



Prison Industries Policy

The Executive management team and staff of Adult Custodial Services and specifically Prison Industries will strive to deliver industry services that contribute to:

“A reduction in re-offending, the protection of the community and the encouragement of prisoners towards law-abiding lifestyles”

Our Mission statement reflects the complementary aims of reducing re-offending and protecting the community, while influencing prisoners to adopt law-abiding lifestyles.

The *“four cornerstones of prison management”* provide the framework for planning services and measuring performance.

- *Custody and containment;*
- *Care and well-being;*
- *Rehabilitation and reintegration;*
- *Reparation.*

Prisons Objectives

Prisoners will be given the best possible opportunity to model and practise behaviour and attitudes that reflect normal community standards. Prison Industries will be operated in a realistic, business-like, customer-focussed work environment that replicates, as closely as possible, the outside world.

To achieve the stated outcomes of Adult Custodial Services, the following industries policy objectives will be pursued concurrently and with equal weighting:

- Opportunities will be provided for prisoners to undertake meaningful productive work that will assist in reducing the cost of prisons to the taxpayer.
- Development opportunities will be provided for prisoners to acquire vocational and work skills to enhance their opportunity to gain and retain employment upon their release.
- Continuous and meaningful activity will be provided for prisoners as a basis of securing more effective management of prisons.

Commercial Objectives and External Interface

The Department of Corrective Services will give careful consideration to the “Code of Practice, Correctional Industry Business Development in Australia” developed by the Correctional Industries Association of Australia and unanimously adopted at the Corrective Services Ministers meeting on 11 July 1997 ([LINK](#)).



Code of Practice Correctional Industry Business Development in Australia

The operation of effective and commercially viable Correctional Industry forms an important component of a modern and enlightened Correctional system. In turn, the success of Correctional Industries relies heavily upon market access to generate inmate work activity.

Correctional Industries face a difficult task in pursuing a business development program which sensitively, acceptably and successfully interfaces with private sector business. This Code of Practice has therefore been developed to provide confidence to the community at large that Correctional Industries throughout Australia pursue business development opportunities within an accountable framework which is sensitive to their impact upon private sector businesses.

1. Each organisation shall develop a Correctional industry policy setting out the objectives of operation, covering inmate development, correctional centre management and commercial considerations. The policy is to be made available, if required, for public dissemination.
2. Each organisation shall develop a Correctional Industry marketing policy covering all internal and external market undertakings. This policy is to set out the preferred and intended market endeavours and the manner in which interface with private sector businesses is achieved. An important element is to avoid the application of mandatory market sourcing through external agencies.
3. Each jurisdiction is encouraged to establish an independent consultative body made up inter alia of representatives of Industry, Unions and the Community. It is preferable that this body reports to the relevant Minister and includes a majority of 'external' members. The purpose of this body is to monitor the development and operation of Correctional Industries and ensure that they interact sensitively with other businesses. A key expectation in this regard is the consideration of an Industry Impact Statement in relation to major business development proposals.
4. Each organisation shall develop a system of grievance handling to manage and respond promptly to representations about Correctional Industries in the marketplace. Information material is to be available, for public dissemination, covering operation of the grievance handling system, including information covered in 1 and 2 above.
5. Each organisation shall maintain costing and pricing protocols which accord to accepted accounting principles and which reflect that Correctional Industries embrace the relevant State policy expectations covering competitive neutrality principles.
6. Each jurisdiction is encouraged to periodically conduct an independent review by a reputable individual/firm to confirm the application of accepted costing and pricing protocols. The independent review is, where relevant, to be submitted for consideration by the independent consultative body.

7. Each organisation is to maintain a sensible and sensitive balance in business development promotional activities. Whilst such promotional activities should provide sufficient information to the public on the functions, operations and benefits of the programs, they must seek to avoid a perception by the community that Correctional Industries pose a threat to private sector businesses.
8. In adopting this Code of Practice Correctional Administrators throughout Australia have a clear commitment to consider the impact of Correctional Industries upon private sector businesses.

Notes:

- i) This Code of Practice was unanimously adopted at the meeting of Corrective Services Ministers held in South Australia on 11 July, 1997. Participant States included Queensland, NSW, Victoria, Western Australia and Tasmania.
- ii) Reference to organisation refers to the public sector organisation relevant to the administration of Corrections in each jurisdiction and each private sector Company which had the authority and responsibility to manage and operate correctional Centre/s.



Industry Development and Funding (Public Provider)

Introduction and Need

This document is subservient to the *Prisons Industry Policy* and should be read in conjunction with it.

The plan is designed to create a win-win situation between the Department and its employees. The principle is that improved performance will be rewarded through re-investment into and improvement of the workplace prepared to change and improve. Often in the past the net appropriation model has acted as a relative disincentive to improved performance and encouraged mediocrity.

The improved performance will provide additional, much needed infrastructure required for prison industries to operate more efficiently. This in turn will relieve the taxpayer from the full burden of infrastructure provision.

Development Strategy

Prison industries are currently characterised by an emphasis on production of goods and services for consumption within the prison system; for example food preparation, laundry services and meat production.

Whilst industries do provide product for consumption outside the prison system, these arrangements have tended to be at an individual prison level with generally insignificant investment in infrastructure and for limited production runs.

Whilst the Department will be seeking strategic partnering with private sector corporations for large scale long run production arrangements, with the aim for the Department to provide labour, the private sector partner will take the market risk and provide assistance with the technology and skills training. In the near term development of prison industries to its proposed wider mandate will most likely be through small niche projects, building on the available infrastructure.

Funding Prison Industry Development

It is proposed that revenue generated and cashflow surplus achieved will need to be retained to provide working capital and asset replacement for existing and new industry operations. The alternative is to seek working capital from the Consolidated Fund, the Department does not see this as a viable option.

The industry projects will need to comply with competition policy guidelines and be priced at an equivalent commercial basis. All industry projects will need to be able to demonstrate, both to the Department and to the public, that they conform to the competitive neutrality policy framework, that they are priced appropriately, that cross subsidies do not apply and that they assist in developing effective work ethos and skills of the prisoner population. To achieve this level of transparency the performance of each industry project and prison industries in general will be reported on.

At a stewardship level working capital retention needs to be demonstrated and acquitted against:

- asset replacement and financing requirements of existing projects; and the
- application of funding to new projects.

Identification of Retained Surplus

For any venture or proposal, available retained surplus will be that surplus remaining after all avoidable costs have been taken into account. The avoidable costs are moneys that would not have been expended if the venture had not proceeded. Notwithstanding this all ventures will use full accrual accounting systems to enable consistent comparison and analysis between ventures.

Where a proposal is for internal supply purposes and results in real savings then these savings may be quarantined and allocated through the Prison Industries Investment Committee in the same way as applies to surpluses. The amount of retained surplus or savings will be determined by the actual cash flows resulting from the project.

Management Structures

The Manager Prison Industries will provide leadership and set the direction of prison industries, coordinate industries across prisons and develop and maintain the industries policy manual. The policy framework contained in the industry policy will be used as the basis of the decision-making processes for prison industries.

The Prison Industries Investment Committee will approve investments in prison industries and may delegate this authority to the Manager Prison Industries.

Assessment and Approval of Investment Proposals

Business proposals will be given approval to proceed by the Prison Industries Investment Committee which shall meet quarterly or at times determined by the Manager Prison Industries.

The Committee will assess submissions that have endorsement from the local prison management and are submitted on the Business Proposal Form complete with:

- a five-year projection of revenues, expenses, capital investment, working capital requirements and break-even point;
- a risk management assessment
- a small business impact assessment;
- external contract details and credit assessment;
- production set up and lead times;
- a prisoner employment assessment;

- staffing implications;
- OH&S and Environmental Impact statements

The Manager Prison Industries may give approval for business proposals with expenditure up to \$100000 between meetings of the Committee where the estimated break even occurs within one year. Such approvals will be tabled at the next meeting of the Prison Industries Investment Committee. Should the investment amount be over \$200000 then it will also require independent commercial viability assessment by an approved external business planner.

For proposals to be guaranteed to be included in the retained surplus Investment Incentive Scheme they require the approval of the Investment Committee or the Manager Prison Industries where the cash flow projections containing retained revenue will be endorsed. The amount of retained surplus will be determined by the actual cash flows resulting from the project.

Prison Industries Investment Committee

The Prisons Industries Investment Committee shall assess proposals considering the following:

- the Department's outcomes;
- Prison Industry Policy;
- Treasury's competitive neutrality requirements; and
- Financial viability.

The Prisons Industries Investment Committee shall be made up from:

1. The Manager Prison Industries;
2. The Assistant Commissioner Adult Custodial or nominee;
3. Director Women's Custodial and Prison Farms or nominee;
4. A nominee of the Director Women's Custodial and Prison Farms;
5. Director Regional Prisons or nominee;
6. A nominee of the Director Regional Prisons;
7. Director Business Management or nominee; and
8. Departments Director of Financial Management or nominee.

Reinvestment

Retained surpluses are to be reinvested into prison industries through the Prison Industries Investment Committee. Initially projects with the highest return will be funded so that further new funds can rapidly be made available to kick start industries and to encourage new proposals to come forward. The plan is to apply to cost savings and performance improvement on both new projects and existing activities.

The Prison Industries Investment Committee will control the reinvestment of the retained surplus identified with the intention that half will be spent on worthy proposals within the industries of the prison generating the surplus. The remaining funds will be accumulated and allocated by the Committee to larger industry projects across the prisons system.

Incentives for Prisons, Industries and Staff

To provide incentives for prisons and prison industries to perform in a more business like way, investment, in the initial stages, will need to be closely tied to rewarding those that accept the challenge, make the changes and perform the best. Minor works, equipment maintenance and safety and health requirements will be targeted bringing a material benefit to improve the work environment of those industry workshops performing the best.

Reporting

The Manager Prison Industries shall provide the Prison Industries Investment Committee with a statement on the status of approved projects and the position of the Prison Industries Investment Account at each meeting.

The Manager of Industries will provide the Prison Industry Advisory Committee with a report on the commercial operations of prison industries each year.