



OFFICE OF THE INSPECTOR
OF CUSTODIAL SERVICES
WESTERN AUSTRALIA

» 2006/07 Annual Report »

Office of the
Inspector of
Custodial
Services



RESPONSIBLE MINISTER

Minister for Corrective Services
The Hon. Margaret Quirk, MLA

ACCOUNTABLE AUTHORITY

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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.



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Part One - Inspector's Overview

1. The Inspector



The Office of the Inspector of Custodial Services (the Office) was established by the *Prisons Amendment Act 1999* and began operation in June 2000. In 2003 the functions and powers of the Office were enshrined independently in the *Inspector of Custodial Services Act 2003* (the *Act*). The *Act* establishes an independent agency that reports directly to Parliament to inspect and review specified places where persons are held in custody or specified custodial services in Western Australia that reports directly to the Parliament.

In accordance with section 6 of the *Act*, Professor Richard Harding was appointed by the Governor of Western Australia as the inaugural Inspector of Custodial Services (the Inspector) in August 2000 and was reappointed for a second term commencing August 2005. It is the intention of the Inspector to stand down from the position on 31 July 2008 and given the central importance of the Office to the oversight of the justice system in Western Australia, consideration as to appropriate successors to the position should commence as soon as possible.

As permitted under section 12 of the *Act*, the Inspector delegated his powers to the Deputy Inspector on two occasions during the past financial year (for a total of 30 working days).

2. Staff

In order to carry out his statutory functions the Inspector can authorise others to assist in undertaking custodial inspections and reviews. He may do this by permanent appointment to staff of the Office (section 16(1)), by the temporary engagement of experts (section 16(2)) or by the secondment of employees from within the public service of the State (section 16(3)).

The Office consists of 16 Full Time Equivalent (FTE) staff, including the Inspector, Deputy Inspector, the operational inspection and research team and corporate governance staff. Two additional staff have also been retained this financial year on fixed term contracts, primarily to replace staff on long term leave.

As has been the case since 2001, the Office also has a permanent secondee position for an officer from the Department of Corrective Services (the Department) that is filled approximately every 12 months. The Inspector considers this an important ongoing arrangement with the Department that is mutually beneficial in terms of information sharing, transfer of knowledge, professional development, and increasing the understanding between agencies.

In mid-2006 the Inspector commissioned a review of the structure of the Office. In part this was in response to the operational and structural changes that occurred at the (then) Department of Justice following the Mahoney Inquiry. It was also conducted to ensure sound operational practices were in place in the lead up to the change in leadership at the Office with the standing down of the current Inspector in 2008, and the planned early retirement of the Deputy Inspector at the end of 2007. Thirty-two recommendations were made in the report with a view to consolidating and enhancing the capacity of the Office, including a modified organisational structure. All recommendations were supported. Some aspects of the new structure have been incorporated within existing resources, while others will be considered when resource allocation permits.

In addition to the permanent secondee from the Department of Corrective Services, the Inspector has used the services of employees from other public service departments and agencies for their expertise on an occasional basis throughout the year. This primarily occurs during the on-site phase of inspections at prisons or other custodial places and services. The Inspector would like to acknowledge the contribution of the following Departments and Agencies during the inspection process:

- Department of Health;
- Drug and Alcohol Office;

- Department of Education and Training;
- Office of Health Review;
- Ombudsman
- Riskcover; and
- Department of Agriculture and Food.

As different custodial facilities and services can each have a unique role and focus in the corrections system, the Inspector will from time-to-time invite experts from different relevant areas to assist in specific inspections. In the 2006-07 financial year 25 such persons provided their expert services to the inspection of custodial places or services. These experts included Professor Alison Lieblich, Director of the Prisons Research Centre at the University of Cambridge and the author of the well-validated survey instrument *Measuring the Quality of Prison Life*. The participation of these experts added great value to the work of the Office and provided an added depth to the thorough inspection work undertaken by the permanent staff.

3. Relationship with the Minister

Since the inception of the Office, the Inspector's relationship with the responsible Minister, the Minister for Corrective Services, has developed substantially, and has been solidified by the signing of a formal communications agreement this past year. The relationship has become one of a constant flow of information between the Minister and the Inspector with regards to correctional issues, policies and best practice. The Inspector meets with the Minister at regular intervals, as well as on an as-needs basis in relation to specific incidents that arise throughout the year.

The Inspector also has an ongoing relationship with the Attorney General. This arises from the fact that the Court Security and Custodial Services contract is nominally and in strict law the responsibility of that Minister, even though in a day-to-day sense the bulk of the practical implementation of that contract falls within the responsibility of the Minister for Corrective Services.

Directed Reviews

The *Act* is specific regarding the circumstances under which the Minister may direct the Inspector to undertake any inspection activities (section 17(2)) and which the Inspector may decline (section 17(5) and (6)).

The Minister directed the Inspector to undertake one review this year. This was into an incident of use of force against a detainee at Rangeview Juvenile Remand Centre and its implications for management and reporting (Report No.41 of April 2007). The review found that the incident was indicative of the stresses being experienced across the juvenile custodial estate, primarily as a result of overcrowding. While officers were generally found to have been well trained in the use of force, the training was not as strong in techniques for de-escalation of such confrontations and other alternative dispute resolution methods. The review also examined the failures in communication and notification by the Department to the Minister of this incident, but also others. The report made a number of recommendations to improve Departmental processes in this regard.

Risk Notices

The Inspector has a process to alert the Minister to serious identified risks requiring urgent action within the corrections system generally, or at specific custodial facilities. In the 2006/07 financial year risk notices were issued to the Minister and Department on one occasion. Following the inspection of Roebourne Regional Prison, a risk notice was issued to the Minister in December 2006 stating that it 'constitutes a tangible political and legal risk' given fragility of systems in place at the prison to cope with any incidents that should occur.

Special Projects

In the first half of 2007 the Minister also requested the Inspector to undertake leadership of a joint project with the Department to expedite the implementation of a number of recommendations from the Mahoney Inquiry¹ and the Directed Review² in relation to the assessment and classification of prisoners. The intent of this project is to review and, if necessary, modify the current assessment and classification process to:

- Enhance the ability of the assessment and classification process to inform the management of offenders throughout their interaction with the Department.
- Ensure that the various assessments carried out within the assessment and classification process reflect an accurate estimate and contain a sufficient range of relevant factors.
- Ensure that the classification process enables the Department to efficiently maximise the potential for offenders to purposeful progress through their offender management strategy while minimising the level of security or supervision applied.

The project is being completed by dedicating three full-time staff members from the Office to the project, commencing February 2007 together with one full time staff member from the Department seconded to the Office. This project is ongoing with an expected completion date in the second half of 2007.

4. Functions and Powers

Inspections

It is the primary function of the Inspector to undertake an inspection of each prison, detention centre, court custody centre and prescribed lock-up in Western Australia at least once every three years (section 19(1)). In the 2006/07 financial year the Inspector completed the on-site physical inspection of five custodial facilities:

- Greenough Regional Prison (August 2006);
- Hakea Remand and Receival Centre (October 2006);
- Roebourne Regional Prison (November/December 2006);
- Karnet Prison Farm (February 2007); and
- Broome Regional Prison (March 2007).

In each case the on-site inspection work was completed within the three-year time frame required by the *Act*.

The Inspector is also required by section 33(2)(e) of the *Act* to provide notice via the Annual Report as to announced inspections that will be conducted in the next financial year. Inspections proposed for 2007/08 are:

- Casuarina Prison (July 2007);
- Rangeview Juvenile Remand Centre (October 2007);
- Acacia Prison (November 2007);
- Eastern Goldfields Regional Prison (February 2008); and
- Bandyup Women's Prison (May 2008).

Despite not being required to do so,³ the Inspector generally provides considerable advance notice to the Department as to dates on which he proposes to conduct inspections of prisons and detention centres. The notice given is generally three to four months prior to the on-site phase.

1 Mahoney, Hon. DL, *Inquiry into the Management of Offenders in Custody and the Community* (2005).

2 Office of the Inspector of Custodial Services (OICS), *Directed Review of the Management of Offenders in Custody*, Report No.30 (November 2005).

3 Section 25(1).

The Inspector will also undertake unannounced inspections should he become sufficiently concerned about the operations of particular custodial facilities or services. On these occasions no advance notice is provided to the Department, although as a matter of courtesy the Inspector has previously provided limited notice to the Minister and the head of the Department. In 2006/07 no such inspections were undertaken.

Inspection Standards

Following nearly 12 months of development, the inspection of Karnet Prison Farm in February 2007 provided the first opportunity for the testing of a comprehensive set of formal inspection standards. Following that inspection further redrafting was undertaken to refine the standards, resulting in a document that will be fully applied during the inspection of Casuarina Prison in July 2007.

The resulting Code of Inspection Standards (the Code) specifies various outcomes against which adult custodial services are assessed. The Code is a public document that is available on the Inspector's website and makes it clear to the Parliament, the Minister, the Department and the public what is expected from custodial services in Western Australia. As a relatively new document, the Code is still somewhat a work in progress; it will be amended to reflect any issues or gaps identified in its contents as it is applied during inspections. The Code aims to reflect international standards of best practice in corrections and as well as recognised human rights obligations, put into a Western Australian context.

Inspection Manual

In conjunction with the Code, the Inspector has developed a comprehensive Inspection Manual (the Manual). The aim of the Manual is primarily two-fold; to provide a greater openness and accountability as to how the Inspector goes about his functions and uses his powers, as well as to ensure consistency as to how inspections (and other activities of the Office) are conducted.

A comprehensive draft of the Manual has been completed and is currently undergoing a consultation period with Office staff.

Thematic Reviews

Pursuant to sections 21 and 22 of the *Act*, the Inspector may also undertake occasional inspections of custodial places or services, which generally take the form of thematic reviews. Such reviews are generally targeted at specific custodial services across all custodial places throughout Western Australia and are conducted over a longer time frame than mandatory inspections under section 19.

Two thematic reviews were conducted or commenced in the past year.

The *Thematic Review of Custodial Transport Services in Western Australia* commenced with notification to the Department and the private service provider in October 2005. The review was in part a re-inspection of adult prisoner transport services that had been conducted in 2001. A number of factors led to the decision by the Inspector to conduct a more thorough thematic review of services outside the usual three-year cycle of inspections required by the *Act*. The main reasons included the decision by the Department to extend the contract for transport services, the transfer of ownership of the vehicle fleet from the provider to the Department, the creation by the provider of a special security group to support transport services, and the decision by the Department to resume certain transport services from the provider. An extensive and far reaching review of services was undertaken over 18 months throughout the State, as well as literature reviews of best practice in transport services and visits to other jurisdictions to investigate comparative practices.⁴

4 The report was tabled in Parliament on 27 July 2007.

On 7 March 2007 the Inspector notified the Department of his intention to conduct a thematic review of Emergency Management by the Department. In his notification the Inspector stated that emergency management '*aims to reduce the level of risk of particular events occurring, reduce the adverse effects of such events, and improve the level and perception of safety*'⁵ and would examine the extent to which the Department is prepared should emergency situations be declared. Central to this is the function of the Special Services Branch within the Department. Significant on-site work was conducted for the review in April 2007 and a literature review and survey of comparable services in other jurisdictions undertaken. Completion of a draft report is expected in December 2007.

Reports

Section 20 of the *Act* requires the Inspector to prepare an inspection report following each inspection, detailing the inspection findings and recommendations. In last year's annual report, the Inspector acknowledged the delay that had sometimes occurred between the inspection taking place and the completion of the inspection report and foreshadowed a new process to ensure quicker completion.⁶ The new timeframe within the Office required a draft report to be completed within 12 weeks of the conclusion of the inspection. This has been achieved with regard to all inspections except one in 2006/07. The report of the Hakea inspection was the exception to this due to the participation of a number of experts from other jurisdictions and the complexities of incorporating their expert findings.

Following the drafting of inspection reports, the Inspector is required under the terms of section 37 of the *Act* to afford the Department or any other individuals that are subject to critical comment in the report, the opportunity to make a submission in relation to the comment. The OIC Governance Framework (2005) between the Inspector and the Department together with an in-principle agreement from the Department mean that draft reports are provided to the Department with the understanding comments, responses to recommendations and implementation plans will be returned to the Inspector within six weeks. In 2006/07 the Department generally complied with this time frame to the satisfaction of the Inspector. Others given the opportunity to comment on specific reports included AIMS Corporation as the provider of prisoner transport services and court custody centre services, Chief Judicial Officers, the Department for Planning and Infrastructure and the Western Australia Police.

The process for the publication of all the Inspector's reports is laid out in sections 34 and 35 of the *Act*. The Inspector delivers a copy of reports to the Speaker of the Legislative Assembly and the President of the Legislative Council (as well as the Minister). The Speaker and President are then to lay each report delivered in their respective House of Parliament as soon as practicable after a thirty day period has passed.

Each of these steps – the drafting, opportunity for submissions, any redrafting required as a result of submissions, the editing and printing process and the laying of reports before Parliament – mean that there is necessarily some time lapse between the on-site phase of an inspection and the publication of reports. The process standard is nine months from the end of the on-site phase of an inspection.

In 2006/07 seven reports were completed to the satisfaction of the Inspector.⁷ These comprise of five inspection reports, one thematic review and one report of a directed review. The following is a summary of the findings of each report.

5 Inspector of Custodial Services, Letter to the Commissioner for Corrective Services, 7 March 2007.

6 Page 8.

7 'Completion of reports to the Inspector's satisfaction' are reports which have been drafted, sent to the Department and returned with comment, indication of extent of acceptance of recommendations and proposals for implementation. These may yet to be laid before Parliament, or may be waiting the 30 day tabling requirement prior to publication.

*Albany Regional Prison - Report 38***Inspected February 2006****Published November 2006**

This inspection confirmed that Albany Regional Prison continues to be one of the best managed prisons in the State. The prison continues to be able to manage many prisoners considered unmanageable at other prisons, while meeting the needs of its own population – that is maximum, medium and minimum security prisoners from the Southwest region. There were some issues for concern however. Firstly, the high number of illegal fishermen (predominantly from Indonesia) being accommodated at the prison's work camps was at that time distorting the ability of Australian prisoners to access re-entry opportunities through the camps.⁸ The level of services available to protection prisoners was another identified issue.

*Woorloo Prison Farm - Report 39***Inspected April 2006****Published January 2007**

Woorloo was found to be a well-run and safe prison with a clear understanding of its purpose and service expectations. It had good training and skilling opportunities for prisoners, good provision for visits and other external contacts, and other essential services for prisoners preparing to return to the community. The main areas for concern identified during the inspection were the inadequacy of access to offending behaviour programs and how this impacts on prisoners' release and safety of the community. The Inspector also gave notice of his intention to monitor the impact of the newly constructed fence surrounding the main areas of the prison, as it should not affect the atmosphere and operations of Woorloo, which were seen as highly appropriate to its minimum security status and purpose.

*Regional Court Custody Centres - Report 40***Inspected March 2006****Published January 2007**

The working relationship between the Department and the private provider of court custody services was found to have improved since the time of the previous inspection of court custody centre services. While those using the services and those subject to them were generally satisfied, the Inspector found that the Regional court custody centres were very much the poor cousins in terms of infrastructure and amenities, to their city counterparts. In specific centres the conditions for either those being held in custody or staff were well below standard and require urgent action.

*Directed Review into an Incident at Rangeview Juvenile Remand Centre - Report 41***Inspected April 2007****Published May 2007**

Following an incident of use of force by a group worker against a detainee at Rangeview, the Minister directed the Inspector to investigate the circumstances within the facility and system that may have contributed to the incident. The Inspector found that the extremely high number of detainees being accommodated in the juvenile custodial estate throughout WA and the associated stresses this causes were directly significant. Training for staff was also inadequate in that it did not provide appropriate alternative dispute resolution skills, rather they relied too much on physical means. It was also found that the Department failed to act in a timely way in informing the Minister about this critical incident and recommendations were made as to improved notification criteria and process from the Department to the Minister, and also to the Inspector himself.

8 This problem has now been overtaken by events, with most Indonesian fishermen now being held in the Darwin Immigration Detention Centre.

*Boronia Pre-release Centre for Women - Report 42***Inspected June 2006****Published April 2007**

This was the first inspection conducted of Boronia since its opening in 2004 and found that it was a model for good practice in a women-centred approach to managing low risk female offenders in custody. Among the positive practices at the prison were the arrangements for women to have contact with their children, health service models that closely reflected those in the community, staffing policies developed on a needs basis and the encouragement of women to care for themselves to enhance a sense of responsibility and self-respect. The main disappointment of the inspection was finding the prison was constantly under capacity since its opening that constituted lost opportunities for women to obtain a positive experience in transitioning back into the community.

*Thematic Review of Custodial Transport Services in WA - Report 43***Review announced October 2005****Published May 2007**

The thematic review represented the most comprehensive account of the challenges and problems of custodial transport to date. It set a plateau for discussion of the complexities of the issues and the development of operational standards in all jurisdictions for custodial transport, particularly in those where long-haul land transport is prominent. The review found that there is significant room for improvement in the practices in WA so that they are less onerous to those in custody, and better calibrated to the criminal justice system. A total of 41 detailed recommendations were made and will be monitored by the Inspector.

*Greenough Regional Prison – Report 44***Inspected August 2006****Published May 2007**

Since the commencement of operations, the Inspector has made comment on the hardship, and extensive use of resources, caused by the continual movement of Aboriginal prisoners from the north of the State to prisons in the metropolitan area. Best practice would see all prisoners accommodated as close as possible to their homes. As the Department moves towards addressing the custodial needs of prisoners in this region, the inspection of Greenough found that it had the potential to become the assessment centre for the north in order to prevent transfers to the Hakea Prisoner Assessment Centre in Perth. As the major prison in its region, it should also become a 'full service prison' to house low security women to remove the need for transfer to Bandyup. The prison itself was found to be performing its core tasks well, racism was minimal and staff morale good. It was by far the most successful of the State's four Aboriginal prisons.⁹

A number of inspection reports have been completed and are currently either waiting on comment, as required by section 37, or are waiting for the 30-day tabling requirement (sections 34 and 35) before being tabled. These reports relate to the inspections of Hakea Remand and Assessment Centre, Broome Regional Prison, Karnet Prison Farm and Roebourne Regional Prison.

Exit Debriefs

The Inspector's Exit Debrief is an important aspect of the inspection process. The practice has evolved that, on the last day of the on-site phase of an inspection, the Inspector verbally addresses a wide cross-section of management and staff to explain the preliminary findings of the inspection. This presentation is recorded and subsequently transcribed, edited and distributed widely to Departmental personnel. Although it is not a substitute for the Report, it amounts to a good indicator of the tone and broad direction of the Report itself. In some cases, depending on the

9 The Inspector has identified any prison in which the proportion of Aboriginal prisoners generally exceeds 75 per cent as 'Aboriginal'.

nature of the inspection, the Exit Debrief will contain interim recommendations, so that the Department can immediately commence the process of addressing some of the problems. This was so, for example, with the inspection of Hakea Prison.

Exit Surveys

This year saw the introduction of exit surveys to measure the impact of the inspection processes on the custodial services that were inspected as well as the performance of the inspection team. Surveys were taken at Hakea Prison, Roebourne Regional Prison, Karnet Prison Farm and Broome Regional Prison. 82 per cent of staff believed that they received adequate information about the nature and purpose of the inspection, and 96 per cent felt that they were treated with courtesy and respect by members of the inspection team. Only 2 per cent of respondents did not find the majority of the inspection team approachable, and 64 per cent thought that they were afforded reasonable opportunity to speak with members of the inspection team.

When asked about the extent to which the inspection process unnecessarily interfered with daily operations, 77 per cent of respondents felt that it interfered rarely or not at all. Only 3 per cent of staff felt that any of the inspection team placed themselves at risk through their actions, and only 1 per cent thought that prisoners were placed at risk. No respondents felt that staff had been placed at unnecessary risk.

Liaison Visits

A core tool used by the Inspector to maintain ongoing contact and monitoring of the performance of prisons, detention centres and custodial services is the use of liaison visits. Each prison and detention centre is the subject of a structured formal liaison visit at least four times a year, each work camp once each year and custody centres on a risk-assessment basis, but generally once each year. These visits exclude any that are made for the purposes of inspections or thematic reviews (including planning for these). This year the Inspector exceeded the targeted number of such visits, 93 having been completed.

Discussion Papers

A new development at the Office this year has been the decision to commence releasing discussion papers relating to issues impacting on corrective services generally. These brief occasional papers will aim to illicit debate regarding contemporary issues in the custodial system and may, from time to time, act as the starting point for thematic reviews of services. Three discussion papers are currently in draft form and should be released in the first half of the next financial year.

5. Independent Visitor Service and Community Relations

Community Relations

Links to the community within the State are cultivated in various ways. Prior to each inspection the Community Relations Branch has held consultation sessions with agencies and volunteers providing services within custodial settings. During inspections, particularly in the regions, the Inspector and a member of the Community Relations Branch makes contact with local Shire Councils, Chambers of Commerce, community peak groups, local Parliamentarians and other interested parties to help evaluate the standing of the prison and its acceptability within the local community. For example, during the inspection of Karnet extensive consultations confirmed that the present prison is not only acceptable to the local community but is positively welcomed and supported – a factor that has been insufficiently understood by the Department and Government in contemplating its future.

Throughout the year radio and newspapers featured the Office; after the launch of inspection reports or thematic reviews and to promote the volunteer scheme. The Branch strengthened its links with the Aboriginal Visitors' Scheme and continued its program of delivering training modules to entry level prison officers. The Branch identified applicable elements and prepared overarching standards which will provide reference points for improvement in community services

into WA prisons. These have been integrated into the Western Australian Code of Inspection Standards. The Perth-based Community Reference Group met quarterly, bringing attention to problems it had identified in custodial places and agreeing a course of action.

Independent Visitor Scheme

Independent Visitors visit their assigned prison or detention centre, listen, observe and report on standards. Thirty four visitors covered the juvenile and adult custodial facilities. This included visits to remote work camps attached to Albany, Broome, Eastern Goldfields and Wooroloo Prisons. To ensure comprehensive coverage of large prisons a 'zonal' approach is being trialled at Casuarina, with each visitor rotationally assigned to a different zone to cover during each visit. In this way the whole prison is seen and the visitor becomes familiar with the complete workings of the facility.

The IV Scheme presented 116 reports to the Inspector during 2006/2007, exceeding the target number. These principally detailed prisoner complaints. The concept of 'complaint categories' has been introduced. IV reports are analysed and the resultant data are used to support information already held by the Inspector and Liaison Officers or to identify new areas of concern. Complaints about the facilities and conditions rated the highest, followed by health services, placement and food and diet.

During this year five visitors resigned from the Independent Visitor role. Sadly one visitor who suffered ill health during the year passed away. He had been with the Scheme since this Office took administrative responsibility in 2001 and for some years prior, under the then Ministry for Justice.

Payment to cover volunteer fuel costs was introduced this year. A submission has been made to Government for this valuable role to be further recognised by payment of an honorarium or similar. This is still under consideration.

The Independent Visitors' Scheme is one of the avenues open to prisoners and juvenile detainees who are concerned about their welfare or rights. It provides another reference point for the Inspector in gathering independent perspectives on custodial places.

6. Disclosure of Information

The Inspector has continued to expand the contents of the website for the Office, providing more detail as to how he goes about his work, the standards applied in undertaking his inspections and the findings and recommendations associated with reviews and inspections. This year saw the website – www.custodialinspector.wa.gov.au - undergo significant redevelopment to make it more user-friendly and expand the range of information available.

A large number of public media releases have been issued in 2006/07, all of which are also listed and accessible on the website. Media interest in custodial services and standards has proved to be significant this year, particularly by regional media outlets with regards to services and facilities in their own localities.

7. Offences

The *Act* contains a number of offences relating to the hindering and obstruction of the Inspector and those authorised by him to undertake their statutory duties. It is also an offence to victimise those who assist the Inspector in conducting his duties. Penalties for these offences include fines and imprisonment. The existence of these offences is an important symbol to ensure that the Inspector can effectively operate, particularly in protecting those who are brave enough to bring serious matters to the attention of the Inspector that may otherwise not come to light. In 2006/07 the Inspector was not presented with any circumstances that required him to institute charges for breaches of the *Act*.

8. Community of Practice

Now in its seventh year, the Office of the Inspector of Custodial Services has become recognised as a mature organisation and a leader in the field of best custodial practices and human rights for those in detention. Increasingly, the Office is being asked to act in a consultative capacity to organisations in other jurisdictions seeking to investigate custodial practices or establish similar accountability offices.

This year saw the Office undertake consultative work with the Victorian Ombudsman's Office, the ACT Human Rights Commissioner and the Northern Territory Government.

In August 2006 an officer from the Victorian Ombudsman's office was invited to participate in the inspection team for Greenough Regional Prison. The Victorian Ombudsman had tabled in the Victorian Parliament in July 2006 a report about conditions for persons in custody, and was interested in the WA model for inspecting prisons and related monitoring processes. A particular focus of the Victorian participation was in the effectiveness of prison complaints procedures. The visit helped inform the approach of the Ombudsman's office in handling prisoner complaints.

Further collaboration with the Victorian Ombudsman occurred early 2007, when that office commenced a review of the Victorian Corrections Inspectorate. The Director of Strategic Operations from the WA Inspector of Custodial Services went to Victoria and contributed his experience and expertise to their understanding the role and functions of prison inspectorates. This was followed by two Victorian Ombudsman officers attending two prison liaison visits in WA (Acacia Prison and Hakea Prison) with staff from the Office of the Inspector of Custodial Services.

In relation to issuing a report regarding the proposed new ACT prison, in June an officer from the ACT Human Rights Commission visited the Inspector and was taken to prisons and a juvenile detention centre as well as being appraised of the Office's methodology and standards.

In June 2007 the Inspector led a team to evaluate and make recommendations with regard to offender health services in the Northern Territory. This request arose out of the Inspector's *Thematic Report of Offender Health Services in Western Australia* (Report 35).

While providing leadership in the field of custodial practices, the Inspector recognises that the Office can also learn a great deal from others with similar aims and interests. As such, in 2006/07 the Inspector hosted the annual Conference of Custodial Inspectors in September 2006. The Conference saw agencies with responsibility for custodial oversight from throughout Australasia gather in Perth to share work related experiences, developments in correctional practices and identifying issues and trends for the future of prisons. The Conference was a success and the Inspector hopes to send representatives to the next conference, currently scheduled to be hosted in New Zealand in the first half of 2008.

The Inspector also, in the course of a private visit to the United States, visited Ottawa to consult with the Correctional Investigator Canada. That Office is in effect a specialist Prisons Ombudsman dealing with prisoner complaints. The present Correctional Investigator has exercised his jurisdiction in such a way as to identify trends and themes, whilst also settling individual grievances.

An essential part of the community of practice for the Office is the regularly conducted meetings of the Community Consultative Group convened by the Inspector. The Group consists of representatives from a variety of interested organisations who have regular contact with the corrections system and those incarcerated. Meetings offer the Inspector the opportunity to share with this Group the findings from liaison visits and inspections, developments in practices in corrections through the Office's ongoing interaction with the Department and alert it to future plans for inspections and reviews. Likewise, the members of the Group provide invaluable information to the Inspector from their experiences with the system and those in it. The knowledge and experience of the members of the Group is a resource highly regarded by the Inspector and he thanks them for their ongoing participation.

Sharing of inspection methodology has also occurred this year through the participation by members of the Office in inspections in other jurisdictions. This year an Office member participated in inspections of a facility for young offenders in the United Kingdom and a women's prison in Brisbane. In both cases, the experiences of the Office member contributed substantially to the development of the newly drafted inspection manual.

9. Relationship with other agencies

The Inspector recognises that many matters falling within his jurisdiction raise or arise out of factors that go far beyond the scope of the Department of Corrective Services. It is important for his Office to be able to reach out beyond the Department whose activities he scrutinises directly. Section 27 of the *Act* provides the statutory basis for this approach.

A key example of this relates to the question of the remands of juveniles in custody. The functioning of the two juvenile detention centres seemed to the Inspector to be dangerously distorted by the pressures of a large and ever-growing population of remandees – at one time amounting to about 100 out of a total population of 160. To compound the matter, the majority were Aboriginal and the number of remanded girls was growing.

Recognising that the Department of Corrective Services was simply the end point of complex welfare/law enforcement/judicial patterns, the Inspector established an inter-agency Roundtable of involved personnel – Police, Attorney-General's, Corrective Services, Children's Court, Children's Protection, Health, Education, Aboriginal Legal Service, Children's Court (the President), Special Adviser on Aboriginal Affairs and Ombudsman – to discuss the issues and commit their agencies to remedial action in a conjoined manner. The initial meeting occurred on 1 May 2007 with follow-up meetings scheduled. The impact has already become apparent. This has been an outstanding example whereby the independence of the Inspector has enabled agencies to come together in a non-territorial environment, with benefit to the juvenile justice system as a whole.

Another example concerns the Prisoners Review Board. This is a key body from the point of view of structured release, and our deliberations, in reviewing the classification and assessment of prisoners, referred to above, requires its input and support. The Project Control Group that was set up accordingly includes the Chairperson of that Board.

Of course, the other agency with which the Inspector is most closely involved is the Department of Corrective Services itself. The contacts with the Department occur at various levels with appropriate frequency. They range from discussions between the Inspector and the Commissioner through various management contacts to coalface discussions with officers on the ground. The Inspectorate could not function effectively otherwise.

The Department for its part recognises the value of briefing the Inspector's office in many matters and actively engaging them in crucial ones. For example, the development of the West Kimberley Prison Project at Derby – originally urged by the Inspector in Report 30 – is now being taken ahead by the Department, and consultation with the Inspector's office has continued.

In addition, discussions about the Inspector's development of a Code of Standards for Juvenile Detention Centres occurred during the year, and the Department has agreed to a second juvenile justice officer to the Inspector to participate in this exercise.

The Inspector has also maintained contact with the private contractors involved in providing custodial services within his jurisdiction. The purpose is to ensure that the service standards expected by the Inspector are clearly understood.

An important relationship spelt out by statute is that with the Corruption and Crime Commission. Discussions and correspondence during the year have culminated in agreement upon the terms of a Memorandum of Understanding formalising and facilitating the relations between the Inspector and the Commission.

The Inspector remains concerned that the Office of the Ombudsman continued to pursue the policy that it is the place of "last resort" for prisoner complaints. The Ombudsman's own internal review had revealed that prisoners have very little confidence in the Department's internal grievance system, and our own inspections and reports from our Independent Visitors regularly confirm this. It is not a simple matter to find a balance between being overwhelmed by the work generated by prisoner complaints (as arguably was the case in an earlier period of the Ombudsman's history) and providing an outlet for genuine matters of concern or perceived unfairness. The Inspector has discussed this matter with the newly-appointed Ombudsman.

Finally, in November 2006 the Inspector was a co-signatory to a Report presented to parliament by the Commissioner for Public Sector Standards entitled “Accountability Officers of the Western Australian Parliament: Accountability and Independence Principles.” The other signatories were: the Auditor General, the Electoral Commissioner, the Ombudsman and the Information Commissioner. The Report summarised good practice principles for accountability officers as follows:

- Safeguarding the independence of accountability officers and their functional independence and separation from the Executive Government by explicit provisions in the Constitution and enabling legislation;
- Assuring personal independence during a fixed term non-renewable appointment that exceeds two Parliamentary terms;
- Providing a high level of managerial independence from Executive Government by separating the supporting structures for accountability officers from the public service; and
- Mandating proactive and transparent involvement of Parliament or Committees of Parliament in legislation in these areas:
 - (i) selecting and appointing accountability officers and acting accountability officers;
 - (ii) determining the resources made available to accountability officers;
 - (iii) monitoring the performance of accountability officers; and
 - (iv) holding accountability officers accountable for their performance.”

10. Relationship with Parliament

The statutory scheme of the *Inspector of Custodial Services Act* places Parliament at the forefront of the Inspector’s reporting model. He tables his reports in Parliament directly, not through the Minister. The accountability model thus contemplates that Parliament will be able to evaluate the performance and objectives of the Department of Corrective Services by way of the Inspector’s Reports, not merely by the less satisfactory and more “party political” means of the Estimates Committee proceedings and Parliamentary Questions to Ministers.

During 2006/07 this mechanism has strengthened. The Public Administration Committee of the Legislative Council has had two long hearings with the Inspector and has also entered into correspondence about specific issues. The Inspector welcomes this scrutiny. It is a fundamental belief of this Office that well-informed Parliamentarians are an important safeguard for balanced criminal justice policies.

11. New Legislation

The *Terrorism (Preventative Detention) Act 2006* creates a code for dealing with persons suspected of having been involved in or planning terrorism offences. The *Act* is the Western Australia component of Australia-wide co-ordinated Commonwealth, State and Territory legislation. In one important respect – the role of the Inspector of Custodial services - it differs from that of every other jurisdiction, however.

The statute provides that the Inspector must be notified “as soon as practicable after a person is taken into custody under a preventative detention order” as to his identity and whereabouts. The circumstances of that person’s detention must meet standards of humanity and human dignity and he must not be subjected to “cruel, inhuman or degrading treatment.” The Inspector, in terms equivalent to his free and untrammelled access powers under the *Inspector of Custodial Services Act* is empowered to monitor and report upon the conditions under which the detainee is held. This is so wherever he is being held, i.e. not merely in relation to a prison. Thus the Inspector’s powers can be exercised even if the detainee is being held in a police lock-up or elsewhere within the State.

During 2006/07 no occasion arose for the exercise of this jurisdiction. However, the fact that the A.L.P. caucus, Cabinet and Opposition Parliamentarians all agreed that such provisions were required to achieve an acceptable balance in the statutory framework is indicative of the fact that, after seven years in existence, the Office of the Inspector of Custodial Services is regarded as an integral part of the governance and accountability structures of Western Australia and constitutes a model of good practice for other Australian jurisdictions, including the Commonwealth, to follow.

Part Two - Source Reference

FMA sec 61
TI 902

HON MARGARET QUIRK, MLA
MINISTER FOR CORRECTIVE SERVICES

In accordance with section 61 of the *Financial Management Act 2006*, the Annual Report of the Office of the Inspector of Custodial Services for the financial year ended 30 June 2007.

The Annual Report has been prepared in accordance with the provisions of the *Financial Management Act 2006* and the *Inspector of Custodial Services Act 2003*.



Professor Richard Harding
Accountable Authority

17 August 2007

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Operational Structure

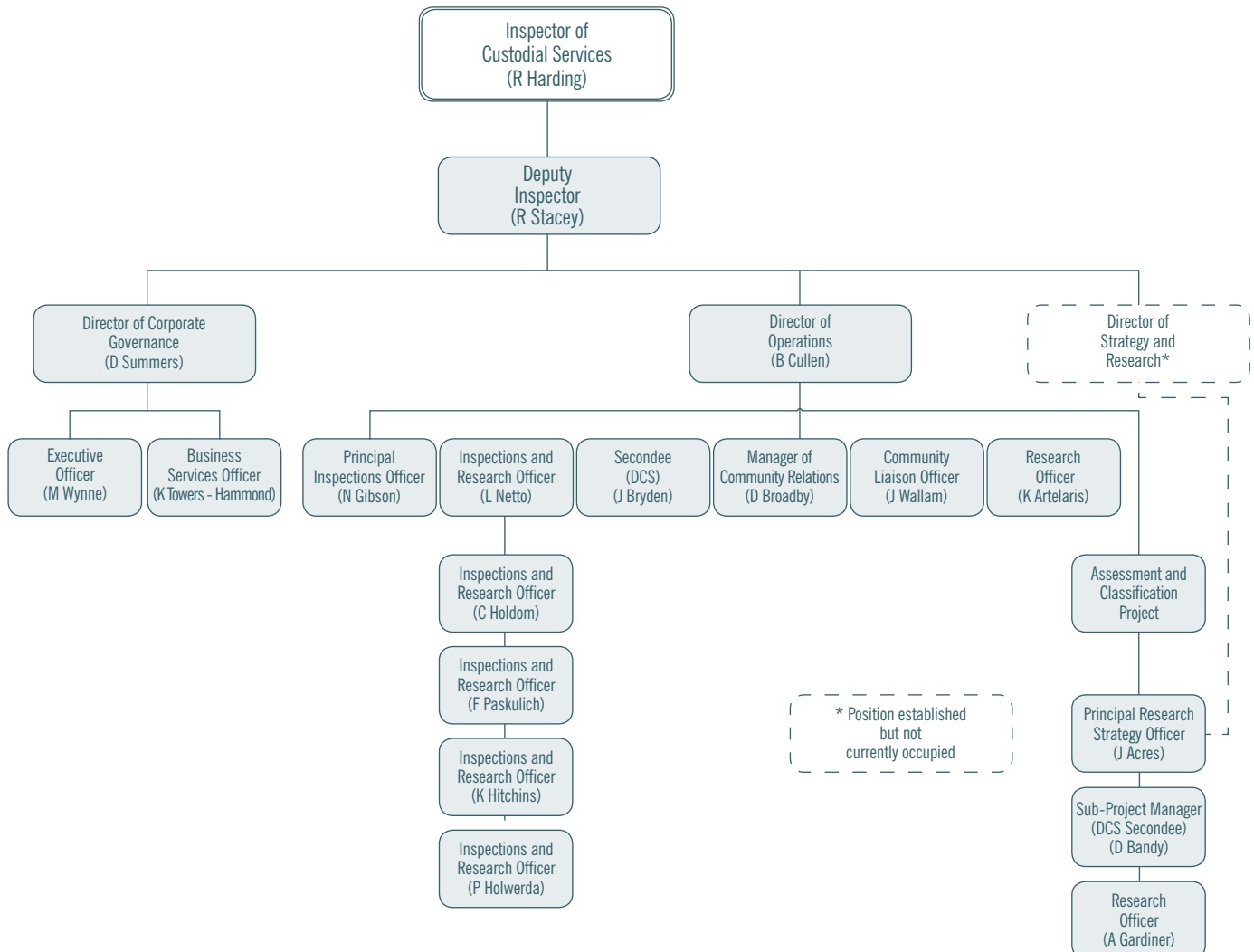
Enabling legislation

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

Responsible Minister

The Hon. Margaret Quirk, MLA, Minister for Corrective Services

Organisational Chart



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. 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)

In December 2004, Mr Stacey was appointed to the new position of Deputy Inspector which formalised his delegated authority from the Inspector to develop and maintain strong corporate governance systems and to focus on enhancing the community relations function.

Administered Legislation

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.

Other Key Legislation Impacting on the Office's Activities

In the performance of its functions, the Office complies with the following relevant written laws:

Bail Act 1982

Corruption and Crime Commission Act 2003

Court Security and Custodial Services Act 1999

Crime (Serious and Repeat Offenders) Sentencing Act 1992

Criminal Law (Mentally Impaired Defendants) Act 1996

Equal Opportunity Act 1984

Evidence Act 1906

Fines, Penalties and Infringement Notices Enforcement Act 1994

Interpretation Act 1984

Occupational Health and Safety Act 1984

Parole Orders (Transfer) Act 1984

Prisoners (Interstate Transfer) Act 1983

Prisoners (Release for Deportation) Act 1989

Prisons Act 1981

Dangerous Sexual Offenders Act 2006

Disability Services Act 1993

Parliamentary Commissioner Act 1971

Public Sector Management Act 1994

Racial Discrimination Act 1975

Sentence Administration Act 1995

Terrorism (Preventative Detention) Act 2006

Victims of Crime Act 1994

Young Offenders Act 1994

In the financial administration of the Office, we have complied with the requirements of the *Financial Management Act 2006* and every other relevant written law, and exercised controls which provide reasonable assurance that the receipt and expenditure of moneys and the acquisition and disposal of public property and incurring of liabilities have 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.

Performance Management Framework

Outcome Based Management Framework¹

Agency level Government desired outcome: The Parliament, minister and other stakeholders are informed on the performance of custodial services.

Service: Inspection and review of custodial services

Shared Responsibilities with Other Agencies

The Office did not deliver services jointly with any other agency in 2006/07.

Agency Performance – Report on Operations

Financial Targets: Actual performance compared to budget targets

	2006-07 Target ² \$000	2006-07 Actual \$000	Variation ³ \$000
Total cost of services (expense limit)	2,077	2,372	295 ⁴
Net cost of services	2,075	2,031	(44)
Total equity	(475)	(431)	(44)
Net increase / (decrease) in cash held	-	17	17
	No.	No.	No.
Approved full-time (FTE) staff level	16	17.6	1.60

1 In February 2007, the Outcome Structure Review Group endorsed a revised structure which effectively re-aligned the Office's government goal to the recently updated Better Planning: Better Futures framework for strategic management of the Western Australian Public Sector.

2 As specified in the budget statements.

3 Further explanations are also contained in Note 25 'Explanatory Statement' to the financial statements.

4 The variation is mainly due to the additional costs of the Review of Assessment and Classification Project, redevelopment of the Office's website and a review of the budgeting process.

Summary of Key Performance Indicators: actual performance compared to budget targets

	2006-07 Target ⁵ \$000	2006-07 Actual \$000	Variation \$000
<p>Outcome: The Parliament, Minister and other stakeholders are informed on the performance of custodial services.</p> <p>Key Effectiveness Indicators</p> <p>The extent to which the Department of Corrective Services and, where relevant, other agencies accept recommendations contained in reports.</p>	80%	89%	9%
<p>Service: Inspection and Review of Custodial Services</p> <p>Key Efficiency Indicators</p> <p>Average cost per inspection reports</p> <p>Average cost per liaison visit report</p> <p>Average cost per exit debrief note</p> <p>Average cost per independent visitor scheme report</p> <p>Average cost per ministerial advice</p>	135 4.1 55 1.2 -	100.3 5.2 35.4 1.6 5.3 ⁶	(34.7) 1.1 (19.6) .4 5.3

5 As specified in the 2006/07 budget statements.

6 Ministerial advice appears for the first time this year.

Key Performance Indicators

Certification of Key Performance Indicators

Source Reference

TI 905

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 for the financial year ended 30 June 2007.

A handwritten signature in blue ink that reads "Richard Harding". The signature is written in a cursive style with a large, sweeping initial 'R'.

Professor Richard Harding

17 August 2007

Detailed Information in support of Key Performance Indicators

The Office's services are prescribed by the *Office of the Inspector of Custodial Services Act 2003* as functions of the Office. These services are directly related to the Office's desired outcomes, which in turn, are linked to the Governance and Public Sector improvement goal - one of the five goals of Government in achieving its strategic outcomes.

The Office reports to two Parliamentary Committees - The Legislative Assembly Community Development and Justice Committee and the Legislative Council Standing Committee on Finance and Administration. Other Parliamentarians receive briefings, as requested.

Measuring Performance

Government Goal:

Governance and public sector improvement

Strategic Outcome:

Independent oversight that contributes to a more accountable public sector.

Desired Outcome:

The Parliament, Minister and other stakeholders are informed on the performance of custodial services.

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.

Key Effectiveness Indicators

Inspection Reports

The extent to which the Department of Corrective Services and, other agencies accept and/or implement recommendations contained in Reports.

Percentage of recommendations accepted

Percentage of recommendations implemented

Inspection report recommendations are classified according to 10 types. The types of recommendations that can be made are listed in the key effectiveness table shown later in this report. It is not the role of the Inspectorate to make detailed recommendations about daily operational matters. Indeed, to do so would be to presume that there is only one correct way of doing things. Manifestly, in day-to-day operations that is not the case. Inspections are not compliance audits, but strategic assessments. That being so, the Office looks to the Department to respond in a strategic manner.

It follows from this that, when recommendations are made, it will be understood that the matters covered have high priority. It would be expected that these recommendations would be rejected or ignored only in quite unusual circumstances.

By deliberate choice and with a *view to optimising effectiveness*, the Office has sought to minimise the number of recommendations

While the Inspector reports directly to Parliament he has access to the Minister and it is therefore possible for the Inspector to by-pass the Department if he considers it necessary. As part of the ministerial advice activity the concept of a risk identification notice was developed which goes straight to the Minister so that she in turn can exert downward pressure upon the Department to tackle an issue.

As well as classifying the recommendations we have also developed a risk rating that should indicate the acceptable speed at which a recommendation is addressed. The Department has also done this, though our ratings do not always coincide. Each second phase inspection report has a score card which assesses the Department's progress against previous inspection report recommendations. The Department's implementation of each recommendation is assessed, as follows:

- Excellent;
- More than acceptable;
- Acceptable;
- Less than acceptable; and
- Poor.

Service 1: Inspection and review of custodial services

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

Each tabled Inspection Report contains the Department's response to recommendations. These thus go onto the public record. This approach provides the opportunity for and scope of public accountability; lobby groups, NGOs and the like to see for themselves what the Department of Corrective Services has nominally committed to do and how it is rated in its implementation of such recommendations.

Key Efficiency Indicators

There are five main types of activities emanating from the inspection and review function. The key efficiency indicators are as follows:

- the mean costs per inspection, thematic review and directed review point;
- the mean cost per liaison visit, as part of the Inspector's policy of 'continuous inspections';
- the mean cost per inspection exit debrief note;
- the mean cost per independent visitor scheme report;
- the mean cost per discussion paper; and
- the mean cost per ministerial advice.

In regards to the first efficiency indicator only a point system is used to assign costs.

The Inspections are *mandated* by statute. It is required that they be inspected 'at least every three years' (*Inspector of Custodial Services Act 2003*, s. 19). There are 13 prisons and two detention centres in Western Australia and 18 court custody centres that are within the Inspector's jurisdiction. The remainder are statutorily authorised but not mandated. It is important to understand that the authorised but not mandated activities are very much a matter for the Inspector's judgement.

The Inspections, Thematic Reviews and Directed Reviews are assigned a notional value, as follows:

Inspections	1.0
Aggregated court custody centre inspections	1.0
Inspection of other custodial services	1.0
Thematic and directed reviews	3.0

An annual value of at least 7.5 points is regarded as an acceptable minimum.

Key Effectiveness Indicator

The extent to which the Department of Corrective Services and, where relevant, other agencies accept recommendations contained in reports.

Type of Recommendation	Target	2003-04	2004-05	2005-06	2006-07
1. Custody and security	75%	91%	78%	95%	85%
2. Care and wellbeing	75%	96%	88%	91%	80%
3. Health	75%	87%	81%	89%	71% ⁷
4. Rehabilitation	75%	97%	88%	92%	100%
5. Reparation	75%	89%	86%	67%	80%
6. Human rights	100%	93%	83%	100%	100%
7. Racism, Aboriginality and Equity	100%	90%	88%	92%	89%
8. Administration and accountability of DCS	50%	93%	88%	90%	93%
9. Staffing issues	50%	98%	88%	95%	100%
10. Correctional value-for-money	50%	86%	88%	100%	100%

Key Efficiency Indicator

Service 1: Prison Inspection and Review of Custodial Services

Key Efficiency Indicator	Target	2003-04	2004-05	2005-06	2006-07
Inspection Report Points	7.5	8.5	7.5	10.5	9
Average cost per inspection reports ⁸	\$135,000	\$104,503	\$130,867	\$143,736	\$100,301
Liaison Visit Reports	90	87	86	83	93
Average cost per liaison visit report	\$4,100	\$4,317	\$4,910	\$5,693	\$5,173
Exit Debrief Notes	5	3	6	5	5
Average cost per exit debrief note	\$55,000	\$74,023	\$40,896	\$52,404	\$35,400
Independent Visitors' Scheme reports	90	91	93	109	116
Average cost per Independent Visitors' Scheme report	\$1,200	\$1,000	\$1,200	\$1,859	\$1,621
Ministerial Advices	-	-	-	-	19
Average cost per ministerial advice	-	-	-	-	\$5,279

⁷ The Department's level of agreement with regard to health service inspection recommendations is less than the set target. The Inspector continues to advocate for the transfer of this function to the Department of Health.

⁸ This figure represents a residual operational cost.

Ministerial Directives

The Minister for Corrective Services exercised her powers pursuant to section 17(2)(b) of the *Inspector of Custodial Services Act 2003* (WA) in directing the Inspector to review a particular custodial service in relation to a detention centre and other generic custodial services in relation to prisons, detention centres and court security custodial services.

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

Other Financial Disclosures

Source Reference

Employment and Industrial Relations

Staff Profile

	2006-07	2005-06
Full-time permanent	13	13
Full-time contract	2	1
Part-time measured on an FTE basis	.6	.6
On secondment ⁹	2	1
	17.6	15.6

Staff Development

The Office is committed to developing its employees. Our strategy is to maintain a highly skilled, professional and fair workforce.

During the year, our employees received customised group training in report writing and Microsoft Office 2003 applications.

Workers' Compensation

There were no compensation claims recorded during the financial year.

⁹ This number does not include the Department of Corrective Services' secondees.

Governance Disclosures

Source Reference

TI 903

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 interest had any interests in existing or proposed contracts with the Office and Senior Officers.

Other Legal Requirements

Source Reference

Public Sector
Management Act
Section 31(1)

Compliance with Public Sector Management Act Section 31(1)

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 our Code of Conduct.
2. I have put in place procedures designed to ensure such compliance and conducted appropriate internal assessments to satisfy myself that the statement made in 1. is correct.
3. 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

17 August 2007

TI 903

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.

Details are as follows:

Expenditure with Advertising Agencies	\$0
Expenditure with Market Research Agencies	\$0
Expenditure with Polling Agencies	\$0
Expenditure with Direct Mail Agencies	\$0
Expenditure with Media Advertising Agencies	\$0
TOTAL EXPENDITURE	\$0

Disability Access and Inclusion Plan Outcomes

(Disability Services Act 1993, s29)

The Disability Services Act 1993 was amended in December 2004, creating a requirement for public authorities to develop and implement Disability Access and Inclusion Plans (DAIPs). These plans, to be fully developed by July 2007, replace and build on the achievements of existing Disability Services Plans (DSPs).

Under that Act, public authorities required to develop a DAIP must include in their annual report details of progress in meeting the six desired outcomes of the DAIP.

If an agency is still developing a DAIP, it should report on current access activities undertaken through its previous DSP but present those activities as they relate to the six desired DAIP outcomes.

The Office of the Inspector of Custodial Services had not previously developed a DSP, and therefore cannot present those activities as they relate to the six desired DAIP outcomes.

The Office has developed a draft DAIP and has submitted it to the Disability Services Commission for approval. When approved, the draft DAIP will be posted on the Office's website, and will be made available, upon request, in alternative formats.

The public will be asked to identify any problems they have in using the services, accessing information, making complaints, physically accessing Office facilities, and generally dealing with staff.

Any barriers to access and inclusion identified from the public consultation will be incorporated in the final DAIP.

The Office of the Inspector of Custodial Services is committed to:

- ensuring that people with disabilities, their families and carers are able to fully access the range of Office services and facilities (both in-house and contracted).
- providing people with disabilities, their families and carers with the same opportunities, rights and responsibilities enjoyed by all other people in the community;
- consulting with people with disabilities, their families and carers and disability organisations as required to ensure that barriers to access and inclusion are addressed;
- ensuring that its agents and contractors work towards the desired access and inclusion outcomes in the DAIP; and
- achieving the six desired outcomes of its DAIP.

The Office of the Inspector of Custodial Services' DAIP includes an implementation plan designed to achieve each of the six desired outcomes of its DAIP during 2007/08.

Recordkeeping Plans

The State Records Commission approved the Office's recordkeeping plan in December 2005. A revised plan is currently being developed for submission.

An evaluation of the efficiency and effectiveness of the recordkeeping plan will be conducted in the coming financial year. On-line training in records management is provided to staff upon commencing employment at the Office.

Part Three - Financial Statements

Certification of Financial Statements

Source Reference

FMA sec 62(2)


The accompanying financial statements of the Office of the Inspector of Custodial Services have been prepared in compliance with the provisions of the *Financial Management Act 2006* from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2007 and the financial position as at 30 June 2007.

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.



D Summers CPA
Chief Finance Officer

17 August 2007



Professor R Harding
Accountable Authority

17 August 2007



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

OFFICE OF THE INSPECTOR OF CUSTODIAL SERVICES FINANCIAL STATEMENTS AND KEY PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2007

I have audited the accounts, financial statements, controls and key performance indicators of the Office of the Inspector of Custodial Services.

The financial statements comprise the Balance Sheet as at 30 June 2007, and the Income Statement, Statement of Changes in Equity, Cash Flow Statement, and Summary of Consolidated Fund Appropriations and Income Estimates for the year then ended, a summary of significant accounting policies and other explanatory Notes.

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

Inspector of Custodial Services' Responsibility for the Financial Statements and Key Performance Indicators

The Inspector of Custodial Services is responsible for keeping proper accounts, and the preparation and fair presentation of the financial statements in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions, and the key performance indicators. This responsibility includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements and key performance indicators that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances; and complying with the Financial Management Act 2006 and other relevant written law.

Summary of my Role

As required by the Auditor General Act 2006, my responsibility is to express an opinion on the financial statements, controls and key performance indicators based on my audit. This was done by testing selected samples of the audit evidence. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion. Further information on my audit approach is provided in my audit practice statement. Refer "<http://www.audit.wa.gov.au/pubs/Audit-Practice-Statement.pdf>".

An audit does not guarantee that every amount and disclosure in the financial statements and key performance indicators 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 and key performance indicators.

**Office of the Inspector of Custodial Services
Financial Statements and Key Performance Indicators for the year ended 30 June 2007**

Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Office of the Inspector of Custodial Services at 30 June 2007 and its financial performance and cash flows for the year ended on that date. They are in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Treasurer's Instructions;
- (ii) the controls exercised by the Office provide reasonable assurance that the receipt, expenditure and investment of money, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key performance indicators of the Office are relevant and appropriate to help users assess the Office's performance and fairly represent the indicated performance for the year ended 30 June 2007.


COLIN MURPHY
AUDITOR GENERAL
27 August 2007

Income Statement for the Year Ended 30 June 2007

	Note	2006/07 \$	2005/06 \$
COST OF SERVICES			
Expenses			
Employee benefits expense	5	1,520,878	1,524,919
Supplies and services	6	517,497	621,947
Depreciation expense	7	33,675	31,848
Administration expenses	8	91,639	88,157
Accommodation expenses	9	208,615	192,252
Total cost of services		2,372,304	2,459,123
Income			
Revenue			
Other revenues from ordinary activities	10	341,187	12,678
Total revenue		341,187	12,678
Total income other than income from State Government		341,187	12,678
NET COST OF SERVICES		2,031,117	2,446,445
INCOME FROM STATE GOVERNMENT			
Service appropriation	11	2,011,000	2,101,000
Resources received free of charge	11	-	-
Total income from State Government		2,011,000	2,101,000
DEFICIT FOR THE PERIOD		(20,117)	(345,445)

The Income Statement should be read in conjunction with the accompanying notes.

Balance Sheet as at 30 June 2007

	Note	2006/07 \$	2005/06 \$
ASSETS			
Current Assets			
Cash and cash equivalents	12	26,837	20,905
Restricted cash and cash equivalents	13	11,000	-
Receivables	14	11,057	94,105
Amounts receivable for services	15	70,000	56,000
Total Current Assets		118,894	171,010
Non-Current Assets			
Property, plant and equipment	16	59,636	89,900
Total Non-Current Assets		59,636	89,900
TOTAL ASSETS		178,530	260,910
LIABILITIES			
Current Liabilities			
Payables	17	8,009	15,510
Provisions	18	508,688	511,717
Other Liabilities	19	72,572	91,850
Total Current Liabilities		589,269	619,077
Non-Current Liabilities			
Provisions	18	20,485	52,940
Total Non-Current Liabilities		20,485	52,940
Total Liabilities		609,754	672,017
Net Assets		(431,224)	(411,107)
EQUITY			
Accumulated surplus/(deficiency)	20	(431,224)	(411,107)
Total Equity		(431,224)	(411,107)
TOTAL LIABILITIES AND EQUITY		178,530	260,910

The Balance Sheet should be read in conjunction with the accompanying notes.

Statement of Changes in Equity for the Year Ended 30 June 2007

	2006/07 \$	2005/06 \$
Balance of equity at start of period	(411,107)	(65,662)
RETAINED EARNINGS		
Balance at start of period	(411,107)	(65,662)
Net adjustment on transition to AIFRS	-	-
Changes in accounting policy or correction of prior period errors	-	-
Restated balance at start of period	(411,107)	(65,662)
Deficit for the period	(20,117)	(345,445)
Gains/(losses) recognised directly in equity	-	-
Balance at end of period	(431,224)	(411,107)
Balance of equity at end of period	(431,224)	(411,107)
Total income and expense for the period (a)	(20,117)	(345,445)

(a) The aggregate net amount attributable to each category of equity is:
deficit \$20,117 (2006: deficit \$345,445)

The Statement of Changes in Equity should be read in conjunction with the accompanying notes.

Statement of Cash Flows for the Year Ended 30 June 2007

	Note	2006/07 \$	2005/06 \$
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		1,997,000	2,089,000
Net cash provided by State Government		1,997,000	2,089,000
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(1,300,688)	(1,150,560)
Superannuation		(279,027)	(234,247)
Supplies and services		(522,501)	(637,090)
Administration costs		(90,061)	(95,504)
Accommodation costs		(208,615)	(192,252)
GST payments on purchases		(79,225)	(92,934)
GST payments to taxation authority		(38,429)	(1,481)
Receipts			
GST receipts on sales		38,393	1,481
GST receipts from taxation authority		78,717	92,958
Other receipts		424,779	12,678
Net cash used in operating activities	21(b)	(1,976,657)	(2,296,951)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current physical assets		(3,411)	(36,735)
Net cash used in investing activities		(3,411)	(36,735)
Net increase/(decrease) in cash and cash equivalents		16,932	(244,686)
Cash and cash equivalents at the beginning of period		20,905	265,591
CASH ASSETS AND CASH EQUIVALENTS AT THE END OF THE PERIOD			
	21(a)	37,837	20,905

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

Summary of Consolidated Fund Appropriations and Income Estimates for the Year Ended 30 June 2007

	2007 Estimate \$	2007 Actual \$	Variance \$	2007 Actual \$	2006 Actual \$	Variance \$
DELIVERY OF SERVICES						
Item 110 - Net amount appropriated to deliver services	1,720,000	1,820,000	100,000	1,820,000	1,925,000	(105,000)
Amount Authorised by Other Statutes						
- Salaries and Allowances Act 1975	181,000	191,000	10,000	191,000	176,000	15,000
Total appropriations provided to deliver services	1,901,000	2,011,000	110,000	2,011,000	2,101,000	(90,000)
Details of Expenses by Service						
Prison Inspection and Review	1,896,000	2,372,304	476,304	2,372,304	2,459,123	(86,819)
Total Cost of Services	1,896,000	2,372,304	476,304	2,372,304	2,459,123	(86,819)
Less total income	(2,000)	(341,187)	(339,187)	(341,187)	(12,678)	(328,509)
Net Cost of Services	1,894,000	2,031,117	137,117	2,031,117	2,446,445	(415,328)
Adjustments	7,000	(20,117)	(27,117)	(20,117)	(345,445)	325,328
Total appropriations to deliver services	1,901,000	2,011,000	110,000	2,011,000	2,101,000	(90,000)
DETAILS OF INCOME ESTIMATES						
Income disclosed as Operating Income	2,000	341,187	(339,187)	341,187	12,678	328,509

Adjustments comprise movements in cash balances and other accrual items such as receivables, payables and superannuation.

Note 25 'Explanatory Statement' provides details of any significant variations between estimates and actual results for 2007 and between the actual results for 2006 and 2007.

Notes to the Financial Statements for the year ended 30th June 2007

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. Australian Equivalents to International Financial Reporting Standards

General

The Office's financial statements for the year ended 30 June 2007 have been prepared in accordance with Australian equivalents to International Financial Reporting Standards (AIFRS), which comprise a Framework for the Preparation and Presentation of Financial Statements (the Framework) and Australian Accounting Standards (including the Australian Accounting Interpretations).

In preparing these financial statements the Office has adopted, where relevant to its operations, new and revised Standards and Interpretations from their operative dates as issued by the AASB and formerly the Urgent Issues Group (UIG).

Early Adoption of Standards

The Office cannot early adopt an Australian Accounting Standard or a UIG Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting standards and Other Pronouncements'. No Standards and Interpretations that have been issued or amended but are not yet effective have been early adopted by the Office for the annual reporting period ended 30 June 2007.

Note 3. Summary of significant accounting policies

(a) General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board 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 Management Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

Where modification is required and has a material or significant effect upon the reported results, details of that modification and the resulting financial effect are disclosed in the notes to the financial statements.

(b) Basis of preparation

The financial statements have been prepared in accordance with Australian Accounting Standard AAS 29 "Financial Reporting by Government Departments" on the accrual basis of accounting using the historical cost basis of preparation.

The accounting policies adopted in the preparation of the financial statements have been consistently applied throughout all periods presented unless otherwise stated.

The financial statements are presented in Australian dollars.

(c) Income**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. See note 11 'Revenues from State Government' for further detail.

Net Appropriation Determination

The Treasurer may make a determination providing for prescribed revenues to be retained for services under the control of the Department. In accordance with the determination specified in the 2006-07 Budget Statements, the Office retained \$341,187 in 2007 (\$12,678 in 2006).

Grants and Other Contributions Revenue

Revenue is recognised at fair value when the Office obtains control over the assets comprising the contributions which is usually when cash is received.

(d) Property, Plant and Equipment**Capitalisation / Expensing of assets**

Items of property, plant and equipment and infrastructure costing over \$5,000 are recognised as assets and the cost of utilising assets is expensed (depreciated) over their useful lives. Items of property, plant and equipment and infrastructure costing less than \$5,000 are expensed direct to the Income Statement (other than where they form part of a group of similar items which are significant in total).

Initial recognition and measurement

All items of property, plant and equipment are initially recognised at cost.

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

Subsequent measurement

After recognition as an asset, the Office uses the cost model for all property, plant and equipment. All items of property, plant and equipment are carried at cost less accumulated depreciation and accumulated impairment losses

Depreciation

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

Depreciation is calculated using the straight line method, using which are reviewed annually. Estimated useful lives for each class of depreciable asset are:

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

(e) Impairment of Assets

Property, plant and equipment are tested for any indication of impairment at each reporting date. Where there is an indication of impairment, the recoverable amount is estimated. Where the recoverable amount is less than the carrying amount, the asset is written down to the recoverable amount and an impairment loss is recognised. As the Office is a not-for-profit entity, unless an asset has been identified as a surplus asset, the recoverable amount is the higher of an asset's fair value less costs to sell and depreciated replacement cost.

The risk of impairment is generally limited to circumstances where an asset's depreciation is materially understated or where the replacement cost is falling. Each relevant class of assets is reviewed annually to verify that the accumulated depreciation/amortisation reflects the level of consumption or expiration of asset's future economic benefits and to evaluate any impairment risk from falling replacement costs.

The recoverable amount of assets identified as surplus assets is the higher of fair value less costs to sell and the present value of future cash flows expected to be derived from the asset. Surplus assets carried at fair value have no risk of material impairment. Surplus assets at cost are tested for indications of impairments at each reporting date.

(f) 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 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 Income Statement over the lease term as this is representative of the pattern of benefits to be derived from the leased property.

(g) Financial Instruments

The Office has two categories of financial instrument:

- Receivables
- Payables

Initial measurement and recognition of financial instruments is at fair value which normally equates to the transaction cost or the face value. Subsequent measurement is at amortised cost using the effective interest method.

The fair value of short term receivables and payables is the transaction cost or the face value because there is no interest rate applicable and subsequent measurement is not required as the effect of discounting is not material.

(h) Cash and Cash Equivalents

For the purpose of the Cash Flow Statement, cash includes restricted cash and cash equivalents. These include cash on hand and short-term deposits with original maturities of three months or less that are readily convertible to a known amount of cash and which are subject to insignificant risk of changes in value.

(i) Accrued salaries

The accrued salaries suspense account (refer note 13) 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 instead of the normal 26. No interest is received on this account.

Accrued salaries (refer note 19) 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.

(j) Amounts Receivable for Services (Holding Account)

The Office receives appropriation funding on an accrual basis that recognises the full annual cash and non-cash cost of services. The appropriations are paid partly in cash and partly as an asset (Holding Account receivable) that is accessible on the emergence of the cash funding requirement to cover items such as leave entitlements and asset replacement.

(k) Receivables

Receivables are recognised and carried at original invoice amount less any allowance for uncollectable amounts (impairment). The collectability of receivables is reviewed on an ongoing basis and any receivables identified as uncollectable are written off. The allowance for uncollectable amounts (doubtful debts) is raised when there is objective evidence that the Office will not be able to collect its debts. The carrying amount is equivalent to fair value as it is due for settlement in 30 days. See note 26 'Financial Instruments' and note 14 'Receivables'.

(l) Payables

Payables are recognised when the Office becomes obliged to make future payments as a result of a purchase of assets or services. The carrying amount is equivalent to fair value as they are generally settled within 30 days. See note 17 'Payables'.

(m) Provisions

Provisions are liabilities of uncertain timing and amount. The Office only recognises a provision where there is a present legal, equitable or constructive obligation as a result of a past event and when the outflow of economic benefits is probable and can be measured reliably. Provisions are reviewed at each balance date and adjusted to reflect the best estimate. See note 18 'Provisions'.

(i) Annual and Long Service Leave

The liability for annual and long service leave expected to be settled within 12 months after the end of the reporting date is recognised and measured at the undiscounted amounts expected to be paid when the liabilities are settled. Annual and long service leave expected to be settled more than 12 months after the end of the reporting period is measured at the present value of amounts expected to be paid when the liabilities are settled. Leave liabilities are in respect of services provided by employees up to the reporting date.

When assessing expected future payments consideration is given to expected future wage and salary levels including non-salary components such as employer superannuation contributions. In addition, the long service leave liability also considers the experience of employee departures and periods of service.

The expected future payments are discounted to present value using market yields at the reporting date on national government bonds with terms to maturity that match, as closely as possible, the estimated future cash flows.

All annual leave and unconditional long service leave provisions are classified as current liabilities as the Office does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

(ii) Superannuation

The Government Employees Superannuation Board (GESB) administers the following superannuation schemes.

Employees may contribute to the Pension Scheme, a defined benefits pension scheme now closed to new members, or to the Gold State Superannuation Scheme (GSS), a defined benefit and lump sum scheme also closed to new members. The Office has no liability for superannuation charges under the Pension or GSS Schemes as the liability has been assumed by the Treasurer.

Employees commencing employment prior to 16 April 2007 who are not members of either the Pension or the GSS Schemes became non-contributory members of the West State Superannuation Scheme (WSS). Employees commencing employment on or after 16 April 2007 became members of the GESB Super Scheme (GESBS). Both of these schemes are accumulation schemes. The Office makes concurrent contributions to GESB on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. These contributions extinguish the liability for superannuation charges in respect of the WSS and GESBS Schemes.

The GESB makes all benefit payments in respect of the Pension and GSS Schemes, and is recouped by the Treasurer for the employer's share.

(n) Superannuation expense

The following elements are included in calculating the superannuation expense in the Income Statement:

- (a) Defined benefit plans - Change in the unfunded employer's liability (ie current service cost and, actuarial gains and losses) assumed by the Treasurer in respect of current employees who are members of the Pension Scheme and current employees who accrued a benefit on a transfer from that Scheme to the Gold State Superannuation Scheme (GSS); and

(b) Defined contribution plans - Employer contributions paid to the West State Superannuation Scheme (WSS), GESB Super Scheme (GESBS), and the equivalent of employer contributions to the GSS.

Defined benefit plans - in order to reflect the true cost of services, the movements (i.e. current service cost, and actuarial gains and losses) in the liabilities in respect of the Pension Scheme and the GSS Scheme transfer benefits are recognised as expenses directly in the Income Statement.

Defined contribution plans - in order to reflect the Office's true cost of services, the Office is funded for the equivalent of employer contributions in respect of the GSS Scheme (excluding transfer benefits).

These contributions were paid to the GESB during the year and placed in a trust account and administered by the GESB on behalf of the Treasurer. The GESB subsequently paid these contributions in respect of the GSS Scheme to the Consolidated Fund.

(o) Resources Received Free of Charge or for Nominal Value

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

(p) Comparative figures

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

Note 4. 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 centers and prescribed lock ups and review of custodial services.

Note 5. Employee Benefit expenses

	2007 \$	2006 \$
Salaries	1,207,324	1,145,235
Superannuation	279,027	233,415
Long service leave	(11,671)	74,982
Annual leave	2,093	37,805
Other related expenses (I)	44,105	33,482
	1,520,878	1,524,919

(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.

Note 6. Supplies and Services

Consultants and contractors	149,000	218,526
Materials	143,064	195,181
Repairs and maintenance	14,453	38,494
Travel	180,088	138,565
Other	30,892	31,181
	517,497	621,947

Note 7. Depreciation Expense

	2007 \$	2006 \$
Office equipment and furniture	6,268	5,598
Office fit-out	27,407	26,250
	33,675	31,848

Note 8. Administration Expenses

Communication	47,122	28,456
Consumables	-	4,085
Other staff costs	30,990	32,582
Sundry expenses	13,527	23,034
	91,639	88,157

Note 9. Accommodation Expenses

Lease Rentals	199,090	183,370
Cleaning	9,525	8,882
	208,615	192,252

Note 10. Other Revenue

Contributions to Executive Vehicle Scheme	5,684	4,908
Expense recoveries from other agencies	334,922	-
Other	581	7,770
	341,187	12,678

Note 11. Income from State Government

Appropriation revenue received during the year :		
<i>Service appropriations (i)</i>	2,011,000	2,101,000
<i>Resources received free of charge (ii)</i>	-	-
	2,011,000	2,101,000

- (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 12. Cash Assets

Operating account	26,537	20,605
Cashiers advance	300	300
	26,837	20,905

Note 13. Restricted Assets

	2007 \$	2006 \$
Accrued salaries suspense account	11,000	-
	11,000	-

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

Note 14. Receivables

Current		
Trade debtors	468	84,060
GST receivable	10,589	10,045
	11,057	94,105

Note 15. Amounts Receivable for Services

Current	70,000	56,000
	70,000	56,000

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.

Note 16. Property, Plant and Equipment

Office Fit-out		
At cost	180,760	180,760
Accumulated depreciation	(153,718)	(126,312)
	27,042	54,448
Furniture and equipment		
At cost	50,537	73,616
Accumulated depreciation	(17,943)	(38,164)
	32,594	35,452
	59,636	89,900

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.

	Office Fit-out	Furniture and Equipment
2007		
Carrying amount at start of year	54,449	35,452
Additions	-	3,410
Depreciation	(27,407)	(6,268)
Carrying amount at end of year	27,042	32,594
2006		
Carrying amount at start of year	72,992	12,021
Additions	7,707	29,028
Depreciation	(26,250)	(5,598)
Carrying amount at end of year	54,449	35,451

Note 17. Payables

	2007 \$	2006 \$
Current		
Trade payables	8,009	15,510
	8,009	15,510

Note 18. Provisions

Current		
Annual leave	172,431	172,275
Long service leave	336,257	339,442
	508,688	511,717
Non-current		
Annual leave	-	-
Long service leave	20,485	52,940
	20,485	52,940

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 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:

Provision for employee benefits		
Current	508,688	511,717
Non-current	20,485	52,940
	529,173	564,657

Note 19. Other Liabilities

Current		
Accrued expenses	66,460	73,099
Accrued salaries	6,112	18,751
	72,572	91,850

Note 20. 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	(411,107)	(65,662)
Change in net assets	(20,117)	(345,445)
Closing balance	(431,224)	(411,107)

Note 21. Notes to the Statement of Cash Flows

	2007 \$	2006 \$
(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	26,837	20,905
Restricted cash assets (refer to note 12)	11,000	-
	37,837	20,905
(b) Reconciliation of net cost of services to net cash flows used in operating activities		
Net cost of services	(2,031,117)	(2,446,445)
Non-cash items:		
Depreciation expense	33,675	31,848
Resources received free of charge	-	-
(Increase)/decrease in assets:		
Current receivables	83,592	(83,593)
Other current assets		
Increase/(decrease) in liabilities:		
Current provisions	(3,029)	129,502
Other current liabilities	(26,779)	18,773
Non-current liabilities	(32,455)	52,940
Net GST payments		
Change in GST in receivables/ payables	(554)	24
Net cash provided/used in operating activities	(1,976,657)	(2,296,951)

Note 22. Commitments

(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 recognized as liabilities, payable:

Within one year	4,007	124,059
Later than one year, and not later than five years	-	4,007
Later than five years	-	-
	4,007	128,066

(d) Other expenditure commitments

The Office has no other expenditure commitments.

(e) Guarantees and Undertakings

The Office has given no guarantees or undertakings.

Note 23. Contingent Liabilities

The Office has no contingent liabilities.

Note 24. 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 25. 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.

The following explanations are provided in accordance with Treasurer's Instruction 945. Significant variations are considered to be those greater than 10 per cent 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.

	2007 \$	2006 \$	Variance \$
Employee expenses	1,520,878	1,524,919	(4,041)
Supplies and services	517,497	621,947	(104,450)

Employee expenses

The variation was not significant.

Supplies and services

The variance is due to expenses relating to the Review of Assessment and Classification Project, redevelopment of the Office's web page, and review of budgeting processes and advice.

Note 26. 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
2007	%	\$	\$	\$	\$	\$	\$
Financial Assets							
Cash Assets						26,837	26,837
Receivables						11,057	11,057
						37,894	37,894
Financial Liabilities							
Payables						8,009	8,009
						8,009	8,009
2006							
Financial Assets						115,010	115,010
Financial Liabilities						15,510	15,510

Note 27. Remuneration of Senior Officers

Remuneration

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

	2007 \$	2006 \$
\$120,001 - \$130,000	1	1
\$130,001 - \$140,000	-	-
\$180,001 - \$190,000	-	1
\$190,001 - \$200,001	1	-
The total remuneration of senior officers is:	\$311,576	\$290,661

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

0	0
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Note 28. Remuneration of Auditor

Remuneration to the Auditor General for the financial year is as follows:

Auditing the accounts, financial statements and performance indicators.	17,000	17,200
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Note 29. Related and affiliated bodies

The Office had no related bodies during the financial year.

Note 30. 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

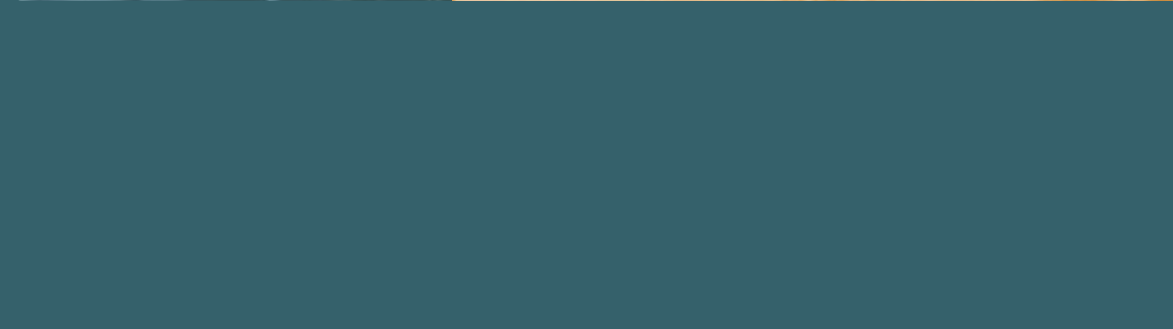
During the year, there were no losses of public moneys and public and other property through theft or default.

Gifts of Property

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

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OFFICE OF THE INSPECTOR
OF CUSTODIAL SERVICES

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