

BACKGROUND

- **Current policy decision is that operational management of correctional centres** should with government
 - Global experience re constitutionality of Government handing over incarceration & security dimensions to private companies.
 - PPP centres are not delivering better than our newest correctional centres
 - Risk of core business is not transferred to private sector – DCS is backstop on all risks in core business and seen in the recent events at Kutama Sinthemule.
 - Risk of overcrowding cannot be addressed through PPP centres

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- **Current approach in relation to hybrid approach to procurement of correctional facilities** come from:
 - Years of work with NT & DPW in Joint Task Team on PPPs on the financial implications of correctional facility procurement,
 - Assessment of the value for money indicates costs of PPP model is very high,

PER CAPITA COSTS

	PPP 2005/06	PPP 2006/07	DCS 2005/06	DCS 2006/07
INMATES	5 952	5 952	197 952	181 552
PER CAPITA COST	R 257.63	R 266.83	R 119.24	R 151.77

Captured Budget PPP – 2006/07

INDEX FEE	383 661
FIX FEE	196 015
TOTAL BUDGET	579 676

INDEX FEE

Index fee cover the operational costs and include the following:

- Staff costs
- Cell environment
- Essential services
- Security (physical infrastructure of cell, unit safety, correctional centre safety)

FIXED FEE

- Fixed fee includes the repayment of the construction of the facilities over a period of 15 years
- and maintenance thereof (over 25 years)