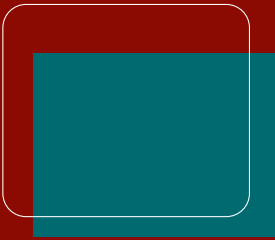
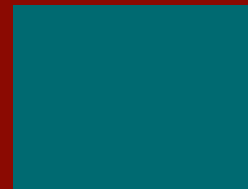




2004 | 05 ANNUAL REPORT

OFFICE OF THE INSPECTOR OF CUSTODIAL SERVICES



RESPONSIBLE MINISTER

Minister for Justice

The Hon. J. B. D'Orazio, MLA

ACCOUNTABLE AUTHORITY

The Office of the Inspector of Custodial Services

ACCESS

Level 27, Governor Stirling Tower

197 St George's Terrace

PERTH WA 6000

CONTACT

Telephone: (08) 9212 6200

Facsimile: (08) 9226 4616

Email: corporate@custodialinspector.wa.gov.au

Web: www.custodialinspector.wa.gov.au

ABOUT THIS REPORT

This report is prepared to satisfy the Office's accountability to Parliament, pursuant to Part 5 of the *Inspector of Custodial Services Act 2003*.

It is also designed to enhance understanding of the Office's activities. This report plays a significant role in communicating aspects of the Office's work to the wider Western Australian community.



This document uses environmentally friendly paper, comprising 50% recycled and 50% totally chlorine free plantation pulp.

Contents

PART 1 – The Work and Responsibilities of the Office of the Inspector of Custodial Services	3
1. The Developing Role of the Inspector	3
Effectiveness of Recommendations	4
Directed Reviews	5
Other Advice to Government	6
2. Relations with other Government Agencies and Departments and the Use of Independent Experts	7
3. Community Consultation and Links	8
4. Independent Prison Visitors	9
5. The Performance of the Department of Justice	9
 PART 2 – Report on Operations	 12
1. Relevant Legislation	12
Enabling Legislation	12
Legislation Administered	12
Legislation Impacting on the Office’s Activities	12
2. Responsible Minister	13
3. Mission	13
4. Objectives and Agency Level Government Desired Outcomes	13
5. Services (Goods or Services) Provided to the Public Sector in WA	13
6. Senior Officers	13
Professor Richard Harding	13
Robert W Stacey	14
7. Internal Structure	14
8. Publications	14
Operational Reports	14
Annual Report	14
9. Contracts with Senior Officers	15
10. Highlights of the Year	15
11. Changes in Written Law	15
12. Ministerial Directives	15
13. Staff Profile	15
14. Staff Development	15
15. Workers’ Compensation	15
16. Industrial Relations	15
17. Disability Services Plan	16
18. Equal Employment Opportunity	16
19. Partnered	16
20. Record-keeping Systems	16
21. Sustainability	17
22. Waste Paper Recycling	17

Contents

23.	Public Interest Disclosures	17
24.	Continuing Research and Development	17
25.	Corruption Prevention	17
26.	Major Promotional, Public Relations or Marketing Activities	17
27.	Pricing Policies on Services	17
28.	Likely Developments and Forecast Results of Operations	17
29.	Electoral Act 1907 Section 175ZE	18
30.	Compliance with the Public Sector Management Act Section 31(1)	18
PART 3 – Outcomes, Outputs and Performance Information		19
	Certification of Performance Indicators	19
	Independent Audit Opinion	20
	Performance Indicators	21
	Source Reference	22
PART 4 – Financial Statements		24
	Certification of Financial Statements	24
	Independent Audit Opinion	25
	Statement of Financial Performance	26
	Statement of Financial Position	27
	Statement of Cash Flows	28
	Summary of Consolidated Fund Appropriations and Revenue Estimates	29
	Notes to the Financial Statements	30

The work and responsibilities of the Office of the Inspector of Custodial Services

1. THE DEVELOPING ROLE OF THE INSPECTOR

During 2004/05 the role of the Inspector's Office developed and matured in ways that have increased its value to Government and its ability to enhance accountability in a key area of public activity. In particular, processes to achieve greater effectiveness have been negotiated with the Department of Justice; the place of Directed Reviews under Section 17 of the *Inspector of Custodial Services Act 2003* has been clarified and enhanced; and clearer practices have evolved as to the occasions when it is appropriate to give direct advice to Government with regard to key matters falling within the Inspector's jurisdiction.

Before discussing these matters in detail, it is appropriate to describe the Office's standard Inspection outputs for the year in question. It was explained in the 2003/04 Annual Report that there are two ways in which this work can be measured and described: first, in terms of the on-site Inspection work carried out during the year; and second in terms of the lodgement of Inspection Reports in Parliament during the year.

The second of these measures is set out in Part 2 of the Annual Report in the Performance Indicators section. With regard to the first measure, which in the view of the Inspector is the measure to which the reporting requirements under section 33(2)(d) of the *Act* applies, on-site inspection work was carried out at Casuarina Prison (August 2004); the Supreme Court Custody Centre (June–September 2004); the Metropolitan Court Custody Centres (progressively throughout the second half of 2004); Eastern Goldfields Regional Prison (February 2005); Banksia Hill Juvenile Detention Centre (March 2005); and Bandyup Women's Prison (May 2005). In addition, commencing July 2004 a great deal of fieldwork was carried out throughout the State in relation to the thematic review of Prisoner Health Services. The Draft Report relating to this Review was completed and distributed to a wide range of stakeholders in July 2005. The foregoing list was prepared on 22nd August 2005.

As required under the *Act*, this Annual Report contains notice of Inspections to be carried out during 2005–2006. These will be at Acacia Prison (already carried out in July–August 2005), Bunbury Regional Prison, Albany Regional Prison, Wooroloo Prison, Boronia Women's Pre-Release Centre, Greenough Regional Prison and possibly Hakea Prison. In addition, a wide-ranging review of Prisoner Transport Services throughout the State is already at the planning stage and will be carried out in conjunction with an inspection of the non-Metropolitan Court Custody Centres. The thematic review of Prisoner Health Services will also be completed and published.

Reference should also be made to our well-established *modus operandi* of paying regular liaison visits to each of the prisons, juvenile detention centres and custodial service locations within our remit. This can be seen as a form a "continuous inspection" or, less grandly, as a means of keeping a handle on the "health" of a prison or juvenile detention centre so as to be alert to emerging risk. Liaison visits, tied in with other sources of information and intelligence such as reports of Independent Visitors, enable us to set and if necessary adjust the timing of inspections or to identify issues that need to be brought to the attention of the Department or the Minister before they become critical. (The Office keeps its own internal "running sheet" on the performance and ranking of each prison.) The strategic point is that, with such a far-flung prison and custodial service regime, an inspection process that only statutorily mandates one inspection every three years is not adequate.

In the budget round for 2004/05, the Office's funding was increased to enable liaison visits to be carried out regularly at the non-Metropolitan prisons and custodial service locations. In the course of the year, 86 liaison visits were carried out, 26 of which were to Regional prisons including work camps. Typically, two team members go on each visit, so it can be seen that the overall presence has been considerable. In the Inspector's view, this practice enhances the quality of its work and the value of the Office to Government.

Effectiveness of Recommendations

The last Annual Report made reference to an ongoing debate with the Department of Justice as to the method by which their compliance with previous recommendations should be measured. The Inspector had taken the view that, at the second phase of Inspections, it was appropriate to create a scorecard of the on-site implementation of recommendations which had been wholly or partly accepted in the course of the first Inspection and the response to recommendations made by the Department. The Department had some difficulties with this way of proceeding, though the basis of the objections was never clearly articulated. Suffice to say that their position was going to the very core of the question of effectiveness of an accountability body such as the Inspector of Custodial Services. That is not to say that the operational department is not perfectly entitled to reject a recommendation; but it is to assert that if a recommendation is accepted then implementation should follow in a timely fashion.

Whilst this contretemps was in progress, the escape of nine prisoners from the Supreme Court occurred (10th June 2004). This escape happened against a background where the Inspector had called upon the Department to address the question of Supreme Court security as a matter of urgency, but that recommendation had been rejected. Predictably, this sequence of events was quite unacceptable to Government. Accordingly an Inquiry, headed by Richard Hooker S.C., was set up. One of its recommendations related to the need for improved processes for evaluating and implementing the Inspector's recommendations. Additional funding was in fact made available to the Department to undertake this function.

Consequently, over the next six months or so, a new "Governance Framework" was negotiated between the Department and this Office. The objective in broad terms was to ensure that the internal Departmental process for response to recommendations placed the onus at the appropriate operational level and was fortified by an internal audit or monitoring regime to ensure that the recommendation was, once accepted, actually implemented. An aspect of this was a process for making a risk assessment and assigning a priority to recommendations. Also, the intention was that there would be full opportunity for interactive discussions between this Office and the Department about contentious or possibly ambiguous recommendations with a view to ascertaining whether they could be modified or improved or even withdrawn. Obviously, a process that is interactive in this way is far more likely to leave the parties with agreed recommendations thereby increasing the probability that they would then be fully implemented.

At this relatively early stage, there is every indication that this new Governance Framework has considerably improved the efficacy of recommendations as well as the relations between the Department and the Office. The intention of the Department to create an internal compliance and audit system and team ties in naturally with these enhanced links back to this Office.

With this new framework in place, it has recently been possible to go back through Reports 1-22 and identify what matters have been adequately implemented, what matters can be abandoned as no longer being relevant and what matters either have still to be implemented specifically or can be seen as examples of a broader thematic range of problems to be kept under review. This is a very positive development, enabling both the Department and the Office to start moving forward to more current work, in particular Reports 23 onwards.

Finally, it should be noted that our previous approach to performance has been to measure the rate of acceptance in principle of recommendations, lined up against our own view of an appropriate standard according to the broad subject matter of the recommendation: see Table B on page 21. This remains a valid measure, but henceforth can be supplemented by a matrix indicating actual implementation of accepted recommendations. This will be done in the 2005-06 Annual Report.

Directed Reviews

Arising out of the Supreme Court escape, the Inspector decided to carry out an Inspection of the interim arrangements at the Supreme Court. The initial contact was on an unannounced basis, but thereafter the inspection process was announced and coordinated. The Report arising out of that Inspection – Report No.25 – was published and lodged during the year. By and large the Department's response was appropriate and the long-term adaptations of the site should meet the required purpose. The new arrangements are expected to be in place from September 2005.

However, whilst construction work would be in progress to reach a permanent solution, Supreme Court trials would have to be moved to either Rockingham or Fremantle Courts. This arrangement was due to commence early in January 2005. On the 2nd November 2004 the Minister for Justice directed the Inspector to “inspect both the Fremantle and the Rockingham Court Custody areas to ensure that both facilities are meeting the security requirements necessary for Supreme Court trials.” Progress Reports were sent to the Minister on the 30th November and 15th December and a Final Report on 22nd December 2004. This Report very much drew upon interactive discussions with the Departmental personnel responsible for securing these sites, as well as the Report of our own expert adviser.

This inspection work was labour-intensive, tightly focused, operational in tone and carried out according to a strict timetable. Outputs such as this had not originally been envisaged when performance indicators were first being negotiated with Treasury and with the Auditor General. In the light of this, our Key Performance Indicators have been re-negotiated with the Strategic Outcomes Review Group, the body that now handles Key Performance Indicators for Government, so as to accord appropriate weight to advice of this kind.

It is low visibility work, for technically the report primarily “belongs” to the Minister, and it is for her or him to decide whether to publish or table Reports of this kind. Of course, the Inspector could decide to take the initiative, if there seemed to be a strong enough public interest in ensuring that the advice in question needed to be made public. Probably, the optimum procedure would be for the Minister to table reports arising from Directed Reviews as a matter of course or to agree with the Inspector that he should exercise his own powers to table such reports. The latter course was taken in the case of the Directed Review of Deaths at Hakea Prison 2001-2003, published as Report No. 22 and tabled in Parliament in the normal way in April 2004.

The second Directed Review of 2004/05 arose out of the decision of the Government to establish an Inquiry under the *Public Sector Management Act* into the running of the Department of Justice. This decision followed upon a further series of administrative mishaps after the escape from the Supreme Court, the culmination of which was the hostage taking and very serious assault committed upon a female employee at Bunbury Regional Prison. The *Public Sector Management Act* Inquiry is being headed by His Honour Dennis Mahoney AO QC and was intended by the Government to intersect with and be supplemented by a Directed Review by this Office. On 5th April 2005 the Honourable John D’Orazio MLA, Minister for Justice, directed the Inspector in the following terms:

“I refer to the recently announced inquiry into the Department of Justice. In accordance with the Inquiry’s Terms of Reference, I hereby direct yourself and your agency under Section 17 of the *Inspector of Custodial Services Act 2003* to inquire into and advise upon the following matters:

- The policies and practices of the Department of Justice with regard to the classification of convicted prisoners;
- The policies and practices with regard to the placement of prisoners at and within particular prisons and their subsequent transfers within the prison system;
- In the light of projections as to prisoner numbers and mix, the question whether the existing prison facilities and their regimes and programs across the State are appropriately calibrated to achieve the objectives of imprisonment, including community safety, with particular emphasis upon the availability of regional and remote resources;
- In that context, whether innovative approaches to custodial management and types of custodial facilities can be developed;
- Whether a “supermax” facility should be constructed to accommodate dangerous prisoners or those whose presence in the prison system poses special risks;
- The identification of infrastructure needs and prioritisation of requirements for the next decade; and
- Likely staffing needs including the questions of custodial and civilian staff and operational and management structures.”

This Directed Review constitutes a massive undertaking as well as a unique opportunity to contribute to the development of correctional and custodial policies in this State. As described elsewhere in the Report, a separate funding line has been established and a specific team brought together for that purpose. The outcome of this work will be reported in more detail in the next Annual Report.

Other Advice to Government

The Office has become increasingly alert to risks to the orderly administration of the prison system. An earlier example related to excessive use of cannabis at Karnet Prison Farm. Specific advice of the risk that this posed, particularly in the occupational health and safety setting of the abattoir, was drawn to the attention of the Minister at that time. Similarly, the Inspector became concerned about the stability of Roebourne Prison in approximately October 2004 and set in motion a specific assessment of the risk at that time so as to be able to advise Government upon the matter. Issues arose during the year also as to risks posed by fragile management and corporate structures to the Acacia Prison private contractual regime, and advice was offered to the Minister in the context of deliberations as to market testing the prison.

The *Act* (Section 23) specifically contemplates that advice upon such matters can be sought by or offered to the Minister; one of the intended strengths of the Inspector model as created in Western Australia is that there should be an alternative source of advice to that which normally emanates from the Department of Justice itself. This too is a matter that had not adequately been articulated in previous Key Performance Indicators, and is henceforth to be reflected in them.

In summary, the year 2004/05 was one in which the role of the Inspector's Office expanded, matured and became more complex. The Inspector has been drawn more into the mainstream of policy development and risk assessment, whilst in no way diminishing the core accountability framework and the autonomy that the inspection process contemplates.

A newly created accountability body, unique to the Western Australian governance system, inevitably has needed some time to bed down fully, and at the end of the fifth year of operation this can now be said to have happened. The inaugural Inspector's appointment was for a period of five years, due to expire on 31st July 2005. In December 2004 the Government offered, and the Inspector accepted, a three-year extension until 31st July 2008. This additional period provides an opportunity to consolidate and refine the processes and values established during the first five years of operation.

2. RELATIONS WITH OTHER GOVERNMENT AGENCIES AND DEPARTMENTS AND THE USE OF INDEPENDENT EXPERTS

As in previous years, the Office has been successful in negotiating assistance and input in the Inspection process itself from several other Departments and agencies – the Department of Community Development, the Department of Education and Training, the Department of Health, the Office of Health Review, the Office of the Ombudsman, the Drug and Alcohol Office and the Office of the Auditor General. The “joined up Government” approach that our standard processes exemplify makes the Inspectorate model more robust. The Inspector would like to acknowledge the assistance of these other Departments to the operations of this Office.

The Department of Justice has also continued to supply a seconded officer to this Office at its expense. Again, this is an excellent example of cooperation in the sense that it helps to anchor our own deliberations in the current practical realities on the ground and it also acts as a career development means for the seconded officer. This Office has now had five secondees from the Department, and each of them has been able to bring more into the management of the Department upon their return than was the case before they joined us.

As specifically contemplated by Section 16(2) of the *Act*, the Inspector has continued to use expert consultants from time to time. This is an extremely efficient and cost-effective way of getting in skilled advice that may only be needed for a short time or a one-off purpose, and this practice enhances our activities. For example, the contribution of an expert to the Directed Review relating to the use of the Rockingham and Fremantle courts for Supreme Court trials was crucial. Independent experts have also been brought in to contribute to the Directed Review into the Department of Justice in areas, such as staffing policies, where we would otherwise lack expertise. However, this valuable side of our operations is being squeezed budgetarily.

Five other Government agencies have assisted the work of this Office. They are, the Corruption and Crime Commission; the Office of the Ombudsman; the Council of Official Visitors; the Office of Crime Prevention; and the Police Service through the Police Prisons Unit. In the case of the Ombudsman, a formal Memorandum of Understanding sets the parameters of our relationship; with the other agencies, the interaction is orderly and predictable but less formalised. The Inspector would like to acknowledge the assistance of these agencies.

3. COMMUNITY CONSULTATION AND LINKS

Community consultation has been maintained through the Community Reference Group established by this Office. Prior to Inspections the Community Relations Branch consult widely in the community to assess the approach that the community has to the custodial facility in its midst, and this process has become better established and of increasing value.

In the course of the year, the then Minister, the Honourable Michelle Roberts, announced the establishment of a Kimberley Custodial Management Advisory Committee with which this Office was to work in leading the development of a Custodial Management Plan. Later, this group's work became incorporated into that being carried out by the Directed Review. The consultation process, involving nine key Aboriginal stakeholders with links into the various communities across the Kimberley, has been intensive and rewarding. Again, this is another way in which the work of the Office has become more demanding and productive; this too was not previously adequately reflected in the Key Performance Indicators. It is a model that is likely to continue into the foreseeable future, as custodial management plans are developed for all the regions of Western Australia.

Apart from these matters, the Inspector has, as in previous years, continued to address community and official groups as to the operations of the Office and questions of correctional policy generally. In 2004/05 these groups included: the Australian Institute of Administrative Law; the District Court Judges' Annual Conference; the WA Prison Officers' Union Conference; the Nedlands Rotary Club; Liberty Victoria; and the Indigenous Juvenile Justice Conference Group. The Inspector is also a member of the advisory group of the Australia Law Reform Commission concerned to develop sentencing protocols and regimes for Federal offenders and has been involved in two meetings of the Commission in Sydney as well as a long consultation in Perth.

The expertise of the Office has also been utilised internationally. On the first of these occasions, the Inspector represented the Australian Government at a Technical Meeting of the International Labor Organisation at Geneva. The context was the development of a Global Report relating to the ILO Declaration on Fundamental Principles and Rights at Work, to be submitted to the governing body of the ILO in 2005. Prison work has always fitted uneasily into aspects of the ILO Convention 29 on Forced Labour, particularly where it is being carried out either within a privately managed prison or for private profit. The Inspector put Australia's agreed position on this matter to the technical group at the July 2004 meeting.

In addition, the Government of the Maldives requested the assistance of the Inspector to review their prison system. The Minister for Justice made the Inspector's services available for ten days on a Government to Government basis. The consequential Report – 'Strengthening Custodial Services in the Maldives' – forms the basis of a reform program for that nation.

4. INDEPENDENT PRISON VISITORS

During the year appointments were made to the juvenile detention centres and for the first time every prison was also covered with at least one Visitor. The reports made by Visitors are a valuable contribution to the activities of the Office, assisting us as we keep our running sheets on the current status and performance of prisons. The availability of additional funds for regional travel has also meant that new visitors are able to be mentored through their first visit by a member of our Community Relations Branch and/or an Inspections and Research Officer.

A successful training conference, opened by the Honourable John D’Orazio, Minister for Justice was held in Perth in June. It is not easy to retain the services of unpaid volunteers in this area of work, but the objective of 80 visits in the course of the year was not only achieved but also exceeded in 2004/05.

5. THE PERFORMANCE OF THE DEPARTMENT OF JUSTICE

The year 2004–05 was, in terms of operational failures and adverse publicity, by far the worst in recent times for the Department of Justice. It is self evident from the description of the various events and the establishment of the two major inquiries that the Department has performed at a less than optimal level during 2004/05. There are seldom simple explanations for repetitive organisational failures. This Office has been concerned for many years, however, at the excessive centralisation of decision-making within the Department. In addition, the higher management positions have been very unstable, and both within Head Office and in the field fewer and fewer people seems to be doing their substantive jobs rather than acting in someone else’s job. Cumulatively, these factors have contributed to poor staff morale, which in turn begets a culture of indifference.

Operational failures cannot be causatively traced in a direct sense to factors such as these. They are not *causae causans* but they are certainly *causae sine qua non*. One of the challenges of the Inquiry and the Directed Review will be to recalibrate the organisational settings so that staff morale can be lifted and contributions appreciated and improved. It should be put unequivocally on the record that there are very many excellent staff working on the custodial services side of the Department of Justice.

It should also be stated that, paradoxically, it is not all bad news; indeed, the Department in significant ways has improved its performance over recent years. For example, its overall performance in relation to juvenile custodial matters is good, given the immense difficulties of dealing with a population that is already severely marginalised before coming to the attention of the Department. The Boronia Women’s Pre-Release Centre can already be said to have been a success, with a strong pro-social culture appearing at this early stage to impact favourably upon post-release performance. Of course, it is early days but the signs are promising. Some of the work camps also are excellent, with Millstream constituting an exemplar of how these sorts of activities should be structured and run, sustained by a strong relationship with Conservation and Land Management. Deaths in custody have declined in number, and although everyone involved in these matters well understands that patterns can change overnight, nevertheless it does appear that the Department has learned from its own experience and from our own Deaths at Hakea Prison Report how to improve its regimes.

In that regard, the Department invited the Inspector during the year to open a new orientation wing at Hakea – something that we had strongly urged in at least two of our Reports. Related to this, the conditions for geriatric prisoners at Acacia have also been improved at our strong urging; the Inspector opened a new outdoor passive recreation area in that unit during the year. Still on the achievements, Bandyup Women’s Prison for all the difficulties that arise out of an unsuitable footprint for its accommodation and service facilities, has improved its performance considerably, and the remaining problems are being actively addressed. Pharmacotherapy (opiate replacement) programs have been introduced across the board; by their nature they tend to cause some stress to regimes, but they have on the whole been absorbed into routine operations well.

Both Bandyup and Hakea have been beneficiaries of an approach to management that this Office has frequently urged upon the Department – the establishment of separate change management groups within a prison, able to operate without becoming entrammelled in daily routine management. This model has not been embraced so unambiguously in relation to some of the other problem prisons, but at least the principle has now been understood and accepted and the fruits of this approach are starting to be apparent.

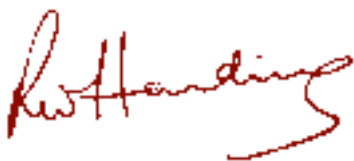
The biggest challenge to the system at the present time is that of overcrowding; to this point this has been managed adequately by cell-sharing arrangements. This Office drew to the Department’s attention the fact that cell-sharing carries with it risks and duty of care obligations, of the kind epitomised most starkly at Feltham Young Offenders Institution in the UK where a nazi prisoner committed a race murder upon an Asian prisoner in a shared cell. The Department is now in the course of developing protocols to assess and monitor the appropriateness of individual cell-sharing arrangements.

The “Aboriginal Prisons” – particularly Broome, Eastern Goldfields and Roebourne – remain impoverished and in some aspects barely above third world conditions. But even they are undergoing some improvements both physically and culturally, and certainly things are far less grim than they were when this Inspectorate commenced operations five years ago.

The question of the efficacy of offender programs is never far from Departmental and public concern. It is a fuzzy process to try to ascertain the criteria according to which programs are available and how often they are offered. The time has surely come to move to an accreditation system, based on outcome and process evaluations and involving external as well as in-house evaluation and inputs. There are robust frameworks in other jurisdictions, such as the UK and Canada. In the wash-up from the two current inquiries, it would be timely for the Department to rationalise and upgrade this aspect of its outputs.

Re-entry arrangements are still unsatisfactory. Progress through the prison system ideally should take a prisoner before release at least to a minimum-security prison and section 94 authorised absences and ideally to a work camp situation. This ideal route has been undermined by two factors: the wrong categories of accommodation in the wrong places, in particular insufficient minimum-security beds in the Metropolitan and near-Metropolitan areas; and restrictive tinkering with eligibility rules following several escapes and unauthorised absences. Understandable as these short-term responses may be, their long-term effect, if continued, would be to distort orderly progression patterns through the system as well as exacerbating the return-to-prison rate.

In summary, the Department has had numerous problems on the ground, and the purpose of the *Public Sector Management Act* Inquiry and the Directed Review is to redirect their efforts and priorities. All this seems like a crisis and in a sense is a crisis, but the basic resilience of the Department and its employees is such that it should be possible to start moving forward again shortly after these reviews complete their work. The enhanced working relationship between this Office and the Department should bring forth greater benefits to Government and to the administration of this aspect of criminal justice as the new roadmap is put in place.



Richard Harding
Inspector of Custodial Services

22nd August 2005

Part Two

Report on Operations

1. RELEVANT LEGISLATION

Enabling Legislation

The Office was established as a department under the Public Sector Management Act, on 1 June 2000.

Legislation Administered

The Office is the administering agency for the *Inspector of Custodial Services Act 2003*.

The Office is exempt from the *Freedom of Information Act 1992* and the *Parliamentary Commissioner Act 1971* in accordance with Schedule 2, Clauses 4 and 5 of the *Inspector of Custodial Services Act 2003* respectively.

Legislation Impacting on the Office's Activities

The following written laws impact upon the performance of the Inspector's functions: -

- Aboriginal Communities Act 1979
- Anti Corruption Commission Act 1988
- Bail Act 1982
- Competition Policy Reform (WA) Act 1996
- Coroners Act 1996
- Corruption and Crime Commission Act 2003
- Court Security and Custodial Services Act 1999
- Crime (Serious and Repeat Offenders) Sentencing Act 1992
- Criminal Code
- Criminal Law (Mentally Impaired Defendants) Act 1996
- Electoral Act 1907
- Equal Opportunity Act 1984
- Evidence Act 1906
- Fines, Penalties and Infringement Notices Enforcement Act 1994
- Government Employees Superannuation Act 1987
- Industrial Relations Act 1979
- Interpretation Act 1984
- Justices Act 1902
- Minimum Conditions of Employment Act 1993
- Misuse of Crime Act 1981
- Occupational Health and Safety Act 1984
- Parole Orders (Transfer) Act 1984
- Prisoners (Interstate Transfer) Act 1983
- Prisoners (Release for Deportation) Act 1989
- Disability Services Act 1993
- Public Sector Management Act 1994
- Racial Discrimination Act 1975
- Sentence Administration Act 1995
- Spent Convictions Act 1988
- State Records Act 2000
- Victims of Crime Act 1994
- Workers Compensation and Rehabilitation Act 1981
- Young Offenders Act 1994

In the financial administration of the Office, there has been compliance with the requirements of the *Financial Administration and Audit Act 1985* and every other relevant written law, and the exercise of controls which provide reasonable assurance that the receipt and expenditure of moneys and the acquisition and disposal of public property and incurring of liabilities has been in accordance with legislative provisions.

At the date of signing, the Office is not aware of any circumstances that would render the particulars included in this statement misleading or inaccurate.

2. RESPONSIBLE MINISTER

The Hon. J.B. D'Orazio, MLA

3. MISSION

To establish and maintain an independent, expert and fair inspection service so as to provide Parliament, the Minister, stakeholders, the media, and the general public with up-to-date information and analysis about prison and detention centre operations and custodial services, so that debate and discussion may be enhanced as to whether and to what extent the key objectives of these activities are being achieved.

4. OBJECTIVES AND AGENCY LEVEL GOVERNMENT DESIRED OUTCOMES

A fair and independent prison inspection service which, provides for the regular and ongoing evaluation of the treatment and conditions of prisoners.

5. SERVICES (GOODS OR SERVICES) PROVIDED TO THE PUBLIC SECTOR IN WA

To ensure that the objectives and desired outcomes are achieved, the Office provided the following:

- Reports to Parliament and the general public.
- Provision of custodial services advice to the Minister for Justice.
- Draft reports are provided to the Department of Justice and other relevant departments and others to provide opportunities to respond either orally or in writing in relation to the subject matter of these reports.
- Relevant matters are referred to a variety of public sector agencies where there is a statutory requirement or in the opinion of this Office, those agencies have primacy of jurisdiction.
- The Office maintains a mail-out list to encourage other public sector agencies and office holders in Western Australia to be aware of the custodial services findings of this Office.

6. SENIOR OFFICERS

Professor Richard Harding (The Inspector of Custodial Services)

Richard Harding was appointed as the foundation Inspector of Custodial Services as from 1 August 2000. His previous position was the foundation Director of the Crime Research Centre at The University of Western Australia. His long-time involvement in corrections policy and practice dates back to 1970, since then he has been involved in numerous government inquiries and has written widely in academic journals. His most recent book is 'Private Prisons and Public Accountability' (1997). Between 1984 and 1987 Professor Harding was Director of the Australian Institute of Criminology.

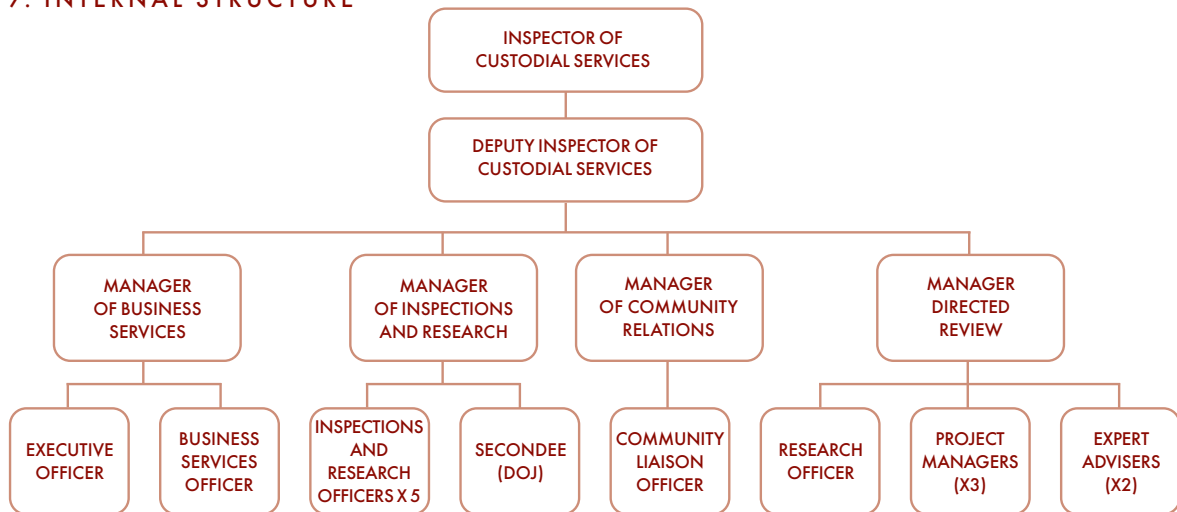
Part Two

He has also been extensively involved with international crime and justice policy at the United Nations level, as well as through support of the Asia and Pacific Conference of Correctional Administrators.

Robert W Stacey (Deputy Inspector)

Robert Stacey was appointed inaugural Director of Operations in November 2000. He brings to the role over twenty years extensive experience in the Western Australian Prison Service, at operational, management and strategic levels and across key functional areas. Mr Stacey holds a B.A. (Distinction) in Social Sciences from the Western Australian Institute of Technology and a Postgraduate Diploma in Business from Curtin University of Technology.

7. INTERNAL STRUCTURE



8. PUBLICATIONS

All publications produced by the Office are available in hard copy on request from the Office or alternatively can be viewed on the Office's Internet site. The following publications were produced in 2004/05:

Operational Reports

- Report No.23 – Cognitive Skills Training in the Western Australian Prison System;
- Report No.24 – Report of an Announced Inspection of Roebourne Regional Prison;
- Report No.25 – Inspection of the Interim Arrangements at the Supreme Court Following the Escape of Nine Prisoners from the Custody Area on 10th June 2004;
- Report No. 26 – Report of an Announced Inspection of Karnet Prison Farm March 2005;
- Report No. 27 – Report of an Announced Inspection of Broome Regional Prison;
- Report No. 28 – Report of an Announced Inspection of Casuarina Prison; and
- Report No. 29 – Report of an Announced Inspection of Rangeview Remand Centre.

Annual Report

- 2003/2004 Annual Report

9. CONTRACTS WITH SENIOR OFFICERS

At the date of reporting, other than normal contracts of employment of service, no Senior Officers, or firms of which Senior Officers are members, or entities in which Senior Officers have substantial interests had any interests in existing or proposed contracts with the Office and Senior Officers.

10. HIGHLIGHTS OF THE YEAR

- Completion of six inspections;
- Completion of one thematic Report;
- A total of 86 Prison Liaison Visits were conducted by Inspections and Research Officers;
- A total of 93 Independent Prison Visitor Reports were lodged; and
- A total of six inspection Exit Debrief Notes were written.

11. CHANGES IN WRITTEN LAW

There were no changes in any written law that affected the Office during the financial year.

12. MINISTERIAL DIRECTIVES

During the year, the Minister directed the Inspector to perform the following Directed Reviews under Section 17 of the *Inspector of Custodial Services Act 2003*: -

- inspect both the Rockingham and Fremantle Court Custody areas; and
- offenders in custody.

The terms of reference for both Reviews have been described elsewhere in the Report.

13. STAFF PROFILE

	2005	2004
Full-time permanent	10	9
Full-time contract	3	2
Part-time measured on a FTE basis	.6	0
On secondment	6	2
	19.6	13

14. STAFF DEVELOPMENT

The Office encourages staff to continue with relevant post-graduate tertiary qualifications.

15. WORKERS' COMPENSATION

No compensation claims were recorded during the financial year.

16. INDUSTRIAL RELATIONS

The Inspector is a prescribed office-holder under the Salaries and Allowances Tribunal Act 1975. All other officers are registered under the Government Officers Salaries, Allowances and Conditions of the General Agreement 2004.

17. DISABILITY SERVICES PLAN

A draft disability services plan was written and submitted in accordance with Part Five, Section 28 of the *Disability Services Act (1993)*.

18. EQUAL EMPLOYMENT OPPORTUNITY

The Office is committed to equal opportunity in employment.

Classification	Occupational Group	Female	Male	Total
Level 2	Business Services	1		1
Level 3	Business Services	1		1
Level 5	Operational	1	1	2
Level 6	Operational	2.6	2	4.6
Level 6	Business Services		1	1
Level 9	Operational		1	1
Salaries and Allowances	Operational		1	1
Secondees (full-time)	Operational	3	3	6
Contract (full-time)	Operational	1	1	2
Total		9.6	10	19.6
Ratio		49%	51%	100%

Table A

An equal employment opportunity management plan is being developed.

19. PARTNERED

The Inspector may by arrangement with the relevant employer make use, either full-time or part-time, of the services of any officer or employee in the Public Service; in a State agency or instrumentality; or otherwise in the service of the Crown in right of the State.

In accordance with this provision, the Office partnered with a number of government agencies for inspections. The agencies include:

- Department of Community Development;
- Department of Education and Training;
- Department of Health;
- Department of Justice;
- Drug and Alcohol Office;
- Office of the Auditor General;
- Office of Health Review; and
- Parliamentary Commissioner for Administrative Investigations (Ombudsman).

Other Government agencies that have assisted the work of this Office include the Corruption and Crime Commission; the Council of Official Visitors; the Office of Crime Prevention; and the Police Service through the Police Prisons Unit. We also have good working relations with the Office of the State Coroner and the Director of Public Prosecutions.

20. RECORD-KEEPING SYSTEMS

The Inspectorate developed a Recordkeeping Plan (RKP) in accordance with Section 19 of the *State Records Act 2000*. The State Records Commission cleared the Plan in November 2004.

Since then, the Office has submitted a draft Retention and Disposal Schedule to the State Records Advisory Committee for its consideration commencing August 2005.

The Office is in the process of acquiring a sufficient number of on-line learning program licences and scheduling a Record-keeping Awareness Training course for its existing employees.

The Inspectorate's staff induction pack will be updated to include the completion of the on-line training program so that any new employees will be fully conversant with the record-keeping system.

21. SUSTAINABILITY

The Inspectorate wrote and submitted a Sustainability Action Plan during the financial year and has commenced implementing some of the initiatives.

22. WASTE PAPER RECYCLING

The Office's published reports use environmentally friendly paper, comprising 50 per cent recycled paper and 50 per cent chlorine free plantation pulp.

The Office collects confidential and non-confidential waste paper for recycling.

23. PUBLIC INTEREST DISCLOSURES

The Inspectorate has a PID officer and has written and implemented internal public interest disclosure procedures.

24. CONTINUING RESEARCH AND DEVELOPMENT

In addition to the Inspector and Deputy Inspector, the Office employs a Manager, Inspections and Research and five Inspections and Research Officers with key responsibilities for research. The Office also engages expert advisers to assist with research based service reviews.

25. CORRUPTION PREVENTION

The Inspectorate has performed a risk management program in accordance with Treasurer's Instructions, which is reviewed annually.

26. MAJOR PROMOTIONAL, PUBLIC RELATIONS OR MARKETING ACTIVITIES

Presentation of papers at international and interstate conferences. The Office advertises in newspapers for interested community volunteers to apply for positions in the Independent Prison Visitors' Scheme.

27. PRICING POLICIES ON SERVICES

The Office does not charge for goods and services rendered.

28. LIKELY DEVELOPMENTS AND FORECAST RESULTS OF OPERATIONS

Likely developments in the operations of the Office in the 2005/2006 financial year will be

- (a) Development of a more formalised approach to the provision of advice to the Minister for Justice;
- (b) The issue of discussion papers dealing with issues of immediate and urgent concern; and
- (c) The adoption of a strategic approach by the Department of Justice in addressing issues raised in the Inspector's reports.

29. ELECTORAL ACT 1907 SECTION 175ZE

In compliance with section 175ZE of the Electoral Act 1907, the Office is required to report on expenditure incurred during the financial year in relation to advertising agencies, market research organisations, polling organisations, direct mail organisations and media advertising organisations.

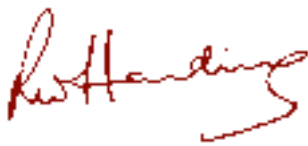
The details of the report are as follows:

<u>Expenditure with Advertising Agencies</u>	<u>\$0</u>
<u>Expenditure with Market Research Agencies</u>	<u>\$0</u>
<u>Expenditure with Polling Agencies</u>	<u>\$0</u>
<u>Expenditure with Direct Mail Agencies</u>	<u>\$0</u>
<u>Expenditure with Media Advertising Agencies</u>	<u>\$0</u>
<u>Total Expenditure</u>	<u>\$0</u>

30. COMPLIANCE WITH THE PUBLIC SECTOR MANAGEMENT ACT SECTION 31(1)

- In the administration of the Office, I have complied with the Public Sector Standards in Human Resource Management, the Western Australian Public Sector Code of Ethics and the Office's own Code of Conduct.
- I have put in place procedures designed to ensure such compliance and conducted appropriate internal audits and assessments to satisfy myself that this statement is correct.
- The applications made for breach of standards review and the corresponding outcomes for the reporting period are:

Number lodged	nil
Number of breaches found, including details of multiple breaches per application:	nil
Number still under review:	nil



Professor Richard Harding
Inspector of Custodial Services
11 August 2005

Postal Address:

Level 27, 197 St George's Terrace, Perth, Western Australia 6000.

Telephone: 61 8 9212 6200 Facsimile: 61 8 9226 4616

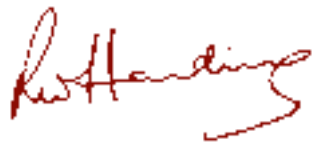
Email: corporate@custodialinspector.wa.gov.au

Website: www.custodialinspector.wa.gov.au

Outcomes, Outputs and Performance Information

CERTIFICATION OF PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2005

I hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Office of the Inspector of Custodial Service's performance, and fairly represent the performance of the Office of the Inspector of Custodial Services for the financial year ended 30 June 2005.

A handwritten signature in dark red ink, appearing to read 'R. Harding', written in a cursive style.

Professor Richard Harding
Accountable Officer
11 August 2005



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

**OFFICE OF THE INSPECTOR OF CUSTODIAL SERVICES
PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2005**

Audit Opinion

In my opinion, the key effectiveness and efficiency performance indicators of the Office of the Inspector of Custodial Services are relevant and appropriate to help users assess the Office's performance and fairly represent the indicated performance for the year ended 30 June 2005.

Scope

The Inspector of Custodial Services' Role

The Inspector of Custodial Services is responsible for developing and maintaining proper records and systems for preparing performance indicators.

The performance indicators consist of key indicators of effectiveness and efficiency.

Summary of my Role

As required by the Financial Administration and Audit Act 1985, I have independently audited the performance indicators to express an opinion on them. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the performance indicators is error free, nor does it examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the performance indicators.

A handwritten signature in black ink, appearing to read 'D D R Pearson'.

D D R PEARSON
AUDITOR GENERAL
9 September 2005

PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2005

AGENCY LEVEL GOVERNMENT DESIRED OUTCOMES AND KEY EFFECTIVENESS INDICATORS

Desired Outcome: A fair and independent prison inspection service, which provides for the regular and ongoing evaluation of the treatment and conditions of prisoners.

Key Effectiveness Indicator: The extent to which the Department of Justice and, where relevant, other agencies accept recommendations contained in Reports.

Type of recommendation	2005 Target	2005 Actual	Reasons for Significant Variance
1. Custody and security	75%	78%	An improving attitude by the Department of Justice to adopt proposals for reform.
2. Care and wellbeing	75%	88%	As above.
3. Health	75%	81%	As above.
4. Rehabilitation	75%	88%	As above.
5. Reparation	75%	86%	As above.
6. Human rights	100%	83%	The Office set a very high standard in these areas of great need. The Department's response to date has been slightly disappointing.
7. Racism, Aboriginality and Equity	100%	88%	The Office set a very high standard in these areas of great need. The Department's response to date has been slightly disappointing.
8. Administration and accountability of DOJ	50%	88%	An improving attitude by the Department of Justice to adopt proposals for reform.
9. Staffing issues	50%	88%	As above.
10. Correctional value-for-money	50%	88%	As above.

Table B

SERVICE 1: PRISON INSPECTION AND REVIEW

Inspection of prisons, court custody centres and prescribed lock-ups, coordination of the Independent Visitors Scheme and review of custodial services.

Key Efficiency Indicator: The weighted costs per inspection, review, liaison visit, Independent Prison Visitor service and other statutorily mandated or authorised activity carried out during the year.

Part Three

Inspection Reports and Thematic Reviews

	<i>2005 Target</i>	<i>2005 Actual</i>	<i>Reasons for Significant Variance</i>
Service Points achieved	7.5	7.5	
The mean cost of each Service Point	\$177,300	\$130,867 ¹	Costs re-allocated to Inspection Exit Debrief Notes

Liaison Visits

	<i>2005 Target</i>	<i>2005 Actual</i>	<i>Reasons for Significant Variance</i>
Visits	80	86	
The mean cost of each Visit	\$4,180	\$4,910	Increased resources per liaison visit

Independent Prison Visits

	<i>2005 Target</i>	<i>2005 Actual</i>	<i>Reasons for Significant Variance</i>
Visits	80	93	
The mean cost of each Visit	\$1,000	\$1,200	Increased resources per visit

Inspection Exit Debrief Notes

	<i>2005 Target</i>	<i>2005 Actual</i>	<i>Reasons for Significant Variance</i>
Debriefs	5	6	
The mean cost of each debrief	N/A	\$40,896	Costs allocated for the first time

Two cost efficiency indicators will be added to the existing list in the forthcoming year. Firstly, the average cost per discussion paper and secondly, the average cost per ministerial advice. These new items better identify the current and emerging work of the Inspectorate.

Directed Review into Offenders in Custody

During the year, the Minister directed the Inspector to review offenders in custody under section 17(2)(b) of the *Inspector of Custodial Services Act 2003*. Separate funding was approved for this purpose through the supplementary funding process for \$494,000. As the Review crosses over two financial years, half of the funds were drawn down in mid June 2005 with the remainder to be drawn down in the new financial year. As planned, \$120,008 was spent by 30 June 2005.

¹ The number of Service Points in the current financial year is one point less than the previous financial year at 7.5 and achieved the target for the year. The mean cost of each point is \$130,867 after deducting \$120,008 for the Directed Review into Offenders in Custody, \$110,000 for the Independent Prison Visits, \$422,266 for Liaison Visits and \$245,376 for Inspection Exit Debrief Notes from the total cost of services of \$1,879,155.

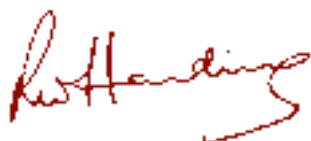
Source Reference

FAAA sec 62 HON J.B.D'Orazio, MLA

TI 902 MINISTER FOR JUSTICE

ICSA sec 33(2) & 38 In accordance with *Section 62 of the Financial Administration and Audit Act 1985*, I hereby submit for your information and presentation to Parliament, the Annual Report of the Inspector of Custodial Services for the financial year ending 30 June 2005.

The Annual Report has been prepared in accordance with the provisions of the *Financial Administration and Audit Act 1985* and the *Inspector of Custodial Services Act 2003*.



Professor Richard Harding

Accountable Officer

11th August 2005

Part Four

Financial Statements

CERTIFICATION OF FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

Source Reference

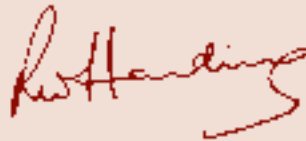
FAAA sec62(2a)
TI 947

The accompanying financial statements of the Office of the Inspector of Custodial Services have been prepared in compliance with the provisions of the *Financial Administration and Audit Act 1985* from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2005 and the financial position as at 30 June 2005.

At the date of signing we are not aware of any circumstances which would render any particulars included in the financial statements misleading or inaccurate.



Derek Summers, CPA
Principal Accounting Officer
11th August 2005



Professor Richard Harding
Accountable Officer
11th August 2005



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

OFFICE OF THE INSPECTOR OF CUSTODIAL SERVICES FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2005

Audit Opinion

In my opinion,

- (i) the controls exercised by the Office of the Inspector of Custodial Services provide reasonable assurance that the receipt and expenditure of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Office at 30 June 2005 and its financial performance and cash flows for the year ended on that date.

Scope

The Inspector of Custodial Services' Role

The Inspector of Custodial Services is responsible for keeping proper accounts and maintaining adequate systems of internal control, preparing the financial statements, and complying with the Financial Administration and Audit Act 1985 (the Act) and other relevant written law.

The financial statements consist of the Statement of Financial Performance, Statement of Financial Position, Statement of Cash Flows, Summary of Consolidated Fund Appropriations and Revenue Estimates, and the Notes to the Financial Statements.

Summary of my Role

As required by the Act, I have independently audited the accounts and financial statements to express an opinion on the controls and financial statements. This was done by looking at a sample of the evidence.

An audit does not guarantee that every amount and disclosure in the financial statements is error free. The term "reasonable assurance" recognises that an audit does not examine all evidence and every transaction. However, my audit procedures should identify errors or omissions significant enough to adversely affect the decisions of users of the financial statements.

D D R PEARSON
AUDITOR GENERAL
9 September 2005

Part Four

Statement of Financial Performance for the year ended 30 June 2005

	Note	2005 \$	2004 \$
COST OF SERVICES			
Expenses from ordinary activities			
Employee expenses	4	1,141,601	926,282
Supplies and services	5	442,833	363,621
Depreciation expense	6	32,770	32,595
Administration expenses	7	85,071	81,471
Accommodation expenses	8	176,880	172,934
Total cost of services		1,879,155	1,576,903
Revenues from ordinary activities			
Other revenues from ordinary activities	9	13,082	1,643
Total revenues from ordinary activities		13,082	1,643
NET COST OF SERVICES		1,866,073	1,575,260
REVENUES FROM STATE GOVERNMENT			
Output appropriation	10	1,991,000	1,537,000
Resources received free of charge	10		800
Total revenues from State Government		1,991,000	1,537,800
CHANGE IN NET ASSETS		124,927	(37,460)
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH WA STATE GOVERNMENT AS OWNERS			
		124,927	(37,460)

The Statement of Financial Performance should be read in conjunction with the accompanying notes.

Statement of Financial Position

as at 30 June 2005

	Note	2005 \$	2004 \$
Current Assets			
Cash assets	11	265,590	1,557
Restricted cash assets	12		21,500
Receivables	13	10,537	28,713
Amounts receivable for services	14	44,000	32,000
Total Current Assets		320,127	83,770
Non-Current Assets			
Office furniture and equipment	15	12,021	19,118
Office Fit-out	15	72,992	92,071
Total Non-Current Assets		85,013	111,189
TOTAL ASSETS		405,140	194,959
Current Liabilities			
Payables	16	34,544	13,251
Provisions	17	382,215	315,359
Other Liabilities	18	54,043	56,938
Total Current Liabilities		470,802	385,548
Non-Current Liabilities			
Provisions	17		
Total Non-Current Liabilities			
Total Liabilities		470,802	385,548
Equity			
Accumulated (deficiency)	19	(65,662)	(190,589)
Total Equity		(65,662)	(190,589)
TOTAL LIABILITIES AND EQUITY		405,140	194,959

The Statement of Financial Position should be read in conjunction with the accompanying notes.

Part Four

Statement of Cash Flows for the year ended 30 June 2005

	Note	2005 \$	2004 \$
CASH FLOWS FROM STATE GOVERNMENT			
Output appropriations		1,979,000	1,525,000
Net cash provided by State Government		1,979,000	1,525,000
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee costs		(929,030)	(732,519)
Superannuation		(161,579)	(155,317)
Supplies and services		(406,723)	(405,964)
Administration costs		(86,919)	(81,813)
Accommodation costs		(176,880)	(172,934)
GST payments to taxation authority		(714)	(166)
GST payments on purchases		(72,644)	(64,298)
Receipts			
GST receipts on sales		768	168
GST receipts from taxation authority		71,472	60,248
Other receipts		32,376	1,643
Net cash used in operating activities	20(b)	(1,729,873)	(1,550,952)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current physical assets		(6,594)	(9,382)
Net cash used in investing activities		(6,594)	(9,382)
Net decline in cash held		242,533	(35,334)
Cash assets at the beginning of the financial year		23,058	58,392
CASH ASSETS AT THE END OF THE FINANCIAL YEAR	20(a)	265,591	23,058

The Statement of Cash Flows should be read in conjunction with the accompanying notes.

Summary of consolidated fund appropriations and revenue estimates for the year ended 30 June 2005

	2005 Estimate \$	2005 Actual \$	Variance \$	2005 Actual \$	2004 Actual \$	Variance \$
DELIVERY OF SERVICES						
Item 77 - Net amount appropriated to deliver services	1,569,000	1,815,000	246,000	1,815,000	1,361,000	454,000
Amount Authorised by other Statutes						
- Salaries and Allowances Act 1975	176,000	176,000		176,000	167,000	
Total appropriations provided to deliver services	1,745,000	1,991,000	246,000	1,991,000	1,537,000	454,000
Details of Expenditure by Service						
Prison Inspection and Review	1,744,000	1,879,155	135,155	1,879,155	1,596,701	282,454
Total Cost of Services	1,744,000	1,879,155	135,155	1,879,155	1,596,701	282,454
Less retained revenue	(2,000)	(13,082)	(11,082)	(13,082)	(21,441)	8,359
Net Cost of Services	1,742,000	1,866,073	124,073	1,866,073	1,575,260	290,813
Adjustment for movement in cash balances and other accrual items	3,000	124,927	121,927	124,927	(38,260)	163,187
Total appropriations to deliver services	1,745,000	1,991,000	246,000	1,991,000	1,537,000	454,000
DETAILS OF REVENUE ESTIMATES						
Revenues disclosed as Operating Revenues	2,000	13,082	(11,082)	13,082	21,441	(8,359)

The Summary of Consolidated Fund Appropriations, Variance to Actual and Budget should be read in conjunction with the accompanying notes.

This Summary provides the basis for the Explanatory Statement information requirements of TI 945, set out in Note 24.

Part Four

Notes to the Financial Statements for the year ended 30 June 2005

NOTE 1 OFFICE MISSION AND FUNDING

The Office's mission is to provide the people of Western Australia with an independent and effective prison inspection and review service which is fair and just.

The Office is funded by Parliamentary appropriations. The financial statements encompass all Funds through which the Office controls resources to carry on its functions.

In the process of reporting on the Office as a single entity, all intra-entity transactions and balances have been eliminated.

NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies have been adopted in the preparation of the financial statements. Unless otherwise stated these policies are consistent with those adopted in the previous year.

(A) GENERAL STATEMENT

The financial statements constitute a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and Urgent Issues Group (UIG) Consensus Views as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording. The Financial Administration and Audit Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over Australian Accounting Standards, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board, and UIG Consensus Views. The modifications are intended to fulfil the requirements of general application to the public sector, together with the need for greater disclosure and also to satisfy accountability requirements.

If any such modification has a material or significant financial effect upon the reported results, details of that modification and where practicable, the resulting financial effect are disclosed in individual notes to these financial statements.

(B) BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with Australian Accounting Standard AAS 29 "Financial Reporting by Government Departments".

The financial statements have been prepared on the accrual basis of accounting using the historical cost convention.

(C) SERVICE APPROPRIATIONS

Service Appropriations are recognised as revenues in the period in which the Office gains control of the appropriated funds. The Office gains control of appropriated funds at the time those funds are deposited into the Office's bank account or credited to the holding account held at the Department of Treasury and Finance.

(D) NET APPROPRIATION DETERMINATION

Pursuant to section 23A of the Financial Administration and Audit Act, the Treasurer may make a determination providing for prescribed revenue to be retained by a department. Receipts in respect of all revenues recognised in the Statement of Financial Performance are the subject of a net appropriation determination by the Treasurer.

The net appropriation determination allows all prescribed revenues to be retained except for:

- revenues derived from the sale of real property; and
- one-off revenues with a value of \$10,000 or more derived from the sale of property other than real property.

Prescribed revenues include moneys received other than from taxes, royalties and Commonwealth general purpose grants.

In accordance with the determination, the Office retained \$13,082 In 2005. (\$21,441 in 2004.)

Retained revenues may only be applied to the services specified in the 2004-2005 Budget Statements.

(E) GRANTS AND OTHER CONTRIBUTIONS REVENUE

Grants, donations, gifts and other non-reciprocal contributions are recognised as revenue when the Office obtains control over the assets comprising the contributions. Control is normally obtained upon their receipt.

Contributions are recognised at their fair value. Contributions of services are only recognised when a fair value can be reliably determined and the services would be purchased if not donated.

(F) REVENUE RECOGNITION

Revenue from the sale of goods and disposal of other assets and the rendering of services, is recognised when the Office has passed control of the goods or other assets or delivery of the service to the customer.

(G) ACQUISITIONS OF ASSETS

The cost method of accounting is used for all acquisitions of assets. Cost is measured as the fair value of the assets given up or liabilities undertaken at the date of acquisition plus incidental costs directly attributable to the acquisition.

Assets acquired at no cost or for nominal consideration, are initially recognised at their fair value at the date of acquisition.

Assets costing less than \$1,000 are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

(H) DEPRECIATION OF NON-CURRENT ASSETS

All non-current assets having a limited useful life are systematically depreciated over their useful lives in a manner which reflects the consumption of their future economic benefits.

Depreciation is provided for on the straight line basis, using rates which are reviewed annually.

Expected useful lives for depreciable assets are:

Office furniture and equipment	4 to 5 years
Office fit-out	6.6 years

(I) LEASES

The Office has not entered into any finance leases.

The Office has entered into a number of operating lease arrangements for the rent of office accommodation, motor vehicles and office equipment where the lessors effectively retain all of the risks and benefits incident to ownership of the items held under the operating leases. Equal instalments of the lease payments are charged to the Statement of Financial Performance over the lease term as this is representative of the pattern of benefits to be derived from the leased property.

(J) CASH

For the purpose of the Statement of Cash Flows, cash includes cash assets and restricted cash assets. These include short-term deposits that are readily convertible to cash on hand and are subject to insignificant risk of changes in value.

(K) ACCRUED SALARIES

The accrued salaries suspense account (refer note 12) consists of amounts paid annually into a suspense account over a period of 10 financial years to largely meet the additional cash outflow in each eleventh year when 27 pay days occur in that year instead of the normal 26. No interest is received on this account.

Accrued salaries (refer note 18) represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a few days of the financial year end. The Office considers the carrying amount of accrued salaries to be equivalent to the net fair value.

(L) RECEIVABLES

Receivables are recognised at the amounts receivable as they are due for settlement no more than 30 days from the date of recognition.

Collectability of receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off. A provision for doubtful debts is raised where some doubts as to collection exists and in any event where the debt is more than 60 days overdue.

(M) PAYABLES

Payables, including accruals not yet billed, are recognised when the Office becomes obliged to make future payments as a result of a purchase of assets or services. Payables are generally settled within 30 days.

(N) EMPLOYEE ENTITLEMENTS

Annual leave

This benefit is recognised at the reporting date in respect to employees' services up to that date and is measured at the nominal amounts expected to be paid when the liabilities are settled.

Long service leave

The liability for long service leave is calculated at remuneration rates expected to be paid when the liability is settled.

This method of measurement of the liability is consistent with the requirements of Australian Accounting Standard AASB 1028 "Employee Benefits".

Superannuation

Staff may contribute to the Pension Scheme, a defined benefits pension scheme now closed to new members, or to the Gold State Superannuation Scheme, a defined benefit lump sum scheme now also closed to new members. All staff who do not contribute to either of these schemes become non-contributory members of the West State Superannuation Scheme, an accumulation fund complying with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. All of these schemes are administered by the Government Employees Superannuation Board (GESB).

The superannuation expense comprises the following elements:

- (i) change in the unfunded employer's liability in respect of current employees who are members of the Pension Scheme and current employees who accrued a benefit on transfer from that Scheme to the Gold State Superannuation Scheme; and
- (ii) employer contributions paid to the Gold State Superannuation Scheme and the West State Superannuation Scheme.
- (iii) contributions made to superannuation funds not administered by GESB.

The superannuation expense does not include payment of pensions to retirees, as this does not constitute part of the cost of services provided by the Office in the current year.

The Office is funded for employer contributions in respect of the Gold State Superannuation Scheme and the West State Superannuation Scheme. These contributions were paid to the GESB during the year. The GESB subsequently paid the employer contributions in respect of the Gold State Superannuation Scheme to the Consolidated Fund.

The liabilities for superannuation charges under the Gold State Superannuation Scheme and the West State Superannuation Scheme are extinguished by payment of employer contributions to the GESB.

(O) EMPLOYEE BENEFIT ON-COSTS

Employee benefit on-costs, including payroll tax, are recognised and included in employee benefit liabilities and costs when the employee benefits to which they relate are recognised as liabilities and expenses. (See notes 4 and 17)

(P) RESOURCES RECEIVED FREE OF CHARGE OR FOR NOMINAL VALUE

Resources received free of charge or for nominal value which can be reliably measured are recognised as revenues and as assets or expenses as appropriate at fair value.

(Q) COMPARATIVE FIGURES

Comparative figures are, where appropriate, reclassified so as to be comparable with the figures presented in the current financial year.

(R) ROUNDING OF AMOUNTS

Amounts in the financial statements have been rounded to the nearest dollar .

NOTE 3 SERVICES OF THE OFFICE

The Office has only one service and as such, all income and expenditure relates to that service. Accordingly, a Schedule of Expenses and Revenue by Service has not been included in these financial statements.

The service of the Office is:

Prison Inspection and Review

Inspection of prisons, court custody centres and prescribed lock ups and review of custodial services.

Part Four

NOTE 4 EMPLOYEE EXPENSES

	2005	2004
	\$	\$
Salaries	844,422	718,340
Superannuation	162,411	153,539
Long service leave	68,043	11,246
Annual leave	33,973	14,368
Other related expenses (i)	32,752	28,789
	1,141,601	926,282

(i) These employee expenses include superannuation, workers compensation premiums and other employment on-costs associated with the recognition of annual and long service leave liability. The related on-costs liability is included in employee entitlement liabilities at note 18.

NOTE 5 SUPPLIES AND SERVICES

Consultants and contractors	179,893	153,499
Materials	115,118	98,934
Repairs and maintenance	33,674	13,151
Travel	88,087	74,153
Other	26,061	23,883
	442,833	363,621

NOTE 6 DEPRECIATION EXPENSE

Office equipment and furniture	7,098	7,335
Office fit-out	25,672	25,260
	32,770	32,595

NOTE 7 ADMINISTRATION EXPENSES

Communication	34,300	38,555
Consumables	0	886
Other staff costs	24,365	13,120
Sundry expenses	26,406	28,909
	85,071	81,471

NOTE 8 ACCOMMODATION EXPENSES

Lease Rentals	169,723	171,058
Cleaning	7,157	1,876
	176,880	172,934

NOTE 9 OTHER REVENUES FROM ORDINARY ACTIVITIES

Contributions to Executive Vehicle Scheme	2,085	1,643
Other	10,997	
	13,082	1,643

NOTE 10 REVENUES FROM STATE GOVERNMENT

	2005	2004
	\$	\$
Appropriation revenue received during the year :		
Service appropriations (i)	1,991,000	1,537,000
Resources received free of charge (ii)		
Determined on the basis of the following estimates provided by agencies:		
State Solicitor	0	800
	0	800
	1,991,000	1,537,800

(i) Service appropriations are accrual amounts reflecting the full cost of services delivered. The appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.

(ii) Where assets or services have been received free of charge or for nominal consideration, the Office recognises revenues (except where the contributions of assets or services are in the nature of contributions by owners in which case the Office shall make a direct adjustment to equity) equivalent to the fair value of the assets and/or the fair value of those services that can be reliably determined and which would have been purchased if not donated, and those fair values shall be recognised as assets or expenses, as applicable.

NOTE 11 CASH ASSETS

Operating account	265,290	1,257
Cashiers advance	300	300
	265,590	1,557

NOTE 12 RESTRICTED ASSETS

Accrued salaries suspense account	0	21,500
	0	21,500

Funds in the Accrued Salaries suspense account are held to fund the additional payday, which occurs every tenth year.

NOTE 13 RECEIVABLES

Current		
Trade debtors	468	19,762
GST receivable	10,069	8,951
	10,537	28,713

NOTE 14 AMOUNTS RECEIVABLE FOR SERVICES

Current	44,000	32,000
	44,000	32,000

This asset represents the non-cash component of service appropriations. It is restricted in that it can only be used for asset replacement or payment of leave liability.

Financial Statements

NOTE 15 OFFICE FIT-OUT, FURNITURE AND EQUIPMENT

	2005	2004
	\$	\$
Office Fit-out		
At cost	173,054	166,461
Accumulated depreciation	(100,062)	(74,390)
	72,992	92,071
Furniture and equipment		
At cost	44,587	44,587
Accumulated depreciation	(32,566)	(25,469)
	12,021	19,118
	85,013	111,189

All office fit-out purchased during the year has been included in the financial statements at cost value.

Reconciliations

Reconciliations of the carrying amounts of property, plant, equipment and vehicles at the beginning and end of the current financial year are set out below.

2005	Office Fit-out	Furniture and equipment
Carrying amount at start of year	92,071	19,118
Additions	6,953	0
Depreciation	(25,672)	(7,098)
Carrying amount at end of year	72,992	12,020

NOTE 16 PAYABLES

Current		
Trade payables	34,544	13,251
	34,544	13,251

NOTE 17 PROVISIONS

Current		
Annual leave	124,418	106,099
Long service leave	257,797	209,260
	382,215	315,359
Non-current		
Annual leave	0	0
Long service leave	0	0
	0	0

The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including superannuation and workers compensation premiums. The liability for such on-costs is included here. The associated expense is included under other related expenses (under Employee expenses) at Note 4.

The Office considers the carrying amount of employee benefits to approximate the net fair value.

Employee benefit liabilities

The aggregate employee entitlement liability recognised and included in the financial statements is as follows:

	2005 \$	2004 \$
Provision for employee benefit		
Current	382,215	315,359
Non-current	0	0
	382,215	315,359

NOTE 18 OTHER LIABILITIES

Current		
Accrued expenses	54,043	28,468
Accrued salaries	0	28,470
	54,043	56,938

NOTE 19 EQUITY

Equity represents the residual interest in the net assets of the Office. The Government holds the equity interest in the Office on behalf of the community.

Accumulated (deficiency)

Opening balance	(190,589)	(153,128)
Change in net assets	124,927	(37,461)
Closing balance	(65,662)	(190,589)

NOTE 20 NOTES TO THE STATEMENT OF CASH FLOWS**(a) Reconciliation of cash**

Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows:

Cash assets	265,590	1,557
Restricted cash assets (refer to note 12)	0	21,500
	265,590	23,057

(b) Reconciliation of net cost of services to net cash flows used in operating activities

Net cost of services	(1,866,073)	(1,575,259)
Non-cash items:		
Depreciation expense	32,770	32,595
Resources received free of charge	0	800
(Increase)/decrease in assets:		
Current receivables	19,294	(19,763)
Other current assets		
Increase/(decrease) in liabilities:		
Current provisions	66,856	37,408
Other current liabilities	18,398	(14,497)
Non-current liabilities	0	(8,187)
Net GST payments		
Change in GST in receivables/payables	(1,118)	(4,048)
Net cash provided/used in operating activities	(1,729,873)	(1,550,951)

	2005	2004
	\$	\$
NOTE 21 COMMITMENTS FOR EXPENDITURE		
(a) Capital expenditure commitments		
The Office has no capital expenditure commitments.		
(b) Finance expenditure commitments		
The Office has no finance lease commitments.		
(c) Non-cancellable operating lease commitments		
Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:		
Within one year	210,960	192,377
Later than one year, and not later than five years	201,605	375,549
Later than five years	412,565	567,926

(d) Other expenditure commitments
The Office has no other expenditure commitments.

(e) Guarantees and Undertakings
The Office has given no guarantees or undertakings.

NOTE 22 CONTINGENT LIABILITIES

The Office has no contingent liabilities.

NOTE 23 EVENTS OCCURRING AFTER REPORTING DATE

There were no significant events occurring after the reporting date, which have a material effect on the financial statements.

NOTE 24 EXPLANATORY STATEMENT

The Summary of Consolidated Fund Appropriations and Revenue Estimates discloses appropriations and other statutes expenditure estimates, the actual expenditures made and revenue estimates and payments into the Consolidated Fund. Appropriations are now on an accrual basis.

The following explanations are provided in accordance with Treasurer's Instruction 945.

Significant variations are considered to be those greater than 10% or \$ 100,000.

(i) Significant variations between estimates and actual results for the financial year

Variations were not significant.

(ii) Significant variations between actual revenues and expenditures for the financial year and revenues and expenditures for the immediately preceding financial year

	2005	2004	Variance
	\$	\$	\$
Employee Expenses	1,141,601	926,282	215,319
Supplies and Services	442,833	363,621	79,212

Employee Expenses

The variance is due to the employment of additional staff for the Directed Review of Prison Services.

Supplies and Services

The variance is due to the employment of additional staff for the Directed Review of Prison Services.

NOTE 25 FINANCIAL INSTRUMENTS

(a) Interest rate risk exposure

The following table details the Office's exposure to interest rate risk at the reporting date:

	Weighted average effective interest rate	Variable interest rate	Less than 1 year	1 to 5 years	More than 5 years	Non interest bearing	Total
2005	%	\$	\$	\$	\$	\$	\$
Financial Assets							
Cash Assets						265,590	265,590
Receivables						10,537	10,537
						276,127	276,127
Financial Liabilities							
Payables						34,544	34,544
						34,544	34,544
2004							
Financial Assets							
						51,770	51,770
Financial Liabilities							
						372,297	372,297

NOTE 26 REMUNERATION OF SENIOR OFFICERS

Remuneration

The number of senior officers, whose total of fees, superannuation, salaries and other benefits received, or due and receivable, for the financial year, falls within the following bands:

	2005	2004
\$100,001 - \$110,000	1	
\$120,001 - \$130,000		1
\$150,001 - \$160,000		
\$180,001 - \$190,000	1	
\$190,001 - \$200,001		1
The total remuneration of senior officers is:	\$290,661	\$318,181

	2005	2004
Numbers of Senior Officers presently employed who are members of the Superannuation and Family Benefits Act Scheme:	0	0

NOTE 27 REMUNERATION OF AUDITOR

	2005	2004
Remuneration to the Auditor General for the financial year is as follows:		
Auditing the accounts, financial statements and performance indicators.	16,000	15,5000

NOTE 28 RELATED AND AFFILIATED BODIES

The Office had no related bodies during the financial year.

NOTE 29 SUPPLEMENTARY FINANCIAL INFORMATION

Write-Offs

During the year, there were no assets written off the Office's asset register.

Losses through theft, defaults and other causes

During the year, there were no losses of public moneys and public and other property through theft or default.

Gifts of Property

There were no gifts provided by the Office during the year.

NOTE 30 IMPACT OF ADOPTING AUSTRALIAN EQUIVALENTS TO IFRS

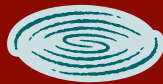
The impact of adopting AIFRS, including the key differences in accounting policies

Reconciliation of total equity as presented under previous AGAAP to that under AIFRS:

	30 June 2005	1 July 2004
	\$	\$
Total Equity under previous AGAAP	65,662	190,589
Property, Plant and Equipment	85,013	111,189
Office Furniture and Equipment (i)	(12,021)	(19,118)
Office Fit-out (iii)	(72,992)	(92,071)
Total Equity under AIFRS	65,662	190,589

The adjustments are explained as follows:

(i) AASB 16 requires Office Furniture and Equipment and Office Fit-Out to be included under Property, Plant and Equipment. The adjustment has nil effect on total equity.



OFFICE OF THE INSPECTOR
OF CUSTODIAL SERVICES

www.custodialinspector.wa.gov.au

Level 27, 197 St George's Terrace, Perth, Western Australia, Australia 6000
Telephone: +61 8 9212 6200 Facsimile: +61 8 9226 4616