

Project Summary

The Melaleuca Remand and Reintegration Facility

AUGUST 2016



- ▷ *Integrity*
- ▷ *Respect*
- ▷ *Accountability*
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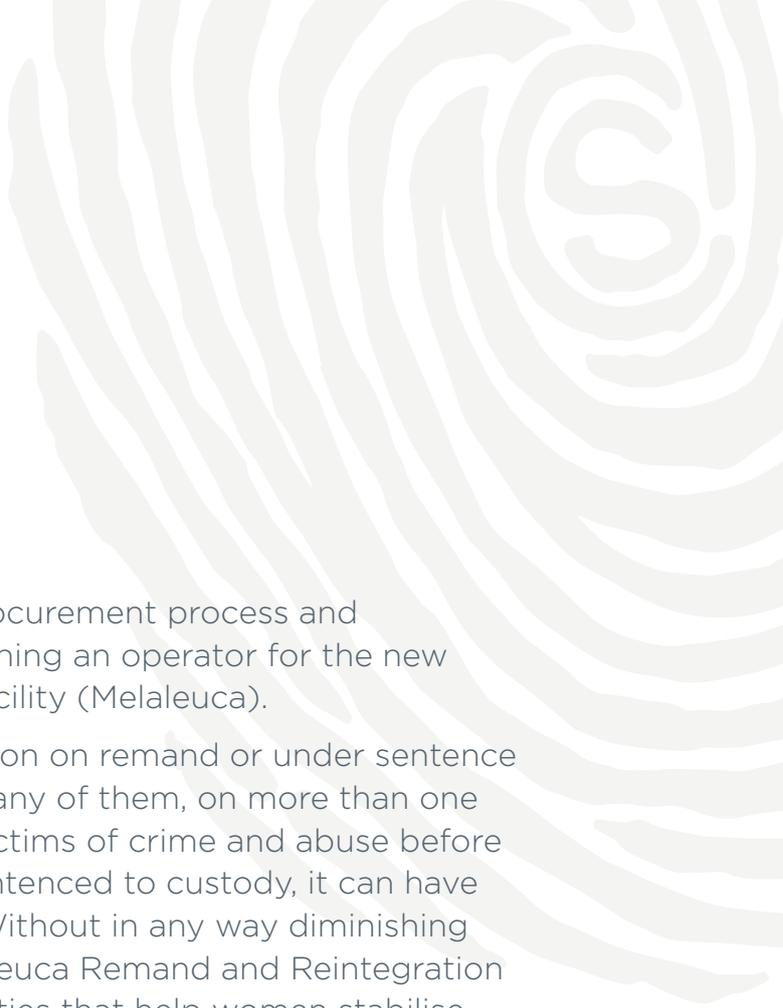
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Melaleuca — An Australian native plant.

This species of plants is known for its enduring and highly resilient properties.



Foreword

This Project Summary focuses on the procurement process and contractual arrangements for commissioning an operator for the new Melaleuca Remand and Reintegration Facility (Melaleuca).

Most female offenders spend time in prison on remand or under sentence for very short periods of time and, for many of them, on more than one occasion. Many have themselves been victims of crime and abuse before arriving in custody. When women are sentenced to custody, it can have a significant impact on their family life. Without in any way diminishing the seriousness of their crimes, the Melaleuca Remand and Reintegration Facility will focus on implementing activities that help women stabilise their lives. A range of rehabilitative services will be offered both pre and post-release to help women reintegrate back into the community, since research demonstrates this will reduce their chances of reoffending. The service requirements for Melaleuca were informed by evidence about what works for female offenders.

The Department of Corrective Services' (the Department's) Women's Estate Reference Committee spoke to a wide range of people and recommended the facility be named Melaleuca after an Australian native plant. This species of plants is known for its enduring and highly resilient properties and aptly reflects the rehabilitative philosophy of this new facility.

Please note this Summary Report should not be relied on as a complete description of the rights and obligations of the parties to the project and is not intended for use as a substitute for the contract documents.

Project Overview



1.1 Background

On 15 December 2014 the Minister for Corrective Services announced the delivery of a new women's remand and reintegration facility. This new facility will be established in the Perth metropolitan area to cater for the fastest growing prisoner cohort in Western Australia – women. From July 2009 to July 2014, the female prison population increased by 34%. This growth is comprised of a 21% increase in sentenced women and an 85% increase in women on remand.

The development of the facility included two separate, time dependent stages with different project structures, including:

- (a) **Design and Construct:** design and construct several new buildings and convert Units 11 and 12 of Hakea Prison into a standalone maximum security custodial facility; and
- (b) **Operator Commissioning Services:** to commission and operate Melaleuca.

Design and Construction

In November 2015, after a competitive tender process, the contract to design and construct the \$24.3 million stand-alone facility was awarded to ADCO Constructions Pty Ltd (ADCO). Construction is on schedule for completion in December 2016. The facility will accommodate 254 beds.

The two existing accommodation units will be supplemented with ancillary facilities including:

- Secure gatehouse;
- Visitors' Centre;
- Reception;
- Medical Centre;
- Administration;
- Kitchen; and
- Maintenance Storage.

ADCO is also undertaking additional earthworks, civil works, road works, landscaping, car parking for staff and visitors, and internal pathways.

Commissioning of an Operator

The commissioning of Melaleuca focused on:

- developing an operational model;
- delivering activities and interventions; and
- strengthening the capacity of women to live stable and productive lives.

The model will focus on the distinct needs of women newly received into prison or on the brink of release including; women on remand, those approaching release and identified as having high reintegration needs, as well as those who enter prison on a fine default basis only. The needs and priorities of these women are different to that of a longer term sentenced cohort. Women who are in prison for a short period require a high level of care and support at reception and when preparing for release.

Most of the women secured within the new facility will stay for only a matter of days or weeks and many of them will be eligible for some form of community release.

Melaleuca will implement the Department's 'Women in Prison' Prisons Standard. It will provide culturally competent services for women, specific to their needs.

1.2 Objectives

The Project objectives which align with the Department's 2015-18 Strategic Plan are to:

- identify value for money approaches to the management of women on remand or approaching reintegration;
- encourage operational efficiencies that support value for money;
- encourage innovation in the management of women prisoners, particularly those on remand and approaching release; and
- provide additional bed capacity in the women's prison estate.

1.3 Governance

In June 2015, Cabinet approved a Project Steering Committee be established to provide leadership, guidance and oversight to this project. The Project Steering Committee:

- reports to the Minister for Corrective Services and Cabinet;
- is chaired by the Commissioner of Corrective Services;
- is comprised of senior representatives from the Department, Department of Treasury and State Solicitor's Office; and
- is supported by a Project Working Group comprising subject matter experts.



1.4 Procurement Plan

The procurement plan was informed by a range of sources including; State Supply Commission policy, best practice research, market testing and relevant independent reviews and inquiries. In particular, the Economic Regulation Authority's Inquiry into the Efficiency and Performance of Western Australian Prisons, Draft Report (July 2015), recommended a commissioning model be used to increase competition and drive better value for the State.

Analysis of the procurement options for the commissioning of Melaleuca and previous market testing indicated there was private sector interest. A two stage procurement process was identified as the preferred approach to test private sector interest in operating this facility.

This approach enabled innovative solutions for remand and reintegration to be sought at an Expression of Interest phase, followed by a Request for Proposal phase where fully costed proposals were submitted from shortlisted respondents.

This procurement approach did not commit the Minister or Cabinet to the private provision of services. If, for example, respondents did not present options which were competitive the Minister or Cabinet could elect to abandon the process.

The Procurement Plan was endorsed by the State Tenders Review Committee in June 2015. Subsequently in June 2015, Cabinet gave approval for the Department to undertake a two stage procurement process.

1.5 Procurement Process

The Department undertook an open and competitive procurement process in accordance with relevant State tendering guidelines. This was undertaken in two stages as described below.

1.5.1 Expression of Interest Phase

The procurement process commenced with the public release of the Invitation for Expressions of Interest (EOI) on 24 June 2015. The purpose was to invite suitably skilled and qualified organisations to deliver the Project. It also contained information concerning the Project and set out information that respondents were to provide in their submissions and the criteria against which submissions would be assessed.

An Industry Briefing session was held in July 2015. The Department received five submissions. After detailed evaluation of the EOI submissions, the Minister approved a shortlist of respondents to progress to the second phase of the procurement process (shortlisted respondents).

1.5.2 Request for Proposal Phase

The second phase of the procurement process commenced with the release of the Request for Proposal (RFP) document to Shortlisted Respondents on 30 October 2015. The RFP contained the:

- detailed service requirements;
- commercial requirements; and
- legal requirements.

Interactive Tender Process

The Department provided further opportunities for Shortlisted Respondents to gain a better understanding of the requirements for managing and operating Melaleuca. This included site visits to the construction site for Melaleuca as well as site visits to Bandyup Women's Prison. Respondents also attended workshops with the Department to clarify proposal requirements.

1.6 Evaluation Process

Following the close of the RFP, an evaluation process was undertaken. Through this process proposals were assessed against the criteria set out in the RFP to determine the best overall value for money solution. The evaluation process included the elements described below.

1.6.1 RFP Evaluation

Proposals were received on 15 March 2016 and evaluated against a range of qualitative and quantitative criteria that considered the following:

- Security;
- Safety Requirements and Prisoner Services;
- Remand and Reintegration;
- Business Systems;
- Human Resources;
- Proposal Form and Disclosure Requirements;
- Financial Capacity;
- Pricing Criteria;
- Proforma Contract Acceptance; and
- Referee Reports.

The Evaluation was undertaken by a panel of senior State representatives including:

- Executive Director, Operational Services, Department of Corrective Services;
- Director, Performance & Evaluation, Department of Treasury;

- Deputy State Solicitor (Commercial) State Solicitor's Office;
- Cultural Advisor, Strategic Capability and Review, Department of Corrective Services; and
- Director, Strategic Capability and Review, Department of Corrective Services.

The Evaluation Panel was supported by six subpanels which focussed respectively on Security, Safety and Prisoner Services, Remand and Reintegration, Business Systems, Human Resources and Commercial and Legal criteria. These panels included public sector experts with significant experience working within the prison estate, as well as State advisors.

The Evaluation Panel's recommendations were endorsed by the State Tenders Review Committee and Project Steering Committee. On 2 June 2016 the Acting Minister for Corrective Services announced the appointment of Sodexo Australia Pty Ltd (Sodexo) as the Preferred Respondent to proceed to exclusive contract negotiations.

1.6.2 Internal Cost Model

An internal cost model (ICM) was developed and represents the risk adjusted cost to the State of operating the facility based on the most efficient public sector approach. The Western Australian Prison Officers' Union worked closely with the Department to develop the custodial elements of the ICM.

The ICM was considered by the Evaluation Panel and the Project Steering Committee to determine whether private or public sector options represented the best value for money.

1.6.3 Value for Money

The evaluation framework for the Project sought to identify the best overall value for money solution. The concept of value for money goes beyond the selection of the lowest priced solution, focusing on the overall value of each delivery option. This involved a careful comparison of the State managed delivery option against each proposal received from the Shortlisted Respondents. The analysis considered quantifiable elements (i.e. items that can be quantified in dollar terms) as well as qualitative considerations.

1.7 Probity

The procurement and evaluation processes were undertaken within a robust probity framework in accordance with the following principles:

- fairness and impartiality;
- use of a competitive process;
- consistency and transparency of process;
- security and confidentiality;
- identification and resolution of conflicts of interest; and
- compliance with State policies as they apply to tendering.

Key evaluation activities were monitored by an independent probity advisor from Stantons International. This involved monitoring, assessing and providing probity advice to address any anomaly in the Procurement Process. A probity certificate was issued confirming compliance with the probity framework and State Supply Commission guidelines on 21 July 2016.

In addition, both the EOI and RFP Evaluation Reports were endorsed by the State Tenders Review Committee.

1.8 Negotiation

A Negotiation Panel, comprising members from the Department, State Solicitor's Office, Western Australian Treasury Corporation and Department of Treasury led negotiations with Sodexo to address all outstanding issues and finalise the Project documents.

The Commissioner of Corrective Services and Sodexo signed a Services Agreement on 28 July 2016. The Minister made a public announcement about the Agreement on 29 July 2016.

1.9 Timetable

Details of the timing of the design, construction and procurement process are provided in the timetable below.

Design and Construction Phase	Minister announced new women's remand and reintegration facility	15 December 2014
	Contract for design and construction awarded to ADCO	20 November 2015
Expression of Interest Phase	Cabinet approved commencement of procurement process	22 June 2015
	Release of Invitation for EOI	24 June 2015
	Industry Briefing Session	3 July 2015
	Closing date for lodging EOIs	14 August 2015
	Minister approved Shortlisted Respondents	21 October 2015
Request for Proposal Phase	RFP released	30 October 2015
	Interactive Tender Process Workshop – Commenced	23 November 2015
	Interactive Tender Process Workshop – Completed	11 December 2015
	Deadline for lodging Proposals	15 March 2016
	Minister approved Preferred Respondent	23 May 2016
Contract Negotiation Phase	Sodexo announced as Preferred Respondent	2 June 2016
	Negotiations commenced	17 June 2016
	Ministerial consideration of the final terms of the Agreement	18 July 2016
	Services Agreement executed / signed	28 July 2016
	Minister announced the Agreement with Sodexo	29 July 2016
Operational Phase	Melaleuca Operational	December 2016

1.10 Melaleuca Services Agreement

The *Melaleuca Remand and Reintegration Services Agreement* provides a number of benefits to prisoners, their families and the community.

Melaleuca will be Western Australia's main female receiptal prison providing accommodation for 254 prisoners. The prisoner cohort will be approximately two thirds remand and one third rehabilitation prisoners.

Operation period

The Agreement provides for a contract operation period of up to 15 years.

- The initial term will be for five years with options to extend the contract for a further two consecutive terms of up to five years.
- The Department will undertake a mid-term review of contract performance during the initial five year term.

Services

Melaleuca will offer a range of services to strengthen the capacity of women to live stable and productive lives when they return to the community.

- Prisoners will have access to a suite of culturally appropriate services which respond to their unique needs and experiences.

Value for money

The Agreement provides the best value for money option for the people of Western Australia based on risk, cost and quality of services.

- Operational efficiencies delivered under this Agreement mean the estimated cost per prisoner per day will be \$206. This is 20% less than the cost per prisoner per day under the State's internal cost model.
- This increase in bed capacity in the women's prison estate will ease the pressure on Bandyup Women's Prison allowing that facility to focus on providing effective support services to the remaining female prisoner cohort.

Innovations

The *Melaleuca Remand and Reintegration Services Agreement* is consistent with the rehabilitative philosophy of Melaleuca to deliver international best-practice in the rehabilitation and reintegration of women prisoners.

The Agreement provides innovative ways to meet the needs of women prisoners.

- This Agreement sees performance-linked payments, for outcomes achieved after women are released from prison, implemented for the first time in Western Australia.
- Under a robust performance incentive mechanism up to 13% of Sodexo's fee is based on performance. The Department will regularly review the targets set under this performance improvement regime to ensure they are delivering the best outcomes.
- This regime includes clear incentives for delivering a suite of services aimed at assisting prisoners to reintegrate back into the community and avoid future contact with the justice system. Services will focus on:
 - reducing reoffending;
 - fine diversion;
 - early release;
 - accessing substance abuse treatment;
 - secure accommodation; and
 - education and training.
- The Agreement includes a range of measures to ensure that services are delivered to a high standard throughout the life of the Agreement. This includes:
 - abatement amounts which will be applied in the event of an escape or other serious safety or security incident;
 - a termination regime which will be applied if Sodexo's performance is repeatedly poor and does not improve; and
 - a performance guarantee by parent company Sodexo Group to ensure that all contractual obligations will continue to be met in the event of failure by Sodexo.

“It makes sense; if you strengthen women then you generally strengthen the family structure, and the Aboriginal community would say women are the bedrock of their society.”

Professor Colleen Hayward AM

*Pro-Vice-Chancellor (Equity and Indigenous) and
Head of Kurongkurl Katitjin Centre for
Indigenous Education and Research,
Edith Cowan University*

“If they are in the justice system, they have typically followed a pathway of leaving school, not gaining proper employment, misusing alcohol, illicit drugs or other volatile substances, and engaging in anti-social and destructive behaviour...Violence against women is a part of this pattern. The challenge is to ensure that these patterns of failure are discouraged: by implementing a range of programs, and by changing social norms and creating new role models.”

Professor Marcia Langton AM

*Foundation Chair in Australian Indigenous Studies,
University of Melbourne*

