

OFFICE OF THE INSPECTOR  
OF CUSTODIAL SERVICES



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

## 1. THE INSPECTOR OF CUSTODIAL SERVICES ACT 2003

It was reported last year that amendment to the statutory basis of the Inspector's jurisdiction had been successfully negotiated with other affected agencies, in particular the Department of Justice, and was with the Minister for consideration. The Minister introduced the legislation into Parliament in September 2003, and it passed through each House of Parliament with bipartisan support. *The Inspector of Custodial Services Act 2003* became operative in December 2003.

The Office of the Inspector of Custodial Services had originally been established by way of an amendment to the *Prisons Act 1981*. That legislation contained some anomalies and ambiguities. Moreover, to be fully comprehensible it had been necessary to make cross-references to several other statutes, notably the *Court Security and Custodial Services Act 1999*. The original legislation also had not encompassed jurisdiction over Juvenile Detention Centres, even though it was broadly agreed that it was desirable for the Office to be able to inspect the whole custodial continuum within the remit of the Department of Justice.

The new legislation is a stand-alone statute that covers all matters relevant to the functioning and jurisdiction of the Inspector. The previous anomalies and ambiguities have now been satisfactorily resolved, and the jurisdiction over Juvenile Detention Centres has now been established. In addition, the Independent Visitors' Service has been brought directly within the control of this Office and has been simplified in terms of the reporting relationship to the Minister.

The ready Parliamentary support that the *Act* received is a gratifying testament to the fact that Parliament understands and values the role of an autonomous Inspectorate in this sensitive area of public administration. This approach to accountability is not universally welcomed by departments administering closed institutions (for example, the position of the Inspector General of Corrective Services in New South Wales was discontinued as from 30 September 2003), and Western Australia at present leads the way in its understanding and acceptance of this model.

## 2. THE INSPECTION AND REVIEW SCHEDULE FOR 2003/04 AND 2004/05

In accordance with Section 33 of the *Inspector of Custodial Services Act*, a report on completed Inspections was prepared on 12th July 2004. Those inspections were as follows:

- Regional Court Custody Centres (Broome, Port Hedland, Carnarvon, Geraldton, Kalgoorlie, Bunbury and Albany) – announced Inspection, July 2003;
- Roebourne Regional Prison – announced Inspection, November 2003;
- Karnet Prison Farm – announced Inspection, February 2004;
- Broome Regional Prison – announced Inspection, May 2004; and
- Rangeview Juvenile Detention Centre – announced Inspection, June 2004.

In addition, the Review of Deaths at Hakea Prison, commenced in 2002/03 and foreshadowed in that Annual Report, was completed during the year. This Review was by direction of the Minister under the then equivalent provision to section 17(2) of the *Inspector of Custodial Services Act*; the terms of the direction were set out in the 2002/03 Annual Report. A Review of Cognitive Skills Training, commenced as a thematic review under the then equivalent provision to the present section 22(a), was also completed.

It should be noted that the dates on which Inspection Reports are lodged in Parliament are different and operate according to a separate cycle from the dates upon which the on-site phase of an inspection is carried out. During 2003/04 six Inspection Reports were lodged. These related to:

- Bunbury Regional Prison;
- Wooroloo Prison;
- Albany Regional Prison;
- Acacia Prison;
- Non-Metropolitan Court Custody Centres; and
- Greenough Regional Prison.

In addition the Report arising from the Review of Deaths at Hakea Prison 2001–2003 was lodged in Parliament. The Report of the Review of Cognitive Skills Training will be lodged in September 2004.

The inspections to be carried out during 2004/05 are as follows:

- The Supreme Court Custody Centre;
- Casuarina Prison;
- The Metropolitan Courts Custody Centres (other than the Supreme Court);
- Prisoner Transportation arrangements; and
- Banksia Hill Juvenile Detention Centre.

In the light of other commitments and priorities, Eastern Goldfields Regional Prison and/or Acacia Prison may also be inspected.

In addition, a Review is currently underway in relation to Prisoner Health Services; as part of that Review, on-site inspections of Health Centres at Casuarina Prison, Hakea Prison, Acacia Prison, Bandyup Prison and the Boronia Pre-Release Centre will be carried out during July 2004. It is expected that this Review will be completed and a Report tabled in Parliament during 2004/05.

The Supreme Court Custody Centre has been treated separately from the other Metropolitan Court Custody Centres on account of the fact that an escape of nine prisoners occurred there in June 2004. Report No. 7, tabled in Parliament in June 2002, had identified the high risk of escape from that location. Accordingly, the Inspector considered that it was appropriate to assess the interim security arrangements that were made in response to this escape and their impact upon prisoner conditions. The inspection will also assess the likely efficacy and impact of the foreshadowed stage two and stage three infrastructure and process changes at that location.

### 3. ISSUES ARISING FROM THE COMPLETION OF THE FIRST INSPECTION CYCLE

In the 2002/03 Annual Report, reference was made to the fact that the on-site phase of the first inspection cycle had been completed – well within the three-year period mandated by statute – and that the second phase would commence during 2003/04. This has indeed occurred, with Roebourne Regional Prison, Karnet Prison Farm and Broome Regional Prison having been inspected during the year.

The first cycle of inspections had involved identifying baselines in relation to particular prisons and, by implication, in relation to prison services generally. Establishing baselines involves paying a considerable amount of attention to operational detail. Thus, even though from the outset it has been the intention of this Office that recommendations should be strategic rather than unduly specific, nevertheless the

identification of operational deficiencies and the making of recommendations in relation to these has inevitably and properly been one aspect of the *modus operandi* of the first inspection phase.

To this point the Department of Justice has responded frankly and openly to such recommendations by indicating in its various Action Plans its agreement or disagreement and its intended response. In this regard, the apparent acceptance of recommendations has been very high – running at more than 90% overall – as has emerged from earlier Annual Reports. Of course, it was always understood that there would inevitably be some slippage between acceptance of a recommendation in the abstract and its actual implementation on the ground. This might be for a variety of reasons including: the operational culture of the particular prison; the overall priorities of the Department; or a changing correctional policy context.

An aspect of this second round of inspections would, therefore, be to ascertain the extent to which previous recommendations had actually been implemented. In the second phase of inspections, it should be possible to establish, objectively and with due process, a kind of “scorecard” of the Department’s performance against recommendations.

Of course it is understood and accepted that implementation should not be regarded as a rigid or automatic process. Over time circumstances change, so that recommendations made in the past may no longer be relevant and/or their focus may have changed. This Office would certainly not expect the Department of Justice to proceed with changes simply for the sake of doing so. Part of the evaluation of the implementation process, therefore, involves a reassessment of the continuing relevance of previous recommendations, as well as an assessment of their impact on service delivery and quality if they have actually been implemented.

The process of logging on-the-ground implementation commenced at Roebourne. It was found that about 42 per cent of accepted recommendations had been implemented either fully or to a committed extent. A further 28 per cent had received some attention, though falling short of an acceptable degree of action. The remaining 30 per cent had not to that point received any implementation at all.

One prison’s experience does not constitute a trend or pattern, so no firm conclusions should be drawn from that observation. It was interesting to note, however, that the UK Chief Inspector of Prisons, who has just started registering implementation rates, has come up with remarkably similar figures in relation to a much larger cross-section of prison inspections and recommendations. The matter of implementation will be kept under active review during the second inspection phase. In the debates preceding passage of the *Inspector of Custodial Services Act 2003* Parliament clearly indicated that this was a matter in relation to which it expected informative advice from the Inspector.

However, a second phase inspection goes further than compiling a scorecard in relation to matters that arose two or three years previously. A new assessment also needs to be made of emerging issues in the particular prison. In other words, the baseline established during the first phase will move – so that in turn the third phase inspection will, from the point of view of implementation, start from a different place. Progress from the most recent baseline is a key source of information with regard to current performance at the time of the re-inspection.

Accordingly, the template that this Office will follow in the compilation of all second phase Inspection Reports will meld these two approaches – progress against previous recommendations and on the ground observation of new and emerging issues. There is, in fact, nothing novel about this approach.

Report No.8 – relating to a follow-up Inspection of the Special Management Units at Casuarina Prison – was primarily concerned with progress made against the Recommendations set out in Report No.1 – an unannounced Inspection of the Special Handling Unit at that Prison. Likewise Report No.9 – a follow-up Inspection of the Eastern Goldfields Regional Prison – was carried out in the context of the Recommendations made in Report No.4 – an unannounced Inspection of that Prison. In each case new issues were identified as well as some achievements and some hiatuses in relation to the previous recommendations.

The Department of Justice accepted, and indeed seemed to welcome, that approach at the time of Reports 8 and 9 – each of which was lodged in Parliament in August 2002. However, in relation to the draft Report relating to Roebourne Regional Prison – the first in our normal second phase inspection cycle – this seemed to cause some concern. It was suggested that, evaluating a prison in this way somehow or other cut across the Government's prerogative and the Department's responsibility for policy development and the allocation of priorities in relation to prisons. The Inspector cannot see any merit in this argument. The improvement in a prison's performance is by necessity a continuous matter, and the very purpose of the inspection process is to ensure that the momentum for improvement is maintained. If the Department or the Government is to change its priorities or is not prepared to put funds into a particular development, then it is perfectly appropriate for that decision to be made and brought to Parliamentary and public attention by way of an explanation for not implementing a recommendation.

This intensive discussion with the Department has held up the completion of the Roebourne Regional Prison Report. It will now be completed and tabled in the first quarter of the 2004/05 reporting year. However, in the usual way a comprehensive Exit Debrief was given in written form to the Department within a few days of the cessation of the on-site phase of the Inspection, so the impetus towards achieving some change and improvement should not have been lost.

In this context of this disagreement, it is more important to resolve the relationship issues than to rush into the publication and tabling of a Report that does not, in the Inspector's view, discharge his statutory responsibilities adequately.

#### 4. EXIT DEBRIEFS

The practice of the Inspector in giving a comprehensive Exit Debrief upon leaving the prison at the end of the on-site phase of an inspection has been consolidated and improved, and is now absolutely integral to the *modus operandi* of this Office. During 2003/04 it became apparent that there was some real benefit in making such Debriefs subject to a direction under Section 48 of the *Inspector of Custodial Services Act*.

To clarify this point: the verbal Exit Debrief is recorded and transcribed so that it can be edited for greater clarity, and the written version is then distributed to a wide range of relevant persons within the Department of Justice (or, where applicable, to other interested parties). The Debrief is also made available to the Minister for Justice, as authorised by the *Act*. Typically, this written version is distributed within ten working days of departure from the prison after the on-site phase of the inspection. A Section 48 direction, which must be in writing, directs the recipient not to disclose to any other person any information contained in the document except for the purposes of the function of the Inspector to which the document relates. A criminal sanction theoretically attaches to breach of this direction.

It may perhaps seem surprising that an accountability agency would wish to utilise this device. However, matters quite often arise that can best be attended to without premature publicity. Moreover, the principal audience by statute for the Inspector's Reports is Parliament and/or its members, so that the formal Report that is ultimately lodged possesses a particular status that ideally should not be undermined by exposure in the media before the matter has been thoroughly worked through.

The Inspector, even so, has statutory power under Section 46 of the Act to make a media statement about a prison, a juvenile detention centre or a custodial service at any time, and this power will be – and has been – exercised where there are special reasons for doing so. On balance, however, it is usually preferable to allow Reports to take their normal course, ultimately being tabled in Parliament and available at that time for full media discussion.

## 5. LIAISON VISITS

The methodology that has been established in the early years whereby Inspection and Research Officers regularly visit their designated prisons to ascertain the general atmosphere and current performance of the prison. A total of 87 liaison visits were paid to prisons, juvenile detention centres and court custody centres during 2003/04. This approach enhances the Inspector's capacity to recognise developing problems and, where appropriate, to bring them to the attention of the Department or the Minister.

A difficulty has arisen, however, in relation to the more remote regional prisons, where lack of funding for intrastate travel has reduced the presence of officers of the Inspector. The budget round relating to 2004/05 has now made some allowance for this, and it is anticipated that liaison will be much more active in relation to Broome, Greenough, Roebourne and Eastern Goldfields prisons in future years. It should be added that the work camps or outstations attached to Roebourne and Broome prisons are also the subject of liaison visits – the Wyndham work camp is more than 1000 kilometres from Broome and the Bungaran work camp 200 kilometres, whilst the Millstream work camp is three hours' drive into the bush from Roebourne Regional Prison. The logistics of liaising with and continuously inspecting these sites are obviously quite difficult.

## 6. INDEPENDENT VISITORS' SERVICE

As mentioned, the new legislation has brought the Independent Visitors' Service within the direct responsibility of the Inspector. With regard to Prison Visitors, the previous practice was that, nominally, each of their reports had to be sent to the Minister, though administratively they were channelled through this Office. In practice, the Inspector sent a summary of those reports to the Minister, alerting her to particularly difficult or contentious matters and appending to that summary each of the detailed reports for her perusal if so required. Section 43 of the new legislation now provides that the Inspector shall report the impact and thrust of the reports to the Minister in general terms.

Similarly, Independent Detention Centre Visitors will report to the Inspector, who will pass on their comments as he sees fit to the Minister. At the time this jurisdiction was conferred upon the Inspector, there were no active Independent Detention Centre Visitors appointed under the *Young Offenders Act*. The Inspector decided not to go ahead with any new appointments until such time as the Office itself had established some familiarity with the Juvenile Detention Centres, so as to be able to gauge more accurately the need and the types of person who would be suitable as visitors. With the inspection of Rangeview Juvenile Detention Centre now having been carried out, appointments will proceed during 2004/05.

During 2003/04 there were at various times up to 31 independent prison visitors, and 91 reports were made to this Office. The main themes that emerged included: problems with food; access to parole; circumstances in which various kinds of application were denied; concerns that prisoners had been transferred to or from a particular prison; health service deficits; and property problems. Some minor matters were dealt with on the spot after consultation with the Superintendent; others were referred to the prison's internal grievance process; some were referred on to the Ombudsman or the Office of Health Review. In totality, reports of Visitors enable the Office of the Inspector to continuously 'take the temperature' of a prison and feed into the issues that will be further explored either in liaison visits or in inspections.

New appointments are pending for Broome Regional Prison – a location that it has been extraordinarily difficult to fill satisfactorily in the past. It is confidently anticipated that the Independent Visitor Service will become an increasingly important and integrated aspect of the activities of the Inspector of Custodial Services, and methods for optimising the contribution of visitors continue to be examined.

## 7. SECONDMENT ARRANGEMENTS AND THE ROLE OF EXPERT INSPECTION OFFICERS

As in previous years, the Department of Justice has made available a secondee to work within this Office. The selection of the successful candidate involves a cooperative process, following application and interview. The fourth secondee since the inception of this Office was Ms Leonie Sinclair, a Senior Officer with extensive service in the Prisons Division of the Department. Her contribution has been of great value to this Office, and epitomises the earlier experience with secondees. There can be no doubt that this arrangement is of mutual benefit to this Office and to the Department. It is heartening to know that it will continue for the foreseeable future.

The Department of Indigenous Affairs has also continued to outpost an Officer, Mr Joseph Wallam, to this Office to serve as our Community Liaison Officer. This has been again an immensely valuable aspect of our activities, and Mr Wallam has discharged this role outstandingly well.

Generally, the Office has been a model of 'joined-up' Government. No less than ten departments or agencies have actively contributed to the inspection processes of the Office. As well as the Departments of Justice and Indigenous Affairs, they include:

- The Department of Agriculture;
- The Drug and Alcohol Office;
- The Department of Health;
- The Office of the Ombudsman;
- The Office of the Auditor General;
- The Office of Health Review;
- The Department of Education and Training; and
- The Department of Community Development.

We also have good working relations with the Office of the State Coroner, the WA Police Service, the Corruption and Crime Commission (formerly the Anti-Corruption Commission) and the Director of Public Prosecutions.

I would particularly like to put on the record the decisions of the Directors-General of both the Department of Education and Training and the Department for Community Development to make officers available in 2004 to assist us with Inspections. With the enhanced jurisdiction that brought Juvenile Detention Centres within the remit of the Office, it became apparent that the expertise available from these sources was crucial, and I am most appreciative that Dr Paul Albert and Ms Jane Brazier so readily agreed to make officers available. The Inspection of Rangeview was conducted in a way that completely vindicated their presence there. It has also confirmed that the types of skill and expertise they can bring to bear are relevant to inspections of adult prisons.

The Office has continued its practice of retaining experts from other areas, as required. Reference was made in the last Annual Report to the role that Professor Anne Worrall played in creating a discussion paper relating to Cognitive Skills in the WA Prison System. This was an extremely productive exercise. Dr Rod Underwood was subsequently retained to review the Draft Report arising out of that discussion paper, and his input was invaluable.

Dr Alison Liebling, Director of the Prisons Research Centre at the Cambridge University Institute of Criminology, who is the leading authority on prison suicides and self-harm in the English-speaking world, participated in the Review of Deaths at Hakea Prison. Her input was invaluable.

Mr Lin Kilpatrick, a consultant architect experienced in security designs, has assisted the Office in relation to the re-inspection of the Supreme Court Custody Centre. He had previously assisted in the work leading to the publication of Report No. 7, which had identified the security problems that later became manifest in the June 2004 escapes.

For the Review of Prisoner Health Services, the Justice Health Service of New South Wales has made available Associate Professor Michael Levy and Ms Rhonda Halpin, and we are indebted for their assistance. Once more, the purpose is to ensure that the expertise available for specialist areas of inspection is of the highest order, heading off any doubts or claims that might be made about expertise available in-house.

For the same reason, specialist security matters benefit from external expertise. In the past an Australian security expert has assisted the Inspector with regard to the Inspection of the Special Handling Unit at Casuarina Prison and UK experts with regard to Hakea, Acacia and Casuarina Prisons. For the imminent re-inspection of Casuarina Prison, the Department of Justice in Victoria has generously agreed to make an expert, Mr Trevor Craig (General Manager for the South East Victoria Region Prisons Group), available to assist us.

It should be emphasised that section 16 of the *Inspector of Custodial Services Act* explicitly contemplates that the Inspector's Office should function in these ways, drawing upon both Public Service and private sector expertise. This is proving to be both efficient, in terms of bringing in skills as and when required, and cost-effective.

## 8. MEMORANDA OF UNDERSTANDING

The *Act* contemplates that the Inspector should have a particularly close relationship with the Ombudsman, the Corruption and Crime Commission and the Director of Public Prosecutions, from the point of view of the free flow of information relevant to the activities of those Offices. During the year, a formal Memorandum of Understanding was finalised with the Ombudsman, to mutual satisfaction. A draft Memorandum was in the course of development with the newly established

Corruption and Crime Commission, and will be finalised this year. At this stage it has not been necessary to develop a formal relationship with the Director of Public Prosecutions.

With the passage of the new *Act*, the Inspector considered that the processes for authorising persons to have 'free and unfettered access' to prisons should be more rigorous. Consequently, the WA Police Service has agreed to assist with the provision of relevant security information on a confidential basis. The final decision, and the risk, remains that of the Inspector. Comparable arrangements have been put in place for the consideration of persons whom the Inspector wishes to recommend to the Minister for appointment to the Independent Visitor Service.

## 9. COMMUNITY CONSULTATION AND PUBLIC EDUCATION

It was reported last year that the formal mechanism for community consultation had been revised by the establishment of a Community Reference Group. This is still not an entirely successful model, and the cessation of ATASIC and ATISIS has now made it necessary to re-examine the composition of this group once more. The matter will be kept under continuous review.

With regard to the inspection process itself, the evolving practice whereby the Inspector consults widely with relevant community groups during the course of an Inspection has evolved and consolidated. The Inspection of Broome Regional Prison in May 2004 was marked by a community meeting in a local venue which was well attended and gave an interesting insight into the problems both of the local prison and of custodial management issues in the Kimberley generally.

The role of the Community Liaison Officer has been mentioned. He has been extremely active, particularly in maintaining contact with Aboriginal peak groups and other community groups.

The Inspector has been in demand for public speeches and appearances, with 17 presentations to groups of various kinds. These ranged from the United Nations Association of WA (delivering the John Huelin Memorial Lecture on Human Rights) to a seminar entitled 'The Interface of Inspection and Regulation' at the Australian National University; from an address to the inaugural Annual Meeting of the Institute of Restorative Justice to a talk at the annual fund-raising Anglicare breakfast; and from several addresses to professional groups in WA to an appearance on ABC Radio National's 'Background Briefing'. In addition, the Inspector in the course of a self-funded research visit to the United Kingdom met with key personnel involved with other Inspection systems – namely, Ms Anne Owers (Chief Inspector of Prisons for England/Wales), Dr Andrew McClellan (Chief Inspector of Prisons for Scotland) and Dr Silvia Casale (President, European Committee for the Prevention of Torture).

The community and educational aspects of the Inspection role is regarded as extremely important. Incarceration policies and conditions attract a great deal of media coverage in Western Australia, and the views expressed can become polarised. An independent statutory office can try to contribute objectively to the community debates. In this regard, this Office is rather different from most other Inspectorates, and it is considered that it is not merely a strong point but a crucial one in context of a society such as Western Australia.

## 10. INSPECTION STANDARDS

The previous Annual Report contains a full discussion of this issue (see pages 5–6). The basic philosophy of this Office has consolidated around the principles discussed in that Report. However, the point has been made to us that the Inspection Standards of the Office of the Inspector are insufficiently precise, so that there is a danger that the management of prisons, both locally and at head office level, can have a sense of having been ‘ambushed’ by some of the comments and findings.

Although the Inspector believes that the custom and practice that has developed during the first phase of inspection is now reasonably well understood, there is nevertheless much to be said for spelling out the criteria in more detail. It is good practice to remove any possible argument that an inspected prison or custodial service ‘did not know what was expected of it’ and accordingly is unfairly surprised.

Her Majesty’s Inspectorate of Prisons in the UK had been through a comparable period shortly after developing and articulating the ‘healthy prison’ test, which informs and underpins its own Inspection Standards. In response, the previous Chief Inspector, Sir David Ramsbotham, had developed a document known as ‘Expectations’ in which an attempt was made to spell out in more detail the components going to make up the ‘healthy prison’ test. That document became public in 2001. In April 2004 the present UK Chief Inspector, Ms Anne Owers, published a much more comprehensive document: ‘Expectations – Criteria for Assessing the Conditions in Prisons and the Treatment of Prisoners’.

This document is intellectually robust and highly practical. Three characteristics stand out:

- That it is detailed and comprehensive as to the matters that will be tested on the ground during an Inspection;
- That it anchors the overall standards and the detailed tests firmly in binding or normative national, regional or international standards and conventions; and
- That it spells out in each case the evidence base that should be explored before the Inspectorate reaches a provisional conclusion.

It is apparent that a comparable document would assist the inspection process in this State. It is not feasible simply to replicate ‘Expectations’, for there are areas relevant to the Western Australian situation that are not covered in the UK document and, conversely, some things that are either irrelevant or inappropriate for the Western Australian situation. Nevertheless, drawing upon the experience of the first phase of inspections and the growing understanding within the Office of the Inspector as to the optimum way to achieve effective inspection and high implementation rates, a document along the lines of ‘Expectations’ will be developed at a speed that is consistent with the available resources.

## 11. PRINCIPLES OF INSPECTION

In the past year there has been quite a lot of discussion around the English-speaking world as to the appropriate principles of inspection. The Scottish, the Irish and the English public sectors have given active thought to these matters. The UK Office of Public Service Reform has published what is probably the most cogent analysis. They have identified ten principles that should be present in the work and *modus operandi* of an Inspectorate – of any kind, not just a Prison Inspectorate. These principles are:

- Improvement in services;
- Focus on outcomes;
- Ensuring a user perspective;
- Proportionate to risk;
- Encouraging self assessment;
- Providing impartial evidence;
- Clear and disclosed criteria;
- Open and transparent process;
- Value for money; and
- Continuing to learn.

It is not proposed in this Annual Report to attempt a self-assessment in relation to these criteria; this will be done in the next Annual Report. Meanwhile, the Inspector recognises that questions as to our performance in relation to these ‘Principles of Inspection’ are legitimate ones. These principles, if not previously articulated in quite that way, have actually informed the activities of the Office of the Inspector since its inception. Carried out effectively, the model of inspection of complex human services, such as custodial services, offers the potential for great returns to Government, and a case could be made for extending the custodial services inspection model to other areas in the public domain. If that were done, the foregoing principles of inspection would provide a strong template.

## 12. THE DEPARTMENT OF JUSTICE AND THE ADMINISTRATION OF VARIOUS CUSTODIAL SERVICES

In the previous Annual Report, the Inspector put forward a detailed analysis of 12 particular areas of activity within the Department of Justice. What follows is a brief commentary on those previous points.

First, general progress with regard to the prison system has been maintained, though there remains a great deal to be done. The greatest single deficit remains still the failure to develop a convincing custodial management strategy for the regions, particularly those regions where “Aboriginal prisons” currently predominate. This matter really cannot be allowed to drift indefinitely. The interested parties have never been brought together in one place at one time for a full consultation, and it would seem desirable for some kind of Roundtable to be convened, possibly under the auspices of the Minister, in much the way as happened in 2003 with the Drugs Roundtable. That was a successful model that shook an important issue out of its previous state of paralysis, and a similar initiative seems to be needed in relation to a total custodial management strategy for the regional areas of the State.

This question has been exacerbated this year by the fact that the prison population has begun to climb again – not drastically, but enough to put the existing system under strain. A lack of fit between

available accommodation and services and the needs of the prison population has been exposed, most notably an inadequate number of minimum-security and medium-security beds in the right places and available at the required times. The worst symbol of this continues to be the number of Wongi and Pitjandjara prisoners who are held at Acacia Prison rather than at Eastern Goldfields. The Department has responded to this by such measures as re-opening the minimum-security wing at Bunbury prison, but stresses remain – particularly for Aboriginal prisoners.

Women's prison services have both improved markedly and have been put under further stress. The great improvement is the opening, in May 2004, of the Boronia Pre-Release Centre. The location of this Centre on the site of the former Longmore Detention Centre (adjacent to the former Nyandi Women's Prison) had been the subject of some concerned community comment and action. The Department has taken note of that in the manner of its security arrangements and in its criteria for transferring prisoners to the Centre, and the early signs are that the Government's decision to persist with this much needed facility is likely to be fully vindicated. On the downside, the continuing increase in the female prisoner population – a trend that seems to have taken hold around the world – has forced the Department yet again to transfer prisoners to Greenough Regional Prison from the metropolitan area. This is an unsatisfactory solution, but one which was unavoidable on account of the current exigencies. The sentencing practices of the courts are a cause of concern in this regard.

Prisoner Health Services were stated in the last Report to be a matter of concern and a Thematic Review was foreshadowed. As already mentioned, this has now commenced. The early indications are that some improvements have occurred in these services, but problems remain. A full report will be available during this reporting year.

Aboriginal Services have already been referred to in the context of the failure to develop comprehensive custodial management plans for the regions, particularly the Kimberley, the Pilbara, and the Eastern Goldfields. A welcome sign, however, has been the commitment of the Department to reorganise and reinvigorate the Aboriginal Visitors' Service. The Inspector has previously expressed misgivings about the quality of this service, and it is heartening to see that it is now being turned around. It was also a welcome move that a work camp was established at Wyndham during the year; virtually all of the prisoners sent there are Aboriginal people from the east Kimberley region, and the fact that they are able to be sent direct from court seems to be a valuable mechanism. On the other hand, despite the great energy and commitment of the people on the ground and the head office Manager, the Department still does not have an integrated work camp or outstation strategy – something that would naturally fit within a fully developed custodial management strategy for the regions. This matter also needs to be confronted.

Staffing issues have been a problem in the Department for several years. Improvements have occurred during the past year, however, by way of the recruitment of new prison staff after a break of more than two years, as well as a greater commitment to staff training. The extremely positive response to the Recommendations contained in that part of our Report on Cognitive Skills Training that was relevant to staff training was a signal that, at last, training is being perceived as essential. There remain numerous hiatuses, however.

Some new problems have emerged, of course – for example, the trend for security classification to be based on records rather than risk. And some old ones, mentioned in earlier Annual Reports, have re-surfaced – for example, inadequate and delayed delivery of offender programs.

On the other hand, there have been some good achievements. The Drugs Roundtable set the stage for the implementation of pharmacotherapy programs within the WA prison system – previously, this State had lagged behind most other Australian States in its policies. These programs – notably methadone maintenance – were brought on line rapidly; by the end of June 2004 about 200 prisoners were being treated. This process has been linked effectively to other State agencies, notably Next Step. The outcomes of such a major initiative must be evaluated – as to relapse, impact of drug availability within prisons and recidivism rates.

A continuing concern for the Department, as well as for the Inspector, is the inadequacy of the number of secure beds available for mentally ill offenders. The Department lacks the capacity to manage such persons properly within the prison system. The Frankland Centre has only 30 secure beds, and although the management bends over backwards to try to meet the needs of the prisoner population there is usually a deficit. Recognising this, the Department of Justice attempted to make a joint case with the Department of Health for funding for intermediate care beds to be opened within the prison system. Unfortunately, this case was unsuccessful.

It seems clear from the demography of the prison population in those other parts of Australia that have accurately surveyed this question that this problem will get worse, rather than better. It constitutes a great challenge for the Department.

As with the 2002/03 Annual Report, my conclusion this year is that the Department has made some progress, though many acute problems have still to be confronted. It is apparent that the inspection process has, over the last four years, acted as a spur or a catalyst for the gradual improvement that is apparent in the performance of the Department of Justice.



Richard Harding

Inspector of Custodial Services

2nd August 2004

1. CORPORATE ETHOS

GOVERNMENT OUTCOMES

- To improve the confidence of the community as a whole in the State Justice System;
- To reduce the level of re-offending in Western Australia; and
- To ensure that the State receives improved value for money from its criminal justice system.

RELATIONSHIP TO GOVERNMENT STRATEGIC OBJECTIVES

Safe, healthy and supportive communities.

VISION

To contribute to the achievement of relevant Government outcomes both directly through its own operations and indirectly by affecting the service delivery of the frontline agencies.

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.

CORE BUSINESS

PRISON INSPECTIONS AND REVIEW OF OTHER PRISON AND CUSTODIAL SERVICES

INSPECTIONS AND REVIEW OF JUVENILE DETENTION CENTRES

THEMATIC REVIEWS

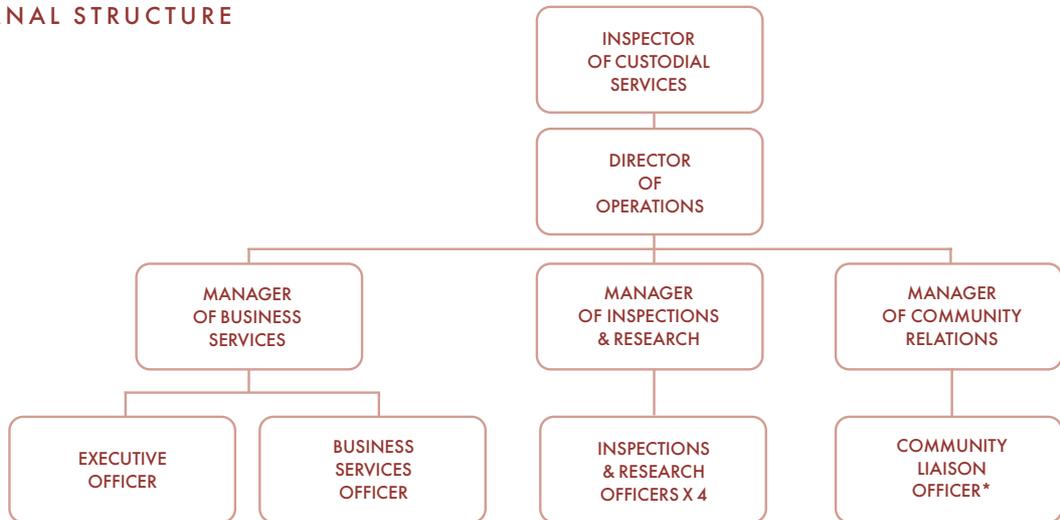
REPORTS TO PARLIAMENT

COMMUNITY INFORMATION

ADMINISTRATION OF THE INDEPENDENT PRISON AND DETENTION CENTRE

VISITORS' SCHEME

## 2. INTERNAL STRUCTURE



\* Currently funded by the Department of Indigenous Affairs.

## 3. INDUSTRIAL RELATIONS

The Inspector is a prescribed office-holder under the Salaries and Allowances Tribunal Act 1975. All other officers are registered under the Government Officers Salaries, Allowances and Conditions General Agreement 2002.

## 4. ENABLING LEGISLATION

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

## 5. LEGISLATION ADMINISTERED

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

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

## 6. RESPONSIBLE MINISTER

The Hon. M.H. Roberts, B.A., DipEd, M.L.A.

## 7. OUTPUTS (GOODS OR SERVICES) PROVIDED TO THE PUBLIC SECTOR IN WA

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

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

## 8. 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 (Director of Operations)

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

## 9. PUBLICATIONS

All publications produced by the Office are available in hard copy on request from the Office or alternatively can be viewed on the Office's Internet site. The following publications were produced in 2003/04:

### OPERATIONAL REPORTS

- Report No.16 – Report of an Announced Inspection of Bunbury Regional Prison;
- Report No.17 – Report of an Announced Inspection of Wooroloo Prison Farm;
- Report No.18 – Report of an Announced Inspection of Albany Regional Prison;
- Report No. 19 – Report of an Announced Inspection of Acacia Prison;
- Report No.20 – Report of an Announced Inspection of Non-Metropolitan Court Custody Centres;
- Report No.21 – Report of an Announced Inspection of Greenough Regional Prison; and
- Report No.22 – The Diminishing Quality of Prison Life: Deaths at Hakea Prison.

### ANNUAL REPORT

- 2002/2003 Annual Report

## 10. CONTRACTS WITH SENIOR OFFICERS

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

## 11. HIGHLIGHTS OF THE YEAR

- The *Inspector of Custodial Services Act 2003* came into effect on 15 December 2003;
- The tabling and publication of Report 21 completed the first cycle of statutorily required reports;
- Completion of six Prison Inspections;
- Completion of one thematic Report;
- A total of 87 Prison Liaison Visits were conducted by Inspections and Research Officers;
- A total of 91 Independent Prison Visitor Reports were lodged;
- Significantly updated the Human Resource Manual to reflect the changes in industrial relations and updates to human resource policy generally; and
- Developed a record keeping plan to comply with the *State Records Act 2000*.

## 12. CHANGES IN WRITTEN LAW

The *Inspector of Custodial Services Act 2003* became operational in December 2003. The new legislation is a stand-alone statute that covers all matters relevant to the functioning and jurisdiction of the Inspector. It has established jurisdiction to enable the Inspector to exercise his function in Juvenile Detention Centres. In addition, the Independent Prison Visitors' Scheme comes under the direct control of this Office.

## 13. STAFF PROFILE

|                                   | 2004 | 2003 |
|-----------------------------------|------|------|
| Full-time permanent               | 9    | 10   |
| Full-time contract                | 2    | 1    |
| Part-time measured on a FTE basis | 0    | 1    |
| On secondment                     | 2    | 2    |
|                                   | 13   | 14   |

## 14. DISABILITY SERVICES PLAN

The Office is in the process of developing a draft disability services plan in accordance with Part 5, Section 28 of the *Disability Services Act (1993)*.

## 15. EQUAL EMPLOYMENT OPPORTUNITY

The Office is committed to equal opportunity in employment.

| Classification        | Occupational Group | Female     | Male       | Total       |
|-----------------------|--------------------|------------|------------|-------------|
| Level 2               | Business Services  | 1          |            | 1           |
| Level 3               | Business Services  | 1          |            | 1           |
| Level 5               | Operational        | 1          |            | 1           |
| Level 6               | Operational        | 3          | 1          | 4           |
| Level 6               | Business Services  |            | 1          | 1           |
| Level 7               | Operational        |            | 1          | 1           |
| Level 9               | Operational        |            | 1          | 1           |
| Salaries & Allowances | Operational        |            | 1          | 1           |
| Secondees (full-time) | Operational        | 1          | 1          | 2           |
| <b>Total</b>          |                    | <b>7</b>   | <b>6</b>   | <b>13</b>   |
| <b>Ratio</b>          |                    | <b>54%</b> | <b>46%</b> | <b>100%</b> |

An equal employment opportunity management plan is being developed.

## 16. PARTNERED

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

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

- The Department of Justice;
- The Department of Indigenous Affairs;
- The Department of Agriculture;
- The Department of Health;
- The Drug and Alcohol Office;
- The Office of the Ombudsman;
- The Office of the Auditor General;
- The Office of Health Review;
- The Department of Education and Training; and
- The Department of Community Development.

## 17. WASTE PAPER RECYCLING

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

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

## 18. PUBLIC INTEREST DISCLOSURES

The Inspectorate appointed a PID officer and developed and implemented internal public interest disclosure procedures. Staff members were made aware of this initiative.

## 19. STAFF DEVELOPMENT

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

## 20. WORKERS COMPENSATION

No compensation claims were recorded during the financial year.

## 21. CONTINUING RESEARCH AND DEVELOPMENT

The Office employs an Inspections and Research Manager and four Inspections and Research Officers with key responsibilities for research.

## 22. MAJOR PROMOTIONAL, PUBLIC RELATIONS OR MARKETING ACTIVITIES

- Presentation of papers at interstate and international conferences. The Office advertises in newspapers for interested community volunteers to apply for positions in the Independent visitor schemes.

## 23. PRICING POLICIES ON OUTPUTS

The Office does not charge for goods and services rendered.

## 24. ELECTORAL ACT 1907 SECTION 175ZE

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

The details of the report are as follows:

|  |                |
|--|----------------|
| <u>Expenditure with Advertising Agencies</u>       | <u>\$3,659</u> |
| <u>Expenditure with Market Research Agencies</u>   | <u>\$0</u>     |
| <u>Expenditure with Polling Agencies</u>           | <u>\$0</u>     |
| <u>Expenditure with Direct Mail Agencies</u>       | <u>\$0</u>     |
| <u>Expenditure with Media Advertising Agencies</u> | <u>\$0</u>     |
| <u>Total Expenditure</u>                           | <u>\$3,659</u> |

## 26. LEGISLATION IMPACTING ON THE OFFICE'S ACTIVITIES

The following written laws impact upon the performance of the Inspectors functions: -

Aboriginal Communities Act 1979  
Anti Corruption Commission Act 1988  
Bail Act 1982  
Competition Policy Reform (WA) Act 1996  
Coroners Act 1996  
Corruption and Crime Commission Act 2003  
Court Security and Custodial Services Act 1999  
Crime (Serious and Repeat Offenders) Sentencing Act 1992  
Criminal Code  
Criminal Law (Mentally Impaired Defendants) Act 1996  
Electoral Act 1907  
Equal Opportunity Act 1984  
Evidence Act 1906  
Fines, Penalties and Infringement Notices Enforcement Act 1994  
Government Employees Superannuation Act 1987  
Health Services (Conciliation and Review) Act 1995  
Industrial Relations Act 1979  
Interpretation Act 1984  
Justices Act 1902  
Minimum Conditions of Employment Act 1993  
Misuse of Crime Act 1981  
Occupational Health and Safety Act 1984  
Parole Orders (Transfer) Act 1984  
Prisons Act 1981  
Prisoners (Interstate Transfer) Act 1983  
Prisoners (Release for Deportation) Act 1989  
Disability Services Act 1993  
Parliamentary Commissioner Act 1971  
Public Sector Management Act 1994  
Racial Discrimination Act 1975

Sentence Administration Act 1995  
 Spent Convictions Act 1988  
 State Records Act 2000  
 Victims of Crime Act 1994  
 Workers Compensation and Rehabilitation Act 1981  
 Young Offenders Act 1994

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

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

#### COMPLIANCE WITH PUBLIC SECTOR MANAGEMENT ACT

##### SECTION 31(1)

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

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

**Professor Richard Harding**  
 Inspector of Custodial Services  
 5 August 2003

#### **Postal Address:**

Level 27, 197 St George's Terrace, Perth, Western Australia 6000.  
 Telephone: 61 8 9212 6200 Facsimile: 61 8 9226 4616  
 Email: corporate@custodialinspector.wa.gov.au  
 Website: www.custodialinspector.wa.gov.au

## Part Three

# Outcomes, Outputs and Performance Information

### CERTIFICATION OF PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2004

I hereby certify that the performance indicators are based on proper records, are relevant and appropriate for assisting users to assess the Office of the Inspector of Custodial Service's performance, and fairly represent the performance of the Office of the Inspector of Custodial Services for the financial year ended 30 June 2004.

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

**Professor Richard Harding**  
Accountable Officer  
*5 August 2004*



## AUDITOR GENERAL

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

### OFFICE OF THE INSPECTOR OF CUSTODIAL SERVICES PERFORMANCE INDICATORS FOR THE YEAR ENDED JUNE 30, 2004

#### **Audit Opinion**

In my opinion, the key effectiveness and efficiency performance indicators of the Office of the Inspector of Custodial Services are relevant and appropriate to help users assess the Office's performance and fairly represent the indicated performance for the year ended June 30, 2004.

#### **Scope**

##### *The Inspector of Custodial Services' Role*

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

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

##### *Summary of my Role*

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

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

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

D D R PEARSON  
AUDITOR GENERAL  
August 10, 2004

## OUTCOME STATEMENT

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

## KEY EFFECTIVENESS INDICATORS

*The extent to which the Department of Justice and, where relevant, other agencies accept and/or implement recommendations contained in Reports.*

| Type of recommendation                      | Percentage that should be accepted | Number in Reports tabled or completed to date | Number and (percentage accepted) as at 30/6/04 | Number and (percentage accepted) as at 30/6/03 |
|---|------------------------------------|---|--|--|
| 1. Custody and security                     | 75%                                | 23  | 21 (91%)                                       | 15 (94%)                                       |
| 2. Care and wellbeing                       | 75%                                | 51  | 49 (96%)                                       | 35 (100%)                                      |
| 3. Health                                   | 75%                                | 23  | 20 (87%)                                       | 14 (93%)                                       |
| 4. Rehabilitation                           | 75%                                | 33  | 32 (97%)                                       | 18 (95%)                                       |
| 5. Reparation                               | 75%                                | 9   | 8 (89%)  | 6 (86%)  |
| 6. Human rights                             | 100%                               | 12  | 10 (93%)                                       | 10 (83%)                                       |
| 7. Racism, Aboriginality and Equity         | 100%                               | 21  | 19 (90%)                                       | 11 (100%)                                      |
| 8. Administration and accountability of DOJ | 50%                                | 75  | 70 (93%)                                       | 43 (96%)                                       |
| 9. Staffing issues                          | 50%                                | 42  | 41 (98%)                                       | 26 (96%)                                       |
| 10. Correctional value-for-money            | 50%                                | 14  | 12 (86%)                                       | 7 (88%)  |

To date, 303 recommendations have been made in twenty-three reports and 282, or 93 per cent, were accepted. This is a gratifyingly high acceptance rate, and indicates that a mutually beneficial relationship exists.

Inspection Reports completed to the Inspector's satisfaction are shown in the following list.

### Lodged Reports<sup>1</sup>

Report No. 18 – Report of an Announced Inspection of Albany Regional Prison

Report No. 19 – Report of an Announced Inspection of Acacia Prison

Report No. 20 – Report of an Announced Inspection of Non-Metropolitan Court Custody Centres

Report No. 21 – Report of an Announced Inspection of Greenough Regional Prison

Report No. 22 – The Diminishing Quality of Prison Life: Deaths at Hakea Prison 2001 –2003

### Prepared Reports

Report No. 23 – Cognitive Skills Training in the Western Australian Prison System

### Reports in Preparation

Other inspections that occurred during 2003/04 related to Roebourne, Karnet, Broome and Rangeview Juvenile Remand Centre. These inspections took place in November 2003, February 2004, May 2004 and June 2004 respectively, and each is at the stage of a report in preparation.

<sup>1</sup> Section 35(4) of the Inspector of Custodial Services Act 2003 provides that Lodged Reports are to be recorded in the Minutes, or Votes and Proceedings on the first sitting day after 30 days have expired if Parliament was not sitting when the Clerks received a Report.

## KEY EFFICIENCY INDICATORS

The key efficiency indicator is that of weighted costs per inspection, review, liaison visit, Independent Prison Visitor service and other statutorily mandated or authorised activity carried out during the year.

### Inspection Reports

| <i>Inspection Report</i>                          | <i>Report No.</i> | <i>2003/04 Actual</i> |
|---|-------------------|-----------------------|
| Albany Regional Prison                            | 18                | 1                     |
| Acacia Prison                                     | 19                | 1                     |
| Non-Metro Court Custody Centres                   | 20                | 1                     |
| Greenough Regional Prison                         | 21                | 1                     |
| Deaths at Hakea Prison 2001 – 2003                | 22                | 3                     |
| Cognitive Skills Training in the WA Prison System | 23                | 1.5                   |
| <b>Total Points</b>                               |                   | <b>8.5</b>            |

### Liaison Visits

| <i>2003/04 Estimate</i> | <i>2003/04 Actual</i> |
|-------------------------|-----------------------|
| 80                      | 87                    |

### Independent Prison Visits

| <i>2003/04 Estimate</i> | <i>2003/04 Actual</i> |
|-------------------------|-----------------------|
| 60                      | 91                    |

### Inspection Exit Debrief Notes

| <i>2003/04 Estimate</i> | <i>2003/04 Actual</i> |
|-------------------------|-----------------------|
| N/a <sup>2</sup>        | 3 <sup>3</sup>        |

### Inspection Exit Debrief Notes

It has become common practice to record, transcribe and distribute a written version of post-inspection debrief notes. The purpose is to facilitate early responses and actions from the Department, its contractors and others who may be directly involved in particular inspections. These notes are a discrete report in that the details contained may sometimes be directed at operational levels to enable the recipients to understand the key points. The eventual Inspection Reports will usually take up these matters in a more strategic manner.

<sup>2</sup> The number of inspection exit debriefs is being recorded for the first time in the 2003/04 financial year.

<sup>3</sup> The Non-Metropolitan Court Custody Centres Report did not require Exit Debrief Notes in view of multiple sites under inspection.

# Part Three

The cost per output point can be calculated as follows:

## Inspection Report Points

|                                    | <i>2003/04</i>         | <i>2002/03</i> | <i>2001/02</i> |
|------------------------------------|------------------------|----------------|----------------|
|                                    | <i>Total</i>           | <i>Total</i>   | <i>Total</i>   |
| Output Points achieved             | 8.5                    | 7.5            | 8.5            |
| The mean cost of each Output Point | \$104,503 <sup>4</sup> | \$156,521      | 167,441        |

Other activities that are separately calculated are as follows:

## Liaison Visits

|                             | <i>2003/04</i> | <i>2002/03</i> |
|-----------------------------|----------------|----------------|
|                             | <i>Total</i>   | <i>Total</i>   |
| Visits                      | 87             | 77             |
| The mean cost of each visit | \$4,317        | 4180           |

## Independent Prison Visits

|                             | <i>2003/04</i> | <i>2002/03</i> |
|-----------------------------|----------------|----------------|
|                             | <i>Total</i>   | <i>Total</i>   |
| Visits                      | 91             | 99             |
| The mean cost of each visit | \$1,000        | \$920          |

## Inspection Exit Debrief Notes

|                               | <i>2003/04</i> | <i>2002/03</i>   |
|-------------------------------|----------------|------------------|
|                               | <i>Total</i>   | <i>Total</i>     |
| Debrief                       | 3              | N/a <sup>5</sup> |
| The mean cost of each debrief | \$74,023       | N/a              |

<sup>4</sup> The number of Output Points in the current financial year is a point more than the previous financial year at 8.5 with a mean cost of \$104,503 after deducting \$91,000 for the Independent Prison Visits, \$375,554 for Liaison Visits and \$222,070 for Inspection Exit Debrief Notes from the total cost of services of \$1,576,902.

The prior year figures exclude the cost of the Inspection Exit Debrief Notes.

<sup>5</sup> The number of inspection exit debriefs and their costs are being recorded for the first time in the 2003/04 financial year.

# Part Four

## Financial Statements

2003-2004 ANNUAL REPORT

### CERTIFICATION OF FINANCIAL STATEMENTS

#### Source Reference

FAAA sec62(2a)  
TI 947

The accompanying financial statements of the Office of the Inspector of Custodial Services have been prepared in compliance with the provisions of the *Financial Administration and Audit Act 1985* from proper accounts and records to present fairly the financial transactions for the financial year ending 30 June 2004 and the financial position as at 30 June 2004.

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



Derek Summers  
Principal Accounting Officer  
5th August 2004



Professor Richard Harding  
Accountable Officer  
5th August 2004



## AUDITOR GENERAL

### INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

### OFFICE OF THE INSPECTOR OF CUSTODIAL SERVICES FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2004

#### **Audit Opinion**

In my opinion,

- (i) the controls exercised by the Office of the Inspector of Custodial Services provide reasonable assurance that the receipt and expenditure of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (ii) the financial statements are based on proper accounts and present fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions, the financial position of the Office at June 30, 2004 and its financial performance and cash flows for the year ended on that date.

#### **Scope**

##### *The Inspector of Custodial Services' Role*

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

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

##### *Summary of my Role*

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

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

D D R PEARSON  
AUDITOR GENERAL  
August 10, 2004

# Statement of Financial Performance for the year ended 30 June 2004

|  | Note | 2003/04<br>\$    | 2002/03<br>\$    |
|--|------|------------------|------------------|
| <b>COST OF SERVICES</b>  |      |                  |                  |
| <b>Expenses from ordinary activities</b>   |      |                  |                  |
| Employee expenses  | 4    | 926,282          | 934,855          |
| Supplies and services  | 5    | 363,621          | 358,705          |
| Depreciation expense   | 6    | 32,595           | 32,104           |
| Administration expenses  | 7    | 81,471           | 98,791           |
| Accommodation expenses   | 8    | 172,934          | 162,457          |
| <b>Total cost of services</b>  |      | <b>1,576,902</b> | <b>1,586,912</b> |
| <b>Revenues from ordinary activities</b>   |      |                  |                  |
| Other revenues from ordinary activities  | 9    | 1,643            | 1,755            |
| <b>Total revenues from ordinary activities</b>   |      | <b>1,643</b>     | <b>1,755</b>     |
| <b>NET COST OF SERVICES</b>  |      | <b>1,575,259</b> | <b>1,585,157</b> |
| <b>REVENUES FROM STATE GOVERNMENT</b>  |      |                  |                  |
| Output appropriation   | 10   | 1,537,000        | 1,422,000        |
| Resources received free of charge  | 10   | 800              | 14,273           |
| <b>Total revenues from State Government</b>  |      | <b>1,537,800</b> | <b>1,436,273</b> |
| <b>CHANGE IN NET ASSETS</b>  |      | <b>(37,460)</b>  | <b>(148,884)</b> |
| <b>TOTAL CHANGES IN EQUITY OTHER THAN THOSE<br/>RESULTING FROM TRANSACTIONS WITH<br/>WA STATE GOVERNMENT AS OWNERS</b> |      |                  |                  |
|  |      | <b>(37,460)</b>  | <b>(148,884)</b> |

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

## Part Four

# Statement of Financial Position as at 30 June 2004

|                                      | Note | 2003/04<br>\$    | 2002/03<br>\$    |
|--------------------------------------|------|------------------|------------------|
| <b>Current Assets</b>                |      |                  |                  |
| Cash assets                          | 11   | 1,557            | 36,892           |
| Restricted cash assets               | 12   | 21,500           | 21,500           |
| Receivables                          | 13   | 28,713           | 4,904            |
| Amounts receivable for outputs       | 14   | 32,000           | 20,000           |
| <b>Total Current Assets</b>          |      | <b>83,770</b>    | <b>83,296</b>    |
| <b>Non-Current Assets</b>            |      |                  |                  |
| Office furniture and equipment       | 15   | 19,118           | 17,071           |
| Office Fit-out                       | 15   | 92,071           | 117,330          |
| <b>Total Non-Current Assets</b>      |      | <b>111,189</b>   | <b>134,401</b>   |
| <b>TOTAL ASSETS</b>                  |      | <b>194,959</b>   | <b>217,698</b>   |
| <b>Current Liabilities</b>           |      |                  |                  |
| Payables                             | 16   | 13,251           | 41,305           |
| Provisions                           | 17   | 315,359          | 277,951          |
| Other Liabilities                    | 18   | 56,938           | 43,383           |
| <b>Total Current Liabilities</b>     |      | <b>385,549</b>   | <b>362,638</b>   |
| <b>Non-Current Liabilities</b>       |      |                  |                  |
| Provisions                           | 17   |                  | 8,187            |
| <b>Total Non-Current Liabilities</b> |      |                  | <b>8,187</b>     |
| <b>Total Liabilities</b>             |      | <b>385,549</b>   | <b>370,825</b>   |
| <b>Equity</b>                        |      |                  |                  |
| Accumulated (deficiency)             | 19   | (190,589)        | (153,129)        |
| <b>Total Equity</b>                  |      | <b>(190,589)</b> | <b>(153,129)</b> |
| <b>TOTAL LIABILITIES AND EQUITY</b>  |      | <b>194,959</b>   | <b>217,697</b>   |

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

# Statement of Cash Flows

## for the year ended 30 June 2004

|   | Note  | 2003/04<br>\$      | 2002/03<br>\$      |
|---|-------|--------------------|--------------------|
| <b>CASH FLOWS FROM STATE GOVERNMENT</b>             |       |                    |                    |
| Output appropriations                               |       | 1,525,000          | 1,412,000          |
| <b>Net cash provided by State Government</b>        |       | <b>1,525,000</b>   | <b>1,412,000</b>   |
| <b>Utilised as follows:</b>                         |       |                    |                    |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>         |       |                    |                    |
| <b>Payments</b>                                     |       |                    |                    |
| Employee costs                                      |       | (732,519)          | (738,381)          |
| Superannuation                                      |       | (155,317)          | (151,340)          |
| Supplies and services                               |       | (405,964)          | (358,510)          |
| Administration costs                                |       | (81,813)           | (95,289)           |
| Accommodation costs                                 |       | (172,934)          | (175,392)          |
| GST payments to taxation authority                  |       | (166)              | (3,145)            |
| GST payments on purchases                           |       | (64,298)           | (54,414)           |
| <b>Receipts</b>                                     |       |                    |                    |
| GST receipts on sales                               |       | 168                | 876                |
| GST receipts from taxation authority                |       | 60,248             | 75,885             |
| Other receipts                                      |       | 1,643              | 8,540              |
| <b>Net cash used in operating activities</b>        | 20(b) | <b>(1,550,951)</b> | <b>(1,491,169)</b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>         |       |                    |                    |
| Purchase of non-current physical assets             |       | (9,382)            | (4,180)            |
| <b>Net cash used in investing activities</b>        |       | <b>(9,382)</b>     | <b>(4,180)</b>     |
| <b>Net decline in cash held</b>                     |       | <b>(35,333)</b>    | <b>(83,349)</b>    |
| Cash assets at the beginning of the financial year  |       | 58,392             | 141,741            |
| <b>CASH ASSETS AT THE END OF THE FINANCIAL YEAR</b> | 20(a) | <b>23,058</b>      | <b>58,392</b>      |

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

## Part Four

# Summary of consolidated fund appropriations and revenue estimates for the year ended 30 June 2004

|  | 2003/04<br>Estimate<br>\$ | 2003/04<br>Actual<br>\$ | Variance<br>\$ | 2003/04<br>Actual<br>\$ | 2002/03<br>Actual<br>\$ | Variance<br>\$ |
|--|---------------------------|-------------------------|----------------|-------------------------|-------------------------|----------------|
| <b>DELIVERY OF OUTPUTS</b>   |                           |                         |                |                         |                         |                |
| Item 98 - Net amount appropriated to deliver outputs                   | 1,311,000                 | 1,361,000               | 50,000         | 1,361,000               | 1,255,000               | 106,000        |
| Amount Authorised by Other Statutes - Salaries and Allowances Act 1975 | 176,000                   | 176,000                 |                | 176,000                 | 167,000                 | 9,000          |
| <b>Total appropriations provided to deliver outputs</b>                | <b>1,487,000</b>          | <b>1,537,000</b>        | <b>50,000</b>  | <b>1,537,000</b>        | <b>1,422,000</b>        | <b>115,000</b> |
| <b>Details of Expenditure by Outputs</b>                               |                           |                         |                |                         |                         |                |
| Prison Inspection and Review   | 1,512,000                 | 1,576,902               | 64,902         | 1,576,902               | 1,586,912               | (10,010)       |
| Total Cost of Outputs  | 1,512,000                 | 1,576,902               | 64,902         | 1,576,902               | 1,586,912               | (10,010)       |
| Less retained revenue  | (10,000)                  | (1,643)                 | 8,357          | (1,643)                 | (1,755)                 | 112            |
| Net Cost of Outputs  | 1,502,000                 | 1,575,259               | 73,259         | 1,575,259               | 1,585,157               | (9,898)        |
| Adjustment for movement in cash balances and other accrual items       | (15,000)                  | (38,259)                | (23,259)       | (38,259)                | (163,157)               | 124,898        |
| <b>Total appropriations to deliver outputs</b>                         | <b>1,487,000</b>          | <b>1,537,000</b>        | <b>50,000</b>  | <b>1,537,000</b>        | <b>1,422,000</b>        | <b>115,000</b> |
| <b>GRAND TOTAL OF APPROPRIATIONS</b>                                   | <b>1,487,000</b>          | <b>1,537,000</b>        | <b>50,000</b>  | <b>1,537,000</b>        | <b>1,422,000</b>        | <b>115,000</b> |
| <b>DETAILS OF REVENUE ESTIMATES</b>                                    |                           |                         |                |                         |                         |                |
| Revenues disclosed as Operating Revenues                               | 2,000                     | 1,643                   | 357            | 1,643                   | 1,755                   | (112)          |

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

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

# Notes to the Financial Statements for the year ended 30 June 2004

## NOTE 1 OFFICE MISSION AND FUNDING

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

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

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

## NOTE 2 SIGNIFICANT ACCOUNTING POLICIES

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

### (A) GENERAL STATEMENT

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

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

### (B) BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with Australian Accounting Standard AAS 29.

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

### (C) OUTPUT APPROPRIATIONS

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

### (D) NET APPROPRIATION DETERMINATION

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

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

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

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

Retained revenues may only be applied to the outputs specified in the 2003–2004 Budget Statements.

## **(E) GRANTS AND OTHER CONTRIBUTIONS REVENUE**

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

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

## **(F) REVENUE RECOGNITION**

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

## **(G) ACQUISITIONS OF ASSETS**

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

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

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

## **(H) DEPRECIATION OF NON-CURRENT ASSETS**

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

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

Expected useful lives for depreciable assets are:

Office furniture and equipment      4 to 5 years

Office fit-out                              6 years

## **(I) LEASES**

The Office has not entered into any finance leases.

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

**(J) CASH**

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

**(K) ACCRUED SALARIES**

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

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

**(L) RECEIVABLES**

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

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

**(M) PAYABLES**

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

**(N) EMPLOYEE ENTITLEMENTS****Annual leave**

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

**Long service leave**

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

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

**Superannuation**

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

The superannuation expense comprises the following elements:

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

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

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

#### **(O) EMPLOYEE BENEFIT ON-COSTS**

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

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

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

#### **(Q) COMPARATIVE FIGURES**

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

#### **(R) ROUNDING OF AMOUNTS**

Amounts in the financial statements have been rounded to the nearest thousand dollars, or in certain cases, to the nearest dollar.

### **NOTE 3 OUTPUTS OF THE OFFICE**

The Office has only one output and as such, all income and expenditure relates to that output. Accordingly, an Output Schedule has not been included in these financial statements.

The output of the Office is:

#### **Prison Inspection and Review**

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

**NOTE 4 EMPLOYEE EXPENSES**

|                            | 2003/04 | 2002/03 |
|----------------------------|---------|---------|
|                            | \$      | \$      |
| Salaries                   | 718,340 | 736,953 |
| Superannuation             | 153,539 | 151,340 |
| Long service leave         | 11,246  | 516     |
| Annual leave               | 14,368  | 12,885  |
| Other related expenses (i) | 28,789  | 33,161  |
|                            | 926,281 | 934,855 |

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

**NOTE 5 SUPPLIES AND SERVICES**

|                             |         |         |
|-----------------------------|---------|---------|
| Consultants and contractors | 153,499 | 141,767 |
| Materials                   | 98,934  | 120,700 |
| Repairs and maintenance     | 13,151  | 23,375  |
| Travel                      | 74,153  | 51,006  |
| Other                       | 23,883  | 21,857  |
|                             | 363,621 | 358,705 |

**NOTE 6 DEPRECIATION EXPENSE**

|                                |        |        |
|--------------------------------|--------|--------|
| Office equipment and furniture | 7,335  | 7,316  |
| Office fit-out                 | 25,260 | 24,789 |
|                                | 32,595 | 32,104 |

**NOTE 7 ADMINISTRATION EXPENSES**

|                   |        |        |
|-------------------|--------|--------|
| Communication     | 38,555 | 29,087 |
| Consumables       | 886    | 3,521  |
| Other staff costs | 13,120 | 40,267 |
| Sundry expenses   | 28,909 | 25,915 |
|                   | 81,471 | 98,791 |

**NOTE 8 ACCOMMODATION EXPENSES**

|                         |         |         |
|-------------------------|---------|---------|
| Lease Rentals           | 171,058 | 152,932 |
| Repairs and Maintenance |         | 8,813   |
| Cleaning                | 1,876   | 712     |
|                         | 172,934 | 162,457 |

**NOTE 9 OTHER REVENUES FROM ORDINARY ACTIVITIES**

|   |       |       |
|---|-------|-------|
| Contributions to Executive Vehicle Scheme | 1,643 | 1,755 |
|   | 1,643 | 1,755 |

## NOTE 10 REVENUES FROM STATE GOVERNMENT

|  | 2003/04<br>\$ | 2002/03<br>\$ |
|--|---------------|---------------|
| Appropriation revenue received during the year :                         |               |               |
| Output appropriations (i)  | 1,537,000     | 1,422,000     |
| Resources received free of charge (ii)                                   |               |               |
| Determined on the basis of the following estimates provided by agencies: |               |               |
| Office of the Auditor General  | 0             | 14,000        |
| Crown Solicitor  | 800           | 273           |
|  | 800           | 14,273        |
|  | 1,537,800     | 1,436,273     |

(i) Output appropriations are accrual amounts reflecting the full cost of outputs 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.

(iii) Commencing with the 2003-04 audit, the Office of the Auditor General will be charging a fee for auditing the accounts, financial statements and performance indicators. The fee for the 2003-04 audit (\$15,500) will be due and payable in the 2004-05 financial year.

## NOTE 11 CASH ASSETS

|                   |       |        |
|-------------------|-------|--------|
| Operating account | 1,257 | 36,592 |
| Cashiers advance  | 300   | 300    |
|                   | 1,557 | 36,892 |

## NOTE 12 RESTRICTED ASSETS

|                                   |        |        |
|-----------------------------------|--------|--------|
| Accrued salaries suspense account | 21,500 | 21,500 |
|                                   | 21,500 | 21,500 |

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

## NOTE 13 RECEIVABLES

|                |        |       |
|----------------|--------|-------|
| Current        |        |       |
| Trade debtors  | 19,762 |       |
| GST receivable | 8,951  | 4,904 |
|                | 28,713 | 4,904 |

## NOTE 14 AMOUNTS RECEIVABLE FOR OUTPUTS

|         |        |        |
|---------|--------|--------|
| Current | 32,000 | 20,000 |
|         | 32,000 | 20,000 |

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

**NOTE 15 OFFICE FIT-OUT, FURNITURE AND EQUIPMENT**

|                          | 2003/04  | 2002/03  |
|--------------------------|----------|----------|
|                          | \$       | \$       |
| Office Fit-out           |          |          |
| At cost                  | 166,461  | 166,461  |
| Accumulated depreciation | (74,390) | (49,131) |
|                          | 92,071   | 117,330  |
| Furniture and equipment  |          |          |
| At cost                  | 44,587   | 35,205   |
| Accumulated depreciation | (25,469) | (18,134) |
|                          | 19,118   | 17,071   |
|                          | 111,189  | 134,401  |

All furniture and equipment was purchased during the year and have 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.

| 2003/04                          | Office Fit-out | Furniture and equipment |
|----------------------------------|----------------|-------------------------|
| Carrying amount at start of year | 117,330        | 17,071                  |
| Additions                        |                | 9,382                   |
| Depreciation                     | (25,260)       | (7,335)                 |
| Carrying amount at end of year   | 92,071         | 19,118                  |

**NOTE 16 PAYABLES**

| Current        |        |        |
|----------------|--------|--------|
| Trade payables | 13,251 | 41,305 |
|                | 13,251 | 41,305 |

**NOTE 17 PROVISIONS**

| Current            |         |         |
|--------------------|---------|---------|
| Annual leave       | 106,099 | 86,116  |
| Long service leave | 209,260 | 191,835 |
|                    | 315,359 | 277,951 |
| Non-current        |         |         |
| Annual leave       | 0       |         |
| Long service leave | 0       | 8,187   |
|                    | 0       | 8,187   |

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

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

**Employee benefit liabilities**

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

# Financial Statements

|                                | 2003/04 | 2002/03 |
|--------------------------------|---------|---------|
|                                | \$      | \$      |
| Provision for employee benefit |         |         |
| Current                        | 315,359 | 277,951 |
| Non-current                    | 0       | 8,187   |
|                                | 315,359 | 286,138 |

## NOTE 18 OTHER LIABILITIES

|                  |        |        |
|------------------|--------|--------|
| Current          |        |        |
| Accrued expenses | 28,468 | 19,439 |
| Accrued salaries | 28,470 | 23,943 |
|                  | 56,938 | 43,383 |

## NOTE 19 EQUITY

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

### Accumulated (deficiency)

|                        |                  |                  |
|------------------------|------------------|------------------|
| Opening balance        | (153,128)        | (4,244)          |
| Change in net assets   | (37,461)         | (148,884)        |
| <b>Closing balance</b> | <b>(190,589)</b> | <b>(153,128)</b> |

## NOTE 20 NOTES TO THE STATEMENT OF CASH FLOWS

### (a) Reconciliation of cash

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

|   |        |        |
|---|--------|--------|
| Cash assets                               | 1,557  | 36,892 |
| Restricted cash assets (refer to note 12) | 21,500 | 21,500 |
|   | 23,057 | 58,392 |

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

|   |                    |                    |
|---|--------------------|--------------------|
| <b>Net cost of services</b>                           | <b>(1,575,259)</b> | <b>(1,585,157)</b> |
| <b>Non-cash items:</b>                                |                    |                    |
| Depreciation expense                                  | 32,595             | 32,104             |
| Resources received free of charge                     | 800                | 14,273             |
| <b>(Increase)/decrease in assets:</b>                 |                    |                    |
| Current receivables                                   | (19,763)           |                    |
| Other current assets                                  |                    |                    |
| <b>Increase/(decrease) in liabilities:</b>            |                    |                    |
| Current provisions                                    | 37,408             | 62,331             |
| Other current liabilities                             | (14,497)           | 41,864             |
| Non-current liabilities                               | (8,187)            | (75,786)           |
| Net GST payments                                      |                    |                    |
| Change in GST in receivables/payables                 | (4,048)            | 19,202             |
| <b>Net cash provided/used in operating activities</b> | <b>(1,550,952)</b> | <b>(1,491,169)</b> |

|  | 2003/04 | 2002/03 |
|--|---------|---------|
|  | \$      | \$      |

#### NOTE 21 COMMITMENTS FOR EXPENDITURE

(a) Capital expenditure commitments

The Office has no capital expenditure commitments.

(b) Finance expenditure commitments

The Office has no finance lease commitments.

(c) Non-cancellable operating lease commitments

Commitments in relation to leases contracted for at the reporting date but not recognised as liabilities, payable:

|  |         |         |
|--|---------|---------|
| Within one year                                    | 192,377 | 172,837 |
| Later than one year, and not later than five years | 375,549 | 461,372 |
| Later than five years                              | 567,926 | 634,209 |

(d) Other expenditure commitments

The Office has no other expenditure commitments.

(e) Guarantees and Undertakings

The Office has given no guarantees or undertakings.

#### NOTE 22 CONTINGENT LIABILITIES

The Office has no contingent liabilities.

#### NOTE 23 EVENTS OCCURRING AFTER REPORTING DATE

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

#### NOTE 24 EXPLANATORY STATEMENT

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

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

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

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

Variations were not significant.

# Part Four

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

|   | 2003/04 | 2002/03 | Variance |
|---|---------|---------|----------|
|   | \$      | \$      | \$       |
| Retained revenue for the financial year exceeded the revenue for the immediately preceding year due to funds receivable from other agencies to cover accrued leave liabilities for staff transferred to the Office. | (1,643) | (1,755) | 112      |

## NOTE 25 FINANCIAL INSTRUMENTS

(a) Interest rate risk exposure

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

|                              | Weighted<br>average<br>effective<br>interest rate | Variable<br>interest<br>rate | Less than<br>1 year | 1 to 5<br>years | More<br>than 5<br>years | Non<br>interest<br>bearing | Total   |
|------------------------------|---|------------------------------|---------------------|-----------------|-------------------------|----------------------------|---------|
| 2003/04                      | %   | \$                           | \$                  | \$              | \$                      | \$                         | \$      |
| <b>Financial Assets</b>      |   |                              |                     |                 |                         |                            |         |
| Cash Assets                  |   |                              |                     |                 |                         | 1,557                      | 1,557   |
| Restricted cash assets       |   |                              |                     |                 |                         | 21,500                     | 21,500  |
| Receivables                  |   |                              |                     |                 |                         | 28,713                     | 28,713  |
| Other assets                 |   |                              |                     |                 |                         |                            | 0       |
|                              |   |                              |                     |                 |                         | 51,770                     | 51,770  |
| <b>Financial Liabilities</b> |   |                              |                     |                 |                         |                            |         |
| Provisions                   |   |                              |                     |                 |                         | 315,359                    | 315,359 |
| Other Liabilities            |   |                              |                     |                 |                         | 56,938                     | 56,938  |
|                              |   |                              |                     |                 |                         | 372,297                    | 372,297 |
| <b>2002/03</b>               |   |                              |                     |                 |                         |                            |         |
| <b>Financial Assets</b>      |   |                              |                     |                 |                         | 63,296                     | 63,296  |
| <b>Financial Liabilities</b> |   |                              |                     |                 |                         | 329,521                    | 329,521 |

**NOTE 26 REMUNERATION OF SENIOR OFFICERS****Remuneration**

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

|   | 2003/04   | 2002/03   |
|---|-----------|-----------|
| \$110,001 - \$120,000                         |           | 1         |
| \$120,001 - \$130,000                         | 1         |           |
| \$130,001 - \$140,000                         | 1         | 1         |
| over \$140,000                                |           |           |
| The total remuneration of senior officers is: | \$318,181 | \$298,189 |

|   | 2003/04 | 2002/03 |
|---|---------|---------|
| Numbers of Senior Officers presently employed who are members of the Superannuation and Family Benefits Act Scheme: | 0       | 0       |

**NOTE 27 RELATED AND AFFILIATED BODIES**

The Office had no related bodies during the financial year.

**NOTE 28 SUPPLEMENTARY FINANCIAL INFORMATION****Write-Offs**

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

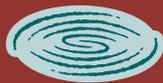
**Losses through theft, defaults and other causes**

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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