

2020

**Offender skills development
programme to bring out skills that can
be leveraged to “insource” services such
as nutrition**

**STUDENT NAME: MATLWA KEABETSWE,
MATIWANE YOLANDA, RAMAFAMBA ELVIS**

**CLUSTER: JUSTICE AND PROTECTION
SERVICES**

NATIONAL TREASURY

CONTENTS

1	Introduction	1
2	Policy and Institutional Information.....	1
3	Programme Chain of Delivery	3
4	Performance Analysis	4
5	Expenditure Observations.....	7
6	Options	10
7	Recommendations	10
8	Actions.....	Error! Bookmark not defined.
	Appendices.....	Error! Bookmark not defined.

1 Introduction

1.1. *Problem Statement*

In the past years the department of Correctional Services (DCS) has been outsourcing catering services from African Global Operations (AGO) better known as Bosasa for seven managements correctional service Centre's. The outsourcing of catering services has been found to be costly to the department, as a result the budget item: agency support/outsourced services was the most overspending item in the department's budget expenditure, and was putting pressure on the department's goods and services budget.

1.2. *The context of the topic under review*

It has always been the view of the Judicial Administration and Correctional Services Directorate that if the DCS becomes self-sufficient in terms of providing food catering services to inmates, the department will save on the item listed above. With the termination of the AGO contract in 2019/20 it became evident that self-sufficiency within DCS can bring about cost savings on nutrition. This has been proven in 2019/20 where the goods and services underspending was attributed to slower than planned spending on outsourced nutritional services. The purchase of food and food supplies is one of the goods and services expenditure components growing above the inflation rate. This fast rate of growth can be curtailed if the department produce more from its existing production facilities (i.e., farms and bakeries) and minimize purchases from the market. Consequently, the Directorate believes the DCS will save on expenditure on food and food supplies.

2 Policy and Institutional Information

The outsourcing of nutrition was a temporary solution for the department to help curb catering problems due to inadequate kitchen facilities and broken boilers. This ensured that inmates are fed as per requirement of the Nelson Mandela Rules and Correctional Services Act 111 of 2008.

The Nelson Mandela Rules previously known as the United Nation Rules were established to improve the treatment of inmates and correctional service management. The rules are not intended to prescribe the model system for a correctional institution. However, they set out general consensus on good principles and practice in the treatment of inmates. It is therefore said that the rules may not be applicable in all places, at all times due to the

diversity of legal, social, economic and geographical conditions in the world. Therefore, according to Rule 22 of the Nelson Mandela Rules, every prisoner shall be provided by the prison administration at the usual hours with food of nutritional value adequate for health and strength, of wholesome quality and well prepared and served. Furthermore, drinking water shall be available to every inmate whenever he or she needs it. On the other hand, section 8 of the Correctional Services Act 111 of 2008 states that each inmate must be provided with an adequate diet to promote good health, as prescribed in the regulations. Furthermore, food must be well served at intervals of not less than four and a half hours and not more than six and hours, except there may be an interval of not more than 14 hours between the evening meal and breakfast. In meeting this obligation, DCS procure food from suppliers as well as outsourcing the catering services in other centres from service providers.

Even though the initiation of outsourcing catering was a result of lack of catering resources, DCS has historically maintained that outsourcing helps the department comply with the Nelson Mandela Rules and the Correctional Services Act. However, the rules are environmentally subjective and it is therefore important to consider the financial burden outsourcing has placed on the department's Budget. Insourcing for DCS can be less costly and efficient if offenders are allowed to work the farms to produce crops that can be used to provide food for offenders, prepare their own food and even cater for one another; there will be no need for a service provider to do so thus cutting the cost.

It is important to note that none of the policies speaks of outsourcing catering services, both Nelson Mandela Rules and the Correctional Services Act advocate for good nutrition and health for inmates. Therefore, this can be done without external parties, the involvement of offenders in food production and catering, does not only reduce expenditure however, it also helps with skills development. Skills development is essential in the environment of DCS, it speaks to the process of correction and rehabilitation for offenders to become better citizens and integrate well into society.

The Correctional Services Act section 37 (1) (b) states that offenders can perform any labour which is related to any development programme or which is generally designed to foster habits of industry, unless the correctional medical practitioner or psychologist certifies in writing that he or she is physically or mentally unfit to perform such labour. Whereas, section 40 (1) (a)(b) highlights that sufficient work must as far as is practicable be provided to keep

sentenced offenders active for normal working days and a sentenced offender may be compelled to do such work. Such work must as far as is practicable be aimed at providing such offenders with skills in order to be gainfully employed in society on release. Therefore, allowing offenders to work on food production has a valuable impact on their rehabilitation.

3 Programme Chain of Delivery

The process of food production and services catering is lead by the Directorate: Nutrition, Personal and Environmental Hygiene Services with the assistance of service providers in other centres. A tendering process is utilised for centres that require an external service provider. The outline of the tendering process is usually covered in the contract.

The Directorate: Nutrition, Personal and Environmental Hygiene Services is responsible for the capacity building of food service officials and food handlers; cleaning and maintenance of hygiene in the food services units and equipment; food preparation; and serving inmates including children and babies with their incarcerated mothers (good preparation practices). They ensure that there is proper transportation and storage of food (stock) and equipment. They are also involved in record keeping and the control of stored, prepared, and served food items, and the control of the equipment used.

In the event of offenders being involved in delivering food and catering the DCS will have its own kitchen for offender to partake in food preparation as well as agricultural farms.

A critical stakeholder in the delivery chain is also the Department's Training College which is already in the process of training offenders in food production (i.e. farming) and it's expenditure on its outsourced nutritional training college grew from R1.2 million in year 208/19 to R39.9 million in year 2019/20 due to the termination Bosasa contract.

The table below shows the current statistics on offender's involvement in food catering.

Table 1: food catering skills development

Food catering	Performance area	Indicator and actual performance
SKILLS DEVELOPMENT	Number of offenders enrolled on farm	Tractor Drivers: 145 Vegetable productions: 482

This document is not for quoting or circulation. It was done as part of the NT training exercise on the spending review methodology and is intended for discussion purposes. Further, there were some data limitations and both the appropriate level of information, and its correctness could not be independently verified.

(TRAINING OF OFFENDERS) Food production, Nutrition	production/ farming (accredited) skills development programmes (SDP)	
	Number of offenders who were trained (accredited) on farm production/ farming skills development programmes (SDP)	Vegetable productions: 408 Poultry production: 70 Pig production: 34 Dairy production: 96 Meat cutting: 84
	Food Production Capacity per region/prison facility	
	Number of offenders enrolled on catering SDP	Assistant Chef:256

4 Performance Analysis

1.1. Bread production

Zooming into bread production performance in 2019/2020 financial year there was an increase of 1 567 267 loaves of bread, as compared with the production performance of 2017/2018 financial year. The average cost of production was at R 5.30/loaf of bread during 2019/2020 financial year. During 2017/2018 and 2018/2019, at least two bakeries were under renovation (Boksburg and Goedemoed), and St Albans only started baking in 2018.

Table 2: Bread Production: 2017/2018 to 2019/2020 financial years

Financial Years	Number of bread baked
2017/2018	2 678 360
2018/2019	3 438 270
2019/2020	4 245 636

This document is not for quoting or circulation. It was done as part of the NT training exercise on the spending review methodology and is intended for discussion purposes. Further, there were some data limitations and both the appropriate level of information, and its correctness could not be independently verified.

The table below shows production capacity in the different management areas, the highest production capacity area is in Gauteng: Boksburg with 854 000, followed by Barberton 840 000, St Albans 840 000 and Tswelopele 660 000. The overall loaves produced were 5 147 000.

Table 3: The capacity of nine (9) Departmental bakeries:

Regions	Management Areas	Potential /capacity
Gauteng	Boksburg	854 000
	Kgoši Mampuru II	585 000
	Baviaanspoort	300 000
Limpopo, Mpumalanga and North West	Barberton	840 000
Eastern Cape	St Albans	840 000
Free State and Northern Cape	Tswelopele	660 000
	Goedemoed	186 000
Western Cape	Brandvlei	342 000
	Drakenstein	540 000
Total		5 147 000 loaves of bread

1.2. Agriculture Production

It is important to note that, it is not clear if all catering inputs are produced through farming, or purchased through a middle man, or does the department source some of the inputs through manufactures. For example the table below illustrates the agricultural production capacity, per region but nothing on the average cost of production. It is evident that in year 2019/20 there is diversion on cost pressure items, inventory farm: livestock, inventory food and supplier: bread and confectionary, fruit and vegetables they are increasing and growing above inflation. The question remains, is it due to termination contract of outsourcing of catering services or is it the increasing purchasing price charged in the market.

Table 4: Agriculture Production Capacity:

Products	Potential/Capacity
Gauteng Region	
Vegetables	1 915 000 kg

Fruits	60 000 kg
Milk	1 500 000 L
Red meat	110 000 kg
Pork	510 000 kg
Chicken	350 000 kg
Western Cape	
Vegetables	2 860 000 kg
Fruits	390 000 kg
Milk	1 960 000 L
Red meat	155 000 kg
Pork	435 000 kg
Chicken	700 000 kg
Eggs	310 000 doz
Kwazulu Natal	
Vegetables	880 000 kg
Fruits	2 200 kg
Milk	870 000 L
Red meat	100 000 kg
Pork	275 000 kg
Eggs	220 000 doz
Free State and Northern Cape	
Vegetables	1 865 265 kg
Fruits	21 000 kg
Milk	1 137 000 L
Red meat	90 000 kg
Pork	473 000 kg
Eggs	123 300 doz
Eastern Cape	
Vegetables	1 132 000 kg
Fruits	170 000 kg
Milk	750 000 L
Red meat	42 000 kg
Pork	230 000 kg
Chicken	350 000 kg

This document is not for quoting or circulation. It was done as part of the NT training exercise on the spending review methodology and is intended for discussion purposes. Further, there were some data limitations and both the appropriate level of information, and its correctness could not be independently verified.

Eggs	250 000 doz
Limpopo, Mpumalanga and North West	
Vegetables	2 085 000 kg
Fruits	60 000 kg
Milk	800 000 L
Red meat	60 000 kg
Pork	200 000 kg
Eggs	500 000 doz

5 Expenditure Observations

1. Expenditure Observation

Food catering in year 2019/ 20 was R1.20 billion compared to R1.29 billion of 2018/19 and R1.24 billion of 2017/18. The item that showed reduction in food catering was agency support/outsourced nutritional services. Expenditure on this item fell from R 533.9 million in 2018/19 to R100.7 million in 2019/20 due to the termination of the Bosasa contract at the end of March 2019/20. This reduction was offset by increases in other items such as inventory farm supplier: livestock, seeds, inventory food supplier: bread and confectionery, fruit and vegetables, groceries, meat, poultry, fish compared to the previous financial years. Expenditure on the items as grown above inflation rate. See below, the information is illustrated on table 5 at the lowest item level.

Table 5: food catering expenditure

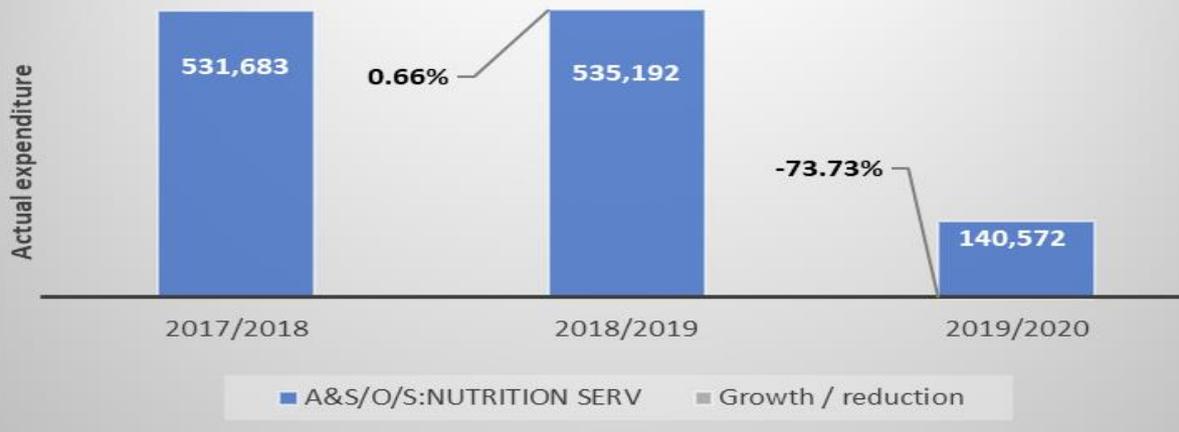
Food Catering Production	2017/18	2018/19	2019/20
A&S/O NUTRITION SER:PRISONERS	531 683	533 997	100 703
A&S/O NUTRITION TRAINING COLLEGE	0	1 195	39 869
EQP<R5000:FARM/AGRICUL EQUIP	163	417	227
EQP<R5000:GARDENING EQUIP	799	1 274	1 261
EQP<R5000:KITCHEN APPLIANCES	471	555	1 142
FARM/AGRICULTURE EQUIPMENT	2 614	2 204	20 653
INF&PLN SER:AGRICULTURE SERVICE	1 713	1 970	2 519
INV FARM SUP:FARMNG SUPL	4 981	3 169	4 747
INV FARM SUP:FERTLZR	6 884	8 132	6 740
INV FARM SUP:GARDENG SUP	730	926	717
INV FARM SUP:INSECTCIDS/HERBICDS	3 255	3 858	3 967
INV FARM SUP:LVST FOD&ANM	167 958	157 481	159 998
INV FARM SUP:LVSTCK&PL/CON	6 140	6 141	6 168
INV FARM SUP:SEEDS&SEDLN	8 658	9 891	11 259
INV FOOD SUP:BABY&SPEC FOODS	2 753	3 320	3 332
INV FOOD SUP:BREAD&CONFECT	102 807	118 006	150 375
INV FOOD SUP:EGGS&EGG PRODC	2 343	1 425	1 375
INV FOOD SUP:FRUIT&VEGETABL	47 538	53 236	86 251
INV FOOD SUP:GROCERIES	168 322	161 665	274 118
INV FOOD SUP:MEAT,POULT,FISH	160 155	197 803	304 533
INV FOOD SUP:MILK&MILK PROD	17 491	19 967	24 804
KITCHEN APPLIANCES	271	471	2 654
Total	1 237 729	1 287 104	1 207 412

The overall expenditure analysis in terms of food catering services shown in the above table excludes agency support/outsourced: admin and support staff, however, if agency support/outsourced: admin and support staff was to be included then the grand total would not change significantly. However, it is important to note this item reduced drastically from R5.4 million in 2017/18 to R83 000 in 2019/20 after the termination of the outsourcing contract.

1.1. *Expenditure analysis on outsourcing:*

Zooming into the expenditure trend on outsourcing of catering. Expenditure on outsourced nutrition services exceeded R 530 million in year 2017/18 and year 2018/19, and in year 2019/20 fell significantly to R 141 million. The reason for the reduction on this item is due to the termination of the Bosasa contract in March 2019/20 contract which resulted in the reduction of 73.6 % on agency support

Outsourcing Nutrition Services



The regional areas that heavily relied on outsourcing were:

- Gauteng which spent R 239 million in 2017/18, and R248.1 million in 2018/19
- KwaZulu Natal which spent R132.6million and R123 million in 2018/19
- Eastern Cape which spend R62 million in 2017/18 and R55.9 million in 2018/19; and
- Western Cape which spent R75 .4 million in 2018/19.

The table and graph below shows the available budget versus the actual expenditure on goods and services, and the various items. It important to highlight that the information is illustrated at item level 3 of SCOA classification, therefore, agency support/outsourced services has been excluded in this item, because there are items that are not related to outsourced nutritional services in this item.

The point being made on this table to is illustrate that, these items have been overspending more than the initial budget plan, especially inventory food and food supplies. This is even more evident in the financial year 2019/20, the item actual expenditure was R844 million higher than the planned budget of R552.2million.

Table: 6 overview budget plan of good and services

Budget plan summary food catering items	2017/18		2018/19		2019/20	
	Available Funds	Actual Expenditure	Available Funds	Actual Expenditure	Available Funds	Actual Expenditure
INV:FARMING SUPPLIES	81 941	198 607	189 622	189 598	218 193	193 595
INV:FOOD & FOOD SUPPLIES	488 833	501 409	579 987	555 422	552 221	844 789

6 Options

The options of the department are either outsourcing or continue with insourcing using the offenders on the skills development programme. The current observation shows that there were savings realized in 2018/19 on the budget item: agency support outsourcing nutrition services: prisoners, however the overall expenditure of food catering services there was no saving realized, the expenditure total remained R1.2 billion throughout the three years.

The big question is will the department realise savings going forward with insourcing and will they create efficiency. A number of factors contribute to this concern, due to the following budget risk processes and food catering processes:

- The appropriated budget allocation for budget items changes or it is adjusted once expenditure trends change, and when the department embarks on cost containment measures.
- Funds are reprioritised once savings have been identified in one item to the other.
- The extensive budget cuts we have seen over the years
- Non-compliance with adhering to a three meal a day rule.
- Increase in inventory food and supplier prices.
- Lastly, will agricultural production be sustainable considering the prevalent natural disasters that are always occurring in the agricultural sector.

7 Recommendations

The results/outcome/conclusions must be interpreted with caution and a number of limitations should be borne in mind. The data that would have assisted in providing sound recommendations could not be sourced from the Department of Correctional Services. This includes data on the following:

- The process of sourcing inventory farming supplies as well as food and food supplies
- The costs charged by the suppliers
- The current options available to ensure self-sufficiency
- The tendering process of outsourcing food catering.

As a result, the information used is limited in terms of responding to the question raised in the study.

