suggest and to support privatization as a way of keeping their states' budgets in balance;

- favoured Republicans, giving 64 percent of the industry's $3.3 million to Republican candidates and Republican Party committees.

Companies themselves and the lobbyists they hired gave the biggest portions of the funds. The companies gave almost $1.6 million, or 48 percent of the total. Lobbyists gave nearly $1.1 million, or 33 percent. The remainder came from company officials, members of the companies' boards of directors, construction companies that work on prison projects and firms that subcontract to provide services to private prisons. Lobbyists hired by the private-prison industry were the top contributors in 10 states, and the only source of private-prison money in another seven states.

As part of its analysis of private-prison giving, the Institute looked at corrections legislation and budgets in 10 states where contributions were highest or where legislators introduced measures of interest, such as changes to private-prison contracting procedures, private-prison oversight or sentencing laws. Some states have recently begun re-examining their corrections policies as overcrowding and high costs continue.

Lawmakers looked at a wide variety of proposals, some of which would have benefited private prisons and others that would have shifted state funds away from them. While the success or failure of the measures can't be definitively linked to campaign contributions, the companies and their associates typically targeted their contributions to winners and incumbents, to be as effective as possible in supporting their agenda. For example:

- in Florida, when the prospect of re-opening bids for the operation of five private prisons surfaced, private-prison vendors lobbied successfully for the elimination of the commission overseeing the bidding process;

- in Arizona, the industry contributed to 29 of the 42 members of the committees that heard a 2003 proposal to increase the number of private-prison beds in the state. Those testifying in favour of the bill included a vice president of a private-prison firm that stood to benefit from the original proposal;

- Colorado had contracted to house out-of-state prisoners from other states to alleviate overcrowding issues in those states. But when faced with its; own overcrowding problems, Colorado made plans to prohibit out-of-state prisoners. Pressure from the private-prison industry led to the rejection of the plan;

- Texas, known for its tough-on-crime attitude, continues to elect and re-elect legislators with that attitude. The industry gave generously to powerful, well-established legislative leaders and members of committees hearing measures affecting sentencing;

- in Indiana, shortly after becoming governor, Mitch Daniels looked for ways to turn government services over to the private sector. Within months, food and nursing services in state prisons were handed over to the private companies, and the state contracted for the first private prison in the state.

- After taking office, Mississippi Governor Haley Barbour emphasised private prisons as a way of saving money.

Information collected from the internet for this report

THE COMPANIES INVOLVED

Over the years, key leaders in the arena of prison privatisation have emerged. The Project focused on the seven largest firms in the private-prison industry. Institute staff added four other companies whose names appeared in contribution records. Following is a summary of each of the companies included in this report:

- **Corrections Corporation of America (CCA)** - Headquartered in Nashville, Tennessee, CCA boasts of being the "founder of the private corrections industry." CCA manages "over 50 percent of all beds under contract with private operators in the United States." Contributions from CCA, its executives, directors, and lobbyists totalled $1.13 million during the study period and spanned 36 states.

- **GEO Group, Inc**. - Formerly a unit of Wackenhut Corp. and known as Wackenhut Corrections, GEO Group is headquartered in Boca Raton, Fla. Contributions from GEO Group or its predecessor, Wackenhut Corrections, and their executives, directors and lobbyists totalled $880,261 during the study period in 19 states.

- **Community Corrections Corp**. - Headquartered in Roseland, N.J., Community Corrections Corp. operates 18 facilities in seven states. Community Corrections Corp. and founder John J. Clancy gave a combined total $378,750 in six states. The company also does business as Community Education Centres', Inc.

- **Cornell Companies Inc.** - Headquartered in Houston, Texas, Cornell currently operates 81 facilities in 17 states and the District of Columbia. Contributions from Cornell Companies, its executives, directors and lobbyists totalled $184,983 in 19 states.

- **Correctional Services Corp.** (CSC) - Acquired by GEO Group in July 2005, CSC was originally headquartered in Sarasota, Florida. Before the acquisition, CSC had 16 facilities with approximately 8,000 beds in six states. Contributions from CSC, its executives, directors and lobbyists totalled $128,390 in seven states during the study period, which concluded before GEO Group purchased the company.

- **Civigenics** - Headquartered in Marlborough, Massachusetts, Civigenics operates 13 facilities that house more than 3,000 prisoners in 14 states. Contributions from Civigenics, its executives, directors and lobbyists totalled $82,259 in four states.

- **Management and Training Corp. (MTC)** - Headquartered in Centerville, Utah, MTC operates 12 facilities in Arizona, New Mexico, Ohio, Texas, Australia and Canada, with a total of 9,000 beds. Contributions from MTC, its executives, directors and lobbyists totalled $45,101 in six states.

- **Avalon Correctional Services** of Oklahoma, **Maranatha Private Corrections** of California, **Minsec Corrections Corp**. of Pennsylvania and **LCS Corrections Services** of Louisiana gave $91,650 combined, with each contributing only in the state in which it is headquartered. In addition, companies that often subcontract with private prisons to provide such services as construction, health care or food services, gave another $313,356 in contributions.

Policy Lockdown: Prison Interests Court Political Players, National Institute On State Money In Politics, April 2006,

9.1.1.2 APCTO moves on Washington

The Association of Private Correctional & Treatment Organisations (APCTO), the US private corrections industry's trade association and lobby group, has moved its headquarters to Washington DC to enhance its role in promoting the industry's interests.

The organisation has also appointed former Cornell Companies Inc. vice president Paul Doucette as its executive director. Under his leadership APCTO will focus on:

* increasing federal opportunities for public-private correctional partnerships;
* continuing to provide media, public policy think-tanks and legislators with APCTO's key messages;
* working with the Congressional Privatisation Caucus;
* co-ordinating joint member efforts on state legislative issues; and
* increasing APCTO's membership.

APCTO has stepped up its media monitoring and is playing an increasingly pro-active role. It has completed an updated press kit promoting its key arguments of cost savings, providing quality services and increased levels of accountability. Its newsletters report that the organisation "monitors the print and electronic media, seeking to inject APCTO key messages into the public debate on private corrections."

APCTO's website also currently includes 'leading research and issues papers' which draws heavily from material produced by APCTO and the industry or free market think tanks that promote privatisation. Of the 13 listed items three are by Geoffrey Segal, the Reason Foundation's director of government reform; one is by Adrian Moore of the Reason Public Policy Institute; one is by the free market Washington Policy Center; two studies were commissioned by APCTO; one is a paper by a Corrections Corporation of America executive (which in turn, relies on much of the material contained in the APCTO list); one was co-authored by a former Cornell Companies executive and published by the company in 1998; and one was produced by equity analysts at Morgan Lewis Githens & Ahn.

JUNE 2005: 101,228 IN PRIVATE PRISONS Privately operated prison facilities held 101,228 prisoners or 6.7% of the total prison population as at 30 June 2005 compared to 6.6% at mid-year 2004, according to recent figures published by the Bureau of Justice. Compared to mid-year 2004 the number of prisoners was an increase of 2.7%. The federal system - which reported the largest increase among prisoners in private prisons, up by 2.038 –along with Texas, Oklahoma and Florida reported the largest number of prisoners in private facilities. Alaska, Hawaii, New Mexico and Wyoming, all western states, had at least a

Information collected from the internet for this report

quarter of their prisoners in private facilities. Since mid-year 2000 the number of prisoners in private prisons has grown from 90,542 (6.7% of the population) to 101,228. US Department of Justice, Bureau of Justice Statistics Bulletin, Prison and Jail Inmates at Midyear 2005, published May 2006, ■ See also **Sexual Violence Reported by Correctional Authorities, 2005**. The Bureau of Justice Statistics report published in July 2006 contains figures for public and private prisons.

CCA PENALISED BUT STOCK STILL HOT Corrections Corporation of America (CCA) has been penalised $126,000 by the State of Colorado for short-staffing at Kit Carson County and Crowley County prisons. The state waived further fines of $46,000 for a period in October 2005 at the Kit Carson facility on the grounds that it would be unfair to penalise the company just days after a contract was signed in September 2005. The company was also reprieved $18,000 in fines for Crowley County for October 1005. Following a riot at Crowley County prison in 2004 a state audit found CCA's staff-to-prisoner ratio was one seventh of a state prison's at the time. Only 33 uniformed officers were guarding 1,122 prisoners. Both the company and the state claim that staffing levels have since improved.

■ CCA runs 63 prison facilities in 19 states and Washington DC with bed capacity for 71,000 prisoners. Business Week online 2 June 2006 reported that CCA's shares "recently touched a 52-week high of $52.45 and the stock was up 13.6% for the year at the close on June 1. A growing US prison population suggests the Nashville-based company can continue to deliver solid profits." On 3 May 2006 John Ferguson, CCA's chief executive told a conference call: "We've never seen the wind at our back like it is today." Business Week online also reported that: "Corrections Corp isn't the prison industry's only breakout stock. On June 1, Houston-based Cornell reached a 52-week high of $16.36, up 18.4% on the year, Boca Raton-based Geo Group finished the day at $38.82, up 67.1% on the year but down from a 52-week high of $41.40 reached on May 23."

YOUTH SERVICES INTERNATIONAL'S LEGAL SETTLEMENT The US department of justice and Youth Services International (YSI), have resolved a lawsuit against the company arising from alleged failures to provide services to a deaf youth in the company's care.

In 2004 Youth Services International (YSI) paid an undisclosed civil penalty, compensation for damages and equitable relief to the US and co-damages to the complainant as a result of the company's failure to provide specific services to a deaf resident in their care at the Victor Cullen Center, Maryland, between 1999 and 2000. Between 29 August and 2 September 2005 the department conducted compliance reviews at six of the companies' facilities in Tennessee, Florida, Iowa and South Dakota and found deficiencies in service provision for deaf or hard of hearing residents of YSI juvenile facilities. The company allegedly failed to implement "many other important provisions" of a March 2004 settlement between YSI and the US department of justice. YSI disputed the findings and contentions of the department.

However, under a new settlement dated 11 July 2006 YSI must ensure that children who are deaf or hard of hearing are able to fully participate in and benefit from rehabilitation programmes. If YSI complies with all the terms of the agreement the case will be dismissed after

three and half years. At the time of the original complaint and lawsuit YSI was owned by Correctional Services Corporation (CSC). In November 2005 CSC was acquired by The GEO Group but YSI was immediately sold on to JFS Development LLC, controlled by James Slattery the former chief executive officer of CSC. Both settlement agreements can be found at www.ada.gov/ysi2sa.htm

CARTER GOBLE: THE FIRST 31 YEARS Carter Goble is a company that has played a major role in US and international prison expansion - both public and private - and it celebrates "31 years of service" in October 2006.

Now known as Carter Goble Lee, the Columbia, South Carolina-based group of companies offers what it calls "A World of Solutions" including: planning; programme management; facility engineering and maintenance; and architectural design. The CGL companies include Carter Goble Lee, LLC; Carter Goble Associates Inc; CGL Engineering Inc; and CGA Facilities Services Inc. In 2002 the American Correctional Association's magazine Corrections Today described the creation of Carter Goble Lee as the merging of "two of the nation's foremost organisations in planning and maintaining criminal justice facilities."

In the 1990s the then Copenhagen-based Group 4 (as was) described Carter Goble as its "associated correctional consultancy company" and had a minority stock holding in Carter Goble. Stephen Carter was, for some years, a director of Group 4 companies in the UK and at least one Group 4 director was a director of CGL International Ltd.

CGL's website lists examples of its "representative prison experience" which includes 86 prison projects for justice agencies in 27 states and the District of Columbia. It also lists more than 260 US local governments, 27 state justice agencies as well as 14 state transit agencies and 10 federal/national agencies that it has worked for. The latter includes the National Institute of Corrections, National Institute of Justice, US Department of Justice, Federal Bureau of Prisons. It also lists the American Correctional Association amongst its clients.

In October 2002 the company produced a ten-year adult corrections master plan for the State of Alabama focusing on the "system's facility needs from 2003 to 2012." In Georgia CGL Engineering provides comprehensive facility management services for 25 department of juvenile justice facilities. In Hawaii CGL recently updated the State's 10 -Year Corrections Master Plan that was originally completed by the company in 1991. The company recommended five new facilities and four expansions by 2008 and two expansions and three new facilities as well as three replacement facilities between 2008 and 2013.

The company's work abroad has included projects in Argentina, Australia, Bermuda, Canada, Israel, New Zealand, Peru, Singapore, South Africa and the United Kingdom. In 1993 the company developed a strategy for "replacing and expanding existing prisons to serve the Israeli criminal population."

Its involvement in private prison projects includes: Junee Correctional Centre in Australia; New Zealand's Auckland Remand Centre; a comprehensive prisons system assessment, privatisation feasibility analysis and strategic development plan for the government of Peru; facility programming site development and concept designs for two maximum security adult correctional

institutions in South Africa ; and The Wolds and Altcourse prisons in England. Carter Goble Lee, www.cartergoblelee.com

OCTOBER 06

CALIFORNIA CONTRACTS UNCONSTITUTIONAL? The State of California's two new contracts with Corrèctions Corporation of America and The GEO Group to hold 2,260 prisoners in prisons located in other states are unconstitutional, according to a Legislative Counsel opinion.

The contracts, worth more than $153 million, were signed after Governor Schwarzenegger declared a state of emergency in California's overcrowded prison system on 4 October 2006. However, a non-partisan legal opinion requested by senate majority leader Gloria Romero found that: " the state would violate Section 1 of Article VII of the California Constitution by contracting with private entities for security and public safety services traditionally performed by [public employees of] the department of corrections and rehabilitation."

In a statement issued 26 October 2006, Senator Romero said: "This legal opinion confirms what I have long believed: that we should not support prisons for profit. California has a prison overcrowding crisis, and we cannot privatize our way out of it. This legal opinion brings the responsibility back on us and reaffirms my call for real reforms that reduce overcrowding while ensuring public safety. If the Governor wants to call a special session of the Legislature, he should focus on breaking the cycle of recidivism with parole reforms and effective rehabilitation programs." She added: "Public prisons are morally and fiscally accountable to the taxpayers of California. Private prisons are accountable to their shareholders, with a binding obligation to maximize profits. If the Governor goes through with these private prison contracts, he risks exposing the state to costly civil lawsuits. California can't afford this mistake. I call on the Governor to do what is ethical and constitutional and withdraw these contracts immediately."

As a result of this opinion the California Correctional Peace Officers Association and Service Employees International Union Local 1000, which both represent public sector prison officers in California, filed a lawsuit to try and prevent the transfer of prisoners to Arizona, Indiana, Oklahoma and Tennessee. *The legal opinion is available from Nicole Winger, Office of the Senate Majority Leader Gloria Romero, Tel: 916 651 4024; Fax: 916 445 0485*

9.1.1.3 Oklahoma Corrective Services Review

In July 2007, the leadership of the Oklahoma State Legislature, through the Legislative Services Bureau, requested that MGT of America conduct a comprehensive performance review of the Department of Corrections.

The report published in December 2007 noted that Oklahoma's use of private prisons (of which Lawton is one) had dropped by 26% since fiscal year 2002 with the percentage of the state's offenders housed in private prisons decreasing from a high of 27% in fiscal year 2001 to a low of 10% by the end of fiscal year 2007.

Lawton Correctional facility is a medium-security facility with a current capacity of 2,526. It first opened in July 1998, and in August 2006 added two 304-bed housing units, bringing its total operating capacity to 2,526. The centre is Oklahoma's largest correctional centre, public or private. Inmates are housed in double occupancy cells.

MCG's findings that referred to Lawton included:

- "The facility was designed to meet the standards of the Commission on Accreditation of the American Correctional Association (ACA), and received re-accreditation status from ACA in December 2006. Its physical plant appears appropriate for the custody level of the inmate assigned to it. Most inmates assigned to the Lawton Correctional Facility are medium or minimum security general population inmates. The facility also provides housing for up to 304 medium security protective custody inmates. On the date of MGT's site visit, 2,508 inmates were residing at the facility."
- "In all, Lawton has nine inmate housing units, an administration building, a support building and an employee training centre, which is located outside of the secure perimeter. Six of the nine housing units are identical in design and each has a secure, elevated control room surrounded by five two level pods providing double occupancy cells. The two new units are identical and containing a secure elevated control centre surrounded by three two level pods. The remaining housing unit is an 82 bed linear design unit with a secure control centre located at one end. The unit currently houses inmates in segregation status, with pending disciplinary hearings or refusing a housing or cell assignment. The expansion completed in August 2006 also added a gymnasium and a satellite dining area".
- "Lawton's primary mission is to house medium custody male inmates. Its programming includes a wide variety of services including multilevel educational opportunities, both academic and vocational, a cognitive behaviour program, correctional industries, religious programming, and library services. Staff reported that more than 80% of eligible inmates were actively involved in programs and/or work assignments."
- The facility has an authorised staffing level of 474.5 employees, based on a staffing analysis conducted by staff from the Office of Field Operations. Current staffing, at 431, reflects a 9% vacancy rate."
- "During fiscal 2006, serious incidents reported at the institution occurred at a rate of 0.56 per 100 inmates, compared to 0.21 per 100 inmates for state operated facilities. Thus the Lawton Correctional Centre had a serious incident report about 2.5 times higher than that for state-operated facilities, and higher than the levels experienced by the other private prisons. Two inmate homicides have occurred at the facility in the past two years."
- During an August site visit, MGT found that 16.3% of the Lawton population initially had been classified as maximum security but overridden to medium security. Not coincidentally, Lawton experienced two inmate homicides and 127 serious incidents since fiscal 2006."
- The most serious issue concerning the private prisons is their seeming inability to retain employees. In fiscal 2006, CCA"s Cimarron facility experienced a 58% staff turnover rate; the company's Davis facility reported 38% turnover. GEO's Lawton facility is experiencing a 69% staff turnover rate in 2007. These levels are dramatically higher than those experienced in the state-run facilities."

Information collected from the internet for this report

- "Staff turnover at these levels creates legitimate concerns regards staff preparedness. While the private facilities all have training programs consistent with national standards, a continuing reliance on inexperienced line employees to perform essential security responsibilities can lead to problems. In fiscal 2006, the private prisons had an average of 0.42 serious incidents per 100 inmates, twice the public prisons' rate of 0.21 per 100 inmates."
- "Lawton is a privately operated facility with an aggressive and professional recruitment process that continually screens and hires applicants. During the first six months of 2007, Lawton hired 206 new employees, for an average of 34 new hires per month. During 2006, the centre hired 384 new employees, for an average of 32 per month. Even so the facility has been plagued by extremely high turnover in recent months."
- "Staff reported that some employees often hire on at the Lawton Correctional Centre with the intent of staying only until they find another job with better pay and benefits and a lower stress work environment. Lawton security staff told MGT that overtime work is regularly available. Management provided a report indicating security employees worked an average of 27.7 hours of overtime each month from May to July 2007. This compared to an average of 19.6 hours of overtime during the same three months in 2006. Overtime for security staff usually involves filling fixed post."
- "MGT's observations and staff interviews also indicate that the number of segregation beds available at Lawton Correctional Facility is insufficient. At Lawton, 7.2% of available beds are designated for segregated housing, the highest percentage in any facility other than Oklahoma State Penitentiary. Staff members reported that, due to its population size and type, its number of misconduct reports and the waiting period to transfer inmates from Lawton, its segregation unit is usually full. During fiscal 2006, the unit used alternative sanctions other than segregation for less-severe and first-time offenses, to control the demand for segregated housing. Staff reported that inmates often remain in the Segregated Housing Unit awaiting transfer for more than 120 days, delays that have a direct impact on the availability of segregation beds at the facility."
- "The facilities with the highest number of assaults on staff during fiscal 2006 were the Lawton Correctional Centre, Mabel Bassett and Davis Correctional Facility. Lawton is the largest facility in the state, housing a thousand more inmates than any other facility. Mabel Bassett is a female facility that provides housing for all security levels and Davis is a privately operated medium security facility. In Fiscal 2006 there were 39 assaults on staff and 127 serious incidents recorded. The facility with the highest reported number of serious incidents, however, was the Lawton Correctional Centre."
- "Most of the prison facilities MGT surveyed, both public and private, appear to meet security requirements for the type and custody of offender they house. As noted above and in Chapter 4, however, we found that an unusually high share of offenders who scored maximum custody were overridden by staff to a lower security level, simply to match the security status of available beds."
- "The DOC administrator for Classification and Population reports that 6.8% of male inmates, and 2.7% of female inmates are in maximum custody. These percentages are well below national averages. We attribute this low percentage to DOC's use of classification overrides to manage bed space. This practice, particularly when it involves moving high-custody offenders to lower security levels, will eventually result in serious

incidents such as assaults on staff, inmates or other disturbances. It puts inmates and staff in dangerous and unsafe situations unnecessarily."

- "Oklahoma State Penitentiary, Lawton, James Crabtree and Dick Connor house the highest number of inmates who are inappropriate for the facility's security level."
- "The Lawton Correctional Centre's physical plant is one of the best in the state. Staff reported that on June 7, 2007, 16.3% of the population had been initially classified as maximum security but overridden to medium security. On July 3, 2007, out of 350 inmates that scored as maximum security, 327 had been overridden to medium security – about 13.2% of the inmate population. The following factors strongly suggest that a significant number of Lawton inmates should be housed at a facility with higher security;
    - 13 to 16% classification overrides from maximum custody to medium custody;
    - 39 assaults on staff during fiscal 2006;
    - 2 inmate homicides in the past two years;
    - 127 serious incident reports during fiscal 2006;
    - 182 segregation beds at or near capacity at all times; and
    - A high number of gang-affiliated inmates.
- "The state's private correctional facilities are newer, well maintained facilities, designed to American Correctional Association standards and retaining their ACA accreditation to date. Their designs and physical plants are clearly superior to the state's facilities. The three prisons currently under contract function well and generally correct deficiencies promptly when they occur."
- "The most serious issue concerning the private prisons is their seeming inability to retain employees. In fiscal 2006, CCA's Cimarron facility experienced 58% staff turnover rate, the company's Davis facility reported 38% turnover. GEO's Lawton facility is experiencing a 69% staff turnover rate in 2007. These levels are dramatically higher than those experienced in state run facilities."

Performance Audit of the Department of Corrections for the Legislative Service Bureau of the Oklahoma Legislature, Final Report, December 31 2007, MGT of America Inc.

DAMAGES AWARDED AGAINST GEO GROUP A Texas jury has awarded $47.5 million in damages to the family of prisoner who was allegedly beaten and killed by two other prisoners in April 2001. The incident occurred at the then Wackenhut Corrections Corporation-run Willacy County State Jail in Raymondsville, Texas. The jury found that the company and the warden 75 per cent and 25 per cent negligent respectively.

According to a GEO Group 8K filing with the Securities and Exchange Commission (SEC) in September 2006, "separate investigations conducted internally by GEO and by the Texas Rangers and the Texas Office of the Inspector General exonerated GEO and its employees of any culpability with respect to the incident." The company intends to appeal. However, any payment due will be met by the company's insurers and GEO "has not taken any reserves in connection with the matter."

CORNELL BOUGHT BY VENTURE CAPITALISTS Houston-based Cornell Companies Inc. is being acquired by Veritas Capital for $518.6 million which includes the assumption of the company's $273.6 million debt. Cornell stockholders will receive $18.25

dollars per share although some significant stockholders are opposed to the deal. Cornell operates 78 adult and juvenile correctional and treatment facilities in the US. New York-based Veritas invests in companies that have government contracts particularly in the military, aerospace, security and infrastructure sectors. These include DynCorp International and Integrated Defence Technologies.

KENTUCKY LACKS OVERSIGHT The State of Kentucky's department of corrections has no consistent independent method of determining whether Corrections Corporation of America (CCA) is meeting its legally required savings of 10 per cent over state provision, according to the state auditor. CCA receives some $18.2 million to operate the Marion and Lee Adjustment Centres and Otter Creek Women's Prison. Although the corrections commissioner believes that the savings criteria are being met the auditor has recommended an overhaul of the contracting laws to enable strict oversight.

APCTO'S INS AND OUTS The Association of Private Correctional & Treatment Organisations (APCTO, 'the voice of private corrections',) has been dealt a blow by the withdrawal of Corrections Corporation of America (CCA) from the organisation. CCA's president, John Ferguson, has also withdrawn as president of APCTO. CCA is the largest private prison operator in the US. However, APCTO's August newsletter reported that Youth Services International and First Correctional Medical renewed their membership. In October APCTO reported that the GEO Group, one of the organisation's founding members, had re-joined after an earlier resignation and Cornell Companies had renewed its membership. In September 2006 the US Detention Trustee "travelled to APCTO's Washington office to spend more than three and a half hours discussing her vision ... and the role of public-private correctional partnerships in helping to meet the need for additional detention beds in the US."
apctoe-news, www.apcto.com

9.1.1.4 NEWSPAPER ARTICLES FOR GEO RUN FACILIITES

9.1.1.5 ALLEN CORRECTIONAL CENTER, KINDER, LOUISIANA

February 3, 2009 *The Town Talk* The three men who escaped from the Allen Correctional Center in Kinder Jan. 26 have been charged with aggravated escape and are back in the custody of the Department of Corrections. Cecil Stratton, the last of the three men to be apprehended, went before a judge Tuesday morning for a brief court appearance before he was released back to the custody of Louisiana Department of Public Safety and Corrections. The other two escapees – Troy Hargrave and Daniel Reeder – were both charged Friday with aggravated escape and turned over to state custody.

January 29, 2009 *The Town Talk* Fatigue, cold and hunger led one of three Allen Parish prison escapees to turn himself in Wednesday, authorities said. Law enforcement officers have two of the three men, who escaped Monday from the Allen Correctional Center in Kinder, in custody. Federal, state and local law enforcement agencies say they are turning up the heat on the third escaped convict, who remains on the loose. "We are working around the clock to locate Cecil Stratton," Deputy U.S. Marshal Corey Britt said. "And anyone who assists

Cecil will be prosecuted to the full extent of the law." Stratton -- who was serving a 25-year sentence for convictions of simple escape, simple burglary, first-degree robbery, marijuana possession, felony theft and flight from an officer out of St. Mary Parish -- is the only escapee who has not been captured. Escapees Daniel Reeder and Troy Hargrave -- both serving sentences for manslaughter convictions -- are back in police custody.

January 27, 2009 ***The Advertiser*** A prison guard has been booked with helping three dangerous inmates escape from the privately run state prison in Kinder, the Allen Parish Sheriff's Office said Tuesday. Detective Peggy Kennedy said Jesse Jordan, 19, of Glenmora was held without bond after being booked Monday night on three counts of assisting escape and one of malfeasance in office. He had worked there as a guard since May, Chief Deputy Grant Willis said. "It appears the motivation on his part was for monetary value," Willis said. He said Jordan was cooperating with investigators. Jordan was employed by GEO — Global Expertise in Outsourcing Inc., the private company that runs the prison, Kennedy said. A call to the prison was not immediately returned. Daniel Reeder, 24, of Shreveport, Troy Hargrave, 32, of Crowley, and Cecil Stratton, 29, of Berwick were missing at the 6 a.m. head count, prison officials said. They described all three as dangerous and said Reeder and Hargrave were serving time for manslaughter. Three rows of razor wire on the ground in front of the fence had been cut through, but neither the fence nor the razor wire on top of it had been cut, Willis said. "We can't say for certain that's the way they got out, or whether it was a decoy," he said.

January 27, 2009 ***The Town Talk*** Three inmates -- two of whom were serving time for manslaughter -- escaped from a correctional centre in Kinder sometime before 6 a.m. Monday, prison officials reported. Authorities from the Allen Correctional Centre in Kinder said the three men should be considered dangerous. Officials are asking anyone with information or anyone who sees the escapees to contact their local authorities or call 911. The three men were discovered missing when the facility conducted its 6 a.m. count. The escapees were identified as: Daniel Reeder, a 24-year-old white man, 5 feet, 6 inches tall and 140 pounds with brown hair. He was serving a 30-year sentence for a manslaughter conviction in Caddo Parish. Troy Hargrave, a 32-year-old white man, 5 feet, 9 inches tall and 203 pounds with blond hair. He was serving a 40-year sentence for a manslaughter conviction in Calcasieu Parish. Cecil Stratton, a 29-year-old white man, 6 feet, 1 inch tall and 185 pounds with balding brown hair. He was serving a 25-year sentence for convictions of simple escape, simple burglary, first-degree robbery, marijuana possession, felony theft and flight from an officer out of St. Mary Parish. In addition to the three offenders, the facility is listing Sidonia Marie Stratton of Morgan City as a person of interest in the incident. She is the sister of Cecil Stratton and is thought to be driving beige 1998 Mercury Sable with license plate OZK138. The dress code for offenders at Allen Correctional Center is navy blue scrubs with a white undershirt or blue jeans, a blue-jean button-up shirt or gray sweatshirt, but it is not confirmed what the men were wearing when they escaped. Security and K-9 teams from the correctional center are working with local law enforcement in Allen Parish and surrounding parishes to track down the three escaped inmates. The local community has been notified of the escape, as is standard in these situations, officials said. Allen Parish Sheriff's Office Chief Deputy Grant Willis said the Sheriff's Office is assisting in the search efforts. According to a release from the facility, Hargrave may have family in the Jennings, Kinder and Lake Arthur areas. Jennifer Allemand, programs manager

for the GEO Group facility, said the three men were state Department of Corrections inmates who were housed in the medium-custody private prison.

March 15, 2007 ***KPLC TV*** It was between two and three in the afternoon Wednesday when Brian Scott escaped from the Allen Correctional Center by scaling the fence. Scott is convicted of felony theft and as a fugitive was considered dangerous. The prison is a medium security state facility but is operated by a private company, the Geo Group. Warden Terry Terrell says, with the help of numerous law enforcement agencies, procedures were put in effect to identify the missing inmate and get a manhunt underway to capture him. "I don't know that you could get out of a situation any better than what we did. The inmate was apprehended. Neither he nor anyone in law enforcement was injured so we are very thankful for that. "In such cases they notify those who live near the prison, that is if they've signed up to be notified when there's an escape."About once a year and sometimes more frequently we put out flyers to all the local residents that we're aware of and ask them if they do wish to be contacted in a similar circumstance to simply fill out the form and name a number so we can put them on the calling list," says Terrell. But people who live near the prison such as in this area called Hickory Flat say they need to do a better job of alerting the public when an inmate escapes. Explains Virgil Richard, "We're taxpayers. Why can't they burn a little gas and let us know something. They were supposed to have had a horn, an alarm system and we don't have that." Neighbor Lloyd Miles agrees. "We've got some elderly people here and some handicapped people here by themselves and I'm mostly concerned about them. And we got kids."

October 23, 2002 Few concerned citizens ventured out to Alexandria City Hall Tuesday evening to speak out on the escape and fatal shooting of an HIV-positive state inmate. But those who attended were vocal in their questions and suggestions for the Department of Corrections and the Allen Correctional Center in Kinder. The committee did not make any recommendations concerning the escape or policies of the Department of Corrections or Wackenhut Corp., which owns Allen Correctional Center in Kinder. Cotton, 43, of Houma, escaped Aug. 21 from his room at the hospital. Thirty-eight hours later, he was shot while hiding underneath a home. Cotton snatched a .357-caliber handgun from the lone female guard assigned to him when she bent down to unshackle him so he could use the restroom, police said. (Daily Town Talk)

ALUTIIQ SECURITY AND TECHNOLOGY, ALASKA

December 10, 2004 ***News & Observer*** We commend your excellent Nov. 30 editorial and the fine investigative report on Nov. 28 on the award of no-bid deals to Alaska Native Corporations such as Alutiiq Security and Technology. We endorse your call for urgent scrutiny of this system and the back-door access it affords major defence contractors like Wackenhut Corp. to gain lucrative federal work by teaming with Alutiiq as a subcontractor. Your reporters quoted an Army spokesman who said that Alutiiq, with little experience in security, would have been unlikely to win the contract on its own. But it gets even worse: Wackenhut was a failed bidder in the second phase of contracts which were competitively awarded. Only in this perverse "system within a system" can two losers become a winner. If companies like Wackenhut can skirt competitive bidding processes, taxpayers can have little

confidence that we are getting value for money -- in this case up to half a billion dollars Bill Ragen Deputy Director, Building Services Division, Service Employees International Union Washington.

ARIZONA DEPARTMENT OF CORRECTIONS

May 2, 2004

Groups of Arizona prisoners transferred to a Texas private prison staged fights and hunger strikes to either improve conditions or earn transfers back to Arizona. The incident report from Wackenhut Corp.'s Pecos, Texas, prison officials recommend eight inmates be sent back to Arizona because they are security problems. The report details a fight between two groups of prisoners, with at least 14 taking part in the late-night April 10 fight. The subsequent investigation showed that some inmates from each group were conspiring to get back to Arizona. The decision last year by the Arizona Legislature to ship about 2,000 inmates to out-of-state prisons angered some inmate family members, mainly because contact with inmates will be limited by the financial ability to travel to either Texas or another prison in Oklahoma. ***(Arizona Daily Star)***

AULT CORRECTIONAL FACILITY, AULT, COLORADO

May 9, 2007 ***Greeley Tribune***

Plans for a private prison in Ault came to a halt recently when Colorado Department of Corrections rescinded its offer to GEO Group. Ault Mayor Brad Bayne said board members haven't discussed the prison for months. "Until there was some sort of guarantee, we'd just rather not talk about it," he said. "There is probably some disappointment from me and a few board members who believe we still could have made it work for the town." Talk of the 1,500-bed medium-security prison proposed last spring has bought some uproar in the town of fewer than 1,500 residents. Some said a prison coming to town would boost the town's economy, but others said it would be too dangerous because of its proximity to the town. The plan was to build on 40 acres in the southeast part of town. Last spring, the GEO Group entered into a tentative agreement with the town -- which approved the prison in concept only -- so it could secure state approval to build there. Months later, the town board passed an ordinance requiring resident approval before any prison could be built. Town officials haven't heard from a GEO Group representative since September, when GEO hosted a public forum answering questions from residents, he said. But DOC Executive Director Ari Zavaras put a stop to all discussions with the private prison contractor. He sent a letter April 24 to representatives of GEO Group, stating they would no longer discuss the plans for the Ault prison or GEO's request for a guaranteed bed count. "We had continued to have very open and productive conversations with GEO," said Allison Morgan, spokesperson for the DOC. "But we did not agree with a bed guarantee." GEO requested a guarantee on the number of beds that would be filled by prisoners at any given time, since the state pays private prison contractors a daily rate per inmate. Phillip Tidwell, a member of the Citizens Against Ault Prison, said the decision to rescind the DOC offer to GEO Group made him happy. "We're definitely feeling this is a responsible act from both parties," Tidwell said. "The contract should have never been fulfilled by the state because of GEO making the specifications with the state for a guaranteed bed count." In the letter to rescind, Zavaras stated that in June 2006, the DOC offered a contract with GEO Group with the exception to GEO's request for a bed guarantee. On July 7, the DOC asked for GEO group to sign and complete the proposed implementation agreement. After a few meetings, GEO Group still requested a bed guarantee, which the DOC could not grant. The two entities have gone back and forth on the bed guarantee issue since August. According to the

letter, Zavaras gave GEO a new deadline of April 2 to sign the Implementation Agreement or provide a reason for not signing in writing to the DOC no later than that date. "It was apparent the Department and GEO could not come to an agreement," Morgan said.

April 18, 2007 ***Colorado For Ethics*** The Colorado Department of Corrections (CDOC) responded to a March 5, 2007, open records request by Colorado Citizens for Ethics in Government (CCEG) that sought documents relating to a private prison contract awarded by CDOC to The GEO Group, Inc. The documents obtained by CCEG confirm that former Director of Prisons Nolin Renfrow began working for The GEO Group while still on state payroll, a blatant conflict of interest. In an email to Brian Burnett, the deputy executive director of CDOC, Dave Schouweiler, DOC Manager of Purchasing, stated that Renfrow was on state payroll until January 31, 2006 and acknowledged the "impropriety of Mr. Renfrow's involvement with the originating procurement." The CORA request and responsive documents are available on CCEG's website at www.coloradoforethics.org. CCEG is posting these records as part of its commitment to holding the government responsible for its actions.

March 6, 2007 ***Greeley Tribune*** Saying GEO Group Inc. can't be trusted, a Pueblo lawmaker asked state officials Monday to rescind a contract with the company to build a private prison in Ault. Plans for the prison, which would house 1,500 inmates and would be built east of the railroad tracks along U.S. 85, has stalled on two fronts. Ault leaders decided they would not approve the facility until the public voted on it, and GEO wants to change its contract to ensure payment for its beds. Rep. Liane "Buffie" McFadyen, D-Pueblo West, a vocal critic of private prisons, said Monday that the proposed change and other issues regarding GEO's integrity should negate the Ault contract. "Anybody living in Ault should be concerned that a company that would bid this way on a contract might have a business in their town," she said. Philip Tidwell, spokesman for the town group Coalition Against Ault Prison, said residents hope no one else bids on the Ault prison if GEO's contract is rescinded. "We just do not want any private prison, whether it be GEO or Cornell or anyone else," he said. A spokesman for GEO did not return calls seeking comment. McFadyen said the company is attempting to do the same things in Ault that derailed plans for a GEO facility in Pueblo. In 2003, GEO won a contract for a 1,100-bed, pre-parole and parole revocation facility in Pueblo, and after almost four years of delays, the state pulled the contract last fall. The company never broke ground on the facility. "The state of Colorado was held hostage for four years waiting for those beds," McFadyen said. The delays included zoning issues in Pueblo and GEO's attempt to obtain guaranteed payments on 90 percent of its beds, regardless of whether the beds were occupied. That is something state leaders have opposed and which may even be impossible because of state laws, McFadyen said. Now, GEO is trying for guaranteed bed payments in Ault, she said. "You have to question the integrity of the 2006 bid," she said. "If past performance is an indicator, I suspect we will be in the same place we were in 2003 in Pueblo." McFadyen said Ari Zavaras, the new director of the Department of Corrections, told her he is opposed to bed guarantees. Corrections spokeswoman Alison Morgan told the Associated Press that Zavaras will review McFadyen's request and decide how to respond. The story of Ault's possible prison goes back to late 2005, when Nolin Renfrow, former director of prisons for the Department of Corrections, started working with GEO on a bid for a private prison. Renfrow is under investigation for using state sick leave to obtain the Ault contract on behalf of GEO. On Monday, Colorado Citizens for Ethics in Government, a watchdog group,

filed an open records request about the Ault bid. "We do not feel that the public's interest was put forth in the procurement of this contract," said Chantelle Taylor, spokeswoman for the watchdog group. A state audit found Renfrow's business activities "arguably present a conflict of interest and result in a breach of ... the public trust." That breach, coupled with GEO's attempt to change its Pueblo contract by adding the bed-payment guarantee, should have prevented the company from getting the Ault bid in the first place, McFadyen said. Tidwell agreed. "One thing the state should recognize is (GEO) did not operate fairly," he said. "They hired an insider knowing he worked for the state. In my mind, GEO has shown itself to be not a company that operates fairly in the state of Colorado.

March 5, 2007 ***Rocky Mountain News*** Rep. Buffie McFadyen, D-Pueblo West, and two reform groups today formally requested the director of the Department of Corrections and the governor rescind Geo Group's bid to build a private prison in Ault. The reasons cited included the company's performance on a 2003 bid to build a private prison in Pueblo. McFadyen said GEO Group lost its contract to build the Pueblo facility because it delayed the start of construction, then tried to renegotiate its contract to get a guarantee that it would be paid for 90 percent occupancy, even if beds were not filled. "Basically, the state of Colorado was held hostage for four years. They didn't even break ground," McFadyen said. In her letter to Ari Zavaras, executive director of DOC, she said, "It would appear that the state's best interests were not served by allowing GEO group to bid any contract with the state because of its lack of performance on tis 2003 award." Officials with Geo Group could not be reached for comment Monday afternoon. Alison Morgan, spokeswoman for the DOC, said Zavaras was aware of the letter being sent by McFadyen, but had not seen it Monday. "Since he was not with the department during the RFP (request for proposals) process, it is an issue that he is still studying and is being briefed on," said Morgan. "Once he has all the information, including McFadyen's letter, he would welcome an opportunity to sit down and talk to her."

December 26, 2006 ***Greeley Tribune*** After the state Department of Corrections pulled its contract with the GEO Group to build a prison in Pueblo, Ault residents wonder about GEO's proposed prison plans in their backyard. While some speculate that the department's decision to pull the contract will halt the company's plans for Ault, others say it has changed nothing. For Phillip Tidwell, a member of the Citizens Against Ault Prison, the Department of Correction's decision in Pueblo was good news for his own fight. "We are elated ... finally someone will investigate them," he said. "The board is not calling off anything, but to me, like the DOC, why hasn't Ault pulled out on our contract with them? They're not truthful, not honest from the beginning ... Now, we don't feel alone. We will continue our own fight, it just feels like we're being assisted by the DOC." The contract was cancelled for the Pueblo prison after concern about GEO's lack of progress on the project. The corrections department said that after four years, the company failed to respond to inquiries from them and failed to break ground on the Pueblo facility. In Ault, the state awarded the GEO Group the right to build a 1,500-bed medium security men's prison on 40 acres in the southeast part of town. Despite the initial discussions, there still are no final decisions on the Ault proposal. Ault Mayor Brad Bayne said the department's decision about the Pueblo facility won't change what's happening in Ault. "The town hasn't changed its views on this," he said. He said for the prison to be built in the town, there has to be a guarantee from the state, a negotiation between the town and the GEO Group that makes sense and a vote of residents to approve the plans. Town officials

Information collected from the internet for this report

haven't heard from a GEO Group representative since September when GEO hosted a public forum answering questions from residents, he said. "... We're in a holding pattern until the state guarantees the matter," he added. The plan first came to light at the end of May when the GEO Group gave a proposal to the Ault Town Board. According to meeting minutes, representatives from GEO said the project would be funded through a local government bond, where the state pays the local government, which then pays GEO. They said the facility would house 1,500 beds, but the request for proposal on the project would allow up to 2,250 beds. To fight the project, Citizens Against Ault Prison demanded an injunction on the town's code which will require a vote of residents to decide the fate of the prison. The injunction, which was signed by 297 voters, was approved by board members in November.

December 16, 2006 ***The Gazette*** State prison officials have cancelled a contract for a new private prison in Pueblo, a move that casts doubt on how much Colorado will be able to rely on private prisons while it copes with a crowding crisis. The GEO Group, which was awarded a contract in 2003 to build the Pueblo pre-release prison, has also been contracted to build and operate a prison in Ault, in north-eastern Colorado. But the same issue that doomed the Pueblo project — the company's insistence it be guaranteed nearly full occupancy — could derail the latter prison, because GEO is making a similar demand. "If GEO's going to demand a bed guarantee, they need to leave the state," said state Rep. Buffie McFadyen, a Pueblo Democrat and leading critic of private prisons. "It is not the job of the Colorado taxpayers to ensure profits for this corporation." The Pueblo prison was delayed repeatedly: by zoning issues, by a legal challenge from a prison-reform group and by several revisions to the plan by GEO. But the final impasse began this summer, when the company asked for a 90 percent minimum occupancy guarantee for the prison, which wasn't a condition of the original proposal and was opposed by Department of Corrections officials. Private prisons are paid a daily rate per inmate by the state, currently $52. Last month, the DOC denied a contract-extension request, and on Thursday informed the company that it was cancelling the contract. "Ground has not broken, and GEO has given no indication when, or even if, it plans to commence construction," DOC executive director Joe Ortiz wrote. "Our patience cannot be infinite." The department is facing an acute crowding problem. Years of cancelled prison-construction projects and steady growth in court caseloads have created a shortage of prison beds. The DOC this week began shipping 720 inmates out of state, a temporary solution until new beds become available. With only one state prison under construction, Colorado State Penitentiary II in Cañon City, the DOC this year awarded contracts to three companies to build prisons for 3,776 inmates. The GEO Group's proposed 1,500-bed prison in Ault is a major part of the plan. Alison Morgan, head of private-prison monitoring for the DOC, said the department still expects GEO to follow through on its proposal in Ault. "We are treating the Pueblo facility and the Ault facility separately. We have from Day 1, and we will continue to do so," Morgan said Friday. However, GEO is making the same demand for guaranteed occupancy for the Ault prison. Asked whether the DOC is still opposed to a guarantee, she said, "It is a policy decision to be addressed by the new administration (of Gov.-elect Bill Ritter) and the General Assembly." The local community isn't even sure it wants a prison. Ault's town board last month passed an ordinance requiring voter approval for the prison. No election date has been set. McFadyen said she doesn't believe GEO ever intended to complete the Pueblo prison, and she doubts the company's ability and will to follow through in Ault. "We've been set back three years in our planning," McFadyen said. "I think that kind of delay is unacceptable, and we'll

learn from this experience and not allow another contract to drag on for three years." A call to a spokesman in the company's Boca Raton, Fla., headquarters was not returned Friday afternoon. An audit requested by Mc-Fadyen regarding the bidding process for the Ault prison was released this week. It showed that a top DOC official set up a consulting business to help GEO win the bid while he was employed by the state. Because the DOC is based in Colorado Springs, the office of 4th Judicial District Attorney John Newsome will receive the results of the investigation and determine whether any law was broken. Morgan said the DOC will issue a new request for proposals for a pre-release prison.

December 14, 2006 *Pueblo Chieftain* A three-year effort to build a private prison facility at the Pueblo Memorial Airport Industrial Park appears to be dead after the Colorado Department of Corrections and the prison company reached an impasse over guaranteed occupancies. On Tuesday, reports said that the DOC was working with the attorney general's office to draft a letter to the GEO Group that essentially kills the company's plans to build a 1,000-bed pre-parole and parole revocation facility on 36 acres east of the city. GEO officials said Wednesday they had not received any letter from the DOC, but also didn't express much confidence a deal could be struck for the facility. "We have been in negotiations with the Department of Corrections, but we don't have any contract signed and at this time it does not appear there will be one," said Pablo Paez, director of communications for the Florida-based company. Paez confirmed reports from November that the company was asking for a minimum occupancy guarantee for the facility and also confirmed that the company was planning to go to the city of Pueblo for help to build the prison. "We needed the guarantee to secure the lowest capital cost through tax-exempt bonds," Paez said Thursday. "We would get those through the local municipality." State Rep. Liane "Buffie" McFadyen, D-Pueblo West, who has been a vocal critic of the private prison industry, and state Rep. Abel Tapia, D-Pueblo, wrote a letter to the city in May warning against using public funds to build the facility. "I think it's very positive that the city of Pueblo is not going to risk its credit rating on this project," McFadyen said Wednesday. Officials from the DOC were not available Wednesday to comment on whether the letter had to do with the occupancy guarantees, or the result of an audit suggesting former Director of Prisons Nolin Renfrow may have broken the law by helping GEO secure DOC approval to build a 1,500-bed facility in Weld County, prior to his retirement in January. Paez said GEO had no contact with Renfrow before March. Last month, DOC spokeswoman Kathy Church told The Pueblo Chieftain that talks between the company and the DOC over Pueblo's facility had stalled over the minimum occupancy guarantees and had reached a critical point. "They need to either understand our position and accept it or back out completely," Church said last month. Church told The Chieftain that the DOC couldn't make any guarantees without knowing how much money it had to spend. That money depends on what the joint budget committee decides. McFadyen wondered Wednesday why those guarantees weren't part of the original agreement when DOC solicited bids for the Pueblo project. "If the DOC negotiated additional terms with GEO, they would be the only private prison company to receive such treatment and that's wrong," McFadyen said Wednesday. "I think this goes to the point of how committed they were to coming to Pueblo in the first place." The plans to build the facility started in 2003 when GEO, then Wackenhut Corrections Company, proposed building the prison on the West Side. Those plans eventually shifted to the airport and the city approved a controversial agreement with GEO to build a 500- to 1,000-bed facility. A year ago, GEO bought the property at the airport from the city for $296,800. GEO's original plan was to build a

Information collected from the Internet for this report

750-bed facility at the airport, but got Planning and Zoning Approval in May to expand the facility to 1,000 beds.

December 14, 2006 ***Denver Post*** Results of an investigation into former Colorado prisons director Nolin Renfrow's conduct in office will be turned over to a district attorney early next year, the Department of Corrections' inspector general said Wednesday. Michael Rulo, who has been the agency's inspector general for seven years, said his office has been cooperating with state auditors on the probe. On Tuesday, the auditors announced that a "former senior- level official" of the Department of Corrections launched a prison-consulting business in August 2005, five months before he retired from the department Jan. 31, and helped a private company land a state prison contract. State Rep. Buffie McFadyen, D-Pueblo West, who requested the audit, identified the official as Renfrow. The auditors found that while still employed by DOC, Renfrow began working to assist prospective bidders in developing proposals to his department for a private prison. With his assistance, a company identified as the GEO Group was awarded the contract for a 1,500-bed private prison at Ault. Auditors noted that state employees are barred by law from outside employment that creates a conflict of interest, and from helping people to win a contract with their agency for a fee. Renfrow couldn't be reached for comment Wednesday. Rulo said the results of his office's investigation will be turned over to El Paso County District Attorney John Newsome, probably in January. The Department of Corrections is based in that county. Rulo said a decision on whether to file charges will be a "collaborative process" with prosecutors. Kristen Holtzman, spokeswoman for Colorado Attorney General John Suthers, said that Renfrow never contacted the attorney general's office to ask whether his consulting business while still a DOC employee constituted a conflict of interest.

November 15, 2006 ***Greeley Tribune*** The Ault Town Board eased many residents' minds Tuesday night and gave them a stronger voice in the prison debate. Town residents have voiced strong opinions against the proposed GEO correctional facility in Ault after initial discussions last spring. Tuesday night, the town board voted 5-1 to accept an ordinance that requires a town election about the location of any prison or similar incarceration facility. An election date has not been set, but one will be necessary when the GEO Group Inc. returns to the town to begin negotiating a contract. GEO has proposed building a 1,500-bed medium security prison on about 40 acres in southeast Ault. The prison population would double the town's population. Most recently, the GEO group sought assurances from the state Department of Corrections for a guaranteed number of prisoners to house at the prison, but DOC representatives said the state typically didn't provide such guarantees. Residents recently signed a petition requesting an election about a site before the town approved permits for such a building. Petitioners needed a minimum of 40 valid signatures to take the request to the board. They submitted 297. Mary Schlack, 37, of Ault said she was part of the petition effort after she went door-to-door and learned more people were opposed to the prison. She said she expected more than 40 signatures because of her previous questions to residents.

September 29, 2006 ***Greeley Tribune*** Al Nickel was one of a few passionate people who attended a question-and-answer session Thursday about a proposed private prison in his town. He was more concerned about the possible safety risks of having a prison nearby than the potential for increased revenue. "What are they going to do for the

town?" asked Nickel, a 21-year resident of the town 11 miles north of Greeley on U.S. 85. "It's not like they can go downtown and buy 100 gallons of milk or toilet paper. Their business has to go elsewhere." Representatives from The GEO Group, Place Properties and Patriot Business Solutions met with about 20 residents Thursday afternoon at the Ault VFW post to discuss the plans of bringing a prison to town. The group held a separate meeting Thursday night, drawing about 40 people. Many people were curious about what the prison would look like and had concerns about Ault being considered a prison town. Ken Fortier, a spokesman for GEO Group, said he hoped to ease some concerns at the sessions. "There's a lot of emotions when it comes to a project like this and the perception of a correctional facility," he said. "We're not here to debate, but to answer questions."

September 10, 2006 ***Greeley Tribune*** Two months ago, the state awarded the Geo Group the right to build a 1,500-bed medium security men's prison in Ault, but so far, progress has been slight. A town meeting in July lured about 300 in protest. Opponents worry about prison breaks, the calibre of employees and the potential for a prison to attract criminals. Proponents of the prison say their dying town needs development, and a prison is a clean industry that would bring commerce and jobs. The prison would be located on roughly 40 acres in the southeast part of town, east of the railroad tracks parallel to U.S. 85. Since the initial discussions, however, there are still no decisions. The Geo Group has not presented the town with a potential contract, and the town board has yet to decide if a contract with the private prison would have to be approved by the board or the residents. Those involved, however, insist there is progress but won't elaborate.

July 22, 2006 ***Greeley Tribune*** It may be a month or more before residents know if the town of Ault will be home to a 1,500-bed private prison. Ault Mayor James Fladung said the town board has not decided if it will sign a binding contract with Geo Group Inc. or if it will allow Ault residents to vote on the proposed medium-security prison for men. Colorado's Department of Corrections recently granted Geo the rights to build a prison in Ault in the next two years. But Geo cannot actually build the facility until it gets approval from the town. The board is negotiating with Geo over prices and fees on issues such as water and sewer. A final contract for the prison still needs to be written. "There is quite a bit of distance to cover yet," said Sharon Sullivan, Ault town clerk and treasurer. "It will continue to be ongoing, but there is a long way to go." Fladung said it could possibly be a month before any decision is made. The town board has the authority to approve a contract without a vote from Ault residents because the land where the prison would be located is zoned industrial, Fladung said. But the mayor said that because of public sentiment the board will consider conducting a poll or even allow a public vote on the issue. Nearly 300 people attended a public hearing last Tuesday. The majority of those people opposed the prison. Fladung said he thought it would be good to hold more public hearings before any contract is signed. "We must listen to the people. They were the ones who elected us," Fladung said. In late June the town board unanimously passed a resolution approving the concept of a private prison in Ault. Sullivan said that resolution confused many people and led them to believe that the town board already signed a contract with Geo. The logistics and time frame of a contract still aren't clear, but Fladung said he can guarantee that the contract will not raise any taxes or utility fees for Ault residents. "I'm standing pretty solid about the people in Ault not paying them a penny more for them to come in," Fladung said.

Information collected from the internet for this report

July 19, 2006 *Greeley Tribune* Debate over whether to allow a men's medium security prison to be built in Ault has divided the normally quiet community. Almost 300 Ault residents overwhelmed Tuesday night's town board meeting to discuss the pros and cons of allowing the Florida-based company Geo Group Inc. to build a 1,500 bed private prison in Ault. So many people showed up that the meeting had to be delayed half an hour to move the meeting to the larger VFW building. The issue pitted neighbour against neighbour with strong opinions and statements made by nearly 50 people on both sides of the issue. "Geo is like Wal-Mart. They could care less about this town," said John Jablonski of Ault. "They want to use us to make money." The majority of the crowd was strongly against the prison but faced opposition from a vocal minority of Ault's business owners. They believe the prison will be the economic boost Ault's dwindling economy needs to survive. Sheila Kelsey, owner of the House of Bargains, has lived in Ault for 34 years and said that during all that time little economic growth has occurred. "The prison would be in my front yard, but we desperately need the business," Kelsey said. "If we do not get this business, this town will die. It will be a ghost town." Many of those against the prison did not like its close proximity to town and called it a safety hazard, a drain on resources such as water and an overall detriment to the well-being of Ault. Amber Kauffman, who has lived in the town for five years, said she is all for growth but not at the expense of having to live near a prison. "We came here to live in a small town and a small community," Kauffman said. "A prison would change the dynamics of this town." Her husband, Ty Kauffman, said that if the prison does go in, the company wants to run water and sewer lines across his fields which would hurt his annual hay crop. Ty Kauffman said that if the prison does come to Ault, he will be out of town in two weeks. "You do so much to your home to loose it all," he said. "It's a nightmare." Ken Fortier, a representative from Geo, said the prison would bring jobs and purchasing power to Ault. He said that Geo is the largest private corrections facility company in the world and operates high and medium security prisons on many continents including the world's largest private prison in South Africa and a facility that is part of the Guantanamo Bay complex in Cuba. "Step away from the emotions to the notion of what economically 300 jobs mean to the town of Ault," Fortier said. There was still a lot of questions left in the air on Tuesday. Board members did not tell the crowd when, or if, they would sign a contract with the company.

July 18, 2006 *Greeley Tribune* Controversy is brewing in Ault about the proposed men's prison expected to be built southeast of town by the Florida-based Geo Group Inc. The Coalition Against the Ault Prison, comprised of 10 residents, will attend tonight's Ault town board meeting to oppose the 1,500-bed prison. The residents have passed out fliers and petitions against Colorado's Department of Corrections late June decision to grant Geo the rights to construct the prison there in the next two years. If the town board signs a contract with the Geo Group, the number of prisoners would more than double this town of roughly 1,400 people. Tasha Greene, 35, an environmental health and safety officer in Ault began the opposition group about a week ago and said the members extensively researched the economic and social impacts a prison might have on a small town. Greene said she collected 117 signatures of registered Ault voters who are opposed to the prison. "There are a few people we talked to that want this prison 100 percent, but the vast majority are dead set against it," Greene said. Though Ault residents have an hour to present comments at tonight's meeting, Greene said she is unsure if the board will take her group's concerns to heart. "We get a sense that they will do what they want to do," Greene said. "Who cares about public opinion?" The

board in May passed a resolution agreeing with the prison in concept. The resolution states that prior to the board executing a contract or any financing agreements with the Geo Group, "the final forms of such documents and/or agreement shall be submitted for approval to the town, and if satisfactory to the town, their execution shall be authorized by resolution or ordinance ..." If the board ignores their concerns, Greene said she plans to pursue formal legal action against the prison's construction. Larry Hosier, another member of the coalition, said he thinks the town board is completely out of touch with the people of Ault and not smart enough to properly negotiate with Geo's high-powered executives. "They don't even know the right questions to ask," Hosier said. The group is concerned the prison will make the town unsafe, overtax the already low water supply in the area, create light and air pollution, lower property values, create a higher unemployment rate, bankrupt small businesses and ruin the character and aesthetics of Ault. "Ault will no longer be 'A Unique Little Town," one of the coalition's flyers proclaims. "Once a prison town always a prison town." Some residents are so concerned about the negative effects they claim they will actually move out of Ault. "I had one guy sign the petition. The next day his home went up for sale," Hosier said, adding that and his wife may consider doing the same after living in town for more than 30 years. Greene is equally convinced that Ault isn't big enough for both her and the prison, and said she would find a new home for her nine horses. She said she is most concerned about safety and the possibility that escaped convicts could put the community in danger. "I'd feel I'll need to put up really tall fences and buy really big dogs and make myself a private arsenal," Greene said.

AURORA INS DETENTION FACILITY, AURORA, COLORADO **January 8, 2008** ***Colorado Confidential*** A former corrections employee is suing prison contractor The GEO Group, operator of the federal Immigration and Customs Enforcement (ICE) detention facility in Aurora. In a suit filed in Denver District Court, former GEO employee Celia Ramirez alleges the company failed to follow its own anti-discrimination policies. According to the suit, filed in December, Ramirez was employed by GEO as a detention officer at the Aurora ICE lockup for just over two years before being fired for failing to return lockup keys to their designated area. However, in the suit Ramirez contends that another GEO worker, Jennifer Beauman, took the keys and placed them on the facility's roof to retaliate against the plaintiff for reporting the employee for inappropriate conduct. According to the suit, Beauman is reported to have engaged in erratic behavior, such as angrily slamming doors and flicking lights on and off in the presence of inmates. Attempts to reach Beauman were unsuccessful. The suit alleges Beauman "joked" about taking the keys to get back at Ramirez, before the keys went missing. A maintenance worker is reported to have later found the keys on the facility's rooftop. The crux of the lawsuit contends that Ramirez was discriminated against for her gender and Latino ethnicity, and that GEO failed to enforce written policies of barring gender or race discrimination as stipulated in the company's employee handbook. Pablo Paez, a spokesman for the GEO Group, said that it is the company's corporate policy not to discuss pending litigation. Lisa Sahli, the attorney who filed the suit, said that Ramirez had obtained another attorney and that she could not speak further on the case because she is no longer Ramirez's legal counsel. Attempts to contact Ramirez were also unsuccessful. The suit comes as GEO is set to expand its Aurora ICE facility by more than 1000 beds, tripling the current threshold of 400 beds. Ramirez is seeking to bring the case to a jury, according to court documents.

December 19, 2007 ***Denver Post*** A private company operating the Colorado immigration detention center in Aurora plans to sink $72 million into an expansion that will more than triple the size of the facility based on Senate proposals to expand border enforcement and bed space for illegal-immigrant detainees. The expansion would turn the 400-bed facility into a 1,500-bed center, making it second in size only to the 2,000-bed Raymondville, Texas, site, according to U.S. Immigration and Customs Enforcement. The Aurora site is in a warehouse area near East 30th Avenue and Peoria Street. The plan by Florida-based GEO Group, which owns and operates the facility, has raised concerns among national and local immigrant- and civil-rights groups and the neighbourhood associations in the area. The expansion is expected to be complete in late 2009. A company spokesman did not return numerous calls, but GEO chairman and chief executive George Zoley detailed the plan recently in a call with analysts. GEO estimates the 1,100 new beds will raise an additional $30 million in annual revenue, Zoley said during the call. Opponents of the plan say their concerns are based partly on the lack of access to internal audits of the facility and recent government reviews showing inadequacies. "One of the major issues is that GEO has a really spotty record in running these sorts of facilities," said Chandra Russo, a community organizer for the Colorado Immigrant Rights Coalition. "Our concern with a private corporation running a prison is that its profits depend on more prisoners. What is the benefit for the community?" Neighbours are also worried about real estate values and environmental impact. ICE denies any connection with the expansion the private company is planning with its own money, said ICE spokesman Carl Rusnok. Currently, the ICE contract for the Aurora facility is for 400 beds, but the deal is up for review each year for the next four years. "If they expand the facility, unless they modify the contract, there is nothing to say those additional beds would be used or contracted by ICE," Rusnok said. Still, national and local immigrant groups are concerned about the expansion at the facility, where they say reports and audits have been slow or not publicly released. Several years ago, the National Immigration Law Center asked the courts to demand that ICE release internal reviews of contract facilities and won. But ICE has been lax in providing the most recent two years' worth of reviews, said Karen Tumlin, attorney with NILC. "Until ICE is willing to release all of the reviews, we don't want to see these levels of expansion," she said. In July, the Government Accountability Office found problems at several of the detention centres from May 2006 to May 2007. The GAO did not find extreme cases but noted issues at 16 of 17 ICE centres with phone calls to pro bono legal help. In Aurora, the report also found that hold rooms exceeded capacity and log books were not maintained to show how long people were in rooms or when they had their last meal. In October 2006, reviews found the Aurora site in violation for lack of cleanliness in food service. The report also said the center had portable beds in aisles because of overcrowding. Rusnok said many of the problems identified by the GAO have since been rectified and that ICE has no plans based on the Senate proposal. Zoley, during the call, cited a proposed bill, which provides for additional funding to increase border-patrol agents and increase detention bed space by more than 5,000 beds. "We believe that this increase in bed funding will result in additional opportunities for the private sector," he said. The Department of Homeland Security expects the undocumented population, estimated to be around 12 million, to grow by 400,000 annually. The total number of illegal immigrants in administrative proceedings who spend some time in detention annually increased from 95,702 in 2001 to 283,115 in 2006. Detention bed space increased from 19,702 in 2001 to 27,500 last year. After the first of the year, NILC plans to ask for a moratorium on

expansions of these types of facilities until ICE can ensure minimum compliance with its standards, Tumlin said.

July 11, 2007 ***Government Executive Magazine*** In a recent review of federal facilities used to detain suspected illegal immigrants, the Government Accountability Office found a lack of telephone access to be a pervasive problem, potentially preventing detainees from contacting legal counsel, their countries' consulates or complaint hotlines. The GAO review included visits to 23 detention centres housing immigrants awaiting adjudication or deportation. The watchdog agency observed the centres -- run by the Immigration and Customs Enforcement agency within the Homeland Security Department -- for compliance with nonbinding national detention standards. Of the 23 facilities GAO reviewed, 17 had telephone systems allowing detainees to make free phone calls seeking assistance. In 16 of these 17 facilities, however, GAO found systemic problems hindering phone access. Issues ranged from inaccurate or outdated numbers posted by the phones to technical problems preventing completion of calls, the report (GAO-07-875) stated. The review found instances where the centres fell short of standards in other areas, such as medical care, use of force and food services, but said these instances did not necessarily indicate a larger pattern of noncompliance. "While it is true that the only pervasive problem we identified related to the telephone system -- a problem later confirmed by ICE's testing -- we cannot state that the other deficiencies we identified in our visits were isolated," said Richard Stana, director of homeland security and justice issues at GAO, in the report. GAO recommended that ICE regularly update the posted numbers for legal services, consulates and reporting violations of detainee treatment standards and test phone systems to ensure that they are in working order. In a response to a draft of the report, Steven Pecinovsky, director of the Homeland Security Department's GAO/Office of the Inspector General Liaison Office, said ICE concurred with its recommendations and had taken immediate steps to implement them. In particular, ICE has started random testing to ensure the phones can access the necessary numbers. While GAO did not find evidence of widespread disregard for national detention standards, there have been recent calls for more oversight of immigrant detention facilities and codification of standards. According to the American Bar Association's Commission on Immigration, the fact that the standards are not codified means "their violation does not confer a cause of action in court." On Monday, the American Civil Liberties Union called on Congress to codify the standards, expressing concern over the causes of death for the 62 immigrants who have died in ICE custody since 2004. GAO's report cited several instances of noncompliance in the standards for medical care, but almost all were a failure to complete the routine physical exams required for all detainees. The only other issue cited was the failure of one detention center to have a first aid kit available. The ACLU argued there are far more serious medical failures occurring in immigrant detention centers. "Inadequate medical care has led to unnecessary suffering and death," the ACLU said in a statement. "In addition, there is no mechanism in place for reporting deaths in immigration detention to any oversight body, including the [Office of the Inspector General] and, therefore, there are no routine investigations into deaths in ICE custody."

September 27, 2002 Security guards at the Wackenhut INS detention facility in Aurora quelled a disturbance Thursday. The disruption was caused by several detainees during the lunch hour, said Nina Pruneda- Muniz, Denver District spokeswoman for the Immigration and Naturalization Service. "It got handled in a very timely

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manner," Pruneda-Muniz said. "We were able to defuse any situation from going any further." Agents were determining how many prisoners were involved and why the confrontation erupted, she said. (Rocky Mountain News)

BILL CLAYTON DETENTION CENTER, LITTLEFIELD, TEXAS **December 13, 2008** ***Lubbock On-line*** GEO Group Inc. says it has cancelled its contract with the city of Littlefield and plans to terminate 74 employees at the Bill Clayton Detention Center effective Jan. 5 The Boca Raton-based Fla. company gave official notice last month, filing a mass layoff Worker Adjustment and Retraining Act letter with the city in accordance with federal law. The letter was obtained by The Avalanche-Journal. Under the law, an organization terminating 50 or more employees must give at least 60 days notice. GEO's decision was made shortly after it learned its own contract had been cancelled with the Idaho Department of Corrections, which according to the Times-News in Twin Falls, Idaho, cited prisoner safety concerns. IDOC had contracted with the for-profit corporation to house 300 of its inmates in the one-time youth detention facility owned by the city. Some of those inmates, according to the Times-News, will be transferred to the North Fork Corrections Facility in Sayer, Okla., which is operated by Corrections Corp. of America. "We understand the gravity of the situation and the citizens' concerns, but we are working hard toward a solution," said Danny Davis, Littlefield city manager, who was informed about GEO's decision on Nov. 7. He said the city has since hired Woodlands-based Carlisle & Associates, a municipal consultant, which has been brought on board to sell the 372-bed prison. Littlefield, which issued revenue bonds to construct the facility as part of an economic development strategy, still owes $10 million. However, Davis said, the city had already set aside a year's worth of bond payments as a precautionary measure when it made the decision to build. "We have enough to make at least the next three payments," adding the city should not have to tap those reserve funds until August. Danny Soliz, director of business services for Workforce Solutions South Plains - the area's largest job placement/training organization - said he met with Littlefield prison guards during 12 hours of informational sessions Wednesday. "We'll be doing everything we can to help them," he said. Soliz said many of the workers told him they have no intention of leaving Littlefield, while others showed interest in applying for jobs at the new Lubbock County Jail and the Montford Psychiatric Unit operated by the Texas Department of Criminal Justice. Soliz said Workforce brought in an expert from Fort Worth to assist workers in filing for unemployment benefits. Davis said the city is working on a number of scenarios involving filling the facility with inmates from other areas on a temporary basis. "We've also talked with a number of people who are interested in buying it. There are a lot of entities out there looking for beds, but it takes time for these solutions to transpire," he said.

December 9, 2008 ***Yahoo*** Fitch Ratings has placed the 'BBB-' rating on Littlefield, TX's (the city) outstanding $1.4 million combination tax and revenue certificates of obligation (COs), series 1997 on Rating Watch Negative. The CO's constitute a general obligation of the city, payable from ad valorem taxes limited to $2.50 per $100 taxable assessed valuation (TAV). Additionally, the COs is secured by a pledge of surplus water and sewer revenues. The Negative Watch reflects recent events related to the operation of the city's detention center facility, which accounts for the majority of outstanding debt. Officials are pursuing various alternatives to remedy the situation, with possible resolution within the next several months. Funds to repay debt service on detention center COs (which were not rated

by Fitch) over the next one to two years have been identified through available city funds as well as a debt service reserve fund. However, failure to develop a viable long-term solution within the near term will have a negative impact on the rating. Detention center operations support approximately $1.4 million in outstanding 2000 COs and $9.0 million in outstanding 2001 COs issued for the construction of the facility. The detention center has a history of difficulties, beginning with construction delays and the subsequent loss of Texas Youth Commission (TYC) prisoners in 2003 and State of Wyoming prisoners in 2006. Detention center operations began to stabilize with the near immediate replacement of the State of Idaho prisoners in the facility. The city's contract with Idaho was scheduled to expire in July 2009, with negotiations for contract renewal planned for January 2009. However, to the surprise of city officials, Idaho recently announced their plans to leave the Littlefield facility in January 2009, citing the need to consolidate all of its out-of-state prisoners into a larger facility in Oklahoma. In addition, the detention centre's private operator, the Geo Group unexpectedly announced termination of their agreement to manage the facility effective January 2009. The move to leave Littlefield by the Geo Group is significant, given that the established private operator had made sizable equity investments in the detention center reportedly totalling approximately $2 million. In the past, the ability of the Geo Group to quickly replace prisoners with little disruption in operations as well as their investment in the Littlefield detention center were cited as credit strengths. In response to the sudden loss of both prisoners and operators, city officials are investigating various options. According to the city, a number of other jail operators have expressed interest in managing the Littlefield facility. In addition, officials are considering selling the facility and retiring the outstanding debt. Officials have expressed the need to resolve this issue quickly and hope to have additional information within the next several months. In the interim, officials report that sufficient funds are on hand to make the Feb. 1 debt service payment, with the subsequent payments made from other resources, including the water and sewer fund as well as the debt service reserve fund. Prior to fiscal 2006, the detention center fund required transfers primarily from the water and sewer fund to meet operating and debt service needs. Since that time, detention center net revenues have been sufficient to cover its debt, providing 1.1 times (x) coverage in fiscal 2007. The water and sewer fund, which supports the remainder of the city's general obligation debt, continues to record positive results and for fiscal 2007, net revenues were $1.4 million, providing more than 3x coverage on water and sewer related CO debt service. In addition, the series 2000 and 2001 CO sales included provisions for a fully funded debt service reserve fund. Although the city utilized the reserve fund to meet debt service requirements in 2001 due to the delay in opening as well as the moratorium on TYC transfers to the detention center, officials report that the reserve is currently fully funded and has not been utilized since 2001 to meet debt service needs. For fiscal 2007, the restricted reserve stood at $1.1 million compared to fiscal 2007 debt service of approximately $780,000. Although the detention COs are also secured by an ad valorem tax pledge, the city levies a property tax for operations only. Officials report that they are considering levying a property tax to partially support the detention center COs. However, in order to fully support the detention center COs, the tax rate would have to double, which is not feasible given political realities. Littlefield, with a population of 6,500, is located approximately 35 miles northwest of Lubbock and serves as the county seat for Lamb County. The area is primarily rural in nature, with agriculture services, government, manufacturing, and trade as key components of the county's economy. The city's population and TAV had been flat until recently; for fiscal 2008 the city's tax base increased nearly 5% due to the construction of

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several commercial projects as well as residential development. While there is moderate taxpayer concentration among the top 10 taxpayers, there is generally a good mix of industries within the list. General fund finances have stabilized over the past several years, benefitting from the recent imposition of a 0.25% increase in the sales tax rate as well as tax base growth. Debt ratios are very low given the level of non-property tax support for outstanding COs although payout is slow. Fitch issued an exposure draft on July 31, 2008 proposing a recalibration of tax-supported and water/sewer revenue bond ratings which, if adopted, may result in an upward revision of this rating (see Fitch research 'Exposure Draft: Reassessment of the Municipal Ratings Framework'.) At this time, Fitch is deferring its final determination on municipal recalibration. Fitch will continue to monitor market and credit conditions, and plans to revisit the recalibration in first quarter-2009.

November 14, 2008 ***Magic Valley Times-News*** Families of two Idaho inmates who apparently killed themselves in lockups run by private prison company GEO Group Inc., pleaded Thursday with Texas state senators to bar out-of-state prisoners from the Lone Star State. The Idaho Department of Correction has housed more than 300 prisoners at GEO-run Bill Clayton Detention Center in Littlefield, Texas, but recently announced plans to move them to the private North Fork Correctional Facility in Sayre, Okla. The move follows allegations that GEO falsified reports and short-staffed the Texas facility where Idaho inmate Randall McCullough, 37, died. Families of Idaho inmates spoke Thursday at a Texas state Senate hearing in Austin, Texas. The hearing, which dealt with general oversight of the Texas prison system and did not result in specific action, was webcast live over the Internet. Among those testifying was lawyer Ronald Rodriguez, who represents McCullough's family as well as that of Idaho inmate Scott Noble Payne, 43, who killed himself last year at another GEO-run prison in Dickens, Texas. "Idaho prisoners need to be in Idaho where they have access to their court - Where they have access to their families," Rodriguez on Thursday told the Texas Senate Committee on Criminal Justice. Payne's mother, Shirley Noble, spoke to Texas lawmakers last year and again on Thursday. "It seems that no lessons were learned," Noble said. "If changes had been placed - Randall would not have been so desperate to take his own life, as my son did." Texas Sen. John Whitmire, D-Houston, chairman of the Senate Committee on Criminal Justice, questioned why the "little" state of Idaho recently decided to pull its prisoners from Geo-run Bill Clayton. "Should we be following their lead?" he asked. But a Texas Department of Criminal Justice official told Whitmire that Texas inmates aren't held at Bill Clayton, and warned against painting private prisons in Texas with a broad brush. Inmate McCullough's sister, Laurie Williams, told Texas senators that they should do a review of all private prisons in their state - including GEO competitor Corrections Corporation of America (CCA). Idaho prisoners are to be taken to CCA-run North Fork in Oklahoma, where another Idaho inmate, David Drashner, was allegedly murdered in June. IDOC's decision to move prisoners from one privately run lockup to another out-of-state facility concerns Williams, as well as Drashner's wife, Pam Drashner, who have said they want Idaho to stop shipping away its inmates. Idaho doesn't have enough room for all its prisoners, and sending them out-of-state has been widely unpopular. Williams also wants to talk to Idaho lawmakers, she said. "We should be addressing the Idaho Senate," said Williams, after Thursday's hearing in Texas. "This is Idaho sending its inmates out of state whether it's Texas that takes them or Oklahoma and that's what we have to have stopped." GEO made $4.9 million in annual operating revenues off its contract with Idaho

to manage prisoners at Bill Clayton. GEO officials said shareholders won't lose out from Idaho's withdrawal because of an expanding contract with the state of Indiana.

November 9, 2008 ***Magic Valley Times-News*** Private prison company GEO Group Inc. isn't lamenting the loss of a multimillion dollar contract with Idaho to manage more than 300 inmates at a Texas lock-up owned by the city of Littlefield. Idaho was only 1 percent of Baca Raton-based GEO's business, according to a 2007 annual report from the company. "The discontinuation of GEO's contract with the Idaho DOC will have no material impact on GEO's previously issued pro forma earnings guidance for the fourth quarter of 2008," according to a GEO press release Friday. GEO made $4.9 million in annual operating revenues off its contract with Idaho to manage state inmates in Texas, and the company announced Friday that revenue won't be lost because it's expanding a contract with the state of Indiana. "GEO expects the discontinuation of its contract with the Idaho DOC to be more than offset by the 420-bed contract expansion with the Indiana DOC," according to the press release. Idaho Department of Correction officials told the Associated Press Thursday it was pulling out of the contract with GEO and cited inmate safety risks at the Bill Clayton Detention Center, which is owned by the city of Littlefield. GEO, however, claims Idaho pulled out of the contract for a different reason than inmate safety or staffing levels. GEO officials said Friday that Idaho ended the contract because the state wants to consolidate all its out-of-state prisoners into one private facility. "We understand the decision by the state of Idaho to consolidate its out-of-state inmate population into one large-scale facility," said GEO Chief Executive Officer George Zoley in the press release. "The consolidation effort has led to the discontinuation of our out-of-state inmate contract with the Idaho Department of Correction at the Bill Clayton Detention Center." IDOC officials told the Times-News Friday that staffing at Bill Clayton and consolidation efforts were both factors in its decision to cancel the contract with GEO. IDOC didn't reply to the Times-News when asked which factor may have weighed more heavily. The pull-out announced Thursday by IDOC came after a two-month-old audit showed GEO guards weren't checking on inmates enough. GEO is also terminating its contract with the city of Littlefield to run Bill Clayton, which it has operated since 2005, the company announced Friday. GEO decided not to manage Bill Clayton anymore in Littlefield, a town populated by about 6,500 people, "due to financial underperformance and lack of economies of scale," according to the Friday press release. The first formal IDOC audit of Bill Clayton dated Sept. 3 followed an apparent suicide of Idaho inmate Randall McCullough, 37, of Twin Falls in August. IDOC had been monitoring the facility at least two weeks out of every month since last fall, an IDOC official said. IDOC's original two-year contract with GEO signed in 2006 could have ended on July 20, 2008. IDOC extended it a year until July 20, 2009, but now says all inmates will be out of Texas by January and moved to the Northfork Correctional Facility in Sayre, Okla. - run by GEO competitor, Corrections Corporation of America (CCA), which holds hundreds of other out-of-state Idaho inmates.

November 7, 2008 ***The Olympian*** Idaho Department of Correction officials still don't know the cause of death for an inmate who apparently committed suicide in a private Texas prison in August. But what they do know is disturbing: The prison was so understaffed that the warden himself was working the midnight shift at the Bill Clayton Detention Center on Aug. 17, the night Randall McCullough died. A state investigation found that regularly scheduled checks on inmates either weren't done or were done incorrectly, and

Information collected from the internet for this report

there was no effective check done on McCullough from the time he turned in his dinner tray at 5:45 p.m. to the time his body - already cold and stiff - was found just after midnight. Log books from that night are inaccurate, according to the investigation, and the videotape from the prison's security system shows neither the correct date nor the arrival of emergency workers, prompting Idaho investigators to speculate that it might not be the tape from that night at all. "You can see where the train wreck is coming, can't you?" state Department of Correction Chief Investigator Jim Loucks told The Associated Press in an interview Thursday. Department officials this week announced they're terminating the state's multimillion dollar contract with The GEO Group, the for-profit private prison company that runs the Bill Clayton Detention Center. Within 60 days, the roughly 300 Idaho prisoners there will be transferred to the Correction Corp. of America-run North Fork Correctional Institution in Sayre, Okla. The inmates have been housed out of state because of overcrowding in Idaho prisons. As of Oct. 1, Idaho had nearly 7,300 total inmates. The staff at the Bill Clayton center - from then-warden Arthur Anderson down to the correctional officers - didn't follow prison policy or respond properly to McCullough's death,, according to documents obtained by The AP from the Idaho Department of Correction through public records requests. Pablo Paez, spokesman for The GEO Group, has not returned repeated phone calls from The AP. The GEO Group Vice President Amber Martin said she couldn't comment on the documents or Idaho's decision to end the contract. McCullough was found dead in his cell by Anderson at about 12:15 a.m., according to the state's investigation. Two letters were found in his cell as well - one to his sister, Laurie Williams, and another addressed to Anderson and the Idaho Department of Correction. "To hom it may concern," the misspelled, handwritten letter read. "I'v been puting this off for long anuff. I can't set here and slowly die. Sorry for the inconvenience." The apparent suicide surprised those who knew McCullough, according to the investigation. The inmate, who was serving time on a robbery charge, was within a few months of an expected parole hearing and apparently believed he would be sent back to Idaho sometime around the end of the year, pending a cell opening in the state's overcrowded system. McCullough had been in segregation for several months at the Texas facility after he was accused of assaulting a staff member. The prison, located in the tiny town of Littlefield, Texas, competes for employees with nearby oil fields, which often pay more than residents can make working as a correctional officer, Loucks said. That contributed to the chronic understaffing. Around the time McCullough died, prison employees were working as much as 20 hours of overtime every week, and often resorted to calling in sick just to get some time off, Loucks said. On the night of Aug. 17, 2008, five people didn't make it in to work - leaving the prison with just 10 correctional officers for the 6 p.m. to 6 a.m. shift, below the state-mandated minimum of 12, and well below the 15 officers generally scheduled, according to the report. To deal with the shortage, the shift supervisor persuaded two dayshift employees to stay until 10 p.m., and got two employees scheduled for the next day to come in four hours early, at 2 a.m. But that still left the prison short two officers from 10 p.m. on Aug. 17 to 2 a.m. on Aug. 18, Loucks said. That's when Warden Anderson and Chief of Security Dennis Blevins agreed to come in to work those middle-of-the night hours. The short-staffing led to a few bad habits at the prison, according to the report. Officers often committed a practice known as "pencil-whipping," filling out the log books to show they had made security checks on the inmates every 20 minutes, even if the checks hadn't been done. It also meant that the prison was often without a utility officer, an employee charged with fuelling the vehicles, emptying the trash and doing other non-guard duties. Because the segregation unit had fewer inmates than other areas, the correctional officer guarding the unit was generally pulled away

from his duties to take care of the utility officer chores, Loucks said. That happened the night of Aug. 17, he said, and as a result no one noticed that McCullough was unmoving and unresponsive until 12:18 a.m., when Warden Anderson walked by the cell. Anderson radioed for help when he noticed McCullough wasn't responding to knocking on the cell door. Medical personnel came within four minutes, but didn't bring the necessary equipment to treat an unresponsive patient and so had to go back to another part of the prison to get it, according to the report. Staffers began CPR, but didn't move McCullough's body from the bed to the floor, where they would have had a firmer surface and more effective chest compressions, investigators found. Prison officials didn't call 911 for 15 minutes, according to the report, but Anderson reportedly told investigators that was because he was trying to notify enough other employees so they could safely unlock McCullough's door and go into the cell. McCullough was dead and apparently had been for some time - his body was cold to the touch, according to the report. Prison officials immediately suspected that McCullough might have overdosed on medication, and his body was sent for toxicology tests and an autopsy. Those tests have been completed, but the Texas coroner's report has not yet been finished, so Idaho Department of Correction officials still don't know just how or why McCullough died. But one thing is clear: Idaho prisoners will be removed from Bill Clayton. State Correction Department chief Brent Reinke notes the state prison system is expanding, with roughly 600 more beds to be added next year. Reinke hopes that will provide enough room to bring all the out-of-state prisoners home. "It's a real unfortunate situation - it always is," Reinke said. "But there's no question that Idaho inmates are much better to manage in Idaho."

November 6, 2008 ***AP*** The Idaho Department of Correction has terminated its contract with private prison company The GEO Group and will move the roughly 305 Idaho inmates currently housed at a GEO-run facility in Texas to a private prison in Oklahoma. Correction Director Brent Reinke notified GEO officials Thursday in a letter. Reinke said the company's chronic understaffing at the Bill Clayton Detention Center in Littlefield, Texas, put Idaho offenders' safety at risk. An Idaho Department of Correction audit found that guards routinely falsified reports to show they were checking on offenders regularly — even though they were sometimes away from their posts for hours at a time. "I hope you understand how seriously we're taking not only the report but the safety of our inmates," Reinke told The Associated Press on Thursday. "They have an ongoing staffing issue that doesn't appear to be able to be solved." The contract will end Jan. 5. Reinke said the department wanted to pull the inmates out immediately, but state attorneys found there wasn't enough cause to allow the state to break free of the contract without a 60-day warning period. In the meantime, Reinke said, Idaho correction officials have been sent to the Texas prison to help with staffing for the next two months. GEO will be responsible for transferring the inmates to the North Fork Correctional Facility in Sayer, Okla., which is run by Corrections Corp. of America. GEO will cover the cost of the move, Reinke said, but Idaho will have to pay $58 per day per inmate in Oklahoma, compared to $51 per day at Bill Clayton. Amber Martin, vice president for The GEO Group, of Florida, said she couldn't comment on the audit or on Idaho's decision to end the contract. She referred calls to the company spokesman, Pablo Paez, who could not immediately be reached by the AP. As of Oct. 1, Idaho had nearly 7,300 total inmates. The Bill Clayton audit describes the latest in a series of problems that Idaho has had with shipping inmates out of state. Overcrowding at home forced the state to move hundreds of inmates to a prison in Minnesota in 2005, but space constraints soon uprooted them again, this time to a

Information collected from the internet for this report

GEO-run facility in Newton, Texas. There, guard abuse and prisoner unrest forced another move to two new GEO facilities: 125 Idaho inmates went to the Dickens County Correctional Center in Spur, Texas, while 304 went to Bill Clayton in Littlefield. Conditions at Dickens were left largely unmonitored by Idaho, at least until inmate Scott Noble Payne committed suicide after complaining of the filthy conditions there. Idaho investigators looking into Payne's death detailed the poor conditions and a lack of inmate treatment programs, and the inmates were moved again. That's when the Idaho Department of Correction created the Virtual Prisons Program, designed to improve oversight of Idaho inmates housed in contract beds both in and out of state. The extent of the Bill Clayton facility understaffing was discovered after Idaho launched an investigation into the apparent suicide of inmate Randall McCullough in August. During that investigation, guards at the prison said they were often pulled away from their regular posts to handle other duties — including taking out the garbage, refueling vehicles or checking the perimeter fence — and that it was common practice to fill out the logs as if the required checks of inmates were being completed as scheduled, said Jim Loucks, chief investigator for the Idaho Department of Correction. For instance, Loucks said, correction officers were supposed to check on inmates in the administrative segregation unit every 30 minutes. But sometimes they were away from the unit for hours at a time, he said. The investigation into McCullough's death is not yet complete, department officials said. The audit also found several other problems at Bill Clayton. The auditor found that "the facility entrance is a very relaxed checkpoint," prompting concerns that cell phones, marijuana and other contraband could be smuggled past security. In addition, the prison averages a 30 percent vacancy rate in security staff jobs, according to the audit. Though it was still able to meet the one-staffer-for-every-48-prisoners ratio set out by Texas law, employees were regularly expected to work long hours of overtime and non-security staffers sometimes were used to provide security supervision, according to the audit. "Based on a review of payroll reports, there are significant concerns with security staff working excessive amounts of overtime for long periods of time," the auditors wrote. "This can lead to compromised facility security practices and increased safety issues." When the audit was done, there were 29 security staff vacancies, according to the report. That meant each security staff person who was eligible for overtime worked an average of 21 hours of overtime a week. That extra expense was borne by GEO, not by Idaho taxpayers, said Idaho Department of Correction spokesman Jeff Ray. The state's contract with GEO also required that at least half of the eligible inmates be given jobs with at least 50 hours of work a month. According to the facility's inmate payroll report, only 35 out of 371 offenders were without jobs. But closer inspection showed that the prison often had several inmates assigned to the same job. In one instance, nine inmates were assigned to clean showers in one unit of the prison — which only had nine shower stalls. So although each was responsible for cleaning just one shower stall, the nine inmates were all claiming 7- and 8-hour work days, five days a week. GEO is responsible for covering the cost of those wages, Ray said. "While the contract percentage requirement is met, the facility cannot demonstrate the actual hours claimed by offenders are spent in a meaningful, skill-learning job activity," the auditors wrote. Auditors also found that too few inmates were enrolled in high school diploma equivalency and work force readiness classes.

October 1, 2008 ***AP*** For a decade, Idaho has been shipping some of its prisoners to out-of-state prisons, dealing with its ever-burgeoning inmate population by renting beds in faraway facilities. But now some groups of prisoners are being

brought back home. Idaho Department of Correction officials are crediting declining crime rates, improved oversight during probation, better community programs and increased communication between correction officials and the state's parole board. The number of Idaho inmates has more than doubled since 1996, reaching a high of 7,467 in May. But in the months since then, the population has declined to 7,293 -- opening up enough space that 80 inmates housed in the North Fork Correctional Facility in Sayre, Okla., and at Bill Clayton Detention Center in Littlefield, Texas, could be bussed back to the Idaho State Correctional Institution near Boise. The inmates arrived Monday night. Idaho Department of Correction Director Brent Reinke hailed their arrival as one of the benefits the system was reaping after years of work. "It's more about having the right inmates at the right place at the right time," Reinke said. "People are communicating better and we're working together better than we were in the past."

September 21, 2008 ***Times-News*** Pam Drashner visited her husband every weekend in prison, until she was turned away one day because he wasn't there. He had been quietly transferred from Boise to a private prison in Sayre, Okla. She never saw him again. In July, she went to the Post Office to pick up his ashes, mailed home in a box. He died of a traumatic brain injury in Oklahoma, allegedly assaulted by another inmate. David Drashner was one of hundreds of male inmates Idaho authorities have sent to private prisons in other states. About 10 percent of Idaho's inmates are now out-of-state. The Department of Correction say they want to bring them all home; they simply have no place to put them. Drashner, who was convicted of repeat drunken driving, is one of three Idaho inmates who have died in the custody of private lockups in other states since March 2007, and was the first this year. On Aug. 18, Twin Falls native Randall McCullough, 37, apparently killed himself at the Bill Clayton Detention Center in Littlefield, Texas. McCullough, serving time for robbery, was found dead in his cell. IDOC officials say he left a note, though autopsy results are pending. His family says he shouldn't have been in Texas at all. "Idaho should step up to the plate and bring their prisoners home," said his sister, Laurie Williams. Out of Idaho -- Idaho has so many prisoners scattered around the country that the IDOC last year developed the Virtual Prison Program, assigning 12 officers to monitor the distant prisons. In 2007 Idaho sent 429 inmates to Texas and Oklahoma. This year; more than 700 - and by one estimate it could soon hit 1,000. But officials say they don't know exactly how many inmates may hit the road in coming months. The number may actually fall due to an unexpected drop in total prisoner head-count, a turnabout attributed to a drop in sentencing's, increased paroles and better success rates for probationers. The state will also have about 1,300 more beds in Idaho, thanks to additions at existing prisons. State officials say bringing inmates back is a priority. "If there was any way to not have inmates out-of-state it would be far, far better," said IDOC Director Brent Reinke, a former Twin Falls County commissioner, noting higher costs to the state and inconvenience to inmate families. Still, there's no end in sight for virtual prisons, which have few fans in state government. "I do think sending inmates out-of-state is counter-productive," said Rep. Nicole LeFavour, D-Boise, a member of the House Judiciary, Rules and Administration Committee. LeFavour favours treatment facilities over prisons. "We try to make it (sending inmates out-of-state) a last resort, but I don't think we're doing enough." Even lawmakers who favour buying more cells would like to avoid virtual lockups. "It's more productive to be in-state," said Sen. Denton Darrington, R-Declo, chairman of the Senate Judiciary and Rules Committee, who said he would support a new Idaho prison modelled after the state-owned but privately run Idaho Correctional Center (ICC). "We don't want to stay out-of-state unless we have to - It's

undesirable." A decade of movement -- Idaho has shipped inmates elsewhere for more than a decade, though in some years they were all brought home when beds became available at four of Idaho's state prisons. The 1,500-bed ICC - a state-owned lockup built and run by CCA (Corrections Corporation of America) - also opened in 2000. But that wasn't enough: "It will be years before a substantial increase in prison capacity will allow IDOC to bring inmates back," the agency said in April. In 2005, former IDOC director Tom Beauclair warned lawmakers that "if we delay building the next prison, we'll have to remain out-of-state longer with more inmates," according to an IDOC press release. That year inmates were taken to a Minnesota prison operated by CCA, where Idaho paid $5 per inmate, per day more than it costs to keep inmates in its own prisons. "This move creates burdens for our state fiscally, and can harden our prison system, but it's what we must do," IDOC said at the time. "Our ability to stretch the system is over." Attempts to add to that system have largely failed. Earlier this year Gov. C.L. "Butch" Otter asked lawmakers for $191 million in bond authority to buy a new 1,500-bed lockup. The Legislature rejected his request, but did approve those 1,300 new beds at existing facilities. Reinke said IDOC won't ask for a new prison when the next Legislative session convenes in January. With a slow economy and a drop in inmate numbers, it's not the time to push for a new prison, he said. Still, recent projections for IDOC show that without more prison beds here, 43 percent of all Idaho inmates could be sent out-of-state in 2017. "It's a lot of money to go out-of-state," Darrington said. Different cultures -- One of eight prisons in Idaho is run by a private company, as are those housing Idaho inmates in Texas and Oklahoma. The Bill Clayton Detention Center in Texas is operated by the Geo Group Inc., which is managing or developing 64 lockups in the U.S., Australia and South Africa. The North-Fork Correctional Facility in Oklahoma is owned and operated by CCA, which also has the contract to run the Idaho Correction Center. CCA houses almost 75,000 inmates and detainees in 66 facilities under various state and federal contracts. Critics of private prisons say the operators boost profits by skimping on programs, staff, and services. Idaho authorities acknowledge the prisons make money, but consider them well-run. "Private prisons are just that - business run," Idaho Virtual Prison Program Warden Randy Blades told the Times-News. "It doesn't mean out-of-sight, or out-of-mind." Yet even Reinke added that "I think there's a difference. Do we want there to be? No." The Association of Private Correctional and Treatment Organizations (APCTO) says on its Web site that its members "deliver reduced costs, high quality, and enhanced accountability." Falling short? Thomas Aragon, a convicted thief from Nampa, was shipped to three different Texas prisons in two years. He said prisons there did little to rehabilitate him, though he's up for parole next year. "I'm a five-time felon, all grand theft and possession of stolen property," said Aragon, by telephone from the ICC. "Apparently I have a problem and need to find out why I steal. The judge said I needed counselling and that I'd get it, and I have yet to get any." State officials said virtual prisons have a different culture, but are adapting to Idaho standards. "We're taking the footprint of Idaho and putting it into facilities out-of-state," Blades said. Aragon, 39, says more programs are available in Idaho compared to the Texas facilities where he was. Like Aragon, almost 70 percent of Idaho inmates sent to prison in 2006 and 2007 were recidivists - repeat IDOC offenders - according agency annual reports. GEO and CCA referred questions about recidivism to APCTO, which says only that its members reduce the rate of growth of public spending. Aragon said there weren't enough case-workers, teachers, programs, recreational activities and jobs in Texas. Comparisons between public and private prisons are made difficult because private companies didn't readily offer numbers for profits, recidivism, salaries and inmate-officer ratios. During recent visits to the

Bill Clayton Detention Center in Littlefield, Texas - where about 371 Idaho inmates are now held - state inspectors found there wasn't a legal aid staffer to give inmates access to courts, as required by the state contract. Virtual Prison monitors also agreed with Aragon's assessment: "No programs are offered at the facility," a state official wrote in a recently redacted Idaho Virtual Prison report obtained by the Times-News. "Most jobs have to do with keeping the facility clean and appear to be less meaningful. This creates a shortage of productive time with the inmates. "Overall, recreational activities are very sparse within the facility - Informal attempts have been made to encourage the facility to increase offender activities that would in the long run ease some of the boredom that IDOC inmates are experiencing," according to a Virtual Prison report. The prison has since made improvements, the state said. Only one inmate case manager worked at Bill Clayton during a recent state visit, but the facility did increase recreation time and implemented in-cell hobby craft programs, Virtual Prison reports show. Other inmate complaints have grown from the way they have been sent to the prisons. Inmates describe a horrific bus ride from Idaho to Oklahoma in April in complaints collected by the American Civil Liberties Union in Boise. The inmates say they endured painful and injurious wrist and ankle shackling, dangerous driving, infrequent access to an unsanitary restroom and dehydration during the almost 30-hour trip. "We're still receiving a lot of complaints, some of them are based on retaliatory transfers," said ACLU lawyer Lea Cooper. IDOC officials acknowledge that they have also received complaints about access to restrooms during the long bus rides, but they maintain that most of the inmates want to go out-of-state. Many are sex offenders who prefer the anonymity associated with being out-of-state, they said. Unanswered questions -- Three deaths of Idaho interstate inmates in 18 months have left families concerned that even more prisoners will come home in ashes. "We're very disturbed about...the rate of Idaho prisoner deaths for out-of-state inmates," Cooper said. It was the razor-blade suicide of sex-offender Scott Noble Payne, 43, in March 2007 at a Geo lockup in Dickens, Texas that caught the attention of state officials. Noble's death prompted Idaho to pull all its inmates from the Geo prison. State officials found the facility was in terrible condition, but they continue to work with Geo, which houses 371 Idaho inmates in Littlefield, Texas, where McCullough apparently killed himself. Noble allegedly escaped before he was caught and killed himself. Inmate Aragon said he as there, and that Noble was hog-tied and groaned in pain while guards warned other inmates they would face the same if they tried to escape. Private prison operators don't have to tell governments everything about the deaths at facilities they run. The state isn't allowed access to Geo's mortality and morbidity reports under terms of a contract. Idaho sent additional inmates to the Corrections Corporation of America-run Oklahoma prison after Drashner's husband died in June. IDOC officials said an Idaho official was inspecting the facility when he was found. IDOC has offered few details about the death. "The murder happened in Oklahoma," said IDOC spokesman Jeff Ray, adding it will be up to Oklahoma authorities to charge. Drashner said her husband had a pending civil case in Idaho and shouldn't have been shipped out-of-state. She says Idaho and Oklahoma authorities told her David was assaulted by another inmate after he verbally defended an officer at the Oklahoma prison. Officers realized something was wrong when he didn't stand up for a count, Drashner said. "He was healthy. He wouldn't have been killed over here," she said.

August 28, 2008 *Times-News* An Idaho prison inmate held at a private facility in Texas through the state's Virtual Prison Program was in solitary confinement for more than a year when he apparently killed himself, authorities have confirmed. Idaho

Department of Correction is still investigating the cause and manner of death for the inmate, Randall McCullough, 37, who was found unresponsive Aug. 18 in his cell, which measured 7.5 feet, by 12 feet, by 8 feet, said Idaho Department of Correction Spokesman Jeff Ray. McCullough had been segregated from other inmates since Dec. 13, 2007, after he allegedly assaulted a staff member at the Bill Clayton Detention Center run by Geo Group Inc., said Ray. He apparently wasn't criminally charged for that alleged assault in Texas. "It's our understanding that the prosecutor in Texas had not made a decision on whether or not to file charges," said Ray. "The staff assault occurred in Texas and would be considered a Texas crime. IDOC would not have a direct connection to it." Authorities at Geo Group's Bill Clayton Detention Center directed all questions from the Times-News on Wednesday back to the Idaho Department of Corrections. McCullough was in prison for a 2001 Twin Falls County robbery conviction. He had a criminal record involving charges of escape, forgery, controlled substance possession, grand theft, burglary, resisting arrest, and driving violations, according to court records. Imposing inmate segregation for one to two years as a result of an assault on a guard would not be uncommon, and wardens at out-of-state facilities holding Idaho inmates can decide if an inmate is put in segregation, said Ray. Inmates in segregation eat meals in their cells and can shower once every 72 hours. Toilets are in cells and McCullough had a television, said Ray. Lights at the Texas facility are on 24 hours a day, Ray said, adding that some facilities in Idaho dim lights at sleeping times.

August 21, 2008 ***The Times News*** The state's Virtual Prison Program is only a year old and the Monday death of inmate Randall McCullough, 37, could be the second suicide involving the initiative outside of Idaho. Idaho prison officials said Wednesday they're still investigating if McCullough committed suicide at a private contracted facility in Texas - Bill Clayton Detention Center run by the GEO Group Inc. - which is holding 371 inmates each at $51 per day under a contract that expires in July 2009. The Virtual Prison Program started in July 2007, but the state started putting inmates in non-state owned facilities in October 2005, said Idaho Department of Correction Spokesman Jeff Ray. Six state inmates have committed suicide since July 2006, not including McCullough, Ray said.

December 11, 2007 ***AP*** Inmates from Idaho housed at a private West Texas detention facility could face new charges following an attack on a female guard. The woman was attacked about 7:30 p.m. Monday after she apparently tried to take tobacco away from at least two of the inmates at the Bill Clayton Detention Center, Idaho Department of Correction spokesman Jeff Ray said. The woman suffered non-life threatening injuries, he said. Afterward, as many as 15 inmates refused to return to their cells and additional officers were called in to help, Ray said. The inmates then agreed to return to their cells, he said. Officials with the Littlefield police department, which is investigating the incident, did not immediately return a phone call Tuesday. A deputy warden with the Idaho agency is on his way to Littlefield to investigate, a release from that department said. Those involved in the attack could face charges, and inmates who refused to return to their cells will likely face disciplinary sanctions, the release said. The prison is operated by The GEO Group Inc., a Boca Raton, Fla.-based company that owns or operates 68 facilities worldwide. "We will be working cooperatively with the Idaho Department of Correction as they conduct their investigation," said Pablo Paez, a GEO spokesman. A lack of space in Idaho prisons brought hundreds of inmates to Texas in early 2006. They were first housed here at a GEO facility in Newton in East Texas. They were

moved to Littlefield in August 2006 after allegations of abuse by guards prompted an investigation. Three employees at Newton's facility were disciplined as a result of the investigation.

July 31, 2007 ***Idaho Statesman*** Idaho's Department of Correction has created a new position to manage Idaho's roughly 2,400 inmates in private, out-of-state prisons and county jail beds. Randy Blades, who has been the warden at the Idaho State Correctional Institution south of Boise, will monitor the 500-plus inmates, now in three Texas prisons managed by the Geo Group Inc. of Boca Raton, Fla. He will also monitor the 240 inmates soon to be transferred from Idaho to a private prison in Oklahoma, and the inmates in county jail beds across the state. Correction Director Brent Reinke created the position after disclosing that conditions at one of those prisons were so bad that inmates will be moved elsewhere. Inmates at the Dickens County Correctional Center are being moved to the Bill Clayton Detention Center after an inmate suicide at Dickens revealed filthy living conditions and poorly trained and unprofessional staff. "Times have changed and we simply need to get in front on this issue," Reinke said in a statement. "We must be proactive. We need to make sure inmates are being treated adequately and taxpayers are getting what they are paying for."

October 24, 2006 ***Yahoo.com*** Fitch downgrades the rating on Littlefield, TX's (the city) outstanding $1.6 million combination tax and revenue certificates of obligation (COs), series 1997 to 'BB+' from 'BBB+.' The Rating Outlook is Stable. The downgrade primarily reflects the city's significantly weakened financial position. The general fund balance has been at minimal levels for the past several years, while the detention center fund, which supports the bulk of the city's general obligation debt, is in a deficit unrestricted net asset position, created by the pull-out of Texas Youth Commission (TYC) prisoners in 2003. Some signs of financial improvement are evident, and projected fiscal 2006 results are expected to show a moderate increase in general fund reserve levels as well as a small operating surplus in the detention center fund. Further, the detention center is now fully occupied. Nevertheless, financial stabilization has not been achieved, and the city remains highly dependent on housing outside prisoners to meet operational and debt service requirements of the detention center. Detention center operations, which experienced problems at the onset primarily due to construction delays, were again negatively impacted by the loss of all TYC prisoners in 2003. While TYC offenders were subsequently replaced with state of Wyoming prisoners, the impact on finances was severe and continued through fiscal 2005, evidenced by a $351,000 unrestricted net asset deficit recorded in the detention center fund. In addition, the detention center fund had to rely on support from other funds, most notably a sizable transfer from the water and sewer fund in fiscal 2004, to meet operational and debt service needs. The contract to house Wyoming prisoners was terminated in 2006, and subsequently a new contract with the state of Idaho was implemented. For 2006, officials report that no outside financial support was required and that a $30,000 operating surplus is expected. However, the large deficit will likely remain for some time and the historical movement of prisoners in and out of the Littlefield facility demonstrates the difficulty of maintaining long-term prisoner contracts. If the city had to levy an interest and sinking fund tax to meet detention center related debt obligations, officials estimate that the overall tax rate would have to double over the current operations and maintenance tax rate, which Fitch believes would be extremely difficult to impose.

June 7, 2005 ***Wise County Messenger*** The Rev. Gil Pansza and an official with The Catholic Diocese of Fort Worth met with officials of the Bridgeport Correctional Center Wednesday to discuss Pansza's dismissal as a volunteer from the men's division of the center, but Pansza said he remains barred from the facility. "They didn't invite me back," said Pansza, pastor of St. John's Catholic Church in Bridgeport and Assumption of the Blessed Virgin Mary in Decatur. Pansza and Ralph McCloud, division director of the Social Justice Ministry of the diocese, said they met with senior warden Priscella Miles, assistant warden Bobby Thompson and Chaplain Phillip Yoder at the center. Pansza said Yoder told him a couple of weeks ago that his services were no longer necessary at the center, which Pansza had been visiting since February. Miles said in a previous story that Pansza was barred because of his demeanour and because the prison feared a security issue could occur with Catholic prisoners. On Wednesday, Pansza said the entire group met for almost an hour, and then Miles and McCloud met privately for a half-hour. "Warden Miles was interested in better understanding what our concerns were, and I think she was pretty patient in listening to what I had to say," Pansza said. "She gave an opportunity for the chaplain to say what his views were and then to warden Thompson as to what his views were. Her concern is that there's an allegation of discrimination. I pointed out that that allegation was not by the church. And she mentioned that the allegation really came from the community. On prison officials' concerns about security issues, Pansza said Thompson mentioned that he was concerned about "offender manipulation." Pansza said officials were concerned that he would tell the offenders that the institution was not giving him access to prisoners, and that "the offenders would be quite upset about that and maybe that would become a security issue." "I guess I can understand that," Pansza said. "That's certainly not something I would want to do. But I can understand his concern." Yet Pansza said Thursday that he's confused about Thompson's justification on the matter of security concerns. On the day Thompson told Pansza that he supported Yoder's decision to bar Pansza from the prison, the subject of security concerns was never broached, Pansza said. Pansza said he thinks that issue emerged after the fact. Pansza said one offender in segregation asked to see his priest but was denied access. Pansza said Yoder told him that the warden said the prison was ready to transfer him to another unit.

June 2, 2005 ***Wise County Messenger*** A Wise County priest says he has been barred from performing church services or visiting with offenders at the men's division of the Bridgeport Correctional Center. The Rev. Gil Pansza, pastor of St. John's Catholic Church in Bridgeport and Assumption of the Blessed Virgin Mary in Decatur, said he doesn't know why he has been prevented from celebrating Mass or talking with prisoners. Priscella Miles, senior warden at the prison, said Tuesday that Pansza has been barred from the prison, but that she is open to talking with him. She said she talked with him last week and hopes to hear from him again this week. Pansza said problems emerged three weeks ago, after he saw another church service advertised on flyers on two bulletin boards at the facility. He asked Chaplain Phillip Yoder whether Catholic Masses could be advertised on flyers on 12 bulletin boards at the prison. He said he also asked whether Thursday Mass could be placed on the monthly religious service calendar. The Mass was later advertised on a corrected calendar, Pansza said. Pansza said he and Yoder discussed church postings on bulletin boards. Yoder agreed to allow the posting of the Catholic service flyers. About a week later, before Pansza's next Mass, Pansza said he visited with Yoder, who was upset about their previous meeting and

said he thought Pansza had questioned his integrity. After some discussion on the bulletin boards and prisoner visitation – Pansza said he apologized to Yoder if he offended him and that he was just trying to ensure Catholic Masses receive the same treatment as others – Yoder told Pansza that he was a guest in the facility and that he was under his supervision. Pansza said understood prison rules but told him that he would not "tolerate disparate treatment" from Yoder's office or anyone else, meaning that he didn't accept what he thought was Yoder's office promoting one church service over another. "I guess he didn't like that," Pansza said. Pansza said Yoder then told him that his services were no longer necessary at the prison, Pansza said. Miles said The GEO Group Inc. – which contracts with the state to manage the Bridgeport unit – and the Bridgeport Correctional Center support all religions.

BROWARD WORK RELEASE CENTER, BROWARD COUNTY, FLORIDA **April 18, 2001** A Broward Sheriff's detention deputy at the county's work-release center was suspended and a Wackenhut employee from the same facility was arrested after detectives said she went shopping with someone else's debit card. The deputy gave the card to Gail Forrest, a job-verification specialist at the work-release center in Pompano Beach, because she didn't want to get in trouble. Forrest, 34, then drove to Linens and things in Lighthouse Point where she bought a comforter for $190.79. She signed the receipt, and left the store. She also tried buying $211 worth of merchandise at a Boca Raton Wal-Mart. When the card was denied; she left the store. Forrest, who a Wackenhut spokesperson said had worked at the center since February 2000, was charged with the fraudulent use of a credit card, possession of a lost or stolen credit card and uttering a forged instrument. (South Florida Sun-Sentinel)

CALIPATRIA, CALIFORNIA **December 30, 2005** ***Imperial Valley Press*** The prospect of placing a privately owned and operated prison here has stirred some local unions and created controversy in the community. Though no official steps have been taken, a Calipatria City Council public hearing on the subject sparked vivid discussion Tuesday night. The Geo Group, Inc. - a private company based in Boca Raton, Fla., that operates more than 50 private correctional facilities nationally - may propose a new prison in Calipatria, pending a request for proposals from the state Department of Corrections. The request is expected to come because of a need for more prisons in California. "State prisons are overcrowded," said Ken Fortier, a representative from Geo. In an information packet presented to the City Council, the California Correctional Peace Officers Association cites several instances where the Geo Group had problems with operation of its facilities. "What they do is lower the standards of the corrections profession," said CCPOA representative Ryan Sherman. "They are responsible to their corporations while state facilities are responsible to the public." Sherman said employees of private prisons do not receive proper training to deal with serious felons. Another issue raised is how the availability of more jobs will affect the community. With an already high unemployment rate in the county and the need for increased revenue and property taxes, the private prison could prove a valuable financial resource. Sherman said Calipatria State Prison has a shortage of people to fill its positions and a new prison would cut into the pool of much-needed employees. "We have a couple hundred vacancies, and triple the pay," he said. "I don't see where Geo is going to get the people they need." On the flip side, training to become a guard at the private facility would involve less time than at the state prison, which would be of benefit to those seeking more immediate position. Yet some think less training creates a more dangerous situation of unprepared employees.

November 23, 2007
American-Statesman Sam Kambo can now hold his 4-year-old son, Seth, something he couldn't do for a year while he was in a San Antonio prison waiting for the legal system to sort out whether he should be deported. 'The worst thing you can do to a useful person is to make him useless,' Kambo said On Thursday, the Austin resident celebrated the first Thanksgiving since being released a month ago from a federal prison in San Antonio. There he had waited for the legal system to sort out whether he should be deported on government charges that he was involved in mass murder in Sierra Leone, the West African country in which he grew up and helped lead a bloodless coup in 1992 against the ruling party. After Kambo spent nearly a year awaiting his day in court — while federal officials ignored two orders to release him on bail — an immigration judge rejected the government's allegation that Kambo had participated in mass murder. The judge ordered his release, but Immigration and Customs Enforcement agents did not comply for five months, until another federal judge ordered him set free. Kambo's wife, Hanaan, cared for their four children during that year, coordinated with the lawyer handling her husband's case and survived on the charity of family and friends. "We appreciate every day now. I appreciate every time I have a day," Sam Kambo said Thursday, slicing a long slender eggplant for a salad in the kitchen of his North Austin home. "I really cherish this moment." Later, his brother, David, and mother, Susan, stopped by, both of them having been granted status as legal residents after they followed Sam to Austin. They did not talk about his fight with the federal government. Six children played in a side room and occasionally ran through the kitchen, where the adults moved about and chatted lightly, spooning plates of food from the table in an informal pot luck style. The first course was skewered beef cooked in peanut sauce and onions. Later came a jambalaya-like dish of rice mixed with bits of beef, shrimp, carrots and peas, accompanied by a salad, talapia fish and sweet blue African potatoes. Hanaan Kambo did most of the cooking, but her husband rarely left the kitchen. Sometimes, she says, when he is out of sight, she feels a wave of anxiety come over her. "Maybe I'll be in the kitchen, and I just have a moment, as if I'm reliving the time he was taken from us," she said. Kambo was arrested in October 2006 at a hearing that he thought would determine whether he became a permanent resident of the United States. Instead, he was arrested and locked up in the GEO Group private detention facility in San Antonio, where he shared a cell the size of his kitchen with five other men and drank tap water from a basin attached to the cell's group toilet.

September 2, 2005 ***San Antonio Express-News*** Eight local residents, including two former jail guards, pleaded guilty Thursday to participating in a bank-fraud conspiracy that netted between $90,000 and $160,000. The scheme stretched from July 2003 to October 2004 and involved opening 52 accounts at Bank of America branches and depositing checks from a closed account or empty envelopes and quickly withdrawing cash before bank officials caught on, court records noted. The case ensnared 12 defendants and is among the first brought to federal court by a U.S. Secret Service-led task force formed in October 2004 to target identity-theft rings and other organized financial crime rackets. Court documents allege Santos Lopez III, 27, his girlfriend, Estella Ramirez, and Bruno Alejandro Jr., 40, devised the scheme and managed the operation. Court records said the recruits were given start-up money by the organizers to open the accounts. The recruits would then hand over personal identification numbers and ATM cards to Lopez or Ramirez. Checks from a closed bank account would then be deposited through automated tellers, and cash withdrawals would be

made almost immediately, according to the court documents. The court record showed recruits would be given part of the proceeds, and Lopez and others spent much of the proceeds on cocaine. Also pleading guilty Thursday was: Alejandro Regino, Manuel Riojas, Jessica Guevara, Belinda Contreras, Angelica Guerra and Lopez's ex-girlfriend, Sophia Martinez, whom Lopez started a relationship with while she was a guard and he was incarcerated in San Antonio. Officials said both Martinez and Guerra worked at the jail, operated by the Florida-based GEO Group Inc., during the conspiracy. Both were terminated.

February 16, 2005 ***Express-News*** A former guard who admitted trying to smuggle methamphetamine into a private downtown jail that holds federal inmates was sentenced Tuesday to 2 1/2 years in prison. U.S. District Judge Xavier Rodriguez allowed Lou Cindy Ford, 39, to turn herself in to federal prison officials by June 3. Ford, who worked at the old Central Texas Parole Violators Facility across the street from the main police station, pleaded guilty last year to intending to distribute 50 grams to 500 grams of the drug. Ford's plea agreement said she was caught trying to deliver four ounces to an inmate in exchange for $800 during an undercover sting July 27, 2003. Ford was arrested later that day after she drove back to the jail, which is run by Florida-based GEO Group Inc.

February 2, 2005 ***KSAT*** A 19-year-old guard at the GEO Central Texas Detention Facility in San Antonio has been placed on unpaid leave following his arrest on drug and alcohol charges. According to a San Antonio Police Department report, Manuel Castillo was arrested early Tuesday after he allegedly smuggled drugs and alcohol into the federal facility. During Castillo's midnight break, he left in his vehicle and later returned to the facility at 218 South Laredo carrying a clear bottle filled with vodka, the report said. Police also found some cocaine concealed in a sock and some tobacco tucked inside his belt line. Castillo, who was hired in July 2004, is the fourth detention officer arrested for allegedly bringing contraband into the facility in the past 2 ½ years.

December 20, 2004 ***Express-News*** Two San Antonio women have admitted they helped deliver a car and money for a jailbreak attempt by several inmates, including alleged members of the Texas Mexican Mafia. Estella Soto, 27, and Paula Soto, 23, have struck plea deals in which they've agreed to plead guilty to conspiracy in an escape attempt from a privately run jail downtown. Inside the lockup, which is run by The Geo Group Inc. of Florida, Soto was to escape through a window along with alleged Mexican Mafia general Jimmy Zavala, 35, reputed Mexican Mafia member Gerardo Sanchez, 31, and David A. Straughn, 31.

November 5, 2004 ***Express-News*** A guard at a privately run jail that holds federal prisoners was released on bond Thursday after pleading not guilty to planning to smuggle heroin into the lockup. A federal grand jury indicted Juan Roberto Ortiz, 40, on Wednesday. Ortiz had worked at the jail since November 2003 and has been placed on unpaid leave, said Pablo Paez, spokesman for Florida-based GEO Group Inc., which runs the jail.

November 1, 2004 ***Express-News*** A guard at a privately run jail for federal inmates made his first court appearance today on charges that he tried to smuggle heroin and cocaine into the lockup. During an initial hearing, U.S. Magistrate Judge John Primomo

ordered Juan Roberto Ortiz held pending a bail hearing on Thursday. Before his arrest this weekend, Ortiz, 40, had worked at the Central Texas Parole Violators Facility since November 2003, according to Pablo Paez, spokesman for The Geo Group, the Florida-based company that runs the jail. Ortiz's arrest was the latest for guards who worked at the jail. In the past year, Jessica Lee Piña, 24, and David C. Higginbotham, 42, have gone to prison for trying to smuggle drugs into the lockup. Lou Cindy Ford, 39, pleaded guilty in March to intending to distribute 4 ounces of methamphetamine at the jail. She awaits sentencing.

January 5, 2004 A former guard at the privately run Wackenhut jail downtown was sentenced to more than eight years in prison Thursday for trying to smuggle heroin into the lockup. The 97 months U.S. District Judge Orlando Garcia gave David Higginbotham was the lower end of the sentence recommendation, which ranged up to 121 months. A federal jury convicted Higginbotham Aug. 7 of attempting to possess with intent to distribute heroin. The charge stemmed from an undercover sting in which an inmate arranged to have Higginbotham smuggle contraband to him. The contraband was to be given to Higginbotham by an undercover San Antonio police officer. At trial, Higginbotham claimed the officer forced him to accept the package, which had 150 grams, or a little more than 5 ounces, of brown sugar. According to testimony, Higginbotham refused to accept the package when he was told it was heroin. But the officer also gave Higginbotham $500, and he took the delivery. (My Sanatonio)

March 16, 2004 A former jail guard accused of trying to smuggle methamphetamine into the Wackenhut detention facility downtown has struck a plea deal. Lou Cindy Ford, 39, is scheduled to finalize the agreement by pleading guilty today in federal court to intending to distribute between 50 grams to 500 grams of meth. She faces five to 40 years in prison. (San Antonio Express-News)

August 7, 2002 A jail guard who crashed a van carrying six prisoners into a downtown lamppost earlier this week does not have a driver's license, state officials said Tuesday. The van, operated by the private security firm Wackenhut Corp., had just exited the feral courthouse parking lot shortly before 5 p.m. Monday when the vehicle swerved toward the curb. Three inmates were treated for "bruises and soreness" and sent back to their cells at the privately operated Laredo Street lockup. (San Antonio Express-News)

April 3, 2002 A jailer was arrested last week on charges that he accepted money and what he believed to be heroin from an undercover agent, promising to take the illegal drug inside the privately-owned federal correction facility where he worked. David Higginbotham was arrested March 26 outside the Central Texas Parole Violator Facility, a Wackenhut detention center located downtown. (San Antonio Express-News)

Sept. 5, 1996 A week after a double murderer from Oklahoma escaped through a 6-inch window, officials at Wackenhut Corrections Center say they are stepping up security at the private jail. The escape of John Ray Davis, 21, prompted prison management to decide to spend $20,000 on new doors and security locks and to implement new procedures in the coming weeks, officials said. (Houston Chronicle)

CENTRAL VALLEY MODIFIED COMMUNITY CORRECTIONAL FACILITY MCFARLAND, CALIFORNIA **October 26, 2004** ***Business Wire*** Fitch Ratings lowers the rating on McFarland, CA's $1.4 million certificates of participation (COPS), 2001 sewer system financing project, to 'B' from 'BBB-'. Fitch also places the 2001 COPs on Rating Watch Negative. Of additional concern is the December 2003 closing of one of three prisons operated by the GEO Group Inc. In 2001, the prisons accounted for over 40% of sewer system revenues. Subsequently, in August 2004, the city approved a change in the remaining prison's conditional use permit allowing an additional 150 inmates at each facility as requested by the California Department of Corrections. Because wastewater fees are assessed on a per inmate basis, the nine month period of reduced inmate capacity represents a significant revenue loss.

September 7, 2004 ***Californian*** A three-year overtime wage and benefit court battle pitting employees against a private prison company is finally nearing an end. A settlement agreement is set to be finalized Sept. 27 between about 2,700 current and former employees and Wackenhut Corrections Corp., now The GEO Group Inc. The workers, both guards and support personnel, claimed the company did not pay overtime and made them work off the clock without pay. They also claimed they were not given proper rest and meal breaks. The employees worked at six private prisons in California, four of which are in Kern County. The Kern prisons include the McFarland Community Correctional Facility, Central Valley Modified Community Correctional Facility, and Golden State Modified Community Correctional Facility, all in McFarland, and the Taft Correctional Institution. The total amount of the settlement is about $10 million in cash and non-cash benefits.

CLAYTON CITY CLAYTON, NEW MEXICO, GEO GROUP **September 26, 2006** ***Yahoo.com*** The GEO Group, Inc. (NYSE: GEO - News; "GEO") announced today that GEO, the New Mexico Corrections Department ("NMCD"), and the Town of Clayton, New Mexico (the "Town") have signed agreements for the construction and operation of the 625-bed Northeast New Mexico Detention Facility (the "Facility") to be located in Clayton, New Mexico. The Facility will house medium security offenders for the State of New Mexico under an Intergovernmental Agreement signed by the Town and NMCD. GEO will design and build the 625-bed Facility, which will be financed through the sale of project revenue bonds sponsored by the Town and underwritten by Citigroup. Upon its expected completion in the first quarter of 2008, GEO will assume management of the Facility under its contract with the Town for an initial term of five years with five one-year renewal option periods. Once the Facility is completed, GEO's operating contract is expected to generate approximately $11.0 million in annual operating revenues.

July 9, 2005 ***Albuquerque Journal*** SANTA FE— The city of Clayton's proposal to build a privately run prison with room for 600 medium-security inmates is running into legal questions from state lawmakers. Legislators want to know whether the city's plan requires the Legislature's approval and whether it should be subjected to terms of the state's Procurement Code. The prison would provide an economic boost for Clayton in the form of roughly 200 corrections jobs. It would help the state, which Clayton hopes would lease room in the lock-up, with much-needed new prison space. But three lawmakers this week asked Attorney General Patricia Madrid for a legal opinion on the plan. The request for the opinion

Information collected from the internet for this report

came from the leaders of the Legislative Finance Committee and the Courts, Corrections and Justice Committee. It was signed by Rep. Luciano "Lucky" Varela, a Santa Fe Democrat and LFC chairman, and the co-chairmen of the corrections committee— Sen. Cisco McSorley, D-Albuquerque, and Rep. Joseph Cervantes, D-Las Cruces. Varela acknowledged the state's need for more prison beds and said he was sympathetic with the aim of stimulating the north eastern New Mexico economy. But Varela said legislators have several legal questions about the plan. "We're looking at the entire issue of whether or not it is legal for them to build," Varela said.

COKE COUNTY JUVENILE JUSTICE CENTER, BRONTE, TEXAS **October 12, 2007** ***KRIS TV*** The delayed discovery of squalid conditions at a privately run Texas Youth Commission jail was "a human failure" and stronger oversight is needed to prevent similar incidents, a key state senator said Friday. "It was very simple that the monitors were not doing their job and there was a human failure," said Sen. John Whitmire, head of the Senate Criminal Justice Committee. "Who's monitoring the monitors?" Whitmire, a Houston Democrat, called a committee hearing about a week after a Coke County juvenile lockup in Bronte operated by The GEO Group, Inc., was closed because of filthy conditions. A Texas Youth Commission ombudsman discovered the conditions, even though the facility had passed previous inspections by TYC monitors. The TYC system was rocked earlier this year by allegations of rampant sexual and other physical abuse against juvenile inmates in the system. The star witness at Friday's hearing on adult and juvenile prison monitoring was Shirley Noble, who told how her son, 43-year-old Idaho inmate Scot Noble Payne, endured months of horrific conditions then slit his own throat at a private Texas prison run by GEO Group. "It seemed there was no end to the degradation he and other prisoners were to endure with substandard facilities," Noble said. Her son died March 4 in a private prison in Spur. Noble questioned why Idaho sent its inmates to Texas and why the Florida-based GEO Group was allowed to keep prisoners in what she described as "degrading and subhuman conditions." "Please, please hold them accountable for all the injuries and misery they have caused," Noble said. A spokesman for GEO Group did not immediately return a telephone call from The Associated Press to respond to comments made at the hearing. TYC Acting Executive Director Dimitria Pope, who took over the youth agency earlier this year, testified that she's putting more monitoring safeguards in place. That includes sending executive staff members out to view the lockups, something she said hadn't been done regularly in the past. "Because of my concerns of what I saw in Coke County, I have implemented a blitz of every facility, either the ones that we operate, that contract, district offices, anything that has TYC affiliated with it," she said, adding that each site will be visited by the end of October. Adan Munoz Jr., executive director of the Texas Commission on Jail Standards, said he has four inspectors do annual inspections of the 267 facilities under his oversight. He defended his agency's practice of giving two- to three-week notices about inspection visits but said recently there have been more surprise inspections. Sen. Juan "Chuy" Hinojosa, D-McAllen, said privatizing prisons is an "easy way out." He said he worries about the state continuing to contract with companies that have a history of abuse. "It's a myth that the private sector does a better job than government" in running prisons, Hinojosa said. "They're there to make a profit and they'll cut corners, and they'll cut back on services and they'll many times look the other way when abuse is taking place." Because of Texas' size and high rate of locking up convicts, the state is in the national spotlight for its dealings with private prison firms, said Sen. Rodney Ellis, D-Houston. "It puts a special burden on us," he said. "If it needs to be improved, improve it, because everybody looks to us." Noble

was the panel's final witness. The room hushed as she told the senators her family's emotional tale. Her son, a convicted sex offender, was kept in solitary confinement for months with a wet floor, bloodstained sheets and smelly towels. She said he wrote long, detailed letters to family members in which he said the only way to escape the prison's harsh conditions was to join his late grandfather in the spirit world. Noble said she begged for psychological help for her son. She said he wasn't supposed to have been given a razor, and she still wonders how he got the one he used to end his life. "After he tried to unsuccessfully slash his wrists and ankles, he knelt in the shower and cut his own throat," she said. "Surely only a person in utter disillusionment and horrifying conditions would bring themselves to this end."

October 12, 2007 ***Dallas Morning News*** Three monitors fired by the Texas Youth Commission last week for failing to report filthy and dangerous conditions at a privately run juvenile prison in West Texas had previously worked for the company they oversaw. Two of the quality assurance monitors were hired directly from caseworker positions with The GEO Group Inc. at the Coke County Juvenile Justice Center, according to their job applications. The monitoring unit's supervisor also briefly worked for GEO at the youth prison near Bronte four years before being hired by TYC, records show. A clerk who was fired had previous GEO employment as well. TYC spokesman Jim Hurley said agency executives were unaware of the terminated workers' ties to GEO before The Dallas Morning News filed an open-records request this week. Officials said last week that they were concerned about entanglements between TYC employees and the company they monitored. TYC's inspector general has launched a criminal investigation of operations at the Coke County prison, including the possibility of financial transactions between GEO and TYC employees. GEO's relationship with the fired TYC monitors is a likely topic at a hearing today of the Senate Criminal Justice Committee in Austin. It is intended to examine GEO's operation of youth and adult prisons in Texas. State Sen. John Whitmire, the panel's chairman, was angered to learn from a reporter Thursday that TYC monitors had previously been employed by GEO. "I think it's outrageous," the Houston Democrat said. "It just confirms what many of us suspected – that there was too close a relationship between the TYC employees and GEO employees." He said the committee also would seek answers from the Texas Department of Criminal Justice and county jail and juvenile probation officials about their own monitoring of private corrections companies. "Anyone that confines individuals in the state of Texas needs to make certain they know who their monitors are – and that they go behind their monitors and literally monitor their monitors," Mr. Whitmire said. Mr. Hurley said the prior employment with GEO raised questions about whether the monitors had been objective in their evaluations of the facility. "How do you monitor the monitors?" he said. "We need a very good answer to that." For years, quality assurance reports on the Coke County prison had been overwhelmingly positive. Twice, TYC named it contract facility of the year. "You have to worry about conflicts of interest," Mr. Hurley said Thursday. "I'm not saying there is a conflict of interest. But there is a perception." TYC Executive Director Dimitria Pope fired four monitors at the Coke County prison and a clerk last week after she and others toured the facility. It was in such deplorable condition, Ms. Pope said, that she ordered the removal of all 197 inmates. She also fired another employee at the Coke County facility who had not worked for GEO, and two contract care supervisors at TYC's district office in Fort Worth. The head of contract care at TYC's headquarters in Austin resigned. Ms. Pope cancelled TYC's $8 million contract with Florida-based GEO, which had operated the Coke County facility since it opened in 1994. GEO initially tried to reinstate the contract but, after criticism,

said it accepted the decision. The Coke County facility was the state's largest private youth prison. It was the only Texas juvenile facility operated by GEO, one of the nation's biggest private prison contractors. As a result of the problems discovered at Coke County, Ms. Pope ordered a wholesale review of the agency's contract care system. "Who the monitors are and where they come from will be one of the issues that we're going to look at," Mr. Hurley said. TYC employs more than 40 quality assurance specialists and supervisors, according to personnel records provided to The News. Some are stationed at the facilities they monitor, several of which are in remote rural areas. Mr. Hurley shied away from discussing what actions the agency might undertake if it learns that other monitors had previous employment with contractors they inspect. "What we need to do is make sure that first of all, every one of these contracts is being monitored and that it's being monitored correctly," he said. "If the remoteness is a problem, I think that monitoring these contracts accurately will show us that," he said. "We need to have a sort of evidence-based determination." The Coke County prison is in a one-stoplight town about 30 miles north of San Angelo. It was the town's second-largest employer after the school district. One-third of the school district's $6 million budget is tied to programs at the prison. Two of the fired TYC employees lived in Bronte. Valerie Jones, former supervisor of the monitoring unit, has two children in the Bronte schools. Patti Frazee, her clerk, is married to a member of the Bronte school board. Ms. Jones, who worked for GEO as a chemical-dependency counsellor from October 1995 to July 1996, declined to comment Thursday. She was hired by TYC as a quality assurance monitor in spring 2000, records show. Ms. Frazee, reached at her home, said officials of the youth agency never raised any questions about her previous employment with GEO. "There were not very many jobs out here," she said. "Any time you could take a state job, it was a better job for everybody because it paid more money. That's the only reason. It was like a step up from GEO. That's the way everybody viewed it." Ms. Frazee was paid $17,950 per year working as bookkeeper for GEO. As a clerk for TYC, she earned $25,035. The two monitors hired directly from GEO, Brian Lutz and David Roberson, earned $26,800 and $24,500 per year, respectively. With TYC, Mr. Lutz was paid $33,945 while Mr. Roberson received $37,393, agency records show. Several attempts to locate Mr. Lutz for comment were unsuccessful. Mr. Roberson, reached at his home in San Angelo, declined to be interviewed. Lisa Williamson worked as a TYC quality assurance monitor at the Coke County facility from 1998 until 2004. She said she knew Mr. Roberson and Ms. Jones well. She described them as honest, hard-working people devoted to their jobs. "There is not anybody there who I wouldn't trust with my own children," said Ms. Williamson, who now works as a juvenile probation officer in Young County. Ms. Williamson said she had not worked for GEO. But she said she never saw any of her colleagues who had worked for the company ignore any problems. While she and the GEO warden, Brett Bement, frequently tried to tell each other how to do their jobs, Ms. Williamson said, she didn't feel pressured and didn't obey him. "He knew I wasn't a pushover, and he couldn't get by with it. He couldn't have done that with any of us," she said. GEO Group gave money to several state officials' campaigns -- State Rep. Jerry Madden held his annual "How Sweet It Is" dessert party in Plano on Thursday night to raise money for a future campaign. One of the sponsors at the $2,500 "cherries jubilee" level was to be The GEO Group Inc., a Florida-based corrections company. Until last week, GEO operated the Coke County Juvenile Justice Center near Bronte under contract with the Texas Youth Commission. In recent years, the company has donated to the campaigns of some legislators who oversee the youth agency. Two of them, Mr. Madden and Sen. John Whitmire, are co-chairmen of the special legislative committee established this year to oversee reforms of

TYC in the wake of a sexual abuse scandal at the West Texas State School in Pyote. Mr. Madden, R-Plano, received a total of $2,500 from GEO's political action committee in 2005 and 2006, according to campaign finance records. Mr. Whitmire, a Houston Democrat, received $2,000 from the political action committee of Wackenhut Corrections Corp., as GEO was previously known, in 2003 and 2004. Other recipients of GEO or Wackenhut contributions are Lt. Gov. David Dewhurst, who received $2,500 in 2006, and House Speaker Tom Craddick, R-Midland, who received $1,000 in 2005, state records show. In addition to Mr. Madden, the chairman of the House Corrections Committee, two other panel members received donations from GEO or Wackenhut. Rep. Delwin Jones, R-Lubbock, received $250 in 2006. And Pat Haggerty, R-El Paso, received $500 from the Wackenhut Corrections PAC in 2004. Sylvester Turner, D-Houston, chairman of the House Appropriations Subcommittee on Criminal Justice and another member of the Joint Committee on the Operation and Management of the Texas Youth Commission, received $250 in 2006. Mr. Madden's predecessor as head of the corrections committee, Ray Allen, received $3,500 in 2003 and 2004 from Wackenhut. He; since has left public office and is a lobbyist for GEO. Mr. Madden acknowledged that lobbyists for GEO might attend his fundraiser at the Southfork Hotel on Thursday night. But he said he had told the lobbyists that he did not want a check. "Just right now, I think it would be a bad idea to specifically look for contributions from GEO," he said.

October 11, 2007 ***The Olympian*** The mother of an Idaho inmate who killed himself in a Texas prison this year has become a corrections activist. Shirley Noble travels to Austin, Texas Friday to urge lawmakers there to stop accepting out-of-state prisoners at their for-profit lockups. Texas is holding hearings over The GEO Group, a Florida-based private prison company that lost its contract to oversee a juvenile prison because of dirty bed sheets, faeces-smeared cells and insects in the food. GEO also ran the prison where Shirley Noble's son, Scot Noble Payne, slashed his throat March 4. The convicted sex offender had been shipped to Texas with a group of 450 Idaho inmates because of overcrowding at prisons at home. Shirley Noble contends sending prisoners out-of-state leaves them without family contact - and caused Idaho prison officials to neglect them.

October 6, 2007 ***Dallas Morning News*** The Texas Youth Commission is investigating whether its employees had improper ties to GEO Group Inc., the company that ran a West Texas juvenile prison where inmates lived in dangerous and squalid conditions. Acting TYC Executive Director Dimitria Pope said Friday that agency investigators will be checking into the backgrounds of employees to "see if they are connected to GEO in any way." Among the areas of inquiry, she said, is whether anyone in TYC was working as a consultant for GEO. Investigators also will look for any other financial arrangements between TYC workers and GEO, which operated the now-closed Coke County Juvenile Justice Center in Bronte. Any TYC employee found to have ties to GEO will be fired, Ms. Pope said. "I'm saying let's go back to the time this facility just opened. Let's see if there are any interesting financial transactions," she said. "I think if you go back and look, there will be some interesting things to look at." On Friday afternoon, Ms. Pope toured the TYC prison in Mart, which took in the 197 inmates removed from the GEO facility on Tuesday. TYC cancelled its $8 million contract with the company on Monday, citing "deplorable conditions." Ms. Pope, who visited the Coke County prison late last month after a surprise agency inspection, said she saw indications that the relationship between TYC's on-site monitors and GEO was not as separate as it should have

Information collected from the internet for this report

been. For example, she said, GEO workers had keys to TYC's office in Bronte. When she entered the office, she said, no agency employee was there, but confidential inmate records remained in plain sight. "Kids' files were laying out on the table," she said. "There was stuff on the fax machine." Ms. Pope said she does not know if any TYC monitors formerly worked for GEO, but she is concerned about that as well. 'A disgrace' -- TYC has already fired seven employees whose jobs were to monitor the Coke County unit and GEO's contract compliance. TYC's on-site inspectors routinely filed glowing reports on the prison. "They were there," she said of the inspectors. "They [their reports] say absolutely nothing." At a news conference in Austin earlier in the day, Ms. Pope blasted GEO, with whom Texas has done business since 1994. She said it operated a fire trap and that inmate' medical needs were ignored, schooling was "almost nonexistent" and a pattern of "physical and psychological harm" was routinely tolerated. "GEO should be ashamed," she said. "The Coke County Juvenile Justice Center is a disgrace." A TYC audit of the facility described a breakdown on many levels, including safety, hygiene, medical treatment, education and maintenance. Asked if TYC auditors found anyone at the Coke unit who had been doing the job properly, Ms. Pope responded: "I'm saying, 'Hell, no, they weren't.' "The kids had a stench because they weren't allowed to bathe," she said. "and their teeth? Horrible." During her visit to TYC's prison in Mart, near Waco, Ms. Pope spoke with about 25 inmates from the GEO-run unit. "I notice you have toothpaste in there," she said to one, as the inmates stood at parade rest outside their cells. "I got you here so you can be treated like a human being," Ms. Pope told one 15-year-old inmate. A TYC audit of the GEO facility, released Friday, said inmates did not have access to toothpaste or toothbrushes for days at a time. Filth and disrepair were common throughout the prison, the report said. Only one washer and one dryer were available to serve nearly 200 youth. TYC auditors who visited the prison got so much faecal matter on their shoes they had to wipe their feet on the grass outside, Ms. Pope said. Many pieces of fire safety equipment were either inoperable or missing, the report said. Some emergency exits were closed with locks and chains. "I personally was locked in one of the dorms because the doors didn't work properly," Ms. Pope said. The prison's warden said he was aware of many of the problems pointed out by auditors. "He indicated that corporate did not respond to many of his purchasing needs ...," the audit report said. Dispatching audit teams -- TYC paid GEO $632,000 a month to operate the prison, the report said. Last year, TYC spent nearly $17 million of its $249 million budget on private contractors, according to a Dallas Morning News investigation in July, which revealed problems with the agency's contract facilities. The agency said it was sending audit teams, composed of former members of the state's jail standards commission, to visit every TYC prison and halfway house. "No stone is going to go unturned," Ms. Pope said. "I don't want any more surprises." State Sen. John Whitmire, chairman of the Senate Criminal Justice Committee, said Friday that he would hold legislative hearings on GEO's contracts to run other correctional facilities throughout Texas. "We're preparing ourselves for a thorough review of GEO, and it could easily take us into other private contractors," he said. "But GEO is our focus now as a result of Coke County and their response." He criticized not only the conditions that GEO allowed to exist but also the company's response to the problem. "They tried to cover it. They tried to spin it. They had their lobbyists try to pressure legislators not to listen to TYC," Sen. Whitmire said. "So if that's their attitude, then I question their ability to carry out their contractual requirements in other state facilities." Rep. Jerry Madden, R-Plano, chairman of the House Corrections Committee, said he had no information to suggest financial corruption in the GEO contract but added, "I think that we should let the [inspector general's] investigation go forward and see what they find."

Criminal inquiry -- TYC Inspector General Bruce Toney said Wednesday that he had begun a criminal investigation of the GEO-run youth prison. He requested assistance from the state auditor's office and also advised the Texas Rangers and Texas attorney general's office of his investigation. TYC is "an agency that has had deep internal problems, and they just don't go away overnight," Mr. Madden said. "There should have been a lot of people who had the responsibility of finding out that those things had happened." Ms. Pope expressed anger at critics of TYC's cancellation of the GEO contract. "I will no longer sit here and take the unfair jabs of individuals who are attempting to advance their personal agenda over the welfare of youth," she said. She would not specify about whom she was talking. "I think it speaks for itself," she said. Some local officials in Coke County have said the prison does not deserve to be closed and have said TYC's actions will have a devastating economic impact on Bronte. "Anyone who's rallying behind GEO," Ms. Pope said, "should ... hold their heads in shame."

October 5, 2007 ***San Antonio Express-News*** The Texas Youth Commission's chief blasted critics Friday who questioned her handling of problems at a juvenile center shuttered this week, but also admitted a "significant breakdown" in her own agency's oversight. "I will no longer sit back and take the unfair jabs from individuals who are attempting to advance their own particular agenda over the welfare of the youth," said Dimitria Pope, TYC's acting executive director. "Neither money nor power can come over my No. 1 priority, which is our youth." Pope, who made the comments at a news conference she called at TYC's Austin headquarters, refused to name the individual critics she called unfair or inaccurate. Her comments appeared directed, however, at two sources of criticism. One is the elected leadership of the small town of Bronte in West Texas, angered by the loss of 100 jobs when TYC shuttered the Coke County Juvenile Justice Center this week and transferred about 195 young inmates elsewhere. The other is state Rep. Jerry Madden, R-Richardson, chairman of the House Corrections Committee, who said he wonders why TYC only now is learning about alleged squalor and unfit conditions at the youth lockup run by Geo Group Inc. of Boca Raton, Fla. Citing those conditions, Pope fired seven agency "quality assurance" staffers and cancelled the agency's $8 million contract with Geo, which specializes in private prisons. The action threw TYC in the spotlight again after a sex abuse scandal at the agency led to investigations and intense legislative scrutiny last spring. "I am very concerned as to how did this condition arise, how long did it take and why are we just now finding out about it?" Madden said Friday, applauding a criminal investigation under way by TYC's inspector general. "We asked the question at our last hearing, were the kids safer? The answer we got was yes. It appears to me some of them were not," Madden added. Pope complained during her news conference that she was "damned if I did and damned if I didn't" and asserted that the agency should get the respect it needs as it attempts to carry out the mission of keeping confined youths safe. "There was a significant breakdown. That will be totally restructured," she said of the lack of checks and balances for the agency's oversight team. TYC's acting director of quality assurance, Elizabeth Lee, resigned this week but the agency's spokesman Jim Hurley said he didn't know if it was connected to the problems at the Geo-run youth facility. "Geo should be ashamed and anyone who's rallying behind Geo should also hold their head in shame," Pope said. Geo officials, who had said they provided quality services, said Friday they'd make no further comments. Coke County Judge Roy Blair said that he'd been to the Geo-run youth facility several times, and the Commissioners Court had inspected it every quarter. "I have never noted any, what I would call severe, problems as far as mistreatment or health issues or any significant problems," he said.

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"The thing has always been relatively clean." Senate Criminal Justice Committee Chairman John Whitmire, D-Houston, opened an investigation of adult private prison contracts with Geo.

October 5, 2007 ***Houston Chronicle*** A Houston lawmaker is launching a broad investigation into a private prison contractor after the state closed one of its youth facilities this week, citing filth, poor safety and health violations. Democratic Sen. John Whitmire, chairman of the Senate Criminal Justice Committee, cited the "terrible job" Geo Group Inc. did running the West Texas youth lockup and said Thursday he plans to review adult corrections contracts the state has with the company. Boca Raton, Fla.-based Geo Group, which runs eight adult lockups in Texas, was sued by the Texas Civil Rights Project in 2006 in connection with an alleged rape and suicide of a woman at the Val Verde County Jail. The suit alleged jail guards working for the company have allowed male and female inmates to have sex with each other. The suit was settled earlier this year with a nondisclosure agreement. Geo spokesman Pablo Paez did not return phone calls seeking comment, but earlier stated the company had provided quality services at the TYC facility. On Monday the Texas Youth Commission shuttered the doors of its Coke County Juvenile Justice Center, run by Geo, and moved nearly 200 young offenders to other TYC facilities. "When we saw what a terrible job they were doing at Coke County, TYC had the ability to shut it down and move their youth," Whitmire said. As for the Texas Department of Criminal Justice, he wondered, "When we find a failure to properly run a facility, what do they do?" Geo operates four prisons, two shorter term lockups and a halfway house for the adult prison system. Prison spokeswoman Michelle Lyons said the agency hasn't had any "significant ongoing operational issues." Whitmire said he found evidence that a 90-day lockup in Houston run by Geo was out of compliance in 139 of 395 areas in a recent inspection. Lyons said Whitmire is referring to a 2006 audit, and all problems cited have now been cleared up. Geo also supervises state prisoners in leased space in the Jefferson and Newton county jails. TYC spokesman Jim Hurley said the agency's inspector general has opened a criminal investigation into the conditions at the Coke County juvenile facility. Seven TYC employees have been fired, including several who were responsible for on-site monitoring of the Coke facility. This was the only contract Geo had with the Youth Commission. But the agency has contracts with several other providers for various programs throughout the state, including foster homes and a program to teach parenting skills to delinquents who are pregnant.

October 3, 2007 ***Dallas Morning News*** Seven Texas Youth Commission employees were fired Wednesday as a state investigation widened at a privately run West Texas juvenile prison where inmates were found living in filth. TYC Inspector General Bruce Toney said Wednesday he has begun a criminal investigation of operations at the Coke County Juvenile Justice Center near Bronte. Mr. Toney said his inquiry could focus on TYC employees and those of GEO Group Inc., which operates the prison. "We are going to follow all leads wherever they take us and as high as they may go both in TYC and the operation of that facility," Mr. Toney said. Citing "deplorable conditions," TYC this week canceled its contract with GEO to operate the state's largest private juvenile prison. All 197 male inmates were removed on Tuesday. Mr. Toney said he has requested assistance from the state auditor's office and met with the head of the Travis County district attorney's public integrity unit on Wednesday. He said he also advised the Texas Rangers and Texas attorney general's office of his investigation. He sent one of his investigators to the Coke County facility

last week. "Our initial response was to go out there and basically take a preliminary look and see what we had out there. We will just look at everything and see what transpires," Mr. Toney said. State Sen. John Whitmire, D-Houston, threatened to hold a public hearing on GEO's operation of the TYC prison. "Certainly that's an option if this goes any further," said Mr. Whitmire, chairman of the Senate Criminal Justice Committee. "If GEO thinks they've been treated unfairly, let's have a public hearing and look at all the photographs and videos [of the Coke County prison] and let the public decide." Mr. Whitmire said he was upset at efforts this week by GEO lobbyists to convince legislators that TYC had treated the company too harshly. "Now enters GEO with their paid lobbyists attempting to put a good face on this," Mr. Whitmire said. "I'm saying the corporation should back off. They've run a very poor facility that probably violates the youths' civil rights. ... Kids were stepping in their own faeces. The sheets were such that a cat or dog wouldn't sleep on them." GEO spokesman Pablo Paez said he would not comment on any attempts by the company's lobbyists to sway legislators. Mr. Paez said his company was disappointed in TYC's decision to cancel the contract. "We believe we have provided quality services for the Texas Youth Commission for many years," he said. TYC officials have been unable to explain how the agency's own quality assurance monitors, stationed just outside the prison, not only failed to report substandard conditions but praised the operation. In the monitors' most recent review, in February, the prison was awarded an overall compliance score of 97.7 percent. In that review, monitors also thanked GEO staff for their positive work with TYC youth. "Those who were supposed to be our quality-assurance people out at Bronte will no longer be working for the Texas Youth Commission," agency spokesman Jim Hurley said. He cited an "abysmal failure on their part to not report the deterioration of that facility." Four of the TYC employees who were fired on Wednesday worked as quality assurance monitors at the Coke County facility. A fifth, who worked in TYC's district office in Fort Worth, was an author of the February report. The two other employees also were in contract care management, but Mr. Hurley said he would not disclose their specific job titles or where they worked. TYC identified none of the employees by name. Late last month, several TYC officials – including acting executive director Dimitria Pope – visited the prison and found poor conditions. A report by TYC ombudsman Will Harrell detailed numerous deficiencies. He found inmates who had been placed in solitary confinement for five weeks. They were allowed to leave their cells once a day, in shackles, to take a shower. Mr. Harrell also noted that some bed sheets were dirty and that inmates "complain regularly of discovering insects' in their food."Children seemed almost desperate to lodge their complaints," Mr. Harrell wrote in his report. Many of his findings were confirmed in a report by Susan Moynahan, the TYC liaison for the Harris County Juvenile Probation Department. Among her discoveries at the Coke unit: Inmates in one dorm did not have a restroom, so they were forced to defecate in plastic bags. Mr. Paez, the GEO spokesman, said he has read the ombudsman's findings. "I have seen the report," he said. "I really can't comment on it." State Rep. Jerry Madden, R-Plano, said he will meet today with GEO representatives to discuss the Coke County prison. "I want to hear their side of it." TYC paid GEO $8 million a year to run the Coke County prison. GEO said it had pre-tax earnings of about $800,000 a year on the contract. Last year, TYC spent nearly $17 million of its $249 million budget doing business with private contractors, including GEO. TYC is putting together a plan to review each contract care program, Mr. Hurley said. "We are working right now on plans to have a physical presence at every contract care program that we are operating to review what is going on and to ensure the monitoring reports that we get are accurate," he said. In July, The Dallas Morning News found numerous problems with TYC's

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contractor-run facilities. The stories revealed that private contractors housing juvenile inmates in Texas repeatedly have lost contracts or closed operations in other states after investigators uncovered mismanagement, neglect and abuse. Two states closed GEO-operated units because of abuse allegations and inadequate care of inmates. TYC was placed in a state conservatorship this year after a sex abuse scandal and subsequent cover-up were exposed by The News and the Web site of The Texas Observer. Mr. Madden of Plano was one of the authors of legislation this year intended to reform TYC. He noted Wednesday that he had asked TYC officials at a hearing last month if inmates are safer now than they were before the reforms. Officials assured him they are. Now, Mr. Madden said, problems such as those in Coke County have caused him to question TYC's response. "I'm not sure the answer, 'They are safer,' is actually true," he said.

October 3, 2007 ***Dallas Morning-News*** The Texas Youth Commission is investigating why juvenile inmates endured squalor and deprivation at a privately run, West Texas prison that was repeatedly praised by TYC's own quality-assurance monitors. The agency began bussing the 197 male inmates from the Coke County Juvenile Justice Center before dawn Tuesday. Officials also cancelled an $8-million annual contract with operators of the state's largest private juvenile prison, citing "deplorable conditions." The problems found at the prison in Bronte, operated by the GEO Group Inc. of Florida, were described in a report by TYC Ombudsman Will Harrell. "There is a greater sense of fear and intimidation in this facility than perhaps any other I have been to," Mr. Harrell wrote. He also noted that: •Some young inmates were kept in "malodorous and dark" security cells for five weeks. They were allowed to leave, in shackles, only once a day for a shower. •There was an "over-reliance" on the use of pepper spray. •Inmates "complain regularly of discovering insects in their food." TYC announced Tuesday that its inspector general's office, as well as Department of Public Safety troopers, were investigating. TYC spokesman Jim Hurley said other agencies, including the state auditor's office and the attorney general's office, could join the investigation. Asked if TYC suspected financial wrongdoing, Mr. Hurley would say only, "We're concerned about every aspect of the way this facility was run and the contract was administered." The agency "cannot tolerate this kind of situation," he added. "Not only do there need to be financial sanctions, but there need to be other actions taken against people who operate this way." This is only the latest problem to beset TYC, which was placed in state conservatorship this year after a sex abuse scandal and subsequent cover-up were exposed by The Dallas Morning News and the Web site of The Texas Observer. In July, an investigation by The News detailed numerous problems with TYC's contract-run facilities, including GEO's Coke County prison. The investigation revealed that at least two other states had closed GEO-run facilities because of inadequate care of inmates and abuse allegations. GEO spokesman Pablo Paez said the company was disappointed by TYC's decision, which he said was unexpected. "We had not received any notices or any indication of any significant deficiencies at the facility prior to agency's decision to discontinue the contract," Mr. Paez said. Contractor of the year -- Among other matters at the Bronte facility near San Angelo, state investigators will explore whether inmates were prevented from filing grievances with TYC. "I don't think the phones worked all the time if they wanted to complain," Mr. Hurley said, and "kids weren't let out of their cells" to file complaints. TYC employs four full-time quality-assurance monitors at the Coke County prison. They work in a portable building just outside the facility's secure perimeter. Their jobs were to ensure that GEO was meeting the terms of its contract, the first priority being inmates' health and safety, Mr. Hurley said. "What were they doing? That's what we're asking," Mr. Hurley said of the monitors. "I do

imagine that we will be seeing personnel actions taken as a result of this." According to TYC records, the agency's quality-assurance monitors awarded the Coke County facility mostly high scores on planned and unplanned inspections there over the last seven years. In 1999 and again in 2005, TYC named Coke County its "contract facility of the year." Mr. Hurley said monitors conducted their most recent comprehensive review of the facility in late February 2007. Records show few problems were recorded. Coke "achieved an overall compliance score of 97.7 percent with twenty-eight of twenty-nine critical measures passed," the report stated. "Thank you to the Coke County staff and administration for the positive work they do with TYC youth." Monitors did note that one dorm "had an offensive odour" due to a sewer backup. "A number of youth complained that their clothing was not getting clean and that it was returned to them still damp," the report stated. In addition, TYC monitors wrote that the schedule for inmates' showers had been interrupted because of emergencies requiring guards to maintain safety in the dorms. "Administrative staff was made aware of the issue and the need to correct," according to the report. The comprehensive review occurred five months after 19-year-old Robert Schulze, an inmate who had complained that he felt unsafe, hanged himself in his solitary cell. A TYC investigation found a number of missteps that contributed to the young man's suicide, and TYC put the facility on a corrective action plan as a result. 'Prevalence of fear' -- Mr. Harrell, the new TYC ombudsman, said he visited the Coke County facility on Sept. 21 as part of his tour of the agency's West Texas facilities. He found dirty mattresses lying on cell floors and a large infestation of spiders, beetles and crickets crawling around the facility, he said. Inmates told him their sheets and clothes had not been laundered in weeks or months. "Most of what I had seen had to be pre-existing for months if not years," he said in an interview. There was also a "real prevalence of fear" among the inmates, he said. "If I was to be placed in a TYC facility that would be my last pick for sure," he added. Of the schooling available to inmates in security cells, Mr. Harrell wrote in a report on his visit: " 'Education' consists of someone dropping a single sheet of paper through the door slot each day which usually contains a cross work [sic] puzzle, a word game or math problems." Three days after Mr. Harrell's visit, acting TYC Executive Director Dimitria Pope dispatched her new director of juvenile corrections to the Coke County facility. Billy Humphrey, a former adult prison warden, told his boss that the facility was "filthy" and that TYC needed to "take a much deeper look" because he had a "very uncomfortable feeling," Mr. Hurley said. On Sept. 26, a team of TYC officials made an unannounced visit to Coke. Ms. Pope arrived at the facility last weekend and returned on Monday to Austin, where she met with Alfonso Royal, the governor's liaison to TYC, and Brian Newby, the governor's chief of staff. She then ordered the GEO contract cancelled and the youths moved to another TYC prison in Mart, near Waco. "She told us that this needs to happen," said Robert Black, the governor's spokesman. "And we told her if this needed to happen, she needed to do it." Inmates were moved to TYC's McLennan County facility on buses escorted by DPS troopers. TYC made room for the Coke County youth by moving dozens of Mart inmates to other agency facilities, said Scott Medlock, an attorney for the Texas Civil Rights Project. At least two TYC inmates he represents in legal action against the agency were transferred to the Crockett State School in East Texas, he said. TYC transferred the youth without notifying parents, he said. "I've had panicked parents calling me all day, saying, 'I can't find my kid,' " said Mr. Medlock. Problems persist -- State Sen. Juan Hinojosa, D-McAllen, said Tuesday he has been concerned about GEO's performance for years, a point he raised at a legislative hearing in August. "I'm not surprised at what they [TYC officials] found," said Sen. Hinojosa, an author of the 2007 law aimed at reforming TYC. "There are still a lot of problems

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at TYC that we're trying to clean up." A GEO news release issued Tuesday noted that its TYC contract generated quarterly revenue of about $2 million and pre-tax quarterly earnings of about $200,000. Now, the company plans to market the facility to state and federal detention agencies around the country. In the meantime, it expects to lay off most of the 140 employees. City and school district officials in Bronte said Tuesday they had no advance notice of TYC's decision to close the Coke County facility. The mayor and school superintendent blamed the decision on politics. "It is straight from Gov. Perry's office. He wants this facility closed," Mayor Gerald Sandusky said. "He's looking for public image." "This facility does an outstanding job," Mr. Sandusky added. "It couldn't be better."

October 2, 2007 ***Dallas Morning News*** Texas Youth Commission officials will pull the 197 TYC inmates out of a West Texas juvenile justice center today and cancel their contract with the company that runs it, citing deplorable conditions at the state's largest privately operated juvenile prison. "The decisive action ... is a clear indication of the positive changes under way at the Texas Youth Commission," Gov. Rick Perry said Monday. "I am deeply disappointed that conditions at the facility have deteriorated to this point, but am confident that today's actions will remedy the situation." The Coke County Juvenile Justice Center in Bronte, operated by the Florida-based GEO Group Inc. since 2003, has a history of abuse and neglect, including a 2006 suicide, allegations of sexual assault that were settled out of court, and the 2004 death of a youth whose medical conditions were ignored. As recently as this spring, the prison realized it had hired a registered sex offender as a guard. An investigation by The Dallas Morning News in July detailed problems at the facility. The coverage also documented problems at GEO facilities in other states. A representative from GEO could not be reached for comment on Monday. In the July article, spokesman Pablo Paez told The News that the company strives to provide high-quality service and always reviews serious incidents to determine "what corrective actions, if any, can be taken." After reports last month of unsanitary conditions at Coke County, acting TYC Executive Director Dimitria Pope visited the facility last weekend for a surprise audit. On Monday, she ordered that all youth be transferred to other TYC units immediately. "TYC's No. 1 priority is the safety and well being of those youths under our care," Ms. Pope said in a statement. "The unsafe conditions I witnessed at Coke County this weekend are unacceptable. We have zero tolerance for any form of abuse within the system, and those responsible parties will be held accountable." Despite the high-profile cases reported at the Coke County facility – and the fact that at least two other states have closed their GEO facilities over reports of abuse and neglect – GEO and the company's previous owner were allowed to renew their contract in Texas at least seven times. GEO has the highest rate of alleged abuse among all TYC contractors. This is hardly the first time GEO has run into trouble in state juvenile justice systems. The U.S. Justice Department sued the company in 2000, when it was known by a different name, alleging that youth inmates in a Louisiana facility suffered abuse and neglect. All youth were removed from the facility under a settlement. Five years later, Michigan closed its state prison run by GEO after budget problems and a lawsuit over poor inmate care. Until recently, TYC has continued to give GEO high marks, awarding the Coke County outpost its "contract facility of the year" award in 1999 and again in 2005. This despite a history of abuse and neglect at the facility, including: • A 1999 lawsuit filed by former female inmates alleging sexual abuse at the hands of Coke employees. The lawsuits, which involved girls being forced into performing sexual act and dancing naked, were settled out of court. • The death in 2004 of John Rodriguez, whose rashes, open sores and spiking fever were

overlooked for months by medical staff. • The hiring – and eventual termination – of a registered sex offender to work as a prison guard. The TYC acknowledged the GEO facility does its own hiring, and wasn't held to the same standards as other non- contract prisons. • The 2006 suicide of Robert Shulze, a 19-year-old inmate who repeatedly threatened to harm himself and lost 23 pounds in two months. Nurses never put Mr. Shulze on suicide watch, and he hanged himself in his cell. Scott Browne, a Beaumont attorney representing Mr. Schulze's family, commended the TYC on Monday for its action. "I would hope that changes like this by TYC would help ensure that no one else would suffer the way Robert Schulze did," Mr. Brown said. "... Hopefully a move like this by TYC will get the attention of anyone who wants to be in the private corrections business."

July 29, 2007 ***The Dallas Morning News*** Robert Schulze was scared. He threatened to harm himself unless he was moved to another youth prison location. He lost 23 pounds in two months. Ten days later, he hanged himself from the top bunk of his solitary cell. Texas Youth Commission investigators presented a grim report on the prison's failings to Gov. Rick Perry and other state officials in February. They could have discovered even more disturbing details had they looked beyond Texas' borders. A three-month Dallas Morning News investigation found that private contractors housing juvenile inmates in Texas repeatedly have lost contracts or shuttered operations in other states after investigators uncovered mismanagement, neglect and physical and sexual abuse. In Colorado, a suicide finally prompted state officials to close a private youth prison that investigators said was plagued by violence and sexual abuse. In Arkansas, former employees of a private juvenile facility said inmates were shackled and left naked on the ground in sleeping bags. And in Michigan, a private contractor was sued for allegedly allowing mentally ill inmates to languish in solitary confinement. Last year, TYC spent nearly $17 million of its $249 million budget to do business with these and other private contractors. The agency houses about 450 young inmates with 13 private operators. Legislative reforms passed in the wake of the TYC sex abuse scandal largely overlooked private contractors and focused instead on agency-run prisons. "They are a much under-examined problem in the TYC system," said Scott Medlock, a prisoners' rights attorney for the Texas Civil Rights Project, which has filed a class-action lawsuit against TYC alleging widespread inmate abuse. The News focused its investigation on three private contractors with the largest number of TYC inmates and high numbers of complaints – GEO Group, Cornerstone Programs Corp. and Associated Marine Institutes. Those contractors have been dogged by problems in Texas strikingly similar to what led officials in other states to take action. Such problems include difficulties in attracting qualified employees, high turnover rates and inadequate care for inmates – sometimes with tragic consequences. States that hire contractors with poor performance records "obviously have a very low regard for our children," said Isabelle Zehnder, director of the Coalition Against Institutionalized Child Abuse, a child advocacy organization in Washington state. "They're letting money or circumstances stand above children." But Michele Deitch, an expert on prison privatization at the University of Texas at Austin, said research showed that privatization did not save money and that "private facilities tend to have many more problems in performance, such as higher levels of assaults, escapes, idleness." TYC officials said they were reviewing the agency's policies on contractors but could not comment about changes under consideration. However, just days after detailed questioning by The News, TYC cancelled bid requests for new contract facilities. Bidders included contractors currently operating facilities in Texas that had a history of problems in

Information collected from the internet for this report

other states. The vetting process -- TYC first turned to contractors in 1974 to relieve overcrowding. Contract care facilities vary from group homes to large prisons, and over the years contractors have come to provide specialized services not available at TYC prisons, such as care for pregnant inmates. TYC's executive director makes the final decision to hire a private contractor after a five-phase review process that includes checks on the contractor's ability to provide adequate medical care and educational and behavioural treatment. Companies with contracts terminated in the last year "for deficiencies in performance" anywhere in the country are ineligible to bid. And, under a new policy enacted in March as the TYC sex abuse scandal unfolded, the agency reserved the right to declare ineligible bidders with cancelled contracts in the last three years. "We ask for contracts [cancelled] within 36 months, because this provides us with additional information that might be important – [such as] funding, or lack of funding," said Mark Higdon, TYC's business manager for contract programs. "It might not be performance. It might be something else, and we can look at that also." While a contract cancellation would clearly be a red flag for TYC, there are many loopholes through which worrisome contractors can pass. Arkansas officials, for example, let an agreement with Associated Marine Institutes expire after an audit found the contractor had mismanaged its billing and failed to provide proper services to young inmates. Elsewhere, companies have negotiated deals allowing them to withdraw from their contracts, or simply shut down after states have removed youth from their facilities. Neither of these would constitute a terminated contract as defined by Texas. Critics say that TYC requires private contractors to provide less background information when bidding than it should. For example, TYC does not request major incident reports or disclosure of lawsuits against contractors, nor does it do any independent research. In Florida, by contrast, companies must list and explain any "correctional facility disturbances" – major incidents, such as escapes or deaths – in any of the company's prisons. Such disturbances may be the result of inadequate staffing, poor training or other factors and raise warnings about a company's practices. TYC should require contractors to provide all incident reports, said Ms. Deitch, a lawyer with 20 years' experience in criminal justice policy issues. "It is absolutely important that the contracting agency has this kind of background info," she said. "If problems occur, there can be liability concerns for the state agency, and the costs of dealing with the problems can far exceed any savings from going with a low-cost contractor." Elizabeth Lee, the new acting coordinator for TYC contract care, acknowledged the agency has no "established process for collecting information" on how its contractors performed in other states. The important thing to consider, she said, is what they're doing in Texas "and what we're doing to monitor the care of our kids." Correcting contractors -- TYC regularly reviews contract facilities. It checks program areas, such as staffing and security, at least once a year. It also uses statistical information, such as rates of confirmed mistreatment and the number of escapes, to evaluate operators. TYC quality assurance monitors also make at least two unannounced visits per year. If a facility has significant problems, it is put on a corrective action plan, which outlines improvements and deadlines for them. The Coke County youth prison, for example, was placed on a corrective action plan in February after Robert Schulze's suicide. The plan required Coke to improve staffing and procedures in solitary confinement. Records show that Coke was also placed on a corrective action plan in July 2006 for deficiencies in case management, which includes inmate monitoring and record keeping. Earlier this month, TYC monitors visited WINGS for Life in Marion, just outside San Antonio, which houses female inmates and their babies, to follow up on a corrective action plan necessitated by deficiencies in staff training and documentation. "If a facility fails any critical measure, we have to come back

and check it," said Jim Humphrey, the TYC quality assurance supervisor for WINGS. TYC has the authority to fine contractors for problems, but it has never done so in 33 years of outsourcing, officials said. "If it comes to that, we would just stop the contract," said Paula Morelock, who recently retired after 17 years as TYC's contract care coordinator. But it rarely does that. The News could find only a few instances of TYC not renewing contracts because of poor performance. TYC is required to retain contractor records for only a few years, so a full review of the program was not possible. In 2001, TYC terminated its contract with FIRST Program of Texas in Longview after repeated problems. One young woman said that when she was at FIRST, it had chronic staff shortages. "A lot of stuff took place that shouldn't have," said Michelle, a 22-year-old who asked that only her first name be used. "There were lots of problems ... like staff having sex with the youth there and improper restraints and lack of supervision." In 2004, TYC removed its youth from the Hemphill County Juvenile Facility, then run by Correctional Services Corp., a former state contractor, because of "grave concerns for the safety of youth." The move followed a December 2003 complaint signed by about 30 inmates. Still, an agency review conducted shortly after the letter was sent gave the facility "above average" scores on all performance measures. The facility was later placed on a corrective action plan. A February 2004 update from TYC staff to Ms. Morelock said: "Although they have not completed all items, the team does believe that youth are safe and that the program is stable." But staffing shortages followed, and in June 2004, TYC removed its youth from the facility. "We feel like we do a lot of good monitoring and do our very best to ensure that the youth receive quality services," Ms. Morelock said. When contracts expire, TYC determines whether the facility met the terms of its agreement. The contractor completes a renewal packet, and then youth commission officials visit the facility to determine whether to extend the contract for another two years. More often than not, Ms. Morelock said, contracts are renewed. Critics say that TYC needs to change its policy and open the process to outside bidders each time a contract comes up for renewal. A question of oversight -- TYC already has come under fire for lax employment guidelines that allowed contractors to hire convicted felons or even sex offenders. A Texas state auditor report in March urged TYC to ban contractors from hiring employees with convictions and to require background checks of applicants. Even with background checks, some workers with criminal records have slipped through. A registered sex offender employed by the GEO-run Coke County Juvenile Justice Center was fired in March. Ms. Morelock said the facility told TYC that it ran a background check on the worker, but his criminal records did not turn up. GEO said the correctional officer's prior record was not uncovered because juvenile records in Texas are sealed. [See dallasnews.com for further GEO comment.] The Texas Juvenile Probation Commission, which licenses county facilities, found the Garza County Regional Juvenile Center in Post out of compliance last year because it failed to do criminal background checks on employees before they were hired. In a unique arrangement, TYC contracts with the county, which in turn hired a private operator, Colorado-based Cornerstone Programs, to run the Garza facility. TYC relied on the county to vet the contractor's background, Ms. Morelock said. A Garza County official said he did not know what, if any, backgrounding of Cornerstone had been done. It's impossible to know whether other employees of private contract facilities have criminal records because, unlike workers at state-run facilities, their names are not public information. "The fact that [these] facilities are private simply adds one more layer of opaqueness to the process," said Ms. Deitch, the UT adjunct professor. A few of the TYC legislative reforms will carry over to private operators. Their guards' training hours must match that of TYC employees, their younger inmates must be

separated from older ones, and contractors must now conduct fingerprint background checks on all employees and volunteers in contact with youth. "Some of the contractors were already doing that [fingerprinting], but just as a safeguard we're putting it in the contract that they all have to do it now," said the TYC's Ms. Lee. TYC officials say the most valuable part of the agency's monitoring is staff visits to facilities. "They're looking at grievances, they're talking to kids, they're talking to staff and they're reviewing incident reports," Ms. Lee said. In general, though, TYC relies heavily on its contractors to police themselves. Contractors are required to forward inmate abuse allegations, although agency monitors have raised concerns that not all make it to TYC. Contractors also must report serious incidents to local law enforcement, but TYC reviews found facilities that failed to do so. Critics of privatized juvenile care think more state oversight is necessary. "Child welfare and juvenile justice systems have both a legal and moral obligation to protect kids from harm, which means they have a responsibility to exercise due diligence when it comes to placing youths in certain types of facilities," said Dr. Ronald Davidson, a university psychologist frequently hired by the Illinois Department of Children and Family Services to review juvenile care. "Whether we look at this situation in terms of public policy or simple morality, the question we have to ask is whether our society ought to be in the business of funding gulags for children."

July 29, 2007 ***The Dallas Morning News*** The Coke County Juvenile Justice Center, run by the GEO Group Inc., is Texas' largest private juvenile prison and has had the highest rate of alleged abuse among TYC's contractors over the last seven years. The Florida-based GEO has renewed, extended or renegotiated its contract with the Texas Youth Commission at least seven times since it first won the contract to run the Coke facility in June 1994. During that time, at least two other states have closed their GEO-run juvenile facilities because of inadequate care of inmates and abuse allegations. The U.S. Justice Department sued the company in 2000, when it was known as Wackenhut Corrections Corp., alleging that juveniles at the company's Louisiana facility were subjected to excessive abuse and neglect. Wackenhut agreed to a settlement that provided for sweeping changes to Louisiana's juvenile justice system and required the company to move all juveniles from its facility. The former security chief pleaded guilty in 2001 to beating a 17-year-old handcuffed inmate with a mop handle. In October 2005, Michigan closed the state's private youth prison run by GEO after an advocacy group sued the prison over inadequate inmate care. Budget shortfalls also played into the prison's closure. Tom Masseau, director of government and media relations for Michigan Protection and Advocacy Service Inc., said his watchdog group found juvenile inmates who needed special education but were not receiving it and inmates who were not receiving appropriate mental health care. The prison also managed problem juveniles by putting them in solitary confinement, he said. Mr. Masseau said his group tried to work with GEO and the state before filing a lawsuit, but the problems remained unsolved and inmates faced reprisals. "The youth would report back that they were retaliated against for meeting with us," Mr. Masseau said. "We said enough is enough." The group's lawsuit against the state is pending, but GEO was dropped as a defendant because it closed the facility and left the state. GEO sued the state for alleged wrongful termination of the lease agreement, which is also pending. TYC accolades -- In 1999, TYC named GEO's Coke County operation its "contract facility of the year." The same year, former female inmates filed several federal civil rights lawsuits alleging they were sexually abused by Coke employees. (TYC had moved all girls from the facility a year earlier.) The lawsuits – which eventually resulted in confidential settlements – were filed four years after

TYC confirmed allegations that some staff members coerced girls into performing sexual acts or dancing naked, according to a court document and a report by Michele Deitch, a prison privatization expert at the University of Texas, and others. "Given GEO's track record generally and the general record of these for-profit private prison companies, I have serious concerns about them running any correctional institutions ... especially when such egregious wrongdoing was going on," Scott Medlock, an attorney at the Texas Civil Rights Project, said. The Coke County facility routinely hired unqualified workers, said Isela Gutierrez, juvenile justice initiative director at the Texas Criminal Justice Coalition. Former Coke County guard John Christman, who now lives in New York, said he witnessed that problem firsthand. He worked there for nearly a year and said he initially loved it. But he eventually grew frustrated with the company's poor hiring standards and staff shortages. The company met its guard-to-inmate ratios by making employees work extra shifts, he said. "I was working five, six days a week, 12-hour days, overtime," Mr. Christman said. "It's hard to get people to go into that line of work." He quit his post but returned about 18 months later, in 2001, after he heard that working conditions had improved. Unfortunately, he said, not much had changed and he left shortly thereafter. TYC again named Coke County contract facility of the year in 2005. And, during the past seven years, TYC quality-assurance monitors have awarded it mostly good scores on planned and unplanned inspections there. But some recent problems were reported: During an unscheduled visit in April, a TYC monitor discovered that a staff member had falsified an accusation against an inmate. The young man was put in solitary confinement on April 16. Two days later – on the morning of the unannounced visit – his paperwork already noted that he'd committed an infraction that would extend his stay in solitary confinement. "This was alarming because it was only 9:30 a.m. and the incident had not occurred yet," the monitor reported. The TYC monitor notified the warden, who released the inmate from solitary and told the security director "that writing incident reports prior to the incident was not allowed," the report said. Suicide inquiry -- TYC's investigation into Robert Schulze's suicide offers a bleak picture of the facility. "Robert's cries for help – to be assigned to a dorm where he felt safe or to be transferred to Gainesville State School – were never adequately addressed," a February 2007 report noted. A guard promptly turned in Robert's note in which he threatened to harm himself unless his dorm assignment was changed. Robert then asked to go to solitary confinement because he felt unsafe, but he was not put on suicide watch. He stayed in solitary confinement for nine days, refusing to return to his dorm because of safety concerns. His case manager made only one documented visit with him during that period. He was not given prescribed medication during his time at Coke and lost 23 pounds in two months. No one checked his food intake. None of that was brought to the doctor's attention, and a medical review was never conducted, the TYC investigation revealed. The nursing staff also "failed to discover three original prescriptions for antidepressants and a mood stabilizer that had been prescribed by a consulting psychiatrist ... on July 28," TYC later reported. Eight days before Robert hanged himself on Sept. 28, 2006, "he filed a TYC complaint form stating that he makes self-referrals to ... [solitary confinement] to get away from harm and people who threaten him," TYC said in its report. It's not clear anyone saw the complaint before his death. "The form got lost in a stack of mail on the TYC staff member's desk," the investigative report said. TYC's investigation found that Coke County's solitary cell unit had only one staffer on the floor – in violation of the required two guards – at the time of the hanging. The one guard on duty failed to make contact with each inmate every 10 minutes, as required. For more than an hour, no one checked on the despondent inmate. After Robert's dinner tray arrived, it sat for 28 minutes before the guard took it to his cell and

discovered him unresponsive. The guard was disciplined with training and five days of unpaid suspension. TYC put the facility on a corrective action plan, which required it to improve the deficiencies that contributed to Robert's death. GEO spokesman Pablo Paez said the company strives to provide high-quality service and conducts thorough reviews after any serious incident to determine "what corrective actions, if any, can be taken." An attorney for the family of the 19-year-old said they had no comment.

March 12, 2007 ***The Monitor*** Two detainees of a Texas Youth Commission contract prison in West Texas are missing. The boys, ages 17 and 18, were both non-violent offenders. One is serving time in the high-security facility for burglary of a vehicle; the other for violating conditions of parole, said Jim Hurley, TYC spokesman. They are missing from the Coke County Juvenile Justice Center in Bronte, which is run by GEO Inc. At about 3 a.m. Monday a vent fell from a ceiling dorm, prompting guards to conduct a bed count, Hurley said. They discovered four youth were missing, but two were later found, he said. Hurley said TYC would not release the names or description of the missing youth because they were not considered to be a danger to the public. It is possible the youth are still inside the facility because there is so far no indication the razor-wire fence that surrounds the Coke County center was breached, Hurley said. Monday's discovery at the 200-bed facility is another in a long line of problems at the TYC. The agency that runs the Evins Regional Juvenile Center in Edinburg was placed governor-appointed management in February among a sex scandal and wide reports of youth abuse.

March 10, 2007 ***KRIS TV*** A convicted sex offender who was fired this week from his job at a West Texas youth prison said he told his employer of his background when he applied for the job. David Andrew Lewis, 23, was fired from the Texas Youth Commission's Coke County Juvenile Justice Center when state investigators discovered he was a convicted sex offender. State leaders dispatched law enforcement officials to all 22 commission facilities and its headquarters this week to investigate claims of sexual abuse of inmates by employees. Lewis was fired by the GEO Group, a Florida-based private company that runs the all-male facility in Bronte, about 30 miles northeast of San Angelo. Lewis said Thursday that he showed a sex offender registration card to his prospective employers when he was being interviewed for a job as a correctional officer in August 2006. "They said to wait for the background check to go through," Lewis said, adding that he also presented other paperwork related to his offense. Lewis was 15 when he was convicted in 1999 of indecency by exposure with a 5-year-old girl, according to a Texas Department of Public Safety Web site listing sex offenders. He is required to register annually as a sex offender. Pablo Paez, director of corporate relations for the GEO Group, said the company conducts background checks on new hires and re-runs the checks annually. The Texas Department of Public Safety checks off on the company's employees, he said. "In this particular case, we conducted a background check through DPS and received clearance from DPS," Paez said. The Texas Department of Public Safety, which does not make public the records of juvenile offenders, referred a call for comment to Gov. Rick Perry's office. Perry spokesman Ted Royer said the case highlights why the special master and new executive director "are going to completely rewrite the playbook" for how the agency operates. "Having sex offenders guard prisoners is totally unacceptable, and if an agency contract prohibits the hiring of registered sex offenders then that needs to be enforced," Royer told The Associated Press on Friday. "There needs to be a clear delineation of

consequences if a contractor goes against those rules." State officials have said Lewis' case demonstrated that private prison operators don't always check their employees' juvenile records. Texas Youth Commission spokesman Tim Savoy said the agency's contracts with the private operators prohibit hiring registered sex offenders, but the agency doesn't "have any control over who they hire."

March 7, 2007 ***San Antonio Express-News*** Law enforcement officers who earlier this week moved into the Texas Youth Commission facilities to protect inmates from sex predators on Wednesday discovered a registered sex offender working as a correctional officer in a halfway house for juveniles. The sex offender had been allowed to stay on the job despite an alert that had been sent months ago to TYC administrators in Austin. David Andrew Lewis, 23, was discovered by investigators sent to TYC's 22 facilities after reports of sex abuse stunned lawmakers. Lewis was employed at the Coke County Juvenile Justice Center, a juvenile halfway house 30 miles from San Angelo run by the Geo Group, a private prison company. TYC's acting executive director, Ed Owens, said a facility staff member had months ago warned agency officials in Austin of Lewis' sex offender status, but was rebuffed. The tipster "was told he was a company employee and that the company needed to deal with their employee," Owens said, adding that the incident was yet another illustration of the systemic failures plaguing TYC. Owens said once he learned of Lewis' background Wednesday, he called the Geo Group and they suspended him. It was not clear if the Geo Group had learned months earlier of Lewis' sex offender status. No one in its Florida headquarters could immediately be reached for comment Wednesday evening. Owens said that there was no evidence Lewis acted inappropriately with any juveniles. Lewis was 15 when he was forced to register for 13 sexual indecency acts against a 5-year-old girl. His case is posted on the Texas Department of Public Safety web site of registered sex offenders. With that history, it remained a mystery how Lewis could have been hired to work with juveniles in the first place. Criminal background checks are required for all TYC employees and those hired by private contractors to work with TYC juveniles.

July 27, 2001 Inmate awards were upheld by an appeals court in a case where young inmates said they were sexually abused by Wackenhut Corrections Corporation employees. But the inmates' attorney was sanctioned for disclosing the terms of the confidential agreement. (Corrections Professional)

May 17, 2001 The 5th U.S. Circuit Court of Appeals has upheld a district court's decision to levy a $15,000 fine and imposed a number of sanctions on attorneys representing nine girls held at the juvenile detention facility in this West Texas city. During mediation in 1999, the former detainees' attorneys reached a $1.5 million settlement agreement with Wackenhut Corrections Corp. The girls had alleged they were sexually, physically, and mentally abused by employees. (AP)

COLORADO DEPARTMENT OF CORRECTIONS

March 5, 2007 ***Rocky Mountain News*** Rep. Buffie McFadyen, D-Pueblo West, and two reform groups today formally requested the director of the Department of Corrections and the governor rescind Geo Group's bid to build a private prison in Ault. The reasons cited included the company's performance on a 2003 bid to build a private prison in Pueblo. McFadyen said GEO Group lost its contract to build the Pueblo facility because it delayed the start of construction, then tried to

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renegotiate its contract to get a guarantee that it would be paid for 90 percent occupancy, even if beds were not filled. "Basically, the state of Colorado was held hostage for four years. They didn't even break ground," McFadyen said. In her letter to Ari Zavaras, executive director of DOC, she said, "It would appear that the state's best interests were not served by allowing GEO group to bid any contract with the state because of its lack of performance on tis 2003 award." Officials with Geo Group could not be reached for comment Monday afternoon. Alison Morgan, spokeswoman for the DOC, said Zavaras was aware of the letter being sent by McFadyen, but had not seen it Monday. "Since he was not with the department during the RFP (request for proposals) process, it is an issue that he is still studying and is being briefed on," said Morgan. "Once he has all the information, including McFadyen's letter, he would welcome an opportunity to sit down and talk to her."

January 31, 2007 *Rocky Mountain News* The Colorado Bureau of Investigation is taking over the probe of a retired state prison official who stands to be paid $1 million for helping a private prison company win a state bid. Nolin Renfrow, former state prisons director, openly became a consultant to the Geo Group and helped it win a $14 million-per-year deal to house 1,500 inmates in a private prison proposed in Ault. A state audit said Renfrow began the work for Geo while still on the state payroll. It also said that he is to collect a $1 million fee if the prison is built. State employees are prohibited from providing paid assistance to anyone to win state contracts or economic benefits. State law also prohibits activities that constitute a conflict of interest. Ari Zavaras, who became prisons chief with the new administration several weeks ago, said he asked the CBI to take over the investigation to "overcome the perception that it won't be a thorough investigation." Renfrow said Tuesday, "I understand why he would do that, and I just hope it comes to quick resolution." The Department of Corrections had been investigating. Its report was to have been given to prosecutors if warranted. Zavaras said he is letting the CBI decide whether the probe will become a criminal investigation.

December 16, 2006 *The Gazette* State prison officials have cancelled a contract for a new private prison in Pueblo, a move that casts doubt on how much Colorado will be able to rely on private prisons while it copes with a crowding crisis. The GEO Group, which was awarded a contract in 2003 to build the Pueblo pre-release prison, has also been contracted to build and operate a prison in Ault, in north eastern Colorado. But the same issue that doomed the Pueblo project — the company's insistence it be guaranteed nearly full occupancy — could derail the latter prison, because GEO is making a similar demand. "If GEO's going to demand a bed guarantee, they need to leave the state," said state Rep. Buffie McFadyen, a Pueblo Democrat and leading critic of private prisons. "It is not the job of the Colorado taxpayers to ensure profits for this corporation." The Pueblo prison was delayed repeatedly: by zoning issues, by a legal challenge from a prison-reform group and by several revisions to the plan by GEO. But the final impasse began this summer, when the company asked for a 90 percent minimum occupancy guarantee for the prison, which wasn't a condition of the original proposal and was opposed by Department of Corrections officials. Private prisons are paid a daily rate per inmate by the state, currently $52. Last month, the DOC denied a contract-extension request, and on Thursday informed the company that it was cancelling the contract. "Ground has not broken, and GEO has given no indication when, or even if, it plans to commence construction," DOC executive director Joe Ortiz wrote. "Our patience cannot be

infinite." The department is facing an acute crowding problem. Years of cancelled prison-construction projects and steady growth in court caseloads have created a shortage of prison beds. The DOC this week began shipping 720 inmates out of state, a temporary solution until new beds become available. With only one state prison under construction, Colorado State Penitentiary II in Cañon City, the DOC this year awarded contracts to three companies to build prisons for 3,776 inmates. The GEO Group's proposed 1,500-bed prison in Ault is a major part of the plan. Alison Morgan, head of private-prison monitoring for the DOC, said the department still expects GEO to follow through on its proposal in Ault. "We are treating the Pueblo facility and the Ault facility separately. We have from Day 1, and we will continue to do so," Morgan said Friday. However, GEO is making the same demand for guaranteed occupancy for the Ault prison. Asked whether the DOC is still opposed to a guarantee, she said, "It is a policy decision to be addressed by the new administration (of Gov.-elect Bill Ritter) and the General Assembly." The local community isn't even sure it wants a prison. Ault's town board last month passed an ordinance requiring voter approval for the prison. No election date has been set. McFadyen said she doesn't believe GEO ever intended to complete the Pueblo prison, and she doubts the company's ability and will to follow through in Ault. "We've been set back three years in our planning," McFadyen said. "I think that kind of delay is unacceptable, and we'll learn from this experience and not allow another contract to drag on for three years." A call to a spokesman in the company's Boca Raton, Fla., headquarters was not returned Friday afternoon. An audit requested by Mc-Fadyen regarding the bidding process for the Ault prison was released this week. It showed that a top DOC official set up a consulting business to help GEO win the bid while he was employed by the state. Because the DOC is based in Colorado Springs, the office of 4th Judicial District Attorney John Newsome will receive the results of the investigation and determine whether any law was broken. Morgan said the DOC will issue a new request for proposals for a pre-release prison.

December 14, 2006 ***Denver Post*** Results of an investigation into former Colorado prisons director Nolin Renfrow's conduct in office will be turned over to a district attorney early next year, the Department of Corrections' inspector general said Wednesday. Michael Rulo, who has been the agency's inspector general for seven years, said his office has been cooperating with state auditors on the probe. On Tuesday, the auditors announced that a "former senior- level official" of the Department of Corrections launched a prison-consulting business in August 2005, five months before he retired from the department Jan. 31, and helped a private company land a state prison contract. State Rep. Buffie McFadyen, D-Pueblo West, who requested the audit, identified the official as Renfrow. The auditors found that while still employed by DOC, Renfrow began working to assist prospective bidders in developing proposals to his department for a private prison. With his assistance, a company identified as the GEO Group was awarded the contract for a 1,500-bed private prison at Ault. Auditors noted that state employees are barred by law from outside employment that creates a conflict of interest, and from helping people to win a contract with their agency for a fee. Renfrow couldn't be reached for comment Wednesday. Rulo said the results of his office's investigation will be turned over to El Paso County District Attorney John Newsome, probably in January. The Department of Corrections is based in that county. Rulo said a decision on whether to file charges will be a "collaborative process" with prosecutors. Kristen Holtzman, spokeswoman for Colorado Attorney General John Suthers, said that Renfrow never contacted

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the attorney general's office to ask whether his consulting business while still a DOC employee constituted a conflict of interest.

December 12, 2006 ***Rocky Mountain News*** The state Department of Corrections is seeking $500 million to build new prisons for more than 5,000 more inmates over the next five years. The request for new spending is being driven by a huge increase in prisoners and rising financial demands from private prisons. One, the Geo Group, is demanding a $1 billion revenue guarantee before going ahead with two prisons that it is under contract to build for Colorado in Pueblo and Ault. Prisons chief Gary Golder said he is waiting for the incoming administration of Gov.-elect Bill Ritter to decide whether the state should provide any such guarantee. Meanwhile, a former state prison official, Nolin Renfrow, is being investigated for working on behalf of Geo to win the second of those private prison contracts while still a state employee. Golder said the results of the administrative investigation may be referred to prosecutors for possible criminal charges. He wasn't sure what could be charged. He said it might be considered malfeasance. Renfrew stands to be paid $1 million by Geo for his work if its second prison in Ault is built. But meanwhile, the state is moving to yank Geo's first prison contract, for Pueblo, because Geo has still not broken ground.

December 13, 2006 ***Pueblo Chieftain*** A former top official for the Colorado Department of Corrections may have broken the law when he helped a private prison company win a state contract earlier this year, an audit revealed Tuesday. Though the report conducted by the state auditor doesn't name him, the audit cantered on Nolin Renfrow, former director of prisons for DOC. It even calls on the department's inspector general to further investigate the matter and, if warranted, refer it for possible prosecution. The audit, which was requested by Rep. Buffie McFadyen, D-Pueblo West, showed that before Renfrow retired in January, he had been working with a Florida-based private prison company, GEO Group, to land a DOC contract to build a 1,500-bed prison in Weld County. That project is expected to cost an estimated $100 million, for which Renfrow was to get a 1 percent fee - or $1 million - for helping Weld County get the contract, the audit said. In 2003, GEO, which is based in Baca Raton, Fla., was awarded a contract to build a 500-bed, pre-release prison near Pueblo Memorial Airport, which still hasn't been built. Renfrow's replacement, Gary Golder, says the department currently is working with the Attorney General's Office on a letter to GEO that effectively would revoke the 2003 bid and end the Pueblo project. Though the audit did not find any evidence that Renfrow disclosed confidential information to GEO to help it win the Weld County bid, he may have violated state laws, personnel rules and department regulations regarding outside employment, the audit said. Neither Renfrow nor GEO officials were available for comment. The audit found that prior to Renfrow's retirement on Jan. 31; he filed articles of incorporation for a private prison consulting firm, Patriot Business Solutions, in August 2005. "Public records and interviews indicate that the former employee began actively working on behalf of his prison consulting business as of November 2005," the audit said. "Neither the department nor the former employee provided documentation showing that the employee requested or the department approved the former employee's outside employment." The contract was awarded to GEO in June, along with a separate contract to Corrections Corporation of America to expand two of its existing private prisons - in Bent and Kit Carson counties - by 720 beds. DOC time sheets also showed that Renfrow "used a combination of annual, sick and holiday leave" to remain on extended paid leave from November 2005 until his

retirement date, the audit said. "Neither the department nor the former employee provided evidence that (Renfrow) received the express consent of his attending physician or appointing authority to engage in outside work activities," the audit said. "As a result, we question the former employee's use of about 240 hours of paid sick leave benefits valued at about $14,000." McFadyen began to question Renfrow's involvement immediately after GEO won the contract. The Pueblo West lawmaker, a long-time critic of private prisons, questioned why such a company would be awarded a new bid before it had made any progress on the Pueblo prison. McFadyen also questioned why the department was even considering a GEO request, which was made after winning the bid, to give it a written guarantee that the new beds would be filled, something the state has never provided to any of the five other existing private prisons in the state. "I am still questioning the Colorado Department of Corrections as to why GEO was allowed to bid another (project) when they have not performed on the original 2003 project," McFadyen said. "GEO Corporation is demanding that the state issue a mandatory guarantee of filling beds. It is not the responsibility of Colorado taxpayers to ensure the profits of this corporation. "There's no question that we're being held hostage by GEO Group when other (private prison) vendors probably would like to come in and bid those contracts," she added.

December 13, 2006 *Rocky Mountain News* A retired state prison official stands to be paid $1 million - and possibly face criminal charges - for helping a private prison company win a state bid while he was still working for the state. A state audit released Tuesday cited a possible conflict of interest. The audit does not name the official, but the audit was aimed at Nolin Renfrow, former state prisons director. And the document describes work he openly undertook for the Geo Group. Renfrow helped Geo win a $14 million-per-year deal to house 1,500 inmates in a private prison it proposed building in Ault. Renfrow helped Geo write its bid and spoke with Ault officials on Geo's behalf, said officials and Renfrow last spring. On Tuesday, Renfrow did not return a call for comment. The audit said the official may have violated two state laws. One prohibits state employees from providing paid assistance to anyone to win state contracts or economic benefits. The other prohibits activities that constitute a conflict of interest with their duties as state employees. The audit cleared the official of using insider knowledge to help Geo win the bid. But it said that if the prison is built, Geo will pay the official a $1 million fee. The official started working as a consultant on the deal before he retired this year, the audit said. During his final three months on the job, the official used six weeks of sick leave, valued at $14,000, without any proof that he was sick. The Department of Corrections has launched an investigation as a result of the audit. If warranted, the department will refer its findings to local prosecutors, said Gary Golder, Renfrow's replacement as state director of prisons. Golder said the laws cited by the auditor do not carry specific penalties. He speculated that if charges are filed, they might be for malfeasance or official misconduct. When the audit began in June, Renfrow told a reporter he had run operations for existing prisons and that he had no role in writing the state's bid request that he later helped Geo win. He also said then that the state attorney general's office had ruled that his work on the deal was not a conflict of interest. However, the audit found no evidence that he requested or received the required state approval for his outside work.

August 23, 2006 *Pueblo Chieftain* Two political groups are fighting over Rep. Buffie McFadyen, but it isn't for love nor money. In one corner is a political organization created by GOP Gov. Bill Owens and financed by several well-heeled Republicans

Information collected from the internet for this report

called The Trailhead Group. In the other is a similarly well-financed Democratic group called Clear Peak Colorado, which was created for the sole purpose of countering anything the GOP group says. While Trailhead is accusing the two-term Democrat from Pueblo West of using her office to enrich herself, something it has been saying in a slew of recent radio ads in Canon City and Pueblo, the Democratic group says it is the other way around. That Trailhead wants to unseat McFadyen so its contributors can continue to receive lucrative private prison contracts. McFadyen, who has been highly outspoken in her opposition of private prisons, is running for her third term in office this fall against GOP challenger Jeff Shaw, a Pueblo attorney. "It's very clear that these prison building and management companies are using the Trailhead Group as a vehicle to attack Representative McFadyen for her opposition to private prison building initiatives," said Clear Peak director Tim Knaus. "These prison industry corporate donors to the Trailhead Group have millions of dollars riding on a GOP victory and they'll stop at nothing to protect their bottom line." Both groups are known as 527 organizations, so called because of the IRS tax code governing similar political advocacy groups.

July 31, 2006 *The Gazette* Colorado prison officials, faced with unparalleled crowding, are poised to embark on the state's largest private-prison expansion in years. By the time three companies build medium-security prisons for 3,776 inmates by the middle of 2008, one in three Colorado inmates will be housed in for profit facilities. Despite the state's growing reliance on private prisons, Department of Corrections officials still have deep concerns about the projects, and numerous issues remain that could derail them — including two companies' insistence their cells be filled before those in state-run prisons. "I don't believe they're cheaper in general," said state Rep. Buffie McFadyen, a Pueblo Democrat and opponent of private prisons. "As long as you have stockholders wanting more bodies and cells, there's no incentive for that company to reduce the number of people in prison." "They (private-prison firms) kind of know they've got us over the barrel," said Dave Schouweiler, purchasing manager for the DOC. "If we don't use them, we've got to ship people out of state." Corrections Corporation of America was awarded contracts for 720-bed expansions at its prisons in Las Animas and Burlington. At the Kit Carson Correctional Facility, the company's original proposal called for employing just 59 guards, later revised to 64, for an expanded inmate population of 1,562, a ratio of 1 to 24. Similarly, at the Bent County Correctional Facility, the company proposed to have 61 guards — later increased to 66 — for an expanded population of 1,457, a ratio of 1 to 22. The officer-to-inmate ratio in the state prison system is 1 to 4.6, according to the DOC. It isn't the first time staffing at a CCA prison in Colorado has been a concern. In 2004, a riot broke out at the company's Crowley County Correctional Facility, and an audit put much of the blame on low staffing levels. CCA signed new contracts with the DOC, allowing officials to issue fines for staffing deficiencies. CCA was recently fined $103,743 for leaving 701 mandatory shifts vacant from Nov. 1 to Jan. 10 at the Kit Carson prison, Morgan said. The company was fined $23,000 for 157 unfilled shifts at the Crowley County prison and $2,651 for 18 vacancies at the Bent County prison. Private prisons pay less than state prisons, and critics say most have high turnover. Another point of contention: CCA and GEO demand to have first claim to every person sentenced to state prison. It's a condition Schouweiler said DOC officials are not comfortable granting. But the fact the companies made it a condition of their proposals -at least so far - shows how the climate has changed since the 1990s. "To a large extent, we can't dictate to them like we did in the '90s," he said. "They would like to see us in crisis when they open their doors."

June 28, 2006 ***Denver Post*** A Democratic state lawmaker raised safety and competitive concerns about two companies selected by the state Tuesday to build additional prison space to house more than 2,200 male prisoners. Rep. Buffie McFadyen of Pueblo West said The GEO Group Inc. has not built the 500-bed Pueblo facility it promised three years ago. She also questioned whether GEO had an unfair bidding advantage on the new 1,504-bed facility it was selected to build in Ault. The company hired Nolin Renfrow, the former state director of prisons, to help it bid on the project after Renfrow left the department, she said. Renfrow worked for corrections when the request for bids was made public. Neither Renfrow nor a representative of GEO could be reached Tuesday evening for comment. Katherine Sanguinetti, a spokeswoman for the department, said she didn't know the factors that went into selecting GEO. And, she said, "I personally know that the DOC staff that were rating those bids have had no contact with (Renfrow) to keep it objective." Earlier this month, McFadyen asked lawmakers to audit the bidding process. She also questioned why the Corrections Corporation of America was selected to expand the Bent County Correctional Facility near Las Animas by 720 beds. CCA owns and operates the Crowley County Correctional Facility where a riot broke out in 2004. McFadyen said she was concerned that the company has still not replaced the porcelain fixtures in its facilities after broken porcelain was used as a weapon during the riot.

June 28, 2006 ***Journal-Advocate*** All bets are off for a private prison in Sterling that would have brought 400 to 500 jobs and a $23 million payroll. Late Tuesday the Colorado Department of Corrections purchasing office awarded a bid for proposals to provide private prison correctional services and accommodations for up to 2,250 additional male inmates to both the GEO Group, Inc. and the Corrections Corporation of America. Both awards are conditional and subject to contract negotiations. The GEO Group, Inc., which included a 2,250-bed facility-security adult male private prison in Sterling in its proposal to the state, will build a new 1,504 bed facility in Ault, a town about 12 miles from Greeley, according to the Colorado Department of Corrections purchasing office's Web site. CCA will expand the existing facilities of the Kit Carson Correctional Center near Burlington and the Bent County Correctional Facility near Las Animas by 720 beds each. The GEO Group, Inc. - the second-largest private prison facility company in the world, with prisons across the globe - was considering the Sterling area as the possible site for a medium-security adult male private prison with 2,250 beds, according to Logan County Economic Development Executive Director Brett Challenger. The company would have offered 400 to 500 jobs and a $23 million payroll. There would be no out-of-pocket expense to the city where the prison is constructed. The city would provide water and sewer, Challenger said. But Frank Smith, a member of the non-profit anti-private-prison group Private Corrections Institute, said while many towns have looked to private prisons as economic development strategies, they do not have the same effect as state-run prisons. "There is an order of magnitude difference between public and dangerous and economically draining private prisons. I've found the latter paying as little as $6.45 an hour," Smith said. The Journal-Advocate attempted to contact the GEO Group for information by phone on June 2, June 15, June 22, twice on June 23 and June 27 but was unsuccessful. Attempts to contact GEO by e-mail June 21, June 22 and June 24 were also unsuccessful. Smith, a retired volunteer, worked in criminal justice for decades, including with ex-offender populations and program management within public prisons. He's visited a number of for-profit prison in various states and is considered to be the Midwest's leading authority on private prisons and perhaps one of the dozen top experts in the world. He said he's suspicious of the

Information collected from the internet for this report

GEO Group's claim to offer $14.42 an hour or $30,000 annually. "The proposed prison payroll, I'd guess, is wildly inflated. That's one way the operators sell these boondoggles. The for-profits hire bottom-of-the-barrel staff, usually pay terrible wages. A New Mexico guard working for GEO was making $7.95 an hour," Smith said. "They pay as little as they can. These guys will do whatever they can to get in business. But what they say and what they do are very different. It's not a contract. Once they open the doors they can do anything they want," Smith said. Tom Nipp, mayor of New Castle, Ind., said the GEO-owned prison outside the New Castle area has been beneficial to his town. "The truth of the matter is at this point there are more jobs, I believe, than we had before. There are more inmates, which means there is more work for local people. We have not had any negative results," Nipp said. Nipp said city leaders were initially told the company pay scale and benefits would not be as high so the guards would not be as motivated and the city would not be as secure. But he said that's not been the case. "At this point we have seen nothing like this," Nipp said. Nipp said he's noticed only two differences between now and before GEO moved in: There are more employees in New Castle, more local jobs and the GEO has provided a partnership with the community. "To the city of New Castle at this point and time it has been a positive experience," Nipp said. According to the Colorado Criminal Justice Reform Coalition, the number of state prisoners in Colorado has increased more than 500 percent since 1980. The group claims the state of Colorado has turned to private, for-profit prisons in an attempt to save money, hoping that privatization will provide money-saving efficiencies in prison construction and operation. The group claims data from Colorado and nationwide show the performance of private prisons has been troubled with poor inmate programs, security problems and fiscal woes. According to Cheryl Ahumada of the DOC's Office of Public Affairs, the bidder awarded the project may conduct public meetings in conjunction with municipal and county officials. "It is up to the company and jurisdiction. It is not a DOC function," Ahumada said in an e-mail. Jennifer Klein can be reached at 522-1990, Ext. 237 or by e-mail at jklein@journal-advocate.com John Mangalonzo can be reached at 522-1990, Ext. 235 or by e-mail at: jmangalonzo@journal-advocate.com

June 28, 2006 ***Journal-Advocate*** All bets are off for a private prison in Sterling that would have brought 400 to 500 jobs and a $23 million payroll. Late Tuesday the Colorado Department of Corrections purchasing office awarded a bid for proposals to provide private prison correctional services and accommodations for up to 2,250 additional male inmates to both the GEO Group, Inc. and the Corrections Corporation of America. Both awards are conditional and subject to contract negotiations. The GEO Group, Inc., which included a 2,250-bed facility-security adult male private prison in Sterling in its proposal to the state, will build a new 1,504 bed facility in Ault, a town about 12 miles from Greeley, according to the Colorado Department of Corrections purchasing office's Web site. CCA will expand the existing facilities of the Kit Carson Correctional Center near Burlington and the Bent County Correctional Facility near Las Animas by 720 beds each. The GEO Group, Inc. - the second-largest private prison facility company in the world, with prisons across the globe - was considering the Sterling area as the possible site for a medium-security adult male private prison with 2,250 beds, according to Logan County Economic Development Executive Director Brett Challenger. The company would have offered 400 to 500 jobs and a $23 million payroll. There would be no out-of-pocket expense to the city where the prison is constructed. The city would provide water and sewer, Challenger said. But Frank Smith, a member of the non-profit anti-private-prison group Private Corrections Institute, said while many towns have looked to

private prisons as economic development strategies, they do not have the same effect as state-run prisons. "There is an order of magnitude difference between public and dangerous and economically draining private prisons. I've found the latter paying as little as $6.45 an hour," Smith said. The Journal-Advocate attempted to contact the GEO Group for information by phone on June 2, June 15, June 22, twice on June 23 and June 27 but was unsuccessful. Attempts to contact GEO by e-mail June 21, June 22 and June 24 were also unsuccessful. Smith, a retired volunteer, worked in criminal justice for decades, including with ex-offender populations and program management within public prisons. He's visited a number of for-profit prison in various states and is considered to be the Midwest's leading authority on private prisons and perhaps one of the dozen top experts in the world. He said he's suspicious of the GEO Group's claim to offer $14.42 an hour or $30,000 annually. "The proposed prison payroll, I'd guess, is wildly inflated. That's one way the operators sell these boondoggles. The for-profits hire bottom-of-the-barrel staff, usually pay terrible wages. A New Mexico guard working for GEO was making $7.95 an hour," Smith said. "They pay as little as they can. These guys will do whatever they can to get in business. But what they say and what they do are very different. It's not a contract. Once they open the doors they can do anything they want," Smith said. Tom Nipp, mayor of New Castle, Ind., said the GEO-owned prison outside the New Castle area has been beneficial to his town. "The truth of the matter is at this point there are more jobs, I believe, than we had before. There are more inmates, which mean there is more work for local people. We have not had any negative results," Nipp said. Nipp said city leaders were initially told the company pay scale and benefits would not be as high so the guards would not be as motivated and the city would not be as secure. But he said that's not been the case. "At this point we have seen nothing like this," Nipp said. Nipp said he's noticed only two differences between now and before GEO moved in: There are more employees in New Castle, more local jobs and the GEO has provided a partnership with the community. "To the city of New Castle at this point and time it has been a positive experience," Nipp said. According to the Colorado Criminal Justice Reform Coalition, the number of state prisoners in Colorado has increased more than 500 percent since 1980. The group claims the state of Colorado has turned to private, for-profit prisons in an attempt to save money, hoping that privatization will provide money-saving efficiencies in prison construction and operation. The group claims data from Colorado and nationwide show the performance of private prisons has been troubled with poor inmate programs, security problems and fiscal woes. According to Cheryl Ahumada of the DOC's Office of Public Affairs, the bidder awarded the project may conduct public meetings in conjunction with municipal and county officials. "It is up to the company and jurisdiction. It is not a DOC function," Ahumada said in an e-mail. Jennifer Klein can be reached at 522-1990, Ext. 237 or by e-mail at jklein@journal-advocate.com John Mangalonzo can be reached at 522-1990, Ext. 235 or by e-mail at: jmangalonzo@journal-advocate.com

June 28, 2006 *Greeley Tribune* The state Department of Corrections on Tuesday made a decision that could alter the face of the small Weld County town of Ault. By granting Florida-based Geo Group Inc. the right to build a 1,500-bed medium security men's prison southeast of town in the next two years, the state paved the way for prisoners to outnumber residents. Negotiations between the town and Geo will begin next week on infrastructure costs and impact fees. If residents of Ault need development and economic vitality, the last place they should look at is a prison, warns a long-time private prison opponent. Frank Smith, 67, co-founder of the Private Corrections Institute, a non-profit organization

dedicated to monitoring private prisons, cites study after study and incident after incident pointing to the ills of private prisons. Several studies have been conducted to test markets where private prisons locate, and most conclude that prisons do not stimulate an economy any more than the regular cycles of growth that would come without the parade of orange jumpsuits. "They don't pay for themselves, they chase away safer and better industry," said Smith, who began fighting the private prison movement in Alaska in 2000 and now fights them nationwide from his home in Bluff City, Kan. "You foreclose your possibility of getting a really remunerative industry that would actually compensate people so they can make a living." While pointing out the numerous riots that have occurred in private prisons for years -- the problems that come with corporate, for-profit prison building -- Smith cites one insidious problem that has a domino effect on economic activity: Pay. Geo Group noted in discussions with Ault officials that prison employees would start at $25,000, about $3,000 less than Ault police officers. The pay is no accident, Smith said. "The biggest problems are that they cut corners and pay people so poorly they can't get trainable staff, and they wind up with a bunch of fast-food workers," Smith said. "They move to where they can pay the least." The private prison movement has sprawled across rural America in the past decade, according to Terry Besser and Margaret Hanson in a 2003 study entitled, "The Development of Last Resort: The Impact of New State Prisons on Small Town Economies." The pair studied 10 years of prisons in rural America, a time when 69 percent of the 274 new state prisons were opened in towns of 10,000 or less in population in 1990. In that time, they found the unemployment rate differed very little in small towns with prisons, versus their non-prison counterparts, but poverty levels in prison towns did decrease. "In all other economic indicators, however, the new prison towns fared worse than the non-prison towns," the study found. "The rate of increase in the number of new businesses, non-agricultural employment, average household wages, retail sales, median value of owner occupied housing and total number of housing units is substantially less in new prison vs. non-prison towns." The study showed that turnover rate in private prisons was three times higher than public prisons due to low wages and a lower level of employee training, creating employee safety concerns. The study also found that rural towns, lured by the potential development opportunities, will frequently give tax abatements and breaks, which are not commensurate with the supposed vitality a prison would bring to a community. In Ault, for example, a state contract for the men's prison could be a $28 million annual contract for Geo, which has promised just $250,000 a year to the town as an impact fee. Ault Police Chief Tracey McCoy, who sought the prison, said that's a number that will have to increase. Ault resident Ed Lesh worries about the reputation being a prison town could mean in the long run. "I don't think we've gleaned the good and bad about the facility," Lesh said. "There are some points I think should be considered. ... I don't think having the handle of being a prison town is a plus. If I were going to start a business, I don't know that I would go to Cañon City." Ault resident John Dudley believes growth will come as a result of a prison, but said the town would not see fit to make sure growth pays its own way, his chief concern when it comes to any growth that might increase town coffers in the short term. "It would be nice and wonderful if everyone could assure me it's going to be controlled growth," said Dudley, a local school board member who was on the town board when a prison in the area was proposed, then shot down in the mid 1980s. "It's not just going to soak the city, it will soak everyone in Colorado," Dudley continued. "It's going to end up where you're going to have impacts on highways and we'll have to find more money to pay for highways, and all the sudden, it will impact state patrol, and we'll have to find more people (to hire)." "I feel pity for our board because they have this tough

decision to make," he said. "Do we give away things to get this, or do we just kiss more opportunity goodbye? It's a tough choice."

DESERT VIEW MODIFIED COMMUNITY CORRECTIONAL FACILITY, ADELANTO, CALIFORNIA **January 19, 2009** ***Daily Press*** A private prison is on a "modified program" after it was placed on lockdown over the weekend following a riot that involved about 100 inmates, officials said on Tuesday. The riot took place around 9:30 p.m. Saturday at the Desert View Community Correctional Facility in the 10400 block of Rancho Road in Adelanto, prompting officials to place the medium-security facility on lockdown, according to Paul Verke, spokesman for the California Department of Corrections and Rehabilitation. "The facility is currently on modified program," Verke said Tuesday. "It's not fully back to normal operations, but it's not on lockdown any more." During the riot, some inmates were injured, according to authorities, although the number of those hurt was not released. Verke did confirm that none of the injuries were life-threatening. No staff members were hurt or required medical attention, he said. Officials are investigating the disturbance. In February, 22 of the facility's inmates were sent to local hospitals during a riot.

February 24, 2008 ***Daily Press*** A riot at the Desert Valley Corrections facility on Saturday in Adelanto sent 21 inmates to local hospitals and one critically injured inmate had to be airlifted to Arrowhead Regional Medical Center, according to officials on Sunday. At about 4 p.m. on Saturday, a call went out to American Medical Response who in turn contacted the San Bernardino County Fire Department who responded to the call with assistance from the Victorville Fire Department, according to Otto Schramm spokesperson for the county fire department. "We had a multi-casualty response with three engine companies, about 10 ambulances, a battalion chief and the helicopter," said Schramm who added that the approximate 20 fire personnel remained on the scene until about 10 p.m. when correctional officers secured the prison. AMR units then returned to the prison at approximately 11:40 p.m. to transport four more inmates with minor injuries to area hospitals, according to Craig Ledesma, AMR supervisor. "After evaluations by prison staff, it was determined four more inmates needed to be transported and required medical attention," said Ledesma. No prison employees were injured in the incident, according to reports. The nature of the injuries and the identities of the inmates were not released. When rescue personnel arrived at the medium-security federal prison, the riot was still in progress, said Schramm. Personnel treated the injured parties in a safe and secure location within the prison, said Ledesma. "We all worked together as a team to make sure all of the patients were transported where they needed to go," said Ledesma. It is still unclear what started the trouble. Officials from the privately-run prison had no comment on the situation.

February 24, 2008 ***LA Times*** Nineteen people were injured Saturday in a riot at the Desert View Modified Community Correctional Facility in Adelanto, authorities said. San Bernadino County Fire Department officials said one victim suffered serious injuries and needed to be airlifted to a hospital. The others suffered minor injuries and also were taken to area hospitals, said Tim Franke, a fire dispatch supervisor. Franke, who could not specify whether the injured were all inmates, said units arrived at the prison at 4 p.m. in response to a riot in progress. He said fire-fighters stayed at the facility for six hours as correctional officers secured the prison and identified the injured. Desert View officials could not be reached for

Information collected from the internet for this report

comment. A 2006 annual report by Boca Raton, Fla.-based The GEO Group, which owned the facility at the time, described Desert View as a medium-security prison with 643 inmates.

November 7, 2005 ***CDCR Daily Report*** The following event was reported as occurring 10/28/05, according to a CDCR "daily report" dated Friday, 10/29/05. Yesterday at 1218 hours, inmates in the A3 dorm at Desert View Modified Community Correctional Facility (a private contracted CCF operated by the Geo Group, Inc.) got in a fight. Hispanic inmates rushed the black inmates believing they were the ones that informed the assistant facility director of the presence of weapons. The initial assessment was that 33 Hispanics and 15 Blacks were involved. The CDCR lieutenant used pepper spray to quell this incident. All inmates were removed from A3 dorm and isolated pending housing decisions. The dorm was placed on lock-down status. One inmate suffered a head injury caused by a blow from a lock in a sock. He was taken by ambulance to St. Mary's Hospital from treatment. He received three staples and his prognosis is good. The inmate was returned to custody this morning and taken to CSP Los Angeles County. One other black inmate sustained a laceration above his eye which required a butterfly suture. Other inmates sustained minor injuries consistent with fighting. No staffs were injured. Preliminary information indicates that once the assistant facility director entered the A3 dorm, he went directly to a Hispanic inmate's locker, pulled out a weapon and left the dorm. Subsequently, seven more inmate weapons were found. Arrangements for transportation of the identified participants were made. The Transportation Unit confirmed that 13 blacks were transferred to California State Prison-Los Angeles County and 29 Hispanic inmates were transported early this morning to Chuckawalla Valley State Prison. Additional off-duty contract and uniformed custody CDCR staff have been called in. This staffing level will remain through the weekend. Inmates will not be allowed back into A3 dorm until it has been thoroughly searched. Tensions are still high at the facility and it will remain on lockdown until further notice.

November 14, 2004 ***Daily Press*** A privately run, medium-security prison will get up to 200 additional inmates after the City Council voted to overturn a decision by the Planning Commission. There are 550 inmates in eight separate dorms holding up to 71 prisoners each at the Desert View Modified Community Correctional Facility on Rancho Road. After listening to their request, the City Council on Wednesday voted unanimously to overturn an Oct. 5 planning commission decision to keep the jail from expanding. The increase would force the prison to convert many of its beds to bunk beds, Rauschl said, adding 18 of the double beds to each of the bays. The Planning Commission cited safety as its main concern when it denied the prison's request to expand. In October the planning commission heard the prison's request, but did not approve of the increase. "The Planning Commission expressed concerns that the facility was not physically suited for such an increase," according to the City Council agenda. "Adding inmates would increase the security risk to the community and to the surrounding residential areas. Other concerns were overcrowding, number of guards to inmate ratio, internal operations, and impacts to dining, recreation and bathroom facilities."

DEYTON DETENTION FACILITY, CLAYTON COUNTY, GEORGIA **May 22, 2007** ***Business Wire*** The GEO Group, Inc. (GEO : 53.08, +2.03, +4.0%) ("GEO") announced today that it has signed an initial 20-year agreement, with two five-year renewal options by mutual agreement, with Clayton County, Georgia (the "County") for the

leasing and utilization of the existing County-owned 576-bed Robert A. Deyton Detention Facility (the "Facility") with the ability to expand the Facility by an additional 192 beds, which GEO is currently considering. The Facility is expected to be used by Federal detention agencies with a targeted date of occupancy of year-end 2007 after the completion of an estimated $3.0 million renovation. GEO believes that the Facility could generate approximately $14.0 million in annual operating revenues at full occupancy of 576 beds.

DICKENS COUNTY CORRECTIONAL FACILITY, SPUR, TEXAS
DEL RIO, TEXAS GEO GROUP (FORMERLY WACKENHUT CORRECTIONS)

November 14, 2008 ***Magic Valley Times-News*** Families of two Idaho inmates who apparently killed themselves in lockups run by private prison company GEO Group Inc., pleaded Thursday with Texas state senators to bar out-of-state prisoners from the Lone Star State. The Idaho Department of Correction has housed more than 300 prisoners at GEO-run Bill Clayton Detention Center in Littlefield, Texas, but recently announced plans to move them to the private North Fork Correctional Facility in Sayre, Okla. The move follows allegations that GEO falsified reports and short-staffed the Texas facility where Idaho inmate Randall McCullough, 37, died. Families of Idaho inmates spoke Thursday at a Texas state Senate hearing in Austin, Texas. The hearing, which dealt with general oversight of the Texas prison system and did not result in specific action, was webcast live over the Internet. Among those testifying was lawyer Ronald Rodriguez, who represents McCullough's family as well as that of Idaho inmate Scott Noble Payne, 43, who killed himself last year at another GEO-run prison in Dickens, Texas. "Idaho prisoners need to be in Idaho where they have access to their court - Where they have access to their families," Rodriguez on Thursday told the Texas Senate Committee on Criminal Justice. Payne's mother, Shirley Noble, spoke to Texas lawmakers last year and again on Thursday. "It seems that no lessons were learned," Noble said. "If changes had been placed - Randall would not have been so desperate to take his own life, as my son did." Texas Sen. John Whitmire, D-Houston, chairman of the Senate Committee on Criminal Justice, questioned why the "little" state of Idaho recently decided to pull its prisoners from Geo-run Bill Clayton. "Should we be following their lead?" he asked. But a Texas Department of Criminal Justice official told Whitmire that Texas inmates aren't held at Bill Clayton, and warned against painting private prisons in Texas with a broad brush. Inmate McCullough's sister, Laurie Williams, told Texas senators that they should do a review of all private prisons in their state - including GEO competitor Corrections Corporation of America (CCA). Idaho prisoners are to be taken to CCA-run North Fork in Oklahoma, where another Idaho inmate, David Drashner, was allegedly murdered in June. IDOC's decision to move prisoners from one privately run lockup to another out-of-state facility concerns Williams, as well as Drashner's wife, Pam Drashner, who have said they want Idaho to stop shipping away its inmates. Idaho doesn't have enough room for all its prisoners, and sending them out-of-state has been widely unpopular. Williams also wants to talk to Idaho lawmakers, she said. "We should be addressing the Idaho Senate," said Williams, after Thursday's hearing in Texas. "This is Idaho sending its inmates out of state whether it's Texas that takes them or Oklahoma and that's what we have to have stopped." GEO made $4.9 million in annual operating revenues off its contract with Idaho to manage prisoners at Bill Clayton. GEO officials said shareholders won't lose out from Idaho's withdrawal because of an expanding contract with the state of Indiana.

November 6, 2008 ***AP*** The Idaho Department of Correction has terminated its contract with private prison company The GEO Group and will move the roughly 305 Idaho inmates currently housed at a GEO-run facility in Texas to a private prison in Oklahoma. Correction Director Brent Reinke notified GEO officials Thursday in a letter. Reinke said the company's chronic understaffing at the Bill Clayton Detention Center in Littlefield, Texas, put Idaho offenders' safety at risk. An Idaho Department of Correction audit found that guards routinely falsified reports to show they were checking on offenders regularly — even though they were sometimes away from their posts for hours at a time. "I hope you understand how seriously we're taking not only the report but the safety of our inmates," Reinke told The Associated Press on Thursday. "They have an ongoing staffing issue that doesn't appear to be able to be solved." The contract will end Jan. 5. Reinke said the department wanted to pull the inmates out immediately, but state attorneys found there wasn't enough cause to allow the state to break free of the contract without a 60-day warning period. In the meantime, Reinke said, Idaho correction officials have been sent to the Texas prison to help with staffing for the next two months. GEO will be responsible for transferring the inmates to the North Fork Correctional Facility in Sayer, Okla., which is run by Corrections Corp. of America. GEO will cover the cost of the move, Reinke said, but Idaho will have to pay $58 per day per inmate in Oklahoma, compared to $51 per day at Bill Clayton. Amber Martin, vice president for The GEO Group, of Florida, said she couldn't comment on the audit or on Idaho's decision to end the contract. She referred calls to the company spokesman, Pablo Paez, who could not immediately be reached by the AP. As of Oct. 1, Idaho had nearly 7,300 total inmates. The Bill Clayton audit describes the latest in a series of problems that Idaho has had with shipping inmates out of state. Overcrowding at home forced the state to move hundreds of inmates to a prison in Minnesota in 2005, but space constraints soon uprooted them again, this time to a GEO-run facility in Newton, Texas. There, guard abuse and prisoner unrest forced another move to two new GEO facilities: 125 Idaho inmates went to the Dickens County Correctional Center in Spur, Texas, while 304 went to Bill Clayton in Littlefield. Conditions at Dickens were left largely unmonitored by Idaho, at least until inmate Scott Noble Payne committed suicide after complaining of the filthy conditions there. Idaho investigators looking into Payne's death detailed the poor conditions and a lack of inmate treatment programs, and the inmates were moved again. That's when the Idaho Department of Correction created the Virtual Prisons Program, designed to improve oversight of Idaho inmates housed in contract beds both in and out of state. The extent of the Bill Clayton facility understaffing was discovered after Idaho launched an investigation into the apparent suicide of inmate Randall McCullough in August. During that investigation, guards at the prison said they were often pulled away from their regular posts to handle other duties — including taking out the garbage, refueling vehicles or checking the perimeter fence — and that it was common practice to fill out the logs as if the required checks of inmates were being completed as scheduled, said Jim Loucks, chief investigator for the Idaho Department of Correction. For instance, Loucks said, correction officers were supposed to check on inmates in the administrative segregation unit every 30 minutes. But sometimes they were away from the unit for hours at a time, he said. The investigation into McCullough's death is not yet complete, department officials said. The audit also found several other problems at Bill Clayton. The auditor found that "the facility entrance is a very relaxed checkpoint," prompting concerns that cell phones, marijuana and other contraband could be smuggled past security. In addition, the prison averages a 30 percent vacancy rate in security staff jobs, according to the audit. Though it was still able to meet the

one-staffer-for-every-48-prisoners ratio set out by Texas law, employees were regularly expected to work long hours of overtime and non-security staffers sometimes were used to provide security supervision, according to the audit. "Based on a review of payroll reports, there are significant concerns with security staff working excessive amounts of overtime for long periods of time," the auditors wrote. "This can lead to compromised facility security practices and increased safety issues." When the audit was done, there were 29 security staff vacancies, according to the report. That meant each security staff person who was eligible for overtime worked an average of 21 hours of overtime a week. That extra expense was borne by GEO, not by Idaho taxpayers, said Idaho Department of Correction spokesman Jeff Ray. The state's contract with GEO also required that at least half of the eligible inmates be given jobs with at least 50 hours of work a month. According to the facility's inmate payroll report, only 35 out of 371 offenders were without jobs. But closer inspection showed that the prison often had several inmates assigned to the same job. In one instance, nine inmates were assigned to clean showers in one unit of the prison — which only had nine shower stalls. So although each was responsible for cleaning just one shower stall, the nine inmates were all claiming 7- and 8-hour work days, five days a week. GEO is responsible for covering the cost of those wages, Ray said. "While the contract percentage requirement is met, the facility cannot demonstrate the actual hours claimed by offenders are spent in a meaningful, skill-learning job activity," the auditors wrote. Auditors also found that too few inmates were enrolled in high school diploma equivalency and work force readiness classes.

September 21, 2008 *Times-News* Pam Drashner visited her husband every weekend in prison, until she was turned away one day because he wasn't there. He had been quietly transferred from Boise to a private prison in Sayre, Okla. She never saw him again. In July, she went to the Post Office to pick up his ashes, mailed home in a box. He died of a traumatic brain injury in Oklahoma, allegedly assaulted by another inmate. David Drashner was one of hundreds of male inmates Idaho authorities have sent to private prisons in other states. About 10 percent of Idaho's inmates are now out-of-state. The Department of Correction say they want to bring them all home, they simply have no place to put them. Drashner, who was convicted of repeat drunken driving, is one of three Idaho inmates who have died in the custody of private lockups in other states since March 2007, and was the first this year. On Aug. 18, Twin Falls native Randall McCullough, 37, apparently killed himself at the Bill Clayton Detention Center in Littlefield, Texas. McCullough, serving time for robbery, was found dead in his cell. IDOC officials say he left a note, though autopsy results are pending. His family says he shouldn't have been in Texas at all. "Idaho should step up to the plate and bring their prisoners home," said his sister, Laurie Williams. Out of Idaho -- Idaho has so many prisoners scattered around the country that the IDOC last year developed the Virtual Prison Program, assigning 12 officers to monitor the distant prisons. In 2007 Idaho sent 429 inmates to Texas and Oklahoma. This year; more than 700 - and by one estimate it could soon hit 1,000. But officials say they don't know exactly how many inmates may hit the road in coming months. The number may actually fall due to an unexpected drop in total prisoner head-count, a turnabout attributed to a drop in sentencing's, increased paroles and better success rates for probationers. The state will also have about 1,300 more beds in Idaho, thanks to additions at existing prisons. State officials say bringing inmates back is a priority. "If there was any way to not have inmates out-of-state it would be far, far better," said IDOC Director Brent Reinke, a former Twin Falls County commissioner, noting higher costs to the state and inconvenience to

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inmate families. Still, there's no end in sight for virtual prisons, which have few fans in state government. "I do think sending inmates out-of-state is counter-productive," said Rep. Nicole LeFavour, D-Boise, a member of the House Judiciary, Rules and Administration Committee. LeFavour favours treatment facilities over prisons. "We try to make it (sending inmates out-of-state) a last resort, but I don't think we're doing enough." Even lawmakers who favour buying more cells would like to avoid virtual lockups. "It's more productive to be in-state," said Sen. Denton Darrington, R-Declo, chairman of the Senate Judiciary and Rules Committee, who said he would support a new Idaho prison modelled after the state-owned but privately run Idaho Correctional Center (ICC). "We don't want to stay out-of-state unless we have to - It's undesirable." A decade of movement -- Idaho has shipped inmates elsewhere for more than a decade, though in some years they were all brought home when beds became available at four of Idaho's state prisons. The 1,500-bed ICC - a state-owned lockup built and run by CCA (Corrections Corporation of America) - also opened in 2000. But that wasn't enough: "It will be years before a substantial increase in prison capacity will allow IDOC to bring inmates back," the agency said in April. In 2005, former IDOC director Tom Beauclair warned lawmakers that "if we delay building the next prison, we'll have to remain out-of-state longer with more inmates," according to an IDOC press release. That year inmates were taken to a Minnesota prison operated by CCA, where Idaho paid $5 per inmate, per day more than it costs to keep inmates in its own prisons. "This move creates burdens for our state fiscally, and can harden our prison system, but it's what we must do," IDOC said at the time. "Our ability to stretch the system is over." Attempts to add to that system have largely failed. Earlier this year Gov. C.L. "Butch" Otter asked lawmakers for $191 million in bond authority to buy a new 1,500-bed lockup. The Legislature rejected his request, but did approve those 1,300 new beds at existing facilities. Reinke said IDOC won't ask for a new prison when the next Legislative session convenes in January. With a slow economy and a drop in inmate numbers, it's not the time to push for a new prison, he said. Still, recent projections for IDOC show that without more prison beds here, 43 percent of all Idaho inmates could be sent out-of-state in 2017. "It's a lot of money to go out-of-state," Darrington said. Different cultures -- One of eight prisons in Idaho is run by a private company, as are those housing Idaho inmates in Texas and Oklahoma. The Bill Clayton Detention Center in Texas is operated by the Geo Group Inc., which is managing or developing 64 lockups in the U.S., Australia and South Africa. The North-Fork Correctional Facility in Oklahoma is owned and operated by CCA, which also has the contract to run the Idaho Correction Center. CCA houses almost 75,000 inmates and detainees in 66 facilities under various state and federal contracts. Critics of private prisons say the operators boost profits by skimping on programs, staff, and services. Idaho authorities acknowledge the prisons make money, but consider them well-run. "Private prisons are just that - business run," Idaho Virtual Prison Program Warden Randy Blades told the Times-News. "It doesn't mean out-of-sight, or out-of-mind." Yet even Reinke added that "I think there's a difference. Do we want there to be? No." The Association of Private Correctional and Treatment Organizations (APCTO) says on its Web site that its members "deliver reduced costs, high quality, and enhanced accountability." Falling short? Thomas Aragon, a convicted thief from Nampa, was shipped to three different Texas prisons in two years. He said prisons there did little to rehabilitate him, though he's up for parole next year. "I'm a five-time felon, all grand theft and possession of stolen property," said Aragon, by telephone from the ICC. "Apparently I have a problem and need to find out why I steal. The judge said I needed counselling and that I'd get it, and I have yet to get any." State officials said virtual prisons have a different culture, but are

adapting to Idaho standards. "We're taking the footprint of Idaho and putting it into facilities out-of-state," Blades said. Aragon, 39, says more programs are available in Idaho compared to the Texas facilities where he was. Like Aragon, almost 70 percent of Idaho inmates sent to prison in 2006 and 2007 were recidivists - repeat IDOC offenders - according agency annual reports. GEO and CCA referred questions about recidivism to APCTO, which says only that its members reduce the rate of growth of public spending. Aragon said there weren't enough case-workers, teachers, programs, recreational activities and jobs in Texas. Comparisons between public and private prisons are made difficult because private companies didn't readily offer numbers for profits, recidivism, salaries and inmate-officer ratios. During recent visits to the Bill Clayton Detention Center in Littlefield, Texas - where about 371 Idaho inmates are now held - state inspectors found there wasn't a legal aid staffer to give inmates access to courts, as required by the state contract. Virtual Prison monitors also agreed with Aragon's assessment: "No programs are offered at the facility," a state official wrote in a recently redacted Idaho Virtual Prison report obtained by the Times-News. "Most jobs have to do with keeping the facility clean and appear to be less meaningful. This creates a shortage of productive time with the inmates. "Overall, recreational activities are very sparse within the facility ��- Informal attempts have been made to encourage the facility to increase offender activities that would in the long run ease some of the boredom that IDOC inmates are experiencing," according to a Virtual Prison report. The prison has since made improvements, the state said. Only one inmate case manager worked at Bill Clayton during a recent state visit, but the facility did increase recreation time and implemented in-cell hobby craft programs, Virtual Prison reports show. Other inmate complaints have grown from the way they have been sent to the prisons. Inmates describe a horrific bus ride from Idaho to Oklahoma in April in complaints collected by the American Civil Liberties Union in Boise. The inmates say they endured painful and injurious wrist and ankle shackling, dangerous driving, infrequent access to an unsanitary restroom and dehydration during the almost 30-hour trip. "We're still receiving a lot of complaints, some of them are based on retaliatory transfers," said ACLU lawyer Lea Cooper. IDOC officials acknowledge that they have also received complaints about access to restrooms during the long bus rides, but they maintain that most of the inmates want to go out-of-state. Many are sex offenders who prefer the anonymity associated with being out-of-state, they said. Unanswered questions -- Three deaths of Idaho interstate inmates in 18 months have left families concerned that even more prisoners will come home in ashes. "We're very disturbed about...the rate of Idaho prisoner deaths for out-of-state inmates," Cooper said. It was the razor-blade suicide of sex-offender Scott Noble Payne, 43, in March 2007 at a Geo lockup in Dickens, Texas that caught the attention of state officials. Noble's death prompted Idaho to pull all its inmates from the Geo prison. State officials found the facility was in terrible condition, but they continue to work with Geo, which houses 371 Idaho inmates in Littlefield, Texas, where McCullough apparently killed himself. Noble allegedly escaped before he was caught and killed himself. Inmate Aragon said he as there, and that Noble was hog-tied and groaned in pain while guards warned other inmates they would face the same if they tried to escape. Private prison operators don't have to tell governments everything about the deaths at facilities they run. The state isn't allowed access to Geo's mortality and morbidity reports under terms of a contract. Idaho sent additional inmates to the Corrections Corporation of America-run Oklahoma prison after Drashner's husband died in June. IDOC officials said an Idaho official was inspecting the facility when he was found. IDOC has offered few details about the death. "The murder happened in Oklahoma," said IDOC spokesman Jeff Ray, adding it will be up to Oklahoma

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authorities to charge. Drashner said her husband had a pending civil case in Idaho and shouldn't have been shipped out-of-state. She says Idaho and Oklahoma authorities told her David was assaulted by another inmate after he verbally defended an officer at the Oklahoma prison. Officers realized something was wrong when he didn't stand up for a count, Drashner said. "He was healthy. He wouldn't have been killed over here," she said.

December 28, 2007 ***AP*** Fifty-five Idaho inmates who were moved out of a troubled Texas prison on Thursday have been forced by a contract delay to make a temporary stop before going to their final destination, a lockup near the Mexican border. More than 500 Idaho prisoners are in Texas and Oklahoma due to overcrowding at home. The prisoners being moved are bound for the Val Verde Correctional Facility in Del Rio, Texas, after more than a year at the Dickens County Correctional Center in Spur, Texas, where one Idaho inmate killed himself in March. Because a Texas county official has yet to approve the contract to house Idaho prisoners at Val Verde, they have first been sent 100 miles away to the Bill Clayton Detention Center in Littlefield, Texas. There, they will sleep in groups of up to 10 men on makeshift cots in day rooms until resolution of the contract allows them to complete the final 250-mile leg of their journey to Val Verde sometime in early January. The inmates "were a bit dubious and questionable about that," said Randy Blades, the warden in Boise who oversees Idaho's out-of-state prisoners. That's one reason why his agency has sent two officers to make sure the move runs smoothly, Blades said. Both the Dickens and Val Verde prisons are run by private operator GEO Group Inc., based in Boca Raton, Florida. Pablo Paez, a spokesman for GEO, didn't immediately respond to requests for comment. GEO no longer has the contract to manage the Dickens facility after Tuesday. Because Idaho recently rejected an offer from the new company that will run Dickens, GEO on Thursday had to move the Idaho inmates to temporary quarters in Littlefield. Though Idaho officials thought details of the move to Val Verde had been resolved, Department of Correction Director Brent Reinke said he learned only last week that a Texas county judge wanted a lawyer to look at the contract one last time. "It was something we did not anticipate," Reinke said. "GEO is paying the transport costs." This is just the latest uprooting of Idaho inmates since they were first shipped out of state in 2005. Since then, they have bounced from prison to prison in Minnesota and Texas amid allegations of abusive treatment. There also has been the criminal conviction of at least one Texas guard for passing contraband to inmates; at least two escapes; and the death of Scot Noble Payne, a convicted sex offender who slashed his throat last March in a solitary cell at Dickens County. Idaho officials who investigated concluded the GEO-run prison was filthy and the worst they had seen. As a result, about 70 Idaho inmates were moved from Dickens to Littlefield, where about 300 Idaho inmates were already housed, while the state continued talks with GEO over sending the remaining 55 to a new 659-bed addition at Val Verde. Despite the stopover, GEO has a hefty incentive to make sure the move to Val Verde goes smoothly, Reinke said. The company hopes to win contracts with Idaho to build a large new prison here to help accommodate the state's 7,400 inmates. "They're really monitoring this closely, and doing a good job at this point," Reinke said. "It's not a lot different than triple bunking."

December 6, 2007 ***Dallas Morning News*** Seven former and current inmates have filed a lawsuit against a private prison company, alleging abuse by a registered sex offender who worked as a night-shift guard at a troubled West Texas lockup that is now closed. The young men allege they were mentally, physically and sexually abused in 2006 and

early 2007 by a guard who was fired in March, after state officials learned he was on the public sex offender registry. He had worked for seven months at the Coke County Juvenile Justice Center, operated by Florida-based GEO Group Inc. The facility housed Texas Youth Commission inmates until the teens were removed in October because of squalor and mismanagement. One of the plaintiffs, who filed a federal civil rights lawsuit Friday, alleges that guard David Andrew Lewis let several inmates into his cell. They sexually assaulted him with a broom handle while Mr. Lewis watched, according to Dallas lawyer Bob Crill. GEO spokesman Pablo Paez said the company had no comment about the lawsuit. Mr. Lewis, who isn't named as a defendant, couldn't be reached. TYC also declined to comment. Several plaintiffs remain in TYC custody, their lawyers said. Deon Olthoff, 18, of Granbury, said Wednesday that his abuse began in November 2006 when he moved to a new Coke County dorm with individual cells. Mr. Olthoff spent 14 months in the facility after his parole for burglary was revoked because of truancy. Mr. Lewis first leered and stood too close as he and other boys showered, Mr. Olthoff said. Later, the guard would barge into his cell at night as Mr. Olthoff slept or wrote letters. "He just came in and started choking me, and getting on top of me, and grabbing my hands and pulling them behind my back and stuff like that, and grabbing me in private areas," Mr. Olthoff said. Until his release in February, Mr. Olthoff said, he coped with Mr. Lewis' behaviour by trying "not to think about it." Mr. Olthoff said he and two other inmates filed a joint grievance in late 2006 alleging that Mr. Lewis touched them inappropriately. GEO sent Mr. Olthoff's father a letter in February notifying him of the allegations of mistreatment. The letter said the Olthoffs would receive written notice about the outcome of an investigation. But no follow-up letter arrived, Deon and his attorneys said. Mr. Crill and Dallas lawyer Bady Sassin, who worked with a Corpus Christi law firm to file the suit in San Antonio, said they were investigating whether Mr. Olthoff's complaint led to Mr. Lewis' firing. A Texas Department of Public Safety sex offender Web site shows that Mr. Lewis, 24, was convicted in 1999 of indecency by exposure with a 5-year-old girl. After his firing, Mr. Lewis said he had shown his prospective employer his sex offender card when he applied but they told him to see if his background check went through, according to an Associated Press report. Mr. Paez previously has said that the company didn't know about Mr. Lewis' record because juvenile cases don't show up on background checks. "Even if you excuse the inexcusable – which is not knowing from the beginning that this guy was a registered sex offender – there were complaints that were filed that should have put them on notice long, long before he was terminated," Mr. Crill said. TYC grievance records obtained by The News show the agency recorded four mistreatment allegations against Mr. Lewis by inmates whose identities were withheld. He was cleared on three allegations, including an accusation of sexual abuse. In February, an allegation of unprofessional conduct was sustained against Mr. Lewis.

November 29, 2007 ***AP*** The mother of an Idaho inmate who killed himself in a Texas prison earlier this year has filed a federal wrongful death lawsuit against the private-prison company that runs the lockup where he died. In her claim in U.S. District Court in western Texas, Shirley Noble says prison operator The GEO Group abused and neglected Scot Noble Payne before he slashed his throat on March 4th. Scot Noble Payne, a convicted sex offender from Idaho, had been moved to Texas along with more than 400 Idaho inmates to relieve overcrowding at prisons in their home state. Idaho officials who investigated at the Dickens County Correctional Facility in Spur, Texas, said the physical environment of his solitary cell could have contributed to his suicide.

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November 27, 2007 ***Idaho State Journal*** A company that's due to take over a troubled privately run Texas prison in 2008 made a sales pitch Monday to Idaho Department of Correction officials, saying it hopes the management shake-up and $1.2 million in proposed renovations will overshadow past problems and persuade Idaho to ship more inmates to the lockup. Civigenics, a unit of New Jersey-based Community Education Centres, Inc., with prisons or treatment programs in 23 states, will manage Dickens County Correctional Center in Spur, Texas, starting Jan. 1 after winning a competitive bid. Until now, The GEO Group Inc., based in Florida, ran the facility. In March, Idaho prison officials called Dickens under GEO's oversight "the worst" prison they'd seen, citing what they called an abusive warden, the lack of treatment programs and squalid conditions they said may have contributed to the suicide of inmate Scot Noble Payne, who was held for months in a solitary cell. Idaho is nearly ready to move 54 prisoners who remain at Dickens to a new GEO-run facility near the Mexican border, after shifting 69 inmates elsewhere this summer. Dickens County and Civigenics officials came to Boise to offer assurances they'll remedy concerns over their 15-year-old prison as they aim to stay in the running to house some of the hundreds of prisoners that Idaho plans to ship elsewhere in coming months to ease overcrowding. Some 550 of Idaho's 7,400 inmates have been sent out of state since 2005. GEO "thought they were too good," Sheldon Parsons, a Dickens County commissioner, told Idaho officials. "They're used to running bigger facilities. That just kind of didn't fit into our program. Civigenics will definitely fit." Idaho plans to send 120 additional prisoners to a private prison in Oklahoma in January. It's also looking for space in other states for groups of inmates in increments of about 100 starting in mid-2008. Bob Prince, a Civigenics salesman, said his company could house as many as 150 Idaho inmates at a revamped Dickens. The $1.2 million from Dickens County, which owns the prison, would cover new fencing, exterior lighting, security improvements, kitchen renovations and more rooms for education and treatment programs. Still, Idaho officials including Department of Correction Director Brent Reinke indicated the plan may not be enough to address complaints that have prompted him to vacate Dickens. Idaho, which earlier this year conceded it lost track of how its inmates in Texas were being treated before Payne's suicide, has outlined its concerns in several reports over the last nine months. Lingering shortcomings include a lack of cell windows and a drab, dingy atmosphere in an aging facility built as county jail, not for long-term prisoners. "The cells inside that facility are pretty dark and dank," said Randy Blades, the Idaho warden who oversees out-of-state prisoners. "What are you looking at to change the cells themselves?" Texas officials conceded that wasn't considered. "We haven't looked into any of that," Parsons said, before adding, "We'll try and do anything we can to make people happy that are coming in. Nobody has ever brought that up before." Despite past problems with GEO, Blades said Idaho aims to soon finalize a contract with that company to move inmates still at Dickens to a new 659-bed addition at the Val Verde Correctional Facility, near the Mexican border. That contract also calls for roughly 40 inmates currently in Idaho to be sent to Val Verde. Val Verde has seen its own share of problems under GEO leadership. GEO settled a wrongful death case after a female Texas prisoner killed herself following allegations she was sexually humiliated by a guard and raped by an inmate. Earlier this year, the local government was forced to hire a monitor for the facility. Even so, Blades said a visit to the new cellblock slated for Idaho inmates earlier this year convinced him and other officials that the prison is appropriate and safe. "It's a very good facility, very secure," Blades said of Val Verde. "There's a good dayroom. The cells are well lighted."

October 12, 2007 ***KRIS TV*** The delayed discovery of squalid conditions at a privately run Texas Youth Commission jail was "a human failure" and stronger oversight is needed to prevent similar incidents, a key state senator said Friday. "It was very simple that the monitors were not doing their job and there was a human failure," said Sen. John Whitmire, head of the Senate Criminal Justice Committee. "Who's monitoring the monitors?" Whitmire, a Houston Democrat, called a committee hearing about a week after a Coke County juvenile lockup in Bronte operated by The GEO Group, Inc., was closed because of filthy conditions. A Texas Youth Commission ombudsman discovered the conditions, even though the facility had passed previous inspections by TYC monitors. The TYC system was rocked earlier this year by allegations of rampant sexual and other physical abuse against juvenile inmates in the system. The star witness at Friday's hearing on adult and juvenile prison monitoring was Shirley Noble, who told how her son, 43-year-old Idaho inmate Scot Noble Payne, endured months of horrific conditions then slit his own throat at a private Texas prison run by GEO Group. "It seemed there was no end to the degradation he and other prisoners were to endure with substandard facilities," Noble said. Her son died March 4 in a private prison in Spur. Noble questioned why Idaho sent its inmates to Texas and why the Florida-based GEO Group was allowed to keep prisoners in what she described as "degrading and subhuman conditions." "Please, please hold them accountable for all the injuries and misery they have caused," Noble said. A spokesman for GEO Group did not immediately return a telephone call from The Associated Press to respond to comments made at the hearing. TYC Acting Executive Director Dimitria Pope, who took over the youth agency earlier this year, testified that she's putting more monitoring safeguards in place. That includes sending executive staff members out to view the lockups, something she said hadn't been done regularly in the past. "Because of my concerns of what I saw in Coke County, I have implemented a blitz of every facility, either the ones that we operate, that contract, district offices, anything that has TYC affiliated with it," she said, adding that each site will be visited by the end of October. Adan Munoz Jr., executive director of the Texas Commission on Jail Standards, said he has four inspectors do annual inspections of the 267 facilities under his oversight. He defended his agency's practice of giving two- to three-week notices about inspection visits but said recently there have been more surprise inspections. Sen. Juan "Chuy" Hinojosa, D-McAllen, said privatizing prisons is an "easy way out." He said he worries about the state continuing to contract with companies that have a history of abuse. "It's a myth that the private sector does a better job than government" in running prisons, Hinojosa said. "They're there to make a profit and they'll cut corners, and they'll cut back on services and they'll many times look the other way when abuse is taking place." Because of Texas' size and high rate of locking up convicts, the state is in the national spotlight for its dealings with private prison firms, said Sen. Rodney Ellis, D-Houston. "It puts a special burden on us," he said. "If it needs to be improved, improve it, because everybody looks to us." Noble was the panel's final witness. The room hushed as she told the senators her family's emotional tale. Her son, a convicted sex offender, was kept in solitary confinement for months with a wet floor, bloodstained sheets and smelly towels. She said he wrote long, detailed letters to family members in which he said the only way to escape the prison's harsh conditions was to join his late grandfather in the spirit world. Noble said she begged for psychological help for her son. She said he wasn't supposed to have been given a razor, and she still wonders how he got the one he used to end his life. "After he tried to unsuccessfully slash his wrists and ankles, he knelt in the shower and cut his own throat," she said. "Surely only a person in utter disillusionment and horrifying conditions would bring themselves to this end."

Information collected from the internet for this report

October 11, 2007 ***The Olympian*** The mother of an Idaho inmate who killed himself in a Texas prison this year has become a corrections activist. Shirley Noble travels to Austin, Texas Friday to urge lawmakers there to stop accepting out-of-state prisoners at their for-profit lockups. Texas is holding hearings over The GEO Group, a Florida-based private prison company that lost its contract to oversee a juvenile prison because of dirty bed sheets, faeces-smeared cells and insects in the food. GEO also ran the prison where Shirley Noble's son, Scot Noble Payne, slashed his throat March 4. The convicted sex offender had been shipped to Texas with a group of 450 Idaho inmates because of overcrowding at prisons at home. Shirley Noble contends sending prisoners out-of-state leaves them without family contact - and caused Idaho prison officials to neglect them.

August 8, 2007 ***AP*** The mother of an Idaho inmate who killed himself in a dilapidated private Texas prison earlier this year has filed a $500,000 claim against Idaho, contending the state's Department of Correction is responsible for "inhumane treatment and illegal and unconstitutional conditions of confinement" that contributed to his death. Scot Noble Payne, 43, was in prison for aggravated battery and lewd and lascivious conduct when he slashed his throat March 4. He had been sent to the Dickens County Correctional Center in Spur, Texas, with other inmates last year to relieve overcrowding in Idaho prisons, which have more than 7,000 prisoners but too few beds to house them all. Following Payne's death, Idaho prison health care director Donald Stockman investigated Dickens and concluded "the physical condition of the cell where the suicide occurred does not, in my opinion, comply with any standards related to inmate housing for either segregated housing or housing for inmates on suicide watch. The physical environment of the cell would have only enhanced the inmate's depression that could have been a major contributing factor in his suicide." "Just being in the filth and degradation of that cell was sufficient to drive somebody into suicide," Payne's mother, Shirley Noble, told The Associated Press in a telephone interview Wednesday from her home near Los Angeles. The tort claim against Idaho was filed last week. Under state law, the maximum Noble could recover is $500,000. The state now has 90 days to respond to the claim; if it doesn't, Noble could file a civil rights lawsuit in federal court. Kit Coffin, the state's risk management program manager with the Department of Administration, said tort claims like this are reviewed and assigned to state adjudicators for consideration. She was uncertain if Noble's claim, originally filed with the secretary of state, had been sent to her office yet. In suicide notes he penned for relatives, Payne described a constantly wet floor, bloodstained sheets and smelly towels in the isolation cell at the prison where he was confined for three months following his escape and recapture in December 2006. He slit his throat in his cell just after midnight March 4. "Due to the inhumane conditions, Scot Noble Payne became depressed and suicidal. ... Unattended, (he) committed suicide as a result of being subjected to inhumane treatment and illegal and unconstitutional conditions of confinement," according to Noble's tort claim. Since Payne's death, 69 Idaho inmates have been moved from Dickens, which is run by Florida-based private prison operator The GEO Group, to another prison. By September, the remaining 56 Idaho inmates still at Dickens are set to be moved to another Texas prison because Idaho officials aren't satisfied with improvements at Dickens. Noble's lawyer in Boise, Breck Seiniger, said Idaho had the responsibility to ensure conditions at Dickens were adequate, regardless of whether prisoners were located in Idaho or 1,500 miles away. Brent Reinke, director of the Idaho Department of Correction since January, has conceded his agency didn't do enough to monitor conditions at Dickens between August 2006, when Idaho prisoners were sent there, and

Payne's suicide in March. During that period, Idaho sent prison staff to Texas just once. They have a responsibility to provide reasonable conditions of confinement," said Seiniger. "They can't escape that responsibility simply by passing these prisoners off to somebody else." Reinke's office said it would review the claim, but declined to immediately comment. Payne's family has also discussed a federal lawsuit against The GEO Group, though no lawsuit has yet been filed. Phone calls to GEO Group spokesman Pablo Paez in Boca Raton, Fla., weren't immediately returned.

July 26, 2007 ***The Olympian*** Department of Correction Director Brent Reinke next Thursday will visit a private Texas prison where he intends to shift 56 inmates in September, after problems including abuse by guards, deplorable conditions and a suicide emerged at previous facilities in that state. Reinke, who concedes lax oversight by Idaho contributed to problems, and three other Idaho officials will review the Val Verde Correctional Facility and Jail in Del Rio, Texas, run by Florida-based private prison firm The GEO Group. The prison area where Idaho inmates are due to be housed at Val Verde is part of a new 659-bed addition, Reinke said. Still, he wants to make sure the facility located near the Mexican border meets Idaho standards so the recurring problems at the two previous GEO-run prisons aren't repeated. "On contracts in general, we're going to be stepping that up," Reinke told The Associated Press this week. "We want to take a firsthand look." About 450 Idaho inmates were first moved beyond state borders in 2005 to relieve overcrowding at prisons here, where there are more than 7,000 inmates - but not enough room to house them all. They were incarcerated at the Newton County Correctional Center in Newton, Texas, until August 2006, when they were moved following allegations of abuse by guards to the Dickens County Correctional Center in Spur, Texas. But Reinke, who took over in January, acknowledges his agency didn't do enough to scrutinize conditions at Dickens before Idaho inmates were shipped there. And from August 2006 to March 2007, Idaho prison officials only visited the Dickens County facility one time. The March 4 suicide by Scot Noble Payne, a convicted sex offender, and a subsequent investigation illuminated conditions that one Idaho prison official described as "beyond repair." One concern: There have been problems at Val Verde, too. Inmate LeTisha Tapia killed herself there in 2004 after alleging she was raped by another inmate and sexually humiliated by a guard. And a black guard accused his captain of keeping a hangman's noose in his office and a photo of himself in a Ku Klux Klan hood in his desk. Val Verde County has been forced to hire a full-time prison monitor to keep a watch on prison operations as part of a settlement with Tapia's family. Some family members of Idaho inmates now at Dickens told the AP they're pleased Reinke is scrutinizing Val Verde personally. Still, they said they're frustrated their relatives are being moved again - especially since many problems at Dickens have been remedied since Payne's suicide in March. "Things are OK now," said the wife of a sex offender who asked not to be identified by name. "They don't want to move." Reinke has pledged to improve oversight of conditions at Texas prisons through what he's calling a "virtual prison" that his agency adopted earlier this week. It's modelled after a similar system in Washington state, he said.

July 11, 2007 ***AP*** As overcrowding in Idaho prisons intensifies, so have lobbying efforts and campaign donations by private prison companies aiming to win new contracts - both to house more inmates beyond state borders and to build a proposed 2,200-bed for-profit lockup. The GEO Group, a Florida-based prison operator in 15

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states, entered Idaho politics in 2005, when it hired its first lobbyist, according to a review of lobbying and campaign finance records by The Associated Press. A year later, it divvied up $8,000 among three campaigns: Gov. C.L. "Butch" Otter got $5,000, Lt. Gov. Jim Risch got $2,500, and former state Rep. Debbie Field, who lost her House race last November, received $500. Field also served as Otter's campaign manager and was later appointed by the new governor as Idaho's drug czar. Since 2006, GEO has won contracts worth $8 million annually to house more than 400 Idaho inmates in Texas, including at two prisons where problems became so severe that Idaho demanded inmates be relocated. Corrections Corp. of America, a Tennessee company whose 95,000-inmate private prison system includes 1,500 prisoners at a prison south of Boise, gave nearly $32,000 for the 2006 election to 29 Republican candidates, including $10,000 to Otter, and $5,000 to the state Republican Party. CCA and GEO each hired two lobbyists for the 2007 Idaho Legislature. Just one Democrat, Rep. Margaret Henbest, D-Boise, received money from CCA - $300. The GOP dominates Idaho politics, with 51 of 70 seats in the House and 28 of 35 seats in the Senate. Steve Owen, a CCA spokesman, said his company makes political contributions to candidates that support "public-private partnerships." "That's what we're in the business of, and that's reflective of our participation in the political process," Owen said, adding his company has run private prisons for nearly 25 years, including in Idaho, in a professional manner where standards can exceed a state's own. "It has been a positive working relationship between the Idaho Department of Correction and CCA." GEO spokesman Pablo Paez didn't return phone calls seeking comment. Overcrowding in U.S. prisons, plus a federal push to incarcerate more terrorists and illegal aliens, has benefited private prisons that now oversee 140,000 inmates. Companies like GEO and CCA spent $3.3 million between 2000 and 2004 on election campaigns in 44 states to ensure they profit from this private prison boom, according to a 2006 study by the National Institute for Money in State Politics, in Helena, Mont. Private prisons have become a hot topic here, because of the problems at GEO's Texas prisons where Idaho inmates are locked up to ease overcrowding at home. Abuse by guards at the Newton County Correctional Center in eastern Texas prompted Idaho officials to demand inmates be relocated in 2006 to the Dickens County Correctional Center. Now, Idaho officials have called Dickens "filthy" and "beyond repair," prompting a move to another GEO Texas prison. "The way the contractor makes the most money is by providing the least amount of service," said Robert Perkinson, a University of Hawaii professor who is writing a book on Texas prisons, including privately run facilities. "It's an inherently problematic area of government to privatize." Still, Idaho, with about 7,000 inmates, now has 256 more inmates' in-state than it has capacity for - even with about 430 already in Texas. Efforts to develop sentencing alternatives to ease an expected 7 percent annual increase in inmate numbers through 2010 will take time, so Department of Correction Director Brent Reinke said alternatives are limited to moving inmates elsewhere. Robin Sandy, Idaho Board of Correction chairwoman said she met with CCA officials in Idaho in June. They discussed a new contract with the state to house 240 Idaho inmates in company prisons in Oklahoma - a contract worth about $5 million annually - as well as prospects of the company winning a share of the new 2,200-bed prison proposal that Reinke plans to introduce in September to lawmakers. "It was a courtesy visit," Sandy said. Otter said he's also been in discussions with private prison companies eager to do more business with the state. Otter is a former J.R. Simplot executive who has said he wants to run Idaho more like the private sector. "There's been a lot of that activity," Otter told the AP. "During the legislative session; there were several organizations that came in."

July 10, 2007 ***The Olympian*** More Idaho inmates are slated to move to a private Texas lockup in the latest effort by state prison officials to relieve overcrowding at facilities here. In the move approved by state officials including Gov. C.L. "Butch" Otter on Tuesday, 40 inmates now in Idaho will go to the Val Verde Correctional Facility and Jail in Del Rio, Texas, at a cost of $51 per inmate per day. In addition, 125 inmates now at the Dickens County Correctional Center in Spur, Texas, will also be shifted, with 56 going to Val Verde, located near the Mexican border, and the remaining 69 going to another prison in Littlefield, Texas, where there are already 304 Idaho inmates. The shift to Val Verde and Littlefield comes after problems emerged at Dickens, including a March 4 suicide, reports of "filthy" and "dire living conditions" and a guard convicted of providing contraband to inmates. Still, both Dickens and Val Verde prisons are run by the same private company - Florida-based prison operator The GEO Group - and prison advocates say Val Verde also has a reputation as a "scandal-ridden prison." One Texas inmate killed herself at Val Verde in 2004 after alleged sexual humiliation by a guard, while a guard supervisor was accused of keeping a photo of himself in a Ku Klux Klan hood, resulting in accusations of racism. "We'll do a site visit in the immediate future" to Val Verde, said Idaho Department of Correction Director Brent Reinke, who has pledged to improve monitoring of Idaho inmates by instituting a new program that includes more-frequent visits to out-of-state facilities. GEO Group spokesman Pablo Paez said his company is working with Idaho to meet its prison needs. In 2005, a black guard alleged his captain at Val Verde kept a hangman's noose in his office and a Polaroid photo of himself in a Ku Klux Klan hood in his desk. That case was settled in 2006. The settlement with GEO isn't public, but details of the guard's complaint were confirmed by a federal Equal Employment Opportunity Commission probe reviewed by the AP. The guard's attorney said Tuesday that the atmosphere at Val Verde was "hostile and racist." "I would have serious concerns about the way inmates will be treated," the lawyer, Mark Anthony Sanchez, said from San Antonio. "If a jail treats its employees that way, how is it going to treat inmates?" And in 2006, a female inmate's family sued The GEO Group in the wake of her suicide at Val Verde. Before her death, LeTisha Tapia said she was raped by another inmate and sexually humiliated by a GEO guard after reporting to the warden that guards let inmates have sex. The lawsuit was settled this year. Details of that settlement also aren't public, according to U.S. District Court records in western Texas. But Val Verde County, where the prison is located, has been forced to hire a full-time prison monitor to keep a watch on operations at the prison, as part of its own settlement with Tapia's family. "The county feels that the jail monitor is necessary," said Ann Markowski Smith, the county attorney, in an interview with the AP. She added that concerns remain about the GEO-run prison, including whether inmates are properly receiving medication meant to treat mental health conditions. Bob Libal, of Grass Roots Leadership, a group that campaigns against for-profit prisons like GEO, is more critical. "Val Verde is the GEO-group prison we always point to as a scandal-ridden private prison," said Libal. "We hear very bad things from there, whether it be in the lawsuits, or grumblings about the facility being poorly operated." GEO's Paez declined to comment on the settlement with Tapia's family, or the guard who sued the company over racism allegations at Val Verde. Idaho's contract with GEO is worth some $8 million annually. Idaho, which began sending inmates beyond its borders in 2005, predicts inmate numbers will grow between 6 percent and 7 percent annually through 2010, with the population reaching more than 8,800 inmates by then. The state says it must ship inmates out of state to relieve overcrowding. While Reinke said he'll soon introduce a plan to build a new 2,200-bed private prison in Idaho, that won't be done until 2010, at the earliest. As a result,

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Idaho likely will continue to send more inmates out of state until then. For instance, it aims to send an additional 240 prisoners by November to prisons in Oklahoma operated by another company, Corrections Corp. of America. While Otter acknowledged he's reluctant to work with GEO due to problems at its facilities, he added, "I have a great deal of confidence in Mr. Reinke's ability to clean up the situation."

July 8, 2007 ***Magic Valley Times-News*** The state's top prison official aims to soon send more inmates to a Texas lockup run by a private company, even though Idaho prisoners at two of that outfit's other facilities have had to be moved twice because of abuse by guards, a suicide, filthy conditions and lack of treatment. Brent Reinke, Idaho Department of Correction director, on Tuesday will ask the state Board of Examiners, including Gov. C.L. "Butch" Otter, to let him move more prisoners now in Idaho to an undisclosed Texas facility run by The GEO Group, a Florida-based private prison company. Reinke's request also includes relocating prisoners from GEO's Dickens County Correctional Center in Spur, Texas. Conditions at Dickens, left largely unmonitored by Idaho between last August and March, had deteriorated so badly that when Idaho's prison health director finally investigated earlier this spring, he said it was "the worst correctional facilities I have ever visited." Reinke concedes his agency failed to properly monitor conditions at Dickens, but said moving inmates to another GEO prison won't necessarily mean problems will recur because not all the its facilities are run so poorly. For instance, another GEO-run facility where 304 Idaho inmates are housed, the Bill Clayton Detention Center in Littlefield, Texas, is an excellent prison that shows problems aren't endemic, he said. "We just need to make sure we hold them to the contract," Reinke told the AP Friday. "We've got to do a better job monitoring the facilities." It wasn't immediately clear how many inmates currently in Idaho would be affected by Tuesday's request. Otter couldn't be reached for comment Sunday. Rising numbers of inmates in Idaho, whose prisons now house more than 7,000, make this latest out-of-state shipment unavoidable, Reinke said. Idaho predicts prison growth between 6 percent and 7 percent through 2010, with the population reaching more than 8,800 inmates by then. Idaho now pays GEO $51 a day to house about 430 inmates, or more than $7 million annually. At the time of Idaho's initial out-of-state shipments in 2005, inmates went first to Minnesota. But space constraints soon uprooted them again in 2006, this time to a GEO-run facility in Newton, Texas. There, guard abuse and prisoner unrest forced another move to two new GEO facilities: 125 Idaho inmates went to Dickens, while 304 went to Bill Clayton in Littlefield. Problems continued at Dickens, including an inmate suicide in March. A guard was fired, and then convicted in state court, for passing contraband to inmates. And the Dickens warden was ousted after a probe in which Idaho prison health director Don Stockman called the facility "beyond repair or correction," according to a March 15 report obtained by the AP. GEO, based in Boca Raton, Fla., has said it's aiming for improvements. "GEO strives to provide quality correctional and detention management services in a safe and secure environment consistent with contractual requirements and applicable standards," said spokesman Pablo Paez, in a recent e-mail. Still, some prison experts criticize shipping inmates out-of-state because they move prisoners far from families and raise questions about conditions at for-profit operations. "The receiving facility is agreeing to this arrangement as a way to make money, and so there is always a risk that conditions and safety will be compromised as a way to cut corners and save money," said Michele Deitch, a University of Texas professor. Reinke said Idaho prisons are full, so he has little choice. A prison consultant concluded recently that Idaho will need room for 5,560 more inmates over the next decade. The cost: $1 billion dollars.

Earlier this year, Idaho made a call for 1,100 more out-of-state prison beds; Correction Corporation of America, another private prison company, offered just 240 beds. Idaho is now negotiating a contract with CCA, to shift 120 inmates in July, and the remaining 120 in November. The state is also planning construction: its set to build a $15 million, 300-bed addition at a prison south of Boise by December 2008. A separate, 400-bed drug treatment prison near Boise is in the works. And in September, Reinke said he'll unveil a proposal to Idaho lawmakers for a new 2,200-bed private prison _ larger than the 1,500-bed facility he'd previously considered. "We're at 100 percent right now, as far as capacity," said Reinke. "We're kind of between a rock and a hard place."

July 6, 2007 ***AP*** After months alone in his cell, Scot Noble Payne finished 20 pages of letters, describing to loved ones the decrepit conditions of the prison where he was serving time for molesting a child. Then Payne used a razor blade to slice two 3-inch gashes in his throat. Guards found his body in the cell's shower, with the water still running. "Try to comfort my mum too and try to get her to see that I am truly happy again," he wrote his uncle. "I tell you, it sure beats having water on the floor 24/7, a smelly pillow case, sheets with blood stains on them and a stinky towel that hasn't been changed since they caught me." Payne's suicide on March 4 came seven months after he was sent to the squalid privately run Texas prison by Idaho authorities trying to ease inmate overcrowding in their own state. His death exposed what had been Idaho's standard practice for dealing with inmates sent to out-of-state prisons: Out of sight, out of mind. It also raised questions about a company hired to operate prisons in 15 states, despite reports of abusive guards and terrible sanitation. Hundreds of pages of documents obtained by The Associated Press through an open-records request show Idaho did little monitoring of out-of-state inmates, despite repeated complaints from prisoners, their families and a prison inspector. More than 140,000 U.S. prison beds are in private hands, and inmates' rights groups allege many such penitentiaries tolerate deplorable conditions and skimp on services to increase profits. "They cut corners because the bottom line is making money," said Caylor Rolling, prison program director at Partnership for Safety and Justice in Portland, Ore., a group that promotes prison alternatives. Payne, 43, was placed in solitary confinement because he escaped from the prison in December by scaling a fence and eluding capture for a week. He was among Idaho inmates sent to the prison in Spur, Texas, run by a Florida-based company called the GEO Group. The business operates more than 50 prisons across the United States as well as in Australia and South Africa. Soon after Payne's suicide, the Idaho Department of Correction's health care director inspected the prison and declared it the worst facility he had ever seen. Don Stockman called Payne's cell unacceptable and the rest of the Dickens County Correctional Center "beyond repair." "The physical environment ... would have only enhanced the inmate's depression that could have been a major contributing factor in his suicide," he wrote in a report on Payne's death. Stockman said the warden at Dickens ruled "based on verbal and physical intimidation" and that guards showed no concern for the living conditions. After Idaho's complaints, GEO reassigned Warden Ron Alford, who told the AP he was later fired. He insisted GEO did not provide enough money to make necessary improvements. "They denied me everything. To buy a pencil with GEO, it took three signatures. They're cheap," Alford said in an interview. He disputes Stockman's findings on his treatment of Idaho inmates. GEO spokesman Pablo Paez declined to comment on Alford's performance and would say only that the company had been working to address Idaho officials' concerns. But on Thursday, the state announced plans to move 125 inmates from Dickens to

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other facilities, citing the poor living conditions. The private prison business has been booming as the federal government seeks space to house more criminals and illegal immigrants. "Sometimes it may be a better situation for the inmates, and sometimes it's not," said prison consultant Douglas Lansing, a former warden at the Federal Correctional Institution in Fort Dix, N.J. "Monitoring is a vital component. You can't just move them out of town and forget them." That appears to be largely what happened with Idaho's inmates. The prisoners were sent to Dickens in August from another GEO-run Texas prison after complaints about abuse by guards. But in the following seven months, Idaho sent an inspector to Texas only once. That inspection found major problems, including virtually no substance-abuse treatment, and a complete lack of Idaho-sanctioned anger-management classes and pre-release programs. There's no evidence the inspector's recommendations were followed. And no one from Idaho visited the prison again until after Payne's suicide. Most of the time, the Idaho prison employee responsible for monitoring the GEO contract used only the telephone and e-mail to handle grievances, which also included complaints about inadequate church services, poor food and limited recreation time. Each time, Alford insisted everything was under control, according to correspondence reviewed by the AP. The new director of the Idaho prison system concedes his department did not adequately review the inmates' treatment when he took office in January. "If I had to do it over again, I would have," Director Brent Reinke said. Former Director Vaughn Killeen said he couldn't afford more aggressive monitoring during his term that ended in December. "We weren't happy about the things that were going on down there," Killeen said. "We didn't have that level of budget to accommodate full-time monitors." Some other states are more vigilant. Washington State, for instance, has 1,000 inmates in Arizona and Minnesota and places full-time inspectors at the prisons. A superintendent visits every six weeks. Problems with GEO prisons are not limited to Dickens. Elsewhere in Texas, a female inmate's family sued GEO in 2006 after she committed suicide at the Val Verde County Jail near the Mexican border. LeTisha Tapia alleged she was raped by another inmate and sexually humiliated by a GEO guard after reporting to the warden that guards allowed male and female inmates to have sex. In March, an investigation into sex abuse allegations at another GEO-run Texas prison led to the firing of a guard who was a convicted sex offender. And at GEO prisons in Illinois and Indiana, hundreds of inmates rioted this past spring. The complaints have not hurt the company's balance sheet. It reported profits of $30 million in 2006, four times the amount reported in 2005. Inmates at Dickens say conditions have improved since Payne's suicide. Hot and cold water problems have been fixed, and cleanliness was judged "adequate," according to a May 31 report by a new Idaho contract monitor. But prisoners still complain about sewage from adjacent cells, poor medical and dental care, and a lack of educational programs. Inmates like Robert Coulter, who was convicted of robbery, say authorities should have acted sooner. "They basically put us down here and just dumped us," he said.

July 5, 2007 ***AP*** State prison officials say 125 Idaho inmates in a private Texas prison are due to make their fourth move since 2005, following a suicide in March, problems with a guard passing contraband to inmates and the former warden's ouster. The inmates, who were moved out of state two years ago due to overcrowding in Idaho lockups, are now at the Dickens County Correctional Center in Spur, Texas, where they've been since Aug. 7, 2006. Concerns over conditions at Dickens, an aging county jail run as a prison by Florida-based The GEO Group, prompted this latest move, Idaho Department of Correction Director Brent Reinke said Thursday. "The problems we've had in Texas reflect the challenge of

managing out of state. We believe Idaho inmates are best managed at home in Idaho," Reinke said. He plans in September to introduce a proposal to build a new 1,500-bed private prison in Idaho to create more space for the state's 7,000 inmates. Reinke hopes to move 69 of the Dickens prisoners soon to another GEO-run prison, the Bill Clayton Detention Center in Littlefield, Texas, where similar problems haven't occurred. About 304 Idaho inmates are already there, but that facility is making space for more. The remaining 56 at Dickens could go to another GEO facility elsewhere. Reinke didn't specify where that prison is located. He said the date of the move will be withheld until it's complete. The inmates in Texas were originally moved from Idaho in 2005, going first to Minnesota. Space limitations there forced them to be relocated in 2006 to a GEO-run prison in Newton, Texas, where problems emerged immediately, including beatings by guards. That prompted Idaho to request the move to Dickens and Bill Clayton last August. But problems continued at Dickens, Idaho Correction Department officials said. Sex offender Scot Noble Payne escaped in December, remaining on the run for a week before he was recaptured. Payne then killed himself March 4. Idaho sent prison inspectors to Texas after Payne's death, and concerns that emerged over conditions at Dickens prompted complaints about Warden Ron Alford, who was relieved of his post and sent to another GEO facility. And more recently, a Dickens prison guard was convicted in May in a Texas state court of providing contraband to an Idaho prisoner. That guard was fired last December. GEO installed new management at the facility after Idaho's complaints in March, but Reinke said moving the inmates are still a priority. "IDOC remains concerned about Dickens' operation and has been working hard over the past four months to find alternatives," the state agency said in a statement. In an e-mail statement to The Associated Press, GEO said it's working to rectify problems at Dickens. "GEO strives to provide quality correctional and detention management services in a safe and secure environment consistent with contractual requirements and applicable standards," spokesman Pablo Paez said.

June 6, 2007 ***AP*** Under terms of his contraband sentence, a Texas prison guard who provided illegal materials to Idaho inmates will only go to prison if he violates conditions of his release. Those conditions include staying out of "honky tonks" and "beer joints," according to court documents. John Ratliffe, a former guard at the Dickens County Correctional Center where hundreds of Idaho inmates are housed, is also implicated in providing assistance to an inmate's escape. But Ratliffe has denied knowing Payne planned to escape. Footprints matched to Payne, who later committed suicide, were found near Ratliffe's home. Dickens County prosecutors couldn't be reached for comment on whether Ratliffe faces additional charges related to the escape. Attempts to reach Ratliffe were unsuccessful. His telephone number in Paducah isn't listed. The 43-year-old Payne was among inmates shipped to Dickens and another nearby facility in Littlefield, Texas, in August 2006 due to problems they experienced at another Texas facility, the Newton County Correctional Center. Those included incidents in which the inmates were punched and doused with pepper spray by guards. Both prisons are operated by The GEO Group of Florida. GEO officials said they took quick action upon learning in December about Ratliffe's contraband operation. It included setting up a post office box where at least some prisoners' families sent items or money to be transferred to inmates, according to documents. "When we have incidents of this kind, we conduct a full investigation, and if disciplinary action is required, we take that action properly, and that's what we did in this case," said Pablo Paez, a GEO spokesman. Ratliffe was placed on unpaid leave, then fired, Paez said. Records show a chaotic scene in Paducah before Payne was finally

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cornered by search dogs in a nearby riverbed. Ratliffe allegedly threatened to commit suicide shortly after searchers found Payne's footprints near his backyard fence, prompting Texas Rangers to transfer Ratliffe to the local courthouse "where a mental health warrant was signed by the judge," according to the GEO report. Idaho officials said they learned of Ratliffe's activities after Payne's capture. "We found out about it on Dec. 11 in a conversation between Warden Ron Alford and our contract compliance person Sharon Lamm," said Jeff Ray, a spokesman for Idaho prisons. Alford was transferred in March to another GEO prison, after complaints from Idaho about conditions at Dickens.

June 6, 2007 ***AP*** A private prison guard in Texas who company officials say helped an Idaho inmate escape by providing an envelope stuffed with money has been convicted in a separate case of providing contraband to another Idaho prisoner. John Ratliffe, a former guard at the Dickens County Correctional Center where hundreds of Idaho inmates are housed due to overcrowding at home, was sentenced last month to five years probation, 120 hours of community service and a $1,000 fine for giving cigarettes to Idaho inmate Patterson Franklin, according to court records obtained Tuesday by The Associated Press. Ratliffe pleaded guilty. The problems surfaced starting Dec. 3 when sex offender Scot Noble Payne escaped through a prison kitchen door and scaled a fence. Afterward, Ratliffe acknowledged to his bosses at the prison run by Florida-based The GEO Group that he used Franklin as an intermediary to provide illegal items, including tobacco, underwear, sex tapes, music — and at least $200 Payne had with him when he was caught Dec. 10, according to an eight-page report compiled by GEO officials following the escape. Payne committed suicide March 4 after weeks in an isolation cell. He had been isolated as punishment for his escape. Officials say guard can avoid prison sentence.

May 1, 2007 ***Spokesman Review*** The warden of a private Texas prison housing Idaho inmates has been "relieved of his duties" after complaints from Idaho. The Dickens County Correctional Center, which houses 125 Idaho inmates, made the change after an Idaho corrections team visited the large, older county jail near Lubbock, Texas, in March and reported "deficiencies." Idaho Corrections Director Brent Reinke said problems included an absence of required educational and treatment programs, inadequate out-of-cell time, inappropriate lighting, and problems with food, clothing and cleanliness. Also, an inmate from Ada County who escaped in December and recaptured committed suicide at the facility in early March. "The feedback I got from the team was that what they were concerned with was the Texas style of justice," Reinke said. "Texas justice is different than Idaho justice. It just is. And we want our inmates handled according to Idaho justice. "Ninety-eight percent of those folks are coming back to our communities. ... Our mission is to keep Idaho safe. ... We don't want to make the matter worse, so that they come back more violent or more angry." The state Board of Correction voted unanimously Monday to explore private prison options in Idaho as an alternative to sending inmates out of state in the future. Dickens is one of two Texas lockups operated by GEO Group, formerly Wackenhut Corp., to which Idaho inmates were moved after problems at another GEO facility in Newton County, Texas, last year. The Newton County lockup saw two escapes, a demonstration in which 85 Idaho inmates refused to return to their cells for hours in protest over conditions, and the discipline of three prison employees after jailers roughed up and pepper-sprayed six Idaho inmates. Idaho has 431 inmates housed out of state due to overcrowding in its prison system – 125 at Dickens, 304 at Bill Clayton Detention

Center in Littlefield, Texas, and two elsewhere. Reinke said GEO Group has been responsive to the complaints, and the new acting warden has made improvements. Complaints have dropped off since that change was made last month. But members of the state Board of Correction were concerned on Monday. "They're not meeting the terms of the contract," said board Chairwoman Robin Sandy. "Maybe I'm just used to enforcing a contract a little more aggressively." Sharon Lamm, deputy administrator of management services for Idaho Corrections, told the board conditions were much improved at a follow-up visit in April. Idaho pays $51 per inmate per day in Texas. The average cost in Idaho is $48 per day. Idaho is seeking proposals for additional out-of-state prison beds for overflow inmates. The deadline for proposals is today. Reinke said the most recent estimates show Idaho will need 5,200 more beds in the next 10 years. But Sandy said placing inmates out of state could become prohibitively expensive because California is poised to send 8,000 of its inmates out of state. "We all know what that's going to do to the price of beds," she said. She proposed that Idaho look into contracting for private prison space in state, which would require a change in state law. Idaho has one privately operated prison, but the facility is owned by the state. "It's something we need to discuss," Sandy told the board. "I've spoken to the governor's office about it. They seem to like the idea." Board member Jay Nielsen said, "I don't think we're going to get $60 million out of the Legislature to build one, so our back's to the wall – if we're going to have a new prison, it's going to have to be a private one." The board voted unanimously to seek more information on that option. Jack Van Valkenburgh, executive director of the American Civil Liberties Union of Idaho, said, "I'm less concerned with whether it's a public or private entity than with whether conditions are adequate and constitutional, and whether there are adequate programs to return inmates to society in a productive manner." The Idaho inmate who committed suicide at the Texas lockup, Scot Noble Payne, 43, was found in a shower at 1 a.m. with fatal razor wounds. He was serving seven to 20 years for lewd and lascivious conduct. Matt EchoHawk, staff attorney for the Idaho ACLU, said his group received complaints from about one in five Idaho inmates at the Dickens facility after Payne's escape in December. Many said they were stuck in their cells without opportunities for rehabilitation. "The prison officials would say it was due to weather or security, something like that, but it wasn't happening, they wouldn't be out of their cells," EchoHawk said.

March 5, 2007 ***Idaho Statesman*** An Idaho inmate housed in a Texas prison was found dead from apparently self-inflicted wounds early Sunday morning, an Idaho Department of Correction spokeswoman said. Guards in the Dickens County Correctional Center found Scot Noble Payne, 43, slumped in a shower, bleeding and unresponsive about midnight Mountain Time, Teresa Jones said. The fatal wounds were inflicted with a razor, she said. He was pronounced dead at 1:17 a.m. after unsuccessful attempts to revive him. Payne was serving time on an Ada County charge of lewd and lascivious conduct with a minor under 16, Jones said. He was isolated from other inmates at the time of his death because of a December escape, she said. Payne apparently scaled a fence Dec. 3. He was captured on Dec. 10 after eluding the Texas Rangers, helicopters from the Texas Department of Public Safety, local law enforcement agents and private prison workers. Payne was one of about 100 Idaho inmates housed at the correctional center near Spur, Texas. Idaho inmates have been in the facility since July 2005. Payne transferred there in August. He was sentenced to 20 years, with seven mandatory, in December 2002.

December 11, 2006 ***AP*** An Idaho inmate who escaped a private West Texas prison was captured after a week on the run when authorities caught up to him at a ranch. Authorities arrested Scot Noble Payne, 43, on Sunday at a ranch near the small town of Paducah, said Daniel Hawthorne, a spokesman for the Texas Department of Public Safety in Childress. Payne escaped Dec. 3 from the Dickens County Correctional Center. The facility, which is run by Florida-based Geo Group Inc., is located in Spur, about 60 miles east of Lubbock. Prison officials said Payne, who was serving time for aggravated battery and lewd and lascivious conduct, scaled the facility's fence. He fled when temperatures were in the mid-20s, apparently without any extra clothing. For a week, the fugitive eluded searches by the Texas Rangers, helicopters from the Department of Public Safety, local law enforcement agents and private prison workers. Hawthorne said several reports of sightings focused searchers on the Paducah area, which is 50 miles northeast of the detention center. Authorities closed down sections of highways and continued scanning the area by helicopter, he said. Dogs eventually tracked Payne to the ranch. Payne is one of more than 460 Idaho inmates who have been shipped to Texas or other states since last year due to overcrowding in Idaho prisons. Idaho inmates at private prisons in Texas have been the subject of controversy, with a previous breakout in June and allegations of abuse that preceded the firing of some Geo Group staff and the transfer of inmates to other prisons — including Dickens County.

December 5, 2006 ***AP*** Texas authorities continue to search for an Idaho inmate who escaped from a privately-run prison in subfreezing temperatures. Scot Noble Payne escaped from the Dickens County Correctional Center at about 7:30 p.m. last night. Idaho authorities say Payne left a shirt in the fence he's believed to have scaled. Teresa Jones, a spokeswoman for the Idaho Department of Correction, says "Payne had no extra clothing when he escaped and temperatures are near freezing." The search for Payne included helicopters, dogs and road blocks.

December 4, 2006 ***AP*** West Texas authorities were searching in subfreezing temperatures late Sunday for an Idaho man who escaped from a privately operated prison in Spur. Scott Noble Payne, 43, escaped from the Dickens County Correctional Center at about 7:30 p.m. CST, said Janie Walker, a dispatcher with the Dickens County Sheriff's Office. State and local authorities from surrounding counties joined the two-man Dickens County Sheriff's Office in the search for Payne, Walker said. The search involved helicopters, dogs and road blocks. Jail staff members believe Payne scaled the facility's fence, the Idaho Department of Corrections said in a news release. Authorities believe he did not have extra clothing. Temperatures in the region had dropped to the mid-20s degrees by 11:30 p.m., according to the National Weather Service. Payne was serving time for Idaho charges of aggravated battery and lewd and lascivious conduct, according to the Idaho Corrections Department. He was one of about 100 Idaho inmates being held at the Spur facility, which is located about 60 miles east of Lubbock. The prison, which is operated by Florida-based The Geo Group, Inc., is designed for minimum- to maximum-security levels, according to the Geo Group's Web site. It has a capacity of 489 adult males.

EAST MISSISSIPPI CORRECTIONAL FACILITY, LAUDERDALE COUNTY, MISSISSIPPI

April 1, 2006 ***Meridian Star*** A former guard at East Mississippi

Correctional Facility at Lost Gap received a three-year suspended sentence this week in Lauderdale County Circuit Court for helping two prisoners escape last year. Tomeka Lashae Brown, 26, of Porterville pleaded guilty Monday to aiding the escape of a felon. Prisoners Gregory Malone, 26, and Christopher Roy, 24, escaped Oct. 17 after apparently using a saw blade to cut their way out of the facility. They were captured about 24 hours later at a hotel in Northport, Ala., near Tuscaloosa. Malone was serving a life sentence for a capital murder in Hinds County. Roy was serving a life sentence for a murder in Jackson County. In her petition to plead guilty, Brown admitted driving the two men to Tuscaloosa and paying for their motel room. Brown was indicted by a Lauderdale County grand jury in November; Lost Gap prison officials announced she had been fired in December. Circuit Judge Lester Williamson Jr. handed down the sentence, which could have been as severe as 10 years in prison and a $10,000 fine. Roy and Malone were each indicted on a charge of escape, which could add five years to their life sentences. A third inmate, 24-year-old Kenneth Johnson, was indicted on a charge of aiding the escape of a felon; he is serving a 71/2-year sentence for a burglary in Lawrence County. None of these cases has been resolved. The Geo Group Inc., a Florida-based company, operates East Mississippi Correctional Facility, which can house as many as 1,000 inmates, under a contract with the Mississippi Department of Corrections. The prison specializes in housing prisoners with psychiatric problems.

March 31, 2006 *WREG* A former Texas prison official has taken over as warden of the privately run East Mississippi Correctional Facility in Lauderdale County. Yesterday was the first day on the job for 51-year-old Dale Caskey, who recently retired after 30 years with the Texas Department of Criminal Justice. Caskey replaced interim warden Darryl Anderson. Caskey's last assignment in Texas was as warden of the Hughes Unit, a maximum-security facility in Gatesville, Texas. The East Mississippi Correctional Facility, located in the Lost Gap community, houses inmates with mental disorders. It's owned by The Geo Group, formerly Wackenhut Corrections Corporation.

December 16, 2005 *Clarion Ledger* Two guards have been terminated and a supervisor resigned in the wake of the October escape of two inmates serving life sentences for murder at the East Mississippi Correctional Facility in Meridian. "The message is that if you don't follow policy and procedures, you will be terminated," Mississippi Corrections Commissioner Chris Epps said. Epps said guard Tomeka Brown was fired for providing transportation from the Mississippi/Alabama line to Tuscaloosa for escaped inmates Gregory Malone and Christopher Roy. Epps said Brown apparently had a personal relationship with Malone. Brown, who was indicted last month, is charged with accessory before the fact to escape for aiding an abetting the inmates. She is out on a $100,000 bond. Epps said guard Lakeisha Gowdy was fired after an investigation determined she had not physically counted inmates to ensure they were actually in the cells. Sgt. Cheryl Thornton resigned before being terminated, Epps said. In Thornton's case, daily physical counts of inmates weren't being performed as required, Epps said. The two inmates used a saw blade to cut their way out of the facility.

November 25, 2005 *WREG* Lauderdale County authorities say there appears to be no foul play in death of an East Mississippi Correctional Facility inmate. The body of 32-year-old Reginald Williams, of Meridian, was found hanging in his cell yesterday.

Information collected from the internet for this report

The sheriff's department is investigating the death and waiting for autopsy results from the Mississippi Mortuary in Pearl.

November 19, 2005 ***Meridian Star*** It's the mid-1990s. The number of inmates in Mississippi's penal system is increasing, and state officials need to build more prisons - or contract with private companies to build more prisons. Meanwhile, Lauderdale County and Meridian officials are looking for ways to improve the local economy and create jobs. It seemed like a good match. The state needed a place to build a prison and Lauderdale had a readily available workforce and land that needed no rezoning. When city and county officials began putting together a proposal, they hoped the new prison would provide an influx of jobs that would only increase over time. They also hoped it would help Naval Air Station Meridian. New U.S. Navy regulations prohibited student pilots from performing maintenance tasks at the base. It was hoped that non-violent prisoners could do some of the work - saving the base $300,000 to $500,000. The Wackenhut Corp., now The Geo Group Inc., won the contract to build and operate East Mississippi Correctional Facility in southwest Lauderdale County's Lost Gap community. The facility accepted its first prisoners in April 1999. Measuring outcomes: District 2 Supervisor Jimmie Smith said the initial estimate was that the facility would create up to 350 jobs. It currently employs 220 people in positions ranging from security officers to medical staff to administrators. The partnership between the Navy base and the prison never happened, according to Susan Junkins, public affairs officer at NAS Meridian. "To the best of my knowledge I have seen no impact that it has made to my business," said David Hamilton, owner of the Best Western in Meridian. Ray Joyner, manager of the Howard Johnson motel in Meridian, concurred: "I can't tell any difference in business. It certainly doesn't seem any different, but I wouldn't call it a major tourist attraction or industry, either." Wayne Gasson, chief of labour market information with the Mississippi Department of Employment Security, said given the relatively small number of jobs available, it is hard to gauge the prison's economic impact. "If a facility like this one opened or closed, it would be significant to the people that worked there - but as far as it impacting an entire area, it probably isn't going to have much of an impact," Gasson said. The East Mississippi Correctional Facility at Lost Gap employs 220 people. Interim Warden Darryl Anderson reports that the annual turnover rate at the facility is 65 percent. Here's a look at positions available and their hourly pay range. Security posts $7-$10.95 Clerical staff $7-$10 Food service $7-$15.35 Program staff $11.06-$18.45 Maintenance staff $9-$17 Medical staff $7.35-$20.95

October 29, 2005 ***Meridian Star*** Residents of the Lost Gap community were uneasy in April 1999, when the first prisoners began arriving at East Mississippi Correctional Facility, a private prison that brought inmates with mental disorders to their quiet area of southeast Lauderdale County. Since then, there have been bumps in the road - violence inside the prison, deaths, indictments of inmates and, most recently, escapes. When two convicted murderers escaped from the EMCF this month, it sparked a wide mix of emotions among residents of Lost Gap. In addition to the escapes, EMCF has been the site of at least five incidents of inmate-on-inmate violence since 2002. Three of these incidents led to inmates' deaths. Also, in February 2002, inmates created a two-hour disturbance when they refused to return to their cells. Correctional officers were forced to use chemical agents to subdue them, and 29 inmates were transferred to the Mississippi State Penitentiary at Parchman as a result. Current District 2 Supervisor Jimmie Smith, who was also on the board at the time of the

contract's approval, estimated the facility would create 350 jobs. Lost Gap resident Robert Maxey doesn't share Florey's optimistic view. "Sure, it provides a few jobs, but you can find jobs in lots of other places. I really don't see the benefit in having it here," Maxey said. Community residents tried to derail the project, but to no avail. When Maxey's wife, Barbara, was given a tour of the facility in 1998, she was told that escapes would be impossible. Her scepticism at that remark was confirmed on Monday, Oct. 17, however, when convicted killers Gregory Malone, 26, and Christopher Roy, 24, with the apparent assistance of a prison guard and a fellow inmate, escaped through sawed window bars. "My granddaughter was scared to death," Mrs. Maxey said. "If they hadn't captured the two men, she likely would have never gone outside again.

October 30, 2005 ***AP*** With two murderers escaping in the past month, residents here have begun carrying weapons and apprehensions have grown about the East Mississippi Correctional Facility. The private prison, opened in April 1999, houses prisoners with mental disorders in southeast Lauderdale County. On Oct. 17, convicted killers Gregory Malone, 26, and Christopher Roy, 24, escaped from the facility, allegedly with the assistance of a prison guard and a fellow inmate. The men escaped through sawed window bars. They were caught about 24 hours later. That was the second escape this year - Earl Blue escaped from the facility on April 8. He was caught hours later, but residents are not satisfied with the level of safety. The prison has had patterns of violence within its walls leading to both deaths and indictments of inmates. The facility has had five incidents of inmate violence since 2002 - three of which resulted in inmate deaths. Many residents have opposed the presence of the EMCF since it was proposed in the mid-1990s. "It's made a lot of people more apprehensive," said John Griffin, 67, a retired Marine and former Lost Gap fire chief. "My mother-in-law lived here when they first brought the prison here, and she was scared to death. And now you've got more people walking around carrying a gun because of the place. I don't go out of this house without carrying a gun."

October 23, 2005 ***Clarion Ledger*** A second prison employee is being eyed in an investigation of two convicted murderers' escape from the East Mississippi Correctional Facility last week. A prison guard has been charged, but Chris Epps, commissioner of the Mississippi Department of Corrections, said Saturday "there's been some conversation about another employee." "We won't know until the investigation is concluded. I would hope within a couple weeks we should have everything wrapped up," he said. On Friday, inmate Kenneth Nelson Johnson Jr., 23, who is serving a 7 1/2-year sentence for a burglary conviction in Lawrence County, was charged with two counts of accessory before the fact. He is the fourth person charged in relation to the escape. Gregory Malone, 26, and Christopher Roy, 24, both serving life sentences for murder, fled Monday from the prison on Old U.S. 80 West at the Lost Gap community. They were captured about 24 hours later at a hotel in Northport, Ala., near Tuscaloosa. Prison guard Tomeka Brown, 25, of Porterville, was arrested and charged with two counts of accessory before the fact. She posted $100,000 bond from the Lauderdale County jail Thursday. Epps has said Malone and Roy did not share a cell. He said he believes someone helped the escaped convicts by sawing window bars, allowing them to get to the prison's roof and escape after cutting a set of camera wires. Neither he nor Calhoun knows how wide a net the investigators will have to cast, Epps said. Despite the conversations about a possible second

employee, no employees other than Brown have been arrested or disciplined, Epps said. Lauderdale County and Epps' office are coordinating the investigation.

October 22, 2005 ***Meridian Star*** An East Mississippi Correctional Facility inmate was charged Friday with helping two fellow prisoners escape earlier this week. Kenneth Nelson Johnson Jr., 23, who is serving a 71/2-year sentence for a burglary conviction in Lawrence County, was charged with two counts of accessory before the fact. He is the fourth person to be charged in connection with the Monday escape. Lauderdale County Chief Deputy Ward Calhoun said he expects others to be charged as the investigation continues. Porterville resident Tomeka Brown, 25, a correctional officer at the private prison for inmates with mental problems, was arrested at the same hotel later Tuesday and charged with two counts of accessory before the fact. She posted $100,000 bond and was released from the Lauderdale County jail Thursday. Officials with the Department of Corrections, which contracts with EMCF parent company The GEO Group Inc. to house state prisoners, could not be reached for comment Friday. State Corrections Commissioner Christopher Epps told reporters earlier this week that Malone and Roy did not share a cell. Epps said he believes someone helped the escapees by sawing window bars, allowing them to get to the prison's roof and escape after cutting a set of camera wires.

October 19, 2005 ***Meridian Star*** Two inmates who were captured after escaping from the East Mississippi Correctional Facility on Monday have been transferred to the Mississippi State Penitentiary at Parchman. Gregory Malone, 26, and Christopher Roy, 24, who were serving life sentences at the Lost Gap prison, were captured by deputy U.S. marshals early Tuesday morning at an Econo Lodge in Northport, Ala., near Tuscaloosa. The two were discovered missing shortly after 12:50 a.m. Monday at the privately operated prison for inmates with mental health problems. Prison employee Tomeka Brown, who investigators believe played a key role in the inmates' escape, is currently in custody at the Lauderdale County Detention Facility. Brown, 25, of Porterville and a correctional officer at EMCF, has been charged with two counts of accessory before the fact. She was behind held on $100,000 bond Wednesday. Mississippi Corrections Commissioner Christopher Epps has said that other employees of the East Mississippi Correctional Facility, including interim Warden Darryl Anderson, could face disciplinary action. However, MDOC officials wouldn't be more specific Wednesday.

October 19, 2005 ***Clarion Ledger*** Two convicted murderers and a Mississippi corrections officer accused of assisting in their escape from a Meridian prison were arrested in Alabama, Lauderdale County Sheriff Billy Sollie said Tuesday. Investigators believe Tomeka Lashae Brown helped Gregory Malone and Christopher Roy rent a room at the Econo Lodge Hotel at 1930 McFarland Blvd., in Northport, Ala., Sollie said. The inmates were discovered missing from the East Mississippi Correctional Facility early Monday morning. Brown, 25, of DeKalb is charged with two counts of accessory before the fact. All three are being held without bond at the Tuscaloosa County Jail. Malone, 26, and Roy, 24, will face charges of felony escape, Mississippi officials said. Sollie would not give any other details on Brown's alleged role in the inmates' escape from the prison, which houses inmates with mental health problems. Mississippi Department of Corrections Commissioner Chris Epps said Tuesday some employees - including interim Warden Darryl Anderson - may be fired upon completion of an

investigation. Epps said he had "grave" concerns about hourly inmate counts, and window and bar checks. He said he believes someone helped Malone and Roy, who were not housed together, by sawing window bars, allowing them to get to the prison's roof and escape after cutting a set of camera wires. "You have to check those bars every 24 hours with a rubber hammer. The way they were able to saw out of that prison, it didn't happen overnight," he said. Epps said security cameras show the inmates leaving around 1 a.m.

August 12, 2005 *Sun Herald* Lauderdale County Sheriff Billy Sollie says three men have been charged with murder in the stabbing death of an inmate at East Mississippi Correctional Facility are charged in the murder of fellow inmate Stanley Johnson. Sollie said Friday that John Pickens, 35; John Sparkman, 30; and Kelvin Cage, 36, each face a charge of murder in the stabbing death of Johnson on Sunday. Sollie said all three are inmates at the privately run prison. Sollie said the killing apparently dates back to a disagreement between Pickens and Johnson, when the two were incarcerated in the Mississippi State Penitentiary in Parchman. "All indications are this was a planned assault on the victim," the sheriff said.

August 10, 2005 *Clarion Ledger* Lauderdale County authorities said Tuesday they hope to make an arrest today in the stabbing death of 43-year-old Stanley Johnson inside the East Mississippi Correctional Facility. "We are anticipating an arrest in the next 24 to 48 hours," Lauderdale County Sheriff Billy Sollie said. Johnson was serving a life sentence for a 1985 rape conviction in Sunflower County. Warden Larry Greer said Johnson was attacked about 1:30 p.m. Sunday at the privately run prison and died several hours later in a local hospital. Sollie and Greer said several prisoners have been questioned in the stabbing. No weapon has been found, and officials won't go into specifics about their investigation. This is the second time in three years an inmate has been killed in the prison. In 2002, 58-year-old Lonnie Grisham was found bludgeoned to death in his cell. Information on whether Grisham's killer was prosecuted wasn't available Tuesday. The prison is run by the GEO Group Inc., a Florida-based company formerly known as Wackenhut. The GEO Group runs private prisons in 14 states, as well as in South Africa and Australia. In Mississippi, the company also runs the Marshall County Correctional Facility in Holly Springs, which was the site of the beating death of an inmate by another prisoner in 2001.

August 9, 2005 *WAPT* An investigation continues into the stabbing death of an inmate at the privately run East Mississippi Correctional Facility in Lauderdale County. The inmate, 42-year-old Stanley Johnson, was serving a life sentence for a rape conviction in Sunflower County. Lauderdale County Coroner Clayton Cobler reported that Johnson died Sunday at a Meridian hospital from stab wounds in the chest and both thighs. An autopsy has been ordered. East Mississippi Correctional Facility is located off U.S. Highway 80 in the Lost Gap community. It's privately owned by GEO Group, formerly Wackenhut Corrections Corp.

August 8, 2005 *Sun Herald* An inmate at the privately run East Mississippi Correctional Facility in Lauderdale County has died of stab wounds, says county Coroner Clayton Cobler. Wackenhut operates the facility, a 750-bed prison that opened in April 1999 off U.S. 80 near the Lost Gap community. Cobler said 42-year-old inmate Stanley

Information collected from the internet for this report

Johnson was stabbed three times in an incident Sunday. He said Johnson died at a Meridian hospital. Cobler said an investigation is underway. Prison officials have declined to comment.

April 11, 2005 ***Greenwood Commonwealth*** A state inmate serving a 40-year sentence for armed robbery in Leflore County was apprehended without incident Sunday afternoon by the Forest Police Department, according to the Mississippi Department of Corrections. Earl Blue, 27, who escaped from East Mississippi Correctional Facility in Meridian on Friday, will be taken to the Mississippi State Penitentiary at Parchman. East Mississippi Correctional Facility is a privately run correctional facility operated by Wackenhut Corrections Corporation of Palm Beach, Fla.

February 26, 2003 Prison emergency personnel used chemical agents to get 29 prisoners to return to their cells at the East Mississippi Correctional Facility Tuesday evening, officials said. Nobody was seriously injured in the disturbance, which lasted for two hours. (AP)

August 21, 2002 Authorities believe an inmate who died at the East Mississippi correctional Facility at Lost Gap was attacked by another prisoner. Lauderdale county chief deputy Mike Mitchell on Tuesday identified the dead inmate at Lonnie Grisham, 58, of Tippah County. (AP)

ELIZABETH DETENTION CENTER, ELIZABETH, NEW JERSEY **November 13, 2007** ***AP*** A federal jury on Tuesday awarded a political asylum $100,001 after finding that her rights were violated while in custody at a detention center operated for U.S. immigration authorities by a private contractor, the immigrant's lawyer said. The jury said the operator, then known as Esmor Corp., and some former executives, should pay $100,000 to Somali immigrant Hawa Jama for negligent hiring and training, and $1 for violating the Religious Freedom Restoration Act. "Clearly, she would have been happier if she got more money, but she feels vindicated," said the lawyer, Penny M. Venetis. The jury found no violation of international human rights standards. The verdict came on the second day of deliberations, but a decade after Jama and eight other immigrants sued the company that ran the detention center in Elizabeth and what was then known as the Immigration and Naturalization Service. Venetis said the eight others had already settled for undisclosed sums, and the only remaining defendants were the corporate successor to Esmor and former Esmor employees. Esmor is now part of the Geo Group Inc. Messages seeking comment from its lawyer and company spokesmen were not immediately returned. At trial, Jama testified that she endured beatings, insults, rotting food and unsanitary conditions during her 11-month detention at the privately run jail in Elizabeth in 1994-95. The INS closed the center following a riot in June 1995, when about 100 immigrants broke windows, destroyed furniture and overpowered guards, claiming they were being held under inhumane conditions. The INS fired Esmor, then of Melville, N.Y., after finding that poorly trained guards abused the detainees physically and mentally, gave them spoiled food and deprived them of sleep. The detention center reopened in January 1997 after renovations were completed by its new operator, Corrections Corp. of America, of Nashville, Tenn. Jama, now in her late 30s, got married several years ago and now lives with her husband and three children in Columbus, Ohio, Venetis said. Jama had fled tribal warfare in Somalia that claimed her father and brother, and became a U.S. citizen last year, said

Venetis, a law professor at Rutgers School of Law-Newark and co-director of its constitutional litigation clinic. "She really is still very haunted by what happened at Esmor," Venetis said. "She has flashbacks." Venetis claimed "corporate greed" created miserable conditions at the Esmor detention center. Guards routinely beat and cursed detainees, with Jama being called "an African monkey," Venetis said. "She was denied sanitary napkins, so she just bled all over herself once a month," Venetis said. Charges were dismissed three years ago against the INS and its officials, with U.S. District Judge Dickinson R. Debevoise saying the government cannot be sued. He also dismissed some charges against the company's guards, finding that individual actions did not rise to the level of international human rights abuses. But he refused to dismiss all charges against Esmor and its officials. Some 1,600 former Esmor detainees got a $2.5 million settlement from Esmor in 2005, with most getting less than $1,000 each after legal fees. That group did not include Jama and the other eight who sued. Geo, a publicly traded company based in Boca Raton, Fla., reported 2006 profit of $30 million, or $1.68 per share, compared with $7 million, or 47 cents per share a year earlier. It had revenue of $860.9 million in 2006, compared with $612.9 million in 2005.

FILLYAW CORRECTIONAL FACILITY, NEWTON COUNTY, TEXAS **December 21, 2007** ***KFDM*** KFDM News has learned a man cut his throat on razor wire while trying to escape Friday from the Fillyaw Correctional Center in Newton County. Sheriff Joe Walker tells KFDM News 40 year old Larry Waylon Metcalf is being treated inside the correctional center for his injuries. Walker says guards called the Newton County Sheriff's Office and asked for help with an escape. Metcalf climbed over serpentine wire, got over the fence and was able to get outside the compound, but Walker says within minutes his officers and guards caught Metcalf. He says Metcalf was "cut everywhere," including his throat, and is receiving medical treatment in the private prison.

FLORENCE WEST CORRECTIONAL FACILITY, FLORENCE, ARIZONA **December 10, 2008** ***Casa Grande Valley News*** A man who escaped from a Florence prison in 2006 has been sentenced to four additional years in prison. Christopher Richard Breiland, 39, was sentenced Nov. 3 by Pinal County Superior Court Judge Pro Tem Bradley Soos to the minimum term with credit for 605 days served. Restitution is to be determined. The term is to be served concurrently with four sentences in Maricopa County; according to a plea agreement that noted Breiland would get a total of at least 15 years in prison. Breiland, 36, was discovered missing from the privately operated Florence West prison on May 4, 2006 after prison-issued orange pants and blood were found on the perimeter fence. Blankets and clothing was used in his bunk to make it look like he was sleeping while he climbed a recreational gate and squeezed through a barbed wire fence as other inmates watched through a window to see if he made it. Authorities found Breiland after he slammed the car he was driving into three other vehicles May 13, 2006 during a pursuit in Phoenix, injuring him and four others. No serious injuries were reported. Breiland was serving sentences for theft, misconduct involving a weapon and forgery, according to the Arizona Department of Corrections. He was due to be released Dec. 30, 2006. Florence West is a private prison owned by GEO Group Inc. and by operated Correctional Services Corporation. As provided by state law, all costs associated with Breiland's apprehension will be charged to GEO Group.

May 18, 2006 ***AP*** Authorities found an escaped convict after he slammed his car into three other vehicles late Saturday afternoon in Phoenix. Christopher Breiland's capture was a joint effort by the Arizona Department of Corrections and the Phoenix and Scottsdale Police Departments. Breiland, 36, was discovered missing from the privately-operated Florence West prison on May 4 after prison-issued orange pants and blood were found on the perimeter fence. On Saturday, Breiland fled police as they tried to pull him over. Police stopped the chase after Breiland began driving recklessly. But Breiland still ran into three vehicles, injuring him and four others. All were examined at a hospital and were expected to be OK. Breiland was serving sentences for theft, misconduct involving a weapon and forgery, according to the Arizona Department of Corrections. He was due to be released Dec. 30, but now faces new charges. Florence West is a private prison owned by the GEO Group Inc. and by operated Correctional Services Corporation. As provided by state law, all costs associated with Breiland's apprehension will be charged to GEO Group.

May 14, 2006 ***KPHO*** Authorities have found an inmate who escaped from a private prison in Florence May 4th. Thirty-six-year-old Christopher Breiland went missing from Florence West after prison-issued orange pants and blood were found on the perimeter fence. Breiland has been in prison since 1997, when he was sentenced to six and a half years for theft, misconduct involving a weapon and forgery. He was due to be released next December 30th. Breiland was apprehended by Phoenix Police Department at 5:05 p-m today. His capture was a joint effort between the Arizona Department of Corrections and the Phoenix and Scottsdale Police Departments.

May 5, 2006 ***Arizona Daily Star*** A state prisoner escaped Thursday from a private prison in Florence, officials said. Christopher Breiland, 36, escaped from the Florence West facility sometime before 8 a.m., when the staff noticed prison-issued orange pants and blood on a fence, authorities said. The prison was locked down and a count was taken, confirming that someone escaped. Search teams and tracking dogs were deployed, and Arizona Department of Corrections investigators were at the Florence facility, but Breiland had not been found by 7 p.m. Thursday. Breiland was sentenced to 6 1/2 years in prison in 1997 after convictions on three felony counts: theft, weapons misconduct and forgery. He was due for release on Dec. 30. He was also convicted of a separate theft count, which netted him a nine-year sentence that was to begin in 1998, according to the Arizona Department of Corrections Web site. This was not the first time Breiland had escaped, according to the DOC Web site. He also fled last Dec. 24. He is white, 5 feet 9 inches tall, weighs 160 pounds, and has brown eyes and brown hair. He has a cross tattooed on his left shoulder.

May 4, 2006 ***The Arizona Republic*** Schools were locked down for hours Thursday as law enforcement and prison officials searched south of town for an inmate who escaped from a private prison. As of late Thursday afternoon, he had still not been found. Christopher Breiland, 36, was discovered missing from Florence West, owned by Boca Raton, Fla.-based Geo Group Inc., at about 8 a.m., according to the Arizona Department of Corrections. Orange prison pants and blood were found on a perimeter fence. Florence Police, Pinal County sheriff's deputies, corrections officers, the Arizona Department of Public Safety, and K-9 units are looking for Breiland. He's described as 5-foot-9, 160 pounds, with brown eyes and hair. He has a cross tattooed on his left shoulder. Breiland had been considered a low-security inmate because he

was in for a non-violent offense and was set to be released in December, said Pablo Paez, a Geo Group spokesman. Breiland was sentenced to six-and-a-half years in 1997 for felony convictions for theft, misconduct involving a weapon and forgery, according to the Corrections Department. "(But) when someone escapes from prison, you have to proceed with caution," Paez said. Florence High School was locked down from 9:14 a.m. until 1:15 p.m., said Lt. Walt Hunter, with the Florence Police Department. Florence Elementary School and the town's Head Start program were also locked down.

FLORIDA CIVIL COMMITMENT CENTER, ARCADIA, FLORIDA **February 12, 2008** ***Sun-Herald*** Deputies arrested Florida Civil Commitment Center resident George Wilson Williams, 44, on charges related to aiding and abetting the recent of escape of 59-year-old fellow center resident Bruce Young. Williams is charged with escape while in lawful custody, principle in the first degree. No bond is set. The center houses and treats some of Florida's worst sexual predators -- who are involuntarily civilly committed by the state for an indeterminate length of time in the remote, high-security facility. DeSoto County Sheriff's Office reports say Young told interrogators it was Williams who taught him about the construction of the centre's fence and how to bypass its alarm systems. The center has more than a dozen buildings spread out on its campus, which lies near the DeSoto Correctional Institution on State Road 70. A level-four security fence surrounds the center with double razor-wire fences. Reports reveal Williams took part in maintenance work at the facility and was familiar with how the centre's outer fences were installed. Williams reportedly knew the fence's electronic surveillance beam stopped near a "sally-port" at the south side at the facility, which is where Young breached the fence. Later, Young said he chose that weak point based on Williams' information. Williams denied giving any information to Young, and reports say he accused Young of lying. Deputies told Williams he had nothing to gain by lying, to which Williams said, "Do what you have to do, and try and arrest me if you want. The GEO Group, a private company specializing in sex offender treatment, is contracted to administer the center for the Florida Department of Children and Families. GEO Group spokesman Pablo Paez said an internal investigation into Young's escape is still under way. "Given the security nature of the investigation, we may not be able to publicly disclose findings," Paez said. "We will be taking the necessary corrective actions in tandem with (the department). We are confident the facility has taken the necessary steps, and will continue to take steps as necessary, to insure to safety and security of the facility."

February 10, 2008 ***WINK*** Escaped sexual predator Bruce Young has been captured by the Arcadia Police Department. It is a story you saw first on WINK. The DeSoto County Sheriff's Office tells WINK News, Young was captured just two blocks away from their Sheriff's Headquarters. Arcadia Police tell WINK News Young was spot running across a street. A patrolman questioned Young and asked for his name. Young gave a fake name to the patrolman. The patrolman was able to realize that it was in fact Young. Young was then taken into custody without any incident. After being taken into custody, Young requested a drink of water. Young escaped from the Arcadia-based Florida Civil Commitment Center. The center is run by private firm, GEO Group Incorporated. Residents at the Florida Civil Commitment Center have served their time in state prisons for their crimes, but are considered to be too dangerous to be released into the public.

Information collected from the internet for this report

February 9, 2008 *St Petersburg Times* A man convicted of raping sedated patients at a Citrus County hospital escaped from a detention center early Friday. Bruce Alan Young, 59, disappeared about 1:30 a.m. from the Florida Civil Commitment Center in Arcadia, southeast of Sarasota. Law enforcement from the DeSoto County Sheriff's Office and the Department of Corrections used dogs to search for Young all day but had not found him late Friday. He is considered dangerous. Pablo Paez, a spokesman for the company that has run the center since 2006, would not specify how Young escaped, saying the cause was under investigation. This was the first escape since the company took over the operation of the facility, which has 680 beds and houses 635 residents, Paez said. DeSoto County Sheriff Vernon Keen told the Charlotte Sun that a breach was found in the security fence, but deputies couldn't find a track leading away from it. The center, which has held notorious criminals such as "Hyde Park Rapist" Bobby Joe Helms, confines and treats sexual offenders who have served their sentences but are considered too dangerous to go free. The facility opened after the Legislature passed the Jimmy Ryce Act, named for a 9-year-old Miami-Dade County boy who was killed by a child molester, in 1998. It is the only facility of its kind in the state. When the facility was run by a different contractor, Liberty Behavioural Health Corp., state investigators reported a chaotic environment in which inmates brewed alcohol, fought and bought drugs from corrupt staff members. In 2004, eight inmates sued the state, saying they did not receive the mental health treatment that would help them get released. But the new contractor, GEO Group Inc., has been doing a good job, Department of Children and Families spokeswoman Erin Geraghty said.

April 14, 2007 *Sun Herald* One state agency's requirement that a contractor running Florida's treatment center for sexually violent predators must employ at least 30 certified prison guards has been blocked by another state agency. The Florida Department of Law Enforcement, which certifies law enforcement officers, has refused to certify any employees to work at the Florida Civil Commitment Center in DeSoto County, even though the employees have completed the courses and passed a test required for certification, state officials confirmed this week. That creates a problem for GEO Care, the contractor that runs the center for the state Department of Children and Families. Under the terms of its DCF contract, GEO is required to employ state- certified correctional officers to provide security within the centre's compound, located in a former state prison 10 miles east of Arcadia. But the FDLE refused to certify GEO's correctional officer trainees because their jobs at the civil center were not "sworn positions," said Kristen Peruzluha, spokeswoman for the FDLE. The state only certifies officers who are to be employed in law enforcement positions -- and deactivates the certification for those who, for any reason, fail to maintain such employment, Peruzluha said. "The issue is simply that certified officers must be employed or must volunteer in some capacity in a position that is designated as a law enforcement position," said Al Zimmerman, spokesman for the DCF. "GEO is exploring options to meet the requirement." For a number of FCCC residents, however, the contract problem illustrates a conflict over whether the center functions as a treatment center or prison, according to Tom Panno, a resident of the FCCC. The center was established by the Florida Legislature's 1998 Jimmy Ryce Act. The act calls for sexually violent predators to be detained after they complete their prison sentences in a secured institution for treatment and control. "The fundamental issue here is the same," Panno said. "What are we? Are we a mental health facility? Are we correctional?" The Supreme Court, in a 1995 Kansas decision, ruled that sexual offenders could be committed to an institution after serving their

prison terms, provided the purpose of the commitment was for treatment, not punishment. Panno argues the FCCC exceeds that legal boundary because treatment is limited and security is maximal. Only about 150 of the centre's 545 residents participate in treatment. "This is more secure than any prison I've been in my life," added Panno, who served in prison from 1986 to 2005 on convictions for kidnapping and committing a lewd act upon a child. Panno said he spent time in the facility before it was converted from a state prison into the treatment center. The center is equipped with more fences and barbed wire, and the movement of residents is more restricted now, he said. "Our movement is restricted to almost nothing without escort," he said. "Now we are treated like terrorists at Guantanamo." The DCF required GEO to employ certified correctional officers when the company was hired to take over the operation of the FCCC in July 2006. "A certified correctional officer has been through the correctional officer academy and has extensive training that is beneficial for security posts at FCCC," said Al Zimmerman, spokesman for the DCF. Certified correctional officers have also been employed at the center in the past. The centre's former operator, Liberty Health Care, hired a private security firm to provide 124 correctional officers from February 2005 to June 2006. The officers were hired after the state Department of Corrections intervened to quell a sit-in protest and other disruptive activities within the facility. In June 2006, GEO hired the DOC under a contract to provide security officers. That lasted until last month, when the company planned to have its own employees certified for the security role. Attempts to contact GEO officials at both the FCCC and GEO headquarters in Boca Raton for comment were unsuccessful Thursday. GEO Care is a subsidiary of GEO Group, which provides 48,000 beds in 58 institutions, including prisons, immigration detention facilities and mental institutions in the U.S., Australia, South Africa and Canada. GEO Care is paid about $20 million per year to operate the FCCC and build a $60 million, 660-bed facility, to be constructed near Arcadia in 2008. The company also operates the South Florida Evaluation and Treatment Center in Miami and the Treasure Coast Forensic Treatment Center in Martin County.

March 5, 2007 ***Herald Tribune*** Inside a privately run treatment center here for paedophiles' and rapists who have completed their prison sentences, where they are supposed to reflect on their crimes and learn to control their sexual urges, bikini posters were pinned to walls. Two men took their shirts off, rubbed each other's backs and held hands, while others disappeared together into dormitory rooms. Some of the sex offenders appeared to be drunk from homemade "buck" liquor secretly brewed and sold here. And some of the centre's employees, who openly ignored the breaking of rules ("As long as they are happy, we let them go," one explained), reported that a high turnover rate among staff members was mostly because of female employees leaving their jobs after having had sex with the offenders. These and other observations were included in a memorandum composed in 2004 by six employees on loan here from Pennsylvania. They had been dispatched by the Liberty Behavioural Health Corporation, which ran the facility, the Florida Civil Commitment Center, and a facility in Pennsylvania. Nineteen states have laws that allow them to confine or restrict sex criminals beyond prison in a trend that is expanding around the country, with legislators in New York last week announcing agreement on a new civil commitment law there. The courts have upheld the constitutionality of such laws in part because they are meant to furnish treatment where possible. Most of the states run their own centres to hold and treat such predators, generally with meagre results, but at a time when private solutions are popular for prisons, toll roads and other state functions, a few have teamed with private industry. Yet as the story of the center

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here in Arcadia reveals, even a $19 million partnership between the state and a company that describes itself as "a national leader in the field of specialized sex offender treatment and management" failed to meet a central purpose: treating sex offenders so they would be well enough to return to society. "It was like walking into a war zone," Jared Lamantia, one of the visiting workers who signed the memorandum, recalled in an interview. "The residents in that place ran the whole facility." The memorandum is among thousands of pages of public and private documents about the Florida center reviewed by The New York Times, providing a rare window into the lives of civilly committed sexual predators and the people who guard and treat them. While programs like Florida's are popular because they keep sex offenders locked away past their prison terms, they cost far more than prison — in the case of Florida, on average twice as much — with no measurable benefit beyond confinement. For more than seven years, Liberty was in charge of almost every facet of the Florida center, where more than 500 men are held beyond their criminal sentences in a crowded former prison surrounded by cow pastures. That ended last June in a cloud of claims and counterclaims, investigations and legislative hearings. By the end, after the state did not renew Liberty's contract, the Florida Department of Children and Families was virtually at war with the company, with each side pinning blame on the other — the state accused of failing to properly finance the center, the company accused of failing to manage it. "The place is a cesspool of despair and depression and drug abuse — of people being lost," said Don Sweeney, a mental health counsellor in St. Petersburg who treats some former residents of the center, reflecting on Liberty's tenure there. Many outside experts, even some of the centre's critics, said the state's insufficient financing of the center made Florida as much to blame as Liberty for the many failings, many of which are common in other states. Florida spends less than $42,000 a year per resident, one of the lowest rates in the country. "There was no money to support that facility and to do what had to be done," Dr. Robert Bellino, a psychiatrist who worked at the center here, said of the company. "It's a political football. They were always turning the screws on Liberty — 'Cut this, cut that, don't spend this, don't spend that.' " Ambitious Private Contractors: As legislators across the nation have answered public outrage about heinous sex crimes with civil commitment laws, a bevy of companies and well-paid specialists have cropped up like constellations around the expanding demand. Liberty Behavioural Health and Liberty Healthcare Corporation, affiliates with common ownership, have emerged as the most ambitious private contractors in the commitment center arena. As recently as last year, the affiliates had accumulated contracts worth up to $26 million a year in California, Illinois, Pennsylvania and Florida, which was the biggest both in terms of compensation and responsibility. Growing out of a company that provided emergency room employees to hospitals starting in the mid 1970s, Liberty Healthcare Corporation was founded in 1986 as a provider of mental health, developmental disability and primary care services. In its earliest days, it had no experience treating sex offenders and, its officials said, there was never a particular moment when company officials said to one another, "Let's go into the sex offender business." Yet as Shan Jumper, Liberty's clinical director in Illinois, tells it, after "analysing market trends and seeing what areas they could jump into," Liberty executives apparently recognized the potential. By 1998, the company, which is privately held and based in Bala Cynwyd, Pa., won its first contract to provide services inside a civil commitment center, in Illinois. Rick Robinson, executive vice president and chief operating officer of Liberty Healthcare, described the move as a natural outgrowth of its work, which included creating an adolescent sex offender unit in an Arkansas hospital in 1995. The states that have hired private companies reason that outside experts have more background in the complex realm of detaining

and treating sex offenders than most public workers, and in several states where Liberty holds contracts, officials say they have been impressed with the company's expertise. But at the Florida center, even beyond a string of embarrassing failures — an escape, the death of an offender after a fight with another over a bag of chips, a sit-in that the state ultimately quashed with hundreds of law enforcement officers — the treatment record was poor. In Liberty's tenure, only one of the hundreds of men here progressed far enough in therapy to earn a recommendation from company clinicians that he be released. At various points, many residents were not attending the group therapy specifically addressing sex offending; in May 2005, 35 percent of the centre's 484 residents fell into that category. In written responses to questions from The New York Times, as well as court depositions, legislative testimony, e-mail messages, letters and memorandums, Liberty defended its treatment record, blamed Florida as insufficiently financing its commitment program and, for years, failing to define exactly what it expected of Liberty. Early Praise and Promise: Liberty's early tenure in Florida won praise from independent evaluators who said the treatment program showed promise. Over the first four years the state asked for few changes, and on matters such as the treatment of mentally ill residents, had a "just do the best you can" attitude, as Susan Keenan Nayda, vice president of operations for behavioural health programs at Liberty, said in a court deposition. But problems began to surface publicly in June 2000 in dramatic fashion when a resident escaped in a helicopter that an accomplice had landed inside the centre's perimeter. The helicopter crashed after departing with the escapee, who was caught 26 hours later in a canal with the pilot, 2 handguns and 28 rounds of ammunition. The pilot, a long-time friend, had visited the escapee 10 times in the five months before the escape. The bizarre incident raised worrisome questions and the first hints of a conflict over the centre's combined goals of security and treatment. Too few Liberty staff members were in the yard when the escape occurred, a report by state officials found, and the centre's director had ordered razor wire removed from a security fence because, he said, the wire was damaging volleyballs from a nearby court the residents used. The report also complained about the state's role, questioning why corrections officers, who were in charge of security on the perimeter, were unarmed. Commitment centres across the country have wavered between following the legal mandate to run a therapeutic program, as laid out by the courts, and the politically acceptable alternative of a more prisonlike one. In Florida, the conflict emerged again and again. The state's emphasis swung, at various points, toward and away from a "correctional" approach, company officials suggested. At one point, Ms. Nayda told a Florida State Senate committee that even she was not entirely sure what the center was trying to be. "There's a little bit of confusion," Ms. Nayda said. "What is this place? Is it a prison? Is it a mental health center? A residential treatment facility where people are clients? What is it? We ask that question sometimes too. We really don't have a lot of guidance around what it is the state wants the facility to be, and we would encourage the state to look at that." By the end of 2000, the state moved its civil commitment center from Martin County on the state's East Coast to its current home here in Arcadia, a 14-acre compound with eight dormitories and other buildings. From there, the population rose swiftly, even as staff levels mostly stayed put. Liberty repeatedly sought more money from the state for the centre's operations, for special treatment of its large severely mentally ill population and for creation of a supervised release program. Asked to respond to Liberty's complaints about financing, Rod Hall, director of the mental health program office for the state Department of Children and Families, said, "The funding provided to operate the facility was the amount negotiated and agreed upon by Liberty prior to its signing of the contracts." Liberty's monthly reports began suggesting that the

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company was feeling the crunch. The reports noted frequent troubling incidents: residents having sex, assaulting staff members and each another, hiding knives in their rooms. Liberty also said it faced an unusual challenge in Florida, where hundreds of the centre's residents are not formally committed, but awaiting trials for commitment. These "detainees," the company said, often reject treatment to focus on their legal battles. Some critics, meanwhile, began questioning the treatment. Ted Shaw, a forensic psychologist who evaluates civilly committed sex offenders, complained that Liberty held men back in treatment as punishment for minor infractions. Liberty officials deny the allegations, but Michael Canty, a child molester who was detained at the center but was never formally committed, concurred with Dr. Shaw, saying Liberty staff members would "harass, taunt — try to get you in trouble so you would get kicked out of treatment." Rising Tensions and Violence: By the time the six workers from Liberty's facility in Pennsylvania arrived here in 2004, tensions inside the center and with the state authorities were reaching a peak. In April of that year, a mentally ill man jumped off the centre's roof and was injured after staff members rushed at him to get him down. In June, a resident stabbed another 12 times and the staff had residents mop up the blood, destroying evidence before outside law enforcement officials arrived, an internal report showed. "It was basically a free-for-all prison, out of control," said Josh Stiles, another of the visiting workers from Pennsylvania. Liberty officials said they investigated and immediately took "appropriate actions" regarding all that their Pennsylvania employees reported. But they also said the atmosphere in the center at the time was "probably very conducive for allegations that were either unfounded or exaggerated," and noted that a second group from the Pennsylvania facility, including its director, returned to Florida several weeks later and reported no similar problems. Nonetheless, Lynda Sommers, a consultant hired by the state to monitor the facility over a number of years, also found it in disarray in the period after the second Pennsylvania group. Ms. Sommers reported suspected sexual relationships between staff members and offenders, staff members who slept on the job, crumbling facilities and vague policies on punishing troublemakers and treating the mentally ill. Liberty's own internal investigator, Kenneth Dudding, was also deeply critical of hiring decisions for low-level staff members, whose salaries started at a base rate of $12.89 an hour. "You could have worked at Wal-Mart last week, they put you in front of a computer to read policy for a few hours, then they send you to a dorm and let you go," said Mr. Dudding, who left after clashing with Liberty's management. As for female security workers, Mr. Dudding said they were easily manipulated by the sex offenders. "It's like putting candy in front of a baby," he said. Mr. Dudding said he ultimately called a state whistle-blower's hot line. The inspector general of the Department of Children and Families investigated and issued stinging reports, saying that the facility's safety director had tried to cover up wrongdoing by tampering with evidence, that an employee was suspected of selling marijuana, and that alcohol was being made and sold there. Liberty officials said the safety director was fired for "failure to properly function in her role" before they received the inspector general's critique, and they said they fired the worker suspected of drug sales — on whom no contraband was found — for an unrelated reason. Then a group of residents, angry when the fire marshal demanded that they not have so many personal items, moved into a yard. For months, the staff could not persuade them to go back to their rooms, creating a scene one law enforcement officer called "Woodstock gone amok." Liberty said it first asked for help from the Department of Corrections and was turned down, only to ultimately get a response the company called "excessive." In February 2005, several hundred corrections and law enforcement officers in riot gear arrived and restored order. That spring, Liberty's requests to

the state grew more insistent. The company asked for $31.1 million for the next fiscal year; it received $18.7 million, the same as the year before. By April, having described an "alarming" set of "chronic and serious" issues at the facility, the state was preparing to end its relationship with Liberty. New Company Takes Over: In the end, the struggle between security and treatment may help explain Liberty's doomed tenure at the Florida center. "I had imagined that we would be trying to do research or publish or be innovative or at least use state-of-the-art equipment," said Dean Cauley, a former therapist at the center. "When I arrived, the equipment wasn't being used, tests were outdated and treatment was very much secondary to maintaining security." Liberty officials said that treating patients had always been their company's reason for being. Most of the company leaders, including Dr. Herbert T. Caskey, the founder, were originally clinicians, not business people. If states wanted simply to lock up, not treat, the worst sexual predators, Kenneth Carabello, Liberty's director of regional operations for California and the western United States, said, "We'd let somebody else do this." Despite the centre's history, Don Ryce, the father of Jimmy Ryce, the 9-year-old boy whose 1995 rape and murder spurred the Florida Legislature to adopt a civil commitment law in his name three years later, said the law's "overall intention" had been accomplished. "There are a lot of people who are confined who otherwise I guarantee you would be out there reoffending," Mr. Ryce said, though he added, "I'm not going to pretend there aren't serious problems that need to be addressed." As Liberty departed, Florida picked another private company, the GEO Group Inc., to run the center here. The GEO Group, once known as Wackenhut Corrections Corporation, has more than 23 years of experience running prisons. Of 63 centres GEO operates worldwide, 58 are correctional and detention facilities. Last fall, under GEO's watch, a new glimpse of turmoil began emerging. Early one morning, a resident said he was attacked by another in his bunk. His screaming, kicking and banging on his door went unanswered for almost 15 minutes before staff members responded, other residents said. GEO officials said workers from the company and the Department of Corrections "responded promptly" to what GEO described as a "resident upon resident" fight, an assessment echoed in a DeSoto County sheriff's report. But some 100 residents signed a letter calling for an end to the practice of housing two residents in a single room. The center "is supposed to be a mental health facility, not a prison," the residents wrote. "We are to be treated as patients, not state convicts."

November 2, 2006 *Sun-Herald* At about 3 a.m. Saturday, many of the 190 residents incarcerated two to a cell in "D-Dorm" at the Florida Civil Commitment Center awoke to the sounds of "screaming and banging," as one man began assaulting another in his bunk, according to written and verbal reports from residents. The assault raged on for almost 15 minutes, prompting complaints from the residents that the FCCC is overcrowded and understaffed. More than 100 of the D-Dorm residents signed a letter Monday expressing their concerns. The letter was sent to Dr. Teion L. Wells Harrison, director of the sexually violent predator program for the Florida Department of Children and Families. The letter calls for an end to "double-celling," the practice of placing two residents in a single cell. The residents also request that GEO Group, the contractor hired by the DCF to operate the facility, provide more security staffers so they can be "on the floor at all times roving from quad to quad." "Disturbingly, the victim cried out for emergency assistance for almost 15 minutes; screaming, kicking and banging his cell door, without staff response," stated the letter. The DCF is responsible for carrying out the provisions of the state's 1998 Jimmy Ryce Act, which calls for sexual offenders with mental, disorders to be committed to an institution for control and

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treatment after they serve their prison terms. The DCF in July replaced the former contractor, Liberty, with GEO Group. The Oct. 28 assault was the third in two days at the center, according to the letter. The other assaults included two back-to-back fights between residents in Quad 2 of F-Dorm on Oct. 26. That section of the dorm houses those with severe mental illnesses or "special needs," according to the letter. In the most recent assault, a DeSoto County Sheriff's deputy was dispatched the day after the incident to respond to a report of simple battery.

July 13, 2006 *Sun-Herald* The Florida Civil Commitment Center near Arcadia underwent a changing of the guard this week -- without changing many of the guards. A new contractor, the GEO Group of Boca Raton, has taken over the operation of the facility from the former contractor, Liberty of Philadelphia. But GEO has hired 182 of Liberty's former employees, under a 90-day probation agreement in which the employees have to prove themselves, said Timothy Budz, GEO facility administrator. "We did that in three days," Budz said Wednesday. "The transition has progressed very well." Established by the Legislature's 1998 Jimmy Ryce Act, the center houses some 545 violence sex offenders. It is located 10 miles east of Arcadia in a former state prison.

June 8, 2006 *Sun-Herald* The troubled Florida Civil Commitment Center will soon be under new management. The Florida Department of Children and Families Tuesday issued a notice of its intent to award a contract to the GEO Group Inc. and its subsidiary, GEO Care, to run the 545-bed institution for sexually violent predators, located 10 miles east of Arcadia. GEO would replace Liberty Behavioural Health, which has operated the facility for the past six years. Liberty's contract expires June 30. The proposed deal calls for GEO to take over the facility in January. "We are looking forward to working with the state and the community in bringing high-quality management services to this community," said Pablo Paez, GEO spokesman.

June 2, 2006 *Sun-Herald* When its contract expires June 30, the contractor operating a state treatment center for sexually violent predators near Arcadia will be shown the door. The Florida Department of Children and Families, which manages the Florida Civil Commitment Center, will not retain Liberty Behavioural Health to run the facility until a new contractor can be hired, said Tim Bottcher, spokesman for the Florida Department of Children and Families. The process to award a new contract and build a new facility could take six months or more. To run the facility in the interim, the state will assign perhaps dozens of Department of Corrections officers from prisons in surrounding counties to provide security. And a temporary employee service will provide other workers, Bottcher indicated. Technically, Liberty is still in the running for the new contract. But the DCF's inspector general in a past investigation cited numerous incidents of violent assaults, drug abuse, alcohol bootlegging and inappropriate behaviour involving both residents and staffers. "I don't think it's any secret we haven't been happy with Liberty's performance as far as the current contract is concerned," Bottcher said. The change in center management has Liberty's local employees worried about both their jobs and the treatment of the residents, said John Brosnihan, a security supervisor for Liberty. Liberty was the only bidder at the time the center was started. A competing firm had declined to bid because of the facility proposed for the center -- in a defunct state prison, an officer of the firm, Geo Group, said in a past interview. In 2005, the Legislature passed a bill that authorized the DCF to hire a contractor to both build and operate a new 600-bed center.

The DCF's bidding process was derailed, however, after Liberty challenged the bid specifications for alleged bid-rigging. That litigation was recently resolved and now the bidding selection process will get under way, Bottcher said. Liberty and the Geo Group have submitted bids. Bottcher said a site for the new facility has not been identified, but it will likely be located within the Arcadia area. Prison Health Services will be hired to provide health care and clinical treatment until the contract is awarded. The DCF is still "in talks" with a temporary employment service to fill other roles in the interim, Bottcher said.

FLORIDA CORRECTIONAL PRIVATIZATION COMMISSION, TALLAHASSEE, FLORIDA

December 8, 2005 ***News Herald*** A police union wants to know whether state officials and a private company gave themselves financial wiggle room in their plan to build and operate a prison in Graceville. The Florida Police Benevolent Association, which represents cops and corrections officers state-wide, is challenging a state estimate that GEO Group Inc. - accused earlier this week of Sunshine Law violations - will save taxpayers $10 million on the 1,500-bed facility. Ken Kopczynski, a PBA lobbyist, has asked for financial plans and information about the "cost savings summary," a one-page worksheet prepared by state officials that shows GEO Group's total estimate at about $74 million. The summary indicates that GEO Group would pay $45.32 per day, per inmate over the three-year contract for a total of $74,438,100. In contrast, the state would pay a $51.41 per diem at a total cost of $84,440,925. The difference is about 12 percent. According to state law, private facilities must operate at 7 percent less than what the state would pay. PBA's beef, Kopczynski said, is that the long-term cost of the facility is hidden in construction bonds. The question, he said, boils down to this: How much less could the state build and operate the prison for? Kopczynski said the state does not usually build prisons with bond financing, and that if legislators paid cash for the project it would likely save "tons of money." "(GEO Group) hasn't gotten the financing so we don't know what the interest rate is going to be," Kopczynski said Wednesday. "So how can you make a comparison? They give you this simplistic little one-sheet flier with the figures on it, but that doesn't make sense. How can you determine what the true cost is going to be without looking at the financial plan." GEO Group beat out another private prison company, Corrections Corporation of America, and was awarded the contract in September. The Florida Department of Management Services, which this year began overseeing the state's private prisons, on Wednesday defended the contract and GEO Group, saying that the bonds will be tax exempt because the underlying financial obligation belongs to the state. DMS spokeswoman Colleen Englert also said that GEO Group is assuming all construction risks related to the project, which quickly will provide much-needed bed space that saves the state money. The prison will employ 287 workers, Englert said, providing a boost to the Jackson County economy when it opens in mid-2007. "They bid a price for the construction and operation," Englert said, "and they are contractually obligated to meet that price." GEO Group and CCA operate facilities around the country, and each was named in a report earlier this year that said the now-defunct government agency that oversaw the private prisons routinely put the vendor's interest ahead of the taxpayer. The state evaluation said the Correctional Privatization Commission, which was disbanded when DMS began overseeing private prisons, allowed the companies to overbill the state by about $13 million. The report also said that the commission allowed the companies to bill for vacant positions, avoid minimal requirements for nurses and teachers, and used inmate welfare funds to be used for chaplain and library services. The report indicated that Florida was the only

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state where privately operated prisons are not administered by the department of corrections. When asked if DMS took the audit into account when it awarded GEO Group the Graceville contract, Englert said the evaluation was a management review - not a review of the companies. "Based on the documentation reviewed," Englert later wrote in an e-mail, "we did not find an indication of any improper conduct by GEO." Said Kopczynski:"They're in a race to the bottom. They say, 'We're going to do this on the cheap,' but you get what you pay for. Privates can't do it better and they definitely are not going to do it cheaper. They've created a race to the bottom." Last week, a watchdog group sued GEO Group in a Palm Beach County court, alleging that the company violated the Sunshine Law and had refused to turn over records. On Wednesday, a GEO Group spokesman said the company was going to work with Prison Legal News, the organization that requested public documents related to contracts, lawsuits and settlements. "We were in the process of responding to their request and we were surprised by the lawsuit," said GEO Group spokesman Pablo Paez. "Our general counsel's office has received the lawsuit and will be working with the plaintiffs to satisfy their request."

September 8, 2005 ***Tallahassee Democrat*** The former manager of the defunct agency that oversaw Florida's five private prisons has been indicted on fraud and money-laundering charges involving nearly $225,000 in state funds. Prominent lobbyist Alan Duffee declined comment on the six-count indictment announced Wednesday by U.S. Attorney Gregory Miller and Florida Department of Law Enforcement Commissioner Guy Tunnell. Duffee said he could not discuss the situation before meeting with his attorney, Stephen Dobson. Dobson said Wednesday night he would have to study the six-count indictment before commenting. Duffee, president of The Windsor Group lobbying firm, was executive director of the Correctional Privatization Commission from May of 2002 until June of last year, when the Legislature voted to abolish the five-member panel and put the Department of Management Services in charge of administering its contracts. In a blistering audit unrelated to Duffee, the DMS inspector general last month issued a report saying the state had overpaid two prison-management companies, GEO Group and Corrections Corp. of America, by nearly $13 million - including salaries of guards that didn't exist. The indictment alleged that Duffee set up a bank account at People's First Bank of Tallahassee in the Correctional Privatization Commission's name - without knowledge of the five commissioners - and made himself the sole signatory on the account. It said he directed the Wachovia Bank in Jacksonville to move $224,972.92 in checks and wire transfers from the repair-and-maintenance fund to the People's First account.

September 8, 2005 ***St Petersburg Times*** A federal grand jury has charged the former chief of Florida's private prison oversight board with stealing nearly $225,000 from state coffers for personal use. The indictment, unsealed Wednesday, charges Alan Brown Duffee, 39, with three counts of wire fraud, one count of mail fraud and two counts of money laundering. If convicted, the former state employee could face up to 20 years in prison and a fine of $250,000. Now the head of a Tallahassee lobbying firm, Duffee could not be reached for comment. He had not been arrested as of Wednesday evening. The eight-page federal indictment alleges that three times in 2003, Duffee redirected money from the Florida Correctional Privatization Commission's building maintenance reimbursement fund to a new commission account at a separate bank. Only Duffee had access to the new account, according to the indictment, which states that he had no authority to open it. There was a $100,000 transfer in May 2003; $20,000 in September 2003; and nearly $55,000 in October 2003. Duffee "then converted the . . . funds

to his personal use . . . wholly unrelated to the business of the CPC," the indictment alleges. As part of the indictment, the grand jury authorized seizure of Duffee's home in northeast Tallahassee, which Leon County records show he purchased for $113,500 in 2003; a 2003 Ford Focus and up to $224,972.92 in cash - the amount Duffee is accused of stealing. In July, an audit by the Department of Management Services, which now oversees the prison contracts, found the commission had overpaid $13-million over eight years.

July 27, 2005 *St. Petersburg Times* A harsh new state audit discloses that Florida overpaid nearly $13-million to two private prison vendors in the past eight years. Among the findings were that the state paid for unfilled jobs and a vendor received money for facility maintenance that was never spent. Nonetheless, the two companies that run the state's five private prisons remain on the job. The disclosures come a year after state lawmakers disbanded a controversial citizen board that had overseen the state's private prisons. The audit paints a mutually beneficial relationship between the defunct Correctional Privatization Commission and the two vendors that have run the private prisons for a decade: Corrections Corp. of American of Nashville and The GEO Group of Boca Raton. "The CPC failed to adequately safeguard the state's interest. . . . The CPC consistently made questionable contract concessions to vendors," according to the audit, released Tuesday by the inspector general of the Department of Management Services. Among the audit's findings, based on records dating from 1997: The state paid vendors $4.5-million for jobs that were vacant, in part because it failed to require vendors to report the vacancies. The commission authorized $5-million in cost-of-living salary adjustments at GEO's South Bay Correctional facility. Auditors say the money wasn't fully passed on to employees as required. At Gadsden Correctional facility in Quincy, Corrections Corp. received $2.9-million more for facility maintenance than it spent. The commission, without clear legislative authority, staved off any impact from $263,489 in budget cuts in November 2001 by requiring vendors to return the same amount of money from a recent hike in their compensation. DMS Secretary Tom Lewis said his general counsel is investigating whether the state can recoup any of the overpaid money. "I was surprised we would have a commission that would be that lax in their oversight role," said Lewis. His predecessor, Bill Simon, ordered the audit last fall after assuming responsibility for the prison contracts. "To the Legislature's credit, they realized that and did away with them," Lewis said. Attempts to reach former members of the commission, disbanded by the Legislature last year, were unsuccessful Tuesday. Spokesmen for both companies declined to comment specifically on the audit, saying staff were still reviewing it. "There may be details and fine print in the audit that we take issue with, but the intent of the audit, we certainly embrace," said Steve Owen, spokesman for Corrections Corp., paid about $43-million annually by the state to run three north Florida prisons. GEO Group spokesman Pablo Paez said, "We will work with our client and respond to any questions it may raise." GEO collects about $36-million annually to operate two south Florida facilities. Democrats and private prison critics seized on the findings as evidence of privatization gone awry. "We would hope this would prompt some kind of action," said Ken Kopczynski, lobbyist for the Florida Police Benevolent Association, the union that represents public prison guards. "We should be talking criminal charges." But dramatic ramifications to the findings appeared unlikely. Lawmakers have been reluctant to tamper with the system despite recurring questions about whether the state's private prisons meet the 7 percent cost savings required in law. This spring, lawmakers voted to build additional beds at three of the facilities with the current vendors, requiring a two-year extension on those

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contracts. Expanding private prisons is cheaper in the short term than building public ones because vendors shoulder the financing, supporters say. DMS also renewed the contracts on the two other prison facilities for a year. Lewis said there wasn't time, after he became secretary in March, to launch a full rebidding process for those two contracts. He said he is committed to rebidding those contracts before they expire in June 2006. Corrections Corp. and GEO have been successful since at least 2002 in thwarting efforts to rebid their contracts. That year, the Correctional Privatization Commission, whose members were appointed by the governor, launched a plan to rebid the contracts. But its efforts became mired in controversy after the commission's director illegally hired a former Department of Corrections secretary as a consultant. Lawmakers voted to disband the group and give oversight to DMS. Gov. Jeb Bush concurred. DMS is in negotiations to build a sixth private prison at Graceville with 220 beds. It appears either GEO and Corrections Corp. will win that contract, as well. GEO announced two weeks ago it planned to buy a third possible competitor in the bid process.

July 27, 2005 *St. Petersburg Times* For more than a decade, the Florida Legislature has fronted for the private prison industry with a credulous faith that it was saving money. For seven years, Gov. Jeb Bush had played along despite his well-founded belief that corrections are too serious a responsibility to be farmed out. Just this spring, the Legislature passed and he signed a budget providing for more than 1,000 new privatized beds. But Florida now knows where too much of the money went, thanks to a devastating audit of Florida's defunct oversight agency, the Correctional Privatization Commission. The audit, conducted by the inspector general for the Department of Management Services, found that the commission approved or tolerated nearly $13-million in excess payments to two private prison companies. Worse, the commission was so indifferent to its primary duty that the state still cannot answer "the basic question of whether private prisons are operating at less cost than public prisons, as required by law." More than 10 years after the Legislature decided that private prisons should and would cost some 7 percent less than state-run facilities, no one can say whether it's true. The commission was worse than a toothless watchdog. It was a lapdog for the private companies. "Our review," remarked Inspector General Steve Rumph, "showed numerous instances where vendors' interests were considered over the state's interests." Among other things, the commission obligingly paid for vacant staff positions and grossly mishandled regional wage differentials. It also inflated payments to cover money the companies kicked back to the commission for its own operating costs, which for complicated reasons could have hurt the state employees who now administer the contracts. Common sense dictates that the Department of Corrections, which houses most of the state's prisoners, should oversee those contracts until they either prove their worth or are terminated - in either case, as soon as possible. But some well-lobbied legislators still hold a grudge against the prison system for resisting privatization at the outset, which is why Management Services got a job it didn't want. That was analogous to telling the Education Department to build roads, but at least someone is finally asking the right questions. A sixth contract, approved a year ago, remains to be awarded. It's down to two bidders, the same two companies tarred by Rumph's audit, because one of them just bought the only other competitor. The governor needs to put a stop to this.

April 25, 2004 It was a straightforward business proposition. Two companies had been paid hundreds of millions of dollars to run state prisons for six years, and it was time to find out whether taxpayers could get a better deal, a state board decided in 2002.

But the decision would prove to be the undoing of the Correctional Privatization Commission, an obscure body created by the Legislature to safeguard tax dollars spent on privately run prisons. Two years later, the commission's executive director stands accused of bad management, poor judgment and impropriety. The two private companies that run five state prisons still have their contracts, worth a total of $90-million annually, even though audits have found the contracts aren't as efficient as state law requires. And the Legislature is poised to eliminate the commission. (St. Petersburg Times)

FLORIDA DEPARTMENT OF MANAGEMENT SERVICES, TALLAHASSEE, FLORIDA

May 3, 2007 *St Petersburg Times* Three months after Gov. Charlie Crist ordered an investigation of some $4.5-million in overpayments to two companies that operate private prisons for the state, those same companies will be the only ones permitted to bid on expanding and building another facility. The state's budget calls for 384 new beds to be housed in a medium security private prison, estimated to cost between $15-million and $20-million, and has limited the bidding for those beds to the two companies that currently contract with the state. Those companies are GEO Group of Boca Raton and Corrections Corp. of America of Nashville. Two state audits have indicated the state had paid GEO Group and CCA more than $4.5-million for vacant jobs and other questionable expenses. The Florida Department of Law Enforcement is now investigating. Sen. Victor Crist, R-Tampa, a member of the Senate committee that funds jails and prisons, and who first called for the investigation into GEO and CCA, said that a tight budget year meant that the state had to change the way it thought about providing more beds. "It would be nice to have options for new vendors that may not be in the process, because that provides for better competition," Crist said. "But toward the end of the budgeting process, when money was very tight, we decided to go ahead and just award new beds to existing sites because it's cheaper." Sen. Crist said he's confident that Gov. Charlie Crist and Corrections Secretary Jim McDonough will keep a close eye on the projects. "We have a new governor and he has an interest in this subject area," Crist said. The budget is an up or down vote on the entire $72-billion document. Gov. Charlie Crist does have the ability to veto certain line items, but to veto the language limiting the bids would mean vetoing an $84-million pot of money for all private prison operations. Both Gov. Crist and Chief Financial Officer Alex Sink have criticized the handling of contracts with GEO and CCA. The Department of Management Services, which inherited the contracts from the now defunct Correctional Privatization Commission, recently reached a $402, 501 settlement with GEO but is still negotiating with CCA. Heather Smith, a spokeswoman for the Florida Department of Law Enforcement, said the investigation is ongoing. "They've got issues with these vendors and concerns with some of the things done in the past, and yet they're giving them more beds, " said Ken Kopczynski, lobbyist for the Florida Police Benevolent Association, which represents public corrections officers. CCA marketing director Steve Owen said that the investigation concentrates on events before 2005 and that CCA has since shown the state an ability to meet its needs. "We do think we have a good record for bringing beds online quickly, " Owen said. The budget also says that private prison contractors, including those under investigation, can compete to build three additional "work camp" prisons, each with 432 beds - a total of 1, 296 beds. These facilities would each cost about $9-million to build, according to Department of Corrections estimates. The work camps are a new idea that Secretary McDonough recently pitched to help reduce recidivism. The work camps are for those sentenced to fewer than 12 months in prison who would spend much of their time digging ditches and doing other types of

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manual labour. Some would also get drug treatment. While the work camps will be competitively bid, several in the prison industry acknowledged that existing private prisons will have a competitive advantage in winning such contracts. That's because they can offer to put them next to existing jails or prisons facilities, which, again, is cheaper than building them from the ground up. McDonough, who was at the state Capitol on Wednesday, said he is concerned about the GEO and CCA contracts, but he plans to keep an eye on these prisons and the money to build them, no matter who is running them. "I'm always keeping an eye on the inmates, because I see them as my inmates, by law, " McDonough said.

January 31, 2007 ***AP*** Gov. Charlie Crist ordered the Florida Department of Law Enforcement on Wednesday to conduct a preliminary investigation into more than $4.5 million in alleged overpayments to two companies that operate private prisons for the state. The contracts with GEO Group of Boca Raton and Nashville, Tenn.-based Corrections Corporation of America were signed by the now-defunct Correctional Privatization Commission. Crist sent a letter to FDLE Commissioner Gerald M. Bailey directing him to "conduct a preliminary investigation to determine whether any criminal violations have occurred." The Department of Management Services, which inherited the contracts, recently reached a $402,501 settlement with GEO but is still negotiating with CCA. Management Services Secretary Linda South, in a statement Friday, blamed the excessive payments on concessions the commission had included in the contracts. The commission was abolished by the Legislature in 2004. Florida Chief Financial Officer Alex Sink said Wednesday that she asked her staff what went wrong and received the same answer. "The contract was so poorly written and so poorly conceived that we were only able to verify $400,000 in overpayments even though we know there were huge abuses through the auditing procedures," Sink said. "We had virtually no legal standing to go back and get back from the taxpayers the dollars that we deserved." Audits concluded the state paid for vacant jobs and other questionable expenses. Telephone messages left at the offices of the two companies after hours Wednesday were not immediately returned. GEO runs the Moore Haven and Southbay correctional facilities and has a contract to run a new one at Graceville. CCA operates correctional facilities in Lake City, Panama City and Quincy. State Sen. Victor Crist, R-Tampa, who is not related to the governor, last week urged FDLE to investigate the relationship between the commission and contractors.

January 27, 2007 ***Tallahassee Democrat*** The first definition of "oversight" involves supervision, as in the oversight of a contract by a state agency; the second involves a careless mistake or omission, as in, "Sorry for my oversight. I'll straighten it out right away." The problem with a settlement between the state and a private prison contractor that was one of two firms that were overpaid $4.5 million is that it's not at all clear which kind of oversight was in play. But if it's the first, the Department of Management Services' agreement with a Boca Raton company called GEO Group was highly questionable and very possibly a lousy deal for Florida taxpayers. DMS' agreement with the company calls for the collection by the state of $402,501 to settle previous claims. That comes to about 10 cents on your dollar that the state decided was a sensible arrangement - although the state is still negotiating with a second contractor, Corrections Corporation of America, which also received overpayments. It's no wonder that Sen. Victor Crist, R-Temple Terrace, was taken aback this week, saying the settlement "almost seems criminal." He asked the Florida Department of Law Enforcement to investigate. That's a reasonable request. If there's more here than meets the eye, taxpayers

would love to know. If the rest of the story smells just as fishy, taxpayers should know that, too. There's little question that politics and past mismanagement are helping to cloud the picture. The original contract was handled by the now-defunct Correctional Privatization Commission, an agency created to oversee prisons in the state that are run by private companies. That board was legislated out of existence in 2004 and the commission's oversight responsibilities transferred to DMS. Given the performance of the Correctional Privatization Commission, that was a smart move. But the news about the DMS agreement with GEO now raises real questions about that agency's ability to effectively manage contracts with private prison companies. "It was not an honest mistake," Ken Kopczynski, a lobbyist for the Police Benevolent Association who's been tracking private prison contracts for more than 10 years, said of GEO. "I don't think it takes a rocket scientist to know that if a bank teller gives you $100 more than you are legally liable to receive, you need to give the money back." The politically influential PBA, which represents state corrections officers, has been the most consistent opponent of prison privatization. It maintained for years that the defunct commission had inappropriately cozy ties to the industry it was supposed to regulate - a charge that Mr. Crist, the Senate justice appropriations chairman, echoed last week. Mr. Kopczynski said he asked FDLE to investigate last year, but without success. But an investigation is still appropriate - before any more bad deals are cut on taxpayers' behalf.

January 24, 2007 ***Tallahassee Democrat*** The state has reached a $402,000 agreement with one of the two companies that run private prisons in Florida. Department of Management Services Secretary Linda South said Tuesday night she was satisfied with the settlement with The GEO Group Inc., which operates prisons in South Bay and Moore Haven. GEO also has a contract for the Graceville prison opening in September. South said DMS is negotiating terms with Corrections Corporation of America, the company that runs three other privatized prisons. She declined to discuss those talks. After the Correctional Privatization Commission was abolished and oversight of the five private prisons was shifted to DMS in 2004, the DMS inspector general did an audit that cited numerous discrepancies. The GEO Group settlement involved $357,520.94 in overpayments. Under the agreement, signed by previous DMS Secretary Tom Lewis, GEO agreed to pay $290,952.43. The company separately agreed to pay $111,549.27 of the state's legal fees in a court fight over disputed property-tax bills for the prison facilities. The agreement said DMS has paid $446,197.08 defending the sovereign immunity of the state-owned prisons. Ken Kopczynski, a lobbyist for the Florida Police Benevolent Association, said the state "let them off easy." The PBA, which represents correctional officers in state-run institutions, has been highly critical of privatization. South said "this is good news for DMS" and that the audits ended "some really critical lack of internal controls" under the defunct Correctional Privatization Commission. She added, "The $400,000 is a lot higher than zero."

October 1, 2005 ***Tallahassee Democrat*** The head of the agency overseeing private prisons said Friday a new institution near Graceville will save taxpayers at least $10 million, despite a challenge by the union representing state correctional officers. Ken Kopczynski, a lobbyist for the Florida Police Benevolent Association, called the projected cost savings "lies, damned lies and statistics." But the Department of Management Services said it was the PBA, not state planners, performing a bit of sleight-of-hand with numbers on the $74 million privatization project. DMS this week announced its intention to award the contract to

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GEO Group, which beat out Corrections Corp. of America for the Graceville institution. The prison, employing 287 workers, is expected to open by mid-2007. Kopczynski said the long-term cost of the prison will be much higher because of interest rates on construction bonds. He said Gov. Jeb Bush, a political ally of the PBA, does not favour bond financing and that if the Legislature paid cash for the prison, the Department of Corrections could get it up and running for much less. Kopczynski wrote to Terry Rocco, chief of the Correctional Privatization Bureau in DMS, asking how the $10 million savings was calculated. He also asked for GEO's financing plan. "That's how you determine what the true cost is going to be," Kopczynski told the Tallahassee Democrat. "This is where you get into lies, damned lies and statistics." Kopczynski said even if there is a savings on construction and start-up costs, the private prisons historically have cut corners on education, health services and security staffing levels. He said "they'll pay $3,000 less and not offer benefits" comparable to what state correctional officers receive in the Department of Corrections. Administration of private-prison contracting was moved to DMS last year when the Legislature abolished the old Correctional Privatization Commission. The department did not want the job, but, under intense lobbying by industry representatives, lawmakers decided not to give the authority to the Department of Corrections, which runs the state's 54 prisons. DMS Inspector General Steve Rumph issued a scathing report on private-prison operations in July, saying GEO and Corrections Corp. of America overbilled the state nearly $13 million under the Correctional Privatization Commission. The report said the defunct commission put profits for the companies ahead of the public interests - paying the companies for guards who didn't exist and letting the companies cut corners on nursing, education and training services. The report said Florida is the only state with private prisons that does not regulate them through its Department of Corrections. It recommended transferring the authority to that department. PBA has contended for many years that the corporate prisons dodge the 7-percent economy requirement by "cost shifting" of major expenses to the state. Legislators this year called for an independent study to verify the comparative level of savings, or cost, of prison privatization.

FLORIDA LEGISLATURE, TALLAHASSEE, FLORIDA **January 31, 2007** ***AP*** Gov. Charlie Crist ordered the Florida Department of Law Enforcement on Wednesday to conduct a preliminary investigation into more than $4.5 million in alleged overpayments to two companies that operate private prisons for the state. The contracts with GEO Group of Boca Raton and Nashville, Tenn.-based Corrections Corporation of America were signed by the now-defunct Correctional Privatization Commission. Crist sent a letter to FDLE Commissioner Gerald M. Bailey directing him to "conduct a preliminary investigation to determine whether any criminal violations have occurred." The Department of Management Services, which inherited the contracts, recently reached a $402,501 settlement with GEO but is still negotiating with CCA. Management Services Secretary Linda South, in a statement Friday, blamed the excessive payments on concessions the commission had included in the contracts. The commission was abolished by the Legislature in 2004. Florida Chief Financial Officer Alex Sink said Wednesday that she asked her staff what went wrong and received the same answer. "The contract was so poorly written and so poorly conceived that we were only able to verify $400,000 in overpayments even though we know there were huge abuses through the auditing procedures," Sink said. "We had virtually no legal standing to go back and get back from the taxpayers the dollars that we deserved." Audits concluded the state paid for vacant jobs and other questionable expenses. Telephone messages left at the offices of the two companies after

hours Wednesday were not immediately returned. GEO runs the Moore Haven and Southbay correctional facilities and has a contract to run a new one at Graceville. CCA operates correctional facilities in Lake City, Panama City and Quincy. State Sen. Victor Crist, R-Tampa, who is not related to the governor, last week urged FDLE to investigate the relationship between the commission and contractors.

January 27, 2007 ***Tallahassee Democrat*** The first definition of "oversight" involves supervision, as in the oversight of a contract by a state agency; the second involves a careless mistake or omission, as in, "Sorry for my oversight. I'll straighten it out right away." The problem with a settlement between the state and a private prison contractor that was one of two firms that were overpaid $4.5 million is that it's not at all clear which kind of oversight was in play. But if it's the first, the Department of Management Services' agreement with a Boca Raton company called GEO Group was highly questionable and very possibly a lousy deal for Florida taxpayers. DMS' agreement with the company calls for the collection by the state of $402,501 to settle previous claims. That comes to about 10 cents on your dollar that the state decided was a sensible arrangement - although the state is still negotiating with a second contractor, Corrections Corporation of America, which also received overpayments. It's no wonder that Sen. Victor Crist, R-Temple Terrace, was taken aback this week, saying the settlement "almost seems criminal." He asked the Florida Department of Law Enforcement to investigate. That's a reasonable request. If there's more here than meets the eye, taxpayers would love to know. If the rest of the story smells just as fishy, taxpayers should know that, too. There's little question that politics and past mismanagement are helping to cloud the picture. The original contract was handled by the now-defunct Correctional Privatization Commission, an agency created to oversee prisons in the state that are run by private companies. That board was legislated out of existence in 2004 and the commission's oversight responsibilities transferred to DMS. Given the performance of the Correctional Privatization Commission, that was a smart move. But the news about the DMS agreement with GEO now raises real questions about that agency's ability to effectively manage contracts with private prison companies. "It was not an honest mistake," Ken Kopczynski, a lobbyist for the Police Benevolent Association who's been tracking private prison contracts for more than 10 years, said of GEO. "I don't think it takes a rocket scientist to know that if a bank teller gives you $100 more than you are legally liable to receive, you need to give the money back." The politically influential PBA, which represents state corrections officers, has been the most consistent opponent of prison privatization. It maintained for years that the defunct commission had inappropriately cosy ties to the industry it was supposed to regulate - a charge that Mr. Crist, the Senate justice appropriations chairman, echoed last week. Mr. Kopczynski said he asked FDLE to investigate last year, but without success. But an investigation is still appropriate - before any more bad deals are cut on taxpayers' behalf.

January 25, 2007 ***Tallahassee Democrat*** The head of a Senate budget committee today called for a criminal investigation of overpayments to two companies running private prisons for the state. Sen. Victor Crist, R-Temple Terrace, said he is not satisfied with a $402,501 settlement negotiated by the Department of Management Services this month with GEO Group, a Boca Raton-based company that runs prisons for the state in South Bay and Moore Haven. The state is still negotiating reimbursement of overpayments with Corrections Corp. of America, the Nashville Company that runs prisons at Quincy, Lake City and Panama

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City. "This almost seems criminal," Crist told his Senate Justice Appropriations Committee. He said the Florida Department of Law Enforcement should investigate how the overpayments occurred. After DMS assumed oversight from the old Correctional Privatization Commission, the department's inspector general did an audit that questioned some $13 million in payments to the two private prison operators. The audit said the companies were overpaid $4.5 million for unfilled positions. Crist said he was not blaming DMS because the overpayments occurred under the defunct commission, but that "we'd like an extra set of eyes to take a closer look at" the settlement with GEO and past payments to both companies. "If it was an honest mistake and $4.5 million was overpaid, they ought to write a check and clear it up," he said after the meeting of his committee. "They (CCA and GEO) took more than $4 million for positions that didn't exist and it just sticks in my craw that we would be getting $400,000 for it." The settlement includes $111,000 for partial reimbursement of legal fees incurred by the state in court challenges to the property-tax exemption of the state-owned, privately operated prisons. Those fees were unrelated to the overpayment. Roz Ingram, director of specialized services for DMS, said almost $5 million in overpayments occurred under "competitive area differential" provisions carried forward from the old contracts between the CPC and the companies. She said the differentials were killed by DMS when renegotiating contracts. "We used this as a tool to go in and try to revamp the system and we've put a lot of different things in place," Ingram said of the audit. Ken Kopczynski, a lobbyist for the Police Benevolent Association, cheered Crist's action. The PBA, which represents correctional officers in state prisons, has been a vocal critic of privatization. "God bless 'em. It's about time," said Kopczynski.

GEO Group (formerly known as Wackenhut Corrections), Boca Raton, Florida

January 12, 2009 ***Tallahassee Democrat*** Bill Cotterell: Perhaps privatized prisons just doesn't work -- There comes a point, when a car or a business venture or a relationship has repeatedly turned out to be more trouble than fun, when we need to step back and say, "Maybe this just is not going to work." A new report from the Legislature's fiscal analysis indicates that Florida may be at that point with private prisons. One of Gov. Jeb Bush's lasting legacies, particularly among Republicans, is the belief that privatization works. But the Office of Program Policy Analysis and Government Accountability says - again - that our $133 million commerce in corrections might be something less than a smashing success. OPPAGA says the Department of Management Services has improved its oversight of the six privately run prisons, with state monitors spotting contract violations that resulted in removal of three prison wardens and levying of $3.4 million in fines and deductions from state payments to the companies. But over the years, prison privatization has been as troublesome, or more so, than the state's attempts at outsourcing personnel, purchasing and insurance administration. At least those "outsourcing" efforts, while profitable to the companies that got contracts and headaches for the employees who had to deal with them, didn't affect public safety. Prisons are different. Significantly, OPPAGA doesn't single out either of the worldwide companies that operate private prisons in Florida. It's the system itself — the corporate need to make money by cutting corners, the government's bureaucratic blame-shifting — that draws critical attention. The Department of Corrections inspects the six corporate-run prisons, which house nearly 8,000 inmates, and here is some of what OPPAGA said the inspectors found: Security violations, "including inoperable alarms, spotlights and escape sensors; buildings not checked for tunnelling; and missing tools that could be crafted by inmates into weapons." "Contraband violations including positive inmate drug tests and inmate possession of drugs and drug residue,

gang material and weapons as well as staff and visitors arriving at the prison in violation of contraband policies." Medical treatment violations, including lost or never-ordered laboratory tests, delays up to five months in filing records, "unsanitary conditions and nursing staff vacancies." Another way private prisons can operate 7 percent cheaper than comparable state institutions — as required by law — could be by having far fewer inmates with serious health and mental problems. At the Graceville prison, OPPAGA said, 18 percent of inmates were classified "psychological grade 3," compared with 67 percent in a comparable state prison; 16 percent of Graceville's inmates had medical upgrades, compared with 53 percent in a state prison of similar size. "As special-needs inmates are more expensive to serve than other inmates, the difference in the populations of public and private prisons results in the state shouldering a greater proportion of the cost of housing these inmates," said the report. "As a result, the requirement that the private prisons operate at 7 percent lower cost than state facilities is undermined." Then there are the phone calls home and visitation with families, which are considered important to rehabilitation. "While the families of inmates in state prisons pay 50 cents for a 15-minute collect call, families of inmates in private prisons, on average, pay $6.18 for the same length call," OPPAGA reported. State prisons normally allow visits on Saturdays and Sundays, but OPPAGA said the private prisons allow them on one of those days, not both. DMS said that's because of space limitations in common areas, but OPPAGA said "these centres have twice the median square feet of those in public prisons." There's an adage in corrections that people go to prison "as" punishment, not "for" punishment. Once there, they're supposed to get some help, so they don't come out — and almost every one of them is coming out, eventually — worse than they went in. But the OPPAGA report said DMS contracts for private prisons don't set standards or measure performance in GED completion, graduation from treatment programs, completion of vocational training or transition programs meant to reduce recidivism. OPPAGA, which does performance studies on agencies and reports to the Legislature on how things are going, also said the inmates' own money is not being properly accounted for in the private prisons. About $1.5 million a year is collected from sale of snacks, cigarettes and toiletries in the prison canteens, to be used for some extras that the taxpayers shouldn't have to provide. But OPPAGA said the some of the money was used to buy computers and software for administrative staff of the prison companies, and sometimes prisons simply couldn't account for some of it. If these were a few small, isolated events, they might be just unfortunate glitches and misunderstandings in a big, state-wide operation of business and government. But the history of prison privatization is a troubled one. Under the old Correctional Privatization Commission, one executive director was fined and fired for ethics violations and another went to jail (admittedly not the companies' or the state's fault; he just happened to make a better inmate than executive). Shortly after assuming oversight, the DMS inspector general reported widespread billing of the state for nonexistent employees. There have been frequent disputes over who pays for equipment and services, and allegations of corner-cutting on staffing and security. True, a lot of the complaining has come from the Police Benevolent Association, which represents correctional officers in state prisons and understandably doesn't like privatization in any form. And DMS says it is currently satisfied that problems are being fixed and the 7-percent savings rate is being attained. The private prisons are a big business, hiring some of Tallahassee's top lobbyists. But when an enterprise has been so troubled, so long, maybe it's time to reconsider doing it. *Contact Bill Cotterell at (850) 671-6545 or bcotterell@tallahassee.com.*

Information collected from the Internet for this report

November 10, 2008 ***Fresno Bee*** A private prison company that has been lobbying the Schwarzenegger administration and is a campaign contributor to the governor's causes has made a bid to operate an overhauled inmate medical system, a move that could conflict with court-ordered reforms, according to a document obtained Monday by The Associated Press. The offer by The GEO Group Inc. of Florida caught the court-appointed receiver overseeing reform of California's inmate health care system by surprise. In the five-page internal memo obtained by the AP, the receiver's chief of staff repeatedly makes it clear that he believes the bid was solicited by the Schwarzenegger administration and questions the administration's motives. Chief of staff John Hagar writes that The GEO Group has spent more than $300,000 lobbying the governor's office and Legislature since January. Campaign records on file with the secretary of state's office show the company also made a $50,000 contribution last month to the campaign for Proposition 11, the redistricting initiative on the November ballot backed by Schwarzenegger. "The solicitation is all the more troublesome because the Federal Court has taken responsibility away from the Secretary of Corrections concerning the delivery of medical services," Hagar wrote in the memo to court receiver Clark Kelso. Schwarzenegger spokeswoman Lisa Page denied the administration solicited GEO's bid. She said Hagar may be concerned about the overture by a private firm because "the receiver can't defend his $8 billion boondoggle." That's the amount the court receiver says he needs to build medical facilities for 10,000 inmates. Page said the GEO Group approached the administration but was referred to the state Department of Corrections and Rehabilitation. Corrections spokesman Oscar Hidalgo said company officials met last month with Corrections Secretary Matthew Cate, who referred them to the receiver's office. "There was no discussion beyond that because of the obvious, I guess: We don't run the prison medical system," Hidalgo said. "All we did was refer them to the receiver's office." Schwarzenegger's political spokeswoman, Julie Soderlund, denied any connection between the governor's policy decisions and the contribution to Proposition 11, which is leading in the vote tally but remains too close to call. Officials with The GEO Group and its lobbyists did not return telephone messages Monday. Hagar said the company has submitted a proposal and said it will meet later this week with Kelso, the court-appointed receiver. He wrote that the bid from GEO could be a way to undermine the reform efforts overseen by the federal courts. That's because the company's bid to run inmate medical services could be less expensive than the state-run medical centres proposed by the receiver's office. "We should be careful that the governor's office does not use the GEO proposal as a diversion, attempting to argue to the public that it is more cost effective, when in fact it will not address the constitutional problem at issue and it may violate California law," Hagar wrote. "The governor's office may use GEO as an attempt to derail our construction program in the public arena." The actual bid could not be obtained Monday, and it was not immediately known whether the company offered a cost estimate. Hagar wrote that GEO is proposing "a generic prison" that "will prove woefully inadequate concerning the day-to-day requirements" of inmate care. Kelso, who is engaged in a court battle with the administration, declined to comment. His reform program is intended to remedy prison medical care that has been ruled unconstitutional because of negligence and malfeasance. In recent years, the receiver's office has boosted pay for doctors and nurses and hired dozens of medical staff members in an attempt to improve conditions. It's not clear how the federal judge in San Francisco would receive a proposal to private inmate medical care, considering the history of poor treatment. The system had been blamed for killing an inmate a week through incompetence. Privatizing those functions also may run afoul of state law because it would take work from state prison guards and other

government employees. "The GEO Group has a dismal record of both safety and care and treatment, even worse than the Department of Corrections," said Lance Corcoran, a spokesman for the California Correctional Peace Officers Association, which represents most prison guards.

November 9, 2008 ***Magic Valley Times-News*** Private prison company GEO Group Inc. isn't lamenting the loss of a multimillion dollar contract with Idaho to manage more than 300 inmates at a Texas lock-up owned by the city of Littlefield. Idaho was only 1 percent of Baca Raton-based GEO's business, according to a 2007 annual report from the company. "The discontinuation of GEO's contract with the Idaho DOC will have no material impact on GEO's previously issued pro forma earnings guidance for the fourth quarter of 2008," according to a GEO press release Friday. GEO made $4.9 million in annual operating revenues off its contract with Idaho to manage state inmates in Texas, and the company announced Friday that revenue won't be lost because it's expanding a contract with the state of Indiana. "GEO expects the discontinuation of its contract with the Idaho DOC to be more than offset by the 420-bed contract expansion with the Indiana DOC," according to the press release. Idaho Department of Correction officials told the Associated Press Thursday it was pulling out of the contract with GEO and cited inmate safety risks at the Bill Clayton Detention Center, which is owned by the city of Littlefield. GEO, however, claims Idaho pulled out of the contract for a different reason than inmate safety or staffing levels. GEO officials said Friday that Idaho ended the contract because the state wants to consolidate all its out-of-state prisoners into one private facility. "We understand the decision by the state of Idaho to consolidate its out-of-state inmate population into one large-scale facility," said GEO Chief Executive Officer George Zoley in the press release. "The consolidation effort has led to the discontinuation of our out-of-state inmate contract with the Idaho Department of Correction at the Bill Clayton Detention Center." IDOC officials told the Times-News Friday that staffing at Bill Clayton and consolidation efforts were both factors in its decision to cancel the contract with GEO. IDOC didn't reply to the Times-News when asked which factor may have weighed more heavily. The pull-out announced Thursday by IDOC came after a two-month-old audit showed GEO guards weren't checking on inmates enough. GEO is also terminating its contract with the city of Littlefield to run Bill Clayton, which it has operated since 2005, the company announced Friday. GEO decided not to manage Bill Clayton anymore in Littlefield, a town populated by about 6,500 people, "due to financial underperformance and lack of economies of scale," according to the Friday press release. The first formal IDOC audit of Bill Clayton dated Sept. 3 followed an apparent suicide of Idaho inmate Randall McCullough, 37, of Twin Falls in August. IDOC had been monitoring the facility at least two weeks out of every month since last fall, an IDOC official said. IDOC's original two-year contract with GEO signed in 2006 could have ended on July 20, 2008. IDOC extended it a year until July 20, 2009, but now says all inmates will be out of Texas by January and moved to the Northfork Correctional Facility in Sayre, Okla. - run by GEO competitor, Corrections Corporation of America (CCA), which holds hundreds of other out-of-state Idaho inmates.

October 28, 2008 ***Howard Stern.com*** A lone District Attorney in a small county in South Texas has succeeded in doing what no one else has accomplished, getting the infamous GEO Group to crawl out of its hole. The company that runs dozens of private prisons across America, including the one that held Kenneth Keith Kallenbach until just before he died,

Information collected from the internet for this report

is now scrambling to put a stop to an indictment charging the GEO Group with murder and manslaughter charges in yet another case of a dead inmate. Attorneys for the company showing up unannounced at court in South Texas demanding the charges be dismissed. The GEO Group reportedly telling the judge the murder charges are bad for business, bad PR, and bad for shareholders. Howard 100 News reporter Steve Langford investigates.

October 24, 2008 ***Bloomberg*** GEO Group Inc., the Florida-based prison operator, was charged with murder in Texas for allowing prisoners to kill another inmate who was days away from completing a six-month sentence, a non-profit group said. Willacy County District Attorney Juan Guerra in Texas filed a three-count indictment against GEO Group for allegedly allowing inmates in 2001 to use padlocks in socks to bludgeon to death Gregorio De La Rosa, who was serving time for a drug offense, said Alex Friedmann, a spokesman for the Private Corrections Institute watchdog group. "Most District Attorneys wouldn't pursue these kinds of charges," Friedmann said today in a phone interview. The case is likely the ``first time a prison company has ever faced criminal charges as a result of a prisoner death in custody," he said. ``There might be another one out there, but if so, we're not familiar with it." GEO Group employees allowed ``beatings and fights between inmates for money, and a tradition of payback, whereby prisoners were beaten just before their release," Guerra said in a PCI statement, citing a civil lawsuit filed by De La Rosa's family. In 2006, a Willacy County jury awarded $47.5 million in the wrongful-death case filed against GEO Group, according to the statement. Guerra said killings in private prisons are ``more than civil matters" and that GEO Group should be held "criminally responsible for the death of this particular inmate," according to the statement. Friedmann said he didn't know the status of the civil suit. Pablo Paez, a spokesman for Boca Raton, Florida-based GEO Group, didn't immediately return a call and e-mail seeking comment after business hours. Guerra and Terry Flores, a clerk at Willacy County court, couldn't be reached for comment.

October 24, 2008 ***AP*** A Florida private prison company has been indicted in South Texas on a murder charge in the death of a prisoner days before his release. A three-count indictment alleges The GEO Group allowed other inmates to beat Gregorio de la Rosa Jr. to death with padlocks stuffed into socks. The death happened in 2001 at the Raymondville facility, just four days before de la Rosa's scheduled release, according to Thursday's indictment from Willacy County. Calls to The GEO Group and the Willacy County District Attorney's Office were not immediately returned Friday. The GEO Group was formerly known as Wackenhut Corrections Corp. In 2006, a jury ordered the company to pay de la Rosa's family $47.5 million in a civil judgment.

March 9, 2008 ***Sacramento Bee*** As far as the inmates are concerned, it's fine if California pays tens of millions of dollars more to their private-prison captors. They like the relaxed atmosphere in the private sector, not to mention the satellite TV that on a recent Friday flashed plenty of poolside bikini action from a Spanish-language soap opera. "You're relaxed here," said Don Chandler, 43, of West Sacramento, who was propped up on his bunk at Golden State Modified Community Correctional Facility while finishing up a stint for violating parole on an underlying domestic-violence conviction. "You're comfortable. You can enjoy yourself here." Although California has been contracting with private correctional facilities for 22 years to cope with overcrowding, saving money in the process, costs are about to go up. This year,

Gov. Arnold Schwarzenegger's state corrections agency is proposing a five-year, $67 million increase to one company, GEO Group Inc. The proposal would bump up the daily rate the state pays per inmate by 50 percent, which the company says it needs to increase the minimum pay of its officers from $10 an hour to $14.70. It is a deal that will require approval from the Legislature and one that figures to attract an added level of scrutiny. State Sen. Mike Machado, chairman of the budget subcommittee that oversees prison spending, promised a "tough look" when he examines the proposed deal for the GEO Group, especially in light of the remaining $8 billion budget deficit projected through June 2009. "Any proposal to spend money with this type of deficit raises serious questions," the Linden Democrat said. Corrections officials say private prisons are crucial to finding more space to house inmates, while critics in the public employee unions castigate them for lower pay scales that they say attract a less-than-professional work force. Private prisons generally house lower-risk, healthier inmates in the final 18 months of their terms. It's a class of prisoner that costs less to incarcerate than the dangerous, the sick and the long-term that require added expenses for things such as security and medical care. On a recent visit to the Golden State facility, 25 miles north of Bakersfield, inmates lauded the prison for its easier feel, which they said contrasts sharply with the oppressive environment of state institutions marked by overcrowding, violence and control. "Right here is love, compared to where I've been," said inmate William Cook, 27, of Newark, who previously walked the yards at San Quentin, Pleasant Valley and Lancaster. "Here you get all the football games, you get movies every day. It's real easy to do your time here. You don't have to worry about nothing – no politics right here." GEO spokesman Pablo Paez said the satellite TV cost is "minimal" and characterized it as a "privilege" that makes inmates want to behave. "It enhances the security and the safety of the facility," Paez said. Two veteran GEO officers, Tim Harrison and Melissa Barrientos, said in interviews that they like their jobs and the company that employs them, even though they have topped out on the firm's pay scales at $15.70 an hour. The hourly base for a top-scale state correctional officer is $35. "We know we work in a private institution," said Harrison, an 11-year employee. "The state has received training in firearms and batons, and we're not allowed to possess those things because we don't have the training." Harrison and Barrientos said they work about 20 hours of overtime a week. They said they get good health benefits and a 401(k), but no pensions. "Some people are embarrassed to admit they work here, because of all the stuff that was said about this place" by former employees, Barrientos said. "It's not that bad. It's a good place." Even though she likes working for GEO, Barrientos disclosed she is taking a test to become a state correctional officer. GEO officials support that, and Golden State Warden Chris Strickland sees his prison as "a great steppingstone." UC Berkeley Labor Center Chairman Ken Jacobs said there should be no surprise in the company's relatively modest salary scales. "That's how they make their profits," said Jacobs, whose research focuses on public employment and living wages, among other topics. "Labor is one of the places where people tend to squeeze." On the non-custody side, teachers in the GEO prisons start out at $18.15 an hour, according to the company. The rate is substantially below most starting categories in the state prisons. Eric Beltran, 31, who teaches a computer class, has been in his current job for about two years, working his way up from the kitchen. His qualifications for the computer job, he said, include working with computers when he was in the motor pool in the Marines and a "couple courses" he took in his one year at Bakersfield College. "I want to keep climbing the ladder," Beltran said. Fewer than 100 Golden State inmates currently are enrolled in educational or vocational classes. GEO officials said they hope to increase that number to 250 inmates with the new contract. Mike

Information collected from the internet for this report

Poulson, 48, a drug offender from San Diego, slapped dominoes with fellow inmates – including some of other races, a rare sight in state prisons – and said he likes the GEO prison, compared with sardine cans he's been in such as Solano and Chino. He just wishes the place had more rehab programs, or more job opportunities – such as working in the kitchen – which he said are lacking at Golden State. "I don't like to sit around doing nothing," Poulson said. GEO's deal would apply to three of the five prisons it owns in the state – Golden State, Central Valley Modified Community Correctional Facility, also located in McFarland, and Desert View Modified Community Correctional Facility in Adelanto, San Bernardino County. The proposed increase comes as Schwarzenegger seeks to grant early releases over the next two years to 22,000 prisoners. Scott Kernan, the prison agency's chief of adult operations, said the proposed contract increase will be cancelled if the releases go through. Corrections officials say the raise is long overdue, that GEO had been operating below market value until the state increased its daily, per-inmate rate from $40 to $60 in December. "I know some people's sensibilities are bruised, but I think it's a reasonable rate increase, and it's going to be for five years into the future," Kernan said. GEO Western Region Vice President Ed Brown defended the contract. According to the company, the deal reflects the increase in minimum officer pay from $10 to $14.70 an hour; added costs for food, health care and utilities; the tab for buying the prisons it formerly leased; and a GEO promise to ramp up inmate rehabilitation. "This was an opportunity for a clean sheet of paper, rebid, with practical figures based on 2007 dollars," Brown said. "It's in my opinion reasonable in all respects." Together, the three facilities house about 1,800 of the 5,600 inmates in the state's 13 community prisons – seven private, six owned by cities. GEO is the second-largest private prison company in the United States, behind Correctional Corp. of America. It contributed $68,000 to Schwarzenegger's campaign committees in 2003 and 2005. Its chief executive officer, George C. Zoley, made $3.7 million last year, not counting stock options, according to Salary.com. GEO's profits jumped 25 percent last year to $41 million on revenue of $1 billion, according to its 2007 annual report. The company's $60-a-day rate per inmate compares with the $118 the state pays on average to accommodate an inmate in one of its own prisons every day; the $77 it pays counties to house state prisoners; and the $63 it pays on its out-of-state contracts. The California Correctional Peace Officers Association voiced strident opposition to the deal. Union spokesman Ryan Sherman called it "corporate welfare." "If GEO is complaining they need extra money to pay their staff more, that's a joke," Sherman said. "If GEO wants to pay them $15 (to start), they can do that right now."

December 5, 2007 ***Austin Statesman*** Gary Johnson, the former head of Texas' prison system, has been hired as a regional vice president for a Florida-based operator of private prisons that became mired in controversy two months ago over conditions at a West Texas youth lockup. Geo Group Inc. announced that Johnson will head its central region, which includes Texas, Oklahoma and Louisiana. The territory includes the ill-fated Coke County Juvenile Justice Center, which made headlines in October after Texas Youth Commission officials yanked more than 100 youths from the lockup after alleging squalid conditions. Geo operates private prisons in several states and in other countries. Johnson replaces Don Houston, who heads to the firm's Florida office. Its Texas office is in New Braunfels. Johnson, a veteran corrections official, served as executive director of the Texas Department of Criminal Justice from August 2001 until he retired in late 2004 after 28 years. He has since been a corrections management consultant based in Austin. He could not immediately be reached for comment. His wife, Bonita White, is director of the criminal justice agency's Community Justice

Assistance Division. While Johnson was executive director, the agency signed five-year contracts with Geo to house state prisoners at several lockups. He will oversee the operation of those lockups in his new job at Geo.

December 5, 2007 ***Yahoo*** The GEO Group (NYSE:GEO - News) ("GEO") announced today the appointment of Gary Johnson as Regional Vice President of GEO's Central Region, which oversees GEO's current operations in Texas, Oklahoma, and Louisiana and is responsible for business development activities in the central United States. Mr. Johnson will begin his duties as Regional Vice President on January 2, 2008. George C. Zoley, Chairman of the Board and Chief Executive Officer of GEO said: "We are very fortunate to have Gary Johnson join our management team as Regional Vice President of our Central Region. As a former Executive Director of the Texas Department of Criminal Justice, Mr. Johnson has extensive experience managing a large and complex correctional organization. Mr. Johnson's expertise and background give him outstanding qualifications to lead our efforts to provide high quality detention and correctional services that meet our clients' needs and help address the increased demand for detention and correctional bed space in the Central Region of the United States."

October 12, 2007 ***Dallas Morning News*** Three monitors fired by the Texas Youth Commission last week for failing to report filthy and dangerous conditions at a privately run juvenile prison in West Texas had previously worked for the company they oversaw. Two of the quality assurance monitors were hired directly from caseworker positions with The GEO Group Inc. at the Coke County Juvenile Justice Center, according to their job applications. The monitoring unit's supervisor also briefly worked for GEO at the youth prison near Bronte four years before being hired by TYC, records show. A clerk who was fired had previous GEO employment as well. TYC spokesman Jim Hurley said agency executives were unaware of the terminated workers' ties to GEO before The Dallas Morning News filed an open-records request this week. Officials said last week that they were concerned about entanglements between TYC employees and the company they monitored. TYC's inspector general has launched a criminal investigation of operations at the Coke County prison, including the possibility of financial transactions between GEO and TYC employees. GEO's relationship with the fired TYC monitors is a likely topic at a hearing today of the Senate Criminal Justice Committee in Austin. It is intended to examine GEO's operation of youth and adult prisons in Texas. State Sen. John Whitmire, the panel's chairman, was angered to learn from a reporter Thursday that TYC monitors had previously been employed by GEO. "I think it's outrageous," the Houston Democrat said. "It just confirms what many of us suspected – that there was too close a relationship between the TYC employees and GEO employees." He said the committee also would seek answers from the Texas Department of Criminal Justice and county jail and juvenile probation officials about their own monitoring of private corrections companies. "Anyone that confines individuals in the state of Texas needs to make certain they know who their monitors are – and that they go behind their monitors and literally monitor their monitors," Mr. Whitmire said. Mr. Hurley said the prior employment with GEO raised questions about whether the monitors had been objective in their evaluations of the facility. "How do you monitor the monitors?" he said. "We need a very good answer to that." For years, quality assurance reports on the Coke County prison had been overwhelmingly positive. Twice, TYC named it contract facility of the year. "You have to worry about conflicts of interest," Mr. Hurley said Thursday.

Information collected from the internet for this report

"I'm not saying there is a conflict of interest. But there is a perception." TYC Executive Director Dimitria Pope fired four monitors at the Coke County prison and a clerk last week after she and others toured the facility. It was in such deplorable condition, Ms. Pope said, that she ordered the removal of all 197 inmates. She also fired another employee at the Coke County facility who had not worked for GEO, and two contract care supervisors at TYC's district office in Fort Worth. The head of contract care at TYC's headquarters in Austin resigned. Ms. Pope canceled TYC's $8 million contract with Florida-based GEO, which had operated the Coke County facility since it opened in 1994. GEO initially tried to reinstate the contract but, after criticism, said it accepted the decision. The Coke County facility was the state's largest private youth prison. It was the only Texas juvenile facility operated by GEO, one of the nation's biggest private prison contractors. As a result of the problems discovered at Coke County, Ms. Pope ordered a wholesale review of the agency's contract care system. "Who the monitors are and where they come from will be one of the issues that we're going to look at," Mr. Hurley said. TYC employs more than 40 quality assurance specialists and supervisors, according to personnel records provided to The News. Some are stationed at the facilities they monitor, several of which are in remote rural areas. Mr. Hurley shied away from discussing what actions the agency might undertake if it learns that other monitors had previous employment with contractors they inspect. "What we need to do is make sure that first of all, every one of these contracts is being monitored and that it's being monitored correctly," he said. "If the remoteness is a problem, I think that monitoring these contracts accurately will show us that," he said. "We need to have a sort of evidence-based determination." The Coke County prison is in a one-stoplight town about 30 miles north of San Angelo. It was the town's second-largest employer after the school district. One-third of the school district's $6 million budget is tied to programs at the prison. Two of the fired TYC employees lived in Bronte. Valerie Jones, former supervisor of the monitoring unit, has two children in the Bronte schools. Patti Frazee, her clerk, is married to a member of the Bronte school board. Ms. Jones, who worked for GEO as a chemical-dependency counsellor from October 1995 to July 1996, declined to comment Thursday. She was hired by TYC as a quality assurance monitor in spring 2000, records show. Ms. Frazee, reached at her home, said officials of the youth agency never raised any questions about her previous employment with GEO. "There were not very many jobs out here," she said. "Any time you could take a state job, it was a better job for everybody because it paid more money. That's the only reason. It was like a step up from GEO. That's the way everybody viewed it." Ms. Frazee was paid $17,950 per year working as bookkeeper for GEO. As a clerk for TYC, she earned $25,035. The two monitors hired directly from GEO, Brian Lutz and David Roberson, earned $26,800 and $24,500 per year, respectively. With TYC, Mr. Lutz was paid $33,945,while Mr. Roberson received $37,393, agency records show. Several attempts to locate Mr. Lutz for comment were unsuccessful. Mr. Roberson, reached at his home in San Angelo, declined to be interviewed. Lisa Williamson worked as a TYC quality assurance monitor at the Coke County facility from 1998 until 2004. She said she knew Mr. Roberson and Ms. Jones well. She described them as honest, hard-working people devoted to their jobs. "There is not anybody there who I wouldn't trust with my own children," said Ms. Williamson, who now works as a juvenile probation officer in Young County. Ms. Williamson said she had not worked for GEO. But she said she never saw any of her colleagues who had worked for the company ignore any problems. While she and the GEO warden, Brett Bement, frequently tried to tell each other how to do their jobs, Ms. Williamson said, she didn't feel pressured and didn't obey him. "He knew I wasn't a pushover, and he couldn't get by with it. He couldn't have done

that with any of us," she said. GEO Group gave money to several state officials' campaigns -- State Rep. Jerry Madden held his annual "How Sweet It Is" dessert party in Plano on Thursday night to raise money for a future campaign. One of the sponsors at the $2,500 "cherries jubilee" level was to be The GEO Group Inc., a Florida-based corrections company. Until last week, GEO operated the Coke County Juvenile Justice Center near Bronte under contract with the Texas Youth Commission. In recent years, the company has donated to the campaigns of some legislators who oversee the youth agency. Two of them, Mr. Madden and Sen. John Whitmire, are co-chairmen of the special legislative committee established this year to oversee reforms of TYC in the wake of a sexual abuse scandal at the West Texas State School in Pyote. Mr. Madden, R-Plano, received a total of $2,500 from GEO's political action committee in 2005 and 2006, according to campaign finance records. Mr. Whitmire, a Houston Democrat, received $2,000 from the political action committee of Wackenhut Corrections Corp., as GEO was previously known, in 2003 and 2004. Other recipients of GEO or Wackenhut contributions are Lt. Gov. David Dewhurst, who received $2,500 in 2006, and House Speaker Tom Craddick, R-Midland, who received $1,000 in 2005, state records show. In addition to Mr. Madden, the chairman of the House Corrections Committee, two other panel members received donations from GEO or Wackenhut. Rep. Delwin Jones, R-Lubbock, received $250 in 2006. And Pat Haggerty, R-El Paso, received $500 from the Wackenhut Corrections PAC in 2004. Sylvester Turner, D-Houston, chairman of the House Appropriations Subcommittee on Criminal Justice and another member of the Joint Committee on the Operation and Management of the Texas Youth Commission, received $250 in 2006. Mr. Madden's predecessor as head of the corrections committee, Ray Allen, received $3,500 in 2003 and 2004 from Wackenhut. He since has left public office and is a lobbyist for GEO. Mr. Madden acknowledged that lobbyists for GEO might attend his fundraiser at the Southfork Hotel on Thursday night. But he said he had told the lobbyists that he did not want a check. "Just right now, I think it would be a bad idea to specifically look for contributions from GEO," he said.

October 5, 2007 ***Houston Chronicle*** A Houston lawmaker is launching a broad investigation into a private prison contractor after the state closed one of its youth facilities this week, citing filth, poor safety and health violations. Democratic Sen. John Whitmire, chairman of the Senate Criminal Justice Committee, cited the "terrible job" Geo Group Inc. did running the West Texas youth lockup and said Thursday he plans to review adult corrections contracts the state has with the company. Boca Raton, Fla.-based Geo Group, which runs eight adult lockups in Texas, was sued by the Texas Civil Rights Project in 2006 in connection with an alleged rape and suicide of a woman at the Val Verde County Jail. The suit alleged jail guards working for the company have allowed male and female inmates to have sex with each other. The suit was settled earlier this year with a nondisclosure agreement. Geo spokesman Pablo Paez did not return phone calls seeking comment, but earlier stated the company had provided quality services at the TYC facility. On Monday the Texas Youth Commission shuttered the doors of its Coke County Juvenile Justice Center, run by Geo, and moved nearly 200 young offenders to other TYC facilities. "When we saw what a terrible job they were doing at Coke County, TYC had the ability to shut it down and move their youth," Whitmire said. As for the Texas Department of Criminal Justice, he wondered, "When we find a failure to properly run a facility, what do they do?" Geo operates four prisons, two shorter term lockups and a halfway house for the adult prison system. Prison spokeswoman Michelle Lyons said the agency hasn't had any "significant ongoing operational issues." Whitmire said he

Information collected from the internet for this report

found evidence that a 90-day lockup in Houston run by Geo was out of compliance in 139 of 395 areas in a recent inspection. Lyons said Whitmire is referring to a 2006 audit, and all problems cited have now been cleared up. Geo also supervises state prisoners in leased space in the Jefferson and Newton county jails. TYC spokesman Jim Hurley said the agency's inspector general has opened a criminal investigation into the conditions at the Coke County juvenile facility. Seven TYC employees have been fired, including several who were responsible for on-site monitoring of the Coke facility. This was the only contract Geo had with the Youth Commission. But the agency has contracts with several other providers for various programs throughout the state, including foster homes and a program to teach parenting skills to delinquents who are pregnant.

February 10, 2007 ***Salt Lake City Tribune*** Paul Rolly: One bill introduced at the Utah Legislature raises constitutional separation-of-powers questions with the appearance that lawmakers want to take over the bidding process for choosing state contractors. It also appears that some legislators are setting themselves up to be best-deciders of how state services should be provided, rather than the executive branch departments that actually administer those services. House Bill 391 directs the Department of Human Services to issue a request for proposals from private vendors to operate and manage the Utah State Hospital. It says the Legislature's Executive Appropriations Committee will review the bids and determine whether the state should go ahead and privatize the hospital. State officials say the intrusion by the Legislature in government procurements is unprecedented and that the state-run hospital in Provo is operating just fine. The bill's sponsor, Rep. Becky Lockhart, R-Provo, is one of five legislators who were invited by lobbyist Rob Jolley to visit a privately run state hospital in Pembroke Pines, Fla., in December. The others were House Speaker Greg Curtis, R-Sandy; House Majority Leader David Clark, R-Santa Clara; Sen. Howard Stephenson, R-Draper; and Senate Majority Leader Curtis Bramble, R-Provo, who is to be the Senate sponsor of the bill. They were the guests of Geo Care, a private operator of state mental services hospitals. Geo Care is an affiliate company of the Geo Group, which operates privately run prisons throughout the United States and several other countries. Jolley is a registered lobbyist for Geo Care and the trip, at a total cost of about $10,000, was paid for by David Meehan, another Geo Care lobbyist. Reports about the privatization of prisons and mental hospitals are not, by the way, all sunshine and roses. A Florida legislative audit concluded that "privatizing South Florida State Hospital has not resulted in cost savings or improved client outcomes." And a 2004 story in the Gainesville Sun reported that the privately-run facilities cost significantly more than government-run institutions. The St. Petersburg Times reported last month that the Geo Group was one of two companies the state of Florida had overpaid by nearly $13 million and Geo had agreed to repay $402,000. Utah Human Services Director Lisa-Michele Church suggested in a letter to the co-chairs of the Legislature's Health and Human Services Appropriations Subcommittee that the issue be sent to an interim committee to be studied for a year before the bidding process is initiated. But the lawmakers favouring the bill apparently can't wait. Lockhart, responding to a series of my questions in an e-mail exchange, says the request-for-proposals process, which under the bill will take nearly a year, is the study and, "at the end of the year, if we have received responses, we will explore with the (Human Services) Department if privatization is in the best interests of the state, but more importantly the best interest of patients served by the State Hospital." She said the Executive Appropriations Committee, of which she is assistant co-chair, will not select the bidder. "It will only review the bids to

determine if it makes any sense for the state. If it does, then the Department of Human Services will select the provider, not the Legislature." She said she is aware of other companies that run similar operations, "but it would be the Department that selects a private provider if privatization is determined viable." State Purchasing Director Doug Richins says that for a project the size of the State Hospital, vendors would have to go to great expense to put together a bid. This bill would require them to do that without knowing if a bid even is going to be offered. But, as we are constantly being told these days, the Legislature knows best.

October 12, 2006 ***Yahoo.com*** The GEO Group, Inc. (NYSE: GEO - News; "GEO") announced today that its United Kingdom subsidiary, GEO U.K. Ltd. ("GEO UK") has signed a definitive agreement (the "definitive agreement") to acquire U.K.-based Recruitment Solutions International ("RSI"). RSI is a privately-held provider of transportation services to The Home Office Nationality and Immigration Directorate. Under the terms of the definitive agreement, GEO U.K. will purchase RSI for approximately $2.25 million plus transaction related expenses. It is expected that RSI would generate approximately $3.7 million in annual revenues on a standalone basis during 2006. GEO anticipates that the transaction will be completed in the next few weeks. The acquisition of RSI is expected to be neutral in 2006 and become increasingly accretive in subsequent years as GEO U.K. pursues new business opportunities in the United Kingdom's detainee and prisoner transportation market.

October 2006 ***Duke Magazine*** The governor of Florida combines the savvy of a seasoned politician with a sense of humour that would better befit a junior-high student. No one comes through Jeb Bush's office in Tallahassee without getting at least a gentle ribbing; the man likes to joke around. But when he talks about Donna Arduin, his tone changes, his eyebrows settle, and he begins to celebrate his state and the fiscal health he wholeheartedly attributes to his former budget manager. "What state improved to a triple-A bond rating during these tough times? What state ran an $8.6-billion surplus? She's the budget king." Arduin so effectively revamped Florida's budget, Bush says, that she made it possible for him to make good on almost all his campaign promises, cut taxes, and build a surplus, all despite an economy that continued to lean on tourism even after 9/11 made Americans reluctant to travel. On Tuesday morning at 5:00, Arduin's mind is already moving at 100 miles an hour. As if today's presentation wasn't enough pressure, she sits on the board of CentraCore Properties Trust (CPT), a $200-million company that's just entered crisis mode. The company leases correctional facilities to operators like the GEO Group Inc., which issued a statement yesterday that it did not plan to renew its lease with CPT. Investors interpreted the announcement as a vote of no-confidence, and, by the closing bell, CPT shares had taken an 11 percent hit. Arduin's pretty sure she knows what's going on: GEO is trying to sink CPT's stock price so it can gobble up enough shares to take over the company. By 8:00, she's in the Mercedes, whirring south, downloading e-mail and answering calls, simultaneously tweaking today's presentation and coordinating CPT's next move. She gets on the phone with Jeannie Woodford, California's director of state prisons. "I wanted to see if you were interested ..." Arduin leads without a drop of desperation. The plan is to persuade California to lease the prisons directly from CPT, cut out GEO, and "announce it now," to pump the stock back up before GEO can afford to buy a controlling share. There's already been a lot of movement on the stock, and it's fallen steadily from $28. By day's end, shares will be trading at $19.

October 5, 2006 *The Press-Enterprise* The governor's emergency order to transfer California inmates to other states to ease crowding sent private-prison stocks soaring Thursday while provoking the ire of Democratic legislators, corrections officers and inmate advocacy groups. The state is poised this month to sign deals with private prison operators to house California inmates in states such as Indiana. The plan would send 2,200 inmates to other states almost immediately. Campaign Money: It has already stirred the frustration of state legislators, who shot down a similar proposal during a special session on prison crowding in August. Amid accusations of cronyism and conflicts of interest, Gov. Schwarzenegger's campaign announced Thursday that he has returned $32,000 in campaign donations to a private prison slated to benefit from his proposal. "The Governor has a strict policy against accepting contributions from persons or entities doing business with the state or seeking to do business with the state and in which he or his office might be negotiating the terms of such state contracts," wrote his attorney in a letter to The Geo Group. The Geo Group is a Florida-based private prison firm, and one of three firms currently negotiating with the state for three- to five-year, no-bid contracts to house inmates out of state. Democrat's Response: It reeks of "pay to play," said Senate Majority Leader Gloria Romero, D-Los Angeles. "What it demonstrates is that the governor can't resolve this crisis. He doesn't have the political will, and he doesn't have the stomach for it." Romero questioned the constitutionality of forced transfers and suggested the state concentrate on programs to reduce California's 70 percent recidivism rate.

September 20, 2006 *Yahoo.com* The GEO Group, Inc. (NYSE: GEO - News; "GEO"), a world leader in the delivery of correctional and mental health services, announced today the signing of a definitive merger agreement (the "definitive agreement") to acquire Palm Beach Gardens-based CentraCore Properties Trust (NYSE: CPV - News; "CPT"), a correctional real estate investment trust. CPT owns 13 correctional facilities totalling 8,071 beds, of which 11 facilities totalling 6,945 beds are currently leased to GEO under sale-lease back agreements. In addition to the 11 facilities leased to GEO, CPT owns the 400-bed Mesa Verde Correctional Facility, which is leased to Cornell Companies and the 726-bed Delaney Hall, which is leased to Community Education Centres.

August 14, 2006 *In These Times* While New Mexico's landscape may make the state the Land of Enchantment, its rapidly growing rates of incarceration have been utterly disenchanting. What's worse, New Mexico is at the top of the nation's list for privatizing prisons; nearly one-half of the state's prisons and jails are run by corporations. Supposedly, states turn to private companies to cope better with chronic overcrowding and for low-cost management. However, a closer look suggests a different rationale. A recent report from the Montana-based Institute on Money in State Politics reveals that during the 2002 and 2004 election cycles, private prison companies, directors, executives and lobbyists gave $3.3 million to candidates and state political parties across 44 states. According to Edwin Bender, executive director of the Institute on Money in State Politics, private prison companies strongly favour giving to states with the toughest sentencing laws—in essence, the ones that are more likely to come up with the bodies to fill prison beds. Those states, adds Bender, are also the ones most likely to have passed "three-strikes" laws. Those laws, first passed by Washington state voters in 1993 and then California voters in 1994 quickly swept the nation. They were largely based on "cookie-cutter legislation" pushed by the American Legislative Exchange Council (ALEC), some of whose members come from the ranks of private prison companies. Florida leads the

pack in terms of private prison dollars, with its candidates and political parties receiving almost 20 percent of their total contributions from private prison companies and their affiliates. Florida already has five privately owned and operated prisons, with a sixth on the way. It's also privatized the bulk of its juvenile detention system. Texas and New Jersey are close behind. But in Florida, some of the influence peddling finally seems to be backfiring. Florida State Corrections Secretary James McDonough alarmed private prison companies with a comment during an Aug. 2 morning call-in radio show. "I actually think the state is better at running the prisons," McDonough told an interviewer. His comments followed an internal audit last year by the state's Department of Management Services, which demonstrated that Florida overpaid private prison operators by $1.3 million. Things may no longer be quite as sunny as they once were in Florida for the likes of Nashville, Tenn.-based Corrections Corporation of America (CCA) and the former Wackenhut, now known as the GEO Group of Boca Raton, Fla. But with a little bit of spiel-tinkering—and a shift of attention to other states—the prison privatizers are likely to keep going. The key shift, Bender explains, is that "the prison industry has gone from a we-can-save-you-money pitch to an economic-development model pitch." In other words, says Bender, "you need [their] prisons for jobs." If political donations are any measure, economically challenged and poverty-stricken states like New Mexico are a great target. In this campaign cycle, Democratic Gov. Bill Richardson has already received more contributions from a private prison company than any other politician campaigning for state office in the United States. The Institute of Money in State Politics, which traced the donations, reported that GEO has contributed $42,750 to Richardson since 2005—and another $8,000 to his running mate, Lt. Gov. Diane Denish. Another $30,000 went from GEO to the Richardson-headed Democratic Governors Association this past March. Richardson's PAC, Moving America Forward, was another prominent recipient of GEO donations. Now, its former head, prominent state capitol lobbyist Joe Velasquez, is a registered lobbyist for GEO Care Inc., a healthcare subsidiary that runs a hospital in New Mexico. But don't get the idea that GEO has any particular love for Democrats: $95,000 from the corporation went to the Republican Governors Association last year alone. What companies like GEO do love are the millions of dollars rolling in from lucrative New Mexico contracts to run the Lea County Correctional Facility (operating budget: $25 million/year), and the Guadalupe County Correctional Facility ($13 million/year), among others. CCA also owns and operates the state's only women's facility in Grants ($11 million per year). To make sure that those dollars keep flowing, GEO and CCA have perfected the art of the "very tight revolving door," says Bender, which involves snapping up former corrections administrators, PAC lobbyists and state officials to serve as consultants to private prison companies. In fact, the current New Mexico Corrections Department Secretary Joe Williams was once on GEO's payroll as their warden of the Lea County Correctional Facility. Earlier this year, Williams was placed on unpaid administrative leave after accusations surfaced that he spent state travel and phone funds to pursue a very close relationship with Ann Casey. Casey is a registered lobbyist in New Mexico for Wexford Health Sources, which provides health care for prisoners at Grants, and Aramark, which provides most of the state's inmate meals. In her non-lobbying hours, it turns out that Casey is also an assistant warden at a state prison in Centralia, Ill. It appears that even for a prison industry enchanted by public-private partnership, Williams and Casey may have gone too far.

March 14, 2006 ***AP*** Private Prison owner CentraCore Properties Trust shares plummeted Tuesday after its largest tenant threatened to not renew lease

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agreements, and instead set up competing facilities. GEO Group Inc. Chairman and Chief Executive George Zoley said it is no longer economical to lease facilities from CentraCore, and he is not interested in pursuing "option to buy" agreements both companies had in place. Instead, he said the Boca Raton, Fla.-based GEO Group will tap government and private financing to build facilities it both owns and operates. "We have a duty to our shareholders to seek the most cost-effective available sources of capital in order to best manage and grow the company," Zoley said in a conference call with analysts late Monday. GEO operates about 60 detention and mental health facilities. Zoley said he plans to pursue alternatives to renewing leases on seven of those sites which expire by 2008. All seven sites are owned by CentraCore. Shares of CentraCore were down $3.65, or 14.3 percent, at $21.90 in midday trading on the New York Stock Exchange, after earlier sinking to a new 52-week low of $19.50. The stock was one of the NYSE's biggest decliners, trading about 36 times its daily average. Zoley's comments were viewed by analysts as a way to force CentraCore into renegotiating the leases -- or possibly to sell the real estate investment trust outright.

March 13, 2006 ***South Florida Business Journal*** The Boca Raton-based correctional and detention management firm said it lost $807,000, or 8 cents a share, on revenue of $164.87 million for the 13 weeks ended Jan. 1. For the 14 weeks ended Jan. 2, 2005, Geo (NYSE: GGI) said it earned $5.22 million, or 53 cents a share, on revenue of $161.59 million. The most recent fourth quarter earnings include an $8.5 million, or 85-cents-a-share, international tax benefit related to certain tax law changes in Australia and South Africa, as well as a $500,000, or 5-cents-a-share, after-tax gain from discontinued operations including the sale of Geo's 72-bed Atlantic Shores Hospital in Fort Lauderdale, Jan. 1. These gains were offset by a $12.6 million, or $1.26-a-share, after-tax non-cash impairment charge related to Geo's 500-bed Michigan Correctional Facility, which closed Oct. 14; a $200,000, or 2-cents-a-share, after-tax charge related to one-time costs associated with the reclassification of certain job positions from exempt to non-exempt employees; and $600,000, or 6 cents a share, in one-time start-up expenses related new contracts with the Indiana Department of Correction to manage the 2,416-bed New Castle Correctional Facility in New Castle, Ind., and with the New Mexico Department of Health to manage the 230-bed Fort Bayard Medical Center in Fort Bayard, N.M. The Michigan charge was actually smaller than the $21 million charge the company had predicted it would pay for losing its contract there. The facility closed, Oct. 14, after the state of Michigan cancelled Geo's management contract. The company has since sued, alleging wrongful termination of the lease. For the year, Geo said it earned $7 million, or 70 cents a share, on revenue of $612.9 million. The year before - which included an extra week, giving it 53 weeks - the company said it earned $16.81 million, or $1.73 a share, on revenue of $593.99 million.

GEORGE W. HILL CORRECTIONAL FACILITY, THORNTON, PENNSYLVANIA

October 28, 2008 ***Philadelphia Inquirer*** A 44-year-old East Lansdowne man hanged himself Saturday inside his cell at the Delaware County prison, authorities said. The privatized jail is run by the GEO Group, which has settled several wrongful-death lawsuits there in recent years, including one suicide. Citing frequent litigation and other reasons, the company announced in August that it is ending its agreement to operate the prison in early January, a year before its contract expires.

October 24, 2008 *Philadelphia Daily News* The Delaware County Board of Prison Inspectors didn't have much of a choice yesterday in deciding which company would run the George W. Hill Correctional Facility next year. Only one firm in the country was willing to assume the $40 million annual contract left behind by the Florida-based GEO Group, which is skipping town amid a flurry of costly lawsuits and an inability to turn a substantial profit at the 1,883-bed county lockup. The five-member board awarded the contract to Community Education Centres (CEC), a smaller company that specializes in inmate re-entry programs and, according to its Web site, "believes in the opportunity for redemption" and providing "second chances" to ex-offenders. John Reilly, the jail's acting superintendent, who oversees GEO's performance on the county's behalf, said that CEC will begin managing the prison on Jan. 5 and is expected to retain most of the 500 GEO employees. The prison, located in Thornbury, has been operated by GEO, formerly Wackenhut Corrections Corp., since 1996 and is the state's only privatized county jail. The cost of running the prison - about $43.8 million this year - is the single largest expenditure of county tax dollars in Delaware County's $316 million annual budget. But officials say that the public-private partnership has saved taxpayers millions. After getting word in August that GEO was bailing out on its contract, which ran through 2009, the prison board asked 11 companies if they wanted to give it a shot.

October 23, 2008 *Delco Times* An out-of-court settlement was ironed out Wednesday in the federal civil suit over the death of Cassandra Morgan, whose family maintained she was improperly treated for a debilitating mental illness and a hypothyroid condition while an inmate at Delaware County's prison leading to her 2006 death. The terms of the settlement reached over the noon recess included a confidentiality clause, according to attorney James Mundy, who represented the victim's family. "We are barred from discussing the outcome," said Mundy. All he would say is that the parties were "satisfied." U.S. District Court Judge Berle M. Schiller told the jury about 2 p.m., following four days of testimony, their services were no longer needed and "the case has been resolved." At the start of the proceedings Wednesday, before the jury was brought in, Schiller indicated the trial could go into next week because of the unavailability of a witness for the defendant's side. He said such an extension would pose a "hardship" on the jurors who were told the trial would end by Friday. "I don't think anyone wants to retry this case," said Schiller. The judge said that problem could be remedied by alternatives, including converting the proceedings to a bench trial and allowing him to make the final ruling. He then advised both sides that talking to each other could "eliminate" the need for a bench trial. Earlier, Schiller reportedly dismissed parties originally named in the lawsuit except for Dr. Grato Paneque, a psychiatrist employed at the prison, as well as the Delaware County Board of Prison Inspectors and the GEO group, a Florida company that operated the prison while Morgan, 38, was an inmate there on a shoplifting offense. Morgan, who was in jail for six weeks, died at Riddle Memorial Hospital after suffering a seizure at the prison and lapsing into a coma in her jail cell. Carolyn Short, the attorney representing the prison board, presented one witness Wednesday — Dr. Peter Crino, a neurologist who heads the Epilepsy Center for the University of Pennsylvania. Crino, testifying as an expert, discounted claims the prison was at fault for failing to properly treat Morgan before her March 29, 2006, death. However, on cross-examination by Mundy, the attorney cast doubt on some of the records that Crino used in arriving at his conclusion. Mundy said one of the reports indicated the patient "walked in" and was "pregnant." He said Riddle's computer had mixed the medical report on Morgan, who was not pregnant and came to the hospital by

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ambulance on a stretcher with the record of another patient. Crino was to be re-examined by Short following the luncheon recess. However, it wasn't necessary once the settlement was reached.

October 22, 2008 *Philadelphia Inquirer* A nurse who cared for Cassandra "Sandy" Morgan at the Delaware County jail told jurors in a federal courtroom yesterday that she wanted to do more for her but was limited by the law. "I just wanted her so badly to go to psychiatric hospital," Maureen Hoffman, a nurse at the George W. Hill Correctional Facility, testified at the civil trial. But each time Hoffman spoke with the jail staff psychologist, she said, he reminded her: "We can't. Nobody is going to take her." Morgan, 38, of Aston, died after she suffered a seizure at the jail on March 25, 2006. Morgan suffered from paranoid schizophrenia and did not tell jail staff that she had a thyroid condition and needed medication. She died after five weeks of incarceration without her medication. Her family has sued the county Board of Prison Inspectors and the company that operates the jail, arguing that Morgan should have been sent for outside psychiatric help. Yesterday, Hoffman and forensic psychiatrist Kenneth Weiss testified that the jail did everything possible for Morgan within state law.

October 21, 2008 *Philadelphia Inquirer* The Delaware County medical examiner yesterday defended his conclusion that an easily treatable thyroid condition caused the death of a 38-year-old Aston woman at the county jail. Cassandra "Sandy" Morgan died in March 2006 after being held for five weeks at the George W. Hill Correctional Facility on a shoplifting charge. Morgan had schizophrenia and did not tell jail staff that she needed a thyroid-replacement hormone. Her family has sued the jail in U.S. District Court, arguing that its staff should not have depended on Morgan as the sole historian of her medical past and should have called 911 more quickly when she suffered a seizure. Lawyers for the Morgan family wrapped up their presentation of testimony yesterday with Morgan's younger sister, Erika, and the medical examiner, Frederic Hellman. Hellman, who performed an autopsy on Morgan, said she suffered a slow decline during her incarceration because she did not receive the hormone. Without the medication, her metabolism slowed and her blood pressure and heart rate dropped, along with her temperature, eventually causing a seizure, he testified. Soon after jail medical staff transferred Morgan to Riddle Memorial Hospital, she was severely hypothermic, with a temperature of 82.8 degrees, according to hospital records. But John Gonzales, who represents jail staffers named in the suit, argued that Morgan did not show the classic symptoms of hypothyroidism: cold, dry skin, loss of hair, weight, gain and low body temperature. Nurses who checked Morgan's vital signs during her incarceration found her temperature within normal range and her skin warm and pink, according to nursing logs.

October 18, 2008 *Philadelphia Inquirer* Cassandra "Sandy" Morgan, who was arrested for stealing from a Wal-Mart that she believed she owned, should have been taken to a hospital, not a jail, a psychiatrist testified in federal court yesterday. Morgan, 38, of Aston, suffered from schizophrenia, and her condition had grown worse when the police caught her trying to take toys in February 2006. "I think she was a medical psychiatric emergency from the minute she was taken into that prison," said Eric Fine, a clinical psychiatrist and associate professor at Jefferson Medical College. The psychiatric care she received during her five-week incarceration at the Delaware County jail was "an incompetent level," Fine testified yesterday.

Morgan died of complications from a thyroid condition for which she did not receive medication while in jail. Her family has sued the George W. Hill Correctional Facility and the GEO Group, a Florida-based company that operates the jail. Fine testified as an expert for the plaintiff. Lawyers for the jail argue that Morgan was appropriately cared for at the jail: She was visited four times by contracting psychiatrists who prescribed antipsychotic medication. She was housed in the infirmary, where nurses monitored her and correctional officers looked in on her every 15 minutes. Morgan did not tell jail staff that she had a thyroid condition, and although several of her siblings said they talked to a jail counsellor about the medications Morgan needed, the jail contends that it never knew. Defense lawyers also argue that Morgan did not pose a clear and immediate danger to herself or others, and therefore could not have been committed to a hospital because she did not meet the legal standard. Fine disagrees. He faulted the two psychiatrists who saw her, Grato Paneque and Hani Zaki, for trusting Morgan to give them an accurate medical and mental health history. Had they investigated her past, they would have found that she had been hospitalized 14 times in the three years before her arrest and had been released from Crozer-Chester Medical Center nine days before her arrest, Fine testified. With her medical history in hand, Fine added, doctors might have seen that Morgan's case required more proactive measures than simply prescribing medication and observing her. "If you don't have the history in a psychiatric patient, you know virtually nothing," Fine testified. "Cassandra Morgan was not capable of presenting her history." Morgan refused to take her psychiatric medication during her incarceration and became more withdrawn, a sign that she was in acute mental distress, Fine said. "We're always sensitive when patients change from agitated to withdrawn," Fine said, adding it's a signal that "thoughts are going on that are not being shared." The plaintiff's attorneys are expected to wrap up their case Monday. The defence will present its case next week.

October 16, 2008 *Delco Times* A psychiatrist employed at Delaware County prison testified in federal court Wednesday that Cassandra Lynn Morgan was "obviously delusional," but stated he could not force her to take her medications. Dr. Grato Paneque testified during day two of the trial in the lawsuit over Cassandra Lynn "Sandy" Morgan's death on March 29, 2006. Morgan, who was diagnosed as a paranoid schizophrenic, died after lapsing into a coma on the floor of her jail cell at the George W. Hill Correctional Facility about six weeks after being arrested for shoplifting. Morgan, 38, who was imprisoned for six weeks without a preliminary hearing, died at Riddle Memorial Hospital. Delaware County Medical Examiner Fredric N. Hellman ruled Morgan's death was caused by complications from a hypothyroid condition, which was not treated during her incarceration. Morgan's family filed the civil suit in 2007 against the GEO Group that operates the county prison, Delaware County Board of Prison Inspectors and several physicians, among others. The suit alleges her death was the result of the prison's failure to treat her thyroid condition. Morgan's family is seeking unspecified damages. Paneque testified that Morgan, who was housed in the prison's infirmary, told him of her psychiatric history, but did not say anything about her medical condition. He said Morgan refused to take her psychiatric medication, not uncommon for paranoid schizophrenics. "I cannot force medication against their will unless there is imminent danger to herself or others," said Paneque, who was hired by the GEO Group to provide psychiatric services to inmates. Morgan, he said, did not appear to be a danger to anyone. Testimony by Paneque and Dr. John Fraunces, a retired prison psychologist, painted a very sad picture of a mentally ill woman behind prison bars. Both said that since most mental

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hospitals were shuttered years ago, prisons have become the mental hospital of last resort. "It's a lot cheaper to house a person in a prison than a state mental hospital," said Fraunces. Dr. William Purner, the current medical director of the prison, said he was the acting medical director working part time in March 2006 when Morgan was incarcerated. Purner testified he never saw Morgan as a patient at the prison. It was only after she was brought to Riddle, where he was on staff, that he treated her as a patient. It was then, Purner said, he got Morgan's medical history from her family. Purner testified that as a prison physician, he is not permitted to solicit information about a prisoner's medical history. James F. Mundy, attorney for the plaintiffs, questioned Purner about a two-week period during which Morgan's vital signs were not taken. "Was that routine procedure?" he asked. "That's not a standard of care of any individual under any condition," Purner replied. "No medical doctor ever examined Cassandra Morgan during the entire six weeks Cassandra Morgan was at the prison?" Mundy asked. "I found no notes to that effect," Purner stated. Mundy also reviewed documents that indicated the prison nursing staff believed Morgan's condition was deteriorating. On March 21, eight days before Morgan died; a nurse wrote in the infirmary log that her body temperature was 92.7 degrees. Purner testified that if he had seen that temperature, he'd have asked a nurse to take it again. He added that it is possible the notation was an error. After that entry, there is a 12-hour gap in the log as the records are missing, something Purner acknowledged.

October 15, 2008 *Philadelphia Daily News* A lawyer for the family of Cassandra "Sandy" Morgan, a mentally ill woman who died two years ago after having been held for five weeks in the Delaware County prison, asked a jury yesterday to give Morgan the "justice she never received from" prison officials and doctors who worked for the prison. Morgan, 38, died in Riddle Memorial Hospital on March 29, 2006, four days after she lapsed into a coma at the prison. She died as a result of complications caused by hypothyroidism, a condition in which the thyroid gland doesn't produce enough of certain important hormones. Morgan's family filed suit in federal district court in July 2007, alleging that her death resulted from the prison's failure to give her medication for the thyroid problem and to follow its own rules. The family is seeking unspecified damages. The trial is expected to last two weeks.

October 7, 2008 *Philadelphia Inquirer* Sandy Morgan didn't have a receipt when she walked out of the Boothwyn Wal-Mart with more than $500 worth of dolls, toys and girls' clothes. In her mind, she didn't need one. She owned Wal-Mart, she told a manager who tried to stop her. Sandy knew things others didn't. She knew she owned many stores and she knew the television transmitted demons. She took care to protect her family: She threatened the demons with knives and a broken mop handle; she threw away food she was sure was poisoned. It was a strain, fighting things no one else saw. Once her sisters watched as Sandy wandered into the street and looked up at the sky. She asked God to take her. But that February afternoon in 2006, it was the police who took Sandy. Arrested for shoplifting, the 38-year-old college graduate from Aston was ordered held on $10,000 bail and taken to the Delaware County jail. Within the first hours of Sandy's incarceration, a physician's assistant guessed she might be mentally retarded. Within a day, a doctor diagnosed her as schizophrenic. Within eight days, a psychiatrist declared her incompetent to stand trial. While the court waited for a competency report, Sandy waited in jail. For five weeks, she saw no visitors. She never went outside. She hid under covers and stared at the walls. She went two weeks without a shower because the nurses were afraid to go near her. "Time to get out!" Sandy told a nurse

after a week in jail. After two weeks, "Are you here for Jesus?" After a month, "Is [that] a horse over there?" If a local hospital hadn't released Sandy from its psychiatric ward weeks earlier, she might not have been arrested. If she had threatened to kill the Wal-Mart employees, or herself, the police could have taken her to a hospital. If jail officials had called Sandy's family, they might have known what was wrong when she collapsed in her cell, her arms and legs flailing, her body cold. But Sandy wasn't lucky like that. A grim diagnosis -- Later, Sandy's story would come out slowly, in dozens of depositions, after her family sued the jail, the company that runs it, and the hospital that released her weeks before her arrest. There would be many sides to the tale, a tangle that a jury is scheduled to work out next week. But it started in 1985, when Sandy was 17 and heading off to York College. That's when her family noticed something was wrong. The sixth of seven children, Cassandra "Sandy" Morgan had been a bright, fearless child with a vivid imagination. She excelled in school, played field hockey, ran track, and loved writing and singing contests. She wanted to be a nurse. But the summer after she graduated from Chester High School, she became afraid. She told her younger sister, Erika, that someone was trying to break into their house. In her dorm room, she saw spiders crawling on the walls. Sandy's brother James, seven years her senior, was a rookie in the York Police Department in 1986 when he received a call from campus that Sandy had been raped. He rushed to the hospital. But doctors found no evidence of assault. After prolonged questioning and numerous tests, they diagnosed Sandy, then 18, with paranoid schizophrenia. They prescribed Haldol, a psychotropic drug. Sandy tried to go back to school, but the hallucinations drove her home to her mother and sisters Erika and Jamie. She wrote poetry about her struggle to hold on to her dreams that was published in an anthology in 1988. At home, Sandy found purpose in caring for her diabetic mother, who was bedridden. Willie Mae Morgan needed insulin shots, which all three sisters helped to administer. Sandy often bathed her mother and helped prepare her meals. The regular schedule helped Sandy remember when to take her medications. She stayed active. She played piano and attended church. She tried to teach herself how to speak Chinese. Sandy eventually returned to school, attending class part time until graduating from Neumann College in 1999 with a bachelor's degree in liberal arts. Her whole family went to her commencement. Erika, three years her junior, watched Sandy smile for the cameras, "chest pumped out and posing." A mind unravels -- In March 2003, Sandy's mother died of pancreatic cancer. Sandy was devastated. She stopped eating. She slept fitfully. She refused her medications - not just the Haldol, but the Synthroid doctors had prescribed two years earlier for hypothyroidism. The condition was easily manageable with drugs, but if untreated, it could lead to coma, even death. Without her mother to care for, the hours and days fell out of a recognizable pattern. Without her medication, her hallucinations and delusions flourished. "God is talking to me," she told Erika and Jamie, who also still lived in their mother's house on Jennifer Lane. "Come with me to see God and the angels." She thought the family dog was the devil. Her sisters caught her choking it. She worried that Satan had taken over her family and would harm her nephews and nieces. Once she chased Erika down a hallway with an 8-inch butcher knife, screaming, "Who are you?" Her family sent her to Crozer-Chester Medical Center 13 times in three years, committing her against her will to the psychiatric ward. They wanted the old Sandy back, and they hoped the doctors could persuade her to take her medicine. But five, 20, even 90 days in the hospital never seemed to be enough. Each time she returned home, Sandy's interactions with the world in her mind became more frightening. On Jan. 19, 2006, Sandy's sisters heard a loud crash. They ran to the kitchen and saw Sandy break a mop handle across her hip. She swung the broken sections at her sisters, saying, "Demons get out,

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demons get out!" Jamie and Erika called the police, who took Sandy to Crozer-Chester, where orderlies stood by ready to restrain her. A social worker noted that Sandy was "psychotic, paranoid, refusing antipsychotic medication, and a danger to herself and others." Crozer-Chester asked permission to hold Sandy for up to 90 days for treatment, which the Delaware County court granted. In his reports, Rommel Rivera, Sandy's attending psychiatrist, said she should be forced to take her psychotropic medication. On her first day there, she was given an injection of Geodon. She later agreed to take Risperdal, Klonopin and injections of Haldol. But that wouldn't last. Rivera suggested that Sandy's frequent hospitalizations showed she might need more help. He suggested sending her to Norristown State Hospital. She could be held at the psychiatric hospital for more than 90 days - long enough, her family hoped, to get her back on her meds. A social worker met with Sandy and her sisters on Jan. 26 to discuss Norristown. Sandy, who had become less agitated after the injections, agreed to go if she could take her keyboard and her Bible. The three sisters hugged one another tightly. Sandy smiled, something Jamie and Erika hadn't seen her do in a while. "You are finally going to get the help that you need," Jamie told her. But four days after the family meeting, another psychiatrist, Usha Kotihal, inexplicably took over Sandy's care – a change neither doctor was later able to explain. Kotihal determined that Sandy's mental state had improved and that she no longer posed a threat to herself or others, she later testified in a deposition. She gave Sandy a 100-milligram injection of Haldol decanoate - a long-acting drug with a half-life of three weeks - and sent her home on Feb. 7, 2006. Erin King, Sandy's case manager, later testified that she couldn't believe it. During the car ride home, Sandy was laughing and talking to the voices in her head. "What's so funny?" King remembered asking her. "Wanna let me in on the joke?" "No," Sandy said. Nine days later, Sandy, convinced she owned Wal-Mart, was arrested. Hospital or jail? More than 70 percent of the patients in state psychiatric hospitals suffer from schizophrenia. Mental-health officials often struggle to get patients adequate treatment, given the national trend away from institutions and toward residential care. Without medication, schizophrenics relapse within six weeks, on average, said Amy Brodkey, a psychiatrist who directed the mental-health court at Eastern Pennsylvania Psychiatric Institute for six years. "It affects people's thinking, it affects their emotion, their cognition," Brodkey said. "The prognosis is still not good." Under state law, a person must pose a "clear and present danger" of bodily harm to himself, herself or others within the last 30 days to be committed to a hospital. Many wind up in jail, as police officers decide what to do with someone who broke the law but is not necessarily dangerous. A conundrum -- At the police station, Detective Tom McNichol and another officer asked Sandy to empty her pockets and sit on a bench outside the station's three cells. As McNichol called her house, Sandy asked for her Bible back. Later, McNichol testified that he called Jamie, who told him that Sandy was supposed to be going to the hospital. She gave him a number to contact Erin King. According to McNichol, Jamie told him Sandy was no longer welcome at home. "What are we supposed to do with her?" McNichol said he asked. "I don't care what you do with her," Jamie said, according to McNichol. Jamie denies that. In her testimony, she said she didn't know of Sandy's arrest until she heard a message the police left on her answering machine later that night. She testified that she did not go to the station to see her sister because it was late. McNichol called King. Could she pick Sandy up and have her committed to the hospital? King told him it wasn't possible. Sandy wasn't a threat to herself or others, so she could not be committed against her will. "We can't release her to the streets," McNichol recalled thinking. The police charged Sandy with retail theft, defiant trespass (she'd been warned previously not to bother employees at the Wal-Mart), and disorderly conduct. During her video

arraignment, Sandy told Judge Stephanie Klein, "I'm the boss. I'll put you in jail," McNichol said in an interview. The prosecutor wrote "crazy" on her copy of the charges. Klein ordered a competency evaluation and set bail at $10,000. Sandy was then taken to the George W. Hill Correctional Facility in Thornton, southwest of Media, the state's only privately operated jail. Ten thousand dollars is a high bail for a retail theft charge for someone with no arrest record, Montgomery County chief public defender Stephen Heckman said. "If she had no mental-health issues, she would not have gone to jail. Not for retail theft," Heckman said. "It's almost doing them a favour . . . it may be the quickest route to treatment." A question of competence -- The Delaware County jail, a 1,883-bed facility, is required by contract to adhere to basic national medical guidelines. Upon arrival, inmates are typically given a physical and mental-health evaluation and tested for communicable diseases such as tuberculosis and HIV. When Sandy arrived, she told the corrections officers she was innocent. When she struggled, two officers wrestled her to the ground and handcuffed her, according to jail logs. The officers took Sandy to a physician's assistant, Lisa Black, who asked Sandy about her medical history. Sandy appeared confused and was combative, she noted. Black asked Sandy whether she was taking medication or under the care of a doctor. No, was the answer. Had she ever had high blood pressure, diabetes or a psychiatric disorder? No. Had she been hospitalized for an emotional or nervous problem? "None of your business," Sandy said, according to Black's intake form and testimony. Black decided Sandy was mentally retarded or mentally ill; she later said she believed Sandy was unable to tell her what her diagnosis was. Jail medical officials depend almost exclusively on inmates to tell them about their health. At the Delaware County jail, the medical staff is not required to check out inmates' medical histories. Inmates can decline medical care. Whether an inmate is mentally capable to help manage his or her medical care is for jail staff to decide. According to the policies of the GEO Group Inc., which ran the jail, mentally unstable inmates should be transported immediately to a hospital. But finding beds can be difficult. Not dangerous enough -- Black assigned Sandy to a room in the infirmary on suicide watch, figuring she was mentally ill, she later testified. Officers looked in on Sandy every 15 minutes to make sure she wasn't hurting herself and had not fallen ill. The next day, Sandy admitted to psychiatrist Grato Paneque that she had been on medication. When Paneque visited again four days later, Sandy said she had been hospitalized, according to Paneque's records. Sandy did not say she had schizophrenia, but the psychiatrists who visited her during her first days in jail gathered as much and prescribed Risperdal. Sandy did not mention her hypothyroidism. The last time she is known to have taken her Synthroid prescription was on Feb. 2 at Crozer-Chester. Even in the last five days of her hospital stay, she refused it. None of the psychiatrists or medical staff who met with Sandy at the jail called her family to determine what medications she was taking. No one contacted the doctors who had treated her at Crozer-Chester, where she had been hospitalized more than a dozen times. The county employs two mental-health liaisons at the jail to help inmates, yet jail officials say they had no contact with Sandy's caretakers in the infirmary. Sandy's brother James and three of her sisters said they called the jail to find out what was happening. Lisa and Jamie Morgan testified that they told a jail social worker about Sandy's thyroid condition. They hoped that once Sandy was declared incompetent to stand trial, she would be transferred to Norristown State Hospital. Sandy's caseworker, Erin King, indicated in her phone log that on Feb. 23 she spoke with Kirk Benson, a mental-health liaison at the prison. King said she told him that Sandy had schizophrenia and suffered from hypothyroidism. Benson testified that he didn't remember speaking to King. A counsellor arranged for James Morgan to talk to his sister. "I don't belong here," Sandy told him. "I know,"

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James remembers telling her. "I'm working on it." James continued to call Sandy's public defender for updates. None of her family members posted the $1,000 it would have cost to bail Sandy out of jail. James said he thought he needed the full $10,000. His sisters said they didn't ask about bail because they did not understand the process. They did not try to see Sandy, either, because they thought inmates in the infirmary could not have visitors. A psychiatrist the county hired evaluated Sandy on Feb. 24 and determined that she was not competent to stand trial. It took several weeks for the report to be transcribed and sent to her public defender, a delay that is not uncommon. Meanwhile, Sandy became more withdrawn and hostile. She hid under blankets in her cell. She fought nurses who tried to take her vital signs. They wrote "caution" next to her name in infirmary logs. One nurse said that Sandy was sometimes "wild-looking." During 59 nursing shifts, Sandy's vitals were recorded only 17 times. Nursing notes say she would ask for showers and was "malodorous," but was denied because she was too hostile. Records show she showered just four times in five weeks. On Feb. 26, a nurse wrote in the infirmary log, "needs 302," referring to the state mental-health law that allows for a person to be hospitalized against his or her will. The next day, and again on March 2, nurses noted "302?" On March 21, a nurse wrote that Sandy was getting worse and refusing medication. On March 22, a nurse scribbled, "Wrote in toothpaste, delusional," and "psychotic, poor impulse control." Two days later, Michael Harper, another public defender, petitioned the court to have Sandy transferred to Norristown State Hospital. All things considered, Sandy's case was moving along quickly, Harper said. "A two-month turnaround is about the best we can do," he later testified. But for Sandy, it wasn't fast enough. Unexplained collapse -- The next day, March 25, Officer Rasheeda Hackett walked past Sandy's cell about 3:15 a.m. and saw her gripping the sink, her legs shaking. Then she fell. By the time a nurse reached her, Sandy was convulsing. She bit her tongue. Her eyes were open, looking to the right. She was incontinent. Sandy had no history of seizures. When she stopped flailing, she was put on a stretcher and taken to another room in the medical wing. Black, the physician's assistant who had placed Sandy in the medical wing five weeks earlier, administered Dilantin, an ant seizure drug. No one contacted the doctor on call that night or dialled 911. Instead, medical staff took Sandy's blood pressure, pulse and heart and respiration rate. Ammonia revived her somewhat, but she did not respond to pain or to her name. Seizures in an adult not known to have a history of them should be treated as an emergency, said Christopher Rees, an attending physician in the emergency department at Pennsylvania Hospital. The patient should be immediately taken to a hospital to determine what caused the seizure and whether it stopped, he said. About 4:15 a.m., a nurse noticed that Sandy's pupils were not responding to light, indicating possible brain death. "It means you're dying or dead," Rees said. "That's the end." But the jail medical staff didn't call 911 until 4:42 a.m., an hour and a half after Sandy collapsed. In the ambulance, Sandy had another seizure. When she arrived at Riddle Memorial Hospital, her body temperature had dropped to 82.8 degrees. Machines kept her alive for four days while her family gathered to say goodbye. Before the hospital disconnected Sandy, before her organs were harvested for transplant, James sat next to his sister and wept. He hugged her, stroking her hand and her face. "I'm so sorry," he told her. A long deterioration -- The autopsy revealed that Sandy died from profound hypothyroidism with probable myxedema coma, an end stage of hypothyroidism that causes a firm swelling in body tissues. About half of the people who develop myxedema coma die, said David Cooper, director of the Johns Hopkins Thyroid Clinic. Hypothyroidism means the thyroid gland does not produce enough hormones to maintain body functions at a normal pace. It is one of the most common conditions in internal medicine, said Stephen Rosen, chief of endocrinology at

Pennsylvania Hospital. The condition usually results when the immune system mistakenly attacks the thyroid gland. In the days leading to Sandy's death, her heart rate must have slowed and her blood pressure may have dropped, Cooper said. She likely started breathing more slowly. Her voice may have lowered or become hoarse as her larynx became engorged from the swelling. Her extremities were probably cold to the touch as her body shifted blood flow to preserve her vital organs, Rosen said. Four days before Sandy collapsed; a nurse recorded her temperature at 92.7 degrees, according to jail records. The nurse, Maureen Hoffman, testified that it was a transcription error. But Cooper, who is not involved in Sandy's case, said hypothyroidism takes a long time to kill, probably longer even than the five weeks Sandy was in jail. A check of Sandy's vital signs should have indicated to nurses that something was wrong. "I can guarantee you her temperature was not normal the day before," he said. "I can guarantee you it was not normal a week before." Body temperature that drops to 95 degrees or lower is a red flag, Rosen said. Suicide-watch logs kept by jail officers who looked in on Sandy every 15 minutes are missing for the final three days she was at the George W. Hill Correctional Facility. Records listing the drugs Sandy was offered are missing for March, legal documents show. Wide-reaching suit -- In July 2007, Sandy Morgan's family filed a lawsuit in federal court against several jail staff, Delaware County, Crozer-Chester Medical Center, Usha Kotihal, and GEO. In August, GEO announced that, in part due to the high cost of litigation, it would end its involvement at the jail at the end of the year. The lawsuit is set to go to trial next week. Harold Goodman, the lead attorney representing the Morgan family, accuses Kotihal of "abandoning" Sandy, discharging her without proper prescriptions, a post-treatment plan, or a call to the family explaining why she was not being sent to the state hospital. Morgan's family argues that the jail was ill-prepared to care for their sister and should have sent her to a mental-health facility. Amalia Romanowicz, a lawyer representing Kotihal and Crozer-Chester, declined to comment. In her court motions she argued that Kotihal and the hospital did what was required of them by law: They treated Sandy until she was no longer a threat to herself and others. Kotihal, in her deposition, said that although Sandy was still showing signs of psychosis upon discharge, she had returned to her "base line." In their court motions, lawyers for the GEO Group and jail staff dispute the cause of death, saying that Sandy showed no signs of medical distress until she collapsed. They said it was her and her family's responsibility to inform them of her thyroid condition. Suicide watch -- Throughout Sandy's 38-day incarceration, corrections officers looked into her cell every 15 minutes and noted her activities using codes. On the morning of Feb. 25, Sandy was Code 2, "yelling or screaming." On March 5, she walked around for much of the afternoon, singing, cursing, and talking to herself. But most times, officers looked in to see that Sandy, who had only a toothbrush and a Bible in her cell, wasn't doing anything. During entire eight-hour shifts, officers noted Sandy was Code 8, standing still, or Code 10 and 11, sitting or lying quietly in bed. Sandy Morgan, who was dangerous enough to be locked up in jail on suicide watch but not dangerous enough to be sent to a hospital, died in front of officers who checked her every 15 minutes of each day.

September 19, 2008 ***AP*** A wrongful-death lawsuit can proceed against doctors and a private prison where a schizophrenic woman collapsed and later died after weeks in the infirmary, a federal judge ruled. Meanwhile, the company that runs the nearly 1,900-bed Delaware County Prison near Philadelphia is ending its 12-year management of the site, citing frequent litigation and higher-than-expected costs. At least six of the prison's inmates have died of unnatural causes or questionable circumstances since 2001, according to news

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accounts. They include the April death of comedian Kenneth Keith Kallenbach, a Howard Stern sidekick who died of complications from cystic fibrosis at age 39. The prison is run by the Geo Group Inc., formerly known as Wackenhut Corrections Corp., which runs about 50 corrections and immigration sites in the United States. In the latest wrongful-death case, U.S. District Judge Berle M. Shiller ruled this month that a jury could find the prison's contract doctors, along with a hospital doctor and others, negligent in the care of Cassandra Morgan. Morgan, 38, had a long history of schizophrenia and also suffered from a serious thyroid condition. She was hospitalized at Chester-Crozer Medical Center in early 2006 and was scheduled to be transferred to a state psychiatric hospital, but was instead discharged by Dr. Usha Kotihal despite evidence she would not voluntarily take her medication, the ruling said. In discharge papers, Kotihal noted that Morgan was uncooperative, angry and delusional, according to the suit. Days later, Morgan was arrested for shoplifting at a Wal-Mart. "Cassandra was under a delusion that she owned the Wal-Mart," the suit states. Morgan was brought to the prison on about Feb. 16 and housed in the infirmary because of her apparent mental illness. Although she did not acknowledge her medical history or take the anti-psychotic medication prescribed, prison medical staff failed to adequately evaluate and treat her, the suit charges. One prison doctor upped her dosage in the hope that "she would come around," even though she wasn't taking the lower dose, the suit alleges. The suit also alleges that family members called repeatedly to try to inform prison officials of her medical conditions, but were not able to get the information to the medical staff. On March 25, she collapsed and started seizing. More than 90 minutes later, she was taken to a hospital, where her body temperature was recorded as 82.8 degrees, the judge found. With thyroid hormones 14 times normal levels, she was judged to be in a hypothyroid-related coma. She never regained consciousness and was taken off life support four days later, the ruling said. "Obviously, we're pleased that after months of discovery, the judge has cleared the way for us to begin trial," said lawyer Harold Goodman, who represents the family. The case is set for trial on Oct. 14. Lawyer Carolyn Short, who represents the Geo Group Inc., declined comment. Lawyer Amalia V. Romanowicz, who represents Kotihal and the hospital, did not immediately return a message Thursday. Goodman also represents Kallenbach's mother, who has blamed her son's death on inadequate prison medical care. Kallenbach had been arrested on a child-luring charge. A separate pending lawsuit accuses the Geo Group of routinely strip-searching minor offenders at the Delaware County Prison, in violation of court rulings that ban the practice unless there is reason to suspect they are hiding contraband. The Geo Group had 2006 revenues of $860 million.

September 3, 2008 *Delco Times* The Delaware County Board of Prison Inspectors spent 90 minutes in a "lively" executive session Tuesday morning "identifying, assessing and reviewing" options in the wake of the GEO Group Inc.'s decision to pull up stakes by year's end, said Acting Prison Superintendent John Reilly. The GEO Group, formerly Wackenhut Corrections Corp., is the private, for-profit company that has been running the county-owned George W. Hill Correctional Facility in one form or another since 1995. The company announced in a release Friday it would cease operations there on Dec. 31. With the holiday weekend, Tuesday was the first opportunity the board had to go over its options - essentially whether to engage another private provider, revert to operating the jail on its own or form some hybrid of the two. "That is going to be the best-kept secret in Delaware County for awhile," said Reilly. "The board has a direction and we're going to proceed - at least in the short term - in this direction, and I don't believe we should be discussing it publicly because it might

impact negotiating strategies." Which at least suggests there is someone the board could potentially negotiate with, but Reilly was sticking with the "identified, assessed and reviewed" line. Executive sessions are not open to the public and little was initially revealed on Tuesday's extensive discussions. Reilly did say the board hoped the short-term phase would near completion by its next public meeting Sept. 17, but isn't setting any rigid timelines. Tuesday's meeting also reportedly culminated in a conference call with GEO Group Inc. President and Chief Operating Officer Wayne Calabrese. According to GEO's release Friday, the Concord facility is the only local county jail the company manages. Though it generates about $38 million in annual operating revenues, GEO Chairman and Chief Executive Officer George C. Zoley said his company would cease management of the 1,883-bed jail "due to financial underperformance and frequent litigation." Reilly said in its letter to the county, GEO also cited "higher-than-average workers' compensation claims" as a reason for pulling out of the local prison market. Reilly estimated the facility constituted about 70 percent of GEO's corporate litigation expenses, so it was unexpected it would pull out, but not entirely surprising. GEO and the prison board signed an $80 million, two-year contract extension last year that was set to expire Dec. 31, 2009. Prison board Solicitor Bob Diorio said GEO was able to leave before that date without penalty because of an escape clause that allows either party to give 120 days notice.

August 30, 2008 *Philadelphia Daily News* Running the George W. Hill Correctional Facility is a tough job. So tough, in fact, that the GEO Group is walking away from a $40-million-a-year contract to operate Delaware County's 1,883- bed prison. Buried under a mountain of lawsuits - with another high-profile wrongful-death suit imminent - the Florida-based company announced yesterday that it's leaving the county lockup a year before its contract expires at the end of 2009. "I just think they're losing money here," said the prison's acting superintendent, John Reilly Jr., who oversees GEO's performance on the county's behalf. The company's chief executive, George C. Zoley, said in a statement yesterday that "financial underperformance and frequent litigation" drove the decision. Formerly Wackenhut Corrections Corp., GEO has been running the prison in Thornbury Township since 1996. State Rep. John Perzel, R-Phila., is on GEO's board of directors. Reilly said GEO has done a "better than adequate job," while saving Delaware County taxpayers millions of dollars. But the company also has been a near-constant source of negative headlines. A former K-9 officer at the jail pleaded guilty last month to having sex with an inmate in his pickup truck at a nearby grist mill, and a corrections officer admitted in court that same week to sending a fraudulent letter to the state parole board so her boyfriend - a convicted murderer - could move in with her. Another GEO guard pleaded guilty last year to conspiracy to commit bank robbery; the prison's former work-release supervisor is a registered Megan's Law sex offender, and the warden was fired last winter. The family of comedian Kenneth Keith Kallenbach, 39, the long-time member of Howard Stern's "Wack Pack" who died in April while in prison custody, is planning to sue GEO, alleging that prison medical staff failed to treat his cystic fibrosis. The county prison board will hold an emergency closed-door session Tuesday to assess its options, which include returning management of the prison to the county government.

July 19, 2008 *Philadelphia Inquirer* The comedian Kenneth Keith Kallenbach died of complications from cystic fibrosis, according to an autopsy report released yesterday by the Delaware County medical examiner. Kallenbach, 39, was best known as a

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member of the "Wack Pack" on Howard Stern's radio show. He suffered from the inherited disease and died April 24 at Riddle Memorial Hospital after being transferred from the George W. Hill Correctional Facility in Thornbury, where he had been held since mid-March. After an autopsy in April, the medical examiner said further investigation was needed to determine the cause of death. Yesterday's report indicated the manner of death to be "natural," brought on by cystic fibrosis with pneumonia and sepsis. Kallenbach's family has alleged that he did not receive the proper medical treatment for his condition while in the county prison and that his health deteriorated dramatically. Kallenbach was arrested on a charge of attempted child abduction. He denied any wrongdoing. A call to his mother, Fay Kallenbach, yesterday was not returned. The family's attorney, Harold I. Goodman of Philadelphia, said that the report confirmed what family members suspected as the cause of death and that they are reviewing all records before deciding whether to proceed with litigation. "Reading this report along with prison records certainly suggests he did not get the degree of care and treatment" needed, said Goodman. He said the prison was aware of Kallenbach's condition and "wasn't properly treating him for it." Kallenbach called home a week before his death asking his mother to intervene and saying he didn't think he would "make it" in jail. A message left for John C. Reilly Jr., acting superintendent at the prison, was not returned. Since 2005, at least eight people have died at the Delaware County facility; the state's only privately run jail. Several of those deaths resulted in lawsuits by family members who said the facility did not provide adequate medical care or proper supervision for inmates. GEO Group, which runs the jail, operates prisons around the country. Its operations in Texas have been criticized over poor conditions and the treatment of some of its prisoners.

July 2, 2008 *Philadelphia Daily News* A WEEK BEFORE Kenneth Keith Kallenbach died, the Delaware County comedian's health had deteriorated so badly that prison officials tried to send him home on "compassionate release." Kallenbach, 39, a long-time member of Howard Stern's "Wack Pack" who suffered from cystic fibrosis, was rapidly shedding weight while jailed on a parole violation. Even the Upper Chichester cop who arrested him in March for allegedly trying to lure a teenage girl into a car was shocked by his gaunt appearance at his preliminary hearing April 15. "He looked bad," Officer Michael Smalarz recalled last week. "I said, 'Kenny, man, you're really losing weight.' "He was dying. But despite the mid-April request that Kallenbach be released - a practice reserved for seriously ill, nonviolent inmates - the county probation office insisted that he stay in jail until he could undergo a psychosexual evaluation, according to John Reilly Jr., acting superintendent at the George W. Hill Correctional Facility. Delaware County Adult Probation and Parole Services refused to send Kallenbach home, Reilly said, even though he was being held on a parole violation from a prior DUI arrest - not on the attempted- kidnapping charge involving a minor. Kallenbach's mother, Fay, already had posted bail on that charge. It wasn't until the morning of April 24 that a county judge agreed to rescind the warrant on the parole violation. Kallenbach had died a few hours earlier at Riddle Memorial Hospital. "It was just too late," said Fay Kallenbach, who intends to sue the prison for failing to treat her son's cystic fibrosis, a chronic condition in which abnormally thick mucus builds up in the lungs and digestive system. A painful memory -- He died more than two months ago, but his mother still has trouble holding back the tears when she recalls her final moments with her son in the hospital's intensive-care unit. "He tried to open his eyes, and his eyes rolled back in his head and he never regained consciousness," she said. "All I saw was skin and bones. He had lost so much weight, he just

looked emaciated. I held his hand for a while and talked to him. Evidently, his brain was working but his body had shut down." Reilly declined comment yesterday because of the pending litigation, but in an interview shortly after the death he defended Kallenbach's treatment. He said that Kallenbach was seen twice a day by a nurse and had access to "all of his prescribed" medication and an oxygen machine, but that he had been refusing treatment. An April 30 autopsy performed by Delaware County Medical Examiner Frederic Hellman did not immediately reveal a cause of death, and the tissue-analysis results have not come back. Hellman initially had declined to conduct an autopsy, accepting the determination by hospital clinicians that Kallenbach had died from pneumonia and septic shock due to complications from cystic fibrosis. But he decided to perform the examination after the family raised concerns about his medical treatment. At that point, Kallenbach's body already had been embalmed "We're in America," Fay Kallenbach said. "He shouldn't be dying in jail from pneumonia when they knew he had cystic fibrosis." Kallenbach posted $5,000 bail shortly after her son's March 17 arrest on charges of harassment and attempted luring of a child. He was returned to prison custody a week later, however, because the arrest, and the fact that he had been driving a car without a breath- alcohol ignition interlock device, violated his parole on an old DUI charge, Reilly said. "He called me, and he was so weak I could hardly understand him," Fay Kallenbach said. "He said, 'Mom, do whatever you can, please, to get me out of here because I don't think I'm going to make it.' " She blames the prison for her son's death, claiming that the medical staff failed to treat his cystic fibrosis, but says that the probation officials who kept him there are "equally responsible." She said he had managed the chronic ailment by taking enzymes to help digest his meals and by using a salt-water breathing machine at their Boothwyn home. Awaiting information -- The family's attorney, Harold I. Goodman, said that he is awaiting additional records before deciding whether to sue the county and the GEO Group, a Florida-based firm that runs the prison. Goodman said that he has notified both entities that his firm is investigating the matter. GEO spokesman Pablo Paez declined to comment on the case. Reilly said a deputy warden called the county probation department around April 17 and asked if Kallenbach could be released due to medical reasons while he awaited a hearing on the parole violation. The prison occasionally contacts judges, prosecutors or probation officers to request "alternative incarceration" for nonviolent inmates who are "gravely or seriously ill," Reilly said in April. The practice - which also saves money because the publicly funded prison is no longer responsible for expensive medical care - typically is used for inmates such as Kallenbach jailed on a probation or parole violation, rather than convicts serving time, Reilly said. The request was denied, according to Reilly. Fay Kallenbach still can't understand that. If a judge had set bail at 10 percent of $50,000 on the more-serious criminal charges and determined that Kallenbach was not a danger to the community, why wouldn't the probation department let him out on house arrest when he became sick? "The whole system just went against him," she said. Mark Murray, the deputy director of Delaware County Adult Probation and Parole Services, who Reilly said had blocked Kallenbach's release, declined to comment on the case. Kallenbach - known for his cheesy rock songs, goofball antics on "The Howard Stern Show" and the occasional movie cameo - was a notoriously heavy drinker, but didn't have a history of violent crimes or sex crimes, Upper Chichester Police Detective John Montgomery said. "He was picked up a couple times for intoxication and stuff like that, but he wasn't viewed as a dangerous criminal or anything - not until this latest incident, which raised eyebrows," Montgomery said. Police say Kallenbach tried to pull a teenage girl into his car on March 17. At his preliminary hearing, Magisterial District Judge David Griffin held him for trial on all

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charges, including attempted kidnapping. The case never made it to trial. Fay Kallenbach said that her son was driving to the post office that afternoon and yelled to a 16-year-old girl, " 'Hi, I'm Kenneth Keith,' because everyone knew him in Boothwyn from TV commercials and appearances. He was just friendly that way and would hand out his little business card he had." She says that county officials treated her son as if he were guilty of a sex crime by insisting on a psychosexual evaluation while he was dying in jail. "He was accused of it, but he didn't have his day in court," she said. "He was never convicted."

April 29, 2008 *Philadelphia Inquirer* An autopsy will be performed tomorrow on Kenneth Keith Kallenbach, a 39-year-old comedian who died Thursday after contracting pneumonia at the Delaware County jail, where he was awaiting trial. Since 2005, at least eight people have died at the George W. Hill Correctional Facility, the state's only privately run jail. Several of those deaths resulted in lawsuits by family members who say the facility did not provide adequate medical care or proper supervision for inmates. Kallenbach suffered from cystic fibrosis, an inherited chronic disease. He had been housed at the jail since mid-March, when he was arrested on a charge of attempted child abduction. He was taken to Riddle Memorial Hospital April 21, where he died. Kallenbach's mother, Fay, said her son called her a week before his death, asking her to intervene and help him receive better treatment. He said he didn't think he would "make it" in the jail, she said. "He managed [his condition] perfectly well at home," she said. "He was only in there for about a month." The prison had no comment on Kallenbach's death. GEO Group operates prisons around the country, and its operations in Texas have been sharply criticized over poor conditions and the treatment of some of its prisoners. At the Delaware County facility last year, a woman who suffered from a thyroid condition died at the jail where she had been held for six weeks. Family members said she did not receive her medication during her incarceration. "There is an awful lot of deliberate indifference to the medical needs" in the prison, said Harold I. Goodman, a lawyer currently suing the company that operates the jail on behalf of the woman's family. GEO did not comment on this case. In 2005, five inmates died within a five-month span, drawing scrutiny from Delaware County District Attorney Michael Green. Two men apparently committed suicide, one died after a fist fight, another died of a heroin overdose, and another man was found dead in his bed. No criminal charges were filed, but GEO Group has settled lawsuits with several families who sued on behalf of their relatives. In 2006, GEO paid $100,000 to the family of Rosalyn Atkinson, 25, who died in 2002 because of a fatal overdose of a high-blood pressure drug administered by jail medical staff. Atkinson had been at the jail for only 18 days. GEO also agreed in 2005 to pay $125,000 to the family of John Focht, 43, who used his boot strings to hang himself in 2002. Jon Auritt, a Media lawyer who handled both cases, is reviewing another case of inmate death that occurred in October. David Dewees, who was in his 40s, died from what appeared to be a seizure from hypoglycemic shock, Auritt said. Dewees suffered from diabetes and had been at the jail only a few months at the time of his death, he said. "They tried to save him once he went into this coma," Auritt said yesterday. "I don't know whether or not there was anything they did or could have done that could have changed things." A private forensic pathologist is reviewing an autopsy of Dewees, and Auritt expects to determine by the end of the summer whether to pursue the matter in court. Angus Love, executive director of the Pennsylvania Institutional Law Project, said the number of deaths in three years was exceptionally high. "I'm suing Bucks County, and I don't think they've had any deaths in custody in five years," he said. Love is suing the GEO Group on behalf of an AIDS-

infected inmate who allegedly did not receive his medications for more than five months. He said a Delaware judge released the man from prison early, citing the prison's failure to provide needed medicine. GEO, based in Florida, also has been under fire in Texas, where it operates more than a dozen correctional facilities. Last fall, the Texas Youth Commission abruptly canceled its $8 million contract with GEO after investigators found unsanitary living conditions at its juvenile facility. Several of the teens said they were sexually assaulted by a guard who was a convicted sex offender, according to lawsuits. GEO lost its contract at an adult facility in west Texas last year after an inspector reportedly characterized the prison as "the worst correctional facility I have ever visited." The inspection was sparked by an inmate's suicide. Texas legislators have called for a review of all of GEO's contracts with state and local agencies. GEO spokesman Pablo Paez did not respond to requests for comment yesterday. The Delaware County Board of Prison Inspectors, a group of five people who oversee the contract with the jail and appoint the superintendent, agreed in May 2006 to renew GEO's contract for another 19 months. The board members are satisfied with GEO's performance, said Robert M. DiOrio, a Media lawyer who acts as spokesman for the board. "The prison board is always concerned about inmate deaths and very much regrets any death in the prison," DiOrio said. "Just because a family member in a distraught state expresses culpability for a death doesn't necessarily mean at the end of the day that the prison board or GEO is found to be liable." Fredric Hellman, Delaware County medical examiner, said Kallenbach's death initially did not raise any suspicions.. "The initial information I was provided with on Thursday indicated that his death was due to natural disease," he said. But he decided to perform an autopsy on Kallenbach, who often appeared on Howard Stern's radio show, when Kallenbach's mother raised questions about her son's treatment in jail.

April 25, 2008 ***AP*** Kenneth Keith Kallenbach, an actor, comedian and long-running member of Howard Stern's "Wack Pack," has died in custody. He was 39. Kallenbach, who was arrested in March for allegedly trying to lure an underage girl into his car, contracted pneumonia at a prison outside Philadelphia and died Thursday morning at a suburban hospital, his mother, Fay Kallenbach, said Friday. Stern first reported the news on his Sirius Satellite Radio show Thursday. The long-haired Kallenbach, whose goofball antics included attempting to blow smoke from his eyes, made dozens of appearances on Stern's show beginning in 1990. Stern once likened him to MTV's Beavis and Butt-head and wrote in his 1993 book "Private Parts" that Kallenbach was the "ultimate airhead." More recently, Kallenbach, of Boothwyn, Pa., starred in commercials for ESPN's "Monday Night Football" and Stride chewing gum. He also appeared on Jay Leno's "Tonight" show on NBC and had uncredited parts in HBO's "Sex and the City" and the Tom Cruise film "Jerry Maguire." Kallenbach was arrested in Upper Chichester Township, Pa., in mid-March on a charge of attempted child abduction. He had denied any wrongdoing. His mother accused the Delaware County Prison of failing to provide adequate medical care, saying her son, who had cystic fibrosis, called her a few days before his death and begged her to intervene. "They weren't treating him properly for his disease and this is how he contracted pneumonia," Fay Kallenbach said. Pneumonia is a complication of cystic fibrosis. Pablo Paez, spokesman for GEO Group Inc., the Florida-based company that runs the prison, declined to respond to Fay Kallenbach's allegation, citing privacy laws. He said Kallenbach had been housed at the prison since March 27, and was taken to Riddle Memorial Hospital near Media, Pa., on Monday. "We provide appropriate care for all the inmates at the facility," Paez said.

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January 31, 2008 *AP* Court rulings prohibit routine strip searches of minor offenders, but a privately run prison conducts them on all new inmates, a lawsuit charged. The potential class-action suit, filed in federal court this week against The Geo Group, involves a drunk-driving suspect who was strip-searched at a county prison the firm manages near Philadelphia. "It's humiliating," lead plaintiff Stephen D. Bussy, 53, said Thursday. Bussy, a home-health worker and college graduate from Media, said he was strip searched during intake last summer at the Delaware County Prison. A second full-body search occurred during his four-month stay — he was unable to post bail — in a shower littered with feces, the lawsuit states. The Geo Group, previously known as Wackenhut Corrections Corp., does not comment on pending litigation, spokesman Pablo Paez said Thursday. The company, with 2006 revenues of $860 million, manages 49 corrections and immigration facilities in the United States, many of them in Texas and California. The firm, based in Boca Raton, Fla., also operates a half-dozen sites overseas. Bussy's lawyers are seeking to have his lawsuit apply to possibly thousands of minor offenders who were stripped-searched at a Geo Group-run prisons nationwide, but a judge must first grant class-action status. More than a decade ago, a group of women protesting a pigeon shoot were arrested and strip-searched in the Schuylkill County jail. The case led to a precedential ruling in 1993 in which U.S. District Judge Franklin Van Antwerpen wrote: "The feelings of humiliation and degradation associated with being forced to expose one's nude body to strangers for visual inspection is beyond dispute." Other federal courts, including the Supreme Court, have issued similar guidelines. Authorities must have reason to think a minor offender is hiding drugs or other contraband to search them, civil rights lawyer say. This week's complaint mirrors similar class-action suits filed around the country against government agencies. Authorities in Camden County, N.J., last year agreed to pay $7.5 million to settle suit over prison strip searches conducted between 2003 and 2005, while other suits are pending in Philadelphia and Lancaster. "The rule appears to be at this point, you can't have a blanket policy," said David Rudovsky, a University of Pennsylvania law professor who represents Bussy. "You would think that prison officials would be aware of it and would be careful."

January 31, 2008 *Philadelphia Inquirer* A team of lawyers with a record of winning class-action cases across the country today hit the Delaware County prison and others across the country, alleging that thousands of people were illegally strip- searched for minor offenses. The federal lawsuit was filed against the Geo Group Inc., a Florida company that runs the jail in Delaware County and numerous other states. The suit listed a single plaintiff: Stephen Dimitri Bussy, 53, a home health-care worker in Media who was strip-searched after a drunken driving arrest last year. Bussy represents a class of people nationwide who were allegedly victimized by strip-searches for minor offenses in Geo Group jails, the suit says. The suit lists damages at $5 million, but lawyers say that is considered to be a baseline figure for that type of class-action suit. The Inquirer reported last month that three guards from Delaware County's George W. Hill Correctional Facility said all prisoners entering the facility were strip-searched - including people held for minor violations, such as failing to make child support payments or those held because they could not pay outstanding traffic tickets. The suit cited that Inquirer series and mentioned the three guards' statements. Other jails and police lockups across the state also followed the same strip-search practices, The Inquirer reported. Since the series, legislators have called for improved police training and some cities have already changed their policies. Federal judges across the nation have ruled that blanket strip-search policies for people arrested for minor crimes violate the U.S. Constitution's protection from "unreasonable" search and

seizure. Bussy, a University of Massachusetts graduate was arrested by Media police on July 31, 2001, on charges of drunken driving, public drunkenness and criminal trespass. The suit says Bussy could not post the required $500 bail and was taken to the county jail, in Thornton, where he was strip-searched, the suit said. "In connection with the strip search, plaintiff was required to completely disrobe and lift his testicles. Plaintiff's anal cavity was also visually inspected by a correction officer," it said. Only Geo Group, which operates dozens of prisons across the nation, was named in the lawsuit, although the suit listed "John Does 1-100" as possible other people to be include in the future. Officials from Geo Group could not immediately be reached for comment. In past interviews, Geo spokesman Pablo Paez has declined to discuss the corporation's policy on strip-searches. Some of the lawyers filing the suit have been working with a group of attorneys that won a $7.5 million settlement from Camden County for allegedly strip-searching thousands of people illegally in its prison. Two of the lawyers, Christopher G. Hayes and Daniel C. Levin, also sued the Philadelphia Corrections Department, seeking $15 million for allegedly conducting more than 20,000 illegal searches. That suit is pending. Two other lawyers involved in the new suit, Philadelphia's David Rudovsky and Joseph G. Sauder, of Haverford, currently are involved in a class-action suit against the Lancaster County prison for allegedly conducting thousands of illegal searches there. "What's interesting against this one, we are suing Geo Corporation," Rudovsky said in an interview after the suit was filed in U.S. District Court in Philadelphia. "We've defined the class of inmates who are in county or municipal jails. So it's a national class-action suit that we're seeking." The lawyers are seeking class-action status for the suit.

December 1, 2007 ***Philadelphia Daily News*** The warden at Delaware County's prison was fired yesterday, but the multinational corrections company that runs the tax-funded facility won't say why. Warden Ronald Nardolillo was "reassigned" from the George W. Hill Correctional Facility and left the prison grounds at about 11 a.m., according to John Reilly, who, as acting superintendent, oversees the GEO Group's performance there on behalf of the county. "My hope is they are doing all that is necessary to determine what happened and how it can be prevented from happening again," Reilly said of Nardolillo's dismissal. "He didn't go gracefully," one prison guard, who asked not to be identified, said of the outgoing warden. The Daily News reported Wednesday that Nardolillo, who earned about $130,000 a year, had been in the county's crosshairs for about 18 months amid frequent complaints from employees about his harsh management style. The relationship between Nardolillo and the county was further strained in recent weeks with the discovery of a racially charged photograph aimed at the prison guards' union chief. A photo of Angelina Blocker, who is black, with a noose around her head was found in a union mailbox, setting off a GEO investigation. County officials called in detectives following what Reilly described as Nardolillo's "clumsy" handling of the situation. "Instead of facing the issue head-on, there are all kinds of games and machinations and denials," Reilly said Tuesday. The source of the photograph has not been determined, he said. GEO spokesman Pablo Paez, citing corporate policy, declined to discuss the photograph or answer questions about why Nardolillo was reassigned or where he is going. The Florida-based company has run the prison since 1995, when county officials decided to privatize the operation as a cost-saving measure. Its board members include state Rep. John Perzel, R-Phila. The arrangement with GEO, which is unique among county prisons in Pennsylvania, has saved the county millions in construction and operating costs and protects the county from most lawsuits filed by inmates and their families. But anti-privatization advocates condemn the practice,

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saying that companies like GEO are ultimately accountable to their stockholders, not the taxpayers. GEO has had its fair share of mishaps over the years in Delaware County - including settling wrongful-death lawsuits, letting inmates walk out because of mis-identification and firing several guards who committed serious crimes of their own. County officials, however, say they are largely satisfied with the company's performance and recently awarded it an $80 million contract extension that runs through 2009.

November 28, 2007 ***Philadelphia Daily News*** The GEO Group, a multinational corrections company, will continue operating Delaware County's prison through 2009 under the terms of an $80 million contract extension announced yesterday. But the warden GEO hired in 2004 to run the tax-funded facility might not make it through the end of the year, according to prison sources. Warden Ronald Nardolillo's $130,000-a-year job is in jeopardy amid a spate of complaints from his staff and county officials who say his dictatorial style is causing frequent problems, the sources said. The George W. Hill Correctional Facility has been run by the Florida-based company since 1995, but Delaware County officials hold the purse strings and have the final say on how it is run. And they want Nardolillo out. "The issue here is a poor management climate, and it stems directly from his deficiencies as a warden," said John Reilly, the acting superintendent and top county official at the prison. "We don't believe we're getting our money's worth from that position," he said. "We're not getting $130,000 worth of effort. He doesn't have $130,000 worth of ability." Formerly Wackenhut Corrections Corp., GEO beat out two rival corrections companies last year to maintain control of the lockup, one of the largest in its international network. County officials who oversee the prison have been dissatisfied with Nardolillo for the past 18 months and recently have been "keeping him off to the side," dealing mostly with his staff, Reilly said. "Not one day goes by that a GEO employee doesn't complain to us about something that was said or done to him or her, or a friend of his or hers, by the warden. It's constant," Reilly said. GEO spokesman Pablo Paez declined to comment yesterday and Nardolillo did not return phone calls yesterday or Monday. As Nardolillo, a former New York City police officer, struggles to hold on to his job, GEO is trying to determine the source of a racially charged photograph aimed at the the prison guards' union chief. The picture, placed in a union mailbox several weeks ago, shows a noose drawn around the head of Angela Blocker, who is black. Reilly said the incident is evidence of continued mismanagement on Nardolillo's watch. "It's par for the course. Instead of facing the issue head on, there's all kinds of games and machinations and denials," Reilly said.

September 28, 2007 ***AP*** Prison officials in Delaware County violated workplace discrimination laws when they fired a Muslim nurse who insisted on wearing a head scarf on the job, the Equal Employment Opportunity Commission charged yesterday. The agency charged in a lawsuit that the Geo Group Inc., a private company that operates the county prison in Thornton, refused to make religious accommodations for Carmen Sharpe-Allen and other female Muslim employees. Sharpe-Allen, who had a good performance record, was fired in December 2005 after a meeting with Warden Ronald Nardolillo, the suit said. The prison "has forced its Muslim female employees to compromise their religious beliefs by removing their khimars while on duty or risk termination," according to the federal suit. The prison instituted the ban on head scarves in early 2005, the suit said. Calls to the Florida-based Geo Group and to Nardolillo were not immediately returned.

December 5, 2006 *Philadelphia Enquirer* Higher costs at the state's only privately managed prison are the major contributor to an $11.3 million, or 3.8 percent, increase in Delaware County's proposed 2007 general budget. The George W. Hill Correctional Facility is expected to cost $41.1 million to run in 2007, up $4 million from this year's $37.1 million. Even so, the county would hold the line on taxes by using a $8.8 million surplus from the 2006 budget. Revenue this year will be $7.3 million higher than the $293.4 million budgeted. The jump in prison expenses results from higher management fees paid to the Geo Group Inc., the private manager, and an increase in the number of local inmates incarcerated. That occurred after the prison returned 350 inmates to Philadelphia this year to relieve overcrowding, thereby giving up rental income that had offset the prison's costs since it opened in 1998. The prison has a capacity of 1,851 inmates, according to the Geo Group. "Corrections is the budget item that is straining every budget," said Marianne Grace, the county's executive director.

June 29, 2006 *Philadelphia Inquirer* Guards at the Delaware County jail have extended their labour contract from June 30 to July 17 as their employer, Geo Group Inc., studies their latest demands. The county's George W. Hill Correctional Facility is the only privately operated prison in Pennsylvania. Members of the Delaware County Prison Employees Independent Union have rejected two earlier company offers by lopsided margins. In the latest vote, on June 20, the margin was 101 members against ratification to 58 for it. "We expect a positive response from the company," union president Mike Pelleriti said. A Geo spokesman declined to comment.

June 21, 2006 *Delco Times* Delaware County prison guards voted down a second contract proposal on Monday and authorized a strike by a nearly 2-1 margin. The new contract garnered more support than one that was rejected last month, 183-11, but union members remain dissatisfied with wages, overtime restrictions and perhaps other issues, said Michael Pelleriti, president of the Delaware County Prison Employees Independent Union. "There are some people that feel the wages are not sufficient at this point," Pelleriti said. The union, which represents about 300 guards at the George W. Hill Correctional Facility in Concord, voted against the contract 101-58, despite the fact that GEO Group Inc. had dropped vacation restrictions and reinstated "shift splitting," in which guards divvy up their mandated overtime. Pelleriti said wages also had been improved over the first proposal, but declined to specify by how much. The current starting hourly wage is $11.24, with an increase to $13.40 after 90 days. "Right now, the wages are still a little low," compared to what other corrections officers are making nationally and across the tri-state area, Pelleriti said. "Some of the members see that and they want to catch up to everyone else." In addition to increased wages, the guards want time-and-a-half for working more than eight hours, instead of only receiving overtime pay when they work a double shift or more than 40 hours a week. Pelleriti said there could be other areas of discontent that have not yet been relayed to the union leadership. "We still have our feelers out and are trying to pinpoint exactly where the problems are," he said. A vote against the contract was a vote to authorize a strike -- something the union could not legally do prior to 1996 when the county ran the prison and the guards were government employees. As GEO employees, the guards have the right to walk out. Last month, GEO secured a new $58 million county contract to operate the prison through 2007. The contract will boost GEO's revenue by at least 10 percent in the first year. Some union members feel their pay should increase accordingly, according to one guard who voted against the contract. "They got $58 million,"

Information collected from the internet for this report

said the guard, who declined to be identified. "The personnel that are part of the union want some of that money." While a strike has been authorized, Pelleriti said the union intended to continue talking with the Florida-based company and considers a strike to be the "last resort." "We're more than willing to go back to the table and try to iron out the differences," he said. A GEO spokesman did not respond Monday to a request for comment and has previously said the company would have no public comment until an agreement is reached. The guards are currently working under an extension to the labour contract that was ratified in 2003 after three votes by the union membership. The new three-year contract would be retroactive to June 1 and run through May 2009. The county Board of Prison Inspectors, which contracts with GEO and monitors its performance at the prison, has remained neutral during the labour negotiations. If a strike were to occur, however, the prison board "certainly would support GEO," said board Solicitor Robert DiOrio. "Because they're employees of a private company, they would have the right to strike, but then there are public safety issues that would have to be addressed," DiOrio said. "The personal rights of the employees would not be able to trump the public safety, in my opinion."

NOVEMBER 2001

10 UNITED KINGDOM

SODEXHO SET TO EXPAND UK Detention Services Ltd (UKDS) has been chosen by the prison service as preferred bidder for a new 450 place women's prison at Ashford, south east England and joint preferred bidder with Premier Custodial Group Ltd for the 840 place men and women's facility at Peterborough in Cambridgeshire.

Both prisons will be Category B and privately financed, designed, built and run. Negotiations will continue before final contract announcements about both prisons are made. Ashford is expected to open in July 2003 and Peterborough in 2004. According to the prison service, the Ashford contract is worth about £43m in capital project costs and £213 million overall. Neither UKDS nor Premier has experience of working with women prisoners in the UK.

Failed bidders were Group 4 for Ashford and Peterborough and Citadel (a consortium comprising Securicor, WS Atkins, Skanska, Costain and BNP Paribas) also for Ashford. Securicor, Skanska and Costain are involved in Parc prison at Bridgend in Wales. In making the announcement on 5 November 2001, the director general of the prison service, Martin Narey, said: "These awards will provide modern prisons quickly and at a cost that represents good value for money for the taxpayer. They will help to relieve the pressure on existing prisons in the London and Eastern areas and provide much needed additional places, particularly for women."

PRIVATE MONEY GO ROUND A round up of some of the most recently filed accounts of British companies operating prisons, prisoner escort services, electronic monitoring and immigration detention centres. NB: Not all companies are listed here.

- **Premier Custodial Group Ltd**, the UK's largest private prison service operator, had a pre-tax profit of £12.4m for the period 28 September 1999 to 31 December 2000.

Revenues were £160.9m. The group had an average of 2,851 employees during the period. The directors reported that they were "optimistic about the long term prospects for Group continued growth," pursuing custodial services opportunities in the UK and the supply of electronic monitoring equipment around the world.

The following UK companies are owned by Premier Custodial Group Ltd (itself owned 50 per cent each by Wackenhut Corrections Corporation and Serco PLC):

- Premier Prison Services Ltd - provides custodial management services to the Home Office
- Premier Training Services Ltd - manages Hassockfield Secure Training Centre
- Premier Geografix Ltd - manufactures and leases electronic tagging equipment
- Premier Monitoring Services Ltd - electronic monitoring services to the Home Office Premier Custodial Investments Ltd - holding company
- Lowdham Grange Prison Services Ltd - design, construction, management and finance of HMP Lowdham Grange
- Pucklechurch Custodial (Holdings) Ltd - holding company
- Pucklechurch Custodial Services Ltd - design, construction, management and finance of HMP & YOI Ashfield
- Medomsley Holdings Ltd - holding company
- Medomsley Training Services Ltd - design, construction, management and finance of Hassockfield Secure Training Centre
- Moreton Prison (Holdings) Ltd - holding company
- Moreton Prison Services Ltd - design, construction, management and finance of HMP Dovegate
- Kilmarnock Prison (Holdings) Ltd - holding company
- Kilmarnock Prison Services Ltd - design, construction, management and finance of HMP Kilmarnock
- Ashford Prison Services Ltd - non trading company formed in connection with bid for new prison contract
- Cambridgeshire Custodial Services Ltd - non trading company formed in connection with bid for new prison contract

■ **Wackenhut (UK) Ltd**, which used to run the prison industries at HMP Coldingley, manages Tinsley House immigration detention centre. The company's revenues for the year ended 31 December 2000 were £22.56m (£13.05m in 1999) and pre tax profit was £0.76m (£0.16m in 1999).

The company is owned by The Wackenhut Corporation in the US, which also owns 57 per cent of Wackenhut Corrections Corporation.

■ **Group 4 Prison Services Ltd** is involved in the design and operation of remand centres, prisons and similar institutions and the provision of associated security services. For the year ended 31 December 2000 the company made a pre-tax profit of £2.68m (£1.96m in 1999) on revenues of £27.25m (£28.05m in 1999). The company paid a dividend of £1.2m (£0.7m in 1999).

Information collected from the internet for this report

- **Group 4 Carillion (Fazakerley) Ltd** managed to pay dividends of £3.8m to shareholders during the year ended 31 December 2000. Revenues were £21.48m (£19.46m in 1999) and pre tax profit was £4.94m (£5.02m in 1999). The company is the holding company for Fazakerley Prison Services Ltd (FPSL) which has a 28 year contract for the finance, design, construction and management of HMP Altcourse in Liverpool.
- **Rebound ECD Ltd** is a subsidiary of Group 4 Falck and the management subcontractor for the two secure training centres, Medway and Rainsbrook, which are run by ECD (Cookham Wood) Ltd and ECD (Onley) Ltd. Turnover for the year ended 31 December 2000 was £8.66m (£6.89m in 1999). The company made a pre tax loss of £253,000 compared to a pre tax loss of £1.7m in 1999.

The company participates in two joint ventures, Education Care and Discipline Ltd and Education Care Discipline Three Ltd with Carillion Private Finance Ltd in relation to the design, construct, manage and finance contracts for Medway and Rainsbrook. The shares in these companies are held by Prison and Court Services Ltd.

- **Group 4 Falck Global Solutions UK Ltd (formerly known as Group 4 Management Services Ltd)** manages outsourced contracts including facilities management, maintenance and other services in partnership with other third party service providers and develops new contractual service opportunities. In October 2000, the company acquired the immigration detention centre trade and assets from Group 4 Total Security Ltd.

Revenues for the year ended 31 December 2000 were £10.9m and the company made a pre-tax loss of £232,000.

- **UK Detention Services Ltd** (UKDS) operates and manages prisons but also tenders for contracts for the design, construction, management and financing of other similar projects. During the financial year ended 31 December 2000 the company continued to run HM Prison Blakenhurst, held the contract to finance, design build and run HM Prison Forest bank and was awarded a contract to manage the Harmondsworth immigration detention centre at Heathrow Airport. For the financial year, the company made a pre-tax profit of £1.89m (££0.75m in 1999) on revenues of £23.12m (£11.91 in 1999).

The average monthly number of prison officers employed by UKDS was 542 compared with 271 in 1999. The company also employed 13 management, 81 administrators and 24 maintenance personnel (10, 25 and 12 respectively in 1999). The company paid directors fees and pension contributions of £171,000 (£218,000 in 1999) and also paid £80,000 in fees to Nicholas Hopkins Associates (£77,000 in 1999) for public relations services. Mr Hopkins is a director of UKDS.

During the year Sodexho SA charged the company £96,000 for technical services. Similarly, Corrections Corporation of America Inc. charged £90,188. UKDS passed on £1.38m of costs to Agecroft Prison Management Ltd (APM, see PPRI #40) relating to the start-up of HM Prison Forest Bank. These costs had been incurred on behalf of APM. A note to the company's accounts refers to a provision of £170,000 for legal proceedings which "relates to claims from former employees. Subsequent to the year end, two cases have been settled."

CCA (UK) Ltd and Sodexho SA were the controlling parties in UKDS as each owned 50 per cent of the capital until 13 November 2000 when Sodexho became the 100 per cent owner.

- **Securicor Custodial Services Ltd's** principal activities are prisoner escort, court custody services and prison management operations. The company also has an electronic monitoring contract. The accounts for the year ended 30 September 2000 noted that "concerns regarding the increasing application of performance penalties outside of contract terms and conditions have been resolved, however, there is continuous customer pressure to deliver improving standards of service in all contract areas."

The company's revenues for the year were £36.7m (£36.38m in 1999). Pre tax profit was £238,484 (£1.21m in 1999). The company's highest paid director received £148,695 while the total of directors' remuneration was £673,068 excluding pension contributions.

- **Bridgend Custodial Services Ltd,** a Securicor subsidiary, had revenues of £23.92m for the year ended 30 September 2000 (£22.62m in 1999) and made a pre-tax profit of £0.6m (£1.7m in 1999). The company also paid a £1.6m dividend to shareholders.

During the year, the company paid for services from the following related companies:

- Securicor Custodial Services Ltd £13.12m
- Securicor Security Services Ltd £20,000
- WS Atkins Investments Ltd £10,000
- WS Atkins Planning & Management Consultants Ltd £1,000
- WS Atkins Facilities Management Ltd 315,000
- WS Atkins Consultants Ltd £31,000
- WS Atkins Management Consultants Ltd £43,000
- Skanska BOT AB £10,000
- Costain Engineering & Construction Ltd £130,000

A note to the accounts stated that Securicor Security Services Ltd were to receive additional finance charges of £937,000 in respect of their subordinated loan.

- The cost of bidding for contracts under the private finance initiative (PFI) range typically "from six figures to around £12m for a complex military or large engineering project" according to Keith Clarke, chief executive of construction firm Skanska. However, an interview in the PFI Report, November 2001, did not reveal how the firm recovered its costs.

SCOTLAND'S INSPECTOR SPEAKS OUT As the Scottish Executive moves towards further privatisation Scotland's chief inspector of prisons; Clive Fairweather has publicly stated his position on the issue.

In an interview with the Sunday Herald, 14 October 2001, Mr Fairweather said: "Running a private prison is about making a profit, which is not necessarily the same as running a good prison. Prisons should be about reducing future offending and therefore reducing the number of

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future victims of crime. Anyone who is serious about the correctional or rehabilitation agenda surely has to look where the experience and expertise currently lies - and concentrate on outcomes rather than pure costs."

"It has taken me a long time for me to make up my mind about private prisons in Scotland. The private sector may be currently more suited to containing prisoners in decent conditions where rehabilitating or challenging individuals is less of as priority, such as with remands or petty offenders. Prisons are not just about buildings, locks and keys and prison staff are not just turnkeys. You need experienced professionals ... 91 per cent of staff at Kilmarnock have not worked in a prison before." "Profit-driven private prisons would minimise the number of staff and pay them less. Staff at Kilmarnock has stated they love their jobs, but will not be there in two years time because they cannot afford to stay." "The solution is not dogmatic, or purely financial, but what's best for the public in crime prevention terms," he said.

JANUARY 2002

UKDS WINS ANOTHER UK Detention Services Ltd, a 100 per cent owned subsidiary of Sodexho SA of France, has been selected as preferred bidder for an 840 bed prison at Peterborough, Cambridgeshire. It will be the first in England and Wales to hold men and women. There will be 480 places for men and 360 for women, including a 12 place mother and baby unit. The value of the contract is around £265m, of which £60m will be capital costs. The prison is expected to open in April 2004. The award is the company's second in as many months, having also been chosen in November 2001 as preferred bidder for a women's prison at Ashford, Middlesex. Financing will be provided by Royal Bank Project Investments Ltd and the construction partner is Interserve Project Services Ltd. UKDS already operates HM Prison Forest Bank in North West England. The prison at Peterborough will be the ninth privately financed, designed, built and operated prison for adults in England and Wales. Elsewhere in the UK, Scotland has one such facility with at least two more planned.

GROUP 4 RETAINS CONTRACT Group 4 has retained its contract to manage HM Prison Wolds in North East England. The new contract is worth £45m. The prison service rejected an in-house bid which was said by the director general of the prison service to be "excellent but in value for money terms not quite enough to wrest the contract from Group 4," when he announced the decision on 10 December 2001. The company has managed the prison since it opened in April 1992. Wolds was the first contractually managed prison in England and Wales. Group 4 was penalised a total of £43,856 for contract failures at Wolds between October 1999 and January 2001, according to figures released by the prisons minister in October 2001.

TWO PUBLIC PRISONS THREATENED Two public sector prisons in England have been given six months to improve their performance or face being handed over to private companies. Prisons at Leicester and Reading are two of the oldest in the prison estate, dating from 1825 and 1844 respectively. Ostensibly, Leicester was chosen as a candidate by the director general of the prison service because of high levels of attempted suicides and assaults, a failure of prison staff to engage with prisoners and overcrowding. Reading has delayed the implementation of change, the prisoners have poor disciplinary records, and there is concern over staff attitudes.

However, it is also thought that an unpublished prison service report about the future of the prison estate identified Reading and Leicester as prime sites for sale and redevelopment. The privatisation threat has been criticised by the Prison Officers Association, Prison Governors Association and penal reform organisations. A recent attempt by the prison service to contract out HMP Brixton, also identified as a failing prison, failed to attract a private sector bidder.

PROBATION FACILITIES The National Probation Service for England and Wales is contracting out the facility and estate management of most of its 900 buildings. Contracts of three to five years will be awarded from 2002 onwards. The estate is being split into four regions and the transfer of services phased. The first tranche will include 88 approved hostels. Services to be contracted out include delivery and management of repairs, maintenance, cleaning and technical services. Although probation services are not being included in these contracts the programme is being regarded by critics as a precursor to future privatisation under the private finance initiative, a strategy already underway for new court complexes and police stations.

SCOTLAND: A CRITICAL REPORT "High drug use, a high staff turnover, indications of violence, suspect reporting, a contract system that does little to encourage prisoner welfare, poor accountability to parliament and little opportunity for the government to change its policy once decided make HMP Kilmarnock a bad deal."

This finding about the Premier Custodial Group Ltd-run prison is contained in a recent report on the Scottish Prison Service by the Scottish National Party (SNP) Research Department. The report was also critical of the prison service's privatisation of medical services and social work within the state system. "If privatisation has led to savings - and there is no way of knowing because of the secrecy surrounding it - it has also led to poorer conditions for medical staff and has placed prisoners at risk." *The Scottish Prison Service: an SNP Survey, SNP Research Department, December 2001. Contact: Robert Seaton, email: robert.seaton@scottish.parliament.uk*

- On 29 June 2001, there were 6,388 people in Scotland's prisons. This is a record high. The Scottish Prison Service's projections indicate that, with present policies, number will continue rising to 6,700 in the year 2004/5. In 2000 Scotland was locking up 114 people per 100,000, more per head of population than every EU country apart from Portugal, England and Wales. Some 41 per cent of those imprisoned last year were sentenced for failing to pay a fine. More often than not, they had failed to pay due to poverty, not unwillingness to pay." *Unit Fines: Bringing Justice to Sentencing, SNP Research Department, December 2001.*

PUBLIC-PRIVATE PROGRAMME The department of justice in the Republic of Ireland is expected to rely on public-private partnerships for its new I£311.6m prison redevelopment programme. However, a government spokesperson stated that it is "much too early to say" if the model will extend to the management and/or operation of particular institutions.

MAY 2002

PUBLIC SECTOR MANAGING PREMIER'S ASHFIELD The prison service has taken the unprecedented step of removing the company's prison director and

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installing public sector management at the Premier Prisons-run Ashfield, a prison for young offenders near Bristol, south west England.

The decision was taken on 23 May 2002 because of concerns over the safety of staff and prisoners and anxieties that Premier may lose effective control. Ashfield was privately financed, designed and built and has been run by Premier since the prison opened in November 1999. The facility holds up to 400 sentenced juveniles and young offenders aged between 15 and 21. The director general of the prison service, Martin Narey, took the decision to take over the management on behalf of the secretary of state. Mr Narey said: "I have recently made three unannounced visits to Ashfield after repeated concerns were raised to me by the prison service monitors based at the prison and by senior staff who oversee the juvenile estate. What I found has concerned me greatly and I have decided to act swiftly to bring in a new governor.

"I found that standards of care and control of prisoners were not as high as I would expect them to be. I considered that the prison was unsafe for both staff and the young people detained there and that urgent action was required. I informed Premier Custodial Services of my decision today and I will continue to monitor the situation at Ashfield very closely. My aim is that the prison should be made safe and constructive and that in due course we are able to hand management back to a director appointed by Premier." Section 88 (5) of the Criminal Justice Act 1991 allows the prison service, on the authority of the secretary of state, to intervene to appoint a governor if it is considered that the director of the prison has lost or is likely to lose effective control of the prison. According to the prison service, the management team has been brought in on a temporary basis. No decision has been taken on how long this arrangement will continue. The contract between the prison service and Premier remains in place.

- Ashfield has been plagued with staffing shortages and other problems since it opened. In December 2001 the company was issued with an improvement notice for non-compliance with its contract. According to government figures, Ashfield had the most reported incidents of self harm for the 15-17 year old age group of any juvenile establishment for financial years 2000-2001 and 2001-2002 up to 30 November 2001. In that period there were 177 such incidents at Ashfield compared with 377 at the 19 publicly run facilities combined, *(Hansard, 30 January 2002)*.

As at 10 January 2002, there were 31 staff vacancies at Ashfield, of which 17 were for prisoner custody officers, (Hansard, 14 January 2002). One of the prison service's key performance indicators is to keep the rate of assaults on prisoners, staff and others as a percentage of the prisoner population to below nine per cent. Between April and October 2001, the assault rate at Ashfield was 70.9 per cent *(Hansard, 10 January 2002)*.

PREMIER REDUCES STAFFING AT DONCASTER After managing Doncaster prison in northwest England for five years, in 1999 Premier Prison Services Ltd won a further 10 year contract commencing August 2000. According to the answer to a parliamentary question, staffing at Doncaster immediately prior to the old contract comprised 58 managers; 320 prisoner custody officers; and 256 support staff. At the commencement of the new contract, the number of managers increased by nine to 67; the number of prisoner custody officers decreased by 47;

and the number of support staff increased by 21. The total staffing level reduced by 15, *(Hansard, 14 March 2002)*.

INSURERS DEMAND HIGHER PREMIUMS FOR PRISONS UK Detention Services Ltd (UKDS) has been unable to sign contracts to finance, design, build and operate two prisons in England due to the company's failure to obtain affordable insurance cover. Quoted premiums have either been too high or coverage has been refused outright.

"The insurance companies have done a runner and don't want to insure prisons any more. There is a bit of a problem which we are now wrestling with," said David Kent, head of the prison service's contracts and competition group (CCG). Mr Kent was speaking at a conference on the refinancing of PFI/PPP projects in London on 13May 2002. The CCG is responsible for drawing up and overseeing prison contracts in England and Wales.

UKDS, a subsidiary of French multinational Sodexho, should have signed the contracts in March and April. The prison at Ashford, in south east England, was scheduled to open in July 2003. The prison at Peterborough, Cambridgeshire, was due to open in 2004. The reluctance of the insurance industry to cover new prisons stems partly from the post- 11 September 2001 climate but also because of a fire at Yarls' Wood, a Group 4-run immigration detention centre in Bedfordshire, England, in February 2002. The fire caused £97m of damage, resulting in the facility's closure.

Another incident that might have a bearing occurred on 21 February 2002 when nine detainees escaped from UKDS-run Harmondsworth immigration detention centre near Heathrow airport. The detainees smashed a window, climbed out and used a rope ladder to climb a wire-mesh fence. As a result of the fire at Yarl's Wood, Group 4 has only been able to obtain minimal coverage for two other immigration facilities that it operates for the government. Although Yarl's Wood was not commissioned under the government's controversial private finance initiative (PFI), transferring risk such as insurance cover to the private sector is a central plank of the claimed benefits of PFI. If the insurance industry maintains its stance, the government may have to once again become the insurer of last resort.

The government is the insurer for the first PFI prison contract that was signed in England, with Group 4 for HMP Altcourse in Liverpool, northwest England. However, in six subsequent PFI prison contracts the companies have obtained insurance. Mr Kent stated that a number of government departments have set up a team to discuss with contractors, banks and insurers how to resolve the situation.

SCOTLAND: THREE PRIVATE PRISONS PROPOSED The Scottish Executive is proposing to close Peterhead prison in Aberdeenshire and Low Moss, near Glasgow, and to remodel Barlinnie, on the outskirts of Glasgow, on a smaller scale. The closed prisons would be replaced by three privately financed, designed, built and operated facilities.

Following a review of the prison estate, the Executive issued a consultation document in March 2002 setting out its proposals which focus on providing enough places for the prisoner population - projected to increase from the current 6,300 to 7,200 - and requiring 3,300 new

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prisoner places within ten years; ending the practice of slopping out; and finding the option which represents best value for money. According to the Executive no political decision has been made and there is consultation on the findings until 12 June 2002.

Much of the findings were based on comparative costings commissioned from consultants PricewaterhouseCoopers (PWC). The firm concluded that taxpayers would save £700m over 25 years if the three new 700 bed prisons were privately financed, designed, built and operated rather than built and run by the public sector. PWC also rejected the option of private build/public operate. Despite evidence to the contrary, the Scottish Executive also stated that "there is ample evidence, both from Scotland and elsewhere in the UK, and indeed world-wide, that the private sector can be contracted to deliver safe and effective prisons."

Announcing the proposals, deputy first minister Jim Wallace said: "The difference between the wholly private sector option and the public sector is £700m. No responsible administration can ignore such a difference. We should remember that if were to choose the public sector option, there would be £700m less to spend on other public services."

The proposals have come under fire from members of the Scottish parliament (MSPs) of all parties as well as the Prison Officers Association and the Scottish Trades Union Congress. One Scottish Nationalist MSP, Stewart Stevenson (Banff and Buchan), has tabled over 40 parliamentary questions on issues relating to the estates review. The answer to one question revealed that the operator of HMP Kilmarnock has been financially penalised in five quarters, in performance quarters one, two and three of performance year one and in performance quarters one and two of performance year three.

On 25 April 2002, the Times reported that officials have been told to re-examine the option of having the new prisons financed and built privately but operated by staff working for the Scottish Prison Service. This option was rejected by PricewaterhouseCoopers. *The Scottish Executive's Consultation on the Future of the Scottish Prison Estate; www.scotland.gov.uk/consultation/justice/spec-00.asp*

ACADEMICS CRITICISE GOVERNMENT PLANS

An independent report from Christine Cooper and Phil Taylor of the universities of Strathclyde and Stirling respectively has challenged the findings of the Scottish Executive's estates review. Cooper and Taylor argue that:

- The Scottish Executive is failing to make clear to the Scottish public how these proposals compare internationally. If these proposals for three 700 place private build/private operate prisons are implemented, Scotland will top the world league table for private prisoner places;
- The Scottish Executive has wilfully ignored the profound and long-established ethical, moral and humanitarian case against prison privatisation;
- The PricewaterhouseCoopers (PwC) report which underpins the Scottish Executive's proposals is not an independent report and is based on unsound methodologies;
- The PwC report, whilst failing to consider the fundamental question of rehabilitation, does not even make a successful case for privatisation based on costs alone;

- The experience of Scotland's only private prison (HMP Kilmarnock) fatally undermines the case for privatisation. The HM Chief Inspector's reports have uncovered evidence of serious operating problems caused by the nature of the privatised contract and cost-cutting - under staffing, high staff turnover, inexperienced staff, threats to prisoner and staff safety and security, a failure to challenge offending behaviour and promote rehabilitation;
- The Scottish Executive proposals attack both the integrity of the national SPS service and the Prison Officers Association as they seek to introduce inferior pay and conditions;
- One parent company behind Premier Prison Services (Kilmarnock's operator), Wackenhut Corrections Corporation (WCC), is not 'reputable' as the Scottish Executive claim. WCC has an appalling record in treatment of inmates in its prisons and detention centres and a Wackenhut subsidiary also operates Dungavel Detention Centre where evidence of ill-treatment of asylum seekers who have committed no crime is emerging. Wackenhut also has an appalling record in the detention centres it operates in the United States and Australia.

The authors concluded that the Scottish Executive should not pursue the privatisation option and HMP Kilmarnock should be restored forthwith to the public sector. *Privatised Prisons and Detention Centres in Scotland: An independent report. Contact Phil Taylor, email: philip.taylor@stir.ac.uk or Christine Cooper, email: c.cooper@strath.ac.uk*

THIRD REPORT ON KILMARNOCK PRISON Violent incidents between prisoners at HMP Kilmarnock have almost doubled in the last year according to the latest report by the chief inspector of prisons for Scotland. The prison opened in March 1999 and is run by Kilmarnock Prison Services Ltd, part of Premier Custodial Group Ltd. The chief inspector made an unannounced inspection of the prison on 14 and 15 March 2002, his third in three years.

The prison is designed to hold between 500 and 506 male prisoners but the contract allows for a further 192 prisoner places. As at 14 March 2002, the population was 545. The chief inspector, Clive Fairweather, expressed concerns for the contract between the Scottish prison Service and the company, noting that it had been drawn up five or six years ago and is "output based and influences standards and activities within the prison but, though subject to constant review, its terms ... would seem to be relatively inflexible. In addition, it was drawn up before many of the updated sentence management arrangements, programmes to address offending behaviour and risk assessment were developed in the rest of the prisons estate."

He also noted that the contract is centred on an industrial model which "could start to be at odds with the focus of the rest of the Scottish Prison Service estate which has started to pursue correctional excellence underpinned by the business improvement model. This might leave Kilmarnock lagging behind in the delivery of programmes designed to influence offending behaviour." The chief inspector found that staff attitudes and co-operation with prisoners were "quite excellent." He also noted that staff turnover had been reduced from 32 per cent to 14 per cent in the last year. There was also an "apparent drop" in mandatory drug testing figures from 23 per cent to 15 per cent. However, the significant reduction in the annual rates of positive tests was attributed to "previously inaccurate recordings."

Information collected from the internet for this report

All areas of the prison were relatively clean and conditions for prisoners were decent; the standards for remand prisoner s compared favourably with the best found elsewhere in the SPS estate. His main concerns were "much as in previous inspections" centred around the lack of quality opportunities available for prisoners to address their offending behaviour. The drug strategy was also found to be "somewhat superficial and uncoordinated." Prisoners also criticised the sentence management system, claiming that it was too superficial and lacked a proper action plan. The chief inspector also found that the Personal Officer scheme was not working effectively, largely due to a lack of continuity of staffing on individual wings. "More fundamentally, the requirement to work meant that opportunities to take part in the various programmes were tending to be segmented," he noted. Other findings included:

- the prison was operating 13 staff under complement ... which was adding considerable pressure to an already difficult staffing situation (previously described by those at Kilmarnock as being far from generous;
- there had been a very high turnover of nursing staff from the health centre and existing staff were struggling to deliver what was required; the chief inspector judged that "the pressure on nursing services ... to be serious in the light of what we have seen and heard ...;"
- due to staff shortages and the lack of a specific addictions nurse, no individual work with prisoners is conducted during prescribed detoxification;
- the number of deaths in custody seemed to be on the increase - possibly at a higher rate than elsewhere. There had been five deaths since March 2001 whereas across all SOS establishments throughout the year there had been a total of 16. However, the inspector also noted that many of Kilmarnock's prisoners "will tend to suffer from a wide range of problems on arrival";
- since March 2001 there had been three apparent suicides and a number of attempted suicides but the chief inspector was "told the number of cases of self harm had been reducing (these had been described in a previous report as being as high as 125);"
- custody officers claimed that staffing levels could, at times, be dangerously low, especially in 'A' Wing and at weekends. There had been two assaults on staff and a large number of less serious incidents over the last year. "We sensed generally that staff seemed to be even more concerned about safety than they had been a year ago ... examples were cited where it was impossible to arrange relief cover for toilet breaks, meaning that prisoners were left unsupervised - except by CCTV - during these periods";
- there had been 26 fires in the prison compared with 41 across the whole SPS estate;
- weekly earnings for prisoners had reduced from as much as £45 per week to an average of around £18 per week (the Scottish public sector average is £8); like some other SPS establishments "there appears to be insufficient work to support the number of convicted prisoners";
- given that prisoner custody officers account for a substantial majority of staff within the establishment "it is difficult to see how it can properly respond to the range of challenges presented by prisoners if the staff responsible for their day to day management are not properly trained and developed;"
- staff told the chief inspector that they were concerned about low staffing levels particularly in the event of an incident when there was the potential for a lack of back up;

he was also told that it was impossible to arrange relief cover for toilet breaks and prisoners were left unsupervised except by CCTV during these periods;

- conditions of service for staff were reported as being "poor", with staff speaking about long shifts in the accommodation blocks without appropriate breaks; there was also frustration over industrial relations and little progress was made with management due to the need to comply with the contract.
- in terms of social work, "areas of concern which have been consistently raised since the first inspection still need resolution";
- prisoners described health care provision as atrocious; some complained that induction and sentence management were well behind elsewhere in Scotland; they had little information about the Prisoner Supervision System and certainly did not understand the implications; some commented adversely on staffing levels and the high staff turnover; and there were delays in obtaining basic facilities.

In his report of a formal inspection in March 2000, the chief inspector made 37 recommendations for improvements. In this new report he assessed the progress that had been made. He found that only four of the recommendations had been fully implemented; seven had been partially implemented; but 26 had not been implemented.

The chief inspector concluded that Kilmarnock "continues to provide secure custody and decent conditions for its prisoners. Nevertheless, there is a danger that its regime development could be restricted particularly in areas such as sentence management and addressing drug misuse. In this respect Kilmarnock may not be delivering a holistic correctional programme as is now being pursued in other prisons in the system. If adjustments are not made to those parts of the contract which could be hindering delivery in these areas, there is a danger that Kilmarnock could fall behind." *HMP Kilmarnock, Follow-up inspection - 14/15 March 2002, HM Prisons Inspectorate, Scottish Executive, Room M1/6, Saughton House, Broomhouse Drive, Edinburgh, EH11 3XD, Scotland.*

JUSTICE 1 COMMITTEE HEARINGS The Scottish Parliament's Justice 1 Committee has been holding hearings into the Scottish Executive's proposals for the future of the prison estate. On 30 April 2002 the committee invited Mr Phil Hornsby, general secretary of the Prison Service Union (PSU) to give evidence. His union is considered a moderate union - he doesn't believe that his members should receive wages and conditions comparable with the public sector - and is not affiliated to the Trades Union Congress. The PSU claims to represent some 60-70 per cent of the prisoner custody officers at HMP Kilmarnock. Below is an extract from Mr Hornsby's evidence which refers to staff being low paid, frightened for their safety and working illegal hours?

Maureen Macmillan (deputy convenor): The committee has heard evidence that staff at Kilmarnock have sometimes felt frightened. The chief inspector of prisons reported that, in the past 12 months, the number of incidents of prisoner-on-prisoner violence has almost doubled, which impinges on staff morale, too. Does the level of violence concern your members? Do they think that violence could also be directed at them?

Information collected from the internet for this report

Phil Hornsby: I receive few reports of concerns about the level of violence, but I receive almost daily reports from staff that they are frightened about what might happen because of the very low staffing levels.

Donald Gorrie (Central Scotland) (LD): The chief inspector of prisons' report said that Kilmarnock's drugs strategy was somewhat "superficial and uncoordinated". What do your members feel about the drugs strategy?

Phil Hornsby: They share that view. The staff tell me that there is not enough time to do the job properly, because the number of staff is insufficient.

The Convener: Recently, the press contained a report - I will not quote it verbatim, because I do not have a copy - that a nurse who had worked at Kilmarnock said that a casual attitude was taken to the dispersal of drugs and medication to prison officers. Do you know about that?

Phil Hornsby: Yes. Recently, I became involved in an officer's disciplinary case. A matter that became apparent during that case was the lackadaisical administration of paracetamol. I pointed out to a director of the prison that was a dangerous practice. Paracetamol is a dangerous drug if large quantities are taken at once. There seemed to be a lack of control over the administration of paracetamol.

The Convener: Where was the paracetamol destined? I am trying to follow what you are telling us.

Phil Hornsby: In the circumstance to which I am referring, supplies of paracetamol were available for staff to give to prisoners during the night. That meant that those tablets were just pushed under the door on a piece of paper. The prisoner, therefore, did not have our advantage of being able to read warnings on the bottle about the dangers of paracetamol. In addition to that, there was no control over, or record of, how many tablets had been administered. I found that fact to be particularly disturbing.

The Convener: How has the situation changed?

Phil Hornsby: I am talking about something that has happened in the past two to three weeks. I am not aware of steps having been taken to rectify that matter.

The Convener: That is a matter that we would want to raise because the nurse who complained was disparaged by the private prison service as someone who was just out of sorts - if I can put it that way.

Michael Matheson (Central Scotland) (SNP): On that issue, it is clear that you have experience of private prisons in England. Is the type of procedure that you described common practice? If not, what is the common procedure for the administration of medication?

Phil Hornsby: Yes, I think that that procedure is common practice in private prisons. I do not know why that should be the case.

The Convener: On health, are any of your union members also members of the nursing service part of Kilmarnock prison?

Phil Hornsby: Yes.

The Convener: I am looking at Clive Fairweather's follow-up inspection report of 14 and 15 March, which states:

"The problem of nurse recruitment reflects the national shortage of nursing staff. The inability to replace members of the nursing team with permanent staff has meant that the health care manager has been forced to rely on agency and bank nurses to make up the shortfall in numbers."

The report goes on to say:

"In addition, agency or bank nurses, even when they attend the prison regularly as replacements, cannot provide the continuity which is essential for the proper management of probably the most demanding population of patients with which any primary care medical service is expected to serve."

That sounds like a bad situation. Can you comment on that report?

Phil Hornsby: I could not disagree with the report. The nursing service is a vital part of the prison. However, the nursing staff situation is, in many ways, similar to the experiences that we have had with the general recruitment of staff in Kilmarnock. There are too few staff and they are paid too little. I do not need to tell the committee about the high levels of staff turnover in Kilmarnock since the prison opened. The committee will have those statistics. The situation is getting better and there are all sorts of reasons for that, but there is still higher staff turnover than one would expect for a prison at this stage of its development.

Michael Matheson: I want to move on to staffing levels and pay and conditions. Much has been said in the media about the difference between staffing and pay and conditions in private sector and those in public sector prisons. Can you comment on the difference between the pay and conditions of staff at Kilmarnock and those who do a similar type of job in the public sector?

Phil Hornsby: Yes. The Kilmarnock staff are paid less, particularly now that the SPS has introduced new pay scales for its prison officers. That puts the Kilmarnock staff on ££5,000 or ££6,000 a year less than the public sector equivalents. The paucity of staff at the prison is not just down to the operator of the prison; a lot of it is down to the contractual terms that were approved by the Scottish Prison Service. That is one of the difficulties that we have had with all private prisons in England and Wales, and now Scotland. The message from contracting

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authorities - Her Majesty's Prison Service in England and Wales or the Scottish Prison Service - seems to be, "Do as we say, not as we do." It is they who approve staffing levels.

I complained previously to the English contracting authority about the paucity of staff in the privatised custodial services, and was met with silly responses such as, "It's nothing to do with us - it's the contractor's problem. They contracted to do the job with this many staff, and that's what you've got." That is not good enough. It is an irresponsible attitude and that must be addressed. If it is right, for example, that in a public prison in Scotland there should be 100 prison officers, why should there be only 50 at Kilmarnock prison? It is a ridiculous situation. It is irresponsible of the contracting authority. The ferocity of the tendering system means that every new private prison that comes on stream does so with fewer staff on lower pay, because the wages bill is the big cost in running a prison, and it is the only cost that the operators can address in order to remain competitive. Somewhere, the bubble will burst. We are in a ludicrous situation...

Michael Matheson: How do breaks during the working day and holiday entitlement for staff at Kilmarnock prison compare with those for staff in other prisons?

Phil Hornsby: We have serious problems at Kilmarnock. Very few staff get any breaks at all. There is some confusion about how that situation arose. In his first report on the prison, the chief inspector of prisons noted that the staff asked to spend less time in the prison. I am not sure that was accurate.

At the moment, staff get few or no meal breaks. They might work 13 or 14 hours a day without a break. That matter is being addressed by management. Despite our members saying that they are happy with things as they are, as a trade union we feel that it would be irresponsible of us to lend any further credence to their situation. We have insisted to the prison director that staff be given meal breaks. In fairness to the director, he has devised a new attendance pattern that will produce meal breaks, but it has not yet been implemented, because of staffing shortages.

Michael Matheson: Are you saying that for the past three years the majority of staff at Kilmarnock prison has been unable to take a meal break in the course of what could be a 13-hour shift?

Phil Hornsby: Yes.

Michael Matheson: Why has it taken three years for that issue to be addressed?

Phil Hornsby: I cannot talk about the first year, as my union was not involved with the prison at that time. We have been involved with the prison for about two years. Kilmarnock prison has taken advantage of the availability of an expert on staff attendance systems and has paid a consultant to come in and devise such a system. There are difficulties with the span of the working day and the working time regulations. Kilmarnock prison unlocks prisoners' doors at 7 o'clock in the morning, which is earlier than in most Scottish prisons, and locks them at quarter to 10 at night, which is later than in most of the public prisons. That means that staff is required

to be on duty again only nine hours after they get off duty at 10 o'clock. The law requires them to have 11 hours free of duty. That is an inherent problem with the prison regime.

Michael Matheson: What does the staff do? When do they eat if they are on for 13 hours?

Phil Hornsby: Usually, one of them is sent to the canteen to fetch meals for the others. They usually try to grab something to eat while they are working. The situation is most unsatisfactory but it is now being addressed.

Michael Matheson: After three years.

Phil Hornsby: Yes.

Michael Matheson: You mentioned problems with staffing levels and I note that the chief inspector of prisons, in his most recent report, described staffing levels in one hall as being "dangerously low". It is estimated that staffing levels in private prisons are about 25 per cent below those in public sector prisons. Will you comment on the staffing problems at Kilmarnock?

Phil Hornsby: The situation is no different from that in any of the other private prisons. It is not rocket science to work out that the only way in which a private prison can be made profitable is by paying the staff less or having fewer of them. That is how profits are generated. If you are going to have the same number of staff and pay them the same, there is not much point in operating a private prison.

Michael Matheson: If you agree that Kilmarnock prison is understaffed, what increase do you think would be required to bring the level up to the proper staffing complement?

Phil Hornsby: It would require an increase of around 20 per cent.

Michael Matheson: On staff turnover, you mentioned that there has been a reduction in the rate at Kilmarnock, although previously it had been too high. The rate has reduced to 14 per cent from 32 per cent in the course of a year. Why has there been such a dramatic drop in the rate of staff turnover?

Phil Hornsby: Some of it has to do with the job situation in the local community. I keep reading reports about companies closing down in East Ayrshire. People are more likely to stay in their current job in those circumstances.

Another factor is that there are now a number of staff with three years' experience who are able to lend support to new staff. Kilmarnock recruits from a pool of people who have no previous custodial experience. They know nothing about the job and are surprised to discover that prisoners do not automatically do what they are told by someone wearing a uniform. They can

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find the job much more challenging than they anticipated that it would be but, hitherto, were unable to get support from anyone.

A conspiracy of factors has contributed to the turnover figures coming down.

Michael Matheson: Is there an issue about the training that staff get before they go to work in the halls?

Phil Hornsby: The issue is not so much training. It is difficult to get through to staff how challenging the job is. I am not sure what management could do to improve that, other than have a body of experienced staff to lend support to new members when they join the service.

Michael Matheson: Thank you.

The Convener: I want to return to that line of questioning. I will quote from a response that a prison officer sent me, following the visit that the Justice 2 Committee made to Kilmarnock. The prison officers looked at the report of the visit and made a hand-written response. Will you please comment on the following response to my comment that the visit was stage-managed?

"Staff are being intimidated by Senior Management to a point of bullying. They are on a contracted 45 hr week and rostered on a shift pattern which at the end of an 18 week cycle they owe the prison 36 hrs. They are then ordered in on their rest days. If they refuse, they are put on a disciplinary charge." Is that correct?

Phil Hornsby: That was the case until December of last year when the union said that enough was enough and we would not tolerate that sort of thing. Management was using a system that is known as time off in lieu. The problem was created by a quirk in the system that related to remuneration for additional hours worked. The problem was that people who did additional hours could not get their time off.

The other problem was that the pattern of attendance for staff produced fewer hours than the hours for which they were contracted. Staffs were contracted for a 45-hour week, but the pattern of attendance produced only 43 and a half or 44 hours. Management said that staff owed that hour or hour and a half. It used the system to claw back the time at times that were inconvenient for staff. The result was a system in which staff could not predict time off and that was unacceptable to us. In fairness to the company, it agreed that was the case and the system has now changed.

The Convener: The second point was about staffing levels. I understand that, when the contract for staffing levels was negotiated with the SPS, no account was taken of the fact that prison officers in Scotland escort prisoners to court and so on. Those duties compound the problem of low staffing levels. Is that correct?

Phil Hornsby: I do not know, but at present such duties are an enormous drain on resources. It is one of the problems that contribute to the unpredictability of the staffing levels in the prison. *Justice 1 Committee, see www.scottish.parliament.uk/official_report/cttee/just1.htm*

JUNE/JULY 2002

ESCORT CONTRACTORS FINED Prisoner escort contractors in England and Wales have been fined over £621,000 for performance failures since 1999. Securicor Custodial Services has been fined £500,000; Group 4 Court Services £60,000; Premier Prison Services £36,000; and Reliance Custodial Services £25,000.

In answer to a parliamentary question, prisons minister Hilary Benn said: "Contractors, prisons and the police are all aware of the late deliveries to court and the potential cost to public funds. Each contract is monitored by a team of prison service staff against a series of performance measures. These cover a range of issues including delivery to court. Failures against the performance measures result in the application of penalty points and if these exceed a prescribed total in any single year they result in the application of financial remedy," (Hansard, 1 July 2002).

He added: "The £500,000 in financial remedies imposed upon Securicor related to performance shortfalls during the years 1999-2000 and 2000-2001, when shortages of staff contributed to a number of failures to meet the requirements of the contract, including the timely delivery of prisoners to court. The situation was the subject of a discussion between home office ministers and members of Securicor's senior management, as a result of which an improvement plan was produced by the company. This has now been implemented and there are indications that it is beginning to achieve positive results". A survey carried out by the Criminal Bar Association earlier in the year showed that there were widespread problems with privately run escort services. Lord Justice Judge, the senior presiding judge of England and Wales, told the BBC in June 2002 that delays in producing prisoners from prison to crown court was a "serious, serious issue."

Securicor operates the escort service in London; Reliance operates in South West England and South Wales; Premier is in South and South East England, West Midlands and mid-Wales; Group 4 operates the service in East Anglia, East Midlands, Greater Manchester, Merseyside and North Wales and Northern England

SECURICOR PREFERRED FOR CHILD JAIL CONTRACT Securicor STC Ltd, a subsidiary of Securicor Custodial Services, has been chosen as preferred bidder for a new 80 bed secure training centre at Milton Keynes, Buckinghamshire. The facility will hold persistent offenders - both girls and boys - aged 12 to 17. If contract negotiations are completed the facility is due to open in December 2003. The centre will be financed, designed, built and operated under the private finance initiative (PFI). Securicor's partners are construction firm MJ Gleeson and Noble Fund PFI.

Announcing the decision on 18 July 2002 to appoint Securicor as the preferred bidder, Mark Perfect, chief executive of the Youth Justice Board, stated: "We are confident from Securicor's

Information collected from the internet for this report

proposals that we will be able to achieve a value for money deal which will ensure even better regimes for those young people for whom custody is the only option."

Securicor runs one prison and operates prisoner escort and electronic monitoring services in England. A US subsidiary operates juvenile facilities in the US.

- Rainsbrook secure training centre, operated by Group 4 subsidiary Rebound, has expanded from 40 to 76 beds. Medway, also run by Rebound, is expanding from 40 to 72 beds and the 32 bed unit is due to open in November 2002. The Youth Justice Board is also looking for a site in Nottingham for a 48 bed secure training centre which they would like open by the end of 2004. Other sites are being investigated for a 60-80 bed facility in North West England and 40-60 beds in Wales, both to open by early 2005.

SCOTLAND'S JUSTICE 1 COMMITTEE REPORTS The Scottish Parliament's Justice 1 Committee has dismissed the Executive's proposals for three private prisons. Christine Grahame MSP, the convenor of the Committee said: "We recognise that, for many, the question of private versus public provision of prisons is an ethical matter. Our task, however, has been to consider the prison estates review in its own terms, looking simply at the cost and quality of provision. Our investigation found that the Executive's review was based on inadequate financial and performance information, making accurate comparisons between private and public provision almost impossible. We believe they need to look again at the evidence before making any significant changes to the way in which prisons are run in Scotland."

The Committee found that there had been a "paucity of research" into the option of semi-private prisons and called on the Executive to commission further research. As for Kilmarnock, Scotland's only private prison, the Committee expressed "serious concerns" about low staffing levels and also that "the specification of HMP Kilmarnock is being used as a point of comparison, despite evidence that there is inadequate space for staff in that building."

The Committee also regretted that the review "was undertaken in a vacuum and not in the context of wider penal reform. The committee urges the Executive to implement improved penal policies by providing adequate resources and leadership to schemes aimed at reducing offending and reoffending where appropriate and to establish a full range of effective community disposals across the country. The Committee would need more evidence before being convinced of the need for three new prisons." The issue of the Scottish Prison Service's (SPS) monopoly "over decades" was also discussed. The Committee called into question the quality of operational leadership and management of public sector prisons and whether there is an appropriate accountability mechanism." The Committee called for the Executive "to inform it [the Committee] of what steps the management of the SPS is taking to improve efficiency." *The Scottish Parliament, Justice 1 Committee, 6th Report, 2002, Report on the Prison Estates Review, Volume 1: Report and Volume 2: Evidence, SP Paper 612, Session 1 (2002).www.scottish.parliament.uk/official_report/cttee/just1-02/j1r02-06-vol01-02.htm*

KILMARNOCK: HIDDEN COSTS? Almost 70 percent of the profits made by Kilmarnock Prison Services Ltd (KPSL), a subsidiary of Premier Custodial Group - the operator

of Kilmarnock Prison, allegedly came from hidden subsidies handed out by the Scottish Executive, according to John Swinney, leader of the Scottish Nationalist Party (SNP).

In the last two years (2000-2001, 2001-2002) the Scottish Executive has paid £413,689 in non-domestic rates (municipal taxes) for the prison and £277,000 for the cost of the prison service controller and two other staff. Over the same period HMP Kilmarnock's profits - which were detailed in a letter from Elaine Bailey, managing director of Premier Custodial Group Ltd. to the Justice 1 Committee - were £321,000 in 2000 and an estimated £700,000 in 2001.

Neither of the costs appeared in figures previously quoted by the Executive as the annual payment made for the use of Kilmarnock. Nor was the payment of rates included in a recent parliamentary answer given by minister of justice Jim Wallace when asked to detail any additional costs borne by the Executive. Mr Swinney said: "Kilmarnock is the Executive's flagship private prison and is the model for their plans to privatise more of our jails. They are so obsessed with privatisation that they have been subsidising a private company's profits to the tune of nearly three quarters of a million pounds simply to make it look more economic. The truth is that we cannot trust a word the Executive says. The costing for their privatisation plan have been exposed as fantasy and now we have the clearest example yet of profit being put before people." The SNP has called for an inquiry.

KILMARNOCK'S PENALTIES Kilmarnock Prison Services Ltd has been fined £455,757 for contract failures in 1999-2000 and a further £178,671 for 2001-2002, according to the chief executive of the Scottish Prison Service. The figures were revealed in an answer to a parliamentary question on 1 May 2002.

AUGUST/SEPTEMBER 2002

SCOTTISH PRISON FIGURES REVEAL POOR PERFORMANCE Premier Prison Services-run Kilmarnock prison has the worst disciplinary record of all Scotland's local prisons. Official figures reveal that the number of disciplinary offences increased from 2,685 in 1999/2000 to 3,634 in 2001/02, a rise of 35 per cent over the three year period. Over the same period the prison had the most prisoners with unauthorised absences from, or presence in, any part of the establishment. The number rose from 172 in 1999/2000 to 1,745 in 2001/02. There were seven and a half times more such cases at Kilmarnock than at all the other local prisons combined.

In 2000/01 and 2001/02 /Kilmarnock outstripped other prisons in the number of prisoners caught in possession of unauthorised articles and had the most incidents of arson with 24 in 2001/02. Meanwhile, at 142, Kilmarnock also had the most incidents of property damage in 2001/02. However, the justice minister maintains that Kilmarnock sets a fine example to other prisons and his deputy argues that the data is being misinterpreted.

10.1.1.1 DISCIPLINARY OFFENCES AT SCOTLAND'S PRISONS 1999-2002

Total Offences

Information collected from the internet for this report

Prison	1999-2000	2000-01	2001-02	% increase 1999-2002
Barlinnie	1511	1509	1738	15%
Aberdeen	1020	1017	921	-10%
Edinburgh	1245	1154	1262	1%
Glenochil 1	2238	1381	1695	-32%
Glenochil 2	929	859	650	-42%
Greenock	410	741	524	28%
Inverness	322	328	316	-2%
Perth	1682	1669	2159	28%
Kilmarnock	2685	3499	3634	35%

The increase comes largely from the items set out in the tables below:

Unauthorised absence from or presence in any part of the establishment

Prison	1999-2000	2000-01	2001-02
Barlinnie	18	11	13
Aberdeen	30	32	22
Edinburgh	39	44	26
Glenochil 1	6	1	3
Glenochil 2	15	18	22
Greenock	4	2	7
Inverness	1	1	0
Perth	125	63	108
Kilmarnock	172	1370	1545

Possession of an unauthorised article or quantity of an article

Prison	1999-2000	2000-01	2001-02
Barlinnie	109	149	111
Aberdeen	111	86	66
Edinburgh	143	139	218
Glenochil 1	72	32	38
Glenochil 2	40	29	28
Greenock	162	162	121
Inverness	35	46	50
Perth	116	89	102
Kilmarnock	134	196	273

Arson

Prison	1999-2000	2000-01	2001-02
Barlinnie	3	5	10
Aberdeen	7	0	8
Edinburgh	7	5	8
Glenochil 1	6	6	3

Glenochil 2	12	6	4
Greenock	0	3	3
Inverness	1	1	1
Perth	13	3	11
Kilmarnock	12	7	24

Possession of an unauthorised article or quantity of an article

Prison	1999-2000	2000-01	2001-02
Barlinnie	109	149	111
Aberdeen	111	86	66
Edinburgh	143	139	218
Glenochil 1	72	32	38
Glenochil 2	40	29	28
Greenock	162	162	121
Inverness	35	46	50
Perth	116	89	102
Kilmarnock	134	196	273

Destroys or damages property

Prison	1999-2000	2000-01	2001-02
Barlinnie	77	78	50
Aberdeen	85	40	37
Edinburgh	164	134	107
Glenochil 1	86	69	45
Glenochil 2	128	65	78
Greenock	32	32	29
Inverness	44	40	49
Perth	95	69	62
Kilmarnock	118	82	142

Source: Scottish Parliamentary Reference Centre Document, bib. no. 23024.

Note: Glenlochil 2 denotes the Young Offenders Institution.

SCOTLAND'S SECOND PRIVATE PRISON A new private prison is to be commissioned for the central belt of Scotland to cope with the increasing number of remand prisoners. The decision by the justice minister flies in the face of the findings of the Justice 1 Committee and the record of Scotland's first private prison, Kilmarnock. However, the minister has challenged the Scottish Prison Service to compete for the contract for a second new prison. The minister said: "I want the Scottish Prison Service (SPS) and the trades unions to show that they have the chance to bridge the gap between the private and the public sector on competitiveness. If they can produce for me a robust and credible plan for the second new prison, one which is competitive, offers value for money and delivers the places we need on time, I am prepared to take that project forward in the public sector or as a privately-built, publicly-operated prison." He also announced a £110 million programme over the next three years to upgrade

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existing public prisons. Overall, the plans will create 1,100 new or refurbished prison places in the public sector, 700 new places in the private sector and a further 700 at the second prison.

PRIVATE ABSENCES ARE SECRET In a parliamentary question Andrew Turner MP asked the home secretary for the level of staff absence through short term and long term sickness in each prison in England and Wales, broken down by category, in the last 12 months for which information is available. While figures for the publicly run prisons were made available for financial year 2001-2002, prisons minister Hilary Benn replied that "information about privately managed prisons is not available as it is commercial in confidence" (Hansard, 23 July 2002).

PREMIER'S ASHFIELD CRITICISED AGAIN As the prison service continues to manage the privately financed, designed, built and - until 23 May 2002 - operated young offenders institution in south west England, the Howard League for Penal Reform has produced a critical report on the facility. Based on visits in October 2001 and May 2002 and interviews with ten boys who had recently been released from the facility, the organisation noted:

- the lack of staffing;
- high staff turnover;
- an unsafe environment;
- the lack of training and experience amongst staff group;
- there is no personal officer scheme;
- no offending behaviour courses;
- insufficient places in education and training;
- poor reception facilities.

In a statement accompanying publication of the report, the Howard League accused the operator, Premier Prisons, of "putting profit before the welfare and safety of young people". The organisation claims that the inability to recruit and retain staff because of the poor pay and conditions is at the root of Ashfield's problems. Wing officers at Ashfield start on £15,250 rising to £16,250 whereas officers in public sector jails start on £17,129 increasing to a maximum of £24,497. The Howard League also noted that the resources which local authority secure units have at their disposal vastly outstrip those available to the prison service and stated that the report was a criticism of "a system which allows such inequalities to exist." *Children in Prison, provision and practice at Ashfield, Howard League for Penal Reform, August 2002.*

- The number of assaults on staff, prisoners and others expressed as a proportion of the population at Ashfield was 74.1 per cent for the year 2001/2, according to the Prison Service Annual Report and Accounts. The 279 assaults recorded meant that Ashfield had the worst record of the four male juvenile prisons. The prison service spent £14.43 million on Ashfield during the year at a cost per prisoner place of £35,447 and cost per prisoner of £38,318.

SODEXHO'S ACCOUNTING DISASTER Shares in Sodexho Alliance, whose subsidiary UK Detention Services Ltd runs prisons and immigration detention centres in England, plunged 30 per cent on the Paris stock market on 19 September 2002. This was caused

by what the company described as "serious errors of management as well as accounting anomalies" in the UK which will lead to £20 million less profit for the company's financial year ended 31 August 2002.

Sodexho has dismissed senior executives from its UK food services and management businesses and criticised its UK auditors PriceWaterhouse Coopers alleging that they "haven't been sufficiently vigilant." The accounting anomalies were discovered at another UK subsidiary, Sodexho Land Technology. "Fiscal year 2002 in the UK will be seen as an accident in Sodexho's development. It has set our long term objectives back by one year," stated the company. Sodexho's financial results for 2002 will be released after the company's board meeting on 13 November 2002.

MONEY GO ROUND Accounts for eight months ended 31 August 2001 - the most recent published in the UK - show that UK Detention Services Ltd (UKDS) had revenues of £17.96 million (£23.1m for the full year 2000) and made a loss of £241,300 (profit of £1.28m for the year 2000). The directors noted that the company's contracts for Blakenhurst and Forest Bank prisons performed satisfactorily although the contract for Blakenhurst ended on 18 August 2001 and was not renewed. UKDS also incurred start up costs associated with Harmondsworth immigration detention centre that opened after the accounting period on 27 September 2001. The company "continues to incur costs associated with the tendering for contracts to manage additional prisons and immigration centres." The company had accrued a tax credit of £5,558.

Directors' fees for the period amounted to £260,858 and, on average; the company employed 15 management staff, 671 prison/detention officers, 83 administrators and 27 maintenance staff. The company had made a provision of £170,000 relating to a claim brought by a former employee but the accounts noted that the case had been settled satisfactorily after the accounting period.

During the period the company had financial transactions with Agecroft Prison Management Ltd (in respect of Forest Bank) and Harmondsworth Detention Services Ltd. The company's immediate parent, Sodexho Alliance SA, has a 50 per cent and 51 per cent equity share interest in the companies respectively. Under the detention centre contract for Forest Bank, UKDS received £7.98 million. UKDS also received £632,250 from Harmondsworth Detention Services Ltd for liquidated damages arising from the delay in completing the construction of the facility.

- Securicor Custodial Services Ltd delivered a £5 million dividend for its shareholders for the year ended 30 September 2001. The company, which provides prisoner escort, court custody and prison management services, had revenues of £39.13 million (£36.71 in 2000) and a pre-tax profit of £3.69 million (£238,484 in 2000). The company earned £3 million in investment income. After paying the dividend the company made a loss of £1.61 million.

During the year the average weekly number of people employed (including directors) was 55 office and management and 1,441 operational. Directors received a total of £602,273 including pension contributions and benefits in kind. The highest paid director earned £136,631. The

Information collected from the internet for this report

company is ultimately owned by Securicor plc. Securicor Custodial Services Ltd owns 40 per cent of the shares of Bridgend Custodial Services Ltd, the operator of Parc prison.

OCTOBER 2002

PREMIER'S FINANCIAL LOSS FOR ASHFIELD FAILURES Premier Custodial Group is likely to be fined in excess of £250,000 for the prison service's use of emergency powers to take over management of the Ashfield young offenders institution near Bristol, south west England in May 2002.

So far the company has been penalised £50,000 for the government having to use S. 88 of the Criminal Justice Act 1991 after the director general of the prison service deemed operations at Ashfield to be a threat to the safety of prisoners and staff. Premier removed its prison director and a public sector prison governor was brought in.

A spokesperson for the prison service stated that the figure of £50,000 is likely to rise "in excess of £250,000" although the final figure has not been quantified and will be subject to negotiation. However, that penalty forms just one component of the financial loss the company will incur. The prison service also has the right to recover the cost of installing its own management and, as yet, this figure has not been quantified either. In addition, from May 23 when the prison service took over, Premier will only receive revenues for around 200 of the 400 prisoner places that are normally paid for. The amount of this loss in revenues is also not yet quantifiable as it is likely to be some time before the prison is allowed to return to full capacity. The prison service's action was planned to be a temporary measure and, on 14 October 2002, Premier resumed control of the facility. However, on announcing his decision to hand management back to Premier the director general of the prison service, Martin Narey, said: "The prison service and Premier have worked in close partnership during the past five months and Ashfield is now a safer establishment. But there is much more to be done before Ashfield can be described as a good and decent establishment."

Premier has provided the prison service with a comprehensive plan for improvement and has appointed a new director for Ashfield. She is Ms Vicky O'Dea, who is currently the governor of HMP Swansea, a publicly run prison. Ms O'Dea will commence her job on 28 October.

EXPORTING THE PFI (CONTINUED) International Financial Services London (IFSL) is a British organisation that promotes the international activities of UK-based financial institutions and professional business services. As The Economist ,14 September 2002, pointed out, IFSL's Stephen Harris has been busy "last week he was in Switzerland, this week he's hosting the Estonians, next week it's the Mauritians and the Danes. In fact, Mr Harris is talking to over 30 foreign governments. What is he talking about? The private finance initiative (PFI), which he hopes will be Britain's most eyes catching 'invisible' export since privatisation".

As a 2001 IFSL report pointed out "the expertise of UK firms is crucial to the budding international market for public private partnerships." According to its website (www.ifsl.org.uk), the IFSL board includes Lord Levene, vice chairman of Deutsche Bank AG, as well as representatives from the Bank of England, Bank of Scotland, Credit Lyonnais, Goldman Sachs

International and KPMG. Membership includes some 100 financial institutions, law firms and consultants including Abbey National plc, Barclays Bank, HSBC Holdings, JP Morgan, Merrill Lynch International, Morgan Stanley, Prudential plc, Reuters Ltd, NM Rothschild & Sons, Royal Bank of Scotland, Standard Chartered Bank and UBS Warburg.

NOVEMBER 2002

WACKENHUT ACQUISITION APPROVED The government has approved Group 4 Falck's acquisition of The Wackenhut Corporation which has brought together the two largest private prison services operators in the UK. Between them the companies operate seven of the nine contracts for private prisons and seven of the nine prisoner escort contracts. The competition commission concluded that competition in six markets - five of those relating to custodial services - "may not be expected to operate against the public interest."

The commission's report was published by the competition minister on 22 October 2002. As well as the UK markets for manned guarding, alarm and CCTV installation and monitoring and aviation security the custodial markets examined were: the provision of services to design, construct, manage and finance (DCMF) prisons; management only (MO) services for prisons; management only services for immigration detention centres; DCMF services for secure training centres; and the provision of prisoner and immigrant detainee transport.

Several issues persuaded the commission to arrive at their decision: in particular, Group 4's stated intention to dispose of Wackenhut Corrections Corporation (WCC), " a sale [of WCC] either to Serco or to a third party should eliminate the concerns expressed by competitors relating to the connection between Group 4 Falck and Premier" ; the legal framework drawn up under Florida state law which separates the custodial services operations of WCC and Group 4; and commercial factors which determine the ability of Premier and Group 4 to compete led the commission "to conclude that Premier was an independent competitor in the relevant markets and would have the necessary resources to compete effectively." The commission was "unanimous" in concluding that there were no competition concerns in respect of the markets for DCMF prisons, MO contracts for prison services and DCMF contracts for secure training centres. However, in the course of the investigation the commission's evidence included:

- Group 4 "would have preferred not to have acquired The Wackenhut Corporation's (TWC) shareholding in Wackenhut Corrections Corporation (and indirectly WCC's interest in Premier). TWC 's major shareholders were, however, insistent on a clean and comprehensive exit from all their TWC businesses and, when it became clear that this issue was not negotiable, Group 4 reluctantly agreed to acquire TWC's interest in WCC ..."
- The commission asked Group 4 about Serco's rights in respect of its 50 per cent interest in the Premier joint venture. Group 4 stated that these were "subject to the terms of the confidential joint venture shareholders agreement between Serco and WCC which neither Group 4 nor The Wackenhut Corporation had seen. Group 4 was not in a position to protect Serco's commercial interests and did not regard itself as having any responsibility to do so. Group 4 had reached no agreements with Serco with regard to premier but it had indicated to WCC that Group 4's

Information collected from the internet for this report

representatives on the WCC board would support a sale of WCC's interest in Premier to Serco. However, Group 4 had no control of decision making in WCC since Group 4's representatives were in a minority on the WCC board."

- Divestment of Global Solutions Ltd "could be delivered by Group 4 Falck ... such a remedy would address any possible UK competition concerns because it would restore the pre-merger situation in the markets and remove any overlap between Group 4 Global Solutions Ltd and Premier."
- "Notwithstanding its willingness to entertain the foregoing divestments, Group 4 expressed a preference for behavioural remedies ...in terms of s strengthened safeguards agreement ... enforceable in a UK court would address any competition concerns."
- Serco said that "the merger would substantially reduce or eliminate competition between Group 4 and Premier. It did not believe that the assurances provided by Group 4 and its associates in the 'ring fencing agreement' would be effective ... Serco believed the detriments identified could only be resolved by requiring Group 4 to dispose of WCC's 50 per cent share in Premier. Serco was seeking to acquire WCC's interest in Premier under a right of pre-emption in the 1999 shareholders agreement. WCC disputed the applicability of the right..."
- UK Detention Services Ltd "did not believe that the safeguards agreement would prevent the transfer of information between Group 4 and Premier. It did not believe the merger should be allowed."
- The prison service said that "it had been provided with a number of documents by Group 4, WCC and Premier which sought to reassure it that the businesses ... would be kept separate by the operation of Chinese walls. However, the prison service was concerned that the proposed Chinese walls would not sufficiently protect its interest in maintaining a competitive market ..."
- US firm Cornell Companies Inc. "said that it had expressed an interest in bidding for future projects to HM Prison Service contracts and competition group and the Youth Justice Board and had received responses from both organisations encouraging it to participate in future competitions. Cornell was currently exploring potential business opportunities in other countries but was particularly interested in providing services in the UK ..." Correctional Services Corporation (CSC) said that " ... it would consider bidding on future projects if it felt contracts would be awarded on a competitive basis."

WHAT WAS MISSING The report was riddled with gaps in information justified by commercial confidentiality. A department of trade and industry statement on exclusions which accompanied the report notes: "In accordance with S 83 (3) and (3A) of the Fair Trading Act 1973, the secretary of state has excluded from the copies of the report, as laid before parliament and as published, certain matters, publication of which appears to the secretary of state to be against the public interest, or which he considers would not be in the public interest to disclose and which, in his opinion, would seriously and prejudicially affect certain interests." The gaps in information related mainly to Group 4's proposed disposal of WCC, its possible disposal of its Global Solutions business and references to contract values, revenues and profits, including:

- **para 1.21** We furthermore concluded that the prospect [details omitted] would encourage Premier to win contracts to enhance company values thereby promoting competition within the enlarged G4F group;
- **para 2.74c** details relating to Group 4's proposed sale of WCC to either Serco or a third party;
- **para 2.83** ...Premier told us that it currently had insufficient resources to compete for all contracts that might be offered. On the other hand, we received no conclusive evidence that competitors have any less capacity to compete than companies in the enlarged G4F group [details omitted];
- **para 2.133** details omitted;
- **para 2.134** on the current evidence before us, we have no reason to doubt G4F's intentions over WCC. We further consider may be expected to take place within the next year.
- **para 4.40, table 4.4** Summary of Group 4 Global Solutions Ltd revenues and operating profits 1999 to 2001 figures omitted ;
- **para 4.41** revenue growth between 1999 and 2001 has been most notable in the provision of immigration detention centres per cent growth) and in the provision of inter-prison transport, prisons and secure training centres (growth of, and per cent respectively). Operating profits have risen overall by only, whereas turnover has risen overall by, although increases in operating profits have occurred in the provision of prisons and immigration detention centres;
- **para 4.52, Table 4.6** Wackenhut UK's revenues by service 1999-2001 figures omitted ;
- **para 4.69** Premier's turnover is analysed in Table 4.8. the largest proportion per cent in 2001 of Premier's turnover in the past three years has been generated by the custodial services business, by both management of operations and design/investment;
- **para 4.69, Table 4.8** Premier: revenues by service 1999-2001 figures omitted;
- **para 5.53, table 5.1** Shares of the prison market by firm, contract value £Net Present Value million;
- **para 5.59, Table 5.4** Secure Training Centre market share by firm, contract value £Net Present Value million;
- **para 5.61, Table 5.6** Management Only Immigration Detention Centre market shares and bidding success by firm Contract value (total over years of contract) £million;
- **para 5.63, Table 5.8** Prisoner and detainee transport market, market share and bidding success rates, Contract value £ million per annum;
- **para 6.60** Divestment of GSL could be delivered by G4F. [details omitted] Such a remedy would address any possible UK competition concerns because it would restore the pre-merger situation in the markets and remove any overlap between Group 4 Global Solutions Ltd and Premier." Group 4 Falck A/S and The Wackenhut Corporation, A report on the merger situation, Competition Commission, October 2002.
- A spokesperson for Serco stated that he was still anticipating legal proceedings over the disputes ownership of Premier Custodial Group to commence in December 2002 or January 2003.

Information collected from the internet for this report

- Group 4 Falck's acquisition of Wackenhut drew criticism earlier this year from Bancos, a leading Scandinavian ethical investment group. Bancos has more than 100,000 Nordic clients and an annual turnover of over Dkk 15 billion. It refuses to invest in companies such as Coca-Cola, Walmart and Nike, which it accuses of breaching rules on the environmental and human rights. When Group 4 deal was first announced in March 2002, Bancos advised its Nordic branches to cease investment in Group 4 Falck citing Wackenhut's alleged treatment of prisoners and immigration detainees in the USA and Australia. However, Kirsten Fjord, administrative director of Bancos stated that, following discussions with Group 4, the investment group "is now confident that Group 4 will live up to its human rights responsibilities."

PREMIER SPONSORS SENTENCING CONFERENCE Premier Custodial Group is sponsoring a conference being organised by the Kings College, London-based Centre for Crime and Justice Studies. The £90 per head conference 'Community Sentences - Convincing the Public' takes place in London on 5 December 2002 and includes speakers such as the chief inspector of probation and a home office researcher. The conference is seeking to provide an answer to why sentencers' and the public lack faith in community services. The organisers are hoping to attract probation officers, magistrates, judge's solicitors, voluntary sector organisations, academics, researchers, policy makers and companies involved in electronic tagging.

MONEY IN TAGGING As well as being the UK's leading private prison operator Premier Custodial Group is a major provider of electronic tagging services to the home office. So it cashes in on both ends of the sentencing spectrum. The most recently filed accounts for Premier subsidiaries involved in the tagging business are the for the financial year ended 31 December 2001. Turnover for Premier Geografix, which manufactures and leases electronic tagging equipment, was £5.46 million, up from £5.04 million in 2000. Sales in the UK accounted for £5.43 million with £20,000 coming form elsewhere in Europe and £4,700 from the rest of the world. Pre tax profit was £2.9 million compared with £1.7 million in 2000. The company employed 18 staff. Meanwhile, Premier Monitoring Services, which provides electronic tagging services to the home office electronic monitoring unit, had turnover of £13.07 million compared to £11.69 million in 2000. Pre tax profit was £737,000. Premier Monitoring employed 253 staff.

SCOTLAND: KILMARNOCK DRUGS, PENALTIES There were more incidents of category 'A' drug use at Premier Custodial Group's Kilmarnock prison in the first half of this year than in the whole of the first year of the prison's operation and almost as many as in the whole of the second year. If the present rate continues it will represent a 26 per cent increase over 2001/2002's figures. So far this year Premier has been fined for 74 category 'A' drug finds compared with 58 in 1999/2000; 75 in 2000/2001; and 117 in 2001/2002.

Comparative figures for 1999/2000 and 2000/2001 also reveal that Kilmarnock prisoners had the highest rate of opiate use of all Scottish local prisons. In 1999/2000 14 per cent tested positive in random mandatory drug tests; in 2000/2001 the figure was 20 per cent.

FINANCIAL PENALTIES Meanwhile, the Scottish National Party (SNP) alleges that, due to the way the contract has been drawn up, the company has been saved from being penalised at least £60,000 so far this year. Despite being hampered by commercial confidentiality, which make exact calculations difficult, research carried out by the SNP is based on answers to parliamentary questions and those elements of the contract which are in the public domain.

The contract specifies that financial penalties for contract failures are capped at five per cent of the quarterly fee payable to the company. The contract also specifies a formula for converting points into financial penalties: points for various categories of contract failure for the quarter are totalled. Thereafter, a baseline number of points is deducted. For every remaining point 0.01 per cent of the quarterly payment to the company is deducted.

In the first two quarters of 2002/2003 Kilmarnock incurred 2,368 performance points. Although separate figures are not available for each quarter, if the performance points incurred are spread evenly across the period, there would have been 1,184 in each quarter. The quarterly baseline for this year is 587 points. 1,184 less the baseline of 587 is 597.

Without the cap in each quarter the company could have been fined 5.97 per cent of the quarterly contract price. However, with the five per cent cap in each quarter, the contractor escaped being fined 0.97 per cent of the contract price. Basing its calculations on 2001/2002 when the Scottish Prison Service paid Premier £12.44 million, or £3.11 million per quarter, the SNP calculates that 0.97 per cent of that quarterly figure is £30,181 or £60,363 over two quarters. The SNP assumes that quarterly payments to the company for 2002/2003 will be higher than in 2001/2002.

FIRE ALARM It has also been revealed that the company's contract has no performance measure for the number of fires at the prison. Yet Kilmarnock has had the worst record of all Scottish prisons for arson: there were 24 such incidents in 2001/02 compared to 11 at closest rival the publicly run Perth prison. According to the chief executive of Scottish Prison Service "it was not considered necessary or appropriate to have such a performance measure."

PRISON MEDICAL SERVICE FINED Medacs, the company which took over the provision of general medical practitioner's services to the Scottish Prison Service in November 2000, had been fined a total of £21,650 by September 2002. Although this total amount was revealed, the chief executive officer of the Scottish Prison Service refused to divulge the individual penalties incurred the reasons for the fines and what proportion they represent of the company's total payments under the contract.

On 8 November 2002, in written answers to parliamentary questions from Christine Grahame MSP, Mr Tony Cameron said that: "the cost of the contract in each year is commercially confidential. It is therefore not possible to provide the proportion to that figure of the amounts ..." and that "the ... value of each individual penalty is commercially confidential. The data on performance specification will be made available when the Medacs contract is published in due course following discussion with the company."

Information collected from the internet for this report

- Medacs is part of Corporate Services Group PLC, best known in the UK for its Blue Arrow staff recruitment services. Medacs refers to itself as "one of the UK's leading suppliers of temporary health care professionals. Its clients include many of the UK's largest NHS trusts, public bodies and the private sector." It comprises 25 per cent of CSG's UK sales. In the USA, CSG's staffing services operation has faced such substantial workers' compensation claims, particularly from is operations in California which CSG has had to make a provision of £3 million to cover these. According to a company statement on 12 September 2002, "the settlement of claims and a requirement from our insurers to cash collateralise future claims, resulted in cash outflows of $12 million during the period" [half year ended 30 June 2002].

Three former directors of CSG have been charged with fraudulent trading after the government's Serious Fraud Office investigated accounting irregularities in 1997 and 1998. This took place prior to the new board being appointed in May 1999. The new board includes Lord Norman Blackwell, who was head of the No. 10 [Downing Street] Policy Unit from 1995-1997. He is chairman of the Centre for Policy Studies (CPS) a right wing think tank set up in 1974 by the then prime minister Margaret Thatcher. The CPS claims "a large share of the credit for initiating polices such as privatisation, trade union reform, council house sales, pensions deregulation ....". Lord Blackwell's recent writings include Replacing the NHS Monopoly and Towards Smaller Government.

DEC 2002/JAN 2003

SODEXHO SUBSIDARY SIGNS NEW PRISON CONTRACT The prison service of England and Wales has signed a £231 million contract with Ashford Prison Services Ltd (APSL) for a new 450 bed prison for women at Ashford, west London. The prison, to be known as Shortwood, is due to open in the summer of 2004. APSL is owned by Sodexho of France. UK Detention Services Ltd (UKDS), also a Sodexho subsidiary, will be the operator. Interserve Project Services Ltd will construct the prison. Royal Bank Project Investments Ltd is the finance partner.

The contract is the eighth prison for adults and or young offenders in England and Wales under the private finance initiative (PFI). The contract signing had been delayed due to problems with insuring the facility. UKDS is also the preferred bidder for a contract to finance, design, build and operate an 840 bed (360 for women) prison at Peterborough, Cambridgeshire. This contract has also been held up due to insurance problems but, according to the prisons minister, the prison is expected to open in the summer of 2005.

GLOBAL EXECUTIVE ON BOARD UK Detention Services Ltd's international intentions have been signalled by the appointment of Tony Leech as director, global development. Mr Leech resigned his post as general manager of Western Australia's public prisons in December 2002 and will start with UKDS in February 2003. His role will involve managing the tender process for all UKDS's potential worldwide business. UKDS is owned by Sodexho the owner of AIMS Corporation which manages the Acacia prison and operates the prisoner escort service for the government of Western Australia.

- UKDS has been jointly sponsoring a research project aimed at "developing a generic framework for collecting Whole Life Cost Data". The work is being carried out at the University of Dundee's Construction Management Research Unit. The data will be used to explore the benefits of applying integrated logistics support at the design stage of construction projects. The results will be particularly relevant to "companies wishing to minimise costs in ... public private partnerships and to clients who wish to maximise their returns on capital investment."

CHIEF INSPECTOR REPORTS ON FOREST BANK The chief inspector of prisons noted 10 examples of good practice and made 67 recommendations for improvements at Forest Bank prison following a full announced inspection between 17 and 21 June 2002.

The prison near Salford, northwest England, opened in January 2000 and is run by UK Detention Services Ltd (UKDS), now a subsidiary of Sodexho SA of France. Forest Bank had a population of men and young adults of 1,020 at the time of the inspection.

In a statement accompanying the report's publication in December 2002, the chief inspector, Anne Owers, said: "Forest Bank was a very good local prison. The relationships between staff and prisoners were extremely positive and we found many examples of staff dealing sensitively and appropriately with difficult prisoners. We were concerned about the low staff prisoner ratios on the main wings, but we could find no examples of collusive or unsafe behaviour as a consequence. In view of these levels, and the relative inexperience of staff, we do however commend the director's recent decision to strengthen the management structure and increase staffing levels on the young prisoners' wing. The prison should continually review its staffing profiles, to ensure that staffs have the time to engage proactively with prisoners, and build on the positive relationships that exist."

The Inspectorate also found that association and exercise were regular and prioritised so that, unlike in many local prisons, prisoners had daily access to showers and telephones; and there was a welcome emphasis on cleanliness in cells and communal areas. However, a major weakness was that there was insufficient purposeful activity, with fewer than half the prisoners engaged in meaningful work or education. The Inspectorate was also concerned that the general atmosphere of respect did not extend to the visits room, where prisoners and their visitors were separated by dividers and there was excessive use of closed visits.

Concluding, the chief inspector, said: "Overall, Forest Bank was a prison that had avoided many of the pitfalls of newly opened private sector prisons with inexperienced staff and was succeeding in spite of the pressures of significant population increase. It was also a prison with a skilled Director and senior managers and staff who were involved and valued: from junior wing officers to the extremely impressive chaplaincy team, which was seen as an important resettlement and counselling resource. The new Director has a great deal to build on. We would urge him to develop the prison's education and training provision, and its resettlement strategy, as matters of priority." Details in the inspector's report included:

- both the reception process and the induction programme were delivered in a mechanical way which did not always engage prisoners. The medical detoxification programme did

Information collected from the internet for this report

not comply with requirements of the relevant Prison Service Order and this was a significant deficit. Those prisoners undergoing detoxification also needed increased support; this was not being offered as systematically as required because staffs were diverted to achieve voluntary drug testing targets. There was also a need for greater liaison between healthcare and drugs workers in the establishment. Systems within the pharmacy were poor and in need of review and improvement;

- there was also an excessive use of closed visits following positive mandatory drug testing findings, and the standards of proof applied at adjudications were, in general, unacceptably low;
- nursing levels ... were low. There was also an unacceptable lack of care plans for prisoners held in the healthcare unit. Overall, managers were aware of the shortfalls of the service they were providing and had plans to tackle them;
- fewer than 50% of prisoners were involved in meaningful work in industries or in education, though there were plans to operate a system of split shifts in work areas to distribute available employment places more equitably. There was some over-counting on regime monitoring returns which was distorting the actual amount of activity available in the prison;
- ....shortfalls in the number of teachers ... affected outcomes for prisoners and limited the external qualifications on offer. There were also some poor individual learning plans which did not address the individual needs of the learners concerned and were not linked to sentence plans. Staff were keen to develop education and training opportunities but they were not always appropriately qualified to pursue these developments;
- the prison had grasped the resettlement agenda and was energetic and innovative in its approach. This approach was not, however, systematic and as a result was failing to target resources as effectively as it could have. The prison lacked a strategy document and so lacked a clear vision and direction for the development of its resettlement work;
- for young prisoners, the wing was regarded as the primary area where they felt unsafe. The unconvicted young prisoners who responded to our questionnaire were far and away the group who felt the most victimised, verbally and physically, by other prisoners and vulnerable to staff making insulting remarks;
- the prison was not complying with Prison Service Order 3550, The Clinical Needs of Substance Misuses', ... this had implications for both the humane treatment and the safety of prisoners;
- a clear and efficient request and complaint system was in place for those prisoners with the confidence and skills to use it. It was less apparent how prisoners with special needs were enabled to use the system. The low levels of prisoner satisfaction with the R&C system warranted further investigation;
- a major issue was that nine of the nurses had been recruited as 'G' grades but were, in fact, relatively newly qualified and did not possess the competences of 'G' grades. The health care manager was working with Salford primary care trust to establish clinical supervision. She was also joining a healthcare mentor scheme being set up by the nursing lead of the regional prison health team. Shift patterns were another inherited issue of concern. Most staff continued to work three long, 13-hour days per week. Only two were on the more usual early/late system. The EN had recently started on nights. Neither the senior medical officer nor the health care manager had undergone appraisal training;

- there were good resources for welding and furniture making, a high standard of practical work, effective support for learners, and good links with employers. But there were no courses leading to qualifications, no professional staff development for instructors, and no initial assessment for vocational training;
- [literacy and numeracy] insufficient teachers and instructors, poor individual learning plans, insufficient professional staff development, and insufficient externally accredited qualifications.

Individual learning plans were poor, and were not linked to sentence planning;

- most wings had only two or three staff on duty to supervise between 60 and 80 prisoners so, in most instances, it was prisoners who took the initiative and approached staff. Staff-prisoner ratios did not allow for high levels of interaction or much pro-active work on the part of staff, but the atmosphere was relaxed and prisoners managed their own time and activities responsibly and with regard to others;
- resettlement needs were not sharply focused on accommodation - the initial contract for running the prison did not specify that accommodation issues should be addressed;
- the general environment supported the offending behaviour programme, but relatively low staff levels and the pressure of work on some prisoner custody officers meant there was realistically little opportunity for supportive work for prisoners on the wing who were attending enhanced thinking skills (ETS) course;
- as the result of the lack of an effective population needs assessment there had been no work on targeting interventions for short stay prisoners, and the overall approach was failing to distinguish the specific needs of young offenders; Report on a Full Announced Inspection of HM Prison & Young Offender Institution Forest Bank, 17-21 June 2002, HM Chief Inspector of Prisons, Home Office, London, England. Available at www.homeoffice.gsi.gov.uk/hmipris/hmipris

KILMARNOCK SUICIDE INQUIRY James Barclay, a remand prisoner, hanged himself at Premier Prisons-run Kilmarnock prison on 10 January 2002. The incident occurred within hours of the two prison officers on suicide watch - and who were responsible for 277 prisoners - being ordered by managers to redecorate a control room in preparation for forthcoming visits by Princess Anne and Scotland's First Minister. Although the officers, Kevin Beck and Gordon Kelso, attempted to resuscitate Mr Barclay in his cell he died in hospital four days later.

The two officers worked four more night shifts after the incident and both were commended by managers for their conduct. But after an internal inquiry Beck and Kelso were fired by the company for gross misconduct relating to the incident. They claim that they were not offered trauma counselling by the company until after they were fired. The two are now giving evidence at a fatal accident inquiry (FAI) at Kilmarnock Sheriff Court.

The inquiry, which started in December, has heard that Mr Barclay was put on a 'low-risk watch' - unlikely to self-harm - despite having tried to kill himself the previous day and despite having a 'high-risk file' from Strathclyde Police. It is alleged that this file was not passed to the prison officers. Mr Beck has alleged that suicide watches were missed daily due to under-staffing,

Information collected from the internet for this report

claiming that 90 per cent of 'level three' watches were not getting done every half hour as required.

Support for the former employees has come from within the prison in the form of leaked internal documents. For example, eight months after Mr Barclay's death, Margaret Coyle, a senior prison counsellor alleged in a letter to the prison's assistant director that there were still basic failures in suicide watch procedures. She concluded: "Having detailed the shortcomings ... I am sure I do not need to remind you of the seriousness of this. As you know, there is a fatal accident inquiry taking place this week - if these [assessment] books were a part of that inquiry we would be held responsible." The inquiry is expected to last until the end of January 2003 with the Sheriff's findings to be published some time later. A spokesman for the company declined to comment on the case.

- Kilmarnock Prison Services Ltd (KPSL, part of Premier Custodial Group) made a pre-tax profit of £1.11million for the financial year ended 31 December 2001(£1.26 million in 2000). Turnover was £12.06 million (£12.22 million in 2000) which included finance charges of £4.23 million (£4.44 million in 2000). KPSL's major activity is the design, construction, management and finance of HMP Kilmarnock. In their report the directors stated that they were "confident that 2002 will be another successful year."
- Kilmarnock is due to receive a further 192 prisoners over the next 12 months in order to deal with overcrowding in Scotland's prison system.

FEBRUARY 2003

PREMIER'S ASHFIELD: THE "WORST" PRISON IN ENGLAND AND WALES

A newly published report, on a failing private prison for children and young offenders in England. Her Majesty's Prison & Young Offender Institution Ashfield, financed, designed, built and run by Premier Prisons is described by the chief inspector of prisons for England and Wales as unsafe, suffering from inadequate management, staffing and training, a lack of regime provision and poor contract monitoring. Some good practices were noted but the chief inspector recommended 115 improvements to be implemented. Extracts from the full inspection report - which runs to over 150 pages - are set out below.

The director general of the prison service, Martin Narey, has referred to Ashfield as the worst prison in England and Wales and is threatening to take it into the public sector if improvements are not made. After initially denying the prison service's concerns about Ashfield, the youth justice board (YJB), which is responsible for all offenders up to the age of 17, is withdrawing 172 sentenced prisoners from the prison, having already withdrawn 91.

At Ashfield, the YJB contracts with the prison service which, in turn contracts with Premier. Speaking on BBC Radio 4's Today programme, 5 February 2003, Mr Narey said that Premier has lost around £2 million in revenues so far. The prison service is now discussing Ashfield's future role with Premier and the YJB. The prison near Bristol, south west England, opened in November 1999. It holds remanded and sentenced young offenders (young people between the ages of 18-21 years) and juveniles (children and young people between the ages of 15-18 years). Its operational capacity is 400 with approximately 100 places designated for young offenders and

300 places available for juveniles. On 2nd July 2002, when the chief inspector visited, the number of children and young people held was 289.

It is also noteworthy that, under the terms of Premier's contract - and normal under the private finance initiative (PFI) - the banks that financed the prison's construction decide whether they choose another private operator or allow the public sector to take over. On 23 May 2002, the prison service took the unprecedented step of removing the company's prison director and installing public sector management. At that time the director general of the prison service said: "I found that standards of care and control of prisoners were not as high as I would expect them to be. I considered that the prison was unsafe for both staff and the young people detained there and that urgent action was required. I informed Premier Custodial Services of my decision today and I will continue to monitor the situation at Ashfield very closely. My aim is that the prison should be made safe and constructive and that in due course we are able to hand management back to a director appointed by Premier."

By September 2002, some improvements had been made and control was returned to Premier but only after a public sector prison governor was hired by the company to run Ashfield. The chief inspector of prisons made an announced inspection of Ashfield in July 2002. The report is dated October 2002. But it was not published until 5 February 2003. No explanations have been given as to why publication was delayed.

In a statement accompanying the report's publication, the director general of the prison service said: "Ashfield has been struggling for some considerable time to provide an environment for young people which is safe and constructive. Premier's failures were so significant that in May 2002, some time before the Inspectorate's visit, I considered closing it and would have done so were it not for the population pressures we were facing. Instead, I took the unprecedented step of imposing a public sector governor and he made significant improvements. As the HMCIP [chief inspector] report acknowledges, a new, more constructive and safer regime, some weeks in the design stage, was successfully launched shortly after the HMCIP visit.

"But these early improvements were not built upon as I had hoped. Since then I have personally intervened to help Premier recruit, in Vicky O'Dea, one of the most talented, committed and inspirational governors in the Prison Service. I have immense confidence in her and at last I am beginning to see signs of fundamental change for the better ... if the recent improvements at Ashfield are not built upon I will have to consider terminating the contract by inviting Premier's bankers to appoint another private sector company to run the prison. Failing that, I will have to consider bringing Ashfield into the public sector. For the time being, we will only be using half the places at Ashfield and paying Premier only part of its monthly fee."

According to Mr Narey the introduction of the private sector into the running of prisons has brought immense benefits, but "Ashfield, by some measure, is the worst. Sustained improvement is now vital if I am to be persuaded to leave the management of Ashfield in Premier's hands."

Ashfield's performance and the prison service's handling of the situation have been criticised by prison reform organisations and trade unions. Juliet Lyon, director of the Prison Reform Trust

Information collected from the internet for this report

said "the utterly damning report raises the question of why it was ever considered acceptable to place our most vulnerable and challenging children in the care of a private company with such a dismal international track record in work with young offenders. Why has it taken three years to blow the whistle on a place which has been frightening and damaging children and harming staff?" Meanwhile, Brian Caton of the Prison Officers Association called for Ashfield to be taken immediately into public ownership as Ashfield provided evidence of the "immorality of running private prisons with the emphasis on making profit rather than running a good service on behalf of society."

The Guardian, 5 February 2003, referred to the youth justice board's decision to withdraw 170 prisoners as "the biggest blow to Britain's private prisons sector in its ten year history." In response to the chief inspector's findings and the director general's threat, Premier's managing director, Kevin Lewis, told the Daily Telegraph, 5 February 2003, that "it might be easier to walk away but I am not going to allow that to happen. We will put in the extra resources and will expect to make some money in the long term but our reputation comes first." Ashfield's director told BBC radio that improvements such as new terms and conditions to encourage staff recruitment have been implemented since the inspection was carried out.

- Pucklechurch Custodial Services Ltd (part of Premier Custodial Group - the company's major activity is the design, construction, management and finance of HMP & YOI Ashfield) made a pre-tax profit of £1.23 million for the financial year ended 31 December 2001(£1.37 million in 2000). Turnover was £11.7 million (£12.4 million in 2000) which included finance charges of £4.13 million (£4.41 million in 2000). In their report the directors stated that they were "confident that 2002 will be another successful year." Until May 2002, Premier was owned jointly by Wackenhut Corrections Corporation and Serco. With Group 4's acquisition of The Wackenhut Corporation, Premier is now owned by Group 4 and Serco.

THE CHIEF INSPECTOR'S REPORT

INTRODUCTION

Ashfield was the first juvenile Prison Service establishment to be run by the private sector, in this case Premier Prison Services. It operates under contract from the Prison Service, which in its turn undertakes to deliver the regimes and environment required by the Youth Justice Board. Because of these dual and treble arrangements, Ashfield is the most invigilated establishment in the entire prison system. Local management is overseen by the company itself, a Prison Service Controller, the Prison Service's Juvenile Operations Manager and the Youth Justice Board's monitor. It also had a committed Board of Visitors.

Yet this report is probably the most depressing I have issued during my time as Chief Inspector. It describes an establishment that was failing, by some margin, to provide a safe and decent environment for children, or to equip the young people in it with the education, training and resettlement opportunities that are supposed to be at the core of their sentences. This is in spite of the fact that it was dealing with a particularly vulnerable and needy population, and one for which the Prison Service and Youth Justice Board are specifically committed to providing regimes and an environment that meets those needs and vulnerabilities.

At the time of our inspection, a temporary Prison Service Governor and team were in charge. As a result of these moves, we were aware that Ashfield ... was a safer place than it had been. It was also poised for significant changes to attempt to ensure a better regime for the young people there, which were due to take effect the week after our announced inspection.

However, the scale of the problems uncovered in this report will not make it easy to transform Ashfield into a safe and positive juvenile establishment. Since the Prison Service had taken over direct management, some of the most serious and obvious manifestations of unsafety had been tackled: assaults and the use of force had both declined from previously very high levels and the wings no longer felt physically unsafe or chronically unstable.

Nevertheless, at the time of this inspection, we found that underlying systems and processes were insufficient to provide the minimum requirements of a safe environment for the young people there. First night and induction processes, critical to ensuring safety in the early days of custody, were not properly carried out and vulnerability assessments were meaningless or inaccurate. In some areas, many staff were so unsure of their proper role that they relied upon young prisoners themselves to carry out key tasks. Bullying was not addressed and it appeared to us that many children were afraid to leave their cells. Effective child protection procedures and links were not in place or properly understood, staff were not subject to enhanced criminal records checks, and some staff had strip-searched children on their own.

The Prison Service is committed to the principles of the Children Act, which requires that children should be protected from the risk of significant harm. We did not believe that Ashfield, at the time of our inspection, could confidently claim to do so.

The problem was not simply the absence of proper processes. Ashfield had recently become an establishment for juveniles only. Fundamentally, the majority of staff lacked the experience, confidence or skills to manage this difficult and demanding population rather than simply reacting to it, containing it or hoping that it would manage itself. Those staff who did have the understanding and experience stood out, both on the wings and in projects like the reorientation unit and the family liaison work. But they were rare beacons in an otherwise dismal landscape. Nor did management systems within Premier appear to provide the support and guidance that inexperienced staff might need: indeed, staff seemed reluctant to discuss problems and difficulties.

Similarly, education and training suffered from inexperienced and frequently changing staff, poorly managed and struggling to provide a good quality service. Their work was further undermined by the fact that many children never got to education at all, or on time. A spot check during the inspection revealed that nearly half of the young people were in their cells during the core day, and less than a quarter were in education. We welcomed the fact that changes to the regime, to greatly improve the quantity of education and training, were about to be implemented. But OFSTED [the government's education 'watchdog'] were unconvinced that staffing and management was adequate to meet the demands of these increased hours, or provide quality training.

Information collected from the internet for this report

Finally, there was no effective resettlement strategy, or proper liaison with Youth Offending Teams or the wider community. Training plans, which should drive the sentence, were not properly completed, linked into education and residential experience, or effectively monitored. There was no written drug strategy, or drug strategy group. These are not problems that can be sorted out overnight, or by a change of management or regime. They raise two questions: how the establishment reached such a state and what needs to be done to recover it. Much of this is outside our direct remit, but needs tackling if Ashfield is to be turned round and similar problems avoided in the future.

There can be no doubt that one of the main underlying issues has been the problem of staff recruitment and retention. This links to the level of staff salaries, and the extent to which salary scales can reward experience and continuity. Too many staff were new, young and with no custodial or youth experience. They lacked confidence in enforcing appropriate behaviour in a calm and proactive way. At management level, too, in the period prior to the arrival of Prison Service personnel, there was insufficient experience of working with children and young people in order to support young and inexperienced staff; and no sense of a supportive management culture that allowed problems to be positively dealt with. These difficulties were compounded by the size of the establishment and its units.

What was also evident was the absence of the basic building blocks of a safe and positive environment: such as suicide and self-harm, child protection, vulnerability assessment, training planning and regime delivery: These are not ground-breaking or cutting edge procedures, but ones which are now expected and accepted in the rest of the juvenile custodial system, even if they are not always fully delivered. At Ashfield, they were barely grappled with. It was like an island, isolated from developments and expectations in the rest of the system. And it was an island whose contours appeared to be the precise terms of the contract negotiated with the Prison Service, rather than any wider understanding of the needs of children or, necessarily, the increasingly demanding requirements of the Youth Justice Board.

The extent to which that contract, as renegotiated, allowed or required Premier to fulfil Youth Justice Board requirements is not a matter for this Inspectorate. What is, however, apparent is that Ashfield was not doing so and had not been for some time. All the bodies responsible for monitoring - the Prison Service Controller, Juvenile Operations Manager and Youth Justice Board - agreed with this analysis and said that they had been raising significant concerns for some time. Indeed, the Area Manager's extreme concern over some time (and that of the Inspectorate on a previous visit) had prompted the Director-General's direct intervention. Yet none of these monitors had been able to act decisively to prevent a drift becoming a crisis. The Board of Visitors, too, was frustrated that its repeated concerns had not been acted on earlier.

In our view, the division of responsibility among Premier and its parent company, the Prison Service's contract monitors, its juvenile operations manager and the Youth Justice Board was a significant factor in this. The monitoring bodies had the power to penalise, but not directly prevent. Their different criteria and perceptions sent messages which were sometimes mixed, or even contradictory. Premier itself was unable, or unwilling, to look beyond the terms of the contract it had itself renegotiated with the Prison Service after the Youth Justice Board reforms.

There were insufficient mechanisms for collective, coherent and proactive management in the interests of the children and young people at Ashfield.

These underlying issues will need to be addressed in order for Ashfield to function effectively and safely. Normally, our reports contain a number of main recommendations that the establishment needs to address as a matter of priority. In the case of Ashfield, given recent events, we do not believe that the establishment alone can do so. It requires concerted and planned urgent action by all three of the players - Premier, the Prison Service and the Youth Justice Board.

The Prison Service, Youth Justice Board and Premier should together agree a targeted and time tabled urgent action plan to remedy the severe deficits uncovered in this report, including a revision of the contract, if it does not allow Premier to meet the requirements of PSO4950 and the YJB standards. The action plan should include:

- an overall vulnerability strategy, covering child protection, anti-bullying, substance use, mental health, and reception and induction procedures;
- provision of effective training plans, including suitable accommodation, administrative support, consistency and training of staff, involvement of residential and educational staff, and the setting and monitoring of detailed and specific targets;
- a comprehensive resettlement strategy managed by a multi-disciplinary resettlement policy committee;
- better links with outside agencies, including Youth Offending Teams and local statutory and voluntary organisations;
- agreed and clearly understood systems, accountabilities and responsibilities for implementing, monitoring and reporting on the Action Plan.

The entire management and staffing of the prison should be reviewed. This should include ensuring that there is:

- a strong senior management team, which includes managers with experience of working with juveniles;
- management systems in place that can deliver the requirements of the action plan and support staff in doing so;
- salary levels and promotion opportunities that assist staff recruitment and retention;
- training for staff who lack experience of working with juveniles;
- ensuring that all staff with direct contact with children are subject to enhanced Criminal Records Bureau checks;
- an effective personal officer scheme.

EXTRACTS FROM THE MAIN REPORT

SAFETY AND RESPECT

- At the time of the inspection, in our view, Ashfield was a safer place than it had been for some time. However, the fundamental structures upon which the safety of an establishment holding juveniles depends were not in place.

Information collected from the internet for this report

- Systems and strategies such as anti-bullying, an effective rewards and sanctions scheme, rigorous management of self-harm and robust child protection procedures provide a framework within which competent, suitably-trained and well-managed staff are able to protect children from harm effectively. Although we acknowledged future plans and the commitment and enthusiasm of many staff, neither the necessary systems nor sufficient staff with the required level of knowledge and expertise were in place at Ashfield.
- Dynamic security is based upon positive and proper relationships between staff and prisoners. This did not exist at Ashfield. Staff in general were inexperienced and appeared to have expected little support from Premier managers; indeed, there seemed to be a reluctance to report problems or difficulties. Although overall staff numbers had been increased by secondments from other areas of Premier Prison Services, it was not untypical for the longest-serving member of staff on a wing to have been at Ashfield less than six months; others were recently trained or from settings such as escort work where they had little experience of working with young people.
- Staff lacked confidence in many areas of their work and we saw instances where this had resulted in collusive and potentially dangerous relationships with young people. Inspectors saw examples of young people taking on inappropriate roles of responsibility without proper supervision or clear boundaries. Staff spoke of getting most of their information regarding the regime changes from the young people and described the situation as being 'all in it together'.
- It was unacceptable that, after three years, no policy and no effective child protection procedures were in place at Ashfield. There was very low staff awareness, inconsistent practice, and no liaison with the Area Child Protection Committee. These deficiencies had serious implications for the safety of children and young people at Ashfield.
- The induction programme was barely operating.
- There was no anti-bullying strategy: identified bullying behaviour was not being addressed at all and there was no real support for victims.
- Overall, the training, experience and skills of staff were inadequate to deal properly with the young people at Ashfield. This had consequences for respect as well as safety.

PURPOSEFUL ACTIVITY

- Inspectors found that both the level and quality of purposeful activity fell seriously short of the standards specified by both the Youth Justice Board and the Prison Service itself in Prison Service Order 4950 and we were unable to draw attention to any noteworthy areas of good practice.
- At mid-morning and mid-afternoon points of the working day, at least 50% of the population was to be found on the living units and thus not engaged in any purposeful activity. Of the 50% of the population we found in the living units, the only young people not locked in their cells at the mid-afternoon and mid-morning points were full-time cleaners and orderlies, whose work did not form part of an accredited training course. Children and young people should not be employed in this way unless it is part of a recognised training activity.
- There were significant problems of teacher recruitment, retention and remuneration. Teachers were inadequately managed and supported. Initial assessments were neither co-ordinated nor effective, and the curriculum did not meet the needs of individual learners.

RESETTLEMENT

- In the three years since the establishment opened, no resettlement strategy based on the needs of children and young people at Ashfield had been developed. We were both surprised and concerned to find that such a requirement was not explicitly part of the contract between the Prison Service and Premier Prison Services. Indeed, there was a lack of understanding in how to develop this essential work.
- Complaints from children and young people, staff, parents and youth offending team members showed that there was a serious lack of casework continuity in the establishment. We were told of some situations where young people had changed caseworkers as many as eight times.
- We were concerned that, although the establishment had the expertise to do so, it had never developed and delivered offending behaviour programmes. This was a serious omission ...
- At the time of our inspection, the establishment had no written drug strategy and no drug strategy group.

RECEPTION

- On the day we inspected, the reception team comprised a manager and three members of staff brought from other Premier Prison Services operations elsewhere in the country. None of these officers had been trained either for reception duties or working with young people and they were further disadvantaged by being unfamiliar with the establishment.
- Overall, children and young people left reception having had basic procedures completed but at such a speed that their individual needs were not able to be addressed. There was an expectation that their individual needs would be catered for as soon as they arrived on the induction wing. Unfortunately, we found that this was not usually the case.
- We were concerned that first night procedures were insufficiently resourced, were not understood by staff, were not monitored or co-ordinated by managers and were not given adequate priority to ensure the safety and protection of children and young people spending their first night in custody at Ashfield. Children and young people were not being adequately inducted.

DUTY OF CARE

- The research showed that the level of bullying was disturbingly high ... despite 27 incident reports identifying 20 bullies and 18 victims being submitted during May, no action had been taken other than to speak to the victims to acknowledge the reporting of the incidents. The bullies had not been spoken to. This was unacceptable.

CHILD PROTECTION

- A keen, enthusiastic and competent child protection co-ordinator had recently been appointed and it was encouraging to note the efforts that she had already made to address a situation that should never have been allowed to develop. However, there was little evidence that the current guidance, procedures and practice were of a sufficiently high

Information collected from the internet for this report

professional level to ensure that children at Ashfield were actually being properly protected. This situation was unacceptable.

SELF HARM AND SUICIDE PREVENTION

- The culture of the establishment, which had a clear emphasis on regaining control, was not conducive to enabling staff to listen to children and young people in order to share their problems and distress. The regime did not offer children and young people the opportunity to sustain good mental health and develop self-esteem.
- We were not convinced that the existing procedures on suicide and self-harm were sufficient to enable the establishment to identify and seek to prevent young people who might harm themselves.

RACE RELATIONS

- At the time of this inspection, there were around 40 young people from ethnic minority groups at Ashfield. This amounted to 10.5% of the population.
- The profile of race relations within Ashfield had been heightened in the weeks prior to this inspection by the actions of the Governor temporarily appointed by the Prison Service regarding two members of staff who had allegedly been involved in a racist incident. It was through such action and the involvement of the most senior managers that staffs were sent clear messages about attitudes that would not be tolerated. Several members of staff we spoke to had welcomed the action of the Governor.
- The race relations liaison officer was doing some good work but more time needed to be devoted to race relations. There needed to be greater support from senior management

SUBSTANCE USE

- No recent needs assessment of drug use among the population had taken place. Until recently, the education department had been running a drug and alcohol awareness module. This had stopped due to staff shortages, which meant that many of the children and young people would have no opportunity to examine issues related to the use of substances, including the potentially negative consequences, and would be less able to make informed choices.
- The links between problematic drug use and offending have been well evidenced and many of the children and young people at Ashfield were clearly at risk of developing chronic dependency problems. However, the potential to provide treatment and support to this group while in custody was not being fully exploited. In particular, there was a failure to ensure that links with community-based services were established to provide children and young people with support once discharged.

HEALTH CARE

- A health needs assessment, action plan and a primary care review were completed in 2001 and recommendations made. However, along with other areas of the prison, there had been ongoing recruitment and retention staffing problems. We were pleased to learn

that four nurses, including one with a mental health qualification, were due to start in September.

- In many respects, health care was an oasis for young men as the staff were sympathetic, motivated and concerned for their welfare, although the number of nurses was insufficient to provide therapeutic care for everyone. However, there was insufficient structured activity available.

ACTIVITIES

- Students were receiving an unsatisfactory level of provision. Although there were some examples of good practice, the quality of teaching and learning was generally poor. Expectations of teachers, in many cases, were too low; the emphasis was on keeping students occupied rather than providing challenging and stimulating lessons.
- The good examples [of individual achievement] however, were relatively isolated and the general pattern was one of under-achievement or modest progress at best. The strategic planning of education and training placed insufficient emphasis on achievement or standards.
- The quality of teaching and learning ranged from very good to poor ... conditions of service and salary levels for teachers were poor compared with provision in local schools and colleges.

THE WIDER REGIME

- Poor records, the frequent recent changes to the function of some wings and the large number of temporary staff meant that inspectors had difficulty in securing definitive information on the numbers or nature of the population on each wing. It was also very difficult to establish the training programmes that the young people should have been attending. However, the impressions gained by Ofsted of an establishment that was struggling to meet even the minimum requirements of a purposeful regime were mirrored on the residential wings.
- Crudely calculated, assuming the pattern did not differ on the two days when the [survey] sample was taken and that the proportions are similar both morning and afternoon, at any one time, 136 (46%) of Ashfield's population were locked in-cell during core education and training time. This compares to about 60 (22%) who were attending education and training.
- Inspectors were further concerned about the high number of orderlies, cleaners and servery workers. Prison Service Order 4950 and Youth Justice Board standards make it quite clear that no young people should be allocated to any full-time work that has little or no education and training worth. Despite this, the regime and staff at Ashfield appeared to be substantially dependent on at least 70, possibly more, young people carrying out these functions.
- Inspectors concluded that there were deep-rooted and complex problems underlying the poverty of the level and quality of purposive activity.

GOOD ORDER

Information collected from the internet for this report

- It was difficult to envisage how children and young people at Ashfield would know the basic rules and routines that operated within the establishment as there were no systems in place to promulgate them
- Some staff showed a lack of confidence that affected their dealings with the children and young people and their ability to maintain control and good order in particular.
- Recorded assaults had been rising steadily over the period from February to May 2002, with 23 assaults committed in February compared to 34 assaults in May. The majority of the assaults were by young people on other young people, although there were also a noteworthy number of assaults on staff. Eleven of the 34 assaults in May were on staff. During June, the month prior to the inspection, the number of assaults had fallen to 18, including five on staff. Thirty-three per cent of respondents to our survey said that they had been hit kicked or assaulted by other young people.
- Senior managers were optimistic that the reduction in assaults indicated that recently introduced strategies to bring back good order and regain control had been successful to some extent. We found it difficult to fully accept this possible explanation in the light of the number of young people we found who were too frightened to leave their cells because they believed that their personal safety would not be protected.

REWARDS AND SANCTIONS

- It was freely admitted that the operation of the existing rewards and sanctions scheme had all but collapsed. There was little general information about the scheme and, due to the deficiencies in the reception and induction procedures, children and young people knew little about it. In reality, officers knew less about the scheme than the young people: those who were on detached duty were naturally unfamiliar with it while those permanently located at Ashfield had not received any training.
- We could only welcome the ambitious scope of the changes that were being proposed and the transparency that this would bring to the scheme. We were, however, concerned as to whether the establishment yet had the numbers of staff with the necessary training and skills and a sufficiently embedded culture to realise these aspirations.

DISCIPLINARY PROCEDURES

- Checks were made to ensure that young people understood the charges and procedures but we were not satisfied that these checks were anything more than perfunctory.
- Young people facing serious charges were given time to prepare their cases and technically were aware that they could receive legal advice. However, hardly any young people took this up or even asked more about it ... We observed several adjudications. These were overtly fair and sensitively dealt with following the laid-down procedures. What we saw was properly written out and recorded. There was no evidence to suggest that children and young people were intimidated before or subject to repercussions after adjudication hearings.
- It was clear, however, that the adjudication process suffered as a result of the staff attendance systems. On one day of the inspection, the vast majority of the 15 scheduled adjudications had to be adjourned because young people pleaded not guilty and reporting officers were not on duty.

- Indeed, all custody officers from the previous day had been replaced due to the two days on/two days off working pattern of most residential staff.
- The most common charges were assaults, fighting, disobeying orders, damaging property, and threatening and abusive language. A large amount of data about adjudications was available but we were not satisfied that this was being sufficiently analysed. It appeared that assaults attracted the most interest because this information related directly to the contract and penalty points.

USE OF FORCE

- The use of control and restraint (C and R) at Ashfield had increased over the 12 months prior to the inspection, culminating in a doubling of the incidents between May 2001 and May 2002. Figures peaked in January 2002 when there were 43 incidents of young people being restrained by staff.

TREATMENT OF VULNERABLE YOUNG PEOPLE

- The 'coping with custody' module was not sufficiently comprehensive to support a young person who had sought own protection and, in any event, the induction programme was not being delivered with any degree of consistency.
- There was no anti-bullying work being undertaken and we have already described the situation of children and young people who were afraid to come out of their cells on the induction unit for fear of being bullied. Subsequently, they were being penalised through the rewards and sanctions scheme for failing to attend education. In our judgement the induction unit was a dangerous place to relocate children and young people on own protection.

TRAINING PLANNING

- At the time of this inspection, the equivalent of six full-time staff were available for this work. A number of the team, to their considerable frustration, were being instructed to work relief shifts to assist in maintaining staffing levels on the residential units. The pressures of work, with an average of 12 conferences a day, were therefore high and the morale in the staff group correspondingly low.
- The conferences that inspectors observed were not of an acceptable standard. The physical conditions in which meetings had to take place were totally unacceptable.
- During the inspection, we surveyed a sample of 25 training plans ... none of those we saw complied with the guidance that they should be specific, measurable, achievable, realistic and time-bounded. Above all, we saw none that were being used as a way of either motivating or dealing with the underlying problems of young people.

OFFENDING BEHAVIOUR WORK

- While the establishment had some of the resources and expertise to deliver a broad range of programmes, we were concerned that nothing had been developed to meet the criminogenic needs of young people.

Information collected from the internet for this report

- The lack of any resettlement strategy or any offending behaviour programmes was a serious flaw in the operation of resettlement issues within this establishment and contrary to standards laid down by the Youth Justice Board.

PERSONAL OFFICERS

- We were very concerned to find that no personal officer scheme was in place in Ashfield. We observed staff on wings who were determined in their approach to control young people. However, this was done through orders and sanctions rather than through good communication skills. This approach was not conducive to either positive relationships or a safe environment.
- We found that most staff working on the residential units had been given very little training beyond the six-week generic custody officers' course. While on paper a new personal officer scheme was being implemented, we were less confident that it would work in any meaningful way until staff knew what was expected of them. Many staff appeared not to have either the skills or the understanding of the importance of this work to be able to bring stability to the establishment or to set values and realistic expectations for young people.
- We were disturbed to find staff reluctant to engage with young people, relying instead on locking children away in their cells for control.
- There were very few staff with any depth of experience, which was a consequence of the establishment's inability to retain staff; this was unlikely to change without a fundamental re-evaluation of the role and management of staff.
- We were concerned to find that many of the staff working on the residential units had come on detached duty from non-prisoner contact positions, such as drivers, and were now expected to work with difficult children without preparation or training. We observed young people who were orderlies on the wings taking advantage of this by running their own control systems. It was akin to a school 'prefect' system that had developed with the collusion of staff but without proper checks and balances. *Report of a Full Announced Inspection of HMP & YOI Ashfield, 1- 5 July 2002, by HM Chief Inspector of Prisons, published 5 February 2003.*

APRIL 2003

PREMIER'S LATEST WIN Premier Detention Services Ltd has been awarded another immigration detention centre contract. The £48m 326 bed facility at Harmondsworth, near Heathrow Airport, is being publicly financed and will be constructed by Skanska. The eight year operating contract will generate revenues of around £18m per year once it opens in the summer of 2004. Premier is owned by Serco and Wackenhut Corrections Corporation (WCC). Since May 2002, WCC has been 57 per cent owned by Group 4. Premier also has a five year contract to operate the Dungavel detention centre at South Lanarkshire, Scotland. Serco's legal battle with Wackenhut over the right to own Premier outright continues. A Serco spokesperson stated that a high court hearing is schedule for the summer.

MORE PROBLEMS AT CHILD JAILS Up to and including 31 March 2003, financial penalties reflecting contract failures at the UK's three privately financed, designed,

built and operated Secure Training Centres were: Medway £910,874; Rainsbrook £155,152 and Hassockfield £74,572. The figures were released by the home office in an answer to a parliamentary question.

The Centre's, which hold persistent offenders aged between 12 and 17, were inspected by the social services inspectorate in 2002. Group 4 subsidiary Rebound ECD-run Medway's inspection took place between 9-11 April 2002 and Premier's Hassockfield was inspected between 7-16 May 2002. Both reports were published in December 2002. Rebound-run Rainsbrook STC was inspected in November 2002 and the report is due to be published in May 2003.

MEDWAY PRISON This was Medway's fourth annual inspection. It took place following "a period during which the normal life of Medway was disrupted by a management investigation, disciplinary process and resignations. As a result there has been a complete change in personnel in senior management posts... the effect of the instability was to put on hold or bring to a stop many of the positive aspects mentioned in the previous report." Staff turnover was "exceptionally high" at 42 per cent. The report set out some positive features but the inspectors made twenty four recommendations for improvements. Their findings included:

- systematic and focused crime avoidance work has almost entirely slipped from the agenda and timetable;
- equal opportunities and anti racism policies were not firmly embedded into the day to day practices ... the whole way in which valuing diversity was addressed needed considerable attention. "We overheard conversations between staff ...some of the language used to describe young people of differing ethnic and cultural backgrounds could be construed as offensive and racist."
- the lack of strategic management was identified as a major cause of the difficulties experienced at the centre since its opening (in);
- staff shortages caused staff to regularly work extra hours. The three week rolling rota was not popular with all staff. Rota changes led to staff working mor weekends each month. The level of staff sickness had also been high. "The lack of staff from black and ethnic minority groups has been raised in each of the inspection reports since the centre opened. This continues to be an issue..." very little had been done to create individual targets that could be measured and linked to the assessed needs of the young person. Information was not always shared effectively between departments. There were a number of inconsistencies in the way in which information was stored on the files;
- some young people had complained about some of the distraction techniques used by some staff members ... the use of physical control was now being systematically monitored and information contained in records was analysed. "It is important that this oversight is maintained." The issue of single separation "was being used as a means of control more widely than was acceptable under national guidance and regulations."There were three practices which appeared to contravene good practice understandings in relation to single separation;
- progress reported in the last inspection report relating to the use of structured activities had not been sustained.. The use of organised purposeful activities, geared to helping the trainees to develop skills and interests and linked to reduce offending was patchy;

Information collected from the internet for this report

- challenging targets to promote a good practice of learning were not always set. On occasion teaching materials were inappropriate and this resulted in little work being completed..There was too little feedback on what happened to young people moving on to the community part of the sentence to allow the centre to assess the relevance of their work in preparing students for the next stage;

"Most of the young people we spoke with were not familiar with the concept of crime avoidance work."

HASSOCKFIELD PRISON Hassockfield was opened in September 1999 and this was the centre's third annual report. Remarkably, the inspectors did not mention that the centre is run by a subsidiary of Premier Custodial Group Ltd. However, they noted that "the establishment had a very difficult two years of operations with high levels of staff turnover including two changes at director level which caused major disruption to the development of adequate standards of care and control of the young people." The inspectors noted that since May 2001 Hassockfield "has been more settled with the result that improved performance has been seen on a number of fronts." However, there were 23 improvements recommended. Included in the findings were:

- the May 2001 inspection report had recommended that the statement of purpose be updated and extended. Work had taken place although "the revised statement fails to reflects the aims of the STC and the services which are available to support the achievement of them."
- "the central thesis of our last report, namely that there was a shortfall in child care expertise remains fundamentally unaltered...."
- it was intended that staff in the admissions unit carried out a comprehensive social skills assessment with young people, "we found little evidence to suggest that these happened as a matter of routine"
- "there were still no fully effective quality assessment and evaluation systems in place and this remains central to the STC's development."
- Incident recording procedures had been revised as recommended during the last inspection "however, the procedures were inadequate and further work was needed ... procedures for recording incidents of physical restraint, periods of single separation and use of sanctions particularly needed to be revised."
- "there was clearly insufficient awareness of the diversity agenda ... and this was an area that needed attention as a matter of priority."
- the teachers were qualified for their planned teaching roles. "Some 18 lessons were observed: half were good but almost a third were unsatisfactory or poor." Classroom accommodation was "poor". Rooms lacked storage space, were poorly ventilated and, because of their size, lacked flexibility. Facilities for teachers were cramped. The staff room was too small and storage arrangements for student records and teaching materials in a narrow corridor were unsatisfactory. The library is a stark room which sometimes doubled as a storage area.
- The health care team "had been very short staffed in the early part of this year and the manager had needed to take part in the duty nurse rota in order to ensure adequate nursing cover ... a review of the terms and conditions of the nursing staff had been

undertaken and this had resulted in improved pay and conditions. These ... had made it easier to recruit nursing staff."

- "previous inspection reports have drawn attention to the inadequacy of the buildings in this establishment which complicates the task of achieving an environment conducive to practice which will positively impact upon young people's lives. High ceilings, reverberating noise and echoes nd large areas of featureless wall space combine to potentially give the effect of a soulless encampment. We noted the significant attempts to treat these structure and design defects by a refurbishment programme introducing new furniture and different colours." Social Services Inspectorate, Inspection of Medway Secure Training Centre, Kent, April 2002 and Hassockfield Secure Training Centre, May 2002. SSI, 6th Floor, Eileen House, 80-94 Newington Causeway, London SE1 6EF, England. The Youth Justice Board has a four year plan to build STCs to provide another 400 places.

PUBLIC PRISONS FACE CONTRACTING OUT Two failing publicly run prisons in England have been given six months to produce proposals for an improved level or service. Failure to implement a plan to achieve real improvements will result in a decision to contract out. Dartmoor in the southwest and Liverpool in northwest England now face performance testing. Two further prisons will be performance tested in June 2003. Over the next seven years all publicly run prisons in England and Wales will be performance tested. Private prisons will be benchmarked under a separate process. The last attempt by the prison service to contract out the management of an existing prison, Brixton, south London, failed after no companies expressed an interest in bidding.

ACCORDING TO UKDS..... "PFI (Private Finance Initiative) in prisons has proven that it works better when the whole service is given over to the private sector, with none of the usual boundaries between the public and private sectors. I'll oppose any plans by the government to move just towards service management contracts." According to publicprivatefinance, March 2003, that was the response of Mr Herb Nahapiet, managing director of Sodexho-owned UK Detention Services Ltd, to the possibility that the prison service in England and Wales might consider commissioning semi-private prisons in the future. Mr Nahapiet is also Sodexho's Worldwide Correctional Services Champion.

MAY 2003

KILMARNOCK SUICIDE INQUIRY The fatal accident inquiry into the death of prisoner James Barclay at Premier Prisons-run Kilmarnock prison continues for written submissions until mid-May. The Sheriff's findings are expected to be handed down in the summer. Kilmarnock prison is due for its next inspection by the chief inspector of prisons for Scotland in August 2003.

JUNE 2003

PUBLIC/PRIVATE PAY DIFFERENCES Wages and benefits for most staff in private prisons in England and Wales lag behind their public sector counterparts. However,

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private sector managers are better off. A confidential survey carried out by consultants for the prison service for use in recent negotiations over public sector pay awards found that:

- starting pay for operational support grades and prison officers in the private sector is around 15% and 22% less than the public sector;
- average pay for operational support grades is more than 20 per cent less than the public sector;
- average pay for prison officers and senior officers is over 50 per cent less than the public sector;
- at both principal officer/middle manager and head of function levels private sector pay is around 10% higher than the public sector;
- at governor/director level, private sector pay is significantly higher;
- the value of the prison service pension and holiday benefits significantly increases the already considerable lead over private sector salaries at senior officer level and below.

The survey also found that, at private prisons opened since 1998, staff turnover is around 35%. In the year ended 30 June 2002, turnover in the public sector was just 5.3% with resignation rates at only 2.6%. Average weekly contracted hours in the private sector are 41 compared with 39 in the public sector.

PREMIER FINED FOR DOVEGATE PRISON Premier Prisons, the operator of the 800 bed Dovegate prison was fined £426,597 for accruing penalty points in the first nine months of 2002. The Staffordshire, central England facility opened in July 2001and is Premier's most recently opened prison.

- Dovegate is the only privately operated prison in the UK that has a performance bonus linked to reducing reoffending rates. Premier can be paid a bonus if prisoners in its 200 bed therapeutic community undertake 15 months therapy and do not reoffend within 12 months of release. This unit opened in November 2001 and, according to a statement by the prisons minister on 17 March 2003, "there has been insufficient time for a bonus to become payable ..."
- "One consequence of the priority accorded to fiscal interests by both the State ... and the private sector is that the line between the public interest and private interests becomes blurred. Though security dangers are endemic to prisons, cost cutting aimed at reducing public expenditure and maximising profits can exacerbate these problems. So, fundamental decisions concerning public safety get made with an eye to the bottom line ... as long as fiscal interests predominate, instead of being realised, opportunities for innovation will be lost." *Privatisation and Innovation-Rhetoric and Reality: The Development of a Therapeutic Community Prison, Elaine Genders, The Howard Journal Vol. 42 No. 2, May 2003, Blackwell Publishing Ltd, UK. Since 1997 the author has been an advisor to the prison service on the therapeutic community element of the privately financed, designed, built and operated Dovegate prison.*

CHIEF INSPECTOR REPORTS ON SECURICOR'S PARC PRISON The chief inspector of prisons for England and Wales has made 165 recommendations for improvements and noted 16 examples of good practice at Securicor-run Parc prison at Bridgend in Wales.

Parc opened in November 1997 and was the UK's first privately financed, designed, built and operated prison to open. It is still the company's only prison contract in the UK. The unannounced inspection by the chief inspector of prisons was carried out in September 2002. However, Parc's new juvenile unit was not inspected. In her report published in May 2003, the chief inspector "...found a number of areas that needed to be addressed." These included:

- "active engagement with prisoners needed to be evident on the prison's main residential units ... staff need to motivate and work with prisoners. This was not apparent throughout the prisons: for example in resolving prisoners' problems or in managing the small numbers of prisoners on the basic regime. Crucially, there was no effective personal officer scheme;
- ..we did not believe that there was sufficient staff engagement with prisoners in the important early stages of custody: reception, first night and induction. ... there was little personal intervention and risk assessments for cell sharing for adult and young adult prisoners could be carried out up to a week after they had entered the prison, and after they had been sharing cells;
- this raises questions about the management, support and number of staff. Staffing levels at Parc are low; but this was not assisted by profiles which did not properly reflect the work now being undertaken. During the inspection, we found that at times a single officer was unlocking a number of prisoners for movement to work or exercise. On a positive note, this emphasises the relaxed and unthreatened approach of staff to prisoners. However, it is an unsafe practice, both for prisoners and staff. The Director had instructed that this should not happen; but staff told us that they believed they were unable to operate the regime without it;
- new profiles and, if necessary, additional staff, are urgently needed to ensure that levels of safety are maintained at Parc, and that staff have sufficient time to engage positively with prisoners;
- prisoners at Parc had much greater access to association and activity than in most other local prisons, and the Prison Service Controller and Director were working to ensure that the regime met contractual standards. However, there were areas where the contract requirements lagged behind, or did not fully reflect, current thinking about the purpose of activity and work. The contract essentially focused on the quantity of time out of cell and activity, rather than its quality;
- increasingly, we and our Adult Learning Inspectorate colleagues focus on the quality and relevance of what is provided: whether work increases employability and qualifications, and whether association without purpose is necessary if prisoners are fully engaged throughout the working day. This report notes the absence of NVQs and key skills in workshops, and industries that do not necessarily provide useful employment skills;
- it appeared that the contractual requirements were seen as an inflexible framework that stifled new developments;
- there had been ongoing problems with the retention of prison custody officers and, at the time of this inspection, there was a shortfall of seven;
- additionally, extra work had been taken on without adjustment to the officers' working patterns, with the result that staff were frequently being required to work through their breaks, were often redeployed to other areas of the prison and it was not unusual for prisoners to be unlocked by a lone officer. Management had been aware of these

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problems and of the need to re-profile the work of the prison for some time. The contract with the Prison Service was in need of review and, if necessary, amendment to ensure that it could accommodate additional work or revised requirements. Staffs were reasonably understanding of the situation but there were indications that their patience would soon be exhausted if remedial action was not taken. Any loss of goodwill on the part of staff would inevitably have an impact on outcomes for prisoners;

- Parc was fundamentally a safe and respectful prison, although the level of engagement between staff and prisoners on the main wings was not as high as in the smaller units. There were some unresolved staffing issues within both the main prison and the healthcare centre that had the potential to impact adversely on the quality of delivery to prisoners. There was evidence of some excellent and progressive work in some areas but there were insufficient activity places, inadequate use of sentence planning to direct prisoners' progress and the resettlement function was not properly integrated across the work of the whole establishment;
- the initial holding cells were small and darkly painted; only two benefited from natural light. Every prisoner was locked into one on arrival. They contained only a wooden bench and were totally bare of anything else. With only a small viewing 'flap' in the cell doors, prisoners held there were not visible unless admissions staff purposefully looked through the 'flap'. There was no direct access to toilet facilities from the cells. We believe that these cells could contribute to a feeling of alienation, claustrophobia and increased anxiety levels for some prisoners, especially those who are young or 'first timers'. We do not believe that they were conducive to a welcoming environment;
- risk assessments of trainees were carried out on the juvenile unit within two hours of their arrival. This was commendable, although we were concerned that ASSET forms rarely arrived with the young person, making accurate risk assessment difficult or impossible;
- both the large holding rooms were clean and well maintained, containing bench seating around the walls and a central fixed table and chairs. The windows and doors of the rooms, which faced into the admissions area, were fitted with glass. Although this should have allowed staff to view those inside easily, it appeared to be only partially successful. Ligature points were available and easily accessed in the rooms and there was no access to toilet facilities. We noted prisoners smoking in these rooms despite clearly-displayed 'no smoking' signs;
- neither room contained information in any form or anything to help a prisoner pass the time. There was no literature or television. A television can be used for entertainment but can also be used to show video information about the prison routines and activities and the support services available. This is particularly useful to prisoners with reading difficulties. A display of information was mounted on a notice board within the admissions area but we did not see prisoners directed to, or reading, its contents;
- we saw little evidence of officers proactively helping prisoners to pursue their legal rights ... current practice was, we felt, a poor substitute for prompt and efficient legal services support;
- unemployed prisoners [in the young prisoner wings] were not provided with any activity and often spent their days in bed. Staff had adopted the practice of unlocking groups of prisoners by a single officer in order to deliver the regime on time;
- the prison had two counselling, assessment, referral, advice and throughcare (CARAT) workers, one for the adult population and the other for young offenders. These staff were

contracted in from two separate community-based agencies, which had struggled to provide a consistent service to the prison, particularly in covering for staff absences. We were told that, when the contracts were re-tendered at the start of April 2003, it was hoped to use one large organisation that could provide adequate cover and support arrangements. The CARAT staff were unable to see all those referred to them and had to prioritise according to need and length of sentence remaining. This was unsatisfactory as many prisoners who needed the service were missed, particularly those on remand or serving short sentences;

- the prison employed a number of counsellors who offered one-to-one sessions with prisoners dealing with a variety of problems, including sexual abuse, bereavement and other personal issues. These counsellors, while not specifically targeting those with substance use problems, saw many prisoners whose use of drugs and alcohol were intrinsic to their personal problems. It was difficult, however, to determine the impact of their service on drug use and related offending or to quantify their contribution to the drug strategy;
- the inputs into the [substance-related offending] programme were impressive and it was well supported by the prison management. This gave it an excellent environment from which to work and, if its theoretical basis was sound, would be reflected in its outcome targets of substantially reducing offending and substance use among participants. This had yet to be demonstrated;
- various practical shortcomings were identified about the visits area itself and the operation of the telephone system needed to be improved. Despite the Director's reservations, it is unacceptable for an establishment the size of Parc not to have a visitors' centre and there appeared to be a lack of clarity about which agency should lead on this matter;
- at the time of our inspection, the senior medical officer was suspended and the medical officer was on long-term sick leave. Three doctors worked on a rota basis, with locum doctors filling other sessions mainly at the weekends. This arrangement ensured that there should be a doctor available from 8am until 9pm. One of these doctors was on call over-night. The doctors were generally inexperienced in working with prisoners. One of the regular doctors did not have a qualification in general practice. He only spent four mornings in the prison. HM Inspectorate of Prisons, Report on a Full Unannounced Inspection of HMP Parc, 9-13 September 2002,

FINANCIAL PENALTIES WAIVED Securicor accrued penalties to the value of £1,020,144 between Parc's opening in 1997 and the three months ended January 2001. This included a penalty of £750,000 imposed on the company in November 1998. Neither fact is news. But according to the prisons minister, the £750,000 penalty was waived by the prison service "to take account of early problems with contract monitoring."

The waiving of this and other operators' penalties was revealed on 6 May 2003 when the minister answered a parliamentary question. Other penalties waived were £11,865 in February 2000 at Premier's Lowdham Grange prison in central England; and £303,039 in November 1998 at Group 4's Altcourse prison in North West England. As at Parc, Altcourse's penalties were waived because of problems with contract monitoring while Lowdham Grange's penalty was

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waived "in return for a commitment from the contractor to provide additional services beyond the requirements in the contract."

SERCO TO BUY GROUP 4'S STAKE IN PREMIER British facilities Management Company Serco is due to become the owner of Premier Prisons' UK operations comprising Premier Custodial Group Ltd and subsidiaries.

Until 6 May 2002 Premier was owned 50-50 by Serco and a British subsidiary of US firm Wackenhut Corrections Corporation (WCC). Then Group 4 Falck bought WCC's parent company, The Wackenhut Corporation, becoming the majority shareholder in WCC and, consequently, a 50 per cent owner of Premier. Serco took legal action against Wackenhut arguing that the company should have sold its interest in Premier to Serco rather than a third party. Wackenhut then started legal action against Serco. That case was settled on 7 May 2003 after it was announced that WCC is to buy out Group 4's 57 per cent stake. Now there will be an independent evaluation of Premier's UK operations as Serco will pay 90 per cent of the fair market value to WCC.

LET'S TRANSFORM THE PRIVATE SECTOR The prison service for England and Wales has restructured in order to separate out responsibility for the public and private sectors. The former director general, Mr Martin Narey, is now Correctional Services Commissioner and he has overall charge of the newly created Office for Contracted Prisons that is responsible for private prisons. Under the headline 'help us transform the running of private prisons' a recent newspaper advertisement invited applicants for the new post of deputy assistant director, correctional services, office for contracted prisons. "In addition to contributing to our strategic policy, you will supervise operational advisors, play a lead role in investigations and occasionally manage incidents in place of the assistant director..." The salary range of £42,486-£59,387 is offered for "the chance to shape this exciting new area for the UK's prisons."

"... IF YOU PASSED YOU PASSED: IF YOU FAILED YOU PASSED...." Specifically there was evidence from a prison officer who passed the tests set and from a prison officer who did not. The prison officer who did not pass gave evidence (that was not contradicted by other evidence) that he was then told the answers to the questions. He then passed with a mark of 100%. In effect, if you passed you passed; if you failed you passed (because you would be given the answers)."

This description of how new staff were allegedly examined is an extract from legal submissions behalf of the family of prisoner James Barclay to a Fatal Accident Inquiry. Mr Barclay was found hanging at Premier Prisons - run Bowhouse Prison, Kilmarnock in January 2002. The Inquiry concluded in May and the Sheriff is due publish his findings.

These submissions - based largely on evidence heard at the Inquiry - summarise alleged practices at Scotland's only privately financed, designed, built and operated prison. Mr Barclay's family alleged that failures on the part of the prison had a material part to play in their son's death. Although he had hanged himself the legal submissions note that:

- the deceased was in a vulnerable state in difficult circumstances. He was given to understand that he would receive a certain standard of care: in particular that he could expect to be observed, with a view to ensuring his well being, at about intervals of half an hour during the night. This did not happen;
- there was evidence to the effect that the deceased 'was told that he required to be viewed very half hour' and medical evidence that 'the fact that he was not viewed every half hour' would have a negative effect upon him;
- this negative effect was a material factor in the events leading to the death of the deceased;
- the deceased was told he would be 'checked': he was not checked. The deceased took steps that led to his death - unchecked;
- ... the failure on the part of Bowhouse Prison to keep adequate records and given the fact that records were altered after the event (specifically the time when the deceased was found) it is difficult to say exactly what happened and when;
- prior to his discovery in distress the deceased had not been observed for two hours and 29 minutes.

The family also alleged that defects in the prison's system of working contributed to the death and the accident resulting in his death:

- no 'management mind' was applied to follow-up once forms were drawn up and procedures created;
- there was an overemphasis in the prison on appearance at the expense of prisoner care. One example of this was the evidence of two prison officers in charge of the prisoners, including the deceased, on the night the deceased died, that they had been ordered to take time away from their duties ... to decorate part of the prison because of an impending visit by VIPs;
- the Pegging System (whereby an officer on his or her rounds 'clocked in' as they went by stations) automatically produced a record of stations missed. Those whose job it was to do the rounds missed pegging stations regularly. The prison officers did not make their rounds as they were bound to do on the night in questions. This was the norm. Such omissions were common practice. Officers knew that no one would follow up if they missed a station. It may reasonably be inferred that officers missed stations because they knew there would be no follow up;
- there was a CCTV camera system in operation that produced clear evidence of whether prisoners (such as the deceased) were observed as the Watch Levels required. The officers on duty knew they were being observed and that there was a record of their activity (and inactivity). They knew too, from experience, that there would be no come back if they failed to carry out their duties, no follow up from management. It may reasonably be inferred that officers did not observe prisoners, such as the deceased, because they knew there would be no follow up;
- record keeping was inadequate. There are two main items of paperwork that provide a safety record and framework for the care of a prisoner ...the evidence from the officers on duty the night in question was that the systems purportedly in place were not adhered to and that no one senior to them ever took issue with them or others in this connection ...;

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- the nurse who assessed the deceased gave conflicting evidence ... (**Q**. Why did you give clear answers and then change your evidence? **A:** I was confused...**Q:**Why did you so readily agree and now - more or less - change your evidence completely? **A:** I don't know.)
- ... the bottom line is that the staff that assessed the deceased just didn't know enough - there was substantial confusion ...;
- the director's rules provided that the deceased be seen by a qualified mental health nurse. There was no such nurse available to assess the deceased. This was the norm.

Counsel for the family also argued that the death and the events leading to the death of Mr Barclay might have been avoided if Bowhouse Prison had taken reasonable precautions contained in the rules laid down for the running of the prison and if the prison encouraged staff to adhere to the rules. He summed up thus: the one big fact that is evident when the whole smaller facts are added up is that there was an evident disregard for prisoners ... it would be going too far to say that there was a 'callous' disregard for the welfare of the prisoners on the part of the staff, they worked within a system that left them with responsibility untrammelled by accountability, but there was a calculated disregard on the part of those who ran Bowhouse Prison. They either knew about the standard of care that was being provided and decided to do nothing or they did not and decided not to find out ... standards which were low to begin with (following the training) deteriorated (in practice).

AUG/SEPT 2003

WACKENHUT DIDN'T RESPOND When Premier Custodial Group was still under Wackenhut Corrections and Serco's joint ownership and operation, Ashfield prison in south west England was described by the former director general of the prison service as "the worst" prison in England and Wales and the chief inspector of prisons said it was "the most disappointing" she had visited.

At a hearing of the Parliamentary Committee of Public Accounts on 30 June 2003, Martin Narey, Correctional Services Commissioner, said: "I thought with particular instance of Ashfield, which caused me so much anxiety, that if we had not been able to make very severe financial penalties, the other part of the Premier partnership - because until Wednesday Premier is part owned by Serco ... and part by Wackenhut - I do not think we would have got the other part of that partnership to respond seriously. I did find with Wackenhut that it was very important to make very significant financial reductions and take away places before I felt I was getting them to take the nature of Ashfield's inadequacies seriously." *UK Parliament, Oral evidence to the Committee of Public Accounts, 30 June 2003, www.publications.parliament.uk/pa/cm200203/cmselect/ccmpububacc/uc*

WACKENHUT CORRECTIONS BACK TO THE UK Wackenhut Corrections Corporation (WCC) - owned by Group 4 Falck for the last year but now a completely separate company again - completed the sale of its 50 per cent interest in Premier Custodial Group Ltd to Serco for £48.6 million in July 2003. Although WCC's UK operations were sold the company still operates in Australia, South Africa, Canada and New Zealand.

However, WCC could be re-entering the UK correctional services market. Stock analyst Jim Macdonald of Chicago based First Analysis Securities told the Palm Beach Post 24 August 2003 that: "They plan to acquire something. We know they want to go back to the UK." But under the terms of the deal with Group 4 the company will have to drop the Wackenhut name and come up with something new within a year.

OCTOBER 2003

PRIVATISATION OPPOSED A government threat to privatise prisons in the Republic of Ireland has been met with fierce opposition from the country's leading figures in criminology, law and human rights. Ostensibly aimed at cutting the overtime worked by the country's 3,400 state employed prison officers, who earn an average of Euros19,000 a year from overtime, the director general of the prison service has said that prisons may be privatised and smaller ones sold off if an agreement cannot be reached with the Prison Officers Association. However, some observers believe that the government is simply looking for an excuse to privatise.

On 24 September 2003 an open letter was delivered to justice minister Michael McDowell. The letter, signed by academics and human rights supporters, challenged the claims that private prisons are economical or innovative citing instead international experience that "reveals privatisation to be a costly failure, with private prison companies being subsidised by taxpayers." The signatories also called on the minister to publicly oppose prison privatisation and to commit to a process of "truly effective criminal justice and penal reform." Ivana Bacik, a law lecturer at Trinity College, Dublin, said: "Yes, the prison system is in desperate need of reform. But privatisation represents a copper-fastening of the mistakes of the past, rather than a recipe for a better future. If implemented, the Government will be trading one bad policy for another."

"If the Government is truly concerned about the high cost of incarceration, they must look to address the root causes of crime, and reduce the number of people sent to prison," said Dr Paul O'Mahony, a criminologist at Trinity College. "Crime reduction must be the goal of responsible government. The private sector does not and cannot share this goal, as corporations that imprison people for profit can only maximise that profit when prisons are full to capacity. If the Government privatises Irish prisons, they will be putting corporate interest before public interest."

"While reform of the prison system is long overdue, it must be based upon sound international evidence and best practice, not the failed and simplistic ideological imperatives that have driven prison privatisation in other parts of the world," said Rick Lines, executive director of the Irish Penal Reform Trust, an NGO. "The Government is attempting to manufacture a crisis in the prison service in order to force through an unpopular measure disguised as a 'solution'. Let us be clear that privatisation is no solution." "If the Government is truly committed to addressing problems in the prison system, we challenge them to begin a national dialogue towards developing truly effective criminal justice and penal reform," said Aisling Reidy, executive director of the Irish Council for Civil Liberties. More information from: Rick Lines, Irish Penal Reform Trust, Dublin.

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PREMIER'S VIEW OF THE MARKET On releasing its financial results for the half year to 30 June 2003 Serco - now 100% owners of Premier Custodial Group - presented their view of the UK justice market on 3 September 2003.

Premier's total revenue over the life of existing contracts for five prisons, one secure training centre, two immigration detention facilities and court escort, custody and electronic monitoring services in the UK is £2 billion. Immediate market opportunities are worth a further £3.4 billion, including extensions to Lowdham Grange prison and Dungavel House immigration centre, the building of Colnbrook House and the rebidding of escort and electronic monitoring contracts. The potential also includes contracts for two prisons in England and Wales, one in Scotland, two Secure Training Centres and an additional 200 STC beds at as yet unidentified sites, five immigration facilities, police custody suites, probation services, mental health services, customs and excise and tribunals.

MORE PRISONS PLANNED However, not included in Serco's calculations are two 1,500 bed prisons in addition to the two currently under construction (to be operated by UK Detention Services Ltd,), and two others planned for sites at Woolwich in London and Ashworth on Merseyside, north west England which Premier would be bidding for. A recent Home Office strategy document has revealed that £32 million is to be spent on purchasing two sites for large multi-functional prisons in the 2004-2005 financial year. Meanwhile, the Treasury has not yet released funds for a tendering process for the London and Ashworth prisons.

PREMIER'S DOVEGATE - NOT A POSITIVE REPORT At Premier Custodial Group-run Dovegate prison bullying is ignored, staff are inexperienced, staffing levels are low and drug use is prevalent, according to the chief inspector of prisons for England Wales. The prison opened between July and November 2001 and is the most recent privately financed, designed, built and operated prison in the UK. The operators have been fined at least £426,597 for contract deficiencies.

Between 31 March and 4 April 2003, Dovegate - run by Premier under a 25 year contract - was inspected by the chief inspector of prisons. Her report, dated June 2003 was published in September and included 135 recommendations for improvement. She also noted that neither the cost per place per annum nor the cost per prisoner place were available. Set out below is the complete introduction to the chief inspector's report.

The contribution of the private sector to the management of prisons in England and Wales has been both controversial and significant. It has been controversial because critics are uneasy about the application of the profit motive to prisons, for example fearing that corners may be cut and cheap, inexperienced staff recruited. However, it has also been significant because, as has been made clear in a number of reports from this Inspectorate, the private sector has often been open to innovation and change, which the public sector Prison Service has in the past found it hard to achieve.

In some ways this inspection of the HMP Dovegate - financed, designed, built and now managed by the private sector - illustrates both sides of this debate. There was some welcome innovation,

and good staff-prisoner relationships. But there was also a worrying lack of experience and confidence amongst a young, locally recruited staff, few of whom had any previous prison experience, and who were operating with low staffing levels and high staff turnover.

By contrast Dovegate's prisoners were not inexperienced. As an 850 bed category B training prison, Dovegate receives large numbers of long-term, relatively sophisticated prisoners, used to the system and capable of exploiting any weaknesses or naivety in the staff who supervise them. These are not the most compliant or easily managed prisoners, and it is to the credit of the establishment that our inspectors, informed by impressive results from our prisoner survey, identified a largely safe prison, with mutual respect displayed between staff and prisoners. Yet this is still not a particularly positive report. Dovegate has had a troubled start since its opening in 2001. There is a veneer of calm, but it disguises some fundamental concerns which the newly appointed – and very experienced - Director is now seeking to address: implementing more fully the normal processes and procedures required to manage the demanding prison population for which he is responsible.

And there is much to attend to. We identify weaknesses in a significant number of areas central to sustaining a safe prison, where a policy façade covered limited substance. For example, inspectors saw security intelligence that suggested illicit articles were not uncommon, yet found that cell searching lacked thoroughness; drug use appeared prevalent, yet drug reduction measures were given low priority; an incentives and earned privileges scheme was in place, yet few prisoners were downgraded even if their behaviour warranted it; and an anti-bullying strategy was in place, yet little worthwhile action had been taken to confront bullies. We observed an inability or unwillingness to confront prisoners appropriately; and we consider that this is directly related to the youth and inexperience of staff and the fact that they were deployed in relatively small numbers on the wings. This personnel profile is not untypical of contracted out prisons, but the risks are obvious and it is to the Director's credit that he was entirely open as to the need to support and nurture his young staff. And there is good work to nurture. Relationships between staff and prisoners across the prison were good, as was the accommodation and food. This was supported by excellent communication through Dovegate's innovative in-house TV station.

Some failings identified in the inspection were not within Dovegate's control. In common with other contracted–out prisons, adjudications were not carried out by Dovegate's managers, but by a Prison Service controller. This is a cumbersome arrangement and sometimes meant that appropriate management action was not taken to resolve conflicts, and on occasions that prisoners were able to exploit the situation in order to avoid punishment.

However, other deficiencies were within the prison's control. It had contracted to take a further 60 prisoners beyond its previous complement, but had chosen to place these new arrivals in a number of single cells "doubled" in a patently unsatisfactory and unhygienic way. Healthcare was poor. Though race relations appeared properly managed, the establishment appeared ignorant of the scale of its foreign national population - a quarter of all prisoners - and as a result provision for them was inadequate. Similarly, purposeful activity had not kept up with the growth of the establishment and activities themselves needed further development, for example

Information collected from the internet for this report

to deliver accredited learning; although there were innovative practices, such as the use of more able prisoners as learning support assistants.

Resettlement was even more underdeveloped. The personal officer scheme existed in name only; sentence planning was of variable quality; there were too few offending behaviour programmes to meet evident needs; and drug treatment provision was inadequate. Overall, the inspectors' findings illustrate the distance still to go before Dovegate can be considered a healthy prison. The new Commissioner for Correctional Services, Martin Narey and his staff, now have direct responsibility for contracted out prisons. They will need to consider how to ensure improvements at Dovegate. This report should also be a salutary reminder that the Commissioner's commitment to expose failing public sector prisons to private sector competition ("performance testing") will not always deliver an immediate private sector panacea (a similar conclusion was drawn by the National Audit Office in its recent report on the operational performance of privately financed prisons) .

Dovegate, with its young and energetic staff, has been able to put in place some commendable innovations, which public sector managers might view with jealousy. But this inspection has also exposed concerns about the sustainability and long-term safety of the establishment where essential procedures and processes are not properly implemented: partly because inexperienced private sector staff has yet to develop the skills and confidence to properly manage their prisoners. *A Full Announced Inspection, HMP Dovegate, 31 March - 4 April 2003, HM Chief Inspector of Prisons.*

DECEMBER 2003

LOW STAFFING, MISSED OPPORTUNITIES AT GROUP 4 PRISON

Group 4-run Rye Hill prison is "in many ways an example to most public sector prisons. However, as we have reported in relation to other private sector prisons this open and relaxed approach can carry risks, "according to Anne Owers, the chief inspector of prisons for England and Wales.

In her recent report she also pointed out that "as in other privately-managed prisons there was a generous amount of time out of cell. However, too much of the work that was provided was low-skilled and, where skills were acquired, they were rarely accredited. Private sector contracts have tended to focus on the quantity rather than the quality of provision and this needs to be addressed." The chief inspector made 83 recommendations for improvements and also noted nine examples of good practice.

Rye Hill is a privately financed, designed, built and managed 600 bed category B training prison for male prisoners serving sentences of four years or more. The prison, in Warwickshire, central England, opened in January 2001. It was Group 4's fourth prison contract in the UK. When the chief inspector visited in June 2003 the prisoner population was 659. The report did not mention that the company was fined £60,000 in June 2002 for allowing a prisoner to escape.

Overall, the inspector found that prisoners were held in a reasonably safe environment. But there was a need "for managers and staff to remain alert to issues of safety ... partly because of the low staffing levels on residential units and the relative inexperience of many prison custody officers. Rye Hill's prisoner population was long term, experienced and sometimes sophisticated, which

added another dimension to the dynamics of the relationships between staff and prisoners. Many prisoners were frustrated because staff failed to resolve some basic and immediate issues. It was important that steps were taken to address this problem. Although prison custody officers were in control in the prison, there remained a need for staff to set clear boundaries in their relationships with prisoners. For many, this required an increased sense of confidence and authority in their daily interactions with prisoners."

Other issues included:

- There was very little specifically in place for prisoners spending their first night at Rye Hill, and there was "a need for the prison to reflect on the potential stresses that new prisoners experienced on entering the very different environment provided at this establishment. Risk assessments for cell sharing were completed, but the information contained in them was not always taken properly into account when deciding where to locate prisoners."
- Fifty nine per cent of prisoners surveyed said that they had problems when they first arrived yet only 26% felt that they had been helped to sort out these problems at reception.
- Induction for vulnerable prisoners "could be inconsistent".
- The profile of anti-bullying was "not high" and there was no programme that challenged bullies, although steps were being taken to correct this. There had also been "no prison-wide analysis of bullying information reports that could have identified ongoing trends. There was no safer custody committee. We could not accept that in a long term training prison only three of over 650 prisoners were involved in bullying in five months."
- There was no work or education available for prisoners in the segregation unit.
- Although respect was at the centre of all relationships between staff and prisoners "unfortunately, some of the systems in place did not reflect this. This was particularly so for race relations and for the management of applications and complaints."
- "It was not possible for prisoners to open their cell windows and cells became unreasonably hot, particularly for those prisoners in double occupancy cells."
- The inspectors "received various complaints from prisoners about the opening of legal correspondence."
- When prisoner resorted to the formal complaints procedure they did not always receive answers that were courteous or that fully addressed the point." There was no effective system that ensured adequate responses to prisoners' complaints. There were no statistics on how long it took for prisoners to receive replies, if they were fortunate enough to do so at all. "These deficiencies combined to make the complaints system a major cause of frustration for prisoners and there was a need to review and improve the systems in place."
- Despite approximately 35% of prisoners being from black or ethnic minority groups "race and diversity were not areas on which the prison had focused. The prison operated an outdated policy and it was clear that some of the assistant race relations liaison officers (RRLOs) on the wings did not fully understand the nature of the work they were required to do. There was also a need for training in complaints handling for all RRLOs and managers. Ethnic monitoring was undertaken and range setting was in place, but the data being scrutinised was not always reliable. There was no evidence of a commitment

Information collected from the internet for this report

to the promotion of diversity throughout the prison and prisoners reported to us that they believed some staff displayed racial bias."

- There were also over 100 foreign nationals in the prison but "their specific needs were largely neglected. They had no co-ordinator, and there was no understanding of what working with this group might amount to."
- For prisoners who had work, employment opportunities were "varied" and there was "a lack of quality in much of the work available." Around150 prisoners were unemployed each day.
- There was "very little accreditation of training throughout the prison and this led to many missed opportunities. Co-ordination of training throughout the prison was not good either and there was very little sharing of some of the good practice found in individual areas." Overall, "quality assurance of both education and training was poor."
- Curriculum management within education was "inadequate."
- There had been no formal monitoring of the quality of teaching and learning for over a year. A detailed survey of [prisoners' feedback] had not been carried out for 14 months.
- There were insufficient numbers of trained staff to be able to offer accredited vocational training courses.
- All prisoners could go to physical education, but "the work undertaken there was essentially recreational. There was no effective training or systematic delivery of service to prisoners requiring remedial help."
- There was "a need for the prison to take a wider view of resettlement rather than focusing simply on matters of risk reduction. Its resettlement strategy was out of date and had a narrow focus. Although a resettlement policy committee met bi-monthly, it was not monitoring or driving resettlement work effectively throughout the establishment."
- Public protection measures were "not always effective."
- In general "we found many custody officers experiencing difficulties in effectively managing the considerable demands made on them by prisoners."
- As personal officers, prison custody officers generally "did not have a detailed knowledge of the prisoners for whom they were responsible ... prison custody officers were not properly trained for their work as personal officers and ... they did not properly fulfil the role."
- The staffing complement for visits was one supervisor and eight prison custody officers (PCOs) although "there were only five PCOs when we inspected ... it was clearly very difficult to provide proper supervision with less than the full complement of staff. Staff were also hampered because several of their personal radios were broken or on 'receive only' mode. In addition, the closed-circuit television room was not always staffed. The closed visits area was unsatisfactory."
- The inexperience of some staff meant that they lacked either the knowledge or confidence to respond to questions raised by often very sophisticated and adept prisoners.
- At the time of the inspection nearly all health care staff vacancies were filled for the first time since the prison opened.
- Prisoners enjoyed considerable time out of cell each day and at weekends. The only complaint received on this subject was that "some prisoners felt they were unlocked for too long."
- 22.6% of prisoners were unemployed. Pay differentials were significant and there was "little incentive for prisoner to opt for education."

- Force was used "as a last resort." But the documentation on the use of force was poorly completed. "Sections indicating that the duty manager and the doctor had been informed remained blank. In 10% of the forms sampled there was no certification for the use of force. In one case involving the use of force by four officers, none of them had made statements."
- None of the prisoners due for release within four weeks of the inspection had been seen by a resettlement officer. "Sixty five per cent said they had no help in finding a job on release; 71% had no help on finding accommodation on release; 73% had no help with their finances in preparation for release; and 62% had no help in claiming benefit on release."
- ARAMARK provided catering for prisoners, staff and visitors. The quality of the prepared and cooked food was good. "There was inadequate supervision of meals on wing serveries with the result that portion control was not being monitored and prisoners at the end of the queue were given smaller portions than those at the beginning. Menus were uninspiring with few choices for healthy eating and a poor selection of traditional Muslim dishes."
- ARAMARK also provided the prison shop. A good range of goods was offered but "prices were high." *Report on a Full Announced Inspection of HM Prison Rye Hill, 16-20 June 2003, HM Inspector of Prisons, 22 October 2003.*

INQUIRY INTO ALLEGED RACISM AT GROUP 4 DETENTION CENTRE The government has ordered an urgent independent inquiry into the alleged culture of racism at Group 4-run Yarl's Wood immigration detention centre in Bedfordshire. The move is in response to revelations about staff attitudes towards detainees published by the Daily Mirror 8 December 2003 (www.mirror.co.uk). A Mirror reporter provided a false job application, was hired as a security officer by Group 4 and spent seven weeks working undercover at the centre before being found out. The reporter alleges that staff boasted of using violence and intimidation on detainees. In his view "some staff opinions would not have been out of place at a far right rally."

Yarl's Wood reopened recently after being burned down during riots last year. Currently it employs 120 staff and holds 60 detainees but is due to take up to 400. The reporter claims that a psychologist brought in to retrain staff told them that violence was a last resort but that he was "going to train you in how to deal with the really nasty people. Group 4 started treating people humanely, teaching them about duty of care. That's fine, as far as it goes. If you start treating these people humanely they think it's a pushover." Detainees were described as "bastards who will always let you down." The reporter was allegedly instructed not to treat "scum" with sympathy or believe their harrowing stories. Immigration minister Beverley Hughes said: "The Mirror's investigation raises some very serious issues. The government expects those who run centres like Yarl's Wood on our behalf to treat immigration detainees with decency and respect."

TWO PRISONS, ESCORT SERVICES UP FOR GRABS Justice Minister Michael McDowell has obtained government approval for the management of open prisons Loughan House in County Cavan and Shelton Abbey in County Wicklow to be contracted out and the prisoner escort service privatised. Two other prisons could be closed.

Information collected from the internet for this report

Yet on 15 October 2003, the minister told the Dáil (parliament) "I can state categorically that there is no plan in my department to privatise the prison service." Meanwhile, a prison service study in 2002 concluded that "privatisation of prisoner escorts is not a viable option ... it would not be appropriate to privatise the service at a time when it is not operating efficiently as this would militate negatively against the level of efficiencies and cost savings that could reasonably be expected to be achieved in the normal course."

The Prison Officers Association has already proposed savings of Euros 30 million. In a statement on 11 November 2003, Rick Lines of the Irish Prison Reform Trust said: "Since August we have argued that the minister is manufacturing a crisis in order to push through an ideologically driven agenda under the guise of a solution. These fears have now been borne out."

JANUARY/FEBRUARY 2004

THE PLOT THICKENS The government appears to be pushing ahead with privatisation. Enabling legislation has been passed and the tendering process for the prisoner escort service has begun. Two prisons have been closed with a view to changing their use and contracting out the management. The 150 year old Mountjoy prison in Dublin is to be closed and the prison service (IPS) has been asked to identify a Greenfield site on the outskirts of the city so that a new prison can be built. When a site has been identified the IPS, in consultation with the government, will consider whether the state or a private developer should design and build the new facility. Although the government has not announced that the new prison will be privately run, in the current climate there is no guarantee that it will be publicly managed.

According to the Irish Penal Reform Trust (IPRT) the plan to close Loughan House and Shelton Abbey prisons and contract out the management of the facilities contradicts a commitment made in the Dáil by justice minister Michael McDowell. In October 2003 the minister told the Dáil, "I can state categorically that there is no plan in my department to privatise the prison service." However, according to a government press release, Loughan House and Shelton Abbey will be replaced "with institutions on the same sites managed by entities independent of the Irish Prison Service who would run these centres as transition hostels for prisoners reaching the end of their sentences." Two other prisons, The Curragh and Fort Mitchell are to close permanently.

Rick Lines, executive director of the IPRT said: "Since August, we have argued that minister McDowell is manufacturing a crisis within the prison service to push through an ideologically-driven pro-privatisation policy in the guise of a solution. These recent developments, and the suspiciously careful use of language being employed by the government in discussing its intentions vis-à-vis Loughan House and Shelton Abbey, have done nothing to alleviate that concern."

IPRT requests under Freedom of Information (FOI) legislation for records of meetings between the government and private prison companies or consultants to discuss privatisation have failed to discover how the government's plans have been developed. No records of any such meetings were divulged.

However, as far back as 7 and 8 February 2000, IPS officials met in England with representatives from Group 4 and Securicor to discuss prison escort services. Then, in March 2002 both companies made presentations to IPS officials "about the range of services they provide to the criminal justice system in the UK."

This information was revealed on 19 February 2004 in an answer to a parliamentary question. Minister McDowell said that "the [2000] visits by the officials were not used to explore the contracting out of services ...[the purpose] was to examine how the Irish prison service could learn from other jurisdictions in dealing with the logistical task of transporting prisoners from prisons to courts and hospitals." The minister's explanation as to why no records of the meetings were released under the FOI request was that there were no written records. The 2002 presentation by Group 4 and Securicor was "purely an information gathering exercise. There was no follow up to this."

WACKENHUT/GEO INTERESTED However, the FOI request did reveal that, following media reports of the government's interest in privatisation, Wackenhut Corrections Corporation (as was) telephoned and wrote to Sean Aylward, director general of the IPS, on 11 November 2003. On 12 November 2003 Ron Champion, WCC's vice president international services, also wrote to the minister, saying: "Should there be an occasion where you may be contemplating the advantages of Public Private Partnerships in corrections, WCC would welcome the opportunity to discuss with you and your staff our services in greater detail." On 18 November 2003 the director general of the prison service replied to Mr Champion saying that "we will certainly keep your declaration of interest on file."

Also on 18 November Mr Champion wrote again, this time to the minister's appointments secretary: "... our company would appreciate the opportunity to meet with Minister McDowell at his earliest convenience. The purpose of the requested meeting would be twofold: 1) WCC to present its business credentials and discuss our experience as a world leader in the provision of secure prison management and prison escort services to governments; and 2) discuss how private companies have successfully assisted governments to introduce competition to the criminal justice system to enhance services and reduce costs."

PARC RACISM REPORT The inability of the prison service and the management of Parc prison to stamp out racism at the Securicor-run facility between 1998 and 2000 has been documented by the Commission for Racial Equality (CRE) in a report on racism in the prison service. The CRE's investigation also included publicly run Brixton and Feltham prisons. Parc was initially inspected in February 2001and revisited in October 2001.

The CRE's findings on Parc included:

- "... there was often little sign of a pro-active approach on the part of staff toward stopping racist behaviour." For example, the CRE found a report on a black prisoner dated 11 March 2000 noting that he had applied for a transfer to a different jail: 'He states that he is being driven to boiling point. That he can't go to visits without racial abuse being shouted at him from A Block.' The CRE also noted that the recommendations in the

report contained no reference to dealing with the abuse. Instead, staff sought to get the black prisoner out of there.

- One member of staff said "the problem was we had no control at the time and that's where we failed."
- Racist graffiti was " a persistent problem".
- Regarding the use of racist films the CRE found that neither staff nor management sought "advice at [prison service] area or headquarters level."
- One ethnic minority staff member who complained of racist treatment by a prisoner told the CRE that "it was a daily occurrence that people would call out names to me. They would just have a go at me and you can't do anything about it. I actually told the manager and he told me it was probably the way I see the situation and that, if I found it difficult, I should find another job."
- "Prison management accepted the likelihood of assault on prisoners on racial grounds ... and the prison would not have adequate staff available on landings to deal with trouble as it arose, making the prison an unsafe place for certain prisoners."
- "That areas of the prison were not safe seemed to be taken for granted at Parc."
- "Officers at ... Parc involved in investigating incidents and complaints did not receive proper training. No-one there involved ... appears to have had any such training until the beginning of 2001. One officer ... requested training but was refused on the grounds that their rank was too low."
- "During our revisit in October 2001, the director told us there was 'little or no evidence' of racist graffiti. However a black prisoner told us of graffiti in the toilets of the amenity block ... saying it had been there for a week. We saw the graffiti for ourselves and informed the director. A follow up investigation required by the director was conducted in a highly unsatisfactory way."
- When the CRE returned to Parc in October 2001 they also found that "the emphasis was on stopping expressions of racism rather than tackling the root of the problem in any systematic way."

In a statement following the report's publication in December 2003, Parc's director of custody and rehabilitation said: "Today, Parc is a healthy and safe prison and we are firmly committed to maintaining positive race relations so that all prisoners and staff feel free from discrimination." Parc opened in 1997 and has had a troubled history. *Racial Equality in Prisons: A formal Investigation by the Commission for Racial Equality into HM Prison Service of England and Wales, Part 2, December 2003.*

ASHFIELD IMPROVES, BUT.... Ashfield prison and young offender's institution in southwest England was described in February 2003 by the then director general of the prison service as "the worst" in England and Wales. However, by September 2003 the chief inspector of prisons found that the facility had improved.

But at the time of the inspection Serco-owned Premier was running the prison with a population of just 200 juveniles and 83 young adults and the chief inspector has recommended that the maximum should be 320 rather than the 400 that the prison is supposed to hold. She warned that, despite the improvements "neither the youth justice board nor the commissioner of correctional services should take this report as a green light to fill Ashfield to capacity with under-18s." According to the chief inspector, any significant increase would be "fraught with risk".

The chief inspector also noted that "many of our recommendations [from the previous inspection] had formed the basis for this significant improvement." She added: "but this report also comes with a strong caveat ... these improvements were recent and still developing. Much work was needed to build on them, particularly as the staff remained relatively young and inexperienced and staff turnover, while slowing down, was still fairly high. No-one involved in overseeing, resourcing or monitoring Ashfield should imagine that the task is complete and support withdrawn." *Report on A Full Announced Inspection of HM Prison/Young Offender Institution Ashfield, 22-26 September 2003, HM Chief Inspector of Prisons, November 2003.*

CONCERNS ABOUT PRIVATE PRISONER ESCORT SERVICE Before the Republic of Ireland prison service privatises its prisoner escort service based on the model used in England and Wales (see above) it might be worth taking a closer look at what goes on. In her recently published annual report the chief inspector of prisons for England and Wales, Anne Owers, said that court and escort problems and late arrivals in prison can compromise both safety and respect. "Local prisons often reported problems with late arrivals," she noted.

In particular, inspections of facilities for juveniles revealed "...the inadequacy of escort arrangements for children and young people ... we found evidence of excessive journey times and lengthy waiting periods in court. At Feltham [a publicly run young offenders institution in west London] we analysed 67 prisoner escort records: this revealed that over half the young people had waited over six hours, in court cells or vans, between the conclusion of their court case and their arrival in Feltham, and one in 10 had spent over four hours in escort vans. As a result, many arrived late ..." While referring to these practices as "unacceptable" she also noted "the failure to provide comfort breaks during those journeys to the extent that young people are reduced to urinating in property bags. We had evidence of this at five of the seven establishments subject to full inspections. At Onley [publicly run], this degrading treatment was amplified by the fact that the contractors required the young people to clean the vans before leaving them." *Annual Report of HM Inspectorate of Prisons for England and Wales 2002/2003, published January 2004*

NEW ESCORT SERVICE CONTRACTS The restructuring of the prison escort and custody service for England and Wales from eight regions to four and the re-tendering of contracts has resulted in Serco-owned Premier Custodial Group Ltd being chosen as preferred bidder to deliver the service for London and South East England. Subject to satisfactory negotiations being completed the seven year contract worth over £300 million will start on 29 August 2004. With the award of this contract Premier claims that it will have some 25 per cent of the UK market. The contract for London is currently operated by Securicor.

Meanwhile, Reliance Secure Task Management Ltd has been appointed preferred bidder to operate the contract for South Wales and the West of England. The region is two and a half times larger than the area the company has covered for the last seven years. The company expects to triple the revenues it currently receives from this contract.

PROFITS AND DIVIDENDS Companies are cashing in from the increasing privatisation of the UK's criminal justice system. According to the most recent accounts filed, **Bridgend Custodial Services Ltd,** the Securicor subsidiary that runs Parc prison,

Information collected from the internet for this report

paid a dividend of £2.43 million for the year ended 30 September 2002 (£2.28 million in 2001). Pre-tax profit was £3.4 million (£2.1 million in 2001) on turnover of £26.4 million.

Premier Custodial Group (then still owned by Wackenhut and Serco) made a pre-tax profit of £9.98 million on turnover of £127.45 million for the year ended 31 December 2002. A £2.11 million dividend was paid to shareholders in June 2002 (£4 million in 2001).

UK Detention Services Ltd (UKDS) made a pre-tax profit of £2.27 million on turnover of £26.5 million for the year ended 31 August 2002 and the company proposed a dividend of £1.68 million. The company's operations were Forest Bank prison and Harmondsworth immigration detention centre. Turnover included £13.6 million for Forest Bank and £12.18 million for Harmondsworth. UKDS directors' emoluments - including pension contributions - for the year were £437,550. UKDS is owned by Sodexho of France.

Peterborough Prison Management Ltd's (PPML) business is the finance, design, construction and management of the new prison in Peterborough, Cambridgeshire, for which **UKDS** will be the operator. The contract was signed in February 2003 and the prison is due to open in 2005. The company's accounts for the period ended 31 March 2003 show that PPML did not trade, there was no income and expenditure and no profit or loss. However, the accounts show that **The Royal Bank of Scotland Plc** is financing the project to the tune of £10.87 million and has received £1.35 million in advisory fees. Both UKDS and **Interserve Investments Plc** received £250,000 for advisory services. PPML's immediate parent company is Peterborough Prison Management Holdings Ltd which, in turn, is owned equally by **Sodexho Investment Services Ltd, Interserve PFI Holdings Ltd** and **Royal Bank Project investments Ltd**.

Reliance Secure Task Management Ltd, part of **Reliance Security Group plc,** "developed substantially on all fronts" in the year ended 25 April 2003. The company's chairman, Sir Neville Purvis, also stated that the company "is now a leading provider of outsourced business processes in the criminal justice sector ... playing a substantial role in the provision of 'near to core' support services to the police, the prison, the probation services and the courts." The company's pre-tax profit rose by 122% to £1.82 million for the year (£819,000 in 2002) while turnover increased by 80% to £33.89 million (£18.68 million in 2002). The company was formerly known as Reliance Custodial Services Ltd

According to its annual report for the year ended 31 December 2002 **Group 4 Falck Global Solutions Ltd's (GSL)** pre-tax profits from UK operations included:

- Fazakerley Prison Services Ltd - £2.5m (Altcourse prison)
- Onley Prison Services Ltd - £0.4m (Rye Hill prison)
- ECD Cookham Wood Ltd £0.5m (Medway Secure Training Centre)
- ECD (Onley) Ltd - £0.2m (Rainsbrook Secure Training Centre)

SCOTLAND: CALLS FOR PRISON TAKEOVER

"The quicker this contract is terminated and the prison brought into the public sector the better." This was Scottish Nationalist MSP Alex Neil's comment to the Evening Times following the publication of a report on Premier Prisons-run Kilmarnock prison by Scotland's chief inspector of prisons.

The chief inspector carried out a follow-up inspection to his predecessor's visit and critical report in 2002. While stating that this report "should not be seen as an attempt to inspect the whole life of the prison" he said a key issue was that "staff turnover continues to be very high compared to SPS [Scottish prison service], having increased since the last inspection report to a rate of 18.6% (from 14%) per annum. Nursing continues to be a particular area of concern."

"Both staff and prisoners indicated that it was not unusual for wing staff to leave the wing ... with two staff per wing this can mean there may only be one member of staff left, and it is not unusual for both members of staff to be out ... there can be occasions when prisoners have no direct officer supervision." He noted that: "staff and prisoners also raised the issue of newly trained staff being deployed to wing duties on completion of training and being left to their own devices." Since the last full inspection there was "a decrease in fear of prisoner-on-prisoner violence" and that "it may be too early to say with clarity, but there are signs the poor provision for programmes for addressing offending behaviour is becoming better." However, "the area of the prison which is perhaps least effective is the provision made for remand prisoners." Other concerns include:

- the listener scheme is not working well;
- there appears to be a higher number of prescriptions for anti-psychotic drugs than one would expect;
- there is a gap in mental health care provision;
- the patchy nature of sentence management means that fully integrated plans are not being made and followed;
- most of the work available to prisoners is manual and repetitive ... it does little to enhance the possibility of obtaining skills and qualifications.

Meanwhile, shadow justice minister Nicola Sturgeon said that "Kilmarnock remains a troubled prison blighted by drugs and violence. Despite this, the Executive seems determined to build more private prisons styled on Kilmarnock. They are trapped in their dogmatic insistence on privatisation and need to give up their Tory agenda if they are ever to truly improve Scotland's prisons." HM Inspectorate of Prisons, HMP Kilmarnock, Inspection: 13-14 August 2003, Scottish Executive.

- A fatal accident inquiry has been ordered into the death of prisoner Stewart Williams who died in hospital after being transferred from the prison on 23 January 2004.
- The Sheriff has still not published his findings of the fatal accident inquiry at Kilmarnock Sheriff Court following into the death of prisoner James Barclay at Kilmarnock prison in January 2003.

NO TO A PRIVATE PRISON Residents do not want a 700-bed prison to be built near Addiewell, West Lothian in Scotland. "The majority of villagers here don't want a prison, whether it's run by the private sector, the Scottish Prison Service or Martians," said Bart Smit of the Stop the Prison Campaign. "But the small percentage who grudgingly accept we should get a prison will be against it if it's going to be private. They think it's morally reprehensible that a private company should make money out of people's misery," he told the Scotsman in January.

Information collected from the internet for this report

The Scottish Prison Service (SPS) is planning two new prisons, at least one of which will be private. The public sector will be allowed to bid for one contract but only if they can put together what the SPS calls "an effective package."

MARCH 2004

OPEN FOR BUSINESS TO MORE US COMPANIES More US private prison companies are being invited to bid for contracts in England and Wales. The stated reasons include: the industry restructuring through the Group 4/Securicor deal leading to concerns about the lack of competition; the private sector's need for more contracts to allow them better economies of scale; new prisons are to be built; and existing publicly run prisons as well as other services, especially probation, are to be market tested. Contracts to operate clusters of prisons may be offered.

In an interview with the Guardian, 10 March 2004, Martin Narey, chief executive of the new National Offender Management Service - the prisons and probation services under one organisation- said that he wants to see more providers. "Last summer I visited the US and spoke to two viable US private providers that are not yet operating in England and Wales. I have started a dialogue with them about the possibility of their bidding for future work." He declined to name the companies.

There US companies that could be invited include Correctional Services Corporation (CSC), Cornell Companies Inc and Management & Training Corporation. However, Dominion Correctional Services is a short listed bidder for Israel's first private prison and so also appears to have international inspirations. The GEO Group, whether or not it successfully completes a deal to buy Group 4's prison business, might also be considered. It remains to be seen whether Corrections Corporation of America - which sold the bulk of its international interests in 2000 and 2001 - is keen to re-enter the UK market. In 1998 Correctional Services Corporation (CSC) formed a UK joint venture company. Since then, along with its various joint venture partners it has been unsuccessful in its bids to finance, design, build and operate several prisons and two secure training centres.

WHAT THEY TOLD THE COMPETITION COMMISSION When the UK's competition commission investigated the possible implications of Group 4's acquisition of Wackenhut in 2002, the commission "asked UK and US security firms if they were planning to enter these [corrections] markets, and how attractive the markets were to them."

The US firms were CSC and Cornell. The commission reported: "We noted that several firms have expressed an interest in entering these markets. Cornell Companies Inc told us that it was prepared and eager to expand its quality services and skills to other countries, particularly the United Kingdom. It said that was primarily interested in expanding into prisons, juvenile detention, secure training centre and immigration detention centre construction and management services. Cornell also commented that perceived advantages to incumbents would not deter it from submitting a bid in the UK. It said that increasing the number of UK private custodial contracts would make entry into the UK market more attractive to the company."

Cornell said that it had expressed interest in bidding for future projects to the prison service contracts and competition group and the youth justice board "and had received responses from both organisations encouraging it to participate in future competitions." To date, Cornell has not bid for UK contracts. Meanwhile, Correctional Services Corporation told the commission that it had bid on one contract "at the request of the UK government" and it "would be interested in providing transport services for immigrant detainees in the UK." Although it had not competed for recent projects CSC "would consider bidding on future projects if it felt contracts would be awarded on a competitive basis."

Wackenhut Corrections Corporation (as was) told the commission that the UK market was also attractive "because success in the UK would assist US-based companies to obtain similar contracts in South Africa and Australia. This was because the Private Finance Initiative (PFI) arrangements here for prison contracts were similar to those in South Africa and Australia, whereas the USA does not have this type of arrangement."

MAY/JUNE 2004

CONTRACTORS TO HAVE STATUTORY POWERS OVER PRISONERS Directors of private prisons in England and Wales are to be given statutory powers over prisoners in line with their public sector counterparts. The proposed transfer of powers brings to a close one of the central arguments used for privatising prisons: that a government appointed controller is on site to monitor the contract and carry out statutory duties in overseeing fair and lawful treatment of prisoners. Much of the controllers' responsibilities - and some controllers too - are being swept away in a Correctional Services Bill to be considered by parliament later this year.

An internal prison service document drafted by the assistant director, office for contracted prisons in the prison service, Trevor Williams. It is addressed to the prisons minister, Paul Goggins, and the chief executive of the National Offender Management Service, Martin Narey. Subsequent correspondence dated 17 May 2004 adds further detail. Neither document makes reference to any planned public consultation. The prisons minister has given "outline approval" to most of the prison service's original proposals. As planned, the Correctional Services Bill will transfer powers to:

- adjudicate hearings into alleged breaches of discipline - to be passed to the director or a suitably trained person at assistant director level;
- authorise segregation and the use of force/special accommodation - removing all reference to seeking the controller's approval for their actions;

- impose restrictions on visits to prisoners;
- authorise exceptions to outside exercise - the prison service is not yet clear whether directors already have this legal power. If so, then this would be dropped from the Bill but the prison service "would want to see directors given exactly the same authority as [public sector] governors in the matter."

In addition, legal advice is being sought on the transfer of powers to directors to:

Information collected from the internet for this report

- sign prisoner release and home detention curfew licences on behalf of the secretary of state;
- represent the secretary of state at parole hearings.

Plans to transfer the power to restore additional days awarded to prisoners are not being pursued "on the grounds that to do so may prejudice the progress of the Bill." And following comments from the prisons minister a proposal to transfer powers relating to RIPA will also not be pursued. This would have allowed directors to handle "covert human intelligence sources" ie, "covert intelligence gathering and handling informants." This, the document states, was likely to cause "concerns raised by civil liberties groups (such as LIBERTY)." It is also admitted that "allowing directors to authorise segregation and the use of force are potentially controversial" but the document states that: "whilst the proposed changes might be seen as contentious on their own, within the context of a wider Correctional Services Bill they are likely to be lessened in impact as a result of their specialised nature. It is unlikely that there will be widespread public opposition to these measures."

However, "interest is likely from the same sources that opposed the creation of private prisons when the 1991 Criminal Justice Act was introduced (prisoner rights groups such as the Prison Reform Trust and Prison Service Trade Unions)" and "any media or public response should be handled by the office for contracted prisons in conjunction with the wider Bill preparation team..." According to the document the role of controller was created because "at the time, the provision of custodial services by private providers was controversial and there was a campaign against the creation of private prisons ... as a response to this the role of controller was created to administer the internal prison discipline system of adjudications; to authorise the use of physical force against prisoners and their segregation; and to investigate allegations of inappropriate behaviour by contractors and their staff."

But "the growing experience and maturity of these providers combined with contracts robustly monitored by the office of contracted prisons and oversight from the independent monitoring boards for each establishment means that the time is now right to pass these statutory duties to the contractors who carry the operational risks associated with them." Now the prison service is also seeking advice on what the remaining role of the controller would be. "Are we correct in thinking that each contracted prison would still need to have a controller to conduct those legacy tasks that we do not transfer, but that there would be no requirement for that controller to only have responsibility for one prison and nor would they have any requirement to be based in the prison they were appointed to."

Central to the plans is the claim that transferring these responsibilities creates "a more level playing field for contestability by putting directors on a similar footing to prison governors in the public sector. It would therefore be supportive of the general development of the National Offender Management Service [NOMS, see below]. "The proposals would "appropriately clarify the process of risk transfer to private contractors and strengthen the purchaser/provider relationship."

Cost cutting also comes into it. "There would be a reduction of up to 25% in headcount across controllers teams ... the total savings across the 11 contracted prisons [by 2005] would equate to

a figure of approximately £50,000 per establishment. This would be a realistic figure on which to negotiate with contractors in regard to taking over these duties." Any costs associated with the phase out of these changes and staff training could be borne "from within existing resources" leading to an overall effect that would "deliver modest cost savings across the contracted prison estate."

- One proposal in the original document seems not have been discussed in the subsequent correspondence and has not been included in the transfers to be contained in the Bill. No reason is given for this. The prison service wanted to "allow the flexible use of contractors' staff to a level equivalent to that which exists in the public sector (specifically in relation to searching and supervision of prisoners by grades other than Prison Custody Officer (PCO)." The justification for this was that "it will resolve the present inconsistency whereby only accredited PCO staffs supervise prisoners in a contracted prison due to the wording of the 1991 Criminal Justice Act. Contractors express frustration that public sector prisons can employ operational support grades and civilians to do some of this work when they have to use PCO staff. This has given the public sector a commercial advantage because they can employ cheaper, less highly trained staff to undertake work such as searching of visitors on entry to the prison, supervision of work parties, etc. Removing this requirement will increase contestability when submitting bids to operate prison services and reduce costs incurred by the private sector allowing in turn efficiencies to be passed on to the commissioning authority. The net result of this change will be to offer improved value for money and greater prospect of innovation from providers."

PROGRESS AT GROUP 4'S MEDWAY BUT.... Medway Secure Training Centre has made some significant improvements according to an independent annual report ..." This was the headline in a Youth Justice Board press release of 2 April 2004 announcing publication of a report by the government's social services inspectorate on this Rebound ECD (Group 4 subsidiary)-run facility for persistent offenders aged 12- 17. Paragraph four noted, however, that there remains a "full agenda of issues to take forward in order to ensure a sustainable quality service." The Board stated that "areas for improvement include considering further the policy and practices around bullying and assaults and planning a training and staff development strategy."

Rebound ECD's press release of 27 March 2004 - which, at the time of writing, - offered what it calls "edited highlights" of the report. These highlights only include some of the inspectors' positive comments. Set out below are examples of the inspectors' concerns which neither the Board - the commissioning authority for the centre - nor the company fully addressed in their press releases.

- Although understandable, it was not sustainable or acceptable for a STC in its 6th year of operation to be unable to deliver aspects of its core business and to provide its staff with appropriate non-contact time during which they can attend to priority matters, develop their skills or have the opportunity to benefit from regular programmed supervision.

Information collected from the internet for this report

- Since 2002 the senior management team of the STC has experienced considerable disruption and turmoil ... the consequences of the disruption were experienced throughout the centre.
- Staff numbers currently remain low placing significant pressures on the establishment particularly at weekends and at nights, when in our judgment the staffing levels are at times too low to provide a satisfactory level of care.
- ... progress cannot be made to any significant extent until staffing levels are increased in the care staff grades.
- ... training has fallen victim to operational pressures affecting the establishment. This has adversely impacted upon the skill base of the staff group. It is essential that a revised training and development strategy is developed to reflect the priorities of this report and to ensure that opportunities are afforded for staff to meet their personal development targets and to contribute towards the STC achieving its corporate aims and objectives.
- We found evidence to suggest that there was significant under-reporting of episodes of single separation and sanction. We saw and were told of many occasions when brief periods of single separation were used (up to 15 minutes' duration) without being recorded. Equally we found evidence of numerous examples of sanctions which had been applied to young people and recorded in the staff communication book but not in the sanctions record.
- Between 1 January and 15 October 2003 Medway Social Services had received 29 referrals ... these resulted from complaints made by 23 young people about the manner in which they were handled during the course of a physical intervention, a restraint. At the time of the second phase of this inspection a significant number of the complaints were still being investigated by the social services and/or the police. In addition there was an ongoing independent review of a number of the same referrals and some new allegations...
- A priority development is to improve the ability of staff tor respond appropriately to child protection matters with the particular attention to the management of disclosure.
- The effective implementation of the bullying procedure requires further work. We noted the lack of clarity among staff about what constituted bullying. For example we spoke to several house unit staff who considered assaults by young people upon their peers as normal institutionalised behaviour. Therefore we confidently speculate that there has been a significant under-use of the bullying procedure in the establishment.
- During the first phase of his inspection we were significantly concerned about aspects of care afforded to young people. Disruptive behaviour was commonplace and sometimes serious in nature. One inspector concluded that he had been in a situation in which he judged that neither staff nor young people were sufficiently safe at that time.
- We remain concerned about the timeliness and quality of food throughout both phases of this inspection.
- The quality of initial education assessment needs to be improved.
- The levels and types of accreditation needed to be developed.
- A major priority area in the next phase of the centre's development should be targeted towards improving the quality of delivery of programmes.
- Tackling young people's offending behaviour is an activity fundamental to the purpose of the STC. The ability to do so has historically been hampered by staff shortages, inexperience and the frequent turmoil in the management team.

- We have concluded that it was an unrealistic expectation to expect inexperienced, unqualified staff to deliver sophisticated programmes of work which required at a minimum some theoretical understanding of the subject matter and counselling and communication skills in order to avoid inadvertently reinforcing inappropriately held attitudes and behaviours. We observed staff grappling with the content of individual sessions and finding themselves out of their depth when questioned or challenged by young people.
- There had been a gap in the provision of psychiatric and psychological services.
- Health and safety would benefit from an increased focus. The inspection was carried out in two phases: June/July 2003 and October 2003. Inspection of Medway Secure Training Centre, Kent, October 2003, published April 2004. Commission for Social Care Inspection, 33 Greycoat Street, London SW1 2QF, England.

MEDWAY - WHERE THE MONEY GOES Group 4's secure training centres are run under the Rebound name. Rebound ECD Ltd - ECD stands for education care and discipline - is, however, a dormant company. In 2001 the business and its assets were transferred to Group 4 Falck Global Solutions UK Ltd. The company that financed, designed, built and operates Medway is ECD (Cookham Wood) Ltd. The original contract was signed on 3 March 1997 and an amendment relating to a 36-bed extension of the facility was signed on 11 January 2002. The most recently filed accounts for ECD (Cookham Wood) Ltd - for the year ended 31 December 2002 - include the following details:

- Pre-tax profits were £0.5 million;
- bank borrowings relate to a term loan facility of £12.55 million granted by ABN Ambro Bank NV;
- under the terms of the original contract dated 3 March 1997 the company is committed to pay fixed and variable fees to group 4 Falck Global Solutions UK Ltd based on the number of available trainee places at STC Cookham Wood [Medway]. Payments in the year ended 31 December 2002 were £4.189 million (2001:£3.952 m);
- under the terms of a contract dated 11 January 2002 payments of £2.493 million were made to Carillion Construction Ltd a company related to Carillion Private Finance Ltd for design and construction services related to the extension;
- in addition ... Group 4 Falck Global Solutions Ltd and Group 4 Falck Global Solutions UK Ltd, companies related to Group 4 Falck Joint Ventures Ltd, provided other administrative and technical services to the company during the year at a cost of £13,000 (2001:nil) for Group 4 Falck Global Solutions Ltd and £69,000 (2001:£45,470) for Group 4 Falck Global Solutions UK Ltd;
- similar services were also provided by Carillion Construction Ltd at a cost of £47,000 (2001:£25,000);
- Group 4 Falck Global Solutions UK Ltd also provided services for other operational costs of £1.25 million (2001:nil) which includes £0.975 million (2001:nil) for start up costs for the extension;
- at the year end there was £nil (2001:£10,000) payable to Group 4 Falck Global Solutions Ltd; £1.569 million (2001:£0.511 million to Group 4 Falck Global Solutions UK Ltd and £2.979 million (2001:£19,000) payable to Carillion Construction Ltd. Sources: ECD (Cookham Wood) Ltd Directors' Report and Financial Statements 31 December 2002

Information collected from the internet for this report

and Group 4 Falck Global Solutions Ltd Annual Report 31 December 2002. (Note: UK companies have ten months from the end of their financial year within which to file their accounts).

INVESTIGATION INTO CIRCUMSTANCES OF STC BOY'S DEATH An independent inquiry has been launched into the death of 15 year old Gareth Myatt who lost consciousness while being restrained by three members of staff at the Rebound ECD-run Rainsbrook secure training centre. He died in hospital on 19 April 2004. He had been sent to Rainsbrook on 16 April. The centre in Northamptonshire opened in 1999 and now holds up to 70 persistent offenders aged between12-17. It is the second of Group 4 subsidiary's financed, designed, built and run secure training centres. As at 31 March 2003 the company had been fined £155,152 for contract failures at Rainsbrook.

RALLY AGAINST PRIVATISATION Probation officers held a rally and lobby of parliament on 11 May 2004 to protest against the government's plans to restructure the probation and prison services along market lines. The government wants to subject the new service, the National Offender Management Service (NOMS), to what it calls contestability. Individual teams, services and prisons will be forced to compete with arbitrarily set government targets. The National Association of Probations Officers (Napo) believes that further privatisation will be the result of that process. For details of the government's proposals and NAPO's response see: www.napo.org.uk/napolog

JULY 2004

30% STAFF TURNOVER AT PREMIER PRISON Lowdham Grange prison, Nottingham, opened in February 1998 and is run by Premier Prisons. The chief inspector of prisons inspected in March 2004 and described the prison as "safe and well managed". However, on average 100 prisoners - one fifth of the population - did not have enough purposeful activity? The prison had low staffing levels, inexperienced staff and a staff turnover of 30 per cent, making "meaningful personal contact [with prisoners] difficult." The prison needs to review its management of race relations and foreign nationals and promote diversity. It also needs to change its policies towards anti-bullying, suicide and self harm.

The prison was first inspected in 1999 and a number of improvements were recommended. This latest inspection found that, since then, 39 of those had been achieved, 11 had been partially achieved and 18 not at all. The inspector listed 46 repeated and further recommendations for improvement.

Report on An Unannounced Inspection of HMP Lowdham Grange, 1-3 March 2004, HM Chief Inspector of Prisons, published June 2004.

ARCHBISHOP OPPOSES PRIVATISATION The Church of England is the latest faith group to raise concerns about private prisons. Following a speech by the Archbishop of Canterbury, Dr Rowan Williams, and the Church's General Synod voted on 11 July 2004 to accept a report calling for the use of prison as a last resort. The Archbishop said that programmes

of rehabilitation and education in the prison system are consistently frustrated by the abnormal mobility of the prison population as a direct consequence of overcrowding. "These programmes are frustrated and they are not likely to be helped by some of the ideas for further privatised involvement in this area." He remarked that this was a "sensitive" matter and one "which Synod will want to keep in mind as they reflect on these issues."

CONTRACTS UPDATE

Establishment	Operator	Contractor	Owner(s)
Prison			
Altcourse (6)	Global Solutions Ltd	Fazakerley Prison Services Ltd	Falck A/S &Carillion plc
Ashfield	Premier Prison Services Ltd	Pucklechurch Custodial Services Ltd	Serco Group plc
Bronzefield (3)	UK Detention Services	Ashford Prison Services Ltd	Sodexho UK (owner of UKDS) Royal Bank of Scotland Interserve Project Services Ltd
Doncaster (1)	Premier Prison Services Ltd	Premier Custodial Group Ltd	Serco Group plc
Dovegate	Premier Prison Services Ltd	Moreton Prison Services Ltd	Serco Group plc
Forest Bank (7)	UK Detention Services	Agecraft Prison Management Ltd	Sodexho UK (owner of UKDS) Abbey National plc
Lowdham Grange	Premier Prison Services Ltd	Lowdham Grange Prison Services Ltd	Serco Group plc
Parc (5)	Securicor Justices Services Ltd	Bridgend Custodial Services Ltd	Securicor Justice Services Ltd (Group 4 Securicor) Innisfree Skanska UK Costain Group plc
Peterborough (4)	UK Detention Services	Peterborough Prison Management Ltd	Sodexho (owner of UKDS) Royal Bank of Scotland Interserve Project Services Ltd
Rye Hill (6)	Global Solutions Ltd	Onley Prison Services Ltd	Falck A/S & Carillion plc
Wolds (2 & 6)	Global Solutions Ltd	Global Solutions Ltd	Falck A/S
Immigration Detention Centre			
Campsfield House (6)	Global Solutions Ltd	Global Solutions Ltd	Falck A/S
Colnbrook	Premier Detention Services Ltd	Premier Detention Services Ltd	Serco Group plc

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Dungavel	Premier Detention Services Ltd	Premier Detention Services Ltd	Serco Group plc
Hardmondsworth	UK Detention Services	Harmondsworth Detention Services Ltd	Sodexho UK
Oakington (6)	Global Solutions Ltd	Global Solutions Ltd	Falck A/S
Tinsley House	Global Solutions Ltd	Global Solutions Ltd	Falck A/S
Yarl's Wood (6)	Global Solutions Ltd	Group 4 Amey Immigration Ltd	Amey Assets Services Ltd & Falck A/S

Source: House of Lords Hansard, 17 May 2004, amended.

Notes and updates:
Table is for England and Wales only. Scotland has one PFI prison, Kimarnock operated by Kilmarnock Prison Services Ltd, a subsidiary of Premier Custodial Group Ltd owned by Serco Group plc.
Also excludes prisoner escort and electronic monitoring contracts.
1& 2. Wolds and Doncaster are management-only contracts.
3. Opened in June 2004.
4. Due to open 2005.
5. From July 2004 Securicor is now Group 4 Securicor.
6. From July 2004 Group 4 Global Solutions' prisons and detention centres business is owned by Falck A/S (Englefield and Electra Partners).
7. At press time Banco Santander of Spain was negotiating to acquire Abbey National.

SEPTEMBER 2004

ENGLAND AND WALES: STILL NO EVIDENCE ON RECIDIVISM RATES After 12 years there is still no evidence that private prisons in England and Wales contribute to any reduction in prisoners' reoffending rates. In a parliamentary question John McDonnell MP asked the prisons minister how much the reconviction rate has changed since the introduction of the private sector to the prison service. The prisons minister replied that the first private prison opened in 1992 and that "figures for the number and percentage of prisoners reconvicted within two years of discharge from prison are given in Prison Statistics England and Wales, 2002." *(Source: Hansard, 8 June 2004).* However, while this report contains a great deal of data it contains nothing about private prisons.

A previous parliamentary question in 2000 on this issue brought the following response from the then prisons minister: "since prisoners may move between privately owned and publicly owned prisons on a number of occasions during their sentence, it is not possible to calculate the

reoffending rates..." *(Source: Hansard, 9 March 2000)*. Only one private prison, Dovegate (see below), has the operator's performance fee related to reducing reoffending rates but only for 200 of the prison's 800 prisoners.

PREMIER'S DOVEGATE SAFE BUT INTAKE "COMMERCIALLY SKEWED Dovegate prison's 200 bed therapeutic communities (TC) was "a very safe place" according to a recent report by the chief inspector of prisons for England and Wales. However, the chief inspector also stated that "it was of concern that selection [of prisoners] was apparently being skewed by commercial imperatives. This was neither appropriate nor fair, and it mitigated against the integrity of therapy..."

The chief inspector, Ann Owers, noted: "... there was a concern that in order to keep up the numbers on the TC required by the prison's contract - and because the prison service was slow in transferring prisoners in and out, prisoners from Dovegate's main prison were taking precedence over those from elsewhere on the waiting list. Many of those from the main prison were clearly unsuitable (77 prisoners had been returned since January 2002) ..." This meant that TC places were "not available for more difficult and personality disordered prisoners who might benefit from therapy."

It was considered that "therapeutic groups with white British majorities are not appropriate to manage all issues of concern to ethnic minorities. The TC needed to raise the profile of race relations and ensure formal recording and investigation of all incidents of a racial nature."

The Premier Prisons-run unit is based on Grendon, the country's only publicly operated - and world renown- therapeutic prison. The chief inspector noted that: "it is too early to say whether Dovegate TC will emulate Grendon's longevity." There was no inspection of the delivery of therapy itself. However, she found that "there is much to commend both in the therapeutic model and in the way it has been implemented ... some very serious and often extremely difficult offenders are clearly helped to readjust to a level of appropriate and law abiding behaviour while they are in the TC, with every prospect of this learning assisted progress with the remainder of their sentences and, hopefully, on release." The chief inspector noted six examples of good practice. There were also 104 recommendations for improvements. Dovegate's 600 bed main prison opened in July 2001. The Therapeutic Community opened in November 2001.

Report on an Announced Inspection of HMP Dovegate 29 March-2 April 2004 by HM Chief Inspector of Prisons, July 2004, published 14 September 2004.

MONEY GO ROUND **Bridgend Custodial Services Ltd**, the operator of Parc prison at Bridgend, Wales, made a pre-tax profit of £3.94 million for the financial year ended 30 September 2003. Shareholders' dividends for the year were £2.76million, increased from £2.43million in 2002. The company is a subsidiary of Securicor which is now owned by Group 4.

Sodexho subsidiary **UK Detention Services Ltd** now has contracts to operate Forest Bank, Bronzefield and a new prison opening at Peterborough in 2005. It also operates Harmondsworth

Information collected from the internet for this report

immigration detention centre and two probation hostels. Its pre-tax profit for the year ended 31 August 2003 was £1.95m. Shareholders' dividends for the year were £1.39m (£1.68m 2002).

Onley Prison Services Ltd is the operating company for Rye Hill prison, Warwickshire. Its pre-tax profit for the year ended 31 December 2003 was £0.7million. These extracts from the then Group 4-owned company's most recently filed accounts show the web of companies and payments involved in the operation of this PFI contract.

- Under the terms of its original contract dated 23 July 1999 the company is committed to pay fixed and variable fees to GSDL UK Ltd (formerly Group 4 Global Solutions (UK) Ltd), based on the number of prisoner places for the remainder of the contract. Payments in the year ended 31 December 2003 were £9.49 million (2002, £8.82 million).
- Under the terms of the contract dated 23 July 1999, Carillion Construction Ltd a company related to Carillion Private Finance Ltd, the company is committed to index linked payments totalling £4.69 million (1999 index) for capital replacement of life expired equipment over the contract term. Commitments remaining at the balance sheet date index at 31 December 2003 were £5.15 million (2002 £4.97 million).
- In addition to contractual commitments set out above Global Solutions Ltd (formerly Group 4 Falck Global Solutions Ltd) and GSL UK Ltd (formerly Group 4 Falck Global Solutions (UK) Ltd), companies related to GSL Joint Ventures Ltd (formerly Group 4 Falck Joint Ventures Ltd) provided administrative and technical services to the company during the year at a cost of £17,000 (2002 £18,000) for Global Solutions Ltd and £48,000 (2002 £47,000) for GSL UK Ltd. Similar services were also provided by Carillion Construction Ltd, a company related to Carillion Private Finance Ltd at a cost of £39,000 (2002 £79,000).
- At the year end there was £nil payable to Global Solutions Ltd, £943,000 (2002 £889,000) payable to GSL UK Ltd and £nil (2002 £89,000) payable to Carillion Construction Ltd.
- The company is a wholly owned subsidiary of GSL Carillion (Onley) Ltd (formerly Group 4 Carillion (Onley) Ltd) a company which files consolidated accounts in England. Fifty per cent of the share capital of Group 4 Carillion (Onley) Ltd is held by Carillion Private Finance Ltd and fifty per cent of the share capital is held by GSL Joint Ventures Ltd. *Source: Onley Prison Services Ltd, Notes to the financial statements for the year ended 31 December 2003.*

FAILURE TO MEET KPIS Private Prisons in England and Wales failed to meet some contractually agreed Key Performance Indicators (KPIs) in 2003-2004, according to recent government statistics.

Assaults - six failed to meet their target on preventing serious assaults. The target is for the number of serious assaults against prisoners or staff expressed as a proportion of the prison population. Parc, which had the seventh highest level of serious assaults compared to all prisons in England and Wales, had the highest rate in the private sector. The rate of serious assaults on prisoners or staff that resulted in a positive adjudication was three times higher than the target acceptable under Securicor's contract. The serious assault rates at Dovegate and Wolds were amongst the highest compared to all prisons in England and Wales.

	Actual performance on serious assaults (rate prisoners and staff)	Target on serious assaults
Altcourse	2.41%	1.50%
Ahfield	2.52%	2.60%
Dovegate	2.36%	1.30%
Doncaster	0.09%	0.40%
Forest Bank	0.80%	1.40%
Lowdham Grange	1.15%	0.90%
Parc	3.98%	1.00%
Rye Hill	1.07%	0.00%
Wolds	2.32%	1.50%

Purposeful Activity- both Dovegate and Parc were well below their targets for the average number of hours of purposeful activity that they are contractually required to provide per week. Altcourse was the only private prison that met its targets.

	Actual performance on purposeful activity (average hours per prisoner each week)	Target on purposeful activity
Altcourse	34.4	32
Ashfield	29.3	30
Dovegate	25.5	35
Doncaster	19.6	20
Forest Bank	20.9	24
Lowdham Grange	26.8	28
Parc	26.3	32
Rye Hill	28.5	30
Wolds	29.2	30

Drugs - there were particularly high levels of drug use at Dovegate, Forest Bank and Parc. Altcourse also failed to meet its targets for the rate of positive drug tests. Each prison has to randomly test a proportion of prisoners for drugs every month.

	Actual performance (percentage of positive random drug tests)	Target on drug testing
Altcourse	12.0%	11.0%
Ashfield	8.1%	11.0%
Dovegate	17.5%	15.0%

Information collected from the internet for this report

Doncaster	10.7%	9.0%
Forest Bank	21.4%	14.0%
Lowdham Grange	4.9%	9.0%
Parc	23.8%	9.0%
Rye Hill	7.3%	12.0%
Wolds	3.3%	7.0%

Source: 2003-04 Outturn and targets by Establishment, HM Prison Service Planning Group, 15 July 2004.

RESTRAINT INQUIRY LAUNCHED The Howard League for Penal Reform has launched an independent inquiry into the use of strip searching, physical restraint and segregation of children in public and private custodial institutions. This includes children held in privately operated secure training centres. In April 2004 15 year old Gareth Myatt lost consciousness while being restrained by three staff in Group 4-run Rainsbrook STC. He later died in hospital. As a result of this incident the use of a technique known as the 'seated double embrace' has been banned. More recently, Adam Rickwood, 14, died at Premier–run Hassockfield STC. Official figures have revealed that, between 2000 and 2004, restraint was used 11,087 times on young offenders at the three private secure training centres in England: 4,675 times at Group 4-run Medway; 2,810 at Group 4-run Rainsbrook and 3,602 at Premier Prisons-run Hassockfield. Source: *Hansard 24 June 2004.*

NOVEMBER 2004

10.1.1.2 PRIVATE SECTOR: LOWER PAY, LONGER HOURS, HIGHER TURNOVER

Average hourly basic pay for private sector prison and detention custody officers in England and Wales is 43% less than their public sector counterparts receive, a recent and as yet unpublished official study reveals.

The Prison Service Pay Review Body hired consultants to research comparative wages and conditions for staff in public and private sector prisons in England and Wales. The data helps formulate the basis of the government's annual pay award for public sector prison staff. At the time of the research four companies were involved in operating ten privately run prisons and five immigration centres:

- GSL - three prisons, four immigration centres.
- Premier Custodial Group (Serco) - four prisons.
- Securicor Justice Services - one prison.
- UK Detention Services - two prisons, one immigration centre.

Extracts of the report's main findings, dated September 2004, are set out below. The figures are based on details of pay and conditions as at 12 July 2004 and include privately run prisons and

immigration detention centres. The study compares the pay and benefits of staff in typical operational roles with those in the prison service. It also assesses the effectiveness of the private sector employment packages in attracting and retaining the staff they need in their local markets.

Private prison operators submitted details except for UK Detention Services (UKDS). The company declined on the basis that "... all prisons would be market tested over the next few years, they see the prison service as a direct business competitor. In the light of that they feel that the information they have normally given to us would now compromise their competitive position." The study incorporated UKDS pay and benefits, but not recruitment and retention, data from published sources or extrapolation from 2003 information.

The report was made available to members of the review body, prison service management and staff representatives and to the private companies who participated in the survey. "We have assured the companies that in using and reporting on the information they gave us, we would be able to safeguard their legitimate commercial interests. In line with our assurances, and indeed our normal practice in dealing with confidential information, this report therefore contains no information about named individual companies or employees."

The following table shows how far prison service pay leads that of comparable private sector jobs for roles up to senior officer level. Differentials have narrowed slightly at all levels.

PAY COMPARISONS-OPERATIONAL SUPPORT GRADE, OFFICER AND SENIOR OFFICER LEVELS

% Lead of Prison Service over Private Sector Pay (Based on Hourly Rates) (2003 % figures in brackets)

	Operational Support Grade	Prison Officer	Senior Officer Over Supervisor	Senior Officer Over Junior Manager
Private Sector Roles - Higher, Lower or Equivalent	Equivalent	Prison Custody Officer - Equivalent (some higher) Detention Custody Officer - Lower	Equivalent	Higher
Starting Pay	13% (15)	10% (17)	51% (54)	19% (27)

Information collected from the internet for this report

Average Basic Pay	18% (18)	43% (51)	48% (52)	16% (23)

However, within the South East [of England], prison officers receive locality payments varying between £1,100 and £4,000 a year. By comparison, in the private sector:

- The average starting pay of prison custody officers (PCOs) and detention custody officers (DCOs) in the South of England is some £2,700 higher than elsewhere. But the average current basic pay for such private sector staff is less than £1,000 higher than elsewhere.
- In comparison, based on the hourly rates, a prison officer recruit outside the South of England joining at the minimum receives nearly 20% more pay than his or her private sector counterpart.

We believe the public/private sector differences are explained by the following two principal factors:

- Pay costs are the largest element in the costs of managing a prison or immigration centre. In order to compete successfully to win or retain contracts while remaining profitable, the companies are therefore under sharp pressures to keep pay costs down, while still attracting, retaining and motivating staff. This is not to say that the prison service is not under any such pressures but there is a wider range of factors that influence pay settlements: for example relativities with other parts of the public sector.

- The private companies all have freedom to gear their pay specifically to the local market in which each prison or centre has to operate. While the prison service does operate a local pay policy in London and the South East, pay is otherwise national.

In addition, prison officers have much longer average length of service than their private sector counterparts and have a long pay scale up which to progress. There has been some increase in pay progression in the private sector since last year. But while, most privately managed prisons and centres now have some form of progression, none currently has progression of more than about £3,000 and in several cases it is much more limited.

The following table shows how far private sector pay leads that of comparable jobs in the prison service for the more senior roles.

10.1.1.3 PAY COMPARISONS – PRINCIPAL OFFICERS, MANAGERS AND GOVERNOR LEVELS

% Lead of Private Sector Pay over Prison Service

	Middle Manager & Shift Manager Over Principal Officer*	Head of Function Over Manager E	Director & Centre Manager Over Governing Governor
Private Sector Roles - Higher, Lower or Equivalent	Slightly Higher	Slightly Higher	Slightly Higher
Average Basic Pay	9% (10% in 2003)	5% (2% in 2003)**	29***

* Some comparable prison service jobs are at Manager G or F level but most are Principal Officers
** Based on average salaries of Managers E in operational roles – 2003 figures for Managers E are estimated
*** Based on average salaries of Senior Managers in Governing Governor roles in broadly comparable prisons – this breakdown was not available last year.

The main points are:

- Private sector pay for middle managers remains nearly 10% higher than that of principal officers but the jobs are also slightly larger in the privately managed prisons.
- At Head of Function level the private sector roles are also slightly higher but the pay lead is only 5%.
- At governor/director level, directors pay, including any bonuses, leads by 29% that of governors of broadly comparable establishments to those in the private sector (based on numbers of staff and prisoners).
- The Prison Governors Association and some individual governors expressed concern to us about the rate of pay progression available for new governing governors and the competitiveness of salaries for good staff.

Hours

Average contracted weekly working hours have slightly reduced in the private sector to just fewer than 41, varying between 39 and 44, compared with 39 in the prison service.

Benefits

The Table below shows how the prison service's superior pension and holiday benefits increase the overall lead over private sector salaries at senior officer level and below based on hourly

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rates. Private sector benefits have shown little change, though holidays have slightly increased in some establishments.

% Lead of Prison Service over Private Sector Pay (Based on Hourly Rates) With and Without Valuation of Pension and Holiday Benefits (2003 values in brackets)

	Operational Support Grade	Prison Officer	Senior Officer Over Supervisor	Senior Officer Over Junior Manager
Average Basic Pay	18% (18%)	43% (51%)	48% (52%)	16% (23%)
Average Basic Pay Plus Benefits	30% (31%)	60% (70%)	69% (74%)	33% (41%)

- The value of pension schemes for public sector operational support grades and prison officers is 7.5 % and 9.5% respectively more than their private sector counterparts.
- The contributions for prison service staff give them guaranteed benefits whereas those for most private sector staff do not.
- The prison service retirement age is 60 whereas it is 65 for many company staff.
- Prison service staff receive an average of around seven more days holiday than the average for their private sector counterparts.

The next Table shows how the lead of the private sector over the prison service at middle and senior management levels is affected by private sector cars and medical insurance and by prison service pension and holiday benefits. However, these figures may in practice somewhat understate the advantage of prison service pensions.

% LEAD OF PRIVATE SECTOR PAY OVER PRISON SERVICE WITH AND WITHOUT VALUATION OF PENSION AND HOLIDAY BENEFITS (2003 FIGURES IN BRACKETS)*

	Middle Manager & Shift Manager Over Principal Officer	Head of Function Over Manager E	Director & Centre Manager Over Governing Governor
Average Basic Pay	9% (10%)	5% (2%)	29%
Average	2% (4%)	3% (Minus	33%

Basic Pay plus Benefits		1%)	

*Notes to Tables 2 also apply

Job Security

There have been no developments to change our views that:

- Private sector prison jobs are only slightly less secure than those in the prison service for most staff.
- Companies' contracts from the immigration service to run immigration centres are often more temporary in nature, so there is inherently less job security.

Recruitment and Retention

- Generally the average private sector package is sufficient to enable companies to recruit the staff they need, but it is under pressure at several establishments.
- The overall average resignation rate of 25% PCOs/DCOs is the same as last year and remains high. But equally the prison service resignation rate is exceptionally low (2.6 % for prison officers).
- Among establishments that have been open for five years or more the average resignation rate of PCOs/DCOs was 19%. For more recent establishments it was 34%.
- There was little difference between the average resignation rate for PCO/DCOs at establishments in the South of England and for those elsewhere. There were, however, considerable variations between individual establishments: the highest resignation rate of PCOs/DCOs at any establishment was 43% and the lowest 11%. Neither of these is in the South of England.
- Resignations of OSGs and equivalent averaged 37% of staff in post compared with 7% of OSGs in the prison service.
- While the establishments with the best retention rates tend to be those in areas of higher unemployment and lower house prices, those with greater retention problems are not confined to the South East. Newer establishments tend to have the highest turnover.
- Several establishments report recruitment and retention difficulties. Again these are not confined to the South of England. Economic development and the rapid house price growth in the Midlands and North have made labour markets more competitive in almost all areas.
- While there are several reasons for turnover, including age, length of service and the stability of establishments, a further important factor is competition from much more highly paid jobs in the prison, police and probation services where the skills learnt by PCOs and OSG equivalents are directly relevant.
- The reward package and the absence of much opportunity for pay progression at some establishments have contributed to turnover.
- Nonetheless, vacancies among PCOs/DCOs averaged some 4% of average staff in post, slightly down on last year and less than for prison officers in the prison service (5.2%).

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As noted last year, this is surprising, as the very low voluntary wastage rates in the prison service would suggest that vacancies should on average be fewer.

- 2% of PCOs/DCOs (36) were dismissed during the year, some being those who did not satisfy initial training standards. 1% of prison officers were dismissed and 6% of OSG equivalent were dismissed (12-half of these at one establishment) compared with 1.4% in the prison service.

Sickness Absence

Sickness absence in the last year averaged some nine days a year per PCO/DCO in the private sector establishments compared with an average of 12 last year. We do not know if the reduction is due to specific initiatives or to differences in recording.

The average sickness absence rate for prison officers was 16 days a year in the same period (down from 18 last year). Apart from possible recording differences, the difference from the private sector is likely to be at least partly because:

- The sick pay arrangements in the private sector are notably less generous.
- Employees in the private sector are younger.
- Nearly three quarters of the [private] prisons and centres do not give sick pay for an initial period after an employee is recruited, varying between six months and three months.
- Two thirds of the 14 prisons and centres do not give sick pay for the first three or five days of sickness in any episode. However, in some establishments these 'waiting days' may be waived if the employee has had no sickness absence in the previous 12 months.
- Sick pay is based on full pay in establishments except one where half pay is paid after an initial period on full pay.
- Some companies also give free membership of schemes that will provide 50% or 60% of full pay to employees who are prevented from working beyond a six-month period.
- By contrast, prison service staff can receive full pay for six months, with the possibility of as pension lump sum on ill health retirement in the event of long term incapacity. This is significantly better than for private sector staff without access to permanent health insurance but affects only a small minority of staff.
- All companies provide free medical insurance to function heads and directors and about two thirds to middle managers. The value of this may be estimated at, say, £1,000. *Source: Privately Managed Custodial Services, DLA MCG Consulting, Prison Service Pay Review Body, September 2004.*

10.1.1.4 PARC PRISON: INDEPENDENTS BOARD'S CONCERNS

The Independent Monitoring Board for Securicor-run Parc prison raised serious concerns in its recently published report for the period 1 March 2003 to 29 February 2004. The Board noted that, following the escape of a prisoner on 10 October 2003 and the prison's poor 'key performance indicator' performance, Parc found itself at #132 on the prison service's performance standard weighted scorecard in February 2004. "Not only was this six places from the bottom but also the lowest position of any of the contracted prisons in England and Wales." An action plan was agreed between Securicor, which opened the prison in 1997, and the Office

for Contracted Prisons with various targets set to improve the performance in numerous areas including:

- security of doors and gates;
- prisoner movements within the establishment;
- communications room;
- incident reporting system;
- vehicle searching;
- security issues;
- level of MDT [mandatory drug test] positives;
- segregation staff training;
- regimes;
- programmes and resettlement;
- dental treatment;
- response to requests and complaints;
- support to other Securicor contracts;
- staff attrition;
- staff deployment;
- accuracy and availability of information received by the Controller;
- standards of cleanliness and general housekeeping;
- accurate contractual information particularly staffing numbers.

The board also noted that staff morale continued to be an issue throughout the period; "the high staff sickness levels particularly amongst uniformed staff are perhaps indicative of this. The Board again urges Securicor Justice Services to overcome this problem." Other impacts on staffing were the contract won by Securicor to repatriate illegal immigrants. Parc staff assisted at the early stage of the contract by using their rest days and annual leave. The Action Plan requires the Director to provide advance warning of any redeployment and provide a written undertaking as to how staffs are to be replaced.

"In terms of lock downs using the smaller units to minimise disruptions to the least numbers of prisoners is not the appropriate answer." The Board was also "totally frustrated by the lack of visible means of identification of staff within the prison. This problem was highlighted in the last annual report and the Board urges Securicor Justice Services to resolve this problem.

Other issues included:

- **Juvenile Remand Unit** "The fact that the Youth Justice Board Placement Section repeatedly failed to fill the Juvenile Remand Unit is a matter of grave concern. So too is the fact that despite numerous vacancies, Welsh boys on remand to Welsh Courts are held at HMYOI Ashfield. This is neither sensible nor cost effective. If nothing else it defeats one of the criteria behind the decision to locate a juvenile remand unit in Wales: the need to house Welsh youngsters as close to their home and local community as possible. Action must be taken to resolve this regrettable situation. The average population figures for the 2003 – 2004 periods are no better. The Board again urges the

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Youth Justice Board to ensure that Welsh boys on remand from Welsh Courts are housed near their homes."

- **Contractual Obligations: Purposeful Activity and Hours Out of Cell** "Securicor Justice Services has again failed to meet its contracted obligations for purposeful activity and out of cell hours. While the Independent Monitoring Board recognises that there has been some improvement in delivery levels over previous years, it trusts that SJS will meet the action plan target set by the Office for Contracted Prisons by the end of May 2004."
- **Skills** "It is disappointing that aside from Carpentry and Metalwork (Welding etc) no really useful skills are taught..." While the Board accepts that it is often impractical to provide training in many instances especially for those who are only in Parc for short periods of time, it argues that if the population is to expand further, more meaningful ('purposeful') activities must be developed..." There are insufficient serious work programmes and there is a limit to the number of cleaners and food servers that can be deployed. While the complex operates well on the whole, slow and inefficient movements of prisoners lead to drastically shortened hours of activity. It should however be noted that this state of affairs had improved somewhat at the end of the reporting period.

- **Healthcare Provision - Juvenile Remand Unit** In the 2002-03 report the Board expressed its concern at the lack of separate healthcare provision for boys residing in the Juvenile Remand Unit: "Unfortunately this state of affairs still exists and the Board urges the Youth Justice Board to rectify the situation as soon as possible"
- **Dental Care** The Board continued to receive a significant number of complaints from prisoners about the provision of dental services. "At the end of the reporting period there were 124 prisoners on the urgent waiting list and 53 on the routine list. Primecare Forensic Medical Services have been instructed to recruit an additional dentist and reduce the waiting list significantly by the end of April 2004. The Board expects the target of 59 on the dental waiting list by the end of April 2004 to be met."
- **Deaths in Custody - Outstanding Inquests** There are seven inquests outstanding into deaths in custody at Parc. One dates back as far as 21 September 2002. The final inquest into the death in custody of a 17 year-old trainee, who was found dead in his cell on 6 October 2002, has also not been held. "The Board requests that the Coroner for Mid Glamorgan holds this inquest as soon as possible."
- **Prisoner Representation at Race Relations Meetings** "... despite the fact it is a mandatory requirement, there is still sporadic prisoner representation at these meetings. The Board asks Securicor Justice Services to actively recruit inmate participation at these meetings."

- **Self-harm** continues to be a serious problem. "Although the numbers placed on the 'at risk' register each month is fairly stable at around 50, the proportion of those that actually self-harm is variable, but typically between 14 and 34 in the Adult / YO population and between 1 and 7 in the Juvenile Remand Unit. As last year the numbers increase when the Juvenile Remand Unit is fully populated. "The sad fact is that with a large, and it has to be said not very intimate institution like Parc, with inmates from difficult backgrounds, it is always going to be a struggle to manage this issue, staff should be commended for

what they are able to achieve in difficult circumstances. "There was only a small minority of racial problems/incidents. These varied from two to nine per month, which were reported to the Race Relations Liaison Officer, they were then investigated and dealt with quite quickly. Unemployment was a major issue throughout the prison as a whole, but within the minority ethnic population it has been even more difficult. This year the rise in unemployment was attributed to more minority ethnic prisoners coming into the establishment."

- **Reportable Incidents** There were 868 reportable incidents during the period. "This represents a huge increase (77.9%) over the previous year's figure of 488 incidents. There has been an element of under reporting in the previous year, this has been identified in the Action Plan, the staff training log in the use of the LIDS Reporting System is being inspected on a monthly basis by the Controllers team. There is also a target of two failures to comply with PSO 1400 by the end of May 2004; eight failures were recorded at the end of February. There has been a significant rise in two particular areas (assaults and prisoner self harm), an increase of over 50% on the previous year's figures. It should be noted however that a number of inmates self-harmed twice or even three times a day. The escape on 10 October 2003 led to an Unannounced Security Audit Visit by the Office for Contracted Prisons on 6 and 7 January 2004, this resulted in an 'Adequately Managed' rating. Unfortunately, three inmates died while in custody during the reporting period, two died after a period of illness and another was found unconscious in his cell, toxicology tests are awaited into the cause of this death. At the time of writing this report there are seven inquests outstanding into deaths in custody at HMP / YOI Parc, one dates back as far as 21st September 2002. The Board is extremely concerned at the length of time it takes to hold a final inquest into deaths in custody in the Mid Glamorgan area. There were 132 reportable incidents on the Juvenile Unit during the reporting period this compares with 75 incidents in the first nine months the unit was operational (March to November 2002). The number of drug finds and damage to cells, furniture and equipment rose considerably.
- **Adjudications** As is the case in all contracted out establishments, the Controller, Deputy Controller and Assistant Controller carry out adjudications at HMP & YOI Parc. Following the European Court of Human Rights' ruling which removed the right of the Controller's team to award "added days" to prisoners, any adjudications which may result in this form of punishment are adjourned for the Independent Adjudicator. They conducted 1,907 adjudications during the reporting period; a rise of 458 on the number carried out in the previous reporting period. *HMP & YOI Parc, Sixth Annual Report of the Independent Monitoring Board (IMB) to the Secretary of State, 1 March 2003 to 29 February 2004. (The IMB provides a voluntary 'watchdog' role on behalf of ministers and the general public providing lay and independent oversight.)*

MARCH 2005

A PRISON, NINE COURTS, ELECTRONIC TAGGING Nine court projects are to be developed using public-private partnerships. Announcing the €50 million programme on 8 March 2005, the minister of justice said that the projects will be "bundled" allowing "flexibility to the marketplace to bid for group or individual schemes, generating best value for the tax payer and early delivery." This follows the government's recent decision to develop a new prison

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under a public-private partnership. The prison, to be located in rural north County Dublin, will hold men and women and will replace the 150 year old Mountjoy prison. Electronic tagging operated by the private sector is also being introduced.

10.1.1.5 PREMIER'S KILMARNOCK PRISON EXPOSED BY UNDERCOVER REPORTER

Allegations that Premier Prisons-run Kilmarnock Prison is understaffed, suicide watches go ignored, cell searches are not carried out, officers turn a blind eye to hard drugs and prisoners push staff to the limit have been made in a BBC television programme. "The primary focus of running the prison was the financial outcomes. My view is that when I was there I never had enough officers to run it properly ... my estimate would be, you would probably require another 30% of resource," said the prison's former assistant director, Stewart Yates.

A former prison officer who worked at Kilmarnock for five years and who did not want to be identified said: "To me, it's on the brink of failure. They're hanging on by their fingernails to keep it open, keep it running. A lot of it's down to the turnover of staff. They're struggling to get staff in, they're struggling to keep staff and it's ready to break. It's falling apart at the seams. And they're just holding it together, no more." A BBC researcher, Steve Allen, applied for a job with Premier and the vetting procedure failed to detect his true employed record. After 10 weeks training he was sometimes the only officer in charge of a wing accommodating 80 prisoners "with no radio, no keys and no experience." He described his experience as "very scary."

Over a period of 16 weeks the prison's "airport style" security system failed to detect Mr Allen's hidden camera, despite its metal components. The findings of his undercover report were shown on 9 March 2005. Set out below are extracts from the programme which also included interviews with relatives of three prisoners who committed suicide at Kilmarnock, James Barclay, Darren Bertellotti and Gordon Mulholland. Premier claims, however, that Fatal Accident Inquiries did not attribute blame to the company. The company also claims that it has increased staffing levels.

PAUL KENYON (PK) BBC REPORTER - In this leaked internal memo from November 2002 it says the number of prison officers leaving had peaked at 40%, that's around three times more than any other Scottish prison. Out of the 11 who started at the same time as Steve [Allen] only five remained when he left. And that's just four months into the job.

NURSE GARY COOK - "I wouldn't advise anyone to work here, nursing-wise. They're possibly running a third of the nurses they should be and the company will not take on any more."

PK - The warning signs have been there for years. In May 2002 the prison's clinical manager warned the prison's directors about understaffing. She told them: "If things don't change it's only a matter of time before a critical mistake will happen, at worst, a mis-read emergency causing death to a prisoner." Again, a year later, the prison doctor told managers: "With this problem there is a Russian roulette factor and the gun will go off in someone else's face."

Asked by Steve Allen how many nurses there should be, one replied:

PRISON NURSE - "Loads of us. There's only about five permanent now - they've all left because they hate the working conditions and we're so short staffed and they just get shit all the time. It's really bad."

PK - It's not just the health centre that has problems with understaffing. Prison officers are often in short supply too. Privately, one jail manager recognised the problem in a document leaked to the BBC. It was sent to the prison director Nick Cameron in 2002. It says: "We're coming perilously close to corporate neglect by leaving house blocks with dangerously low staffing levels."

In the same year Cameron himself recognised the problem in an email to his superiors in which he pleaded for more staff.

"Low staffing levels have left a high risk situation. I do not wish to be dramatic. But a combination of factors coming together could lead to a failure of control or major incident."

An email dated 1 November 2002 from Nick Cameron stated: "Recently we advertised and were only able to attract seven candidates, some of dubious quality. Many of our existing staff lack the ability to be good PCOs [prison custody officers] but we accept them as little alternative exists."

Interviewed by Paul Kenyon, Kilmarnock's former assistant director said:

STEWART YATES (ASSISTANT DIRECTOR KILMARNOCK PRISON 1999-2003) - "The primary focus of running the prison was the financial outcomes. My view is that when I was there I never had enough officers to run it properly ... my estimate would be, you would probably require another 30% of resource."

STEVE ALLEN (UNDERCOVER REPORTER/PCO) - "Horrific attacks are quite common ... there's a lot of prisoner on prisoner violence ... We were told that on House block 2, people will talk about stabbing you but they're just full of rubbish, they speak nonsense. But on House block 1they don't say anything but they would do it."

PK - Inmates are able to roam freely between the wings ... it is a clear breach of security procedures ... some inmates on House block 1 appear to have the run of the wings. It appears that some officers are too afraid to intervene.

PRISON OFFICER - "You can't even get a conversation going with the prisoners over there. They just f... walk about each other's wings and everything. There's that many officers over there who just let them. They actually open the sliders [doors] for them and let them out and let them on to another wing. If we were down on House block 1 we'd get our f... heads kicked in..."

PK - If an inmate is tested positive for a class 'A' drug like heroin the jail receives 10 penalty points. Steve [Allen] has been told that can translate into a fine for Premier Prisons of more than

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£3,000. And if a member of staff or an inmate is assaulted the prison can be fined up to £16,000. On his training course Steve was told by one instructor that if things like drug taking and assaults were all reported it would cost so much in fines the prison would have to close down.

STEVE ALLEN - "He was telling us about how we shouldn't always report infringements of the rules because that would lead to Premier Prisons being fined and it would make the prison financially unviable if everything that happened was reported. So he was kind of saying that we should maybe mention it to our supervisors but don't be surprised if we didn't hear anything and not to worry about it."

PK - However, on another day new recruits were told they should report every breach of the rules.

STEVE ALLEN - "The compliance officer played it straight down middle and said we should report all instances."

PK - Leaked documents show that the issue of whether to report or not had troubled the prison for at least three years. This leaked memo shows the dilemma facing the prison when it comes to penalty points. It is from one of the managers to director Nick Cameron. Some of the prisoners have been caught using mobile phones. It's a big security problem ... if prison officers look for more mobile phones and find them, as the memo points out, it could mean fines to the prison of up to £8,500 per phone.

PK - Inmates have been making illegal home-brew known as hooch. It's a common problem in most prisons ... Steve has been told that prisoners found with hooch in their cells should be reported. So he asked his wing supervisor what he should do.

WING SUPERVISOR - "As long as you don't tell anybody, you find it, you pour it away ... technically it should be reported. If it is reported it costs penalty points. It's all f... politics and money."

PK - Prisoners caught using drugs should be disciplined. So you would think that any blatant drug use would be reported immediately. But that's not the case when Steve and another new recruit smelled heroin coming from a cell. They tell an experienced officer.

STEVE ALLEN - "The officer didn't attempt to take any action, didn't attempt to take the heroin from these two kids, didn't attempt to place them on report, didn't search the cell."

STEWART YATES - "There was no direct instruction to staff but there was a culture created that was put in such a way that penalty points were to be reduced because if penalty points were reduced the opportunity was there for more staff for pay rises."

PK – So are you saying that some staff there felt that if they didn't report these findings they might actually get a pay rise?

STEWART YATES - "Potentially, yes, that was the culture."

PK - Brian Gorman trains new recruits. He tells Steve [Allen] how he can use his discretion if he finds banned items in the cells.

BRIAN GORMAN - "... discretion-wise, it depends on what you're talking about. What you've got to remember is that you've got to cover your own arse. You can pass it up the chain - supervisor on to heads ops and then it's up to head ops whether they want to report it. What are you talking about, finding a weapon or something ... it's dodgy ... if it's just something you can throw in the bin or whatever or just get rid of it or whatever, that's entirely up to you."

Paul Kenyon asked Stewart Yates, former assistant director at Kilmarnock: So what was the incentive at Kilmarnock to actually report the findings of drugs, weapons, alcohol in the cells?

STEWART YATES - "There's no incentive. I mean I realise it was a business, you know, people have put money up behind the private company who run the prison and, you know, it is a business, it runs on business principles. There is a whole human side to running a prison but it's difficult to consider within that specific remit but that was the reality."

PRISON OFFICER DAVE LORIMER - "I earn favours off the prisoners. If I find a bit of tin foil in their cell on a cell search ... I know that if it's f... all, only a wee bit of ... mack (heroin) on it, I'll scrunch it up... and say you owe me a favour now. I've got a f...dictionary of favours that I can cash in."

PK - Lorimer is teaching the new recruits control and restraint techniques ... the prison says it doesn't tolerate unlawful use of force on prisoners. But Lorimer has a different attitude to long term prisoners.

DAVE LORIMER - "I don't like them. I f... detest the bastards. Be nice to them ... about half and half ... they need a good f... pasting. You know and that's plain and simple. At the end of the day, I've got the keys and I'm f... in charge here so it's my way or the highway."

PK - Steve never witnessed any officer on prisoner violence. In fact despite Lorimer's views, even in trying circumstances most guards treated prisoners with respect.

PK - Since it opened six years ago seven prisoners have taken their own lives. The prison has been criticised for its care of vulnerable prisoners. One Fatal Accident Inquiry even heard that suicide watches designed to protect prisoners had been ignored and the paperwork had been falsified.

PK - Steve has been left in sole charge of a wing. He's discovered that some suicide watches have already been missed. Three prisoners haven't been checked for nearly an hour and a half. They should be done every half hour.

STEVE ALLEN - "Well that's me on G Wing, with remand prisoners, young offenders, very vulnerable prisoners. As you can see, the forms I've got are suicide watch forms. They should be filled out every half hour. The last entry was 2.30 and it's now 10 [minutes] to four. So, I'm on my own, I can't do them myself because I'm supervising all the prisoners."

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Steve shows the forms to a colleague prison officer.

PK - Instead of going to check on the prisoners immediately he falsifies the forms to suggest that the checks have been done.

STEVE ALLEN - "Right, well as you can see, I've just had the officer fill in the suicide watch forms without going to see them [the prisoners]. It wasn't until I mention it that he's actually gone off to check.

PRISON OFFICER - "If you miss one go and check on them as soon as you can and fill it up to date.

PK - Other officers told Steve that they rarely do checks and one even claimed he never bothered.

PK - The Fatal Accident Inquiry into Gordon [Mulholland]'s death at 43 heard that the paperwork detailing his suicide watch had been falsified and the watch had not been observed.

PK - Has Kilmarnock prison learned from its past mistakes? Some of Steve's colleagues say that because of staff shortages they haven't got time to follow correct procedures.

PRISON OFFICER - "Sometimes they haven't got time Steve, it's physically impossible to do it... because there is that much f...going on especially on the back shift. You see between one o'clock and two, you cannae [cannot] check them, unless they walk by you, you cannae check them, because one's here and one's doing something else, visits are going on, medication, it's physically impossible. Until some ... dies they'll no change it."

BRIAN GORMAN - "First of all, I can tell you straight, they're not checked all the time."

PK - Now she's [a prison officer] filling in the forms retrospectively.

PRISON OFFICER - "You see yourself that things happen on the wing are a hell of a lot different to what you do in your training."

PK - On another day Steve discovers that these suicide forms have been filled out in advance.

PRISON OFFICER - "It's the weekend, do you know what I mean ... during the week early shifts especially, just kind of bring them up to date, if you ken [understand] what I mean. Don't put them forward if you ken what I mean, keep bringing them up to date. Don't see the way I'm doing it now, bringing them forward and all that, but if you bring them forward then that's you, you're alright, you're sorted, ken?"

MYRA MULHOLLAND, sister of prisoner Gary Mulholland who committed suicide at Kilmarnock: "Well I think that's disgusting because it's not just a record you're falsifying. It's peoples' lives you're playing with. People could die as a result. My brother did."

PK - Steve's learned that it's not juts the odd officer who's to blame or the odd occasion that the watches aren't done. The problem is systemic. Now he has evidence that lives are being put at risk he has no choice but to abort his undercover operation and alert the prison director Nick Cameron. Steve has been working undercover behind bars for 16 weeks. Steve discusses the issue with the prison's director Nick Cameron.

STEVE ALLEN - "One thing that's kind of been playing on my mind and that is the suicide watches. When I've been on shifts I've noticed they're sort off filled in advance or retrospectively."

NICK CAMERON - "As long as you've done your job... when you've done your job and if you get an issue where you see somebody else isn't doing their job, speak to them first 'that's not right you should be doing it properly' and if they don't do anything you should speak to a supervisor or the head of residential."

PK - But the prison's director doesn't ask Steve where or when the forms are being falsified or which officers are responsible for not following the correct procedure.

PK - This week Premier Custodial Group is investigating the allegations raised in tonight's programme. The Scottish Prison Service says it is confident that Premier will take appropriate action. Three officers have been removed from duties involving prisoner contact or training until the investigation is complete. In a statement Premier says it is committed to ensuring that the people in its care are in a safe and secure environment and are treated with respect and dignity ... Kilmarnock is a well run prison where staff and prisoner relationships are good. That's supported by independent assessment. Premier treats any alleged breach of procedure very seriously and the overwhelming majority of staff at Kilmarnock work diligently to perform a valuable and difficult service son behalf of the community." Premier says there hasn't been a suicide there for two years. But from the evidence we've uncovered that would appear to be more through good luck than good management.

PRISON UNDERCOVER: THE REAL STORY Speaking on BBC Newsnight Scotland, 9 March 2005, Premier Custodial Group's chief operating officer, Phil Edwards, described some of the material in the documentary as "disturbing" but said that staffing levels and training were "adequate". The company is also investigating three prisons it runs in England. The opposition Scottish National Party has called for Premier's contract to be terminated and for the private sector to be banned from running future prisons in Scotland. Premier is one of the companies bidding for the contract to finance, design, build and operate a new 700 bed prison at Low Moss. The company is not bidding for another contract for a prison to be developed at Addiewell.

- Sheriff Thomas Croan criticised Kilmarnock prison for breaches of rules and staff shortages after the suicide of Gordon Mulholland on 1 April 2003. His written findings of a Fatal Accident Inquiry at Kimarnock Sheriff Court were published in November 2004. Kilmarnock prison officer Donna McNeill admitted falsifying a log by claiming she made a half-hourly check on Mr Mulholland at around the time he hanged himself after being

Information collected from the internet for this report

left alone for about an hour. She claimed the bogus log entry was a mistake. The Sheriff noted: "I have to say that the evidence was that in the past even those who ought to have been seen by a nurse at times were not seen because of shortages of nurses ... it may be that more resources are required."

- Forty prisoners rioted at Kilmarnock on 9 December 2004. Both Premier and the police have launched inquiries into the incident.
- Two Kilmarnock prison officers were suspended in December 2004 after being charged by police with alleged indecency against a female colleague.
- Premier attended Scotland' Careers and Jobs fair in Glasgow from 15-17 February 2005 trying to recruit prison officers at £15,000 per year after training. The company's human resources and development manager, Fiona Nolan, told the Evening Times that "there are now 300 people employed at HMP Kilmarnock in a variety of roles and excellent career opportunities are available."

MAY/JUNE 2005

MARKET TESTING SUSPENDED The National Offender Management Service (NOMS) has suspended the planned market testing of three publicly run prisons on the Isle of Sheppey, South East England. The NOMS will review its position on market testing in September 2005.

In the meantime the Prison Officers Association (POA), the trade union representing public sector prison officers, is negotiating on a multi-year pay deal, job evaluation, and a revised programme for improving performance at all publicly run prisons. However, market testing will remain the ultimate sanction if a prison fails to meet its performance targets. Until recently, bids from the private sector were invited where publicly run prisons were deemed to be failing. But according to the NOMS' performance criteria the three prisons on the Isle of Sheppey were not failing but were still going to be offered to the private sector to be run as a cluster.

The Financial Times, 30 May 2005, reported that the government was reviewing the future role of the private sector in the prison service. In response, a spokesperson for Group 4 Securicor said that the company was "disappointed" by the decision and that the "PFI (Private Finance Initiative) seems to have come to a grinding halt with no plans for the moment for involving private companies in the building and operation of new prisons." Meanwhile, a review of the prison estate in England and Wales is underway. A three year contract covering acquisitions, disposals, planning and estate management has been awarded to LSH, a subsidiary of WS Atkins. LSH is advising on new sites for prisons, administrative offices and staff quarters. And US prison firms GEO Group, Management and Training Corporation (MTC) and Cornell have been invited to the UK to bid for contracts. Both GEO and MTC have set up UK headquarters as a result.

TWO TIER WORKFORCE AGREEMENT The government has agreed to end the disparity between public and private wages and conditions when public services are contracted out. A new code of practice provides that where public sector employees are transferred to contractors, those contractors will be obliged to recruit new staff on terms and conditions comparable to those of the staff transferred.

This will also apply to new contracts awarded by the National Offender Management Service (NOMS). On 22 March 2005, the then prisons minister Paul Goggins stated that: "The roll out of the two tier code of practice, announced last week by the prime minister ... will produce a level playing field for the [prison market testing] contest as all bidders will face the same market conditions and will need to focus on quality rather than cost."

HELPING GEO TO GROW Florida-based GEO Group Inc. set up its new UK headquarters in 2004 and the company has aspirations to conquer the European custodial services market. According to the website of independent fee-based financial advisers Grant Thornton, "Grant Thornton UK LLP is advising GEO Inc, one of the world's largest prison operators, on its bids to provide new prisons in the UK and other European countries."

Grant Thornton is a member of Grant Thornton International, described as "one of the world's leading organisations of accounting and consulting firms" operating from 600 offices in 110 countries. In the UK, Grant Thornton has advised both public and private sector clients on a range of private finance projects for police, courts and probation infrastructure and services. The website, www.grant-thornton.co.uk also notes that "Grant Thornton UK LLP has become a major international force in project finance in recent years. We are currently actively involved in developing new public-private partnership projects, and indeed new PPP markets in ... Canada, Denmark, France, Germany, Greece, Ireland, Mexico, Spain, the UK and the USA."

CBI INFLUENCING PUBLIC SERVICE REFORM The Confederation of British Industry (CBI, 'The Voice of Business') is looking for a new director of its public services group. An advertisement captioned 'influence the debate about the future of public services' states that the director's role will be to develop "new forms of quasi-public service markets and the use of the private and voluntary sectors to promote greater diversity, efficiency and quality in the provision of public services."

The appointee will need to "demonstrate a blend of commercial, public policy and political skills coupled with a commitment to broadening the scope for managed competition and contestability in public services [and be] ... confident in dealing at the most senior level in Government, business and the media." In return they will receive a salary of "around" £80,000 per year plus benefits. The advertisement, placed in The Observer, 5 June 2005, also states that the new recruit will replace the CBI's current director who has been appointed to "a senior public service reform role within Government ..." The current director is John Williams who has been on secondment from the Serco Institute to the CBI. He was formerly an executive at Serco Group plc which used to own 50% of Premier Prisons but is now sole owner.

OPEN PRISONS UP FOR GRABS The government has announced that Shelton Abbey and Loughan House open prisons are to be redesignated as halfway houses for offenders on temporary release from prison and their operation will be contracted out to the private sector.

The department of justice has invited tenders for staffing, security, the provision of training and therapeutic programmes as well as catering, cleaning, laundry and general maintenance at the two facilities. Existing public sector employees face redeployment or retirement. The move follows a breakdown in negotiations with the Irish Prison Officers Association over working

Information collected from the internet for this report

conditions and overtime. The government is also commissioning a new prison at North County Dublin and a criminal courts complex through public-private partnerships. Prisoner escorting and electronic monitoring services are also to be privately run.

JULY 2005

NGO CALLS FOR EVIDENCE Although private prisons are already on the Government's agenda, in his Third Annual Report (2004/05) the Republic of Ireland's inspector of prisons and places of detention, Mr Dermot Kinlen, has recommended that the Government should "open at least one prison to private companies,".

In response, the Irish Penal Reform Trust has produced a report arguing that the inspector does not have a mandate to make such a policy recommendation and, in any case, his view "misrepresents the research on the outcomes of prison privatisation." *Inspecting Private Prisons, An evidence-based critique of the Inspector of Prisons and Places of Detention's call to introduce private prisons in Ireland, Irish Penal Reform Trust, July 2005.*

GSL'S MIXED INSPECTION REPORTS **1. Wolds's issues need addressing**

"Overall, Wolds is a reasonably well performing training prison on all but one of our indicators. Three key issues need to be addressed in order for it to perform well across those tests," stated the chief inspector of prisons, Anne Owers. She made 114 recommendations for improvements and noted 16 examples of good practice following an announced inspection of GSL UK Ltd - run Wolds prison between 15 and 19 November 2004. The report was not published until June 2005.

The prison opened in 1992 as a remand centre and was the first privately managed prison in the UK. It was re-rolled in 1993 as a local category B training prison and to category C in 2003. This was the first full inspection since 1998. The chief inspector commented that "the growing distance between private and public sector prisons was a distinct disadvantage, which would become greater." The inspections team's findings also included:

- "Prisoners told us and we observed that it was a safe prison, in spite of low staffing levels and lengthy periods out of cell."
- "Both the environment and the relationships between staff and prisoners were good."
- "Sight lines to the second holding room were poor and the room itself was basic and stark."
- "A three-day structured induction programme was run, which was shorter than the five day version envisaged in the original contract tender and did not include a tour of the prison as the tender outlined. The programme did not follow the published timetable. Prisoners were not occupied throughout but were not locked up when not involved in the programme. Induction staff received no specific training for their task."
- "Each house block was originally designed to hold 50 prisoners, 24 in double cells. However, 10 of the single cells in five of the house blocks were also being used to hold two prisoners. The living accommodation was generally good and clean but single cells were too small to be shared and the lack of a separate toilet in such cells was disrespectful."

- "Mattresses were generally clean but many were badly compressed and unfit for use."
- "Many PCOs [prison custody officers] said it was difficult to undertake personal officer work at the same time as routine tasks."
- "Not all incidents of suspected bullying were investigated or recorded in prisoners' files. This was a concern as the last death in custody report had included a recommendation that all information about prisoners under threat should be investigated."
- "We heard some uncaring views about prisoners who self harmed, whose behaviour was often described as 'manipulation'. Not enough was being done to verify prisoners' accounts of events leading to their distress, nor were self harming and the background always fully discussed at reviews."
- "The apparently low numbers of night staff might have caused problems if two incidents occurred simultaneously."
- "The race relations management team (RRMT) was not operating effectively and was not aware of the serious concerns expressed by some black and minority ethnic prisoners about equity of treatment and access to facilities. Racial monitoring was inadequate. Incidents of alleged racist behaviour and language were not being reported and challenged."
- "Fifteen per cent of prisoners at Wolds were from black and minority ethnic groups but there were no black or minority ethnic staff."
- "There were significant differences between some results from white and black and minority ethnic prisoners across a range of important areas, such as safety and the helpfulness of personal officers. Many black and minority ethnic prisoner believed that staffs were ignorant of their culture."
- "There were 24 foreign national prisoners at Wolds but there was no foreign nationals policy and no prisoner groups."
- "The [health] centre ran with minimum staffing levels, which meant that services such as nurse-led clinics, smoking cessation and relaxation classes were available only sporadically. Checks on equipment were not carried out and items in the resuscitation kit were out of date. The prison ... had been without the services of a clinical psychiatrist for over six months."
- "The dental surgery fell below acceptable standards although a full refurbishment was due to be completed before the end of the financial year."
- "Leadership and management of education and training were unsatisfactory. The prison placed great emphasis on education to occupy prisoners but there was little management or prison-wide co-ordination of education and training."
- "Employment opportunities were very limited with few workshop places. Most jobs were domestic and occupied little time. There was little opportunity to gain qualifications but good training in the two workshops. Only a third of prisoners were occupied during the working day."
- "There was good time out of cell. Prisoners were unlocked for over 12 hours on weekdays and over nine hours at weekends. However, facilities to occupy prisoners were insufficient for the time available."
- "There was considerable dissatisfaction among prisoners with the quantity and quality of food. Catering was subcontracted to Aramark."

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- "The [prison] shop was managed by Aramark and contained a range of 250 items. Prices were high in relation to prisoners' means. Only 30% of black and minority ethnic prisoners [survey respondents] believed that the products range met their needs."
- "There was no local resettlement policy or strategy and resettlement was not managed strategically or coherently.
- The [offending behaviour] programmes available were based on a national and area needs analysis but waiting lists were long."
- "There was little purposeful activity for many lifers not on full-time education."
- "There were some potential gaps in procedures for protecting child visitors."
- "We found little evidence to suggest that a strategic approach to staff training had been developed. Although drugs awareness training was offered to staff by the programmes unit, no training needs analysis had been conducted." *Report on a full announced inspection of HMP Wolds 15-19 November 2004, HM Inspector of Prisons.*

2. Altcourse "very good local prison ... some areas that needed attention."

Altcourse is "a very good local prison" according to the chief inspector of prisons who carried out an announced inspection in February 2005. Her report found that Altcourse was "also largely a safe prison, even though prisoners were out of their cells for a considerable amount of time, with low staffing levels." The environment and the quality of staff-prisoner interaction were "extremely good" and the prison provided high quality resettlement services that identified and tried to meet prisoners' needs.

However, there were "some areas that needed attention." There were "relatively high claims of victimisation by prisoners on prisoners, reflected in relatively high assault levels within the prison; suggesting a need to develop preventative as well as responsive anti-bullying measures. First night procedures needed to be strengthened; there should be more opportunity to acquire vocational qualifications; and the prison needed to pay more attention to establishing good links with agencies outside – particularly in healthcare and resettlement. There were also weaknesses in policies and procedures on race and foreign nationals."

Altcourse is a privately financed, designed and built prison on Merseyside, North West England. It opened in 1997 as a Category A core local prison and was restructured to Category B in June 2003. It holds remand young adult and adult prisoners as well as sentenced adult prisoners. It is run by GSL.

The chief inspector noted 13 examples of good practice and suggested 98 recommendations and housekeeping points to the prison's director and the chief executive of the National Offender Management Service.

Ms Owers also stated: "This report, like good inspection reports generally, is likely to get little publicity. That is unfortunate, not only for the managers and staff at Altcourse, but for the prison system in general. Altcourse's holistic and dynamic approach to prison management needs to be sustained. Moreover, it offers a model from which all prisons could learn a great deal." However, some of her concerns included:

- "First night procedures were not good. Prisoners' immediate needs were not identified and there was no formal system to address this."
- "About 5% of the population was black or minority ethnic but there was only one minority ethnic member of staff. The race relations officer had not been trained in investigating complaints, although these were generally completed satisfactorily. There were 38 foreign national prisoners, who got some basic support and there were links with the Liverpool immigration service. However, there was no foreign nationals committee and there were no prisoner groups and no Immigration and Nationality Directorate surgeries. Managers were making efforts to recruit black and minority ethnic staff."
- "Altcourse was a local prison that, uncharacteristically, provided prisoners with a considerable amount of time out of their cells and with purposeful activity for most. However, there was not enough accreditation of work and training."
- "Allocation to work was efficient but did not always take account of the prisoner's needs, skills or sentence plan targets. The prison provided meaningful activities for about 85% of the population, most of whom were in some form of work or education. Some of the work was mundane or undemanding, but all staff stressed the importance of a work ethic."
- "The quality of teaching was generally satisfactory and a suitable range of courses was offered. However, progression to higher education was limited. Not enough vocational and accredited courses were offered in the workplace."
- "The personal officer scheme operated sufficiently well, although the recording of contact in prisoner history sheets was limited. Weekly entries in prisoner history files were of variable quality, with most restricted to one-line entries or stamped."
- "Racist incident complaint forms were not freely available and prisoners had to ask staff for one. Thirty-four incidents had been reported in the 12 months to December 2004 and investigated by the RRLO. The quality of these investigations was reasonable although the RRLO had not been trained in completing investigations."
- "A visitors' centre processed visitors and prisoners' property efficiently but did not provide advice and support to visitors. There were complaints about the visits booking line and the drugs Barringer machine. The visits hall was functional, with a small canteen and crèche. The closed visits booths provided little privacy, and prisoners could spend long periods in holding rooms with nothing to occupy them."
- "The largest proportion of complaints (20%) was about property or compensation. Over 95% of the complaints received replies within seven days. In our survey 26% of respondents thought that complaints were replied to promptly and 29% said that replies were fair; the local prison benchmark for both these questions was 16%. The sample of replies we read were generally helpful, written to the prisoner and addressed the complaint. However, some replies were difficult to read, written in the third person or did not address the complaint. There were some complaints about food that were not addressed or which acknowledged problems but did not include an apology."
- "Prisoners could sometimes wait for up to two and half hours for the [legal] interview."
- "We were concerned that the crisis suite was located in healthcare. When it was open it was managed by healthcare staff who felt that if a prisoner was a high risk self-harm candidate he would be better cared for in healthcare where he would be co-located with a carer and healthcare staff could oversee his management. This had the effect of

Information collected from the internet for this report

medicalising the problem and was in contrast to most other prisons where prisoners at risk of self-harm are managed in crisis suites located elsewhere in the prison."

- "The standard of education and quality of resources varied between areas. Only 6% of the teaching was graded unsatisfactory. The small library offered a mainly recreational service, and had poor links with the education department. The standard of education was generally satisfactory, and good in ICT, but poor in numeracy and literacy."
- "Although training was available for prisoners in many work areas, accredited vocational training was available in only three areas – in two of these it was poorly organised."
- "All prisoners brought to the segregation unit under restraint were strip-searched on arrival. This was to ensure that no weapons had been secreted and to reduce the risk of self-harm in the segregation unit. Although laudable aims, strip-searching should be dependent upon risk assessment."
- "Catering had been contracted out to Aramark. In our survey, 57% of respondents said the food at Altcourse was bad or very bad, and only 16% compared to a 21% benchmark at local prisons said it was good or very good. Prisoners had mixed views about the catering provision. The main complaint was about its quality and quantity." *Report on an announced inspection of HMP Altcourse 7–11 February 2005 by HM Chief Inspector of Prisons, April 2005, published July 2005.*

- Two prisoners were found hanged at Altcourse just days before the publication of the chief inspector's report. Lee Crabtree, who was on suicide watch, was found dead in his cell on 11 July 2005 and David Oakes was found dead on 12 July. Inquiries have been launched.

SEP-NOV 2005

EXTENDED ROLE FOR PRIVATE SECTOR "In short I see no reason of principle or practicality why offender management should not be provided by the private or voluntary sector," said Home Secretary Charles Clarke during his speech to the Prison Reform Trust in London on 19 September 2005. Mr Clarke also outlined his plan for a network of community prisons saying that he was "personally committed to the creation of a vibrant mixed economy" in the prisons and probation services.

"A very important part of the development of commissioning and contestability will be the ability to specify and contract for cross-cutting services, straddling the current silos of prison and probation, and making a reality of the end to-end management of offenders, " he added.

"At present Probation Boards have a free-standing - and exclusive - statutory duty to provide probation services in their geographical areas. In future it will be those who commission who will have the responsibility for defining what services are necessary and ensuring that they are provided. Probation Boards will change into providers of whatever services are commissioned from them - this may be offender management or the delivery of interventions to reduce re-offending or a combination of the two. As time goes on, there will be no guarantee that they continue to be commissioned to deliver services in their area if another provider can do it better - just as there is no guarantee that the public sector Prison Service will continue to run a particular

prison or group of prisons. I plan to publish shortly a consultation paper which will set out these proposals on the development of the Probation Service in more detail." The Financial Times 20 September 2005 reported that GSL welcomed the home secretary's comments as "clear recognition that the private sector will continue to have an important part to play."

This follows industry concerns about the government's commitment to the private sector and uncertainty about future contracts following the suspension in May 2005 of a programme to market test three existing public sector prisons in south east England. On 4 June 2005 The Mirror (www.mirror.co.uk) claimed it had seen leaked documents revealing government plans to develop five 2,000 bed 'super prisons'.

In answer to a subsequent Parliamentary Question asking what research had been carried out into the operational viability of such prisons, the minister replied: "As the options for the prison estate are considered, strategic need and operational viability are key criteria. Large multi-functional prisons are among the options, and would enable prisoners to progress through their sentences while remaining close to their families and community support, and provide better regimes to help rehabilitate prisoners and reduce re-offending. They would also be designed for purpose and efficiency." The minister added: "No decision to proceed with any such prison has yet been made. If the decision is to be made, all factors, including the detailed operation of such a prison, will be considered. Broadly, we are satisfied that a large prison appropriately designed with separate sections and zoning is operationally viable," *(Hansard, 21 July 2005).*

IMMEDIATE ACTION REQUIRED AT GSL PRISON "So great were the concerns that I immediately informed Ministers and urged the Chief Executive of the National Offender Management Service to take immediate and decisive action," said the chief inspector of prisons for England and Wales, Anne Owers, in her latest inspection report on GSL UK Ltd-run Rye Hill prison.

Reporting on her April 2005 unannounced inspection, the chief inspector noted "very serious concerns about safety" and staff turnover was "around 40% a year." She said: "The situation we found at Rye Hill raises some important questions. They include: whether contractually agreed staffing levels are sufficient for a prison of this kind; what systems and pay structures need to be in place to support staff retention; and the effectiveness both of internal management systems within the prison, and of external monitoring and management. These are all issues that were raised in last year's National Audit Office report into contracted out prisons. It is clear that privately-run prisons can provide models of good practice; but it is equally clear that they can drift away from the basic tenets of good prison-craft. This had happened at Rye Hill, as it had at Ashfield, to an even greater extent, at the time of our 2002 inspection."

She added: "Ashfield has since improved dramatically. There is no reason why Rye Hill should not do the same. But, in order to do so, it will need to tackle the fundamental issues of staffing and management identified in our last report, and highlighted even more strongly in this one. At our next inspection, we expect to see significant and sustained improvement, and a staff group that is enabled to provide a positive, safe and supportive environment for the serious and long term offenders that Rye Hill holds."

Information collected from the internet for this report

Rye Hill is a category B prison holding serious offenders serving sentences of over four years. It was opened in January 2001 and first inspected in June 2003. At that time the chief inspector said that: "staff treated prisoners with respect, but ... most officers were fairly new and young, often with far less experience of prison than the long-term prisoners in their care; and there were relatively few of them. We were not clear, on all wings that the appropriate boundaries had been drawn and were being maintained..... We believe that there is a need for more robust and visible management to support wing staff in ensuring safety and stability, without compromising positive and interactive staff–prisoner relations."

In her new report Ms Owers said: "The prison undertook to put in place more effective management and support systems. However, this full unannounced follow-up inspection found that those key concerns had not been dealt with. Indeed, the prison had deteriorated to the extent that we considered that it was at that time an unsafe and unstable environment, both for prisoners and staff. It was by no means apparent to us that the inexperienced and poorly supported staff group, 30% of whom had been in post less than 6 months, were fully in control of the very lightly-staffed units."

She also remarked that, in the period immediately before the inspection, "the prison had experienced an apparently self inflicted death, a hostage situation and concerted indiscipline; and positive drug test results had sharply risen. Over the preceding months, assaults on staff and adjudications had increased significantly. Several staff was under investigation. During the inspection, a death occurred which resulted in a murder investigation."

Inspectors found "inexperienced staff, in twos and sometimes alone, on a wing of 70 prisoners, who were unlocked for most of the time. Staffs were inadequately supported by managers and were sometimes surviving by ignoring misbehaviour or evidence of illicit possessions. Prisoners themselves told us that they wanted a more visible, and a more robust, staff presence. We were shown mobile phones, and prisoners reported the presence of drugs, alcohol and knives." Ms Owers's other comments included:

"Prisoners also said that they themselves sorted out fights and bullying: and we saw evidence of staff being bullied by prisoners and withdrawing from, rather than confronting, intimidatory and aggressive behaviour."

- "Managers were not a visible presence on the wings: we were told by prisoners and staff that they rarely made an appearance when prisoners were unlocked. There was a 40% staff attrition rate, and of those who remained many worked away from the harassed residential areas. This created a vicious circle: so that a significant number of residential staff remained inexperienced."
- "We were impressed by the enthusiasm and keenness of these officers, and their positive approach to their task and to prisoners; but this alone did not equip them to set and enforce the proper boundaries. Nor did it enable them to answer questions and complaints from prisoners, many of whom knew the workings of a prison better than the staff. This in itself caused considerable frustration among prisoners and generated anger and abusive language towards staff. Moreover, it was evident that some critical systems, such as

suicide prevention and personal officer work, were suffering because staffs were unable, or did not know how, to engage with either prisoners or the appropriate systems."

- "There were other important concerns that had not been dealt with. Race relations needed considerable development. As we have found in all privately-run prisons, racial monitoring was inadequate and not acted upon; our own monitoring showed disproportionate use of force against black prisoners. There was no Listeners scheme to support suicidal prisoners. None of the staff dealing with vulnerable prisoners had received the training recommended in our last report, and which the prison said had been actioned."
- "However, there had been improvements in activity, and in resettlement. "More activity spaces were available for prisoners, but, in a training prison, too few offered the opportunity to acquire qualifications. Pay differentials continued to disadvantage those in education. Resettlement provision had progressed considerably, with effective sentence planning, though it needed continued management focus to progress further."
- "Rye Hill has considerable potential. It is a new, well-maintained prison, where prisoners are able to spend considerable time out of their cells. Prisoners, serving lengthy sentences, had an investment in ensuring order and safety on the wings, particularly as they did not want to have to return to a less open and more restrictive establishment. It was clear that staff were striving to provide a good environment for prisoners, from a basis of mutual respect. But at the time of the inspection it was apparent that this was not enough. Staff lacked the experience or support to ensure that the proper boundaries were in place, take decisive action to challenge misbehaviour, or actively to support prisoners, including those who were vulnerable."

Following the report's publication, a GSL press release (28 July 2005, www.gslglobal.com/press_centre) stated that the company "had recognised that Rye Hill was not performing well and, prior to the inspection, had already taken steps to strengthen the prison management and had developed our improvement plan, which it had begun to implement." The plan "takes account of all of the recommendations contained within the HMCIP report." *Report on an unannounced inspection of HMP Rye Hill, 11-15 April 2005 by HM Chief Inspector of Prisons, 28 July 2005,*

MONEY GO ROUND

Premier Custodial Group Ltd paid a dividend of £15.43 million for the year ended 31 December 2004. This compared with £1.72 million in 2003. The subsidiary of **Serco Group plc** is the holding company for 17 other companies that operate correctional services in the UK. The directors of **Premier Prison Services Ltd**, which itself generated a dividend of £15.05 million in 2004, received £773,376 plus £140,247 towards a defined benefit pension scheme. This compares with £357,633 plus £39,256 respectively in 2003. In 2004 one director received remuneration of £207,427 plus £50,648 towards a defined benefit scheme (£133,541 plus £5,566 in 2003). The average number of persons employed by Premier Prisons during the year was 3,062. Turnover for the year was £94.05 million (2003 £79.87 million) and pre-tax profit was £13.7 million, (2003 £607,000) largely due to £14.16 million dividends 'from shares in Group Undertakings'. Premier Prison Services Ltd holds 100% of the equity in **Premier Geografix,Ltd, Premier Monitoring Services Ltd, Premier Training Services Ltd and Premier Detention Services Ltd.**

Information collected from the internet for this report

UK Detention Services Ltd (UKDS) made a pre-tax profit of £2.63 million (2003, £1.95 million) from turnover of £39.1 million (2003, £30.3 million) for the financial year ended 31 August 2004. The company's proposed dividend was £1.9 million (2003, £1.4 million). The company describes its principal activity as the operation of prisons, immigration centres and probation service hostels. The directors' report notes that: "Both the level of business and the yearend financial position were satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future." The highest paid director earned £188,965 and the company's contribution to his money purchase pension scheme was £33,942. UKDS is a wholly owned subsidiary of **Sodexho Alliance SA** of France.

Onley Prison Services Ltd has a 26 year contract signed on 23 July 1999 for the provision of design, construction and management services for Rye Hill prison (see above). Pre- tax profit for the year ended 31 December 2004 was £0.7 million (2003, £0.7 million) from turnover of £10.8 million (2003, £10.6 million). Under the terms of its contract the company is committed to pay fixed and variable fees to GSL UK Ltd based on the number of prisoner places for the remainder of the contract. Payments in the year ended 31 December 2004 were £9.6 million (2003, £9.5 million.) **Global Solutions Ltd and GSL UK Ltd**, companies related to **GSL Joint Ventures Ltd**, provided administrative and technical services to the company during the year at a cost of £16,000 (2003 £17,000) for Global Solutions Ltd and £27,000 (2003 £48,000) for GSL UK Ltd. Similar services were also provided by **Carillion Construction Ltd** at a cost of £27,000 (2003 £39,000). The company is a wholly owned subsidiary of **GSL Carillion (Onley) Ltd**, owned 50-50 by **Carillion Private Finance Ltd and GSL Joint Ventures Ltd.**

ECD Cookham Wood Ltd's pre-tax profit was £1 million (2003, £1.1 million) from turnover of £10.1 million (£2003, £9.78 million) in the financial year ended 31 December 2004. The company has a 16 year contract signed on 3 March 1997 for the design, construction and management of Medway Secure Training Centre. The company is committed to paying fixed and variable fees to **GSL UK Ltd** based on the number of available trainee places at Medway. Payments in 2004 were £9.1 million (2003, £8.7 million).

As well as **ECD Cookham Wood Ltd, GSL UK Ltd**'s other related companies include **Fazakerley Prison Services Ltd, Yarls Wood Immigration Ltd, UK Court Services (Manchester) Ltd and Cheshire Custody Services Ltd.**

- On 12 July 2004 **Group 4 Falck/AS** sold **Global Solutions Ltd** to **De Facto 1121 Ltd**, whose ultimate parent company is **De Facto 1119 Ltd**, which in turn is controlled by venture capital funds associated with **Englefield Capital** and **Electra Partners Europe Ltd**. A total of £218.2 million was raised by De Facto 1119 Ltd and its subsidiaries De Facto 1120 Ltd and De Facto 1121 Ltd to fund the acquisition of GSL, to cover the purchase price of £202.5 million and related transaction costs of £15.7 million. **HBoS plc (Halifax Bank of Scotland)** provided £110 million of the finance. **Global Solutions Ltd**'s PFI/PPP operations include prisons and immigration detention centres in the UK and abroad as well as health and education services.

  De Facto 1119 Ltd's venture capital shareholders include: The Englefield Fund LP; The Englefield Affiliates Fund LP; The Englefield Institutional Affiliates Fund LP; Electra

European Fund GmbH & Co KG; Electra European Fund LP; Ogier Employee Benefit Trustee Ltd as Trustee of the De Facto 1119 Ltd Employee Benefit Trust; and Ogier Employee Benefit Trustee Ltd (Nom). Private prison companies in England and Wales received £180.9 million for the operation of nine prisons in financial year 2004-05, according to pre-audited figures contained in a report published in July 2005. However, this figure excludes payments for two new prisons opened by UK Detention Services Ltd (UKDS) during the period. *Office for Contracted Prisons, Statement of Performance and Financial Information, April 2004 to March 2005, National Offender Management Service.*

- The private companies running three secure training centres for children aged between 12 and 17 received a total of £75.85 million for the three financial years 2002-2005. Securicor Justice Services, which opened Oakhill at Milton Keynes, its first and England's fourth centre in August 2004, had received £7.24 million as at 31 March 2005, *(Hansard, 11 July 2005).*
- In 2004 Securicor was penalised £311,995 for the late opening of Oakhill Secure Training Centre and a further £572,120 for the non-availability of places. GSL, the operator of Medway STC was fined £54,000 in 2003/04 and £37,085 in 2004/05 for failure to deliver specific services, *(Hansard, 11 July 2005).*
- Asked in a Parliamentary Question what estimate has been made of the without-profit cost of one bed for one night in a secure training centre; and what cost, including VAT, is charged by contractors, the minister replied that: "Letting contracts for secure training centres involves an extensive competitive process to ensure value for money. Costs are benchmarked against a public sector comparator. The information requested relates to contracts with the secure training centre operators and is confidential, *(Hansard, 12 July 2005).*

RESEARCH ON PRISONERS' WELL-BEING Research into the well-being of prisoners in private prisons compared with public sector prisons in England and Wales has been commissioned by the government. The Institute of Criminology at the University of Cambridge will carry out the study, (Hansard, 11 October 2005). The fieldwork focusing on eight prisons will start in 2006.

SERCO'S MARKET As well its projected expansion in the UK, British firm Serco's justice services strategy includes "specific opportunities identified" in Germany, Australia, Ireland, Hong Kong and the Czech Republic, according to the company's recent interim results presentation *(www.serco.com).*

In the UK, Serco has combined its Serco Justice and Premier Custodial Group operations. Home affairs contracts contributed nine per cent of its first half year's turnover of £1,075 million. As part of its presentation of half year results to 30 June 2005, Serco noted that: "the [UK government's] decision to defer market testing of three publicly run prisons on the Isle of Sheppey was a less encouraging development. Instead, the public sector has been invited to submit proposals on how it would manage the prisons. Separately, the government is expected to announce how it plans to progress its prison contestability agenda. A forum to be chaired by the Home Secretary will be held in October and we remain confident of further opportunities in this area...." and that ... "elsewhere, Serco continues to foster strong links with law enforcement

Information collected from the internet for this report

agencies across the UK, engaging new audiences in the debate over the value of private sector provision of essential support services." *(Serco Group plc, Business Review).*

Serco estimates its "addressable market" for UK home affairs at £2.8 billion comprising offender management, homeland defence, immigration control and law enforcement. According to the company "only Serco has an established contract base across all four segments" and it has identified opportunities in the offender management market alone of more than £0.7 billion through new build custodial establishments, public prison contestability, resettlement, the market testing of probation services and community punishment/unpaid work. (Serco Group plc defence and home affairs presentation, 2 November 2005, www.serco.com) The company's existing contract portfolio and revenues include: court escorting - £40 million per annum; four adult prisons - £53 million; Ashfield Young Offenders Institution-£14 million; Hassockfield Secure Training Centre - £4m; and electronic monitoring in England, Wales and Scotland - £26 million.

NEW CONTRACTS IN SCOTLAND UK Detention Services Ltd (UKDS) in partnership with Interserve and Royal Bank of Scotland (RBS) has been chosen as preferred bidder for a new PFI prison at Addiewell, West Lothian in Scotland. UKDS runs Forest Bank, Bronzefield and Ashford prisons in England. Meanwhile, Serco subsidiary Premier Monitoring Services has been awarded Scotland's £30million electronic tagging contract. Premier will take over from the existing contractor, Reliance, in April 2006. The contract will run for five years. Another Serco subsidiary runs Kilmarnock Prison.

DEC 05-APRIL 06

"INSTITUTIONAL MEANNESS" AT SERCO'S DONCASTER PRISON "Doncaster is a privately managed prison, run by Serco (previously Premier Prison Services). At our last inspection, we described it as a good prison, though we expressed concern about the lack of proper first night arrangements, and considered that the expansion of purposeful activity should be a key priority for development. This inspection found a prison which had not tackled either of these problems, and which had slipped back in a number of areas, so that it was no longer performing sufficiently well against three of our four healthy prison tests," said the chief inspector of prisons, Anne Owers.

The chief inspector carried out an announced inspection in November 2005 of this local prison for males. The capacity is 1,120 although at the time of the inspection the prison held 1,105. Doncaster opened in June 1994 and was the UK's third privately managed prison. The current 10 year contract expires in 2010. The prison was last inspected in 2003.

The chief inspector's other findings included:

- "...respect was again seriously undermined by the physical conditions in which many prisoners lived, which in some cases were squalid. Many prisoners lacked pillows, adequate mattresses, toilet seats, working televisions, notice-boards and places to store belongings. Some cells, especially on the younger prisoners' wing, were dirty and festooned with graffiti. These were examples of institutional meanness which was also reflected in the practice of making prisoners pay to change the PIN phone numbers they

needed to contact relatives, and in the fact that no unemployment pay was provided to those prisoners for whom no work was available."

- "Suicide prevention continued to be well managed, with innovative work, though prisoner 'buddies' needed more support. However, this good work was undermined, in the important early days of custody, by inadequate procedures and environment. The alleged first night centre was a wing of poorly maintained, often dirty cells where no support was available for newly-received prisoners, and where some prisoners were at risk from others. Combined with inadequate and unsafe detoxification procedures, these deficits presented significant risks to prisoners' safety. Bullying was also insufficiently addressed, even though links to self-harm were evident."

- "Lengthy periods of time out of cell, with little activity and low staff levels, raised concerns about safety. Equally importantly, the young men had little chance of participating in anything that might reduce their chances of reoffending."

- "Race relations were well managed, but younger black and minority ethnic prisoners said they were significantly disadvantaged in their treatment ... there was no clear management of young prisoners, who comprised a third of the population, and they described their experience much more negatively than did adult prisoners.""

- "Our main concern was not only that managers had failed to tackle the problems we pointed out at the last inspection, but also that the prison had deteriorated in some important respects. It is noticeable that the deficits we found are all in areas not specifically mandated by the contract under which the prison is run. There remains a concern that, focusing on meeting their contractual obligations prison managers had allowed important areas to slip below what was safe and decent; and indeed may have sought savings in precisely those areas."

Despite this the chief inspector also stated that: "Doncaster may not be as good as it was at the time of the last inspection, but it is by no means a bad local prison." The chief inspector made 156 recommendations for improvements and noted six examples of good practice.

Following the report's publication, the Guardian, 12 April 2006, reported a Serco spokesperson as saying that the company was proud of the "safe and secure environment" at Doncaster and that "this inspection, at a time of very high prison population pressures, identified some shortcomings which we have acted to address. It also highlighted many areas of good practice." Report on an announced inspection of HMP & YOI Doncaster 14-18 November 2005 by HM Chief Inspector of Prisons, published April 2006,

- The Doncaster prison management contract provides Serco with £19 million per year in income, according to a company presentation at the Merrill Lynch Seminar on Defence & Home Affairs in November 2005 (www.serco.com).

UKDS-RUN FOREST BANK: EARLY PROMISE NOT MAINTAINED "In 2002 we described the new, privately managed Forest Bank as a very good local prison.

Information collected from the internet for this report

However, this unannounced short follow-up inspection found that this early promise had not been sustained. In particular, there had been a significant deterioration in safety - so that urgent management attention and remedial action was required to rebuild staff confidence and properly regain control of the prison."

UK Detention Services Ltd opened Forest Bank in Salford, North West England, in January 2000. The latest chief inspector of prisons' report noted that two of the key weaknesses identified - deficits in safety that are connected with high staff turnover and the inability to participate in the [public sector] OASys sentence planning process - "are similar to those we have identified in other contracted out prisons". Other findings included:

- "There had been over 2,500 adjudications in the first half of 2005 and in the most recent month positive mandatory drug test results had reached 40%. Prisoner assaults on other prisoners were consistently running at 25 a month. There was a continuing series of assaults against staff, including one unsavoury incident when a bucket of excrement was thrown into an office and over two staff who were in there, while we were at the prison. This was by no means the first such "potting" incident in the prison's recent history. The establishment was attempting to respond to these issues but there was a lack of coherence and balance in their approach."

- "We were concerned that a culture of tolerance of, and acquiescence with, inappropriate behaviour was becoming established at Forest Bank and this put both prisoners and staff at risk. Local managers were not surprised by what we had found and were keen to see matters improve. High levels of staff turnover did not help to create an atmosphere of certainty and consistency in dealing with some challenging behaviour and a local culture steeped in serious drug abuse."

- "A survey carried out by the quality improvement group (QIG) asked respondents to comment on what they thought of the induction programme; 38.5% of respondents thought it was "useless".

- "There had been an undoubted increase in the number of work and training opportunities in the establishment and many work places provided accredited learning opportunities. Local employers who might be able to offer prisoners employment on release had been approached and the establishment was prepared to facilitate this through the use of resettlement release on temporary licence. If every activity place had been used, every prisoner at Forest Bank could have at least part-time work or education and, for many, there would be full-time work. However, we found that over half the prisoners in residential units were locked in their cells for lengthy periods. It was not clear why senior managers were not fully exploiting the potential in this area."

- "The reception area was busy with an average of 110-130 new receptions and 150 discharges to court each week, in addition to various other movements. The area was largely staffed by senior custody officers and basic grade staff who had either never worked in reception or had been working elsewhere for a considerable period of time and who were unfamiliar with reception policies and procedures. A change of shift pattern in

the month before our inspection had resulted in a dedicated team of eight reception staff increasing to a team of 25 to cover both visits and reception areas. Reception was bare and institutional in design. Prisoners' first experience of Forest Bank was being greeted by staff, standing behind a high desk, and being told to stand behind the yellow line. Overall, however, reception staff treated prisoners respectfully and interactions were friendly." The chief inspector recommended 59 improvements, some of which were repeated from the previous inspection, and highlighted one example of good practice. *Report on an unannounced short follow-up inspection of HMP Forest Bank, 22-24 August 2005 by HM Chief Inspector of prisons, December 2005,*

FIRST REPORT ON WOMEN'S PRISON HMP Bronzefield, in Ashford, Middlesex, is the UK's first privately financed, designed, built and run prison for women. It opened in June 2004 and became fully operational in September 2004. It is financed, designed, built and run by **Ashford Prison Services Ltd**, which is owned by **Ashford Prison Service Holdings Ltd** itself owned equally by **Sodexho Investment Services Ltd**, **Interserve PFI Holdings Ltd** and **Royal Bank Project Investments Ltd**.

In June 2005 the prison was inspected by the chief inspector of prisons. In her report the chief inspector made 152 main recommendations for improvements, noted 25 points for improved housekeeping and highlighted three examples of good practice.

The chief inspector stated that: "some of the newly recruited staff had not been prepared for this level of need; and nor had some of the initial systems, in particular detoxification and healthcare. It was to the credit of managers that they had to some extent stabilised the staff group, and that lessons had been learnt from the early false starts in detoxification and healthcare, which were beginning to be remedied by the time of the inspection. The high dependency unit was caring well for some very ill women. We remained, however, concerned by the paucity of primary mental healthcare for the majority of women, and the length of time taken to transfer acutely mentally ill women to appropriate NHS facilities."

"Suicide and self-harm management was good; but anti-bullying strategies needed improvement. Nevertheless, prisoners were less likely to say that they had been victimised by other prisoners than the benchmark for women's prisons."

The chief inspector said that both the physical environment and the relationships between staff and prisoners at Bronzefield were good. "Staff were approachable and knowledgeable about individual prisoners. However, their inexperience sometimes meant that they were unable to sort out prisoners' detailed queries; and the applications and complaints system was not effective."

"The prison had made a good start in tackling race relations, but had not yet got to grips with the needs of the 40% of its population who were foreign nationals, some of whom had language needs that were not being met."

She also noted that "the provision of activity was better than in most prisons we have inspected. Not only were prisoners out of their cells for lengthy periods, they were also able to participate in activities that were linked into resettlement needs, and workshops that delivered employment

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skills. Unlike many local prisons, Bronzefield did not rely primarily on domestic cleaning jobs in order to provide out of cell activity for its prisoners. This approach is greatly to be commended."

However, the prison "lacked a needs analysis of its population, or the ability to track and ensure progress on the resettlement plans that were developed for each prisoner. Most importantly, there was insufficient drug treatment work, though this was likely to be at the heart of the resettlement needs of most women in the prison."

"Overall, this is a positive report on a prison that has undergone a steep learning curve in a short time. We were impressed with the enthusiasm of managers and staff, and their readiness to learn from experience, and to take on board our proposals. The crucial task for managers will be to ensure that the relatively inexperienced staff team are sufficiently supported, so as to minimise the staff turnover that can easily destabilise a fairly new prison. We have also pointed to other areas that need to be built on, if the prison is to sustain and improve on its early progress." *Report on an announced inspection of HMP Bronzefield, 13-17 June 2005, by HM Chief Inspector of Prisons, September 2005, published 29 November 2005.*

■ **Ashford Prison Services Ltd** had a turnover of £74.7 million for the financial year ended 31 march 2005. The company made a pre-tax loss of £0.7 million. 'Related Party Transactions' [payments] listed in the company's accounts during the year were:

Interserve Project Services Ltd - construction services - £1,010,396

Interserve PFI Holdings Ltd - subordinated debt - £2,036,145

Interserve PFI Holdings Ltd - subordinate debt interest - £146,602

Royal Bank of Scotland Plc - subordinated debt - £2,611

Royal Bank of Scotland Plc - subordinated debt interest - £2,036,145

Royal Bank of Scotland Plc - bank loan - £8,132,105

Royal Bank of Scotland Plc - bank loan interest - £2,141,934

Royal Bank of Scotland Plc - advisory services - £41,924

UK Detention Services Ltd - advisory services - £16,815,508

Sodexho Investment Services Ltd - subordinated debt - £2,036,145

Sodexho Investment Services Ltd - subordinated debt interest - £146,602

Bank loans of £58,733,726 owing at 31 March 2005 are with the Royal Bank of Scotland and are repayable in instalments over 22 years commencing in 2005.

MORE MONEY GO ROUND

Peterborough Prison Management Ltd's principal business is the design, construction, management and financing of a new prison for men and women in Peterborough. It signed a contract with the government on 14 February 2003. The prison opened on 28 March 2005 and became fully operational on 8 August 2005, after the company's financial year end. As with **Ashford Prison Services Ltd** the company is owned equally by **Sodexho Investment Services Ltd**, **Interserve PFI Holdings Ltd** and **Royal Bank Project Investments Ltd**. 'Related Party Transactions' [payments] listed in the company's accounts during the year were:

UK Detention Services Ltd - advisory services - £9,677,284

Interserve Project Services Ltd - construction services -£20,663,295

Interserve Investments Plc - advisory services - £5,423

Royal Bank of Scotland Plc - bank loan - £29,879,199

Royal Bank of Scotland Plc - advisory services - £144,487

The company's bank loans repayable between one and over five years were £82,307,882.

NO PLANS FOR COST COMPARISONS

The government has "no current plans to commission further research" into the comparative costs of public and private prisons in England and Wales, said home office minister, Fiona McTaggart. In a written reply to a parliamentary question she said that the last review was in 1998-99 and that since then "the performance of the prisons in both sectors had been continuously monitored through key performance targets, (Hansard, 1 February 2006).

OAKHILL SECURE TRAINING CENTRE REPORT

"The centre was struggling to care for trainees with limited staffing numbers. The majority of staff providing direct care were new to the job and had received basic childcare and custody training. The safety and security of the trainees was being managed, but there was improvement needed at all levels in order to bring the centre up to the standards required and against which it was being inspected," stated a recent report by the Commission for Social Care Inspection.

Oakhill Secure Training Centre at Milton Keynes, Buckinghamshire, opened in August 2004 and was the fourth private secure training centre for persistent offenders aged between 12 and 17 to open in England. It is financed, designed, built and run by G4S (Group 4 Securicor). In 2004 the operator was penalised £311,995 for the late opening of the centre and a further £572,120 for the non-availability of places.

According to the inspectors, "prior to this inspection the management team had been restructured in an effort to strengthen it following a difficult and challenging period at the centre extending from December 2004 to February 2005."

The inspectors also found:

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- "a management team that had recently been restructured and that was still finding its feet";
- "a management team that showed the capacity and desire to improve the centre and to take forward positive ideas for the care of the trainees";
- "a centre that was understaffed and frequently not meeting the minimum staffing levels set by the Youth Justice Board for 80 children";
- "good relations between the majority of trainees and staff";
- "a tangible feeling of hope for the future amongst the staff group."

Inspectors also noted that "staff and trainees at the centre were struggling to understand and resolve day-to-day matters involving care. There were inconsistent messages from staff to trainees about issues such as the provision of food, skin care products, and the operation of the rewards and sanctions procedures. The lack of clearly understood policies and procedures with regard to these issues created unfair pressure on the workforce, and confusion amongst the trainees."

"Staff was, on the whole, new to this type of role; most had not worked in such a centre before. Staff turnover was slowing down from a high level when the centre opened. Those staff interviewed by inspectors showed great resolve and determination to ensure trainees received the best possible care. Trainees spoken to respected those caring for them and were enjoying adequate day-to-day care within the constraints described above. Staff was positive about the recent management appointments and changes to the senior management structure."

The centre was "aiming to provide a multi disciplinary service to trainees. Some excellent individual work with trainees was observed, which was valued and welcomed by the trainees. However the different disciplines working at the centre had yet to respect each other's roles and learn to share information for the benefit of trainees. "

The provision of health care provided by the Milton Keynes Primary Care Trust (PCT) was said to be "excellent" while education services were "improving" and were assessed as "adequate".

Inspectors "had some concerns over the way child protection was managed" and they found "three possible child protection incidents that had not been referred to the local authority." A local authority social worker had recently been seconded to the centre and inspectors commended this "as a positive step forward".

They concluded that "major improvements" were needed to the staffing establishment and communications within the centre "in order that it could better meet the aspirations of its managers and the standards against which CSCI measures the performance of Secure Training Centres" and that "staff training needs to be ongoing."

Inspectors were "concerned about the range and number of areas for development found during this inspection." They were, however, "heartened by the potential of the new management team who had an understanding of the issues that needed to be addressed. The management team was determined to drive forward improvements for the benefit of the trainees, the staff and the centre as a whole."

Commission for Social Care Inspection, Inspection of Oakhill Secure Training Centre, May 2005, published 14 December 2005,

- The report's publication prompted questions of the government in the House of Lords by Baroness Stern. She asked what measures had been taken in response to the report. The minister of state replied that: "the centre's operator drew up an action plan to achieve improvements... progress against the plan is reviewed regularly. At the [youth justice} board's request the commission's inspectors made a further, unannounced, visit to Oakhill at the end of November, during which they assessed the progress against the action plan as well as the overall effectiveness of the centre. Following the visit, the commission wrote to the board confirming that Oakhill is a safe and secure environment for the children placed there. The operator is reviewing the action plan...in order to achieve further improvements..." *(Lords Hansard, 26 January 2006).*

- **STC (Milton Keynes) Ltd** is the joint venture company formed to finance, design, build and manage Oakhill Secure Training Centre. The most recent accounts filed, for the 65 weeks ended 31 December 2004, show that 100 per cent of the stock in the company are held by **STC (Milton Keynes) Holdings Ltd** which, in turn, is 49 per cent owned by **Securicor Justice Services Ltd**, 26 per cent by **New N.T. Ltd** and 25 per cent by **MJ Gleeson Group plc**.

- **Securicor Justice Services Ltd**, filed its accounts for the 15 month period ended 31 December 2004 in October 2005. The company's principal activities are prisoner escort and court custody services and prison management operations. Turnover for the period was £104.7 million and pre-tax profit was £15.03 million. The company paid dividends of £11.07 million. As at 31 December 2004 Securicor Justice Services Ltd's ultimate parent company was **Group 4 Securicor plc**. On 1 June 2005 Securicor Justice Services Ltd changed its name to **G4S Justice Services Ltd**.

PRIVATISATION OF PROBATION SERVICE DELAYED Government plans to invite the private and voluntary sectors to run probation services in England and Wales have been postponed due to widespread criticism. Legislation enabling a competitive market has been delayed and, as yet, there has been no announcement as to when this might be reintroduced. The National Association of Probation Officers (Napo) will continue to oppose the legislation which, they fear, will lead to privatisation of the service.

SCOTLAND: KILMARNOCK PAYING ATTENTION "This follow-up report indicates that serious attention has been paid to the matters raised in the full inspection report of 2005, and that most have been dealt with satisfactorily," stated Scotland's chief inspector of prisons. But he also pointed out that the report "should not be seen as an attempt to inspect the whole life of the establishment." The prison opened in March 1999 and is run by Serco through its subsidiary **Kilmarnock Prison Services Ltd**. *HM Inspectorate of Prisons, HMP Kilmarnock, Inspection: 8-9 November 2005, Scottish Executive, March 2006.*

- **Kilmarnock Prison Services Ltd's** accounts for the year ended 31 December 2004 referred to restated figures for performance penalties in 2003: "The effect on the prior

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year is to reduce cost of sales by £627,000 and to reduce turnover by £627,000." For 2004 turnover was £9.08 million (£8.21 million in 2003) and pre-tax profit was £1.04 million (£1.05 million in 2003).

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BOOST FOR PRIVATE SECTOR The private sector is expected to "take the lead" as 8,000 new prison places are built in England and Wales. Following the government's announcement on 20 July 2006, a home office spokesperson stated that: "Decisions on the location and function of the new places will be determined by greatest need. Where possible, new capacity will be provided in areas of highest demand. Specific sites are still subject to acquisition and planning consent. We expect the private sector to take the lead on the provision of new prisons. Our outline plans are that around half the places will be provided by expanding public sector prisons and half will be provided through the private sector. We expect to publish an estate plan, setting out the details, in the autumn." There are currently 11 privately run prisons in England and Wales holding around 10% of the prisoner population.

EDUCATION INADEQUATE "The overall effectiveness of the provision is inadequate," stated inspectors from the UK's Adult Learning Inspectorate in their report on G4S- run Parc prison in Wales.

"The prison's leadership and management are inadequate, as is its approach to equality of opportunity and quality improvement. Training is satisfactory in health, public services and care, ICT, leisure, travel and tourism and arts, media and publishing. Training in engineering and manufacturing technologies and preparation for life and work is inadequate."

Although the inspection team "had some confidence in the reliability of the self-assessment process" they noted that the first self-assessment report in December 2005 "does not effectively use data to support judgements" and that "there is insufficient textual evidence to support the [identified] strengths and weaknesses."

The prison was first inspected by the ALI in September 2002 and re-inspected in September 2004. Inspectors "judged provision to be inadequate to meet the reasonable needs of those receiving it at both inspections." In May 2005 the prison operator took over responsibility for all education and training from a local college subcontractor.

However "the provider has demonstrated that it has sufficient capacity to make improvements" and following the previous inspection "the prison has made progress in introducing a range of strategies to improve the quality of provision."

The ALI has a grading system ranging from grade 1 – outstanding to grade 4 –inadequate. Parc's overall effectiveness was grade 4.

■ Other recent reports on private prisons published by the Adult Learning Inspectorate (ALI) this year include Doncaster, Altcourse and Wolds. At Doncaster, which opened in 1994 and is now run by **Serco**, inspectors found that the overall effectiveness was Grade 3 –

satisfactory. "The prison's leadership and management and arrangements for quality improvement and equality of opportunity are satisfactory. Provision is good in retail and commercial enterprise. It is satisfactory in health, public services and care, engineering and manufacturing technologies, information and communications technology (ICT), arts, media and publishing and preparation for life and work. In construction, planning and the built environment, the provision is inadequate."

The inspectors found that "some areas of learning have insufficient staff. Preparation for life and work is operating with two staff vacancies in significant areas of the provision. Construction has been without a bricklayer for a considerable length of time, although an appointment has very recently been made. All areas of learning have insufficient staff to provide cover arrangements for long- or short-term absence. Contingency arrangements are only sufficient for short-term cover."

They also reported that:"insufficient vocational, work and education programmes are provided to meet the needs of all offenders. Literacy and numeracy programmes are not supported above level 2, and the programmes offered have waiting lists. The range of arts and ICT programmes available is narrow. Catering learners who work in the main kitchen do not have the opportunity to work towards an NVQ that learners in the vocational training kitchen enjoy."

The inspectors identified Doncaster's key challenges as:

- introduce more work with accredited training;
- further develop the range of courses and progression opportunities for learners;
- ensure regular reinforcement of health and safety;
- further develop literacy, numeracy, language and key skills training across the provision;
- implement actions to deal with insufficient staffing;
- maintain and further improve the good standard of teaching and learning;
- further improve accommodation and learning environments;

A report on **GSL**-run Altcourse was published in April 2006. Previously inspected in February 2005, the inspectors noted that: "leadership and management, equality of opportunity and its arrangements for quality assurance were satisfactory. Training was good in information and communications technology and satisfactory in engineering, technology and manufacturing, retailing, customer service and transportation, and visual and performing arts and media. In hospitality, sport, leisure and travel, and foundation programmes, the quality of training was unsatisfactory. At the end of the reinspection process, the quality of training in hospitality, sport, leisure and travel is satisfactory and in foundation programmes it is good."

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"At the previous inspection, teaching was unsatisfactory. Teaching has now improved and is satisfactory. Since the previous inspection, a thorough review of all teaching has taken place." The inspectors also noted that, at the previous inspection, "the range of learning resources was insufficient with learners spending much of their time completing photocopied worksheets. Although some progress has been made with this issue, this still remains a weakness. Learners now have a choice of developing their literacy and numeracy skills by completing a project on a topic of interest to them. However, there is still repetitive use of worksheets. Tutors have developed some innovative learning activities that have included quizzes and game activities and these have helped to develop learners' literacy and numeracy skills. However, these are not used on a sufficiently frequent basis. Some learners working towards literacy at level 1 and 2 have access to information technology and can use colour and graphics within their learning programme. These facilities are not available to all learners. In some lessons there is more use of video resources in response to learners. requests and plans are being implemented to widen the use of audiovisual materials."

The ALI 's report on Wolds, also run by **GSL**, was published in February 2006. The inspectors noted: "At the previous inspection in November 2004, leadership and management overall were unsatisfactory. At the end of the re-inspection process all aspects of leadership and management were found to be satisfactory. In the areas of ICT, visual and performing arts and media, and foundation programmes, the satisfactory standards found at the previous inspection are being maintained." Despite these improvements the inspectors also reported that: "There still remain insufficient work opportunities and accredited training for learners who wish to access employment and gain new skills. Learners have too little appropriately stimulating, purposeful activity and, as a result, many participate in the compulsory education programme reluctantly." *Inspection Report, HMP & YOI Parc, 13 January 2006, published 30 June 2006, Adult Learning Inspectorate, www.ali.gov.uk Reports on Doncaster, Altcourse, Wolds, Bronzefield (December 2005) and Dovegate (April 2005) as well as a number of publicly-run prisons can also be found at www.ali.gov.uk*

PRIVATE SECTOR PAY STILL INFERIOR Basic grade staff in privately run prisons and immigration centres in England and Wales continue to earn significantly less than their public sector counterparts. But senior officers and directors in the private sector continue to earn significantly more than their opposites in the public sector.

The most recent study carried out for the government-appointed Prison Service Pay Review Body found that:

- in the private sector, starting pay for operational support grades (OSG) and prison custody officers (PCOs) is seven per cent and eleven per cent less than their public sector counterparts;
- average basic pay for OSGs is 11% less but PCOs earn 41% less than prison officers in the public sector;
- differentials for OSGs have halved since 2002 as companies have increased rates;

- average basic pay for private sector middle managers is 4% higher than public sector principal officers;

- average basic pay for private prison directors and centre managers is 33% higher than public prison governors. This difference has increased from 29% since 2004;

- public sector pensions are superior to the private sector. For example, the salary values of pensions for public sector OSGs, prison officers and senior officers are 13.7%, 16.0% and 16.1% more than the private sector. The contributions for prison service staff give them guaranteed benefits whereas those for most privates sector staff do not. The prison service retirement age is 60 whereas it is 65 for many private sector staff;

- prison service staff receive an average of around seven more days holiday per year than the average for their private sector counterparts.

- All the companies have sick pay schemes but with significantly less generous benefits to those in the prison service;

- there are regional variations such as the south of England where PCOs and DCOs receive over £2000 more than their private sector colleagues elsewhere;

- private companies "all have freedom to gear their pay specifically to the local market in which each prison or centre has to operate. While the prison service does operate a local pay policy in London and the South East, pay is otherwise national."

- all the companies determine pay and some aspects of conditions separately for each contract. Most staff, especially up to supervisor level, are recruited locally.

- uniformed staff in the prison service are contracted to work an average 39 hour week on shifts covering 24 hours and seven days. Average weekly working hours for private sector OSGs and PCOs vary between 39 and 44, with most between 39 and 42. One private prison operates an annual hours scheme based on 2132 annual hours (including holidays, equivalent to an average 41 hour week).

According to the consultants, the public/private sector differences are explained by the following two principal factors: "Pay costs are the largest element in the costs of managing a prison or immigration centre. In order to compete successfully to win or retain contracts while remaining profitable, the companies are therefore under sharp pressures to keep pay costs down, while still attracting, retaining and motivating staff."

They also noted that "this is not to say that the prison service is not under any such pressures but there is a wider range of factors that influence pay settlements: for example relativities with other parts of the public sector." The differences in average pay are also "because prison officers have much greater opportunity for pay progression." Other findings included:

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- many prison officers have very long experience. By contrast "55% of private sector staff at levels equivalent to OSG, officer and senior officer levels have less than two years service and only 20% more than five years."

- formal training arrangements in companies are very similar to those in the prison service. More staff fail to complete their training in the private sector than in the prison service. However, without further research it was not possible to fully answer the question of whether training ... is of comparable quality;

- resignations of PCO/DCO staff in the private sector averaged 27%, a slight increase over last year's 25%. The rate of resignations among public sector prison officers was almost unchanged at only 3%. Resignations of OSGs and equivalent averaged 37% of staff in post compared with 7% of OSGs in the prison service. At supervisor level private sector resignations averaged 16%. The explanation given for the high private sector resignation levels included: the dislike of shift patterns; new recruits finding that the reality of the job is something with which they cannot after all cope; and competition from more highly paid jobs in the prison and probation services where the skills learned by PCO and OSG equivalents are directly relevant.

Unlike in previous years all four prison operators - GSL, Serco, UK Detention Services Ltd and Group 4 Securior - supplied information for this study. *Privately Managed Custodial Services, Prison Service Pay Review Body, MCG Consulting, September 2005.*

MONEY GO ROUND **Bridgend Custodial Services Ltd**, the operator of Parc prison in Wales, made a pre-tax profit of £4.35 million (£3.96m in 2004) on a turnover of £29.64 million (£29.22m) for the financial year ended 30 September 2005. A dividend of £2 million was paid during the year.

■ On 18 July 2006 Swedish construction firm **Skanska** announced that it was selling its 9% stake in the consortium for £3.8 million, making a capital gain of £2.65 million. The sale price is more than three times the company's initial investment and represents an average annual return of 30%. Parc prison opened in 1997 and was one of the first privately financed, designed, built and operated prisons in the UK. The company's stake has been bought by the investment fund **Innisfree**.

SCOTLAND: CONTRACT CONFIRMED The Scottish Prison Service has confirmed that Addiewell Prison Ltd has been appointed to finance, design, build and operate a new 700 bed prison in West Lothian. The new company - along with Addiewell Prison (Holdings) Ltd - was incorporated in October 2005 and registered in Scotland. It is owned by Sodexho Investment Services Ltd, Royal Bank Project Investments and Interserve PFI 2005 Ltd. The prison is Scotland's second private prison and is expected to be fully operational by 2009.

OCTOBER 06

PARC PRISON "MOVED SIGNIFICANTLY BACKWARDS" "At our last inspection, we described Parc as being, overall, a safe and respectful prison that was poised to

move forward. However, since that inspection, the prison had in fact moved significantly backwards, with three changes of Director, and the slippage of many key areas of work. This inspection found a prison in recovery, but still unable to meet three of our four tests of a healthy prison."

The chief inspector of prisons for England and Wales inspected G4S- run Parc prison, Bridgend, Wales in January 2006 although the report was not published until August. Parc, one of England and Wales' first privately financed, designed, built and run prisons, opened in 1997. The chief inspector found that: "Parc was not an unsafe prison. There were relatively low levels of use of force and segregation. But in key areas that support safety, procedures and policies were not sound enough to provide protection for vulnerable prisoners. Reception, first night and induction procedures were weak. There were gaps in the management and support for prisoners at risk of self-harm or suicide. And, most worryingly, a good violence reduction strategy was not being operated properly on the wings; nor were managers monitoring this. "

"Our previous report, and Parc's own assessment of itself, was that staff-prisoner relationships were respectful and positive. It was therefore a considerable surprise to inspectors to find that prisoners, in groups and individually, had an extremely negative perception of staff and some recounted instances of poor or dismissive treatment. Inspectors did not find examples of actively disrespectful treatment. But they did find that officers, on very lightly staffed units, did not routinely engage with prisoners, were not able to deal informally with their queries and needs, and were not actively supporting prisoners, as personal officers or in implementing prison-wide strategies. The exceptions were the small and well-run juvenile and Kainos units, where staff and prisoners engaged positively and regularly."

The report noted that: "Black and minority ethnic prisoners, as in many other prisons, had even more negative perceptions than white prisoners. It was of particular concern that impetus in race relations had slowed considerably: indeed there was no evidence of an action plan to deal with issues raised in the recent critical Commission for Racial Equality investigation. Ethnic monitoring was limited, and there was no record of racist incident investigations for previous years."

"At one level, Parc provided a good level of activity for a local prison. As its contract required, prisoners were out of their cells for around 11 hours a day (though there remained some over-recording) and many attended workshops. However, that did not mean that they worked. On one morning during the inspection, we found that only six out of the 69 prisoners in workshops were actually working. The claim made to inspectors that this nevertheless instilled a 'work ethic' was scarcely credible. There was little work skills training, and the quality of education was poor - this was particularly unacceptable for the prison's juvenile population."

Resettlement, however, was one area where Parc had made "real and visible progress, with the active support of community and national resources outside the prison. There was a well developed and well-managed strategy, and effective reintegration work within the 'Release Zone'. The prison had established a post-release mentoring scheme for some of those on drugs programmes, and could refer homeless prisoners to a unit in the community. There were,

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however, still no custody plans for young adults or remanded prisoners. And the absence of a visitors' centre, in a prison that was far from transport links, was a significant deficit."

Parc holds a number of young adults, and has a specialised juvenile unit. The chief inspector found that: "they had widely different experiences. There were no specific policies or activities for young adults, who suffered equally with the adult population from the absence of sufficient useful vocational work. Indeed, young adults did not even have custody plans to assist in their rehabilitation. We were particularly concerned that vulnerable young adults, who could not safely be held in the general population, were placed in segregation, sometimes for lengthy periods. Nowhere in Wales is there provision for vulnerable young adults, or those serving indeterminate sentences."

"By contrast, the juvenile unit was extremely well-run and focused on the needs of young people. It had coped well with the transition to holding sentenced as well as remanded young people. Training planning was done well, and the staff engaged positively and appropriately with the young men there. It was somewhat surprising that the unit was not full, given the number of Welsh children serving their sentences in English prisons. The one important weakness was the inadequacy of education, which needs urgent attention."

"Though this was in many respects a disappointing inspection, we were clear that the prison was, once again, moving forward under a new Director and a clear management strategy. The pockets of good practice – resettlement, the juvenile unit and the Kainos wing - show what could be achieved, given motivation, leadership and resources. But it is of some concern that Securicor, who managed the prison, and the Office for Contracted Prisons, had not taken decisive action earlier to halt and reverse the drift downwards."

The chief inspector concluded that: "Parc can be a significant resource for Wales. But, in order for that to happen, its role needs to be clarified, and its contract examined to ensure that it provides the right incentives and sufficient resources for that role. There is now a Director of Offender Management for Wales, with direct oversight of Parc, and we would urge that she and her team undertake that task with some urgency, to ensure that progress this time is sustained and developed." *HM Inspectorate of Prisons, Report on an announced inspection of HMP & YOI Parc, 9-13 January 2006, published August 2006,*

10.1.1.6 LOWDHAM GRANGE: TOO LITTLE EDUCATION, TRAINING AND REINTERGRATION

Serco-run Lowdham Grange prison near Nottingham was "a largely safe and respectful establishment but there was too little education, training and reintegration work," according to the chief inspector of prisons for England and Wales.

The prison opened in 1998 and holds long terms offenders including serious offenders. The announced inspection was carried out 13-17 March 2006.

The chief inspector found "mutually respectful staff–prisoner relationships and plenty of time out of cell for prisoners. However, the prison was based on an outdated industrial model, too focused

on menial, repetitive paid work of little vocational benefit and with insufficient attention paid to education, programmes and reintegration services. Lowdham Grange was generally safe. Unlike some similar private sector prisons, it had begun to improve staff recruitment and retention and, in this way, reduce the proportion of inexperienced staff having to manage experienced prisoners"

Suicide and self-harm prevention procedures were "effective, with good use of prisoner buddies", although "first night arrangements required development. Anti-bullying procedures were in their infancy and, while most prisoners felt safe, minority ethnic prisoners reported greater vulnerability than their white counterparts. There was also evidence that the prison was facing a growing drugs problem."

The prison environment was "clean and well maintained". Prisoners received plenty of time out cell and 80% were in full time work. "However, the contract to which the prison operated had preceded the Government's current focus on reducing reoffending. Instead, the focus was on prison industries, with prisoner wages dependent on profits made by the workshops. Much of this work was menial and repetitive. Prisoners were often bored and disengaged and they had few opportunities to gain vocational qualifications that might support employment on release.

This dependence on production workshops also limited the development of adequate education provision, although a new education block had recently opened." The chief inspector also noted that there were insufficient offending behaviour programmes and reintegration services. "It was particularly disappointing that there was no accredited drug treatment programme available. Significant investment was also required to improve the cramped and limited physical education facilities.

The prison was out of step with the regional offender manager's reducing reoffending action plan, which required a much broader portfolio of interventions to address offending behaviour." She said that matters were not helped by Lowdham Grange's inability, along with other private sector prisons, to access the IT version of the joint prison and probation and offender assessment system (OASys). To its credit the prison had not let this inhibit its sentence planning, which was largely timely and of good quality, although public protection work was less effective.

She also noted that the failure of the establishment's contract to focus adequately on reducing reoffending is largely beyond the prison's control. "The prison's proposed expansion and the associated redrawing of the contract ought to provide an opportunity to rebalance provision. The regional offender manager should certainly satisfy herself that an appropriate regime, focused on reducing reoffending, is put in place before this expansion goes ahead." The chief inspector made 125 recommendations for improvements and housekeeping points and highlighted 19 examples of good practice. *Report on a full announced inspection of HMP Lowdham Grange, 13-17 March 2006, HM Chief Inspector of Prisons, July 2006, published October 2006,*

10.1.1.7 MONEY-GO-ROUND

SERCO GROUP PLC Serco has recently reiterated an announcement made in August 2006 that the company is "in discussions with potential investors

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regarding the formation of a strategic partnership and the disposal of a number of our PFI investments. This would provide Serco with a large and lower-cost pool of capital and allow us to bid for future PFIs without using our own equity. For the disposal PFIs Serco would retain the associated long-term operating contracts and would also provide management services to the investment partner. There are several steps that need to be completed before any transaction can be finalised and we will make future announcements as appropriate." The company made no mention of whether prison assets would be part of any transaction.

Serco is the sole owner of the Premier group of companies that until 2003 used to be owned jointly by Serco and Wackenhut Corrections Corporation. During 2005 Serco restructured its Premier Custodial Group and justice divisions to create a business focused on four key areas: civil resilience, offender management, law enforcement and immigration control. These operations are included within Serco's civil government sector which it regards as the largest market and also includes health, education and IT. The company recently valued the UK home affairs market at £3 billion per annum.

In the UK not all the accounts of Serco home affairs companies within the group were filed for the whole of financial year 2005 as some were sold (within Serco) and ceased to trade on 30 June 2005. Neither does Serco include the financial details of individual companies in its consolidated accounts nor does it provide separate financial details of all its home affairs operations. However, the following information is gleaned from Serco companies' recently filed accounts at Companies House.

In 2004 **Premier Custodial Group Ltd** was a holding company with subsidiaries engaged in the design, construction, management and finance of custodial facilities. During financial year 2005 **Serco Holdings Ltd** reorganised the business: subsidiary **Premier Prison Services Ltd** was sold to **Serco Ltd** while subsidiaries **Premier Custodial Investments Ltd** and **Premier Custodial Finance Ltd** were sold to **Serco Holdings Ltd**. According to **Premier Custodial Group Ltd's** accounts **Premier Custodial Investments Ltd** and **Premier Custodial Finance Ltd ceased** to be subsidiaries of the company on 31 March 2005 when the investments were sold to **Serco Holdings Ltd.** The investment in **Premier Prison Services Ltd** was sold to **Serco Ltd** on 31 March 2005.

During 2005 **Premier Custodial Group Ltd** paid a dividend of £7.5 million (2004 -£15.43 million).

Serco plc's annual review and accounts for the financial year ended 31 December 2005 showed its principal UK home affairs subsidiaries as:

Serco Ltd

Kilmarnock Prison Services Ltd

Lowdham Grange Prison Services Ltd

Medomsley Training Services Ltd

Pucklechurch Custodial Services Ltd

Moreton Prison Services Ltd

The accounts of **Serco Ltd** reflect the company's wider business interests as well as home affairs and there is no breakdown by business segment.

Kilmarnock Prison Services Ltd's major activity is the design, construction, management and finance of Kilmarnock prison which opened in March 1999. The company made a pre-tax profit of £1.03 million for the financial year ended 31 December 2005 ((2004 - £1.04m) on turnover of £9.2 million (2004 - £9.1 million) according to the company's latest accounts. The company paid no dividend.

Lowdham Grange Prison Services Ltd financed, designed, built and operates Lowdham Grange prison which opened in February 1998. No dividend was paid but pre-tax profit for the financial year ended 31 December 2005 was £0.91 million (2004- £0.93 million) on turnover of £9.91 million (2004 - £9.1 million).

Medomsley Training Services Ltd's major activity is the design, construction and management of Hassockfield Secure Training Centre which opened in September 1999. No dividend was paid for the financial year ended 31 December 2005 but pre-tax profit was £0.25 million (2004 - £0.25 million) on turnover of £4.41 million (2004 - £3.95 million).

Pucklechurch Custodial Services Ltd's major activity is the design, construction, management and finance of Ashfield prison and young offenders' institution. The company made a pre-tax profit of £1.23 million (2004 - £1.24 million) on turnover of £15.6 million (2004 - £11.7 million) for the financial year ended 31 December 2005. No dividend was paid. Ashfield opened in November 1999.

The major activity of **Moreton Prison Services Ltd** is the design, construction, management and finance of Dovegate prison which opened in July 2001.Pre-tax profit for the financial year ended 31 December 2005 was £2.67 million (2004 - £2.7 million) from turnover of £15.4 million (2004 - £14.2 million).

According to **Serco Ltd**'s accounts for the year ended 31 December 2005 on 30 June 2005 the company assumed the beneficial ownership from another group company of **Premier Prison Services Ltd**, **Premier Detention Services Ltd**, **Premier Monitoring Services Ltd**, **Premier Training Services Ltd** and **Serco Geografix Ltd** for a combined cash consideration of £152.37 million. In terms of its UK justice services operations **Serco Ltd** described the following companies as its principal undertakings and all their accounts reflect the period 1 January 2005 to 30 June 2005 rather than a complete financial year:

Premier Prison Services Ltd – custodial services

Premier Training Services Ltd – training centre management

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Premier Monitoring Services Ltd – electronic tagging services

Premier Detention Services Ltd – immigration centre management

Serco Geografix Ltd – manufacture of tagging equipment

The principal activity of **Premier Prisons Services** was the provision of custodial services, the manufacture and leasing of electronic tagging equipment and the provision of electronic monitoring services to HM government home office and immigration service. A dividend payment of £7.09 million (£15.06 million whole year 2004) was made during the year to **Premier Custodial Group Ltd**. Pre-tax profit was £83.5 million (£13.72 million whole year 2004) on turnover of £53.38 million (£94.05 million whole year 2004) but this profit also reflected a £77.09 million profit on the disposal of fixed asset investments.

Premier Training Services Ltd's principal activity was the management of Hassockfield Secure Training Centre. Pre-tax profit was £56,000 (£127,000 whole year 2004) on turnover of £2.01 million (£3.92 million whole year 2004). A dividend of £31,000 was paid (£116,000 whole year 2004).

Premier Monitoring Services Ltd provided electronic tagging services to the electronic monitoring unit of the home office. Pre-tax profit was £735,000 (£1.79million whole year 2004) on turnover of £12.03 million (£27.6 million whole year 2004). A dividend of £391,000 was paid (£2.8 million for whole year 2004).

The major activities of **Premier Detention Services Ltd** were managing the immigration detention centre at Dungavel, Scotland, which opened in September 2001 and the building and management of Colnbrook immigration detention centre in England which opened in August 2004. Pre-tax profit was £2.8 million (£1.44 million for whole year 2004) on turnover of £11.63 million (£40.6 million for whole year 2004). A dividend of £2.25 million was paid (£804,000 for whole year 2004).

At the time of writing no accounts for **Serco Geografix** were available.

■ Outside of the UK Serco also operates Acacia prison for the government of Western Australia and in Germany the company has a contract with the state of Hesse for a semi-private prison at Hunfeld. In Italy and Canada (Newfoundland and British Columbia) the company provides electronic monitoring products.

FOREST BANK: THE CCA CONNECTION

The business of **Agecroft Prison Management Ltd (APM)** is the design, construction, management and financing of Forest bank prison. Contracts were signed on 6 July 1998 and the prison opened on 20 January 2000. For the financial year ended 31 December 2005 the company made a pre-tax loss of £0.4 million (loss of £0.64 million 2004) on turnover of £17.95 million (£16.8 million 2004). The company has no employees and from the start of operations it has been charged a management fee by **UK Detention Services Ltd** (UKDS) for the provision of services to operate the prison. During the year UKDS charged £15.65 million.

The company's directors included Herb Nahapiet of **UK Detention Services** (now known as **Kalyx**) and Irving Lingo of **Corrections Corporation of America**. **APM** is jointly owned by **Sodexho Alliance SA** of France and **CCA (UK) Ltd**, the latter being a 100% owned subsidiary of **CCA of Tennessee LLC** which, in turn, is owned by **Corrections Corporation of America**.

A note to the accounts stated that at the year end the company owed **Sodexho Alliance SA** and **Corrections Corporation of America** £3.15 million each as well as £1.89 million to UKDS. Another note stated: "On 2 May 2003 Sodexho Alliance SA and **CCA of Tennessee LLC** agreed to waive the portion of the subordinated debt interest over 10% that was owed to them from inception to 31 December 2002. Furthermore, the late payment penalty interest over 7.5% was waived for the same period. On 1 July 2005 Sodexho Alliance SA and CCA of Tennessee LLC agreed to waive the portion of the subordinate debt interest over 6.333%. The value of interest waived during the year was £223,807 and the total value waved from inception to date was £1.35 million."

CCA (UK) Ltd is an investment holding company which "holds an interest in a company which conducts activities related to the privatisation of correctional facilities." Its accounts for the financial year ended 31 December 2005 state that: "**APM** made a loss of £309,923 for the year ended 31 December 2005 (2004-£640,996) and the aggregate capital and reserves at 31 December 2005 amounted to net liabilities of £4,302,437 (2004-£4,216,321). In the year ended 31 December 2002, the directors of **CCA (UK) Ltd**, following a review of the business and its forecasts, considered that **CCA (UK) Ltd**'s investment in **APM** was impaired. Subsequently the directors considered it prudent to write off the full amount of the investment. At the date of signing the **APM** accounts, the ultimate holding companies of **APM** signed a letter to support the operations of **APM** in a manner sufficient for **APM** to continue to operate as a going concern through the following twelve months." **APM**'s accounts were signed by Herb Nahapiet on 26 September 2006.

Another note to **CCA (UK) Ltd**'s accounts states: "On 10 April 2001 the company entered into an agreement with a third party whereby the third party was effectively granted an option to acquire one third of the shares in APM currently held by the company at a purchase price to be agreed by the parties following the date of the agreement. The agreement requires that the parties use their best efforts to reach agreement on such price within a reasonable period of time following 10 April 2001. As at the date of signing the accounts [26 September 2006] the third party had not exercised the option. Until such time as the expiration of the option, the company may not sell or transfer the APM shares held by it without the consent of the third party."

Agecroft Properties (No. 2) Ltd is the company that leases Forest Bank prison to **Agecroft Prison Management Ltd.** Accounts were recently filed covering the period 1 January 2005 to 31 August 2005 "so as to finalise the tax position of the company prior to its move into a different group of companies." On 31 August 2005 the company, then owned by **Abbey National Treasury Services plc**, was bought by **API HoldCo Ltd**, in turn a subsidiary of **SMIF UK Ltd**. For the period ended 31 August 2005 the company's pre-tax profit was £1.34 million from turnover from finance lease of £3.49 million. A dividend of £779,541 was paid.

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UKDS BECOMES KALYX

UK Detention Services Ltd has changed its name to **Kalyx Ltd**. Another company, **Kalyx Services Ltd**, has also been registered. **Kalyx** is still owned by **Sodexho SA of France**. Kalyx's website www.kalyxservices.com states that the name has changed "simply because our success has led to the name UK Detention Services (UKDS) being too restrictive for us. Since 1987 we have grown to manage four prisons, an immigration removal centre and two post-release approved premises." The website also states that "now we have our first contract outside the broad field of detention and we are also optimistic of working outside the UK, two very good reasons for taking a name that retains all our good qualities while allowing us to widen our range of services to work in other countries."

The website mentions that the company runs Forest Bank, Bronzefield and Peterborough prisons in England as well as Harmondsworth immigration detention centre and a pilot project for male ex-offenders in the west of England. UKDS also led the consortium that signed a contract with the Scottish Prison Service in June 2006 to finance, design build and run a new 700 bed prison at Addiewell, West Lothian.

GSL: ASSETS SOLD AND FOR SALE AGAIN

GSL UK Ltd is a wholly owned subsidiary of **Global Solutions Ltd** but the ultimate parent company is **De Facto 1119 Ltd.** The principal activity of the De Facto 1119 group is the provision of support solutions for public authorities and corporate organisations within the UK, Australia and South Africa via its principal operating subsidiary **Global Solutions Ltd** (GSL). The principal owners of De Facto 1119 are venture capital funds managed or advised by **Englefield Capital LLP** and **Electra Partners Europe LLP**, two leading European private equity firms.

According to De Facto 1119's accounts, on 30 September 2005 "Global Solutions Ltd (GSL) ... entered into a binding investment partnership agreement ... with the **Secondary Market Infrastructure Fund (SMIF)**. Under the partnership SMIF provided debt finance and subscribed for equity carrying the right to economic interest in UK Special Purpose Companies (SPCs) relating to 14 projects and has committed capital to GSL for its future investment programme. GSL have released £64.5 million of value from the portfolio."

"GSL remains a shareholder in all its existing portfolio companies and will continue to provide day to day management through its board membership. However, GSL no longer has access to the future economic benefits (or exposure to future economic risks) of those companies. Therefore it ceased to consolidate the results and assets of these companies from 30 September 2005."

As a result of this transaction an exceptional dividend on the realisation of value from the new joint venture vehicle arises of £36.4 million. No corporation tax liability arises on this dividend.

According to www.smif.com the partnership assets included in the transaction related to prisons were Altcourse and Rye Hill as well as Medway and Rainsbrook Secure Training Centres and their expansions.

According to GSL's finance director Chris Elliott "The GSL-SMIF investment partnership allows GSL to focus upon its core objectives within its chosen markets of outsourcing critical

business support services to the public and private sector." In his statement on www.smif.com Mr Elliott also said that "we looked forward to continuing to work with SMIF in the coming years."

But now SMIF, the biggest PFI fund in Europe and set up in 2001 by the **Abbey National** bank and **Babcock & Brown**, an Australian infrastructure company, is itself being sold for £600 million. According to www.thisismoney.co.uk 29 October 2006 "this will bring huge profits for its backers including **HBoS**, **Star Capital** and fund manager **AMP**, which between them have invested more than £400 million in SMIF."

- In 2005 SMIF also bought into **Agecroft Properties** the company involved with Forest Bank prison (see above).

GSL UK Ltd's accounts include: **Fazakerley Prison Services Ltd**, (Altcourse prison) **Onley Prison Services Ltd**, (Rye Hill prison) **ECD Cookham Wood Ltd**, (Medway Secure Training Centre) **ECD Onley Ltd** (Rainsbrook Secure Training Centre) as well as **Yarls Wood Immigration Ltd**, **UK Court Services (Manchester) Ltd** (Manchester Magistrates Court) and **Cheshire Custody Services Ltd** (Cheshire Custody Suites).

Onley Prison Services Ltd has a 26 year contract signed on 23 July 1999 for the provision of design, construction and management services including related financing arrangements for Rye Hill prison. For the financial year ended 31 December 2005 the company made a pre-tax profit of £0.9 million (2004-£0.67 million) on turnover of £11.06 million (2004-£10.75 million). No dividend was paid. Under the terms of the original contract the company is committed to pay fixed and variable fees to **GSL UK Ltd**. Payments in the year ended 31 December 1005 were £9.75 million (2004 - £9.64 million). In addition **Global Solutions Ltd** and **GSL UK Ltd** provided administrative and technical services to the company during the year at a cost of £nil (2004 - £16,000) for **Global Solutions Ltd** and £20,000 (2004 -£27,000) for **GSL UK Ltd**. Similar services were also provided by **Carillion Construction Ltd** at a cost of £20,000 (2004 - £27,000). At the year end there was £2.17 million payable to **GSL UK Ltd** and £21,000 payable to **Carillion Private Finance Ltd**.

The company is a wholly owned subsidiary of **GSL Carillion Onley Ltd** which in turn is owned jointly by **Carillion Private Finance Ltd** and **GSL Joint Ventures Ltd**.

ECD (Onley) Ltd is engaged under a 16 year contract signed on 13 July 1998 for the provision of design, construction and management services including related financial arrangements for Rainsbrook Secure Training Centre in Warwickshire. Pre-tax profit for the financial year ended 31 December 2005 was £0.48 million (2004 - £0.41 million) on turnover of £9.68 million (2004 - £8.68 million). A dividend of £0.3 million was paid. Under the terms of the original contract in 1998 as amended on 10 August 2001 the company is committed to pay fixed and variable fees to **GSL UK Ltd** based on the number of available trainee places at Rainsbrook Secure Training Centre. Payments in the year ended 31 December 2005 were £9.03 million (2004 - £8.13 million). Under the terms of a contract dated 28 November 2005 payments of £0.38 million were made to **Carillion Construction Ltd** for design and construction of a young women's unit. In addition, **Global Solutions Ltd** and **GSL UK Ltd** provided administrative and technical services

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to the company at a cost of £nil (2004 - £20,000) for **Global Solutions Ltd** and £53,000 (2004 - £28,000) for **GSL UK Ltd**. Similar services were provided by **Carillion Construction Ltd** at a cost of £25,000 (2004 - £23,000).

The company is a wholly owned subsidiary of **Education Care & Discipline Three Ltd** whose shares are in turn owned equally by **Carillion Private Finance Ltd** and **GSL Joint Ventures Ltd**.

ECD (Cookham Wood) Ltd is engaged under a 16 year contract signed on 3 March 1997 for the provision of design, construction and management services including related financing arrangements for Medway Secure Training Centre in Kent. A dividend of £0.75 million was paid during the financial year ended 31 December 2005. Pre-tax profit for the year was £1.02 million (2004 - £0.96 million) on turnover of £10.5 million (2004 - £10.1 million). Under the original contract dated 3 March 1997 as amended on 11 January 2002 the company is committed to pay fixed and variable fees to **GSL UK Ltd** based on the number of available trainee places at Medway STC. Payments in the year were £9.4 million (2004 - £9.06 million). In addition **Global Solutions Ltd** and **GSL UK Ltd** provided administrative and technical services to the company at a cost of £nil (2004 - £20,000) for **Global Solutions Ltd** and £103,000 (2004-£82,000) for **GSL UK Ltd**. Similar services were also provided by **Carillion Construction Ltd** at a cost of £82,000 (2004 - £ 78,000).

The company is a wholly owned subsidiary of Education Care and Discipline Ltd whose shares are in turn jointly owned by **Carillion Private Finance Ltd** and **GSL Joint Ventures Ltd**.

Fazakerley Prison Services Ltd has a 28 year contract for the design, construction and management services including related financing arrangements for Altcourse prison in north west England. For the financial year ended 31 December 2005 the company made a pre-tax profit of £5.24 million (2004 - £5.02 million) on turnover of £23.06 million (2004 - £22.3 million). A dividend of £4.5 million was paid during the year (2004 - £3.4 million).

The company is a wholly owned subsidiary of **GSL Carillion (Fazakerley) Ltd**. Fifty per cent of the share capital of **GSL Carillion (Fazakerley) Ltd** is held by **Carillion Private Finance Ltd** and the other 50 per cent by **GSL Joint Ventures Ltd**.

Under the terms of the original contract dated 20 December 2005 with **Carillion Construction Ltd** the company is committed to index linked payments totalling £7.58 million for major maintenance works over the contract term. Under the terms of a fee assignment with **GSL Carillion (Fazakerley) Ltd** dated 30 November 1999 the company is committed to payments totalling £767,000 for financial advice over a period of 12 years. Under the terms of a contract dated 20 December 1995, the company is committed to pay fixed and variable fees to **GSL UK Ltd** based on the number of available trainee places for the remaining contract term. Payments in the year ended 31 December 2005 were £18.85 million (£18.02 million in 2004).

In addition, **Global Solutions Ltd** and **GSL UK Ltd** provided administrative and technical services to the group during the year: **GSL UK Ltd** received £189,000. Similar services were

also provided by **Carillion Construction Ltd** at a cost of £191,000. At the year end there was £2.075 million payable to **GSL UK Ltd** and £52,000 payable to **Carillion Private Finance Ltd**.

GROUP 4 SECURICOR

G4S Justice Services Ltd, formerly known as **Securicor Justice Services**, made a pre-tax profit of £2.34 million for the financial year ended 31 December 2005 on turnover of £91.96 million. This compares to the 15 month period ended 31 December 2004 when pre-tax profit was £15.02 million on turnover of £104.73million. During 2005 the company's average monthly number of operational staff was 1,859. The directors received a total of £357,610 in salaries, pension contributions and other benefits.

The company's principal activity is running prisoner escort and custody services and prison management. The 2005 accounts reflected the company's first period of trading under its new electronic monitoring and immigration contracts which commenced in April and May 2005 respectively. G4S Justice Services Ltd also has a 50% joint venture investment in **STC (Milton Keynes) Holdings Ltd** and a 49.32% group shareholding in **Bridgend G4S Justice Services Ltd**. Its ultimate holding company is **Group 4 Securicor plc**.

For the financial year ended 31 December 2005 the profitability of **Group 4 Securicor plc**'s justice services sector was reduced compared to prior years "as a result of the terms of the new electronic monitoring contract which included lower margins but increased geographical coverage and numbers of offenders being monitored." The company ranked itself as third largest by turnover in the US and UK justice services market and first in the Netherlands. The report did not focus on the company's correctional services operations. Overall, however, its security, cash and other operations span more than 100 countries. Substantial shareholdings in G4S plc as at 29 March 2006 included: **Barclays** 3.7%; **Legal & General** 3.33%; and **Prudential** 3.2%.

- In its interim results announcement for January-June 2006, **Group 4 Securicor plc** noted that "...we have recently won a three year immigration removal centre contract in Scotland and are bidding for justice opportunities in the Middle East along with further immigration and other government projects in the UK." The company also reported that the market continues to improve in the Netherlands. "We have achieved double digit organic growth in the period with margins slightly down due to the renegotiation of our Justice Services contract in the prior year."

MTC IN THE UK

Management & Training Corporation of Utah set up a base in the UK in 2004 and incorporated a new company, **Management & Training Corporation (UK) Ltd**. The company's accounts for the period 8 June to 31 December 2004 and filed in March 2006 reported an operating loss of £0.24 million for the period. The accounts also state that the principal activity of the company throughout the period was "bidding for contracts in the UK to provide rehabilitative educational opportunities in private correctional facilities."

GEO GETS RSI

GEO Group (UK) Ltd has acquired British firm **Recruitment Solutions International Ltd (RSI)** for approximately $2.25 million plus transaction costs. RSI also has a subsidiary, RSI Immigration Services Ltd. RSI provides detainee transportation services to the home office's nationality and immigration directorate. Geo

Information collected from the internet for this report

Group UK Ltd is owned by the Florida-based GEO Group Inc. Geo claims that RSI will generate $3.7 million in annual revenues during 2006.

Recruitment Solutions International Ltd was incorporated in the UK in 2002 and, according to filings at Companies House, has not filed full accounts, claiming total exemption. As at 30 June 2006 Recruitment Solutions International Ltd showed net assets of £76,729. In a statement, GEO's chairman and chief executive officer, George Zoley said: "We are delighted with our acquisition of RSI, for this important transaction will allow GEO UK Ltd to continue its expansion into the delivery of a much wider range of services to government."

On 29 May 2006 GEO UK began managing the 198 bed Campsfield House immigration detention centre in Cambridgeshire, England. The company expects this contract to generate $10 million per annum in revenues.

- As at 1 January 2006 international operations accounted for approximately 16.1% of GEO Group Inc.'s consolidated revenues, according to the company's last 10K annual report filed with the Securities and Exchange Commission.

- "Internationally we are waiting for an RFP for a new 700 bed facility in the UK. Also in the UK the home secretary stated there will be an immediate need for 4,000 new beds to public/private partnership initiatives. We believe our new GEO UK subsidiary is well positioned to compete for these 4,000 potential new beds. In addition we have identified 12 other European countries that are currently at various stages of development and analysis for the introduction of public/private partnership correctional projects." George Zoley, *GEO Group chairman and chief executive officer transcript of second quarter earnings conference call, 11 August 2006, www.sec.gov*

11 CANADA

ONTARIO GOVERNMENT TO TAKE OVER MTC-RUN PRISON

"The Government of Ontario will transfer the operation of the Central North Correctional Centre in Penetanguishene to the public sector", the provincial government's community safety and correctional services minister Monte Kwinter announced on 27 April 2006.

"After five years, there has been no appreciable benefit from the private operation of the Central North Correctional Centre," said Kwinter in a news release. "We carefully studied its overall performance compared with the publicly operated Central East Correctional Centre (CECC) in Kawartha Lakes, and concluded the CECC performed better in key areas such as security, health care and reducing re- offending rates. As a result, the government will allow the contract with the private operator to expire."

Utah-based Management & Training Corporation's (MTC) Canadian subsidiary, Management and Training Corporation Canada (MTCC), was chosen to operate the Central North Correctional Centre in May 2001 as part of a five-year pilot project. During that period, the Central East Correctional Centre - which is identical in design - opened as a publicly operated facility. The pilot project was to determine if there was any advantage to private operations of correctional services in Ontario. "We acknowledge that MTCC was in material compliance with

the contract," said Kwinter, "but the evidence clearly indicates that the public facility produced better results in key performance areas."

The contract with MTCC ends on 10 November 2006.

An Ontario Government spokesperson stated that an internal review to compare MTCC-run Central North Correctional Centre with publicly-run Central East Correctional Centre was carried out and the methodology reviewed by Anthony Doob of the University of Toronto. The government also commissioned PricewaterhouseCoopers (PwC) to evaluate MTCC's contract performance and to make recommendations for policy options. According to Canadian Press the company has responded to the government's announcement by claiming that it has saved taxpayers C$23 million and could save a further C$11 if allowed to continue for five more years. Scott Marquand, president of MTC Canada, said that there is no "evidence to support a change that will cost Ontario taxpayers millions of dollars a year."

According to data from the ministry of community safety and correctional services seen, the publicly run prison rated better on security, classification, programming effectiveness, continuum of services, recidivism rates, healthcare and community impact. A comparison of programming quality was deemed undeterminable.

PRICEWATERHOUSECOOPERS A copy of the executive summary of PwC's report and a verbatim extract is set out below. The full report, which incorporates information provided by ministry staff as well as PwC's own research and analysis, has not been published due to commercial confidentiality.

The majority of PwC's policy decision considerations favoured private management and/or extending the period of comparison. One telling point in the summary is a reference to the role played by the local community in Penetanguishene which has consistently opposed CNCC being privately run. PwC states: "With respect to community impact, findings indicate that the impact of CECC appears to be somewhat more positive on the community than that of CNCC. This difference in impacts is minimised if one does not consider the data from the ani-privatisation advocacy groups in among the groups that rated both facilities."

PWC SUMMARY OF FINDINGS Overall, the data and analysis in this report indicate that MTCC is operating in material compliance with its contractual obligations under its Services Agreement with the Ministry, and that its performance is, on the whole, satisfactory in the context of the Ministry's overall system. A comparison of the performance of CNCC versus CECC (excluding cost) indicates that CECC is rated higher than CNCC.

Extending the Ministry's contractual relationship with MTCC for an additional five-year term appears to be economically advantageous. However, there have been specific performance concerns that will need to be addressed in negotiations with MTCC, should the Ministry choose to continue its contractual relationship with MTCC.

MTCC Performance: CECC Comparison

Information collected from the internet for this report

The Ministry analyses conclude that on balance, CECC's performance was rated higher than that of CNCC, as managed and operated by MTCC according to the Services Agreement for the identified comparison periods. The Ministry analyses address the comparative performance (other than cost, which is dealt with separately in this report) of CNCC, as managed and operated by MTCC, versus CECC. This conclusion is based on the comparative information available from the Ministry on comparative non-economic performance, those addressing security, programming, health and community impact for the specific comparison periods identified within the report.

1. With respect to **security**, CECC scored higher than CNCC on static security, video monitoring, staffing levels, supervision levels, and search compliance. CNCC scored higher than CECC on preventative maintenance (of security-related equipment) and training compliance. Overall, CECC scored higher than CNCC on security.

2. With respect to **programming**:

- On **classification**, and on use of this classification for **client/risk need practices**, CECC rated higher than CNCC with the exception of the educational area in which CNCC's use of the Canadian Academic Achievement test was noted;
- On **variety and volume of programming**, CNCC rated higher than CECC, particularly in the educational area;
- On **programming quality and effectiveness**, CECC's closer alignment with the "what works" literature resulted in a higher rating than CNCC. Organizational culture was another factor in which CECC rated higher, although "both institutions struggle to effect cultural change to one that supports rehabilitation of offenders";
- On the **continuum of services to offenders**, CECC's well-established inter-agency links, discharge planning and staffing levels were factors contributing to its higher rating versus CNCC; and
- On **recidivism**, analyses were performed using data from the Offender Tracking Information System as of September 2005. For this analysis, "due to the short follow-up period, recidivism is defined as any re-entry into the provincial system, including offenders who re-entered the system due to parole violations or remand warrants". The analysis compared inmates at CNCC for the period of April 2002 to July 2003, and inmates at CECC for the period of March 2004 to June 2005. These analyses concluded that the recidivism rate of inmates released from CNCC was higher than those released from CECC by a statistically significant amount, allowing for differences in offender populations.

3. With respect to **health**, CECC rated higher than CNCC overall in areas of infections, time to respond to requests, time to receive treatment or medication (by a small margin), issues of concern and health-related ombudsman complaints by inmates. CNCC rated higher on health care assessments. Overall, CECC rated significantly higher than CNCC on health. The Ministry authors note that "substantially more audits were performed at CNCC than CECC; this may have resulted in a greater number of critical incidents at CNCC than at CECC." A direct comparison between CNCC and CECC on health care is complicated. Although both institutions provide health care, CNCC operates a 24-hour infirmary, while at CECC, the facilities required to deliver comparable services are not available due to construction issues. The Ministry authors note that "this may have some impact on the inmates that may be transferred to this facility."

4. With respect to **community impact**, "findings indicate that the impact of CECC appears to be somewhat more positive on the community than that of CNCC. This difference in impacts is minimized if one does not consider the data from the anti-privatization advocacy groups" in among the groups that rated both facilities.

MTCC Performance: Services Agreement Expectations

The research and analysis conducted by PwC addressing matters of performance versus contractual expectations (other than cost) indicate that MTCC has been in material compliance with its contractual obligations. It is also fulfilling the expectations of stakeholders interviewed by PwC for this analysis related to these obligations and the Ministry's intent in entering into the contractual relationship with MTCC.

1. With respect to **performance**, data and interview results indicate that MTCC is operating in material compliance with its contractual obligations. There have been, over the course of the Initial Term, issues that have arisen related to these contractual obligations, notably in areas of health care and food services. In these cases, quantitative data and interview findings indicate that MTCC's performance trend has been favourable and that MTCC is currently operating in material compliance with its contractual obligations.

2. With respect to **stakeholder satisfaction**, interview results indicate that stakeholders–Ministry and community–are satisfied with MTCC's performance against expectations. Internally to the Ministry, interviewees indicated that CNCC under MTCC management is operating as expected within the Ministry's corrections management structure. Relations with Adult Community Corrections have been strained at times, although interviewees indicate that this is a Ministry-wide challenge not unique to CNCC. Community stakeholders indicated that issues which arose from the opening of CNCC – the impact of CNCC on the local waste treatment system, and clear delineation of responsibility (between MTCC and the Ministry) for communication and action–have been resolved and that MTCC is operating according to expectations.

3. With respect to the **impact on the Ontario correctional system**, interviewees on balance indicated that the management of CNCC by MTCC has had a positive impact in the areas of "competitive tension" and access to new corrections practices from other jurisdictions such as the "Success for Life" program. It is noted in comparison that CECC does not have the same opportunity to invest locally due to restrictions imposed by the government's procurement directives. Some interviewees were opposed to private management of correctional facilities and did not agree with this overall assessment.

4. With respect to the **impact on the community**, the positive economic benefit of CNCC has proved, according to interviewees, to be greater than anticipated in part because of MTCC's policy of buying locally where possible. According to interviewees MTCC has also earned a reputation of being a good corporate citizen through its program of charitable giving. The opening of CNCC has placed a strain on the Huronia and District Hospital, possibly mitigated by the operation of a 24-hour infirmary (which is not operational at CECC for reasons described above) to the extent that this infirmary can provide services that would otherwise be provided at the hospital. However, in the view of hospital officials interviewed for this report, CNCC tends to attract inmates with health issues because of this capability, which in turn places a strain on the hospital. This perspective was not a criticism directed by interviewees at MTCC, with whom they indicated they have a good relationship, nor at the Ministry or other Ministry institutions.

Information collected from the internet for this report

Cost and Affordability

The data and analysis in this report indicate that the Ministry has enjoyed a cost advantage at CNCC versus CECC over the life of the current contract with MTCC. Further, based on MTCC's initial pricing proposal for a contract extension, continuing the MTCC contract is economically advantageous.

1. With respect to **historical cost efficiency**, CNCC and the CECC are the two most efficient adult correctional institutions when using per diem costs to evaluate the cost efficiency of correctional institutions in Ontario. Per diem cost analyses for the 2004/05 fiscal year (the one year for which comparable data are available) indicate that CNCC had a lower per-diem cost than CECC on a comparable basis. **For the Initial Term period, CNCC costs represented a savings of approximately $22.5 to $23.0 million compared to comparable costs at CECC**. Both CNCC and CECC were efficient in reducing overall Ministry costs and had per diem costs well below the Ministry average for adult correctional institutions of approximately $162.32 in 2004/05; and

2. With respect to **future affordability**, projected costs for CNCC are lower than for CECC at all utilization levels considered for contract renewal based on the initial proposal from MTCC.

For the prospective Renewal Term period, MTCC's initial proposal indicates savings of approximately $8.4 to $10.3 million ($9.6 to $11.4 million including Cookchill savings) versus comparable costs at CECC.

Decision Considerations

The Ministry's preferred course of action with respect to the Services Agreement will depend in large part on the definitive economic terms available in negotiation with MTCC and the cost indications of terminating a relationship with MTCC.

1. One additional decision factor that the Ministry may consider is that a decision to transition of the operation and management of CNCC to the Ministry would be difficult to revisit (that is, to re-introduce private corrections management) at a later date due to, for example, labour relations reasons. A decision to continue external management of CNCC is easily reversed, as the Ministry is afforded a decision point (at a minimum) at every contract expiry; and

2. Another decision factor that the Ministry may wish to consider is that, due to delays in commencing operations at CECC, the comparative study of CNCC and CECC is based on one year of real time experience for financials and a variety of different calendar periods for each facility in other areas. Completion of this analysis has been delayed. The Ministry may wish to make its decision on the long-term management of CNCC based on a greater experience base and real time comparison with the public sector over that time.

Scenario 1: Economic Advantage for Continuation of MTCC Relationship

Initial pricing from MTCC indicates an economic advantage of continuing the Services Agreement with MTCC, although the advantage may not be as great as is was for the Initial Term. Overall, performance of CNCC under MTCC management was satisfactory in the context of the Services Agreement. Based on this, the Ministry's preferred course of action may be to negotiate with MTCC with a view to achieve modified contractual performance obligations that

reflect the Ministry's concerns regarding the performance issues highlighted in this report, as well as the best possible economic terms. Other issues for consideration include:

1. The Ministry's evolving priorities for the overall management of the Ontario corrections system. These priorities may indicate further modifications of the relationship between the Ministry and MTCC;

2. The Ministry may need to exercise its option to extend for all or part of one year in order to provide the time necessary to achieve its negotiating objectives (or to determine that they cannot be achieved);

3. Alternatively, the Ministry may determine, for policy reasons outside the scope of this report, that managing CNCC should be internal to the Ministry, notwithstanding an economic advantage to continue the contract with MTCC;

4. Finally, the Ministry may choose to re-tender if it determines, in the course of negotiations with MTCC, that improved terms may be available in the market and that these improved terms would offset the investment (financial and in operational disruption) involved in re-tendering.

Scenario 2: Economic Advantage for Internal Provision

If, in the course of the negotiations described above, the definitive pricing from MTCC indicates an economic advantage for internal provision by the Ministry (using CECC as the benchmark), or that the Ministry's performance objectives cannot be met, then the Ministry's preferred cause of action may be to:

1. Prepare for expiry of the MTCC contract and commencement of the internal provision;

2. Re-tender the CNCC contract to achieve better terms from another provider; or

3. Retain MTCC as a service provider as part of the overall Ministry portfolio at this time for policy reasons.

Scenario 3: No Apparent Economic Advantage for MTCC or Internal Provision

If the Ministry determines that there is neither a clear advantage to either internal provision nor to a continued contractual relationship with MTCC, then the Ministry's preferred course of action will be determined by policy considerations. Examples of such policy considerations include:

The desire to extend the comparative analysis of CNCC versus CECC as described above;

1. The desire to have an external "benchmark" as part of the Ministry corrections portfolio to achieve competitive tension and a window on practices in other jurisdictions. This action would indicate to continue having the private sector be involved; or
2. A policy decision that Ontario correction services should be delivered by the public sector. This action would indicate the Ministry would terminate its involvement with the private sector. *Central North Correctional Centre Review and Comparison with Central East Correctional Centre, PricewaterhouseCoopers, 18 April 2006, unpublished.*

Information collected from the internet for this report

MAY 2002

12 GROUP 4 and the World Market

SPECULATION ABOUT WACKENHUT CORRECTIONS' FUTURE OWNERSHIP

The $573m acquisition of Wackenhut Corrections Corporation's (WCC) parent company, the Florida-based Wackenhut Corporation, by rival security firm Group 4 Falck of Copenhagen has led to lawsuits in the US, a dispute over rights to the lucrative UK prison market, a referral to the British government's competition commission and a multi-million dollar bonanza for Wackenhut executives.

Following eight months of negotiations, on 8 May 2002 Group 4 Falck became the world's largest security company with revenues of over $5 billion. It also acquired access to the burgeoning security guard markets of the US and South America. The new company now employs around 208,000 people in 80 countries.

Wackenhut's founder, former FBI agent George Wackenhut retires with a payout of over $124m for his shares. His son Richard Wackenhut receives $31.2m and will do consulting work for Group 4 Falck. Other executives will also receive substantial sums if they leave the company as a result of the merger. For example, Wackenhut's chief financial officer will receive at least $13m including $0.5m for his work on the merger. Wackenhut's board of directors will receive $4.2m. Meanwhile, around 100 Wackenhut corporate office staff based in Florida could lose their jobs.

Soon after the proposed acquisition was made public in March 2002 some Wackenhut shareholders filed lawsuits in order to prevent it being completed. They alleged that the terms favoured the Wackenhut family and other executives at the expense of Wackenhut's public shareholders. That ploy failed in April when a Florida court ruled that the vast majority of Wackenhut shareholders stand to profit but that they could still seek damages once the deal was approved.

PRISON BUSINESS: GROUP 4 TO DISPOSE OF WCC Group 4 Falck has acquired the 57 per cent of WCC that was owned by the Wackenhut Corporation. The rest of WCC's stock is traded on the New York stock exchange. As well as operating prisons in the US, where it is the second largest private operator with 22 per cent of the market, WCC is involved in joint ventures in the UK and South Africa. It also owns subsidiaries in Australia with operations in Australia and New Zealand. It claims a 56 per cent share of the international private prison market. WCC's 2001 revenues were $562m. Group 4 Falck has no prison operations in the US but it is WCC's main international rival with operations in the UK, Australia and South Africa.

However, in March, Group 4 Falck stated that once the acquisition was completed it would sell WCC. Group 4 Falck's chief operating officer, Jim Harrower, said that as the operating and financial model in the US private corrections market is materially different from that in the

regions where Group 4 subsidiary Global Solutions Ltd (GSL) operates, "Group 4 Falck A/S does not intend to remain a majority shareholder in Wackenhut Corrections Corp Inc."

Mr Harrower added: "Wackenhut Corrections Corporation will be accounted for as a discontinued operation in the financial statements of Group 4 Falck A/S. This is in line with GSL's strategy to achieve a broad business base in the areas of PFI [private finance initiative] and PPP [public private partnerships]." The governments of South Africa and Victoria, Australia which contract with both companies have not publicly expressed any concerns that the merger might affect fair competition in their respective correctional services markets. However, it is understood that Victoria's probity auditors are studying the implications. The merger is not an issue for contracting authorities in the US.

UK GOVERNMENT ACTS But on 9 May, the day after the merger was completed, the British government's secretary of state for trade and industry, Patricia Hewitt, announced that her department had referred the merger to the competition commission. She had been advised "that this acquisition may raise competition concerns in the markets for the provision of transportation and custodial services. The transaction would bring together the leading suppliers of these services in the UK. The DGFT [director general of fair trading] concludes that there is a clear possibility that the merger would substantially lessen competition for future contracts. I have carefully considered the advice of the DFGT and agree with his conclusions. I am therefore referring the proposal to the competition commission so that it can be investigated fully."

The full reasons for the referral to the competition commission have not been published. Even if they do make it into the public domain anything deemed commercial in confidence will be kept back. But what obviously concerns the government is that WCC - through its joint venture with Serco plc, known as Premier Custodial Group Ltd - and Group 4, through its Global Solutions Ltd subsidiary, have the majority of the contracts for private prisons, immigration detention centres, secure training centres and prisoner transportation. Premier also provides electronic monitoring services. Group 4 owning 50 per cent of Premier would make a mockery of the government's desire to maintain a competitive market amongst an already narrow range of companies. Responding to the government's action, a spokesperson for Group 4 Falck stated that he "simply reiterated the company's intention" to dispose of WCC's business.

WACKENHUT ENSURES COMPETITION The terms of the merger also includes complex measures to ensure that global competition between Group 4 and WCC's international interests is not affected. In March, George Zoley, WCC's vice chairman and chief executive officer, said that his company "has secured sufficient safeguards to guarantee unhampered global competition in a concerted effort to protect the independence of each company."

According to a letter sent to government clients following the merger WCC will have a nine member board of directors, the majority of whom will be independent. Two Group 4 Falck members will be on the board but none will be from Global Solutions Ltd. Nor will Group 4 Falck representatives sit on the boards of any WCC subsidiary or joint venture outside the US.

Information collected from the internet for this report

Remarkably, the letter also states that there will be no sharing of financial contractual or confidential information between WCC and GSL in the UK, Australia, South Africa and New Zealand (where WCC has a prison management contract) or any future overseas markets where the two companies may be competing. There will be no organisational merger or information sharing between WCC and GSL.

WHO WILL BUY? Concerns for the competition commission doubtless include how long Group 4 Falck's disposal of WCC's UK operations might take, in what form, which company or companies might acquire the business and whether WCC's entire business or just individual countries' operations or even contracts are purchased.

For example, a bid from French multinational Sodexho to buy WCC might also pose a threat to competition in the UK: Sodexho's British subsidiary UK Detention Services Ltd already runs Forest Bank prison in northwest England and is due to sign contracts for two new prisons. UKDS also runs the Harmondsworth immigration detention centre. On the other hand, Securicor, the other UK private prison operator, only runs one prison but provides electronic monitoring and prisoner escort services.

Of the other American prison companies only Utah-based Management & Training Corporation has international operations but none so far in the UK. Stock analyst Bryn Harmon of Red Chip Review in Portland, Oregon, told Reuters, 8 March 2002, that Cornell Companies Inc. was not interested in buying WCC or expanding into international markets "since it was receiving plenty of federal outsourcing contracts." Corrections Corporation of America (CCA), the largest domestic private prison operator in the US would presumably create anti-trust problems if it was to acquire WCC's US operations. But CCA does not plan to re-enter international markets either. Speaking at CCA's annual shareholders' meeting in Nashville on 16 May 2002, CCA chief executive John Ferguson said that the company was focused on domestic goals such as filling 10,000 beds and was discussing opportunities within the juvenile corrections market. Correctional Services Corporation has tried unsuccessfully so far to enter international markets. It is not known whether the company would be a likely buyer.

Another likely option would be for WCC's directors to buy the entire business back from Group 4, a possibility that George Zoley raised following a shareholders' meeting in May. The terms of the acquisition would appear to pave the way for that eventuality. An industry source who did not wish to be identified that negotiations for buying back the UK operations from Group 4 are already ongoing. Jim McDonald, a leading corrections industry analyst with First Analysis of Chicago believes that Group 4 will dispose of Wackenhut's corrections business piecemeal over the next two years. Nevertheless, he regards the situation that has arisen with Serco plc in the UK as "a negative in the short term."

THE SERCO TWIST Wackenhut Corrections Corporation (WCC) and British facilities management company Serco have been UK joint venture partners since 1992. They are now in dispute over the future of Premier's UK custodial services operations. Under the terms of Group 4 Falck's acquisition, Group 4 becomes Serco's joint venture partner in Premier Custodial Group Ltd.

But Serco believes that it has a right to acquire WCC's' 50 percent interest in the UK joint venture. WCC disputes this claim. Legal issues aside, acquiring WCC's UK business would be logical for Serco. It already provides a range of support and operational services to agencies in the criminal justice system and is involved in a wide range of PFI projects other than prisons. It also operates in 36 countries. Citing commercial confidentiality Serco would not be drawn on the details of their claim against Wackenhut. A spokesperson stated that "we believe that the contractual position is clear. We are currently deciding whether to exercise our rights," he said.

The original shareholders agreement dated 3 July 1992 between WCC and Serco. This obliges either shareholder to offer the shares to the other in the event of a sale. Only if this offer is refused could the shares then be sold to a third party. Serco denies that this agreement - or that condition - is still in force. A spokesperson for the company also expressed surprise and would not disclose any further information save to say that the company expects to be invited to submit evidence to the competition commission.

GOVERNMENT PERMISSION REQUIRED There is yet a further complication. Prison contractors in England and Wales are obliged to seek approval from the contracting authority - in this case the home office - for any change in ownership affecting the operation of a contract. A transaction such as Group 4 Falck's acquisition of Wackenhut can, however, take place before that approval has been granted. But if the home office does not grant such approval it has the option to terminate the contract.

The home office will not say whether its approval has been granted. "We wouldn't comment on something that affects a commercial company. It's a matter for Wackenhut and Group 4," said a spokesperson. But given the government's commitment to the private sector and its likely unwillingness to find the money to buy out numerous contracts, the termination option seems remote.

The UK is a crucial battleground for WCC and Serco. Premier's UK revenues grew from £7.52m in 1994 to £160.9m in 2000 when pre-tax profits were £12.4m. Outside of the US, the UK is regarded as the prize corrections market to be in since it already has the most 25 year contracts in operation as well as having the most immediate potential for growth: a recently published report on the future of the private sector provision in England and Wales recommended that all new prisons should be privately designed and built - if not operated - and that the prison service should publicly guarantee a continued and expanding role for the private sector. Meanwhile, in Scotland there could be three new private prisons commissioned in the near future.

Wackenhut set out its position on the dispute with Serco in a statement on 9 May: "We are vigorously pursuing a positive outcome of the UK governmental review process and the protection of the value of our UK interests and we are hopeful the results will be consistent with our long-term objectives," said George Zoley. "We have negotiated an agreement with Group 4 Falck and the Wackenhut Corporation to ensure the independence of Wackenhut Corrections' board of directors, preserve Wackenhut Corrections' continued ability to compete freely and fairly with Group 4 Falck and the Wackenhut Corporation in our current and future markets, and protect Wackenhut Corrections' key confidential information from being improperly disclosed."

Information collected from the internet for this report

The competition commission is scheduled to report its findings to the department of trade and industry by 30 August 2002.

WACKENHUT'S TIP FOR EMERGING ECONOMIES Countries deemed 'emerging markets' and classified by the financial community as 'speculative grade' for investment can still attract world class private prison management companies and investors as long as these countries implement "a series of acts designed to mitigate risks," according to Ron Champion of Wackenhut Corrections Corporation.

Mr Champion also suggested that "for prison projects, governments may consider earmarking a percentage of the proceeds from a national commodity that is exported for sale as a loan security."

He was speaking last year at a conference where private prison companies were given another international platform from which to argue their case. The concept of public/private partnerships was a key topic at the annual conference of the International Corrections and Prisons Association for the Advancement of Professional Corrections (ICPA) between 28 October and 2 November 2001 in Perth, Western Australia. The event, designed to expand the profession's 'networks and horizons', dealt with a variety of partnerships and attracted representatives from 32 countries.

Wackenhut Corrections Corporation, Group 4 Falck, UK Detention Services Ltd and Carter Goble Associates made the main presentations on behalf of the private sector. A workshop on partnerships with and for developing countries was co-presented by Technikon of South Africa while the director of Israel's prison service explained how it had explored prison privatisation. Despite there being no formal presentations from NGOs or trade unions, a spokesperson for ICPA stated that "other perspectives were explored throughout the conference relating to various partnerships within criminal justice systems."

The keynote address on privatisation was given by Dr Ole Ingstrup, formerly commissioner of Correctional Service of Canada and now president of the ICPA as well as being a consultant whose clients include Group 4 Falck. He tried to summarise "a few of the arguments" for both sides of the debate and concluded that "we also need to seriously examine how the private and public sector can develop a thriving partnership, so that together we work towards the overarching goal of public safety through the safe integration of offenders into society."

A panel-led discussion entitled 'prison privatisation - what do we know thus far: a chance for some answers' dealt with just 'six questions ... identified as commonly raised issues in relation to private prisons'. One highlight of the discussion was that "it is argued that monopolies generally perform poorly and enable significant enhancement of union power. There is a desire to reduce the effect of monopolies..." On the role of the private sector in lobbying it was reported "while lobbyists are often engaged to lobby for particular issues the private sector has never been seen to lobby government for tougher legislation. It is particularly unlikely because increased imprisonment results in greater costs for government which is not favoured by legislators."

ICPA board member Robert Goble of Carter Goble Associates opened a workshop dealing with 'agreement-assessment methodology' by arguing that "government must retain certain absolute

powers and functions of law, policy setting, planning and quality control ... but that ... competition should decide whether the government or private sector should do the job and a continuing monopoly should not be allowed ... and there should be strong accountability ... to decide if the job is being done in the best public interest." In this workshop co-presented by UK Detention Services and Group 4, the question was asked 'why do private sector services cost less than the public sector'. The reply was "a combination of factors" including "there is a culture of improvement in the private sector". Asked what happens to prisoners if contract workers strike, it was stated that "employee agreements have a no-strike clause. It has not been an issue to date."

Mike McCarthy of Group 4 Correctional Services Pty Ltd, Australia, stated that in contracts with private prison operators "there is an absence of positive incentives for improvements and innovation." According to ICPA's summary, "the objectives of the technical workshop had been fully met in that the relevant issues were raised and an interactive presentation provided opportunities to debate the means and impediments to successful contract outcomes."

PRIVATE FINANCE Ronald Champion of Wackenhut Corrections Corporation was one of the speakers dealing with financing methodology of private prisons. His advice was "governments considering private finance initiatives should consult with a qualified financial advisor experienced in PFIs to design a structure that meets the need of the country. This will save valuable time and money," he said.

He added: "when securing funds from outside a nation, sovereign credit ratings become an important factor in both the availability of financing and the cost of the funds. Long term credit ratings (investments of greater than 12 months) are either classified as Investment Grade (low expectation of credit risk) to Speculative Grade (possibility of credit risk). Countries whose credit rating is classified as Speculative Grade would find fewer potential investors, higher interest rates and upfront fees and greater securitisation of the loan." Mr Champion also described prison life cycle costs as: correction/capital six per cent; financing cost nine per cent; and operations 85 per cent. It was during this workshop that he also suggested an investment strategy for emerging economies.

LITTLE HOSTILITY During his workshop on partnering, Charles Erickson of Group 4 stated that, in the UK, there was "little concerted hostility" and "public indifference" towards prison privatisation.

PRIVATE SECTOR'S WISH LIST The private sector professional group meeting discussed its role with ICPA and reported that its objectives were:

- promoting and demonstrating the link between justifiable profit making and the delivery of quality services and products;
- moving the debate beyond 'profiting from the misfortune of others';
- presenting our capabilities without being seen as soliciting contracts.

Under the heading 'trends from the private sector' the group also reported:

Information collected from the internet for this report

- the issue of privatisation will continue to be raised at all levels of government and objective information will be required for decision-making;
- a greater use of internet technology will alter business practices and enhance linkages to roles and services from the private sector;
- more balanced approached to community control will be available using innovative technologies such as voice recognition, electronic monitoring, distant learning, remote diagnostics, etc.

Its desired involvement from ICPA included:

- include private sector workshops to continue the process of promoting 'win-win' situations for government and the private sector;
- promote discussions, exhibits, workshops through case studies of successful and failed partnering experiences of both sectors;
- work with ICPA staff to develop well-conceived website links from ICPA to information regarding private sector services and experiences.

Ideas for further research included:

- develop at least 12 'best practice' examples from the private sector;
- share available research from the private sector on management practices, design concepts, financing methods and other areas that promote better corrections;
- support and research initiatives identified by ICPA that would promote best practice.

As for future ICPA conferences, the group's wish list included:

- a conference focussed on 'best practices' from all components of corrections that will include private sector examples;
- permit a 'private sector track' at each conference that presents issues and results that highlight partnering;
- establish an award that would be funded by the private sector to promote independent research.

ICPA was recently asked what, if any, of the above had been implemented since the conference. A spokesperson replied: "the ICPA is not an advocacy group. The ICPA is a not-for-profit organisation dedicated to providing a forum for criminal justice professionals to join in a dialogue and to share ideas and practices aimed at advancing professional corrections. The ICPA conferences provide a venue to create ongoing opportunities for dialogue, mutual support, and assistance through a strengthened international professional network."

- The ICPA conference was sponsored by the American Correctional Association (see below), Carter Goble Associates, CM Security Group Inc, ElmoTech Ltd, Group 4 Correction Services Pty Ltd, JFE Security, Roche Diagnostics and T³ Associates Ltd (see below) as well as Western Australia's department of justice and office of the inspector of custodial services and the Israel Prison Service. The ICPA is funded in part by Canadian

taxpayers through financial support from Correctional Services Canada. Other government subscribers pay a membership fee of $15,000 per annum.

The full minutes of the ICPA conference are available from the ICPA, 340 Laurier Avenue West, Ottawa, Ontario K1A 0P9, Canada.

- The ICPA has decided to hold a series of Charles Erickson Lectures to take place at future ICPA conferences. Charles Erickson, who died recently, was managing director of Group 4 Correction Services in South Africa. In 1992 he courted controversy when he moved from his job at the remand contract unit - the forerunner to the contracts and competition group - in the prison service in England and Wales to become director of projects for Group 4 Remand Service Holdings. At the time, he was working on contracting with Group 4. A civil service inquiry found no impropriety but his was one of the first high profile public to private sector senior staff transfers.
- In March 2001, Ottawa based T³ Associates Ltd produced an evaluation report of Camp Turnaround, a privately operated boot camp in Ontario. The report was based on figures supplied by the ministry of corrections who later published it, heralding the boot camp a success. However, according to the Ontario Public Service Employees Union bulletin Locktalk, Anthony Doob, a University of Toronto criminologist, called T³'s report flawed and inaccurate. He claimed that the evaluation only compared young offenders who completed the Project Turnaround programme with those who completed publicly run programmes. Those who dropped out from Project Turnaround's programme were excluded from the study. Mr Doob was quoted as saying: "It is nonsense when the minister says it is clear Project Turnaround is turning lives around. What they compared are two barrels of apples. Except they took the bad apples out of one barrel and, lo and behold, they found more bad apples in the other barrel."

AUGUST/SEPTEMBER 2002

12.1.1.1 GROUP 4 AND WACKENHUT

MORE ON THE ACQUISITION Group 4 Falck will sell its 57 per cent stake in Wackenhut Corrections Corporation within the next six months as long as the price is right. On 9 July 2002 Group 4 Falck's chief executive officer told Reuters that a "sales process" for Wackenhut's staffing and corrections subsidiaries had been started. An independent committee of WCC's board of directors has hired financial advisors to work with the company with respect to Group 4's stated intentions.

In the UK, the government's competition commission has extended the period for its investigation into Group 4's acquisition of the Wackenhut Corporation and the implications for both companies' custodial services operations in the UK. The commission will now report to the Department of Trade & Industry by 27 September rather than 30 August 2002. Under the Fair Trading Act 1973 only one extension is allowed. On 6 August 2002, the competition commission sent a statement of hypothetical remedies to Group 4. Its two recommendations were categorised as structural or behavioural. The structural remedies included: disposal of those shares or interests which cause competition problems in the UK leading to the separation of

Information collected from the internet for this report

Premier (ie, sale of share holding in WCC); (b) and/or the sale of Global Solutions Ltd [the Group 4 subsidiary that operates the custodial contracts]; and/or the sale of Wackenhut (UK) Ltd to a purchaser or purchasers approved by the Office of Fair Trading.

Behavioural measures were suggested in order to address any possible adverse effects on competition in the provision of custodial and transport services. Measures to be put in place might include: a public demonstration of the independence of, and the competition between, Premier and the remainder of Group 4 in bidding for contracts and the provision of written undertakings which will guarantee Group 4's disposal of assets to meet public interest concerns. The commission noted that it had not yet reached any conclusions on the matter, in particular, as to whether Group 4's acquisition of Wackenhut operates, or might be expected to operate, against the public interest. The home office - which contracts with Premier for a range of custodial and other services - has not yet approved the acquisition as required under many of Premier's contracts. It is awaiting the decision from the competition commission and the department of trade and industry. However, as WCC notes in its 10Q 30 June 2002 filed with the Securities & Exchange Commission on 14 August 2002, if the home office does not grant its approval "Premier Custodial Group's (PCG) government contracts could be deemed to be in default. If the company is found to be in default, a cure period would normally be made available. If the company does not meet the cure requirements, the UK government may elect to terminate the contract."

Until May 2002, Serco and Wackenhut Corrections Corporation were joint owners of Premier Custodial Group Ltd and its subsidiaries. As a result of Group 4's acquisition, Premier is now owned jointly by Group 4 and Serco. However, Serco argues that it has the legal right to full ownership of Premier and the matter is now in the hands of lawyers. WCC notes in its 10Q that "Group 4 Falck has agreed that in the event the company is ordered by a court of competent jurisdiction to sell its interest in PCG to Serco at a price below fair market value, Group 4 Falck will reimburse the company for the amount by which the sale is below fair market value, up to a maximum of 10 per cent of the fair market value of the interest."

- Serco Group plc regards itself as 'a leading global outsourcing company' aiming to 'capitalise on the worldwide trend for governments to seek private sector support in improving the quality and efficiency of public services.' The company employs 34,000 staff in 36 countries. Outside of the UK it focuses on continental Europe, North America, the Middle East and the Asia Pacific region.

In the half year to 30 June 2002, revenues were £625.9m, an increase of 19 per cent over the same period in 2001. Gross profit increased 13.3 per cent to £71.1 million and pre-tax profit increased 16.4 per cent to £28.4 million. As well as the company's involvement in prisons and electronic tagging its justice 'market' includes providing support and operational services to other agencies in the criminal justice system, in particular the police.

- Wackenhut Corrections Corporation is still 43 per cent owned by investors other than Group 4 Falck and is still publicly traded. According to WCC's 10Q, 30 June 2002, its domestic revenues for the half year were $225.3 million compared to $226.3 for the same

period in 2001 and international revenues were $56.1 million compared to $50.4 million in 2001.

- The insurance problems that have befallen prison operators in the UK mean that Premier Custodial Group's property insurance premiums will increase tenfold from October 2002.

OCTOBER 2002

GLOBAL SOLUTIONS PAYING OFF Will Wackenhut Corrections Corporation's existing management buy the company from Group 4 Falck? Will Group4 Falck sell off its Global Solutions business which includes corrections and immigrations services? These are just two of the rumours circulating as the outcome is awaited of what Group 4 calls its "systematic and structured sales process" to dispose of the 57 per cent of Wackenhut Corrections Corporation that it has owned since May 2002. In its report to the Copenhagen Stock Exchange for the half year to 30 June 2002, Group 4 stated that no definitive deadline has been set for this process.

Group4 Falck's Global Solutions businesses include prison management, prisoner transportation, immigration services, privately financed initiatives, education and meter-reading services. Combined, they contributed 10.1 per cent of overall revenues for the half year. In the UK, Global Solutions recorded organic growth significantly above the market average in the first half of 2002 which was attributable to growth in immigration services. Meanwhile, in Africa, the company's operating margin increased from 8.7 per cent to 12.6 per cent which was attributable to the recently opened maximum security prison at Bloemfontein.

NOVEMBER 2002

WACKENHUT ACQUISITION APPROVED The government has approved Group 4 Falck's acquisition of The Wackenhut Corporation which has brought together the two largest private prison services operators in the UK. Between them the companies operate seven of the nine contracts for private prisons and seven of the nine prisoner escort contracts. The competition commission concluded that competition in six markets - five of those relating to custodial services - "may not be expected to operate against the public interest."

The commission's report was published by the competition minister on 22 October 2002. As well as the UK markets for manned guarding, alarm and CCTV installation and monitoring and aviation security the custodial markets examined were: the provision of services to design, construct, manage and finance (DCMF) prisons; management only (MO) services for prisons; management only services for immigration detention centres; DCMF services for secure training centres; and the provision of prisoner and immigrant detainee transport.

Several issues persuaded the commission to arrive at their decision: in particular, Group 4's stated intention to dispose of Wackenhut Corrections Corporation (WCC), " a sale [of WCC] either to Serco or to a third party should eliminate the concerns expressed by competitors relating to the connection between Group 4 Falck and Premier" ; the legal framework drawn up under Florida state law which separates the custodial services operations of WCC and Group 4; and

Information collected from the internet for this report

commercial factors which determine the ability of Premier and Group 4 to compete led the commission "to conclude that Premier was an independent competitor in the relevant markets and would have the necessary resources to compete effectively." The commission was "unanimous" in concluding that there were no competition concerns in respect of the markets for DCMF prisons, MO contracts for prison services and DCMF contracts for secure training centres. However, in the course of the investigation the commission's evidence included:

- Group 4 "would have preferred not to have acquired The Wackenhut Corporation's(TWC) shareholding in Wackenhut Corrections Corporation (and indirectly WCC's interest in Premier). TWC 's major shareholders were, however, insistent on a clean and comprehensive exit from all their TWC businesses and, when it became clear that this issue was not negotiable, Group 4 reluctantly agreed to acquire TWC's interest in WCC ..."
- The commission asked Group 4 about Serco's rights in respect of its 50 per cent interest in the Premier joint venture. Group 4 stated that these were "subject to the terms of the confidential joint venture shareholders agreement between Serco and WCC which neither Group 4 nor The Wackenhut Corporation had seen. Group 4 was not in a position to protect Serco's commercial interests and did not regard itself as having any responsibility to do so. Group 4 had reached no agreements with Serco with regard to premier but it had indicated to WCC that Group 4's representatives on the WCC board would support a sale of WCC's interest in Premier to Serco. However, Group 4 had no control of decision making in WCC since Group 4's representatives were in a minority on the WCC board."
- Divestment of Global Solutions Ltd "could be delivered by Group 4 Falck ... such a remedy would address any possible UK competition concerns because it would restore the pre-merger situation in the markets and remove any overlap between Group 4 Global Solutions Ltd and Premier."
- "Notwithstanding its willingness to entertain the foregoing divestments, Group 4 expressed a preference for behavioural remedies ...in terms of s strengthened safeguards agreement ... enforceable in a UK court would address any competition concerns."
- Serco said that "the merger would substantially reduce or eliminate competition between Group 4 and Premier. It did not believe that the assurances provided by Group 4 and its associates in the 'ring fencing agreement' would be effective ... Serco believed the detriments identified could only be resolved by requiring Group 4 to dispose of WCC's 50 per cent share in Premier. Serco was seeking to acquire WCC's interest in Premier under a right of pre-emption in the 1999 shareholders agreement. WCC disputed the applicability of the right..."
- UK Detention Services Ltd "did not believe that the safeguards agreement would prevent the transfer of information between Group 4 and Premier. It did not believe the merger should be allowed."
- The prison service said that "it had been provided with a number of documents by Group 4, WCC and Premier which sought to reassure it that the businesses ... would be kept separate by the operation of Chinese walls. However, the prison service was concerned that the proposed Chinese walls would not sufficiently protect its interest in maintaining a competitive market ..."

- US firm Cornell Companies Inc. "said that it had expressed an interest in bidding for future projects to HM Prison Service contracts and competition group and the Youth Justice Board and had received responses from both organisations encouraging it to participate in future competitions. Cornell was currently exploring potential business opportunities in other countries but was particularly interested in providing services in the UK ..." Correctional Services Corporation (CSC) said that " ... it would consider bidding on future projects if it felt contracts would be awarded on a competitive basis."

WHAT WAS MISSING The report was riddled with gaps in information justified by commercial confidentiality. A department of trade and industry statement on exclusions which accompanied the report notes: "In accordance with S 83 (3) and (3A) of the Fair Trading Act 1973, the secretary of state has excluded from the copies of the report, as laid before parliament and as published, certain matters, publication of which appears to the secretary of state to be against the public interest, or which he considers would not be in the public interest to disclose and which, in his opinion, would seriously and prejudicially affect certain interests." The gaps in information related mainly to Group 4's proposed disposal of WCC, its possible disposal of its Global Solutions business and references to contract values, revenues and profits, including:

- **para 1.21** We furthermore concluded that the prospect [details omitted] would encourage Premier to win contracts to enhance company values thereby promoting competition within the enlarged G4F group;
- **para 2.74c** details relating to Group 4's proposed sale of WCC to either Serco or a third party;
- **para 2.83** ...Premier told us that it currently had insufficient resources to compete for all contracts that might be offered. On the other hand, we received no conclusive evidence that competitors have any less capacity to compete than companies in the enlarged G4F group [details omitted];
- **para 2.133** details omitted;
- **para 2.134** on the current evidence before us, we have no reason to doubt G4F's intentions over WCC. We further consider may be expected to take place within the next year.
- **para 4.40, table 4.4** Summary of Group 4 Global Solutions Ltd revenues and operating profits 1999 to 2001 figures omitted ;
- **para 4.41** revenue growth between 1999 and 2001 has been most notable in the provision of immigration detention centres per cent growth) and in the provision of inter-prison transport, prisons and secure training centres (growth of, and per cent respectively). Operating profits have risen overall by only, whereas turnover has risen overall by, although increases in operating profits have occurred in the provision of prisons and immigration detention centres;
- **para 4.52, Table 4.6** Wackenhut UK's revenues by service 1999-2001 figures omitted ;
- **para 4.69** Premier's turnover is analysed in Table 4.8. the largest proportion per cent in 2001 of Premier's turnover in the past three years has been generated by the custodial services business, by both management of operations and design/investment;

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- **para 4.69, Table 4.8** Premier: revenues by service 1999-2001 figures omitted;
- **para 5.53, table 5.1** Shares of the prison market by firm, contract value £Net Present Value million;
- **para 5.59, Table 5.4** Secure Training Centre market share by firm, contract value £Net Present Value million;
- **para 5.61, Table 5.6** Management Only Immigration Detention Centre market shares and bidding success by firm Contract value (total over years of contract) £million;
- **para 5.63, Table 5.8** Prisoner and detainee transport market, market share and bidding success rates, Contract value £ million per annum;
- **para 6.60** Divestment of GSL could be delivered by G4F. [details omitted] Such a remedy would address any possible UK competition concerns because it would restore the pre-merger situation in the markets and remove any overlap between Group 4 Global Solutions Ltd and Premier." Group 4 Falck A/S and The Wackenhut Corporation, A report on the merger situation, Competition Commission, October 2002.
- A spokesperson for Serco stated that he was still anticipating legal proceedings over the disputes ownership of Premier Custodial Group to commence in December 2002 or January 2003.
- Group 4 Falck's acquisition of Wackenhut drew criticism earlier this year from Bancos, a leading Scandinavian ethical investment group. Bancos has more than 100,000 Nordic clients and an annual turnover of over Dkk 15 billion. It refuses to invest in companies such as Coca-Cola, Walmart and Nike, which it accuses of breaching rules on the environmental and human rights. When Group 4 deal was first announced in March 2002, Bancos advised its Nordic branches to cease investment in Group 4 Falck citing Wackenhut's alleged treatment of prisoners and immigration detainees in the USA and Australia. However, Kirsten Fjord, administrative director of Bancos stated that, following discussions with Group 4, the investment group "is now confident that Group 4 will live up to its human rights responsibilities."

APRIL 2003

IDENTIFYING THE POTENTIAL A growing number of security firms, research companies and consultancies are trying to identify new criminal justice markets for themselves and/or their clients. As well, in June, a conference in London will discuss the international market for private prisons and other emergency services.

It has been learned that one company is "specifically researching the presence of the private sector engaged in the justice and public safety sector in a number of possible areas, such as: police ... prosecution service ... courts ...custody and rehabilitation ... community programmes ... immigration ... to identify to what extent the private companies are providing or could provide services more efficiently at a lower cost ... looking at the international justice and public safety markets in ... the UK, South Africa, China, Hong Kong, Indonesia or any other countries ..."

Another is reviewing "privatised justice opportunities in a number of international markets outside of the UK and US."

A third is "currently researching PFI (Private Finance Initiative), specifically in the custodial sector". A fourth is "a consortium actively involved in the PFI process operating in the health, education and law and order sectors ... seeking to bid for a central detention centre project..." Yet another is "conducting detailed research into developments in the global privatised justice markets."

PFI CONFERENCE "Identify the challenges faced by the home office and the prison service... discover where next in the emergency services sector for PPP/PFI ... compare PFI versus conventional prisons ... evaluate PPP/PFI in overseas prisons ...meet and network with leading industry players ...".

These are some of the benefits of attending described in the brochure for a PPP/PFI in prisons and emergency services conference on 11 and 12 June 2003. The event, organised by SMI, publishers of the PFI Intelligence Bulletin, will include sessions on the experience of UK private prisons to date, a case study of Group 4's prison in South Africa, a perspective on Chile's programme of semi private prisons as well as 'exciting innovations and developments in Australia' described by PricewaterhouseCoopers of Australia. The conference will also consider PPP/PFI in police and court services as well as fire authorities. There will also be an executive briefing provided by Currie & Brown Consulting on output specifications, prison specifics, a prison case study and a discussion on sector differences.

PRIVATE SECTOR MORE EFFICIENT? The SMI conference on prisons and emergency services clashes with another major event in London promoting privatisation and the PFI.. The Public Private Finance Congress on 10-11 June will be ' the biggest networking and educational event in the PPP calendar ... over 1,000 industry professionals will enter into debate with other experts on key issues ..."claim the organisers, the publishers of publicprivatefinance magazine. It will, they say, "bring together those that have moulded the PFI/PPP process and created what is now a diverse but truly progressive industry." Day two promises a session on 'global expansion, emerging markets': country specific talks will be followed by a discussion of issues such as: is PFI improving public services? Can the private sector make savings without the power to cut staff terms? Will the PFI model give way to other PPP models in the future? Where else can the private sector be involved - where are the limits? Will high bidding costs lead to the end of the PFI/PPP market?

HOW THEY SEE IT #1: "LIKE PATCHING POT HOLES....." On 8 April 2003 BBC Radio 4 aired a programme entitled Capitalist Punishment. The programme examined the recent history of private prisons in the US and UK and asked why, in the light of continued failures, private prisons are still being commissioned in the UK. Amongst those interviewed were Harold Brubaker, a member of the American Legislative Exchange Council (ALEC, see Texas article above) and former leader of the house in North Carolina; and Paul Doucette, spokesperson for the Association of Private Correctional and Treatment Organisations (APCTO, see above). The following are brief extracts from the programme.

Information collected from the Internet for this report

BBC presenter: [talking about the US] All these tough on crime measures were sponsored by a little known right wing think tank. Most Americans have never heard of the American Legislative Exchange Council or ALEC for short. But behind the scenes ALEC has changed the way the country deals with crime and punishment, perhaps more than any other organisation. Every year, working with politicians at state level it helps to pass hundreds of laws from tax cuts to longer prison sentences. The private prison companies sit on the Council and pay thousands of dollars a year for the privilege. Harold Brubaker says this sort of lobbying is nothing out of the ordinary, nothing to get excited about. And he has no qualms about the private sector helping to shape criminal justice policies.

Harold Brubaker: I think it's important to hear their viewpoints.

BBC: But you will concede, won't you, that the more people that are locked up, the better business it is for private prison companies?

HB: Oh yes, but they're only about five or ten per cent. If it ever be at 50, 60, 70 per cent then what you say would hold some air but until then it's just a small pea in the pond.

BBC: But you can see that there may be some sort of vested interest in companies like Wackenhut and CCA pushing for harder, tougher legislation.

HB: Absolutely. Yes I can visualise the point.

BBC: As speaker of the house in the state congress Brubaker pushed through legislation that opened the door to the prison companies. And he is still convinced that privatisation is the magic panacea.

HB: I was driving down the road one day and I saw the state trucks out there with a state tractor patching a pot hole. And I counted seven people. Four were standing there holding shovels while one guy was on the tractor working. And then the other two were just looking. I picked up the phone and I called a local contractor. I said if you were patching a pot hole, and I gave them the basic dimensions, how many people would you send out to do it? And he said two. I said that's what I thought. Private can do it cheaper. Privatisation's the absolute way to go.

BBC: But isn't the business of running a prison slightly more complicated than patching holes in the road?

HB: I would disagree.

12.1.1.2 How they see it #2: "enormous increase in juvenile crime over the next 15 years"

BBC: ...their spokesman in the US, Paul Doucette, says the industry has a great future.

Paul Doucette, APCTO: "We are extremely optimistic about the growth potential for this business. Right now today in the US we have fewer juveniles in the age of criminality between

14 and 21 than we've had in a long time. Over the next 15 years that number increases to record numbers. As the baby boom echo the kids of the baby boomers' kids reach that age, so there will be an enormous increase in the incidence of juvenile crime over the next 15 years that society will have to respond to and with economic downturn, unemployment is up, and so when people are concerned about their economic future, can't find a job, the statistics are that crime goes up during those periods. The market demand is there."

MAY 2003

WCC BUYS OUT GROUP 4'S HOLDING Wackenhut Corrections Corporation (WCC) has paid $132m to acquire the 57 per cent stake in the company that Group 4 bought in May 2002. Last year Group 4, the Denmark-based security and Prisons Company acquired WCC's parent company The Wackenhut Corporation to create the world's second largest security firm. It also brought together the two largest international prison companies but a complex legal structure has kept them separate for contract bidding purposes.

Although Australian and South African authorities that contract with both companies saw no possible conflict issues, the UK government referred the deal to the competition commission. In October 2002 the commission found there were no public interest concerns, particularly since Group 4 had stated its intention to dispose of Wackenhut's corrections business. Even though WCC was the obvious buyer this process has taken almost a year. Announcing the deal on 1 May 2003, WCC's chairman and chief executive, George Zoley, said: We think that this transaction presents a unique opportunity to increase WCC's independence and create value for WCC's minority shareholders ... we also feel confident that the removal of a controlling shareholder will provide WCC with more flexibility to pursue new opportunities related to the continued expansion of the business both domestically and abroad."

The deal also terminates an agreement from 7 March 2002 "wherein Group 4 Falck agreed to reimburse WCC for up to 10% of the fair market value of WCC's UK joint venture interest in the event current litigation related to the sale of The Wackenhut Corporation to Group 4 Falck results in a court order that WCC sell its interest in the joint venture to is partner Serco." WCC currently has 59 contracts in the US, UK, Australia, South Africa, Canada and New Zealand with a total design capacity of 43,067 beds.

AUG/SEPT 2003

WACKENHUT CORRECTIONS BACK TO THE UK Wackenhut Corrections Corporation (WCC) - owned by Group 4 Falck for the last year but now a completely separate company again - completed the sale of its 50 per cent interest in Premier Custodial Group Ltd to Serco for £48.6 million in July 2003. Although WCC's UK operations were sold the company still operates in Australia, South Africa, Canada and New Zealand.

However, WCC could be re-entering the UK correctional services market. Stock analyst Jim Macdonald of Chicago based First Analysis Securities told the Palm Beach Post 24 August 2003 that: "They plan to acquire something. We know they want to go back to the UK." But under the

Information collected from the internet for this report

terms of the deal with Group 4 the company will have to drop the Wackenhut name and come up with something new within a year.

JANUARY/FEBRUARY 2004

GROUP 4 MERGES WITH SECURICOR: GEO TO BUY GSL? Ownership of the world's private corrections industry is taking another twist. Denmark-based Group 4 Falck is merging with British firm Securicor. Both are multinational security service corporations.

In 2002 Group 4 bought the US security firm The Wackenhut Corporation which owned 57 per cent of Wackenhut Corrections Corporation (WCC). In 2003 WCC bought back Group 4's stake and sold its 50 per cent stake in UK firm Premier Custodial Group to Serco. Although the new company, to be known as Group 4 Securicor plc, will run Securicor's existing corrections business, Group 4's own correctional services operations including prisons in the UK, Australia and South Africa; immigration detention centres in the UK and Australia; prisoner escort services in the UK; and other public service contracts operated by the Global Solutions (GSL) division are being sold off ahead of the merger. Group 4's concern is that a merger of the two companies' corrections businesses would fall foul of the British government's competition commission.

While Serco has announced it is not interested in buying GSL, it is no surprise that The GEO Group has made an offer. However, analysts consider it a low bid at £200 million ($365 million). The former Wackenhut Company still operates prisons in Australia, New Zealand and South Africa and is keen to get back into the UK market. As Jim Macdonald of Chicago based First Analysis Securities said in August 2003, "They plan to acquire something. We know they want to go back to the UK," Securicor operates one prison in Wales and is in the process of developing an 80 bed secure training centre for children in England. It also has prisoner escort, electronic monitoring and police custody contracts. In the US, Securicor subsidiaries operate juvenile facilities and electronic monitoring services. Its Cognisa subsidiary's mission is "to become a leading provider of security and transportation solutions in the North American market."

PROMOTING PUBLIC PRIVATE PARTNERSHIPS The promotion of privately financed infrastructure continues apace. With the EC due to be enlarged in May 2004 a number of international conferences aimed at expanding the private criminal justice sector are being organised by SMi in the coming months.

In Berlin, part of the 'Private Finance & PPP/PFI in Germany' conference will discuss opportunities for private finance in the prison service as well as how to avoid problems with EU procurement rules in PPP contracts. London will be the venue for 'Private Finance in the Criminal Justice System' a conference that will focus on prisons, courts and police services, including case studies from the UK, France, Germany, Italy, Hungary and South Africa. Attendees will also hear an international market update and how to overcome legal issues relating to the use of PPP for prisons, particularly the barriers to PPP prisons in many European countries. In Budapest 'Private Finance in the new EU Member States' will also discuss prisons.

ICPA AND PARTNERSHIPS The need to establish strong and constructive public/private partnerships was a key theme that came out of the recent conference of the International Corrections and Prisons Association for the Advancement of Professional Corrections.

A panel discussion on the issue was put together by ICPA board member Stephen Carter of Carter Goble Lee (CGL). CGL has a 30 year record of involvement in corrections in the US and has also had a hand in private prisons in the UK, Australia and South Africa. The company recently carried out a privatisation feasibility analysis for the government of Peru. Group 4 recently sold its interest in CGL. The ICPA conference sponsors included CGL, Group 4, Securicor, UK Detention Services Ltd, Wackenhut Corrections Corporation (as was), CM Security group Inc, Elmo Tech Ltd and CAYA Management Consulting International Inc.

MAY/JUNE 2004

NEW INVESTORS IN THE FRAME Group 4 Falck has entered into a definitive agreement to sell 100% of its shares in Global Solutions Ltd (GSL), which runs its international correctional services operations. The firms negotiating to buy are not prison or security companies but private equity firms Englefield Capital and Electra Partners Europe. Group 4 will receive £207.5 million in cash. Completion of the deal is expected to take place on 1 July 2004.

However, the deal is subject to approval from UK and South African competition authorities and the satisfactory conclusion of probity checks in respect of what Group 4 calls "certain Australian contracts." It is understood Australia's department of immigration and cultural affairs (DIMA), which awarded Group 4 a contract to run the federal government's immigration detention centres, has concerns about the deal being a possible breach of contract.

Group 4's disposal of the prisons business was apparently part of "a long term strategic decision to further achieve focus and sharpen the profiles of our two core businesses, namely security and fire and rescue. As this disposal also fulfils our objective to provide an attractive return to our shareholders, we are very satisfied with the transaction. Obviously we have also given due consideration to ensure that GSL now has a solid base for further prosperous development," said Lars Nørby Johansen, president and CEO of Group 4 Falck on 26 May 2004.

Group 4 Falck's proposed merger with British firm Securicor has also yet to be completed. The merged company will retain Securicor's European and US corrections business. In announcing Securicor's financial results for the half year ended 31 March 2004, chief executive Nick Buckles said that the company currently electronically tags some 3,000 offenders, an increase of 45 per cent over 2003. In the last 18 months with prisons in England and Wales suffering overcrowding, tagging has been extended to juveniles and people on bail. Mr Buckles was hopeful that in the near future taggjng could be extended to asylum seekers and illegal immigrants and become "one of the company's growth drivers going forward."

JULY 2004

Information collected from the internet for this report

ACQUISITION AND DISPOSAL COMPLETED Group 4 Falck has completed its acquisition of Securicor to form a new company, Group 4 Securicor, which will continue to operate Securicor's correctional services business. On 12 July 2004 Group 4 also completed the disposal of its Global Solutions (GSL) division to private equity firms Englefield Capital and Electra Partners for £207 million.

Englefield and Electra each now own fifty per cent of Falck A/S which, as part of Group 4's restructuring, became the Denmark-based holding company for GSL. Headquartered in the UK, GSL operates prisons, immigration detention and other custodial services in the UK, Australia and South Africa and has other businesses such as rescue and safety services.

The investment by GSL's new owners has already paid off. On 18 June the UK's home office announced that GSL UK Ltd had signed a 10 year contract to design, build and operate a new 750-place accommodation centre for asylum seekers at Bicester, Oxfordshire.

SEPTEMBER 2004

EXPLORING THE CRIMINAL JUSTICE POTENTIAL Europe as a market for private criminal justice infrastructure and service provision was the focus of two recent conferences in London. The European Infra Forum 'Developing the Role of Private Finance in European Infrastructure 2004' took place in May. Advertised as an opportunity to 'meet the European market in one place at one time-network with Europe's leading PPP developers and thinkers', scheduled discussions included the question of whether there will be a prisons programme of deals in Portugal and the future of the French market following the introduction of the new Ordinance. Briefings included an examination of the challenge of combining EU finds with PPP structures and assessing ongoing and forthcoming PPP projects in Central and Eastern Europe. The keynote debate was 'The European Market: What Factors Will Encourage The Development of a Greater Dealflow in 2004-05' and 'What Action Must be Taken by the Market?'

Principal sponsors included Bank of Scotland and PricewaterhouseCoopers. Other sponsors included Bouygues, Bovis, Cintra, Egis, Eiffage, Hochtief, Laing, Mota-Engil, OHL, Somague, Techint, Vinci and Walter Bau as well as Standard & Poor's, XL Capital Assurance the Secondary Market Infrastructure Fund. The event was endorsed by IFSL, The International Project Finance Association and UK Trade & Investment.

Meanwhile SMi's June conference 'Private Finance in the Criminal Justice Sector was scheduled to include speakers from Hungary and France's ministries of justice as well as London's member of the European Parliament, Robert Evans. He was supposed to provide an international market update. However, none of those speakers turned up. Apart from a brief session on South Africa the rest of the presentations dealt with PFI courts and police facilities in the UK and Northern Ireland as well as financial and legal issues and operational outputs, specifications and risks.

JULY 06

13 ICPA and the Private Sector

FOCUS ON DEVELOPING COUNTRIES

The *ICPA's* last conference took place in Edinburgh, Scotland, between 30 October and 4 November 2005 and opened with a session from private sector contributors. As the ICPA News, March 2006, notes, "this is a 'first' for ICPA and offers private sector sponsors the opportunity to outline their work." Stephen Carter of Carter Goble Lee also chaired a 'directed discussion session' on the private sector. The published conference minutes note that "a good mix of public and private sector representatives were in attendance" and that the main discussions for the session "would be on the management of violent offenders and the role of the private sector has to play in this, and how to advance effective interventions in developing countries." Ironically, "no representatives from developing countries were present within the group" but "there were a number of individuals representing organisations that have had significant dealings with developing country correctional contracts."

The minutes noted that, according to a representative from Serco UK, the company "would not be willing to work in a country or region that could potentially damage their global reputation. It was added that it is important for the private sector to attempt to sell the benefits of effective interventions and the human rights issue in general on an economic basis. It costs less to keep prisoners reasonably content within an establishment than to build a new establishment after fires and riots."

A representative from Group 4 mentioned that: "the organisation has operations in 110 countries worldwide. A quantitative investment appraisal is carried out followed by a qualitative appraisal that considers issues such as the standards of the judiciary, police services, etc, in any particular country ... in most circumstances this process ensures they are operating in countries that match their principles and values." One member of the group said that: "there needs to be different assessment criteria if a contract relates to community corrections rather than prison corrections."

PRIVATE SECTOR MORE INFLUENTIAL

It was suggested that: "the experience from the previous [ICPA] conference in Beijing has shown that the private sector can potentially have more influence in some countries than any public sector organisations. In many countries today, the private sector may be the only external link between a developing country and the developed world. It was felt that this gives the private sector a very important role in the development of effective interventions in these developing countries. However, it was added that public influence is still important in many parts of the world. The example of Turkey's recent application into the European Union is tied closely to their human rights record and attitude to

> The International Corrections and Prisons Association (ICPA) continue to provide a platform for the private prison industry. At the ICPA's 2001 conference, the private sector professional group meeting described one of its objectives as "presenting our capabilities without being seen as soliciting contracts"

Information collected from the internet for this report

corrections."

The group "saw staff training as a major force for change within developing countries." One suggestion was "that the UK government could sponsor a delegation from the ICPA to travel to developing countries to attempt to persuade governments that effective interventions are important and in the end represents value for money. It was felt that this is better than financial donations alone."

It was also suggested that healthcare is one issue which unites correctional services throughout the world. It was "highlighted that in many circumstances the private sector can do things that the public sector cannot for political reasons." Finally, on the issue of how far the private sector should go in developing effective interventions, "it was felt that once within a contract a private contractor could not stray from the customer's mandate, as there is then a risk of losing the contract in the future. It was generally agreed by the group that this was a major restriction to private sector involvement."

The minutes of the 'reflection on conference themes' noted that: "the healthcare provision within private prisons was often superior to that which the offender would meet with outside agencies and that this has proved to be a barrier towards effective interventions in the past." Another factor influencing effective healthcare is the actual physical state of prisons and "private prisons are generally newer builds and consequently have more modern facilities to utilise than their public sector counterparts who are often restricted by housing offenders in Victorian era prisons and conditions."

"A question was raised in regards to how the private sector can advise developing countries on how to improve their correctional facilities. A view was shared that there is both an uneven economic playing field and significant cultural/political differences in offender rehabilitation in developing countries. These differences may need to be addressed before conducive private sector involvement is effective. A representative from the United States indicated that an organised effort to meet pharmaceutical companies from developing countries may reap some rewards in highlighting healthcare issues within prisons. Perhaps a pilot approach would be beneficial in demonstrating the benefits of such collaboration between agencies."

On the issue of effective management of prisoner populations "it was generally agreed that private prisons should have more input into developing interventions, contributing towards policy and incorporating technological advances into prison management."

"Stephen Carter concluded proceedings with one final question: how could the directed discussion groups, and indeed ICPA conference as a whole be improved?" One suggestion from "a representative from a private firm in England" was that " policy makers and commissioners should be involved in future meetings as significant power resides in these individuals and it would be an opportunity to educate and communicate."

The ICPA has now set up a new committee "to specifically focus on developing countries." The 2005 conference also discussed the role and direction of ICPA and "the role of the research group in more detail and considered the potential as an agent for change. ... and its role as a

political lobbying group and best practice group." The minutes also noted that "there is much weight behind the movement of ICPA to support developing countries ...and that the current mission statement may require amendment depending on the direction taken in the future."

MISSION, BOARD AND SPONSORS The ICPA's current mission is "to contribute to public safety and healthcare communities by encouraging and enabling best correctional practices in prisons and outside communities." It has "some 600 members from over 80 countries." It began life in Canada and since its inception Correctional Services Canada (CSC) has seconded staff to work for the ICPA. While this arrangement has now ended the ICPA office remains in Ottawa and the CSC is continuing to provide administrative support and will also be hosting ICPA's eighth AGM and conference in October 2006.

The March 2006 ICPA news reported that "it has become increasingly clear that there needs to be a strong link between the decision-making of the Association and the President and, therefore, key executive functions will be managed meantime by the Scottish Prison Service, working closely with CSC."

The ICPA's current president is Tony Cameron, chief executive of the Scottish Prison Service. Cameron oversaw the introduction of private prisons in Scotland. The board of directors also includes Frank Porporino of Canadian firm T3 Associates and Stephen Carter of Carter Goble Associates. The ICPA's programme committee includes the firm's Robert Goble while Jane Goble is on the Partner Programme Committee and Cassandra Johnson is a member of both the Communications and the [2006 ICPA conference] Vancouver Local Organising Committees. The ICPA's legal advisor is Brigadier General Haim Szmulewitz, senior legal advisor to Israel's prison service. The ICPA's 1st international vice president is lieutenant-general (retired) Orit Adato, also of Israel.

The prison services of Israel, Scotland, Norway and Sweden are national members of the ICPA. Affiliates include: American Probation and Parole Association, Canadian Criminal Justice Association, International Community Corrections Association, National Association of Probation Executives and the Conference Permannente Europeene de la Probation.

Private sector sponsors of the ICPA's November 2005 conference included: UK Detention Services Ltd (referred to in ICPA News as "long time supporters of the ICPA"), Management & Training Corporation (MTC), Carter Goble Lee (CGL), American Bio Medica Corporation/Quantum Diagnostics, Austco Communications, CM Security, Hadas Detection and Decoding Systems Ltd, Syscon Justice Systems Ltd, and T3 Associates Training & Consulting Inc.

In the build-up to the October 2006 conference in Vancouver, the ICPA's March 2006 newsletter noted: "ICPA is interested in working with individuals or groups who would wish to work with us in advancing professional corrections. The Association has a small number of sponsors at each of our annual events, providing them with excellent opportunities to interact with conference participants – usually representing about 40 countries. Many of our sponsors return year after year, but in a tough economic environment, some have to reduce their support. If you represent a firm that would be interested in sponsoring our annual event, or would prefer to

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become a sponsor member, please contact the ICPA Head office. And if you are a regular member who knows of a company we should approach, don't hesitate to let us know." The above are extracts from the minutes of the 2005 conference. *The full minutes, newsletters, and other ICPA details are available at www.icpa.ca*

PROMOTING PUBLIC-PRIVATE PARTNERSHIPS Sponsored by firms such as Serco, PricewaterhouseCoopers and KPMG and hosted in Prague by the government of the Czech Republic, the '5th Annual Public Private Partnerships Global Summit' last November brought together "governments and the leading private sector players from around the world to discuss the latest developments in PPPs and to learn from one another." Paris was the venue in February 2005 for 'PPP in France' which included sessions on "initiating the PPP policy and empowering the administration to implement the prison programme" and "experiences from the UK-the operational performance of PFI prisons."

Just two of the numerous forthcoming events aimed at promoting privatisation/PPPs are aimed at expanding the global market for private prisons and criminal justice services generally. The first, a European PPP Symposium 'Towards Convergence: Building an EU wide PPP Market' is a "conference and networking event for PPP professionals pushing the boundaries of the €95 billion European PPP market delivered by public sector PPP leaders in the EU." The brochure notes that: "Where transport projects have proven the case, schools, hospitals, prisons and waste management projects are now coming to the fore as the PPP agenda is developed in Europe. Opportunities for European contractors and consortia are clear, however external barriers remain for companies seeking to invest equity and win procurement contracts beyond domestic markets." Organised by Centaur Conferences the event will take place in London on 24 May. London is also the venue for SMi's 'PPP/PFI in Criminal Justice & Emergency Services' event. This is scheduled to take place on 20/21 June 2005 and should include prison case studies from the UK, France, Germany, South Africa and Victoria, Australia as well as UK police and fire services.

OCTOBER 2005

PUBLIC PRIVATE PARTNERSHIP (PPP) SUMMITS Gary Sturgess, executive director of the Serco Institute, spoke about "staff concerns in transition from public to private sector-PPP prison" at the UN Economic and Social Council's Fourth Public-Private Partnership Alliance Meeting on 25 October 2005 in London. The event, held under the auspices of the Committee for Trade, Industry and Enterprise Development's Working Party on International Legal and Commercial Practice, also included a conference, "How do governments turn PPP service delivery into a reality" with sessions based on "the UK's success in PPPs", "learning from and adapting UK experience" and "Russian Federation and PPPs".

The 6th Annual PPP Global Summit took place in Copenhagen 15 -17 November 2005. Focusing on "key global regions" Europe, the US, "Asia Pacific as part of the global market for PPPs", Australia and Latin America the £1,045 (plus tax) per head event included a workshop on 'The Challenges Facing PPPs in the Prison Sector' with discussions on the inclusion of operational services for PPP projects and the development of France's first PPP prison. Speakers included Gary Sturgess of the Serco Institute and Richard Payne of Currie & Brown. The event was

organised by City & Financial and sponsors included ABN-AMRO, Currie & Brown, DLA Piper Rudnick Gray Cary and PricewaterhouseCoopers.

Washington is the venue for The 2nd Annual PPP/P3 Americas Summit 5-7 December 2005. Again organised by City & Financial with sponsorship from ABN-AMRO, Currie & Brown and PricewaterhouseCoopers, official supporters include The Reason Foundation, IFSL (International Financial Services London), Partnerships UK, Business News Americas and Project Finance International. Noting Chile's prison projects as an example the brochure states that: "This important multinational event provides a forum for the government and private sector participants to share ideas on the development of PPP throughout the Americas."

- PricewaterhouseCoopers has recently published a report 'Delivering the PPP Promise' outlining recommendations for streamlining the Public Private Partnership procurement process needed to transform public infrastructure and services across Europe.

JANUARY 2005

14 Electronic Monitoring

BI INC LOSES OUT ON EM CONTRACT, FILES LAWSUIT Legal action by the electronic monitoring equipment firm Behavioural Interventions Inc. (BI) has forced the state of Missouri to suspend its equal opportunities policy of requiring that a percentage of each state contract should go to businesses owned by women or ethnic minorities. The state's policy follows federal law.

Last year, BI of Boulder, Colorado, bid for a $4.5 million contract to supply and service electronic monitoring equipment for Missouri's state prison system. The company arranged 19.6 % women and ethnic minority participation. The state's target is 20% minority and 10% female owned business participation in contracts for services, materials and construction. As BI failed to meet the 30 % requirement, the contract was awarded to Securicor EMS Inc. of California, now a subsidiary of the UK based Group 4 Securicor. BI filed a lawsuit on 27 September 2004 arguing that it had been denied equal protection under the law. The company claims the US Supreme Court has held that federal, state and local governments cannot arbitrarily mandate levels of participation in public contracts. In January 2005 a US District Court judge issued an injunction against the state, ordering the contract to be re-bid and the suspension of the women and ethnic minority participation requirements. In February the judge confirmed his decision. A further hearing is set for 23 May 2005 in Kansas City. In the meantime, Securicor EMS continues to operate the contract until the case is resolved. Missouri's attorney general plans to "aggressively defend the law."

However, the Missouri chapter of the National Association of Women Business Owners is arguing that the state should improve its policy as the current system allows prime contractors to use women and minority-owned firms as partners to win bids but then fails to award them work. The Minority Business Council of St Louis claims that Missouri has never reached the required level of women and minority-owned business participation.

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BI'S OPERATIONS BI claims to work with judicial systems in 50 states and six countries, monitoring more than 60,000 offenders. The company offers "solutions" for budget constraints, jail overcrowding, multiple DWI/DUI offenders, unsupervised misdemeanants, probation problems, parole issues and prisoner re-entry. For eight years BI was the federal court system's exclusive provider of electronic monitoring systems. Then it lost the contract, valued at $30 million to Securicor.

Since then that contract has been re-bid and in February 2005 three companies, BI, Securicor and ADT Security Services Inc. won a one year contract, renewable each year to 2009 to be the providers of equipment and services to federal officers supervising probation, parole and pre-trial defendants and offenders. Each of the 94 district courts can choose which provider it wants to use. BI currently serves around 30 of those courts. Systems provided include tamper resistant ankle bracelets, voice verification to confirm that an individual is in a particular location, a remote alcohol monitoring system and a handheld device that allows officers to spot check an individual's location from outside a building. According to BI, there are about 150,000 pre-trial defendants, probationers and parolees supervised by federal courts to community supervision. Of these, approximately 20,000 individuals are referred annually to the federal home detention programme where electronic monitoring is almost always used.

In California BI has a contract with the department of youth authority that includes the provision of Global Positioning System (GPS) technology.

DMATEK'S GROWTH Another company behind the growth of electronic monitoring of offenders is the Tel-Aviv based Dmatek. The company develops and manufactures electronic monitoring systems and its Elmo-Tech subsidiary specialises in law enforcement applications. On 1 March 2005 Dmatek released its financial results for the year ended 31 December 2004, which showed revenues of $17.8 million, up 12% on the previous year. Pre-tax profits nearly doubled from $0.715 million to $1.5 million.

Elmo-Tech has divisions operating in the US, Europe and the rest of the world (ROW). In Europe Elmo-Tech's revenues grew 38% to $6.9 million in 2004 largely due to a series of contract expansions and renewals. Examples from 2004 and 2005 to date include:

- Belgium - where it has been operating since 2000, the company has been re-awarded the national tender for a further five years.
- France - the company now provides systems for 11 of the 13 regional schemes in operation. On 7 March 2005, announcing three contract expansions to provide systems to the regional pilots in Paris, Strasbourg and Lyon, Dmatek stated that the contracts will generate "a minimum of $450,000 by the time they are integrated with the national-level programme." The company notes that the last regional programme renewals are expected by the end of the first quarter of 2005 and that, once underway, the national programme will comprise three large regions serviced by government licensed security companies.
- Italy - in July 2004 Elmo-Tech signed a two year agreement to supply monitoring equipment to Telecom Italia which has a nine year contract with the ministry of justice. Elmo-Tech estimates the potential annual market for electronic monitoring equipment in

Italy at between EUROS 21 million and EUROS 24 million as the country's prison overcrowding rate is 135%.

- Netherlands - pilot project sites for in-prison monitoring systems were established.
- Portugal - in September 2004 the company signed a three year contract to supply tagging equipment to the ministry of justice. The national programme, set to start in January 2005, follows a three year pilot in Lisbon and Porto. According to the company, the ministry plans to double the programme in 2005 and triple it thereafter.
- Spain - on 21 February 2005 the company announced that Elmo-Tech had won a $1 million, four year contract to supply equipment to the Catalonia department of justice. According to the company, Spain's electronic monitoring programme is the third largest in Europe. Catalonia plans to double its use of electronic monitoring.
- Sweden - the country's first in-prison monitoring system was installed in a new 150 bed prison.. The company also acquired from On Guard Plus Ltd (itself bought by Canadian firm Strategic Technologies in 2004) the remaining 49.9% holding in Elmo-Tech's Swedish subsidiary Electronic Monitoring Technologies Svenska (EMTS). EMTS is to be used to expand elsewhere in Scandinavia. According to Dmatek' s chief executive officer, Yoav Reisman, the market for the TRaCE prison facility tracking system is huge. In December 2004 he noted that there were 220 prison facilities operating in Scandinavia and over 1,400 in all of western Europe.
- UK - the StaR GPS tracking system was selected by Group 4 Securicor to lead a home office pilot. Earlier in the year Group 4 Securicor also incorporated the company's voice verification system into its operations.

In 2004 Elmo-Tech's ROW division increased its revenues by 36% to $2.6 million. In the Pacific Rim, programmes in New South Wales and New Zealand (where it supplies Chubb, see above) were renewed. New Zealand has started a trial programme of using GPS to track sex offenders. The company also benefited from programme expansions in Singapore and Mexico. In January 2005 Elmo Tech announced that it had signed an agreement to provide electronic monitoring technology to Hashmira Company, now a subsidiary of Group 4 Securicor, which had been awarded a an initial one year contract by Israel's ministry of public security. The contract for the newly launched home detention monitoring programme has an option for two one year extensions.

In the US Elmo-Tech won a third in-prison monitoring contract in Minnesota and a state level contract for home detention systems with Securicor EMS, a subsidiary of Group 4 Securicor. The monitoring equipment delivered for the Securicor contract "so far is valued at more than $1.3 million." The new contract potentially "opens up a big new distribution channel" in the US. In a Dmatek press release 5 January 2005, the company would only refer to the state as "one of the large ones."

Elmo-Tech claims a 20% share of the US market for home detention systems. It supplies equipment to ADT (see above) so now provides two of the three contractors to the federal courts. The company's view is that GPS tracking of offenders "continues to be of interest to corrections agencies although absolute numbers of systems in use are still low." In a press release, 1 March 2004, Mr Reisman, said: "In the long term we expect to see markets for electronic monitoring of people growing with Dmatek in the lead position to provide for the need for technology." He

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expects to generate new business in the US and to see "contract opportunities in Denmark, France, Scotland and Sweden alongside continued growth in existing accounts." The company "will also be actively pursuing additional in-prison monitoring opportunities."

DEC 05-APRIL 06

ELECTRONIC MONITORING PROVIDES VALUE BUT... The electronic monitoring of adult offenders in England and Wales provides overall value for money when compared to custody but "the effectiveness ... is potentially undermined by delays in fitting tags and delays in responding to breaches. The Home Detention Curfew system could also be made more efficient, resulting in a potential saving to the home office of £9 million," the National Audit Office (NAO) has concluded.

The use of electronic monitoring has grown from 9,000 cases in 1999-2000 to 53,000 in 20054-05 and, in that financial year, the home office spent £102.3 million on the electronic monitoring of curfews. Private contractors provide and install the monitoring equipment and are responsible for monitoring what the NAO refers to as 'the curfewees'. New contracts commenced in April 2005 and are operated by G4S and Serco. The NAO also stated that: "...given the vital part which contractors play in maintaining public confidence in curfews as an effective control or punishment, the home office should be more rigorous in the regular audits which it conducts with the contractor."The Electronic Monitoring of Adult Offenders, Report by the Comptroller and Auditor General, HC 800 Session 2005-2006, 1 February 2006, National Audit Office,

EM CROSS-EXAMINATION Following the publication of the National Audit Office's report on electronic monitoring in England and Wales, the government's committee of public accounts discussed the findings, taking oral evidence from David Taylor-Smith of service providers G4S Justice Services, Mr Tom Riall of Serco as well as Sir David Normington from the home office and Aileen Murphie from the National Audit Office on 15 March 2006. Overall there were 109 questions. Set out below are extracts from the uncorrected transcript of the hearing.

Q31 Helen Goodman MP (Labour): Are you going to do more research on the difference in the impacts on people's behaviour of being under curfew as opposed to being locked up?

Sir David Normington: I think we probably will, and this is a recommendation in the report. The anecdotal evidence is that it helps but there is not much evidence that the Curfew Order itself has a particular impact on reoffending. It is going to be training, jobs, housing and so on, maybe family support, which will be much more influential in getting people back into society and stop them reoffending. It is most unlikely that the curfew by itself will be a significant issue in reoffending. We have not got that evidence so I think we could do with some more.

Q32 Helen Goodman: One of the things I am not quite clear about from this is to what extent you are able to make independent checks on the effectiveness of the way it is operating in practice other than the information that is provided to you by the contractors because obviously they have a conflict of interest in presenting this information to you.

Sir David Normington: One of the recommendations in the report is that we should do some better auditing, some whole case auditing, rather than just looking at the statistics and we have agreed to do that and have started it in fact so that we take some actual cases and follow them through rather than looking at bits of the process and monthly reports and statistics. I think there is a need to do that and that is what the NAO said we should do and we have started doing that.

Q35 Greg Clark MP (Conservative): We have talked about the need under your contract to check that the equipment is working every so often. Are there financial penalties that you incur if the equipment is found not to be working?

Mr Riall (Serco): There are performance measures within the contract which state that we have to have the service up and running 24 hours a day and if there are any gaps in that performance then financial deductions are placed against us and potentially, ultimately, more serious consequences should those failures continue.

Q36 Greg Clark: Mr Taylor-Smith, over the last year have there been penalties imposed against you for any of these reasons?

Mr Taylor-Smith: Yes, there have. We have incurred just about £100,000 worth of penalties, most of which occurred around the start-up of the new contracts in April last year. That has settled down now in the second half of the year to about £16,000.

Q37 Greg Clark: What is the principal cause of those payments?

Mr Taylor-Smith (G4S): If I look at the moment we have 19 service levels of which we are currently failing on one, and that is to call offenders within 15 minutes if they are absent for five minutes or more. That requires a technology fix which we are currently putting in, so that is a good example of improving the monitoring platform, and that will be in by April and we will be meeting all the service levels.

Q38 Greg Clark: What is your experience, Mr Riall?

Mr Riall: Not dissimilar to that.

Q39 Greg Clark: What have you paid out in fines?

Mr Riall: In 2005 we paid out a total of £41,000 in penalties.

Q40 Greg Clark: What was the reason?

Mr Riall: Again, there were one or two performance measures where we narrowly missed the required thresholds.

Q41 Greg Clark: Do you know which ones?

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Mr Riall: For example, the requirement to report 100% of all breaches of Adult Curfew Orders on time. There have been occasions when we have slipped below the 100% requirement which has resulted in a financial deduction.

Q45 Greg Clark: Turning to some of the breaches and the particular point of reporting breaches on time, Mr Taylor-Smith. You seem to regard your performance as being satisfactory on this. Can you explain why?

Mr Taylor-Smith: For the period that the report covers I would not consider our performance to be satisfactory. Our performance since the commencement of the new contracts where there are much more appropriate service level measures in place - the Home Office is measuring us more appropriately on the things which are most important - in this particular area is satisfactory.

Q46 Greg Clark: So they have changed the measurements.

Mr Taylor-Smith: That is right.

Q47 Greg Clark: Is it still the case that you are required to report breaches within 24 hours?

Mr Taylor-Smith: That is correct.

Q48 Greg Clark: Does that continue to be measured under the contract, the number of failures to report within the 24 hours?

Mr Taylor-Smith: That is correct.

Q49 Greg Clark: So that continues to be something that you are measured on. According to the report at page three, paragraph 11, 22% of breaches took between one day and three days to report and 13% took over three days. It seems worrying that during the period this report was being drawn up that level of failure took place. Can you explain what was wrong with the system that you were operating?

Mr Riall: Can I just pick up on that point? Under the first generation of contract there was a much greater emphasis placed on the need to verify whether a breach had or had not occurred rather than the immediate reporting of a suspected breach.

Q50 Greg Clark: I was talking about what is reported here. Perhaps you can turn to page three, paragraph 11, which says that the majority of breaches were reported to the Home Office within 24 hours but 22% took between 24 hours and three days. That is a fact, is it not?

Mr Riall: It is a fact. The point that I was making was particularly during the time that the NAO report was being put together there was much greater emphasis placed by us as contractors on establishing whether a breach had or had not occurred rather than reporting. Those lessons have been learned and you will see that the standards of reporting are significantly better.

Q51 Mr Richard Bacon MP (Conservative): Can I just interrupt for a minute. You are saying there has been a significant change in the performance since the publication of this report.

Mr Riall: Correct, in terms of ----

Q52 Mr Bacon: The report was only published on 1 February 2006. Did you or the Home Office inform the NAO of this change?

Mr Riall: It is an ongoing thing. The period that is being referred to in the report, as I understand it, was predominantly the first six months of 2005. A new contract was entered into on 1 April 2005 and we are now some nine or ten months into the new contract and there is a much tougher ----

Q53 Mr Bacon: Did you or the Home Office supply the NAO with the performance information out of this new contract?

Mr Riall: The information supplied to the NAO was partly out of the old contract and the first two months of the new contract.

Q54 Mr Bacon: Only the first two months of the new contract?

Mr Riall: Correct.

Q55 Mr Bacon: Would the NAO like to comment on this?

Ms Murphie: When contracts are changing it is obviously quite difficult to make an assessment and the new contracts are quite different from the old ones. I think if the performance is improving to that extent then that is gratifying and that is what we would all like to see.

Mr Bacon: Perhaps if the NAO were to revisit this subject in a few years' time we would be able to see whether the performance had been maintained.

Q56 Greg Clark: I am not sure it has much to do with the contract, either breaches are being reported on time or they are not, why should that be influenced by the contract? You already contracted before to report breaches within 24 hours and yet 22% took between 24 hours and three days and 13% took more than three days. Why should the contract have made a difference to that, that was already part of your requirement?

Mr Taylor-Smith: May I take that up? It is worth putting it into context. This was a new service and was the largest service of its kind in the world and when it commenced the focus initially was very much about equipment and technology and explanations.

Q57 Greg Clark: Sorry, can I stop you there. That was not the case. We are talking about a sample that the National Audit Office took last year, I assume, so we are not talking about the beginning of your previous contract, we are talking about a relatively short period of time ago in which a very large number of breaches were not reported on time.

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Sir David Normington: I think you will find, and I stand to be corrected by the NAO, they took a sample of cases adding up to 35, for instance, in the breaches of the curfew over three years from 2002 until the end of the contract, some cases in each year, and they looked at those. They are reporting on that sample of 35 cases. The numbers vary in each case but they took a sample over a period of a number of years.

Q58 Greg Clark: Can I ask the NAO to clarify this. Was the sample a recent sample or was it looking back to right at the beginning?

Ms Murphie: We took a sample of cases of Adult Curfew Orders and Home Detention Curfew Orders but over the three years that the system had been underway.

Q59 Greg Clark: When you reviewed these examples did you notice an improvement during those three years?

Ms Murphie: I think that would be difficult to say actually.

Q63 Greg Clark: So you were not being fined enough before, this is what you are saying. If you had been fined more then you would have reported things quicker.

Mr Riall: I would argue that the financial deduction is not the only incentive upon our performance.

Q64 Greg Clark: What was in the old contract that clearly did not work?

Mr Riall: We were not subject to performance deductions under the old contract for failures to report breaches on time.

Q65 Greg Clark: This is useful for our monitoring of these contracts in the future. What you have just said to me is that the penalties that you faced under the old contract were not sufficiently high to incentivise you to do what you were required under the contract to do.

Mr Riall: There were not financial deductions for that particular measure under the old contract.

Q66 Greg Clark: So it is only with the bringing in of financial penalties that you have improved your practice?

Mr Riall: No, the point I was trying to make was that it is not just financial deductions that incentivise our performance because we are clearly concerned about the reputation of our organisations, about the re-bidding of new contracts.

Q67 Greg Clark: The proof of the pudding is in the eating, is it not? The reputational effect was there under both contracts and yet you had lots of breaches. They bring in extra financial penalties and suddenly your reporting performance improves. That is an interesting observation as to the relative impact of reputational consequences versus financial consequences.

Mr Riall: Assisted also by things like better technology, which I have mentioned as well.

Q74 Kitty Ussher MP (Labour): What kind of assessment do you do of whether a company is a fit and proper company to run such an important public service?

Sir David Normington: We will do the usual checks. It is the normal process. There will be a specification, of course, and we will be judging the tenders against that specification. We will be looking at past performance because in this case we know these companies quite well, not just in this area but in some others. We will be doing the usual due diligence checks. It is a quite normal process but, of course, this is a very high risk operation and these companies are in that business.

Q75 Kitty Ussher: Indeed. I did a quick press search myself particularly on what I think of as Group 4 Securicor, although I understand you have changed your name slightly. As part of your due diligence did it concern you that they were being investigated and had a number of problems in this area across the world? I found performance disputes in South Africa, in Kenya, a rather difficult strike in Indonesia, four different investigations in the US around their protection of nuclear sites, problems with the training of guards at the Department of Homeland Security in the US. I will ask you to respond in a minute, Mr Taylor-Smith. Is that not something that concerned you as you signed another contract with this company?

Sir David Normington: I did not personally look at all of that. I do not know whether all of that was looked at. Certainly we do the proper checks. We were satisfied that the company could provide us with the service we needed. I cannot respond on all of those individual cases. We will have done a proper look but whether we looked at all of those things I am afraid I do not know.

Q76 Kitty Ussher: Group 4 Securicor has been highly expansionary in recent months and years. It has expanded rapidly internationally by acquisition. Did the Department have any concerns that it was overstretched as it sought to acquire this large contract in the UK?

Sir David Normington: We awarded them the contract and they are performing very well and that is the proof of it really. There are big profitable companies in this business and Group 4 Securicor is one of them. I think we were satisfied that they could provide this service well, and they do.

Q77 Kitty Ussher: Mr Taylor-Smith, I must give you an opportunity to respond to the points that I have raised. How would you answer the questions that I have just put to Sir David?

Mr Taylor-Smith: If I take the first one about how was the procurement run, in my experience of working in this area over the last four and a half years this was unquestionably the most intelligently run procurement I have been involved with. It definitely resulted in a 40% saving to the taxpayer but it also resulted in us at the right stage getting involved with putting in place the relevant measures for measuring up and also ensuring that the contract met its aims and objectives. That is an answer to the first one. In terms of our activities around the world, just to give it some perspective, we have got 380,000 employees in 108 countries.

Q78 Kitty Ussher: Wow.

Information collected from the internet for this report

Mr Taylor-Smith: I am sure that in any one day we may be celebrating great successes with industrial relations - for instance, about a month ago we signed as the first company in the UK in the security industry a collective bargaining agreement with the GMB - and at the same time we may be in dispute in South Africa. I think that is an inevitable consequence of operating a company three times the size of the British Army. House of Commons Minutes of Evidence Taken before The Committee of Public Accounts, 15 March 2006, Uncorrected Transcript of Oral Evidence to be published as HC 997-I,

OCTOBER 06

ENGLAND AND WALES: INSUFFICIENT EVIDENCE

"There is insufficient evidence available to determine whether electronic monitoring helps or reduce re-offending or promote rehabilitation," a parliamentary committee has concluded.

Their report noted: "until recently, the only information the home office had on performance of the contractors was supplied by the contractors themselves. As a result it was unable to carry out any independent monitoring or auditing of contractors' performance. The home office has since gained real-time access to the contractors' databases..."

The committee also revealed that more than 1,000 serious crimes have been committed by offenders released early from prison on electronic tags monitored by private companies. Offences include one murder, four manslaughters, 56 woundings and more than 700 assaults since home detention curfew was introduced in 1999.

"I welcome the fact that the contractors have bucked their ideas up after the home office made deductions from their fees for failing to meet contractual measurements," said Edward Leigh MP, chairman of the committee of public accounts in a statement issued 12 October 2006.

Electronic monitoring is £70 cheaper per offender per day than prison. The home office originally awarded three contracts and following re-tendering in April 2005 awarded two new contracts to Serco and Group 4 Securicor. *The electronic Monitoring of adult offenders, House of Commons Committee of Public Accounts, published 12 October 2006,* www.publications.parliament.uk/pa/cm/cmpubacc.htm

HOME DETENTION CURFEW - EXPENSIVE AND INEFFICIENT

"The Home Office is planning a five-fold increase in private sector involvement in the supervision of offenders. By 2009, over £250 million worth of probation business could be contracted out. Yet the flagship Home Detention Scheme, the existing major private sector initiative, is expensive, fails to meet service level agreements and the orders are regularly breached", according to a new report by the National Association of Probation Officers (Napo).

The Home Detention Curfew (HDC) scheme was introduced in January 1999. According to Napo, "seven years on, there are still serious problems with the equipment and with costs, and persons being released are being returned to custody unnecessarily."

The report states: "Since 1999, any prisoners serving between three months and four years

became eligible for release up to 60 days early providing they agreed to be tagged. Prisoners qualifying for the scheme did not include those convicted of sexual offences or those relating to drugs or violence. The Secretary of State extended the scheme in April 2003 to all those serving four and a half months and less than four years. And in January 2004 he gave the chief executive of the prison service the power to overrule the release of anybody if it was thought this was against the public interest."

Answers to parliamentary questions revealed information including:

* Between 1999 and the end of 2004, 104,893 people were released on HDC. Currently around 20,000 are released per year. The number on the scheme on a daily basis rose from 1,650 in October 2001 to 2,400 by September 2003. It rose to a peak of 3,700 at the end of 2004. It has now fallen, according to a recent parliamentary answer, to 2,804 in July 2006. (Parliamentary answer to David Davis 24-07-06). A further 10,070 offenders were on court imposed curfews.

* The Home Office states that it audits the performance of each of the electronic monitoring companies against 19 service levels each month. A parliamentary answer in March this year found that over the 10 months between April 2005 and January 2006 Group four Securicor had failed to meet one of the service levels 19 times and Serco Ltd had failed 21 times. (Parliamentary answer to Phillip Davies 17-03-06). The companies were fined £130,000 between April 2005 and February 2006. (Parliamentary answer to Philip Davis 21-03-06)

* In the financial year 2005-06 the value of the contract to Group four Securicor for the North East & North West, East Midlands, Yorkshire & Humberside, and the South East & South West totalled £36 million; while the value of Serco Ltd's contract for London & Eastern and West Midlands & Wales amounted to £21.4 million. (Parliamentary answer to Phillip Davis 17-03-06).

Members of Napo "have complained regularly over the last six months about failings of the system. Complaints mainly included delay in fitting the tag, poor communication between the company, the courts and the Probation Service, violations not being brought back to court, technical failures and the fact that breaches are not routinely monitored."

Cases were reported in Gloucestershire and Wiltshire, earlier this year, where the tagging restrictions were breached in one case on over 20 occasions and in a second on over 30 occasions, before the individuals were taken back to court. Most of the absences were for about 15 minutes but some were for a hour or more. Among the reasons given for the absences were that a bicycle had broken down, the offender had been caught in the rain, and that the offender was helping out a neighbour with a problem. It seems that some of these excuses were accepted by the tagging company. Other staff, particularly in London, have reported that, by the time offenders are brought back to court their prison sentences are finished anyway.

Home Office figures have shown a wide variation across the country in the number of offenders breaching their HDC curfews. Almost one in three tagged prisoners in Staffordshire breached against one in four in Gloucestershire and one in seven for Greater Manchester.

Information collected from the internet for this report

Napo also obtained some recent case histories that illustrate problems with electronic tagging:

* An offender in Yorkshire in July alleged that he was play-fighting with his girlfriend when the tag came off. His mother and girlfriend telephoned probation to say that they had called the private company straight away and that they did come out to replace the tag two days later. That was the last they heard from the company. The offender had been keeping to the conditions of the tag and had no idea his license was going to be revoked until the police arrested him the following weekend. This was despite the fact that the HDC period ended the week before. The individual was thought by probation to be making excellent progress in terms of obtaining housing and seeking employment and posed no risk to the public. He is now appealing against recall.

* A second man in the East Midlands was breached for failing to be at the required place of the curfew for the last week of the requirement. The offender was adamant that he had been at home all the time and produced telephone bills to prove it. The company thought there had been a serious violation. The offender asked whether the equipment had been checked but the company did not know. Probation then asked the company to check out the equipment, and four weeks later received a call from an employee of the company saying that the equipment had been tested and was in fact faulty in that it had a dead battery.

* Another offender in the Midlands was called on several occasions by the tagging company saying he appeared to be out of the house when clearly he wasn't because he answered the phone. The company came out in July to fix the problem and the engineer told the offender the system was telling him he was absent when in fact he was standing next to the engineer. Probation has tried to call the company to sort the situation out but the number rings 'out'.

* A probation officer in Nottingham has stated that offenders regularly complained about tagging, particularly those contractors arrived very late at night to fit the devices, that the tag alert company are not there when they say they are, and about not removing tags when orders have finished. One offender was forced to go to a police station four days after the tagging order ended and they cut it off for him.

* Another probation officer in the Midlands has complained that he is never copied in or informed when somebody gets a warning and that trying to get information out of the company is extremely difficult. "You speak to a different person every time you phone up so you end up explaining yourself a dozen times." He also says that getting through to the prison to get amendments to the conditions of curfew is very time consuming and that communication between the agencies needs vastly improving.

* An offender in the Midlands has told probation that routine checks are done every 28 days on his tag without an appointment being made. He has a 12 month old son and often the checks occur after midnight, the family is disturbed and there is no evidence of any violations of the tag.

* A probation officer from Derbyshire has complained that failures of the tag are not

followed up by the company, that there is confusion between the tagging firm and probation despite protocols as to who is responsible for breach initiation. Offenders complain that staff has attitude problems and that it is hard to get telephone contact with the firm as the phone is always engaged or they do not answer.

* A probation officer in Nottingham has complained that consistently the tagging equipment does not seem to work. He believes that faulty equipment stays in circulation when in fact it needs changing. He says it takes two or three phone calls to get problems sorted out. One family he was in touch with recently was up until 4am when a new tagging box that ran off mobile phone technology kept causing their wireless handset phone to ring whenever the computer and the box communicated. It took two teams of engineering personnel and three boxes to find one that didn't cause this problem.

* A Probation officer in Nottingham informed Napo that one of her offenders had breached the curfew but nothing had happened. When probation investigated they found he had fallen out with his partner and moved next door with his mother, but the monitoring company recorded him as present in his flat because it was close enough for the monitoring device to log him as at home. The company confirmed that this was likely to happen in such circumstances. It appears therefore that an offender could comply with the curfew but not actually be in their home.

FINANCIAL COSTS In 2005 Napo exposed that it was extremely expensive to monitor someone on an electronic tagging scheme. "The individual cost per tagee was £1,700 per person. Based on annual costs this would be about £6,000 per annum compared with £3,500 for supervision by a probation officer. It also appeared that the actual cost to the private company was no more than £600 per case, and that was for cases where a violation call out was made, which is for a minority of orders. The kit costs £700 and is used on average three or four times, the cost of a call out was about £150, the cost of removing the tag was the same. The Home Office therefore appear to be paying three times the amount of the unit cost. Napo understands that in the summer of 2005 contracts were renegotiated and that the profit margin was cut however attempts to find the actual cost have been blocked on the grounds that the information is in commercial confidence. Napo has been told informally however that the new contract has cut the profit margin by about 30%. The scheme is therefore still extremely lucrative for the private companies." *Home Detention Curfew - Expensive and Inefficient, a briefing from Napo, September 2006, Published October 2006, www.napo.org*

US PROBATION SALE MAXIMUS Inc, a Virginia-based government services contractor, has sold its corrections services business to Providence Service Corporation of Tucson, Arizona, just over three years after acquiring it from BI Inc (BI,).

According to a media release 5 October 2006, Providence paid $3 million in cash "plus the assumption of certain liabilities" for a business that Providence describes as "misdemeanant private probation supervision services" with 109 contracts in Georgia, Tennessee, South Carolina, Florida and the state of Washington and an annual revenue of approximately $8 million.

"The acquisition further expands our human services delivery platform and will enable us to introduce probation services in those states where we operate that have privatised probation," said Fletcher McCusker, chairman and CEO of Providence.

In May 2003 MAXIMUS acquired most of electronic monitoring company BI Inc.'s private probation business in a deal described in a BI news release at the time as "clearly a win-win situation for the customers, the employees, Maximus and BI." According to MAXIMUS's 10K annual report for the year ended 30 September 2003 filed with the Securities and Exchange Commission, the company paid BI Inc approximately $10.6 million for a business MAXIMUS then described as "one of the largest providers of community corrections services in the United States and provides services that includes treatment groups and education classes and drug and alcohol testing and monitoring." The 10K also stated that: "The primary reasons for acquiring the correctional services business was to expand our presence in the correction services market and to strategically complement our current service offerings in the human services area."

Providence began operations in 1997 and provides home and community based social services to government sponsored clients under juvenile justice, corrections, welfare and Medicaid programmes. In May 2006 the company was listed 71st in BusinessWeek's annual list of top 100 'hot growth' companies. As at 30 June 2006 it had 600 contracts in 33 states and the District of Columbia.

Between 1995 and 1996 Fletcher McCusker served as executive vice president of Youth Services International (YSI) while Providence director Richard Singleton, a retired US army colonel, was one of the founders of YSI.

DMATEK & ELMO-TECH EXPAND Elmo-Tech has won a number of new contracts to supply electronic monitoring equipment to government departments. In October 2006 the corrections and law enforcement subsidiary of Tel Aviv-based DMATEK announced new orders exceeding $1 million for the government of the federal district of Mexico City and the New Zealand police. In August 2006 the company won a three year contract to provide the Swedish prison and probation service with offender monitoring systems as well as two regional contracts for France's ministry of justice. In France the company supplies systems to eight of the nine regions' monitoring schemes. In June 2006 the company was awarded a $1.1 million contract to supply its TRACE inmate tracking and officer duress system to the Nevada department of corrections. In May 2006, Elmo-Tech received a $500,000 order to supply equipment for use by Alert Services which provides electronic monitoring services to Belgium's ministry of justice.

G4S BUYS STRATEGIC TECHNOLOGIES Group 4 Securicor (G4S) has acquired Strategic Technologies Inc, the electronic curfew monitoring division of STI for £1.5 million. The deal also includes the purchase of On Guard Plus Ltd, STI's international sales arm and Strategic's electronic monitoring intellectual property portfolio.

Vancouver-based Strategic Technologies manufactures and develops electronic monitoring equipment and software and is the main supplier to Sentinel, a major provider of electronic monitoring services in the US. It also provides equipment to the government of France and has

contracts in Australia. STI's subsidiary Tactical Technologies Inc. designs and sells communications, surveillance and intelligence gathering equipment for the law enforcement and military industries in the US and Canada.

Announcing the deal on 20 September 2006, David Taylor Smith of G4S Justice Services Ltd said: "This acquisition consolidates our position as the largest provider of electronic monitoring worldwide ... which will augment our existing range of EM technology produced by G4S JSL, our California-based subsidiary. Electronic monitoring is a high priority area and we will continue to look for organic growth opportunities and other strategic acquisitions." STI's president Doug Blakeway said: "The electronic monitoring marketplace has been consolidating in recent years and size has become a dominant factor in bidding and obtaining contracts. This transaction will allow Strategic to focus on expanding its profitable law enforcement business and we look forward to developing new products for this marketplace." G4S Justice Services is a division of Group 4 Securicor. G4S Justice Services is the largest provider of electronic monitoring services in the world, monitoring 35,000 individuals in the US, Europe and the Middle East.

- On Guard Plus Ltd made a pre-tax loss of £183, 785 on turnover of £275,204 for the financial year ended 30 September 2005. Business in France generated 98% of turnover with 2% from the UK. During the year the company sold its 100% shareholding in Verquis LLC for $1 million, realising a loss on disposal of £17,641. It also sold the worldwide intellectual property rights to its product Blue-Tag for $1 million realising a profit on disposal of £324,763, coming from a 49% stake in Swedish firm Electronic Monitoring Technologies Svenska A.B.

- In 2005 Group 4 Securicor bought Chicago-based ADT Offender Monitoring.

Information collected from the Internet for this report

15 References and Publications

The Canberra Bulletin of Public Administration, No.101, September 2001. Includes a report of the April 2001 seminar, Implementation of Public Policy, Issues of Theory and Practice. One contributor, John Hargreaves MLA, describes the flawed process by which the ACT government decided on the financing and operating model for its new prison.

Victoria Legal Aid, Sixth Statutory Annual Report 2000/2001, Includes details of a federal Supreme Court case in which Australasian Correctional Management (ACM, owned by Wackenhut Corrections Corporation) was found to have exceeded its powers, denied natural justice to a prisoner and failed to comply with regulations. ACM is appealing the decision.

Contracting Culture: from CCT to PPPs, the private provision of public services and its impact on employment relations, by Sanjiv Sachdev, Kingston University, for UNISON, 1 Mabledon Place, London, NW1H 9AJ, England. A report which examines the effect of public/private partnerships and describes the impact on conditions as "enormous". It identifies key trends and issues for public services.

Socio-Legal Newsletter No. 35, November 2001 published by Cardiff Law School, Cardiff University, P O Box 427, Cardiff CF10 3XJ, Wales, UK. Includes articles on international prison privatisation and refugee and asylum policy in Australia.

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CCA Back from the brink by Joseph T Hallinan in the Wall Street Journal, 6 November 2001 A major article detailing the federal government's contracting out strategy which is helping to maintain the fortunes of the leading private prison operators in the US.

Quality of prison operations in the US federal sector: a comparison with a private prison, by Scott D. Camp, Gerald G. Gaes and William G. Saylor in Punishment & Society, Sage Publications, London , California and New Delhi, January 2002. This article argues that previous comparative studies in the US "have been flawed by methodological shortcomings." The authors "encourage researchers to take up the challenge of this article to develop measures that allow for comparisons of prisons. Little research effort is being expended toward developing measures that capture institutional sources of variation. However, it is precisely this type of information that will allow us to move beyond the rhetoric to examine how privatisation affects the quality of confinement of inmates in public and private prisons." (A previous version of the manuscript was presented at the American Society of Criminology Meeting, California in 2000.)

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Prison Legal News, Vol. 13, No.5, May 2002. PLN, 3400 NW 80th Street #148, Seattle, WA 98117, USA. www.prisonlegalnews.org This twelfth anniversary issue includes articles on bailing out the US corrections industry, a lawsuit over alleged sex abuse and torture in a private prison in Oklahoma and suicides and staff negligence at a private prison for juveniles in Arkansas. See also **PLN Vol 13, No.1, January 2002** for an expos_ of the American Legislative Exchange Council.

Privatising Justice, the Impact of the Private Finance Initiative in the Criminal Justice System. Researched and written by the Centre for Public Services for the Justice Forum,

published by the Justice Forum, March 2002. c/o Association of Magistrates Officers, 1 Fellmongers Path, Tower Bridge Road, London SE1 3LY, England. The report for this coalition of five trade unions draws on case studies of prisons, courts and police services in the UK and calls for an end to all private finance initiative (PFI) and public-private partnerships (PPP) and for public sector capital investment to be increased substantially.

Public Investment in Infrastructure: Justified and Effective, March 2002, The Institution of Engineers, Australia. 11 National Cct, Barton, ACT 2600, Australia. Tel ++02 6270 6547. Email policy@ieaust.org.au A discussion paper from the IoE which details the arguments for and against public investment and advocates increased public expenditure for improving assets: "... many policy makers do not understand that markets, while working well in most sectors of the economy, have their limitations when it comes to providing infrastructure. Governments also need to be aware that in many cases the private sector cannot provide infrastructure, and in many others, while it can provide infrastructure, the economic cost of private provision is far higher than the cost of public provision."

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Borderline, Australia's treatment of refugees and asylum seekers, by Peter Mares, UNSW Press, Australia, 2001. The book discusses the legal, moral and political issues surrounding Australia's treatment of asylum seekers and refugees. "The most dramatic shift in policy since 1992 ... has been the decision to contract out detention to the private sector." This book includes a chapter on WCC's operations in Australia: "It is impossible to find out to what extent ACM is actually held accountable in practice for breaches of DIMA's detention standards in relation to detainee welfare. The performance measures linked to standard such as 'dignity' or 'privacy' have been deleted from the publicly available version of the Detention Agreements between ACM and the Commonwealth 'for commercial reasons'..."

South Africa - Privatising the Prison System by William G. Martin, in African Political Economy Monthly (incorporating Southern Africa Economist), Vol. 14, No. 5, 2001. This article examines the introduction of private prisons into South Africa within the context of US foreign policy towards the continent. "...Wackenhut's expansion is part of wider trends: rampant neo-liberalism with the shrinking and shirking of state responsibilities and the escalating numbers of the poor, and especially black youth, denied education and employment - and all too often being destined for a violent life in prison or the fields of war ... far from being the home of civilisation, the post Cold War Africa is no longer targeted for modernisation but rather fear, a source of terror, disease, crime and drugs. This generates in turn a profitable opportunity: the construction of an overlapping set of prisons, detention centres and security check points ..."

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El Programa de Concesiones de Infraestructura Penitenciara, Javier Peirano Novoa and Verónica Cáceres Cortés; La Arquitectura Penitenciaria de Nueva Generación, Carlos

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Alejo Garcia Basalo, Revista de Estudios Criminológicos y Pentienciarios, Ministerio de Justicia, Gendarmeria de Chile, Numero 4, Mayo 2002. Two articles dealing with current developments with Chile's semi-private prisons.

Tales of a private prison: Writ in Women's Lives, Amanda George, in HECATE, Vol 28, no1, 2002 PO Box 6099, St Lucia, Brisbane, Queensland 4067, Australia. Briefly outlines the experience of women prisoners at the Metropolitan Women's Correctional Centre (MWCC) in Melbourne. MWCC is now in the public sector.

Administrative Accountability in Prisons, Kathy Bagot, Australian Journal of Administrative Law, Vol 9, May 2002. "Court based remedies are inadequate mechanisms to keep contractors accountable because of ... legal difficulties and, even more importantly, because of the financial and practical obstacles for prisoners. Governmental action to establish administrative mechanisms to make contracting out more open and accountable is essential."

Protection of prisoners' Rights in Australian Private prisons, John Rynne, in Prisoners as Citizens, Brown & Wilkie, eds, The Federation Press, 2002. A discussion identifying the various options prisoners have to ensure that their basic rights are protected.

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CSC: Merchant of Misery and Misfortune by Roger Hummel, Prison Legal News, Vol. 13 No. 8, August 2002. A profile of Correctional Services Corporation (CSC) from the company's early history through to recent financial problems.

How Many Immigrants Must You Imprison Too Turn A Profit? May La Vor, A Globe of Witnesses, August 2002, www.thewitness.org/agw This article analyses the US private prison's industry increasing dependence on new immigration detention contracts. "Similar to the failed war on drugs, the war on terrorism is simply a mechanism to increase law enforcement powers and scapegoat immigrants and people of colour in the name of public safety/national security."

Locking away profits: capitalising on immigrant detentions has turned into a booming business for Lehman Brothers, Karen Juanita Carillo, Color Lines, Fall 2002, This article describes current developments in the US and profiles the role of Lehman Brothers. "Investment banks like Lehman and others in Wall Street have been facilitating the flow of private capital into prisons for decades now- and nobody holds them accountable."

Punishment & Society, The International Journal of Penology, Vol 4, No.3, July 2002, Sage. This is a special issue on privatisation that includes five articles and two book reviews. " ...the flow of essays and polemics has slowed and the early passions aroused on either side of that [public/private] debate appear to have cooled." assert the editors. "The current climate seems to favour continued efforts directed at the development of rehabilitative regimes through the proliferation of offender treatment programmes, and possibly the designation of further therapeutic community units within the prison estate. It is likely that the private sector will play an increasingly important role in the provision of such regimes. If this really is the case the current system of accountability must be radically reassessed and the question of legitimacy must be addressed." That is the conclusion reached by Elaine Genders, reader in criminology, University College London, in her discussion of the development of Dovegate prison run by Premier Custodial Group Ltd in the UK and "what residual problems remain for the private contracting of a therapeutic community prison like Dovegate in particular, and for the private management of a rehabilitative system more generally."

Boot Camp or Boot Hill, Troubled Teens Suffer From Too Much Tough Love, by Roger Hummel, Prison Legal News, Vol.13, No.9, September 2002. An exposé of the use of boot camps in the US - "an excellent example of the widening net of state repression" - where at least 31 youngsters have died since 1980. The article describes the particular problems at facilities run by the private sector.

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Racism and Discrimination in the South African Penal System, Amanda Dissel and Jody Kollapen, Centre for the Study of Violence and Reconciliation, Penal Reform International, 2002. www.csvr.org.za and www.penalreform.org "... If crime continues to increase, and if our society continues to incarcerate ... at the same rate, then we are likely to see even greater numbers of people sent to prison. The link between poverty and crime has been well documented and, in the South African context, given the disparities in wealth, opportunities and skills that have existed for so long, the effect is that black people are more prejudiced by poverty. The result ... is that people (particularly black people) will continue to be imprisoned because they are poor ... a factor which must inform both economic policy as well as policies within the criminal justice system - particularly sentencing policy."

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Capitalist Punishment: Prison Privatization & Human Rights, Eds: A.Coyle, A. Campbell & R. Neufeld, Clarity Press, Atlanta, www.claritypress.com and Zed Books, London, www.zedbooks.demon.co.uk This book covers a range of issues relating to private prisons and includes chapters on the US, Australia, UK, Canada and Africa. "As the authors ... so strongly argue, the

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profit motive of privately operated prisons in the US and elsewhere has fostered a situation in which the rights and needs of prisoners and the direct responsibility of states for the treatment of those they deprive of freedom are diminished in the name of greater efficiency... the publication is a valuable contribution to the debate on this important subject." Sir Nigel Rodley former UN Special Rapporteur on Torture.

Using Inmate Data in Assessing Prison Performance: A Case Study Comparing Private and Public Prisons, Scott D. Camp, Gerald G. Gaes, Jody Klein-Saffran, Dawn M. Daggett and William G. Saylor, Criminal Justice Review, Volume 27, No. 1, Spring 2002, Georgia State University. Comparing Taft Correctional Institution in California, run for the Federal Bureau of Prisons (FBOP) by Wackenhut Corrections Corporation with nine FBOP-run facilities the authors were " not able to conclude that on the whole Taft did better or worse than the BOP comparison prisons. Instead the most general conclusion is that Taft did worse in some areas but not in others ..." and that "... given the relative ease and convenience of data collection, the low expense ... and the favourable measurement properties associated with inmate survey data, we ... argue for using performance measures generated from inmate survey data as part of a more comprehensive strategy for comparing prisons."

What the privateers won't tell you, 8th Edition, January - June 2002, Corrections USA, www.cusa.org A collection of predominantly US media coverage of the private prison industry.

The At-Risk Youth Industry by Eyal Press and Jennifer Washburn, Atlantic Monthly, December 2002, www.theatlantic.com/issues/2002/12/press.htm The article focuses on the US companies which, claim the authors, neither rehabilitate juveniles nor make money.

Record of Investigation Into Death of Frank Weston at Port Phillip Prison, Case No. 2075/00, State Coroner Victoria, Australia, 28 November 2002 Mr Weston died from the toxic effects of methadone at this Group 4-run prison in July 2000. The evidence "... does not enable one to say who provided such methadone. Preventative safeguards have now been implemented to prevent a recurrence of any death in circumstances akin to those set out in this finding." Partners in Public Service, Fall/Winter 2002, APCTO, www.apcto.org the current newsletter from the Association of Private Correctional & Treatment Organizations includes a snapshot of its lobbying activities on behalf of the private prison industry.

Budgetary Submission to the Queensland Treasury, Queensland Council of Unions, 2003, www.qcu.asn.au "In recent years, Australian state governments have been increasingly interested in' public-private partnerships' (PPPs) modelled on the British Private Finance Initiative (PFI). These public-private partnerships represent an evolutionary advance on earlier, ad hoc, schemes for private-public partnerships, such as Build Own Operate and Transfer (BOOT) schemes and sale and leaseback arrangements. The crucial development in this process has been the recognition that PPPs do not resolve the problem of financing a growing infrastructure program within arbitrary debt limits. The appearance that infrastructure can be delivered without incurring a corresponding debt is a pure illusion, closely related to the accounting tricks that brought about the collapse of enterprises such as Enron and HIH. The fact that debt is shifted 'off the balance sheet' does not make the corresponding obligation any less pressing."

Government Issues, February 2003, Clayton Utz, www.claytonutz.com The newsletter from Australian corporate law firm Clayton Utz includes an article on the State of New South Wales v Napier [2002] NSWCA 402 "another case with potential ramifications for the delivery of government services in Victoria." The Court of Appeal found that the state was under a duty of reasonable care and, therefore, liable for injury to an employee of a company operating a factory within the Australasian Correctional Management-run Fulham Prison in Victoria.

Asylum: Voices behind the Razor Wire, by Heather Tyler, Lothian Books, March 2003 www.lothian.com.au Asylum gives voice to the real people behind the sensationalism surrounding recent problems at Australia's privately operated immigration detention centres. Includes firsthand accounts from asylum seekers and former guards.

Invisible Punishment, the Collateral Consequences of Mass Imprisonment, Marc Mauer and Meda Chesney-Lind, eds. New Press, New York and London. This book explores the far - reaching consequences of thirty years of 'get tough' criminal justice policies in the US. As well as chapters by the editors there are contributions from Vivien Stern on The International impact of US Policies; Tracey Huling on Building a Prison Economy in Rural America; Incarceration and the Imbalance of Power by Angela Davis; Judy Greene on Incarceration as a Business Opportunity; and ten others.

Borrowing Against the Future: The Impact of Prison Expansion on Arizona Families, Schools and Communities, www.azadvocacy.org The authors note that, for every dollar spent from the state's General Fund on college for Hispanics, about $1.54 is spent on incarcerating them. About 25 per cent of Arizona's population is Hispanic. Yet Hispanics account for 35 per cent of the prison population and just 16 per cent of college students. The report argues against the state's plans to develop two private prisons with some 3,000 beds.

Prison Privatisation Update #9, 1 July - 31 December 2002, Corrections USA, March 2003. Email: CUSA, bdawe82086@aol.com The latest largely US report of media coverage from CUSA. CUSA has also recently compared private and public prison and jail salaries in the US. Private jails pay staff 43.6 per cent less than their public counterparts and private prisons pay 39.4 per cent less.

Private Prisons: Public Safety Threatened, A Summary of Recent Escapes 1995-2002, Corrections USA and California Correctional Peace Officers Association, February 2003. Email: CUSA, bdawe82086@aol.com The latest update: there have been at least 250 escapes from private prisons throughout the USA. These occurred at privately operated secure facilities and during private inmate transports. The numbers do not reflect additional escapes from private non-secure centres.

Prison Legal News, March 2003, 2400 NW 80th Street PMB 148, Seattle WA 98117, USA. www.prisonlegalnews.org This issue includes an article on alleged poor practices by ARAMARK on its food services contract for the Florida department of corrections.

Cutting Correctly in Maryland, J. Greene & T. Roche, Justice Policy Institute, 4455 Connecticut Avenue NW, Suite B-500 Washington DC 20008, www.justicepolicy.org "As illustrated by the long and growing list of states that have successfully trimmed the fat from corrections budgets, there are many safe and thoughtful ways that Maryland officials could go about cutting corrections costs." Privatisation is not one of this report's recommendations.

The Wall Street Transcript Security Stocks Analysis, February 2003. " ... we also think that there is an indirect play on homeland security in the private corrections area ..."A report of a roundtable discussion between US stock analysts and top management from firms discussing opportunities in US homeland defence, the outlook for federal spending, growth areas in security, terrorism abroad, etc. Only available on subscription.

Privatisation of basic services, public order and law enforcement within the context of the rights of the child, September 2002, World Organisation Against Torture (OMCT), PO Box 21-8, rue du Vieux-Billard, CH 1211 Geneva 8, Switzerland. This paper, submitted to the UN Committee on the Rights of Child discussion on the role of the private sector as service provider, "unequivocally calls upon all states and governments to live up to their obligations and not engage in any privatisation of detention centres, prisons or correctional or remand centers for children and juveniles in the form of management and/or operation of the entire place of detention by private for-profit companies ...."

Managing prisons in a time of change and A Human Rights Approach to Prison Management, both by Andrew Coyle, International Centre for Prison Studies, 75-79 York Road, London, SE1 7AW, England www.prisonstudies.org Both are guides to best practice in prison management. The first draws on international experiences. The second is a handbook for prison staff. It "demonstrates how it is possible to manage prisons efficiently within an ethical context" and is available in English, Arabic, French, Portuguese, Russian, Spanish and Turkish.

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Penal Reform International, newsletter of Penal Reform International, No 51, December 2002, www.penalreform.org This latest issue of PRI's newsletter reports on the Latin American Conference on Penal Reform and Alternatives to Imprisonment that was held in San José, Costs Rica, in November 2002. The newsletter describes how, at the conference, PRI board member Alvin Bronstein "addressed the issue of prison privatisation. He insisted that private prisons are morally wrong, socio-politically a failure and an economic disaster."

The Investigators Handbook, Centre for Public Services, 1 Sidney Street, Sheffield, S1 4RG, England. Email:mail@centre-public.org.uk Internet: www.centre.public.org.uk A guide to investigating companies, organisations, government and individuals. "The private sector is embedded in the public sector to a far greater extent than it was two decades ago ... the increasing influence of transnational companies, business lobby groups and regional and international institutions in the global economy means that political decision making increasingly takes place within European and international institutions."

Overview of Policy Developments in South African Correctional Services 1994-2002, Prof. Julia Sloth-Neilsen, Civil Society Prison Reform Initiative Research Paper Series No.1, July 2003, www.nicro.org.za Includes a chapter on South Africa's private prison programme. "Prisons privatisation is an emotive and controversial matter, both here and abroad. Because the contracts were negotiated and concluded in an atmosphere of secrecy, suspicions about the rectitude of the process linger. This is a matter on which proper public debate should take place. It is one that should be at the forefront of civil society advocacy and debate."

Private Versus Public Juvenile Correctional Facilities: Do Differences in Environmental Quality Exist? By Gaylene Styve Armstrong and Doris Layton MacKenzie, Crime & Delinquency, Oct. 2003, Vol. 49, No.4, Sage Publications, Thousand Oaks, London, New Delhi. "We must remain apprehensive about economic viability due to cost-savings measures that may be employed by private correctional facilities until further studies are completed."

Problems in Creating Boundaryless Treatment Regimens in Secure Correctional Environments: Private Sector-Public Agency Infrastructure Compatability, Ernest L. Cowles and Laura Dorman, The Prison Journal, Vol. 83, No. 3, September 2003, Sage Publications. "The results of this project reinforced our belief that the initiation of partial mission privatisation, particularly as it relates to the provision of treatment services in the form of a therapeutic community, is dubious at best."

Comparing the Quality of Confinement and Cost Effectiveness of Public Versus Private Prisons: What We Know, Why We Do Not Know More, and Where To Go From Here, Dina Perrone, Travis C. Pratt, The Prison Journal, Vol. 83, No. 3, September 2003, Sage Publications. "...how should correctional policy makers determine which side is right when both advocates and opponents of prison privatisation claim that the weight of the empirical evidence is on their side? Accordingly, based on the present review, the volume of methodological inconsistencies across studies indicates that the confusion surrounding the demonstrated advantages and disadvantages of prison privatisation is warranted. To advance this portion of the debate to the point where evidence based correctional policy making can actually take place, certain changes in the way scholars go about studying these issues would be helpful."

Private prisons: A European Perspective, S. Nathan, Justice Review International, Issue 2, August 2003, Hove House Publishing Ltd, UK. Publisher Andrew Stell: Email: andrew@justicereview.co.uk This article provides an overview of recent developments in Europe.

Southern Africa Human Rights Review, Issue 11, May 2003, Afronet, www afronet.org.za Includes articles on: Prison Privatisation: the International Experience and Implications for Africa; the African Commission and Penal Reform; and The Impact of Globalisation on the Protection and Promotion of Women's Rights in Zambia.

National Audit Office, "The Operational Performance of PFI Prisons", Report by the Comptroller and Auditor General, HC 700, Session 2002-3: 18 June 2003. www.nao.gov.uk "The experience of the prison sector shows that the use of the PFI is neither a guarantee of success nor the cause of inevitable failure. Like other methods of providing public services, there are successes and failures and they cannot be ascribed to a single factor. PFI has brought some results which are encouraging and some which are disappointing. But what is clear is that competition has helped to drive up standards and improve efficiency across the prison system as a whole." The National Audit Office (NAO) report found: * the performance of PFI prisons against contract has been mixed; * PFI prisons span the range of prison performance; * the private sector has brought benefits to the prison service. The report also raised concerns about controllers, low staffing levels, lack of safety, performance against unsuitable contracts and the failure of the prison service to maintain a clear audit trail of performance penalties. PFI prisons tend to perform much better than public prisons in areas related to decency and the activities of prisoners but less well in areas such as safety and security." The PFI prisons were part of a study of just 21 prisons in England and Wales - not the whole prison estate.

Competition: a catalyst for change in the prison service, CBI, July 2003. Price £25 for CBI members, £50 non-members. www.cbi.org.uk The Confederation of British Industry (CBI, 'The Voice of Business') in a publication to coincide with the release of National Audit Office report, calls on the UK government to "assist the custodial services sector in establishing domestic policy settings favourable to the export of these services." The CBI claims not to defend the privately managed prisons on the basis that they are superior to the public sector, but chooses instead to state the case on the grounds of competition versus monopoly. The CBI acknowledges that the author is the executive director of the Serco Institute but not that the Institute is, according to its website, "an arms length virtual organisation that carries out research on behalf of Serco" or that from 1992 Serco was the joint owner, along with Wackenhut Corrections Corporation, of Premier Prisons and that in July 2003, Serco became the sole owner of Premier, the largest prisons and correctional services contractor in the UK.

Update on Educational provision, Dungavel Immigration Removal Centre, South Lanarkshire, HM Inspectorate of Education, August 2003. The Inspectorate of Education inspected Premier-run Dungavel in July 2003 and concluded that, despite some improvements, "... the centre did not offer satisfactory educational provision for children detained for prolonged periods, certainly to those who were detained for more than six weeks ... the detained children's personal, social and learning experiences were impoverished by their lack of contact with the outside world and very restricted social interaction."

American Friends Service Committee RAP Sheets on Management & Training Corporation, Cornell Companies Inc and Correctional Services Corporation and Facts & Questions about the Proposed Women's 'Super Prison'. www.afsc.org/az Information on the three US prison corporations vying for a contract to operate a private 'super prison' for women in Arizona and arguments against building such a prison.

Corrections Corporation of America: A Critical Look At Its First 20 Years, P. Mattera. M. Khan and S. Nathan, Grassroots Leadership, www.grassrootsleadership.org An analysis of the company's past and current performance in the US and its international joint venture operations before they were sold. The report argues that legislators should think twice before commissioning the company - which is still $1 billion in debt - and that CCA's operational record is an example of how the pursuit of profit stands in the way of carrying out a core public function such as corrections.

The Journal of Offender Monitoring, Vol. 16, No. 2, Summer/Fall 2003. Celebrating Twenty Years of Electronic Monitoring: 1983-2003. Special Supplement to Community Corrections Report on Law and Corrections Practice. www.civicresearchinstitute.com According to The Journal's founder, Marc Renzema, "after 20 years of electronic monitoring, what do we know about its effects on offender behaviour? Clearly, not as much as we should ... all that I can see clearly at present is that although EM may be justified on economic and humanitarian grounds, when one

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apples it in isolation from other services, it has no detectable impact on recidivism." Also includes articles such as **Electronic Monitoring in Europe: Momentum and Caution, by J. Robert Lilly, Dick Whitfield and René Lévy**.

Smart on Crime: Positive Trends in State level Sentencing and Corrections Policy, J. Greene, Families Against Mandatory Minimums, December 2003. www.famm.org Twenty five states have abolished mandatory minimum sentencing laws, accelerated parole, increased time off for good behaviour, diverted prisoners into treatment programmes or otherwise cut the use of incarceration. It is not only the financial crisis faced by states that is driving this trend. Correctional practices are being re-evaluated with policymakers taking account of research that has questioned the effectiveness of incarceration.

The Late Modern Prison and the Question of Values, Alison Liebling, Cambridge University. Plenary Paper presented at the Australia and New Zealand Criminology Conference, 1-3 October 2003, Sydney. The paper explores "the arrival and the impact of the concept of performance and the links apparently forged between managerialism and moral values." It includes a brief discussion of a comparative study in the UK that highlighted, amongst other things, that the line between 'permissive' and 'without condescension' is very narrow. "This was illustrated dramatically in the case of [Premier-run] Doncaster prison, one of the best in our study, but which shortly after our research went on to experience two escapes. These were linked, in the [prison service] director general's view (and in the light of other research on private prisons), to levels of trust that may have exceeded our moral framework, or at least to other important security values being too low (at the time of our research)." Doncaster was "out of balance in its 'harmony orientation': cooperative and democratic relations mattered to the detriment of rule enforcement."

An Inspection of Harmondsworth Immigration Removal Centre, September 2002, HM Inspectorate of Prisons, August 2003. This report and others relating to privately run immigration facilities in the UK. Following the inspection of this UK Detention Services Ltd (owned by Sodexho)- run facility the inspector noted: "specific aspects ... that caused us particular concern. The centre as a whole was not well-equipped to ensure detainees' protection. Staffing levels were low, there was no means of locking down the centre in the event of concerted indiscipline, and no health and safety assessments of the risks to detainees had been carried out... Harmondsworth ... did not meet three of our four tests for a healthy custodial environment."

Paying for Private Profit, A Review of the Public Private Partnership Model in the Provision of Community Infrastructure and Services, Strategic Economics, August 2003. Available (cost A$10) from the Community & Public Sector Union -SPSF Group (Federal Office). Email: fedsec@spsf.asn.au "The PPP model is often inappropriate, poorly understood and relatively expensive compared to other techniques, and over the life of the project full of significant risks to government, the community and workers."

Forty Ninth Report: The Operational Performance of PFI Prisons (HC 904), Committee of Public Accounts, 2 December 2003. "There is a strong case for greater co-operation and learning between publicly and privately managed prisons, and the prison service should take a tough approach with failing prisons whoever manages them." This parliamentary committee's formal acceptance of the National Audit Office report The Operational Performance of PFI Prisons.

Leftovers and Scraps, library and information resources and access in Australia's immigration detention centres, Dr Alan Bundy. Appendix: relevant reports, standards, guidelines and case law by Gayle Davies. A review of services provided to detainees in ACM-run detention centres in mainland Australia. Findings included: "... the service provider appears to have no contractual obligation or corporate policy for the provision of library and information resources and access ... it has no knowledge of library operations and appears not to have sought professional advice."

Prison Privatisation and Neo-Liberalism: Ill-effects for the Poor and Minority? By Curtis R. Blakely, Southern Illinois University, Prison Service Journal, No. 151, January 2004.

PSJ, c/o Print Shop Manager, HMPrison Leyhill, Wotton-under-Edge, Gloucestershire, GL12 8HL, England. "It is certain that correctional privatisation and other neo-liberal practices will continue to gain momentum ...as such, scholars and correctional practitioners should remain concerned about the potential abuses that might result from the mix of corporate business practice with the application of rehabilitation and punishment." This is the second part of the paper 'The US Government's Deregulation of the Prison', published in the May 2003 edition of the Journal.

A Second Look at the Private Prison Debate, James Austin and Garry Coventry, The Criminologist, Vol.28, #5, September/October 2003, American Society of Criminology, www.asc41.com/publications.html "In the final analysis, the so-called privatisation debate has served as a diversion from the more basic and fundamental question of why this society imprisons so many of its people. Rather than trying to build a better mousetrap, we should ask why we need so many traps, whether they be public or private."

Resolution Calling for the Abolition of For-Profit Prisons, Presbyterian Church (USA). Approved by the 215th General Assembly (2003) Denver, Colorado, developed by The Advisory Committee on Social Witness Policy of the General Assembly Council. "Since the goal of for-profit private prisons is earning a profit for their shareholders, there is a basic and fundamental conflict with the concept of rehabilitation as the ultimate goal of the prison system. We believe that this is a glaring and significant flaw in our justice system and that for-profit private prisons should be abolished." The recently published pamphlet includes a study and action guide designed for personal and class use.

Prison Privatisation: International Trends and Implications for South Africa. Report of an Open Society Foundation for South Africa seminar, Cape Town, August 2003. www.osf.org.za/Publications/Default.asp# The seminar was timed to coincide with current developments in South Africa. This document includes the presentation and a report of the question and answer session that followed.

"I know where you live!": Electronic Monitoring and Penal Policy in England and Wales 1999-2003, Dr. Mike Nellis, University of Birmingham, England, British Journal of Community Justice, Volume 2, No: 3, Spring 2004, Research Centre for Community Justice, Sheffield Hallam University. Details from www.cjp.org.uk The paper argues that the emerging EM technologies being used with offenders in England Wales "constitute the beginnings of a significant transformation of the way in which community supervision will be understood and undertaken in the early decades of the 21st century." Although the author has not "dwelt here on the private sector dimension" he notes that the increasing use of contracting out is a further aspect of the transformation process and that the increasing use of commercial organisations "is likely to give increased momentum to surveillant approaches and to further displace humanistic ones."

Privatisation Update #11, Corrections USA, www.cusa.org "The information the private prison industry hopes you'll never see." The latest of CUSA's dossiers of mostly US press coverage of the private prison industry's failings from July to December 2003.

Private Juvenile Prisons: A Compendium of Media Reports August 1998 -December 2003, Corrections USA, www.cusa.org "What the private prison industry doesn't want you to know." A 44 page state-by-state dossier of press coverage. CUSA will also soon be publishing Private Jails, MTC Compendium and Private Medical Compendium.

The Death of Tallulah Prison by Xochitl Bervera, Colorlines, Summer 2004 issue, www.colorlines.com The article describes the worst excesses of profiteering and human right abuses at this Louisiana prison. It also documents the emergence and campaign of Families and Friends of Louisiana's Incarcerated Children (FFLIC), a state-wide juvenile justice movement.

Prescription for Disaster: Commercializing Prison Health Care in South Carolina, by Marguerite G. Rosenthal, Grassroots Leadership www.grassrootsleadership.org & South Carolina Fair Share www.scfairchare.org, April 2004 This report documents "the many problems

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- from seriously deficient services provided to prisoners to cost overruns and unpredictable, unstable contracting - associated with privatised health services in South Carolina and the nation at large."

Consensus, May 2004, Citizens Alliance of Prisons & Public Spending, www.capp-mi.org This issue of the Michigan-based CAPPS newsletter includes a critical cost analysis of the privately run Michigan Youth Correctional Facility, dubbed 'the punk prison'. CAPPS argues that taxpayers are paying for a maximum security prison while two thirds of the prisoners are much lower risk.

Pan-African Conference on Penal and Prison Reform in Africa, Ouagadougou, Burkina Faso, 18-20 September 2002, Penal Reform International, www.penalrefrom.org Details the proceedings including the Ouagadougou Declaration and Plan of Action, workshop reports, debates on prison privatisation and the establishment of an all-Africa association for prisons and correctional services.

Report of an Announced Inspection of Non-Metropolitan Court Custody Centres, July 2003, Office of the Inspector of Custodial Services, Western Australia, January 2004. Published March 2004, www.custodialinspector.wa.gov.au The third inspection report into aspects of Western Australia's court security and custodial services contract operated by AIMS Corporation (Sodexho). Covering the regional court custody centres the inspection found "the same pattern of inadequate partnering" as in the two earlier reports on other parts of the system. Recommendations for improvements were directed at both the department of justice and the company.

Prisons in Victoria: Accountability mechanisms in the part-privatised prison service, by Valarie Sands, Alternative Law Journal, Vol. 29 No.1, February 2004. www.altlj.org This article reviews "a number of historical and contemporary developments and issues in the public sector as well as the simultaneous evolution and application of these concepts to the Victorian prison system ... a number of questions about the independence and accountability consequences of the new corrections inspections and regulatory framework have been exposed."

Private Capital Punishment: The Florida Model, by Ken Kopczynski, 1st Books Press, 1663 Liberty Drive, Suite 200, Bloomington, Indiana, 47403, Review by Michele Y. Deitch, attorney, Center for Criminal Justice Alternatives, Texas. The book is subtitled: "A true story of corruption, politics, and the for-profit private prison industry." The work is essentially a heavily documented exposé, but one with significant policy implications. Kopczynski is an expert on private prisons and he serves as the legislative liaison for the Florida Police Benevolent Association. This book tells the tale of how he developed his expertise and anti-privatization convictions through his investigation of the private prison industry in Florida, and his subsequent exposure of a scandal that had reverberations throughout the industry. By now, it is well known that the academic 'guru' on prison privatisation, Charles Thomas, has been discredited. The details of the story are less well-known, as is the companion tale of the resignation of the executive director of the state agency that oversees private prisons in Florida. But with the publication of Kopczynski's book, those sordid details are laid bare for all to see. This privatization story makes you feel dirty and angry. In a nutshell, Dr. Charles Thomas, a University of Florida professor and director of an academic research center on private corrections, had been a longtime darling of the private prison industry for his favorable research findings on the benefits of privatization. Thomas also consulted for the Correctional Privatization Commission, the state agency charged with independent oversight of private prisons in Florida, and was conducting a cost-benefit analysis for the state on privatization. Kopczynski was curious about Thomas' work and began asking questions about the funding of his research center. After some significant investigative work, he uncovered evidence that the leading private prison vendors were subsidizing Thomas' research and that Thomas had collected almost $400,000 from them over the previous eight years. In addition, Thomas had recently been named to the Board of Directors of the Correctional Corporation of America (CCA)'s Realty Trust, where he was paid and had an option to purchase shares of the Trust, and he owned a significant number of shares in a variety of private prison companies (later found to be worth $600,000). Kopczynski's findings led him to file an ethics complaint against Thomas, a state employee, with the Florida's Ethics Commission. While the ethics investigation was pending, amazingly, Thomas performed

consulting services for CCA and collected a fee of $3 million! Ultimately, the largest fine for an ethics violation in Florida's history was lodged against Thomas, and under pressure, he resigned from his tenured position at the University. Kopczynski's impressive investigation revealed some other financial irregularities. For example, Thomas and the director of the state oversight commission, Mark Hodges, did consulting work together on privatization-related projects; Hodges abused his position and used state resources to undertake conflicting consulting work; Hodges had hired the chair of the state oversight commission - his boss - as a subcontractor on an in-state project; Hodges had accepted honoraria and a trip to Hawaii paid for by a private vendor; and Hodges had falsified records to cover his activities. Perhaps the most audacious act uncovered by the investigation was that Hodges had been paid $15,000 for essentially selling the Florida manual for contract monitoring of private facilities to the city of Youngstown, Ohio! Hodges too fell from grace, lost his job, and was subjected to ethics fines. If this book were only about individuals whose greed led them to fall afoul of ethics rules and who were hoisted on their own petard, it would be interesting but not nearly as important as it is. What makes this a cautionary tale that deserves to be better-known is that Kopczynski reveals patterns in the way that for-profit prison vendors do business. For example, we see the private sector 'investing' in experts who serve their needs by providing a supposedly objective voice in favor of privatization. Kopcyznski even suspects that private vendors approach communities or agencies needing a jail or prison and persuade them to bring in one of these 'unbiased' experts as a consultant or to testify as to why the community or agency should privatize. The indirect arrangement benefits the experts who get paid (and later are referred for other jobs), and, of course, the vendors. And we also see the extent to which those charged with protecting the state's interests are presented with constant temptations and subtle pressures to step in line with industry wishes and to promote privatization. The amount of money at stake with privatization of prisons is enormous, and one suspects that the misdeeds revealed in this book are only the tip of the iceberg. There is an obvious lesson here: those hearing testimony in support of privatisation need to have a healthy level of scepticism about possible conflicts of interest on the part of these advocates (and, of course, on the part of advocates for the other side as well). But beyond this, the book raises significant doubts about the effectiveness of the Florida model for overseeing private prisons. The Correctional Privatization Commission was roundly criticized by Florida Corrections Commission and the Auditor General for its lack of meaningful oversight of private prisons and for its inadequate management controls. Moreover, Governor Jeb Bush and the Department of Management Services each recommended abolishing the agency, but the industry blocked any legislative effort to do so. Kopczynski argues persuasively that it simply does not work for an agency outside the department of corrections to manage private prison contracting and monitoring. What appears on the surface to be independence is little more than an unfettered opportunity for co-option and corruption. States like Texas, which last legislative session actively debated a shift to this "Florida model" of private prison oversight, should take heed. *This is an edited version of Ms Deitch's review and is reprinted with permission from Correctional Law Reporter, Vol. 15, No. 6 (April/May 2004), pp. 88, 92. Copyright ©© 2004 by Civic Research Institute.*

Prisons and Their Moral Performance, A Study of Values, Quality and Prison Life, Alison Liebling assisted by Helen Arnold, Oxford University Press, 2004. This book, in the Clarendon Studies in Criminology series, is a critical study of modern public sector reform. "The modernisation project, in which privatisation plays a significant role, is part of a search for rapid organisational progress, in which better, firmer, management aims to secure better, more efficient and more effective public services. This new reform ethic brought with it the new, but flawed, craft of performance monitoring and measurement." Sections of the book are devoted to research from 2000-01 comparing privately managed Doncaster prison with four public sector prisons. "There are some positive characteristics of the public sector - the theta type core values- which matter. These values are broader more carefully balanced and they exist at a higher level than those values we found being practised at Doncaster, despite this establishment's undeniably impressive achievements."

The authors "reject the ideological claim that private is better whilst hoping that the public sector might learn from both its successful and disastrous experiments with privatisation" and suggest that there are in their account "some implications for the public-private debate, as well as for the increasing use of

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imprisonment, to which privatisation is often thought to be logically connected."
The Prison Industry: Carceral Expansion and Employment in US Counties, 1969-1994. Gregory Hooks, Clayton Mosher, Thomas Rotolo,Washington State University, and Linda Lobao, Ohio State University, Social Science Quarterly, Vol. 85, No.1, March 2004, The authors of this study found no evidence that prison expansion has stimulated economic growth. In fact, they provide evidence that prison construction has impeded economic growth in rural counties that have been growing at a slow pace. They conclude that, despite sharp ideological and intellectual differences, the critics and the advocates of the prison construction boom share the assumption that prisons can contribute to local growth, especially in hard pressed local areas. "This belief flies in the face of mounting evidence that state and local initiatives rarely have a significant impact on growth; this belief is also contradicted by our analyses." This study is the first comprehensive and longitudinal assessment of prison construction on local areas.

Force and Fraud: A Radically Coherent Criticism of Corrections As Industry, Michael Welch, Rutgers University, Contemporary Justice Review, 2003, Vol. (6 (3), Routledge. This article "uses blunt language to describe and decipher formal responses to crime that have produced an increasing reliance on incarceration which, in the light of market forces, manifests as an economic engine...the corrections industry operates as a mechanism of social control predicated on generating revenue along with various ideological dividends for the state as well as private interests."

Public risk for private gain? The public audit implications of risk transfer and private finance, Allyson Pollock and David Price, Public Health Policy Unit, School of Public Policy, University College London, UNISON, July 2004, www.unison.org.uk "On the basis of our study of the National Audit Office inquiries [into operational PFI/PPP schemes] we show that the government's claim that the higher costs of private finance are due to risk transfer is largely unevaluated for central government PFIs." The report includes a very brief case study of the refinancing of Altcourse prison.

Globalisation and Private Prisons, Stephen Nathan, Howard League Magazine (HLM), Volume 22, Number 3, July 2004, www.howardleague.org The article provides a snapshot of recent international developments noting that while early 1990s predictions for a global industry have not yet been achieved "the industry is growing and there appears to be no shortage of investors keen to capitalise on incarceration for profit."

The Perils of Private Prisons by Stephen Nathan and Enver Solomon; and Who Delivers and Why it Matters by Richard Garside, Safer Society, Number 21, Summer 2004, NACRO, www.nacro.org.uk Two of the articles in this issue of NACRO's journal devoted to presenting arguments for and against the development of the National Offender Management Service (NOMS) in England and Wales and the extension of competition into prison and probation services.

Paying the cost? Public Private Partnerships and the public service workforce, Sanjiv Sachdev, Catalyst, June 2004, This paper concludes "government claims that the private sector can bring new innovations and efficiencies to public service delivery that are not at the expense of public service employees do not sit comfortably alongside the evidence that does exist as to the impact of PPPs" and that "there are serious grounds for concern that PFI/PPPs are contributing to greater income inequality, a deterioration in terms and conditions particularly among relatively low-paid staff, and may be setting future problems in store as a result of poor pension provision." The report includes information about wages an conditions in private prisons in England and Wales.

Scottish Court Service, Sheriffdom of North Strathclyde, Inquiry Held Under the Fatal Accident and Sudden Deaths Inquiry (Scotland) Act 1976, Determination by William Seith Stanners Ireland, Sheriff of North Strathclyde at Kilmarnock following an inquiry held on 30 October 2003 and 11/12 February 2004 into the death of Raymond Talent. Published July 2004. This report into the death of a prisoner at Premier Prisons-run Kilmarnock found "unexplained gaps in the medical records ... that impeded the inquiry into the circumstances of the death

and that the Scottish ministers and Premier ... should, as far as practicable, ensure that all medical and nursing staff at HMP Kilmarnock is advised of the importance of meticulous record keeping ..."**The Detention Industry, Background Briefing, ABC Radio National, 20 June 2004,** www.abc.net/au/rn/talks/bbing "Immigration detention is now a billion dollar business. It is closely linked to the private prison industry, otherwise known as the 'corrections industrial complex'. In Australia, Europe and the United States a small number of multinational corporations are competing for government contracts to lock up asylum seekers and illegal immigrants. And some of the biggest banks and investment funds are lining up for a slice of the action." This programme profiles recent developments.

Management of the Detention Centre Contracts - Part A, The Auditor General Audit Report No.54 2003-04, performance Audit, Australian National Audit Office, www.anao.gov.au This is the report of an investigation into the federal government's contract with Australasian Correctional Management (ACM) between February 1998 and February 2004. It found that the contract lacked a risk management strategy, management plan and clear roles and responsibilities. Ambiguous language defined the contract specifications. The points method used to calculate ACM's performance fee was "an ineffective mechanism for sanctioning persistent below-standard delivery".

Government of Western Australia, Department of Justice, Annual Report, Contract for the Provision of Court Security and Custodial Services, 30 September 2004, www.justice.wa.gov.au The report provides an overview of services provided under the contract by Australian Integration Management Services Corporation (AIMS Corporation), (This year AIMS delivered the basic services in accordance with the contract...however a training and recruitment shortage throughout the year has meant AIMS Corporation was unable to keep up with rising demand and service standards remain a concern." The department "focused its energy for a considerable part of the year on negotiating with AIMS Corporation a reduction in the cost of the contract which was more than A$18.5m this year-well in excess of the price originally anticipated when the contract was established four years ago. In this context, services were being re-scoped and annual savings of A$1.5m had been identified by year end." AIMS Corporation "could have earned A$809,113 in performance - linked fees for the year, but instead current assessments result in penalties of more than A$420,000." As AIMS Corporation and the department move into the fifth operational year, there are serious issues to be resolved in the structure and management of the CS &CS contract. Despite some basic services being delivered well, the report ... tabled in Parliament in August 2004, confirms issues of concern and reinforced the imperative that the department carefully considers the options for managing court security and custodial services in the future."

Inspection of the Interim Arrangements At the Supreme Court Following The Escape of Nine Prisoners from the Custody Area on 10 June 2004, Office of the Inspector of Custodial Services, Report No.25, December 2004, At approximately 10.45am on Thursday 10 June 2004 a group of nine prisoners escaped from the main holding cell at the Supreme Court Custody Centre). The group "easily overpowered" officers employed by Australian Integration Management Services (AIMS) took the custody centre keys from one of them and escaped through a side door into the Supreme Court Gardens." The Inspector's report - minus three passages "deliberately shaded out for security reasons" included 10 recommendations.

Managerialism in Australian Criminal Justice: RIP for KPIs? Arie Frieberg, Dean, Faculty of Law, Monash University, Inaugural Lecture 17 November 2004, Melbourne. "Because it has been embedded in the modernising process of government and has transcended party politics, managerialism has been relatively unremarked in the general Australian criminal justice literature, though not completely unnoticed." This paper "argues that the influence of managerialism has been pervasive, powerful and, in some cases, pernicious. On the other hand, where it has been allied with good management, it has brought efficiency, effectiveness, economy and clarity of purpose which was lacking from many parts of a system which was very far from perfect. Finally, it argues that a post-managerialist system can potentially take the best of reforms of the last few decades to create a hybrid combining good governance with humanity and justice."

Information collected from the internet for this report

Regulatory independence, public accountability and the Victorian Prison System, Valarie J. Sands, Centre for the Study of Privatisation and Public Accountability, Faculty of Law, Monash University, Australian Journal of Public Administration, 63(4) December 2004. "One of the most frequently used arguments supporting the introduction of privatisation into a prison system is that it will strengthen accountability ... this article examines the claims made by the Victorian Minister for Corrections that the Seamless Systems model would provide more independent monitoring and review of Victoria's prisons." It concluded that: "the latest restructuring in 2003 of Victoria's part-privatised prison poses a significant risk for public accountability and requires attention to ensure both the private and the public prisons are held to account."

The risky business of public-private partnerships, Professor Graeme A Hodge, Director, Centre for the Study of Privatisation and Public Accountability, Faculty of Law, Monash University, Australian Journal of Public Administration, 63(4) December 2004. "This paper aims to investigate, on an empirical basis, the realities and risk transfers in PPPs and compare this experience against both the rhetoric of project proponents and the formal contract conditions."

Immigration Detention vs Imprisonment: Differences explored, Matthew Groves, Alternative Law Journal, Vol 29:5, October 2004. With all of Australia's immigration detention centres contracted out to the private sector, this article "examines the laws governing both criminal imprisonment and immigration detention and the principles that distinguish them."

The Raggedness of Prison Privatisation: Australia, Britain, Canada, New Zealand and the United States Compared, Kim Richard Nossal and Phillip J. Wood, Queen's University, paper prepared for the Prisons 2004 conference on Prisons and Penal Policy: International Perspectives, City University, London 23-25 June 2004. "The purpose of this paper is to explain the uneven pattern of prison privatisation." It examines "the push for prison privatisation in five countries that have roughly comparable legal and penal systems and share a common liberal bourgeois ideology..." The authors conclude that: "no generalised explanation of the pattern of prison privatisation emerges beyond the rather obvious observation that the election of a party with a commitment to trying out the putative benefits of privatisation is a necessary (but not sufficient) condition for the introduction of private prisons."

Ironies of imprisonment, Michael Welch, Rutgers Univesity, Sage Publications, 2005. This book, with a foreword by Professor Todd Clear of John Jay College, "explores the ironies of imprisonment while contributing to a critical penology that strives to understand problems facing punishment." Chapter 9, entitled Punitive Profit, "... contributes to critical penology by challenging the uncritical acceptance of a crime-punishment nexus while scrutinising market forces shaping social control. The author argues that: "While critics question the tortured logic of increasing expenditures in criminal justice that have failed to improve public safety, the corrections industry continues to generate ideological and financial windfalls for politicians, corporations and a growing cast of opportunists..." and that ... "keeping privatisation in a favourable light requires the reproduction of several interlocking myths." The chapter concludes: "Numerous accounts confirm that a prison enterprise geared towards accumulating capital does so by slashing operating costs, most notably labour (ie, professional, well trained staff) and much needed programmes and services (eg, education, medical care, substance abuse treatment). The end results are neglect, abuse and violence."

Measuring Prison Performance: Government Privatisation and Accountability, Gerald G. Gaes, Scott D. Camp, Julianne B. Nelson and William G. Saylor, AltaMira Press, California, September 2004, The authors argue that prison performance must be measured in reference to the goals of a particular prison system. They quote Yergin and Stanslaw (1998): "Where the frontier between state and market is to be drawn has never been a matter the could be settled once and for all...Instead it has been the subject over the course of this century, of massive intellectual and political battles as well as constant skirmishes." They add that; "Prison privatisation is one of those battles. These are the two themes captured in this book-government accountability and prison privatisation. You cannot

discuss one intelligently unless you discuss the other." They also provide a template for the measurement of prison performance. "It is because we have spent a great deal of time trying to assess the relative performance of private and public prisons, as well as the performance of individual prisons within a system, we believe it is time to take a fresh look at the problem and suggest alternative theoretical and empirical solutions."

Comparative Criminal Justice Policy Making in the United States and the United Kingdom: The Case of Private Prisons, Trevor Jones and Tim Newburn, The British Journal of Criminology, Volume 45, Number 1, January 2005, The authors "compare the process of policy change in each country and analyse the factors shaping key policy decisions." They conclude that "given the timescale of developments in both countries, it certainly appears that there was at least a degree of 'policy transfer' frmo the United States to the United Kingdom ... however it is also clear that the story is not so simple..."

Private and Public Sector Prisons: A Comparison of Select Characteristics, Curtis R. Blakely, Vic W. Bumphus, Federal Probation, Office of the US Courts, June 2004. See also Probation Journal, Vol. 51 No. 3, September 2004. "Much of the contemporary literature suggesting differences between the [public and private] sectors are based largely upon speculation rather than observation and research." The authors argue that "by considering prison privatisation, insight can be obtained about the role of the contemporary prison (both private and public) as well as the role that a profit ideology may play in the future application of punishment." The authors use data from the Corrections Yearbook 1998 and 2000 (although data on the private sector were incomplete for 2000) and discuss issues such as demographics, custody and sentencing, salaries, training levels, turnover rates, frequency of assaults and drug treatment.

America's Prisons: The Movement Toward Profit and Privatization Curtis R. Blakely, BrownWalker, USA, 2005. The author describes this book as a supplemental reader. It deals with prison objectives/ideologies, inmate commodification and civil rights infringements. It provides an introductory look at the characteristics of prison privatisation, and the related perceptions held by the federal judiciary and published by the print media.

Making profits out of Human Misery, The Business of Prisons, Prof. Randall Sheldon, Prison Service Journal, Number 157, January 2005. This article critiques the US 'corrections industrial complex' and privatisation and profiles Corrections Corporation of America. The author concludes: "whether or not privatisation of prisons continues (and there are some serious doubts that this trend will continue) prisons and jails will continue to operate, which will still guarantee steady employment for a large workforce, plus continuous profits for those businesses that provide various goods and services."

Prison Privatisation: Who Profits? Prison Reform Trust, London, January 2005, www.prisonreformtrust.org.uk A report on private prisons in England and Wales that raises questions about efficiency savings, performance, pay and conditions and the lack of accountability. The Trust calls for a public debate. "What the Prison Reform Trust is asking is: are there some specific concerns beyond the general debate about privatisation that apply when prisons are involved?" said Rt. Reverend Dr Peter Selby, Bishop of Worcester. " ... to make matter worse there has been little parliamentary scrutiny of the contracts handed to operators, meaning for taxpayers there is a serious lack of accountability. That's why the time is right for a proper public debate on the ethics of introducing the profit motive into our criminal justice system," said Brendan Barber, general secretary of the Trades Union Congress.

It's A Private Affair by Carol Matlack and Raphael Kahane, Business Week, 18 October 2004, www.businessweek.com/magazine/content/04_42/b3904075_mz054.htm The article announced that "the next chapter in the dismantling of Europe's public sector has arrived." Discussing public-private partnerships the authors noted: "So far the trend hasn't attracted much criticism from Europe's powerful public-sector labour unions. That's probably because relatively few of their members' jobs are at stake. Most public works construction is already contracted out, and key employees in the new

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privately operated facilities - such as prison guards, school teachers and hospital nurses – are to remain on the public payroll. But that could change."

Cashing In On Cons, Silja J.A. Talvi, In These Times, 11 February 2005, www.inthesetimes.com/site/main/article/1924/ **see also** www.alternet.org/story/21223

This article is an undercover report on the American Correctional Association's 2005 winter conference in Phoenix. The event was partly sponsored by the private prison industry. The author describes the exhibition hall where "here the discussions were all about increasing profit margins, lessening risks and liabilities, winning court cases and new, improved techniques and technologies for managing the most troublesome inmates."

The Last Jingle Jangle of the Auld Triangle (Mountjoy Closure & Super Prison Construction), This short video asks whether the introduction of PPP schemes into prison building also signals the introduction of private prisons and discusses the alternatives to building a new super-prison in the Republic of Ireland.

Restoring Prison Systems in War Torn Nations: Correctional Vision, Monitoring, and Human rights, Michael Welch, paper presented at the panel "Justice System Restoration in Conflict Torn Nations: Establishing Standards and Making Them Work" Eleventh UN Congress on Crime Prevention and Criminal Justice, Bangkok, Thailand, 18-25 April 2005. www.professormichaelwelch.com This paper "explores the prospects and problems in restoring correctional institutions in nations where criminal justice systems have been dismantled due to war." One of the author's recommendations is that "corrections ought not become privatised. The debate over privatisation of prisons is extensive and complex. In war torn nations facing severe economic hardship, it is understandably tempting for officials to abdicate the prison system to a private firm that claims to be more cost effective. To date, however, there is little compelling evidence to support that claim. Moreover there remains an array of ethical considerations relevant to war torn nations as they strive to restore a criminal justice system whose vision rests on legitimacy and human rights rather than commerce, profit, and worse, corruption."

Memphis '68 Revisited, Si Kahn, AlterNet, 6 May 2005, www.alternet.org/story/21953 This article describes how, "with help from some unlikely places, Corrections Corporation of America is hoping to build the largest for-profit private prison in the United States." Information on the campaign to stop prison privatisation in Memphis can be found at www.grassrootsleadership.org.

The print media's portrayal of the private prison, Curtis R. Blakely, Vic. W. Bumphus, Probation Journal, Vol 52(1), March 2005, Sage Publications, www.sagepublications.com **(see also Media Portrayals of Prison Privatisation-A Research Note, Curtis Blakely, Federal Probation, December 2004,** www.uscourts.gov**).** The article draws on a study of the US print media's portrayal of prison privatisation. The authors conclude: "overall, respective article titles and content are becoming less favourable and more neutral. Furthermore, the percentage of unfavourable content has nearly doubled sine 1986, portraying the private prison more negatively now than ever before. Factors responsible for this trend are unknown, however, given the increased scrutiny of privatisation by politicians, labour unions and academicians, a more critical approach by the media is somewhat expected."

Oklahoma Office of Juvenile Affairs Special Investigative Audit Report, Fiscal Year Ending 30 June 2003, Oklahoma Office of the State Auditor & Inspector, April 2005, www.csd.sai.state.ok.us This report into how the State of Oklahoma contracts for juvenile services was conducted at the request of the attorney general. It found questionable costs and service delivery, a lack of public accountability and a range of questionable practices including a state statute that appears to provide exclusive privileges to private non-profit corporations and reimbursements for questionable employee related expenses of private contractors.

Cost-Saving or Cost-Shifting: The Fiscal Impact of Prison Privatisation in Arizona, Kevin Pranis, Private Corrections Institute Inc www.CorrectionsInstitute.org in collaboration with American Friends Service Committee Tucson,www.afsc.org and Arizona Leadership Institute, www.azleadership.org This report does not attempt to determine whether private prisons are more or less costly than public prisons but examines factors that need to be considered as part of any serious comparison. The author concludes that: "... our investigation shows that the research used to justify the expansion of [Arizona's] private prison programme is methodologically flawed, outdated, and in one case, discredited by the researcher's financial ties to the private prison industry. Further, critical issues such as the implications of municipal bond financing of private expansion have never been addressed."

Risk Weighting and Accounting Choices in Public Private Partnerships: Case Study of a Failed Prison Contract, Linda English and R.G. Walker, Australian Accounting Review, Vol. 14, No. 2, 2004. www.cpaaustralia.com.au **(This issue includes a number of articles on public-private partnerships).** In 2000 Victoria's state government bought out the contracts for Australia's first privately financed, designed, built and run prison, the 125 bed Metropolitan Women's Correctional Centre at Deer Park, Melbourne. The prison had suffered four years of persistent problems. This paper is a case study " ... that shows how ex ante assessments of the extent of risk transfer from public sector agencies to private sector contractors were inadequate. Those assessments placed undue weight on some risks and failed to assess others." The authors also stated:
"The case of Deer Park shows that, in reality, it is very difficult for the state to transfer the ultimate responsibility for services which are perceived by the public as being core." (NB: Assessments of likely economic impacts of potential or proposed projects are termed ex ante impact assessments).

Curb the Enthusiasm for Privatisation and US Prison Companies, S. Nathan, Prison Service Journal, Issue 158, March 2005. In the summer of 2003 the chief executive of England and Wales' National Offender Management Service went to the US, met with representatives of three prison firms and "started a dialogue with them about the possibility of their bidding for future work." This article looks at the record of US prison operators in the UK to date, the research findings in the US that, overall, show that the claims for privatisation are unproven and calls into question the continued use of such firms in the UK.

Her Majesty's Inspectorate of Prisons, Report on HM Prison Kilmarnock, January 2005, Published 26 April 2005, Scottish Executive. The findings of an inspection carried out 25-29 October 2004 at Premier Prison Services-run Kilmarnock Prison. The chief inspector of prisons for Scotland noted that: "there are few activities available to prisoners when they are out of their cells in the evening and at weekends "and that "the provision of learning is impoverished: there is a lack of proper provision for basic education in reading, writing and numeracy." Food was described as "not good". The inspector also commented on low staffing levels and a high turnover of staff compared to public prisons. "last year's report was critical of the provision of opportunities for remand prisoners: one year later this report finds almost no difference." He described relationships between staff and prisoners as "good". The chief inspector listed 49 suggested improvements. The prison opened in 1999.

Electronic Monitoring: exploring the commercial dimension, Mike Nellis, CJM, No 58, Winter 2004/05, (magazine of the Centre for Crime and Justice Studies) www.kcl.ac.uk/depsta/rel/ccjs//cjm/cjm.html This article profiles Dmatek. "The electronic monitoring of offenders is of growing significance across the world. Although loosely understood to be part of the 'commercial corrections complex' the companies involved in manufacturing this new technology have been largely opaque to criminologists and penal reformers. This paper, part of a larger work in progress, goes some way to demystifying one of them."

Electronically Monitored Curfew Orders: Time for a Review, National Association of Probation Officers (NAPO), April 2005. www.napo.org In this report NAPO argues that the electronically monitored curfew order, administered by private security companies, should be scrapped.

Information collected from the internet for this report

Electronic monitoring "costs twice as much to tag somebody as to supervise them by a member of the Probation Service." Electronic monitoring "is now a multi-million pound business set for a major expansion after the election, yet the figures clearly show that the profit is huge and hardly value for money. It is also extraordinary that violations are not monitored or routinely followed up. There is an overwhelming case for the withdrawal of the curfew order. The time is surely right for an independent assessment of this concept."

3 Investigates: Tagging Criminals, BBC TV, March 2005,

Another BBC investigation following on from undercover reports on Kilmarnock prison and immigration detention and escort contracts, this programme "investigates the companies paid millions through government contracts .... and asks the crucial question does it really reduce reoffending rates?" The programme also "uncovers a catalogue of technical failures and mismanagement that has led to criminals being left unmonitored and free to exploit the faulty system. The programme discovers from Home Office analysts how funding for research into electronic monitoring was withdrawn and reveals that existing research cannot prove tagging improves reoffending statistics over the long term."

Group 4 Securicor-Giving the World and Investors a Sense of Insecurity, First Alternative Annual Report, Service Employees International Union, May 2005, www.FocusOnGroup4Securicor.com "The first ever Alternative Annual Report on Group 4 Securicor identifies the major risks posed to the company's 2005/6 performance from its approach to labour and training standards, particularly in the US." The report does not deal with the company's correctional services operations but instead assesses the security company's activities - and Wackenhut Corporation's in particular - since the 2004 merger. According to the SEIU, "there is a growing concern that as the global security industry consolidates, there is the potential for lower US standards to become a model for operations everywhere." The SEIU is campaigning for the company to "become a better corporate citizen." The company's Annual General Meeting is in London on 30 June 2005.

A Study of Best Practice in Prison Governance, Chris Tapscott, Civil Society Prison Reform Initiative, Community Law Centre, University of the Western Cape, Research Paper No. 9, 2005, The investigation "set out to establish those elements of private prison management which could be introduced into state prisons without excessive costs..." and "... to discover best practices in the governance of five state prisons designated as centres of excellence, together with the two privately managed institutions. The investigation found that there is a range of best practices evident in the management and administration of both private and state prisons. Some of those practices relate to the effective way in which national policies are being implemented, while others reflected innovation on the part of the individual prisons and their managers." The author notes that: "in assessing practices in the two private prisons, cognisance was taken of the fact that the contractual arrangements under which these institutions operate provide them with distinct advantages over state prisons. Amongst the most obvious ...is the fact that the prisons accommodate the precise number of offenders for which they were designed and their staff-to-prisoner ratios remain constant and appropriate." Meanwhile "the physical amenities and resources available to private prisons render direct comparisons with state prisons meaningless, it is evident that much of the success of the private prisons may be attributed to the management regimes under which they operate." Tapscott also found that medical, educational and training facilities as well as food preparation were generally better in the private prisons as was the use of new technology that allowed best practices in gang management and information systems. Prisoners leave the private prisons for the state sector six months before their release and "there are no best practices in tracking recidivism in either the state or private prisons." In the state prisons examined, overcrowding varied from 13% in one facility to 116% in another which, the author noted, "tends to have a multiplier effect, aggravating staff shortages and resource constraints and exposing weaknesses in administrative practice." Overcrowding led to staff shortages "from the fact that their staff establishment is based on the number off offenders which the prisons are built to accommodate, rather than the number which they actually accommodate." Several of the prisons visited "were not being used for the specific purposes for which they were designed ...as a consequence neither the layout of the prison nor the facilities available facilitate the processes of

rehabilitation. In contrast, the design and occupancy levels of the two private prisons themselves lend themselves directly to the objectives of both rehabilitation and security." The findings, presented to seminar at the Institute of Security Studies in Pretoria on 14 November 2005, attracted media coverage for some the private sector's advantages. For example, under the headline 'Private Prisons doing a better job' Business Day 15 November 2005 highlighted some of the good practices identified in the report but failed to explain the context.

Carcel de Pococi, Sala Constitucionale de la Corte Suprema de Justicia, 2004-10492. The decision of Costa Rica's constitutional court in the case brought by the ombudsman against the government's proposal to privately finance, design, build and operate a new prison at Pococi.

Inspecting Private Prisons: An evidence-based critique of the Prison Inspector's call to introduce private prisons in Ireland, Irish Penal Reform Trust, August 2005, "Citing the most recent research from both Government and independent sources in the UK, US Australia and elsewhere, the IPRT report shows the international evidence of prison privatisation does not support the Inspector's recommendations or [Justice] minister McDowell's plans ...catalogues a series of false or unsubstantiated claims about the experience of private prisons made in the Inspector's Annual Report,".

Thematic Review, The joint inspection of prisoner escort and court custody in England and Wales undertaken by MCSI Inspection of Court Services (HM MCSI) and HM Inspectorate of Prisons (HMI Prisons), June 2005, published August 2005. In August 2004, a new generation of contracts for the delivery of prisoner escort and court custody services came into effect in England and Wales. Three companies, GSL, Premier Custodial Group and Reliance Custodial Services, collect prisoners from prisons and police stations and escort them to court. At court, the contractors operate the court custody facility and supervise the prisoners. They also transfer prisoners to and from courtrooms, supervise them whilst in the dock and escort prisoners back to designated locations after the hearing. "We are pleased to report that our inspection has confirmed previous impressions that staff employed by all the custody contractors are generally caring, compassionate and respectful towards the prisoners in their care. There have been improvements in the provision of food and information, and an end to the appearance of prisoners in paper suits. However, the attention given to meeting the diverse needs of prisoners is limited and variable." The inspectors also noted that: safety and security is generally well managed although the communication of risks is not always effective ... the standard of custody facilities is improving and most are acceptable. However, the gap between the best and the worst is too wide. Poor joint working between the agencies involved compromises the management and maintenance of some facilities; poor implementation of the new contracts, and less than effective joint working, have also characterised the period following the introduction of new contracts for escort and custody in August 2004. Performance under the new contracts has been very disappointing, with prisoner welfare and court business suffering due to late arrivals at court and late returns to prison; much of the attention has rightly been on the activity of the contractors and it is clear there is still much work to be done by them to improve performance. However, the prisons and courts need to recognise the role they too have to play in improving performance; we are concerned that unless the National Offender Management Service (NOMS), the contractors and Her Majesty's Courts Service (HMCS) work together to identify and implement system-wide improvements to escort and custody, the levels of performance that could be achieved under the new contracts will not be realised. The signs of improvements that have been observable since last autumn are likely to plateau without more joint working. Contractors will continue to be unable to meet all their obligations, but will successfully plead mitigation against any penalties imposed if the reason for poor performance lies outside their control. The Times, 3 August 2005, reported that: "fines of £295,000 have been imposed because of up to 25 escapes from contractors between 1 September last year and 14 June this year."

The Perrie Lectures: The Price of Everything, the Value of Nothing? Managerialism, in the Prison Service, Prison Service Journal September 2005, No. 161, c/o Print Shop, HMP Leyhill, Wotton-under-Edge, Gloucestershire, GL12 8BT, UK. Four lectures given in June 2005 and published, as the Journal's editor states, "as the final decision on whether to reinstate the [market

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testing of three prisons] competition is made. This has significant implication for the future direction of prison reform: will it be based on efficiency and competition or distinctive public service values?" In his lecture, Imprisonment: The Four Blair Principles, Dr Andrew Coyle, professor of Prison Studies, Kings College, London, referred back to 1993 when, in opposition, Tony Blair was firmly against privatisation. He recalled one of Blair's arguments that: "there is a danger that if you build up an industrial vested interest into the penal system ... there is a risk that that distorts the penal policy that otherwise you would introduce." Coyle said: "...I would like to suggest that the real issue is not about whether private prisons are managed more effectively and efficiently than public ones, or vice versa. The fundamental change which has come about with the introduction of privatisation is the concept of prison as a marketplace and a business which will inevitably expand. This is epitomised in the press release issued by GEO Group Inc on 1 December 2004 ... announced that GEO had established a head office in the United Kingdom to vigorously pursue new business opportunities in England, Scotland and Wales, which currently represents the second largest private correctional market in the world." Coyle also noted: ..."the requirement that all new prisons should be provided by the private sector has meant that the financial and social costs of an increasing use of imprisonment have not been subject to public scrutiny ... importantly in social terms the government has not encouraged public debate about why so many additional prison places are needed, being content to argue that it will provide as many places as are necessary to protect the public. This, I assume, is exactly what Mr Blair had in mind when he pointed out that the introduction of private prisons would distort penal policy." In another lecture, Prison and Public Policy, journalist Jon Silverman remarked: "I think the artificial polarisation between public and private prisons throughout most of the '90s was a smokescreen behind which prison still signally failed to connect with the rest of society."

The Future of Probation, written submission to the Home Affairs Committee on the Home Office document 'Restructuring probation to reduce re-offending'. Probation Boards' Association Critique of 'the NOMS Partial Regulatory Impact Assessment (RIA)', The Probation Boards Association, These documents outline the organisation's arguments against the government's plans for the service (which include market testing and privatisation, see above). The PBA calls for "a Royal Commission to explore in depth the issues facing the criminal justice system as a whole..."

Inquiry into allegations of racism and mistreatment of detainees at Oakington immigration reception centre and while under escort, Report by the Prisons and Probation Ombudsman for England and Wales July 2005, This is the report of an investigation commissioned by the then minister for citizenship and immigration, in response to the BBC documentary Detention Undercover: The Real Story aired on 2 March 2005. The programme reported the alleged findings of two undercover researchers whilst employed by the contractor, GSL, at Oakington reception centre and on in-country escorting. The Ombudsman, Stephen Shaw, concluded that: "The BBC programme ... showed only one incident of physical abuse of a detainee. However, what it demonstrated beyond doubt was the existence of a sub-culture at both Oakington and amongst escort staff of contempt for foreigners, managers, and the Immigration Service. That sub-culture also evidenced a casual acceptance of violence and abuse. Although I am certain that many GSL staff and managers were disgusted and ashamed by what was what revealed - and for that reason the scale of the problem should not be exaggerated by tarring everyone with the same brush - the nature of the problem was appalling." He added: "Nor is this a problem for the one company, GSL, alone. GSL only took over the escort contract in January 2003 when its then parent company acquired Wackenhut and took over the staff, uniforms, vehicles and existing ethos. Moreover, amongst the BBC's un-transmitted material was footage relating to a Securicor employee, and some of my witnesses referred to difficulties at removal centres run by other firms. It is also noteworthy that, had it not been for the BBC film, Officer A would today be working with prisoners at HMP Peterborough having passed the contractor's (UKDS's) vetting procedures."

Shaw also said that "To try to rid the system of such a sub-culture, I believe action is needed to strengthen management (especially front-line management), to increase monitoring, and to encourage moral integrity

and resilience on the part of staff." The Ombudsman made 54 recommendations.

The Evolution of Immigration detention in the UK: The Involvement of Private Prison Companies, Christine Bacon, Working Paper No. 27, Refugee Studies Centre, Department of International Development, University of Oxford, UK, September 2005, "Despite the government's assurance that detention is used only as a 'last resort', a growing number of asylum seekers, who are not suspected of or charged with any offence, are routinely detained in purpose-built detention centres and criminal prisons throughout the UK. This use of detention has expanded rapidly, from a capacity of 250 places in 1993 to the present capacity for 2,644 persons. "This thesis looks at how the privatisation of immigration detention centres has affected the evolution of the immigration detention regime in the UK. The thesis is that the privatisation of immigration detention centres is open to criticism on a number of levels, and can be directly linked to the growth of the detention estate, the willingness to detain despite clear principles and rules limiting its use, the secrecy and lack of accountability inherent in immigration detention, and in some respects, the move towards increasingly harsh detention policy and practice. It concludes that the implications of privatisation of immigration detention centres are of grave concern and that at the very least, boundaries as to the extent of private involvement and the capacity of detention space should be clearly defined. This is especially significant when considering the detention of asylum seekers, who should be detained only as a 'last resort'.

Women in Immigration Detention: More Questions than Answers, by Eva Cox and Terry Priest, University of Technology, Sydney, August 2005. "The ... paper details some of the ways in which immigration detention facilities are administered and how the system can cover up abuses of the basic rights and needs of detainees." The authors argue that: "There is ample material that supports the dysfunction of the immigration detention system, much of which emerged before recent official highlighting that the system is out of order, and is in fact seriously damaging to many detainees." One recommendation is "an urgent review by the Australian National Audit Office of the appropriateness of contracting out the management ... to the private sector."

Findings and Recommendations from Report of Investigation on behalf of the Department of Immigration and Multicultural and Indigenous Affairs, Knowledge Consulting, 2005. This report finds that the transfer of five detainees from Maribyrnong Immigration Detention Centre (MIDC) to Baxter Immigration Detention Facility (BIDF) on the 17 and 18 September 2004 was "poorly planned and executed." The Detention Services Provider, GSL (Australia) Pty Ltd (GSL), had in place a generally sound Operational Procedure that had been approved by DIMIA to govern the conduct of the External Transport and Escort of detainees between detention centres. The GSL (Australia) officers who planned and executed the escort failed to follow this approved procedure. This failure "resulted in serious violations of the Immigration Detention Standards and of GSL's External Transport and Escort Services Generic Operational Procedure No. 12.5, as follows: failure to provide medical assessment and/or treatment for detainees upon whom force had been used and who may have been injured prior to them being placed in the escort van; inadequate provision of basic amenities including food and fluids; sensory deprivation; denial of access to toilet facilities resulting in detainees having no option but to urinate in their compartments; denial of rest and exercise; failure to meet the special needs of detainees, that is, detainees who could not understand or speak English, by non provision of interpreter services during the escort; disregard of appeals for assistance from detainees in obvious distress; treating detainees in an inhumane and undignified manner; not affording detainees as much personal privacy as is practicable; humiliation of detainees; and Placing the health and safety of detainees at risk. The investigation also "found deficiencies in the training of officers in certain areas". The report contains a number of recommendations.

S v Secretary, Department of Immigration and Multicultural and Indigenous Affairs [2005] FCA 549 (5 May 2005) www.austlii.edu.au/au/cases/cth/federal_ct/2005/549.html Two detainees at Baxter Detention Centre in Australia had been diagnosed with major depression and sought an injunction to restrain the government from detaining them to prevent their assessment for admission to a mental health facility. The court held that the government had a non-delegable duty of care to the applicants who,

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by reason of their detention, could not take care of themselves. The court also observed that: "The service provision was so structured that there was a clear and obvious need for regular and systematic auditing of the psychological and psychiatric services provided ... there has to date been no such audit."

Midas Conway and GSL Custodial Services Pty Ltd (U2005/106) Australian Industrial Relations Commission, Decision by Commissioner Whelan, Melbourne 12 September 2005. Midas Conway, a prisoner held at GSL Custodial Services Ltd's Port Phillip Prison in Victoria, Australia, had his work in the prison laundry terminated by the company in April 2005. The laundry, part of the prison industry programme, provides a commercial business providing services to airlines, oil rigs, restaurants and nursing homes. Remand and sentenced prisoners are encouraged to enter into a work programme. The Commissioner decided that "the provision of work to Mr Conway was a condition of [GSL's] contractual relationship with the State. While they owed Mr Conway a duty of care by virtue of the fact that he was in their care and control, they did not merely by providing him with the opportunity to work become his employer." Consequently, Mr Conway's application under the Workplace Relations Act 1996 was not allowed.

Ombudsman Victoria Annual Report 30 June 2005, PP No. 169, Session 2003-2005, 30 June 2005, Edition 32, www.ombudsman.vic.gov.au The report of the Justice Unit notes that: "The largest number of complaints has been from prisoners in the [GSL-run] Port Phillip Prison, which also has the greatest number of prisoners and the highest turnover. Port Philip deals with 2,500 prisoners per month." There were 192 allegations about Port Philip Prison and 84 allegations about [GEO-run] Fulham Correctional Centre.

The Fox In The Henhouse How Privatization Threatens Democracy, Si Kahn and Elizabeth Minnich, Berrett-Koehler Publishers, Inc. San Francisco, 2005, "Privatisation has been on the right wing agenda for years. Health care, schools, Social Security, public lands, the military, prisons –all are considered fair game." In this book the authors argue that "the market is not the measure of all things, and that a vital public sector is an indispensable component of a healthy democracy." Chapter 5, 'A Worst Case Scenario: For-Profit Private Prisons, concludes: "...Education, not incarceration! is a slogan used by anti-private prison activists and prison reformers. It is a slogan that takes on historical resonance when we remember the struggle to desegregate schools – a struggle that has lessons to teach us about privatisation, then and now."

Endowing Justice, Yale University's Investment In Corrections Corporation of America, A report by the Graduate Employees & Students Organization at Yale (GESO), "This report provides details of Yale's approximately $1.5million investment (through its investment manager, Farallon Capital Management) in Corrections Corporation of America (CCA) the largest private prison company in the United States." It "calls on Yale University to divest its holdings in CCA and to mitigate the effects of prisons on the New Haven community..." The report also notes that "at least 25 other public and private colleges and universities invest in Farallon, which owns 5.5% of CCA."

Exploring the Determinants of Decisions to Privatise State Prisons by Byron E. Price and Norma M. Riccucci, The American Review of Public Administration, Vol.35, No.3, 223-235 (2005) Sage Publications. This study examines the potential determinants of state governments to privatise their prisons. The authors argue that "although the polemics of prison privatisation continue to run high, and governments consistently maintain it is cost effective, few studies have empirically examined the actual determinants of contracting out." This study relies on prison and related data from the calendar year 1990. This base year was selected because it represents a period when states were aggressively privatising their correctional facilities. Moreover, it is 1990 for which we have full data on all variables." The research "shows that the more plausible explanations for the decision to privatise revolve around political and ideological factors such as the overall political and ideological culture of the state. And it is important to note that due to a host of factors such as budgetary constraints and prison overcrowding; even those states that have Democrat-controlled legislatures are forced to privatise their prison." Byron E. Price is the author of **Merchandising Prisoners, Who Really Pays for Prison Privatisation? to be published in March 2006 by Praeger Publishers,** The book "illustrates that fiscal

issues are often trumped by political factors when it comes to the decision to privatise ... and considers the financial and political aspects in depth." He concludes that "the desire to save costs is not the primary reason for state prison privatisation.... This work sets the record straight ... revealing the political bias that often drives these policy choices."

Considering A Private Jail, Prison, Or Detention Center? A Resource Packet For Public Officials, South Texans Opposing Private Prisons and Grassroots Leadership, November 2005 "This resource packet outlines voluminous evidence that privatisation of prisons, jails, and detention centres has correlated with decreased security, inadequate staff training and equipment, inadequate protection of human rights, degrading prison conditions, and poor employment standards." As well as Case Studies of Jail Expansion Scandals in Texas it also includes a review of The Prison Industry: Carceral Expansion and Employment in US Counties 1969-1994, Hooks, Mosher, Rotolo & Lobao, Social Science Quarterly, March 2004, and a new piece, Rent-To-Own Jails: Public Financing of Private Prisons in Texas by Dr Sean Chadwell, Texas A&M International University, Laredo, who concludes: "In sum, as with any kind of business proposal there are risks, some quite significant, to financing jails and detention centres. At the very least, local government officials should always bear in mind that the financiers, engineers, lawyers and operators who back these kinds of projects are salespeople, there to profit from construction and operation of such facilities."

Sexual Violence Reported by Correctional Authorities, 2004, Bureau of Justice Statistics, July 2005, NCJ 210333, This "first ever national survey" selected more than 2,700 US correctional facilities holding 79% of all adults and juveniles in custody and reveals statistics from public, military, ICE, Indian country and 32 private facilities. However, the authors note that: "the absence of uniform reporting and tracking procedures necessitates caution when interpreting the 2004 results."

Electronic monitoring, satellite tracking, and the new punitiveness in England and Wales, Mike Nellis in The New Punitiveness, Trends theories, perspectives, edited by John Pratt, David Brown, Mark Brown, Simon Hallsworth an Wayne Morrison, Willan Publishing, 2005, "The aim of this chapter is to explore and explain the significance of the electronic monitoring (EM) of offenders as it has developed in England and Wales, in the context of the well documented shift towards increased punishment that has occurred there." The author concludes "... even while the managerial surveillant discourse remains ascendant, it is likely that the 'punitive weight' of EM will eventually be increased..."

GPS Tracking: What America and England Might Learn From Each Other, Mike Nellis and J. Robert Lilly, Journal of Offender Monitoring, Summer/Fall 2004, "In different ways, both countries [The USA and UK] can now claim to be world leaders in the use of EM - America's usage is far larger, but England's is far more systematic and strategic."

Prison Privatisation: Some Recent Developments and Issues, Stephen Nathan, Panel Presentation at Penal Reform International's Ancillary Meeting, Eleventh United Nations Congress on Crime Prevention and Criminal Justice, Bangkok, Thailand, April 2005. The author "dispels some myths about public private partnerships" and calls on the UN to "reconsider the call – first made in the 1980s – for a study of prison privatisation to be commissioned."

The Private Finance Initiative: A Policy Built On Sand, Prof. Allyson Pollock, David Price and Stewart Player, Public Health Policy Unit, University College London, October 2005 "An examination of the UK Treasury's evidence base for cost and time overrun data in UK value for money policy and appraisal." The authors conclude that: "Although 677 PFI projects have been approved or completed since 1992, the Treasury has not fulfilled its objective of 'a sound evidence base' for a 'rigorous investigation' of PFI. There is no evidence to support the Treasury's chief justification for the policy, namely, that PFI generates value for money savings by improving the efficiency of construction procurement. Government policy guidance on optimism is flawed and misleading."

Private Prisons in America, A Critical Race Perspective, Michael A. Hallett, University of Illinois Press, March 2006. This book describes how, under the auspices of a governmentally

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sanctioned 'war on drugs,' incarceration rates in the US have risen dramatically since 1980. Increasingly, correctional administrators at all levels are turning to private, for-profit corporations to manage the swelling inmate population. Policy discussions of this trend toward prison privatisation tend to focus on cost-effectiveness, contract monitoring, and enforcement, but in this book the author reveals that these issues are only part of the story. Demonstrating that imprisonment serves numerous agendas other than 'crime control,' the author's analysis suggests that private prisons are best understood not as the product of increasing crime rates, but instead as the latest chapter in a troubling history of discrimination aimed primarily at African American men.

The Rise and Stall of Prison Privatisation: An Integration of Policy Analysis Perspectives, Richard F. Culp, John Jay College of Criminal Justice, Criminal Justice Policy Review, Vol. 16, No. 4, December 2005, Sage Publications, www.sagepublications.com "This article examines prison privatisation policy in the United States from 1984 to the turn of the century by integrating several policy analysis perspectives." The author argues that: "By the turn of the 21st century, the incentive for privatisation began to fade as prison population growth levelled off and federal court oversight of prisons declined. Concurrently anti-privatisation advocacy efforts gained strength, particularly within the faith-based community, limiting the prospect of broader expansion of prison privatisation policy." He concludes that: "...the intractability of the ethical issue makes it unlikely that prison privatisation policy can regain the traction it had during the 1990s."

Progress or Profit? Positive Alternatives to Privatisation and Incarceration In Shelby County, Tennessee, by D. Kaplan and B. Libal, Coalition Against Private Prisons and Grassroots Leadership, December 2005. "This report summarises the experiences of prison and jail privatisation in communities similar to Shelby County and provides suggestions for more effective and cost efficient ways of addressing overcrowding and sentencing."

The US Gulag Prison System by Stephen Lendman, ZNet, 21 April 2006, In this article the author states: "Today the US shamelessly has more people behind bars than any other nation including China with over four times our population..." He argues that: "it's a kind of modern day slavery - a growing state and privately run criminal injustice and prison industry using human beings as their product. In this land of opportunity and the 'free market' all things (and people) are commodities to be."

Lessons from prison privatisation for probation, Alison Liebling, in Rehshaping Probation and Prisons, The new offender management framework, M.Hough, R.Allen and U.Padel (Eds) Policy Press, University of Bristol, 2006, "There will continue to be problems in conceptualising and developing appropriate targets in the awarding of contracts (as well as interpreting the scores). We should be watching carefully to track whether the presence of commercial interests in prison and probation work has a distorting effect on national and regional policy. As other countries rapidly turn to the UK to see what our experience to date has taught us, and as they bow to the same (or even greater) pressure to privatise, we should be armed with rigorous evidence, and a much fuller account of the lessons learned." This contribution is one of a collection of articles based on a July 2005 symposium in London held to "examine the proposals for NOMS because the government had introduced radical proposals for reforming the prison and probation services with limited consultation and with minimal public debate."

Prison Privatisation, in Penal Systems, A Comparative Approach, Michael Cavadino and James Dignan, Sage Publications, 2006, This book includes the chapter Prison Privatisation, in which the authors examine "the nature and extent of private sector involvement in the provision of penal facilities and services" within four groups of countries described as: neo-liberal; conservative corporatists; Oriental liberalist corporatist; and Nordic social democracies. "It is almost certainly not coincidental that the recent revival of private sector involvement in the provision of prison facilities and services should have originated in, and made most progress to date within, the neo-liberal group pf countries."

Speaking of Performance Improvement, Charles Elliott, Prison Service Journal, Issue 163, January 2006, www.hmprisonservice.gov.uk "In prison management, we hear much of 'driving

change forward'; of robust, change centred management; of meeting the targets of the change agenda; even of 'pushing change through'. The mental images that such phrases conjure up are of a group of eager middle or senior managers confronting a reluctant and/or lethargic work force that will respond only in proportion to pressure applied. The final recourse in that pressure is the threat to increase the involvement of the private sector, with the implication that jobs would be lost and/or pay reduced; contestability has teeth." The author argues that this "single image was always misleading."

The Limitations of Electronic Monitoring, Mike Nellis, Prison Service Journal, No. 164, March 2006, www.prisonservice.gov.uk "The electronic monitoring (EM) of offenders remains a key ingredient of government crime control policy and while it has been repeatedly oversold by politicians as a 'get tough' measure, there is no doubt that electronically monitored curfews can add in a useful element of surveillant control to more traditional forms of community supervision, at least with some offenders. There is no reason to think that in itself EM can have a rehabilitative impact, though it may help to sustain an offender's involvement in programmes which do. Moreover, particularly with young offenders, there is also no reason to think that EM will much of a controlling impact either, unless the offenders are simultaneously given incentives and assistance to desist from crime..."

Independently verified reductionism: prison privatisation in Scotland, Christine Cooper and Phil Taylor, in Human Relations, Vol. 58, No. 4 (2005) The Tavistock Institute, Sage Publications "The Scottish Parliament recently considered proposals, which, if implemented, would lead to a considerable expansion of prison privatisation. Both the Scottish Prison Service and the Scottish Executive used what they claimed to be an independently verified cost saving of £700 million as the major justification for these proposals. The way this figure was constructed and used provides an example of the increasing tendency on the part of government to quantify what cannot be quantified, to 'make the invisible visible'. This article uses several methods to interrogate this figure of £700 million, particularly the role played by 'net present value' in its construction. Its fuller significance emerges from an understanding of the contexts of the Private Finance Initiative and Public Private Partnership, the experience of prison privatisation and the foreclosure of alternatives to privatisation. This article is based upon an analysis of government documentation, interview evidence with key players and testimony given by them to a cross-party committee charged with investigating these proposals."

Prison readings, A Critical introduction to prisons and imprisonment, Edited by Yvonne Jewkes and Helen Johnston, Willan Publishing, UK, 2006, This book "provides a critical introduction to some of the main debates and dilemmas associated with prisons an imprisonment, and acquaints students with some of the most relevant literature on the subject." Included are: Prison privatisation: panacea or Pandora's box, by Michael Cavadino and James Dignam and Can prisons be legitimate? Penal politics, privatisation, and the timeliness of an old idea by Richard Sparks.

Report on the unannounced inspections of three short-term non-residential immigration holding facilities: Calais Seaport France; Coquelles Freight, France; and Coquelles Tourist France, 2-3 August 2005, HM Chief Inspector of Prisons, January 2006, published March 2006, An examination of the facilities established under international treaty on French soil by the Immigration and Nationality Directorate (IND). "The fundamental obligation of the Securicor (G4S) staff who run the Calais facilities on behalf of the IND is that detainees are held safely. It was therefore worrying that none of the facilities could appropriately separate men, women and children, nor were appropriate child protection arrangements in place. Basic safety was also compromised by staff uncertainty as to their powers under French law to use force to intervene in fights, prevent escapes or stop attempts at suicide or self-harm." The chief inspector also noted that: "Custody staff were commendably respectful and caring in their dealings with detainees, but there was little for detainees to do, no hot food and accommodation was, at best, basic." Few detainees were seen during the inspection.

Managerialism in Australian Criminal Justice: RIP for KPIs? By Arie Freiberg, Monash University Law Review, Vol. 31, No.1, 2005, www.laaw.monash.edu.au/mir "Over the last 25 years managerialism, or new public management, has produced sweeping reforms in the criminal justice system. However, it has been relatively unremarked, probably because it has been embedded in a broader

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modernising process of government. This article examines the substantive effects that managerialism has had on the criminal justice system."

How Packer bought the County Court: Public private partnerships are costing taxpayers huge amounts, by Kenneth Davidson, The Age, 13 April 2006, In this article the author argues that: "Apologists for public private partnerships... always fail to point out that most of the real benefits of private sector efficiencies occur at the construction stage and can be captured through competitive tendering without losing the overwhelming advantage of being able to borrow at a lower cost than private investors." He also explains the comparative costs of projects including two court complexes. "The County Court cost A$130 million to build. Down the street is the Federal Court that cost $A108 million. The financing cost of the County Court is 8 per cent, compared with the government bond rate of 5.5 per cent for the Federal Court. Over the life of the County Court PPP, Victorian taxpayers will have paid out $A520 million - an average of $A26 million a year. Over the same period, the interest on the bonds necessary to finance the Federal Court will have cost Commonwealth taxpayers $A300 million - an average of $A15 million a year. And at the end of the period what have we got? In the case of Victorian taxpayers, nothing. The building is owned by Challenger Financial Services Group, which is owned by Australia's richest family, now headed by James Packer..." In 2022 the state government will have either to renegotiate the lease or find a new building for the County Court." After factoring in building valuations he concludes that: "...the loss to the people of Victoria because of the government's preference for a PPP arrangement compared with conventional debt financing will be about $A400 million."

Investigation into the handling, storage and transfer of prisoner property in Victorian prisons, Report of Ombudsman Victoria, December 2005, www.ombudsmanvic.gov.au "Grievances about prisoner property contribute to poor prisoner morale and management problems for staff. There are also cost implications for the prison system in investigating prisoner complaints, interviewing staff members involved and replacing damaged and lost property. The aim of my investigation was to provide recommendations that would lead to improving the management of prisoner property in all Victorian prisons." The two private prisons, Fulham Correctional Centre (Geo) and port Phillip Prison (GSL) hold about half of the state's prisoners and "considerably more property than the other prisons." GSL Custodial Services also currently transports all prisoners and property between prisons, police cells an courts. The report details the complaints, investigation, conclusions and recommendations for improvement.

Creating Criminals, Prison and People in a Market Society, Vivien Stern, 2006. Zed Books London & New York; Fernwood Publishing Ltd Halifax, Nova Scotia; Books for Change Bangalore, India; David Philip Cape Town, South Africa. "Many aspects of life in the 21st century, including crime and punishment, are now subject to globalising influences. Practices in nation states reflect patterns of policy change that come from beyond the borders of the nation state. Levels of crime are affected by the way the world economy is structured. In responding to crime in their communities governments react to worldwide pressures ...these influences and the consequences are the subject of this volume ..." Chapter 3, Crime - a Good Business? The impact of the Free Market describes trends and developments in the globalising world economy that are compounding [the] injustice. The author argues: "If these trends are allowed to continue and take hold worldwide, they will create a bright future for the private market in crime control but a frightening future for much of humanity." Amongst other issues this chapter discusses trends in the use of prison, the market in imprisonment, speculative commercial prison building in the US, and some experiences with private sector prisons and the implications of a market in criminal justice. On the question of whether privatisation influences the direction of penal policy the author notes: "The presence of private prison companies at [such] conferences and their participation in the professional meetings and interchanges between prison administrators changes the debate. It can lead to government officials being sucked into a world where prison expansion is assumed to be normal and desirable." The author also argues that "the really big market is not in prisons. In a world where the perception is that we live in constant danger, the big market is in security. Privately run prisons themselves may not be an exciting market but the potential for making

money out of controlling risky people is huge. It is huge because the number of people who have no stake in society grows and such people are likely to be risky. Indeed the list of risk factors on the computerised system for risk assessment used by the English probation service includes a number of indicators of poverty, homelessness and disadvantage. So if you score highly on measures of poverty, you are by definition 'risky'. If you are risky you will be subject to more controls and thrust more deeply into the suspect part of the population." The book ends with a suggestion for a new agenda which combines measures for safety, human security and protection from crime with social justice. It calls for all those who want to live in a more just world in the future to find out more about how crime is dealt with in their country, who is being imprisoned, which parts of the justice system are up for sale and what they can do to change the direction of crime policies in their own society and the wider world.

Confronting Confinement, Report of the Commission on Safety & Abuse in America's Prisons, June 2006, www.prisoncommission.org/report Despite taking evidence from both sides of the private prisons debate the Commission did not make any recommendation regarding private prisons. However, the full transcripts of the privatisation discussion are available.

Information collected from the internet for this report