



OFFICE OF THE INSPECTOR
OF CUSTODIAL SERVICES
WESTERN AUSTRALIA

» 2005/06

Annual Report »

Office of the
Inspector of
Custodial
Services



RESPONSIBLE MINISTER

Minister for Corrective Services
The Hon. Margaret Quirk, MLA

ACCOUNTABLE AUTHORITY

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ABOUT THIS REPORT

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

It is also designed to enhance understanding of the Office's activities.

This report plays a significant role in communicating aspects of the Office's work to the wider Western Australian community.



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Work and Responsibilities of the Inspector of Custodial Services

1. Role of the Inspector of Custodial Services

The Inspector of Custodial Services (the Inspector) is a statutory officer appointed by the Governor to administer the *Inspector of Custodial Services Act 2003* (the Act). The Inspector conducts inspections of juvenile and adult custodial places and services, pursuant to Sections 19, 21 and 22 of the Act. He may be assisted by a team of independent inspectors as authorised under Section 31 of the Act and may also be assisted by independent experts in areas such as health or education.

In accordance with Sections 28, 29 and 30 of the Act, the Inspector and all persons authorised by him have unfettered access to any custodial place, any prisoner or juvenile detainee, any person whose work is concerned with a custodial place, any vehicle used to transport juvenile detainees or prisoners or any persons in such vehicles, and all documents or data in the possession of a custodial service. Pursuant to Section 19 of the Act, each custodial place is to be inspected at least once every three years. Inspections are usually announced in advance but may be unannounced where the Inspector decides for example, that the custodial place or service is at particular risk. Under Section 17 of the Act, the Minister may also direct that an inspection or a review be undertaken, unless in the Inspector's opinion there are exceptional circumstances for not complying. Inspections are carried out in order to make findings and to report those findings to Parliament. An inspection report may also contain such advice or recommendations, as the Inspector considers appropriate.

In addition, the Inspector undertakes thematic reviews to identify issues relating to custodial services that could and should be tackled on a system-wide basis rather than on an institution by institution basis. To date there have been five such reviews: Vulnerable and Predatory Prisoners; Deaths in Prisons; Cognitive Skills Programs; The Management of Offenders in Custody in Western Australia; and Offender Health Services. A sixth, on custodial transportation issues, is underway.

The Inspector also provides advice on custodial services to the Minister through Quarterly Reports that provide an across-the-system update on the performance of custodial services. Lastly, if the Inspector's assessment of a particular custodial service's performance identifies a specific risk of sufficient seriousness, the Inspector may advise the Minister through a formal Risk Notice.

2. Inspector's Overview



The 2005/2006 year has been a challenging one in which the correctional landscape in Western Australia has been irrevocably and dramatically changed with the handing down of the report of the Mahoney Inquiry into the Performance of the Department of Justice with regard to the Management of Offenders in Custody and in the Community¹ and the Inspector's Directed Review of the Management of Offenders in Custody,² both in November 2005. On 1 February 2006 the Department of Justice was split into two separate and more focused departments, with a new Department for Corrective Services (the Department) created having responsibility for Adult Custody and Community and Juvenile Justice, including Planning, Policy and Review. A new Department of the Attorney General was also created on the same day with responsibility for Court Services, the Public Trust Office, the Office of the Public Advocate, Parliamentary Counsel's Office, the State Solicitor's Office, and the Registry of Births, Deaths and Marriages. Against this backdrop of shifts and reform, the Hon Margaret Quirk MLA was appointed Minister for Corrective Services on the 26 May 2006, replacing the Hon John D'Orazio MLA, and the contract for the management of the State's only privately managed prison (Acacia) was awarded to a new contractor - SERCO.

¹ Commissioned by the former Premier, Dr Geoffrey Gallop, pursuant to Section 11 of the *Public Sector Management Act 1994*.

² Section 17 of the *Inspector of Custodial Services Act 2003* provides that the Minister may, in writing, direct the Inspector to – (a) inspect a prison, detention centre, court custody centre, or lock-up; (b) to review a custodial service in relation to a prison or detention centre or a custodial service (CSCS Act) or an aspect of that service, and report on a specified matter of significance. The terms of this review were published in the 2004 – 2005 Annual Report.

The year has also been one of particular energy and development for the Office, with the introduction of a number of significant new initiatives and products including: a new 'light touch' inspections methodology, and the development of a new inspection planning methodology to better ensure the timeliness of reports, the publication of new 'Digests' of past reports, whilst a new Inspections Manual and a Code of Inspection Standards are under development. All of this has occurred while the Office has maintained a full schedule of inspections and thematic reviews. The Office also underwent significant changes in personnel, and the Inspector commissioned a review of our own staffing arrangements to better meet the new challenges posed by the changing correctional landscape.³

Performance of the Department of Justice/Corrective Services

Throughout the year the Department's head office has been absorbed in its responses to the Mahoney Inquiry and commencing the implementation of its 148 recommendations. Particularly consuming has been the budget bidding process and the administrative processes associated with splitting the Department of Justice pursuant to recommendation 73. The new Department of Corrective Services was created on 1 February 2006 and began the long processes of advertising and filling the many new senior positions.

In all of this, the Inspector's own Report 30, the *Directed Review of the Management of Offenders in Custody*, has not yet received the expected priority except insofar as its recommendations have been explicitly endorsed by the Mahoney Report or correspond to similar recommendations. The Department is also yet to respond to the Inspector's requests for an implementation plan for Report 30. This concerning state of affairs has been raised with the *Justice Reform Implementation Committee* that has been established to oversee the implementation of the recommendations of both the Mahoney and Directed reviews.

The Inspector has been careful to provide some leeway for the new departmental management team to get started on the change process. However, it would be negligent not to point out that, while there is much activity, to date there is little evidence of real change taking place. Of particular concern is that much of the additional resources given to corrections are being spent in ways that reinforce the existing, highly centralised organisation model. Of course, it is understood that large organisations do not make fundamental changes quickly. Nonetheless, prisons have ever been a second tier priority for governments of all persuasions, and the opportunity to access the funds necessary for fundamental change will not remain indefinitely. Thus, there is a pressing need to ensure that administrative rearrangements and quick fixes do not become substituted for real change. In this regard, the opportunities for fundamental reform of the new Corrective Services Act must not be missed though it should not by the same token be rushed; also the additional funds granted to the Department to implement changes must not be absorbed in increased administration costs with little long-term impact upon service performance.

Strategic Custodial Framework for Western Australia

The *Directed Review of the Management of Offenders in Custody* developed a themed approach to fundamental change in the prison system in Western Australia. Derived from this work, a *Strategic Custodial Framework for Western Australia* has been identified to provide the necessary key points and direction for custodial services and may be summarised as follows:

1. Open and Accountable Governance:
 - Meaningful consultation with stakeholders;
 - Develop the evidence base for all programs and activities;
 - Develop performance standards, and measure and report on performance;
 - Move towards greater decentralisation to better balance autonomy and control – the aim must be to achieve unified strategies yet allow sufficient autonomy to foster initiative and responsiveness;⁴

3 The review was only commenced in June 2006 and was still underway at the time of writing this report. The outcome of the review will be reported upon fully in the 2006 – 2007 Annual Report.

4 Norman, R 'Letting and Making Managers Manage: the effective control systems on management action in New Zealand's central government' (2001) 4 *International Public Management Journal*, 167.

- Establish strong control structures, value systems, cost structures and risk management (not risk avoidance) processes; and
 - Undertake triple bottom line reporting that incorporates economic, social and environmental performance considerations.
2. Meet Current and Foreseeable Court Demand for Custody:
- Develop a sustainable and fit for purpose prisons estate that provides the full range of custodial services in each region, master planned for 10 years;
 - Develop a highly skilled and trained workforce with an appropriate gender and cultural sensitivity and representation;
 - Develop and evaluate a full range of viable court orders and strategies so that imprisonment is used only as a last resort for the most serious offenders;
 - Take effective steps to reduce the over-representation of Aboriginal people in custody; and
 - Work in an integrated and joined-up way with other public, private, and voluntary agencies, across organisational boundaries to achieve common goals.⁵
3. Establish a Strong Human Rights Focus that Appropriately Balances the Rights of the Individual with the Rights of the Majority:
- Assess and manage the individual risks and needs of prisoners on behalf of the community;
 - Make appropriate provisions for meeting the health and well-being needs of prisoners;
 - Treat prisoners with respect, dignity and fairness;
 - Ensure the cultural appropriateness of all programs and services;
 - Provide prisoners with opportunities to develop insights into their offending and skills that will assist them lead better lives;
 - Facilitate the maintenance of family and community links;
 - Ensure prisoners are constructively employed and where possible, make reparation to the community; and
 - Prepare prisoners for release to the community.

The Performance of Custodial Facilities

After five full years in operation, the Inspector has inspected all prison and juvenile facilities at least once and a significant proportion has been inspected for a second time.⁶ The accumulated understanding gained from five years of Inspections, in conjunction with the ongoing reports of Independent Visitors⁷ and from quarterly Liaison Visits,⁸ provides the Inspector with an up to date view of each custodial facility and the progress being made in implementing past inspection recommendations. From this information base the Inspector is able to form an opinion as to the contemporary performance of particular custodial facilities, as to whether they meet the terms described in Table 1 overleaf.

5 Australian National Audit Office *Joining Up to Improve Public Services*, 7 Dec. 2001, 1

6 Readers who wish to better understand the different approaches taken in first and second round Inspections should consult page 4 of the 2003 – 2004 Annual Report where these methodological issues are discussed in detail.

7 See later in this Report for a report on the Independent Visitor Scheme.

8 See later in this Report for a report on the Liaison Visits Program.

Custodial Facilities in Western Australia 2005 – 2006 Performance Table

High performance facilities are facilities that are meeting or exceeding their performance goals.

Facilities in this category during 2005 – 2006:

- Albany Regional Prison;
- Banksia Hill Juvenile Detention Centre;
- Boronia Pre-Release Centre;
- Karnet Prison Farm;
- Rangeview Juvenile Remand Centre; and
- Wooroloo Prison Farm.

Facilities that are performing at an acceptable level but the performance or their role is not such as to warrant a reduction in the intensity of monitoring or inspection. Facilities in this category during 2005 – 2006:

- Acacia Prison;
- Bandyup Women's Prison;
- Casuarina Prison; and
- Greenough Regional Prison.

Facilities of concern due to a decline or lack of progress toward performance goals – in which case the Inspector may increase the intensity of monitoring. In a worst case, some facilities may be at risk of failure in some area of operations, in which case the Inspector may issue a Risk Notice to the Department and the Minister for Corrective Services or alternatively, may choose to conduct an Unannounced Inspection.

Facilities in this category during 2005 – 2006:

- Broome Regional Prison;
- Bunbury Regional Prison;⁹
- Eastern Goldfields Regional Prison;
- Hakea Prison; and
- Roebourne Regional Prison.

High Performance Facilities and the Development of a 'Light Touch' Inspections Methodology

It is a credit to the performance of some custodial facilities that by the beginning of 2006, their performance was good enough and their own capacities for self-evaluation were strong enough, to afford opportunities for the management and staff in such facilities to become more actively involved in their own inspection, while this Office could reduce the intensity of its processes. The aim of this approach was “to enable a prison to tell its own story in its own way, to assess its own strengths and weaknesses, to inform us of its ambitions and hopes and how it will go about addressing them.”¹⁰ From this, the concept of a 'light touch' inspection was developed and piloted during the year. As the reports for these Inspections have not yet reached the stage of being completed to the satisfaction of the Inspector, these will be reported more fully next year. However, it can already be said that this approach has been successful in the sense of empowering and encouraging local management and yet enabling the Inspector to reach an informed assessment of current performance.

Development of a Code of Inspection Standards

“The most important single issue about inspection is that the inspectorate should have a clear philosophy as to what it is seeking and expects the operational Department to achieve.”¹¹

9 Bunbury Regional Prison was performing at a higher level until the violent events that occurred in March 2005 when a prisoner took a member of staff hostage. The trauma suffered by all staff was significant and will be felt for some time to come. The findings of the subsequent inspection revealed that services to prisoners were continuing almost as previously but the Inspector was sufficiently concerned about the fragile nature of the prison that it is currently considered a facility of concern.

10 Inspector of Custodial Services, *Wooroloo Prison Announced Inspection Exit Debrief*, 10 April 2006, p. 2.

11 Harding, R.W. (2006) in Jewkes, Y. (ed.) *Handbook on Prisons*, London: Willan Publishers (forthcoming 2006) Chapter: Inspecting Prisons - Understanding the Context: the Limits of Standard Accountability Mechanisms, Professor Richard Harding, Inspector of Custodial Services for Western Australia.

As reported in the previous Annual Report for 2004 - 2005, the *Western Australian Code of Inspection Standards* (the Code) is currently under development and is expected to be completed by December 2006. The Code will set out the various outcome specifications (standards) against which adult custodial services are to be assessed.

The Code takes a public-interest and end-users (prisoners and staff) perspective that the observance of human rights is integral to good prison management.¹² It is intended to promote the continuous improvement of custodial services and consequently, it is a work in progress and will be subject to change from time to time.

The Code is being derived from earlier model standards including the full range of relevant international treaties, covenants, and the *Standard Guidelines for Corrections in Australia*. It has also drawn upon the UK Prison Service's 'Decency Agenda', the UK Inspector of Prisons' 'Expectations', the Western Australia Ministry of Justice *Inspections Manual*,¹³ the national correctional reporting framework, observed practice, community standards and relevant research into the performance of custodial services¹⁴. The Code is being tailored to meet the demands and custodial circumstances of Western Australia, in particular, it takes into consideration the four cornerstones approach¹⁵ to organising correctional outcomes, the high number of Aboriginal prisoners (many coming from traditional or semi-traditional lifestyles) and the requirements imposed upon the inspection process by the provisions of the *Inspector of Custodial Services Act 2003*.

While consultation has taken place with the Department regarding the development of the Code, it will remain the Inspector's *Code of Inspection Standards*. To develop joint standards, so that prisons could be both managed and inspected against mutually agreed standards would be to reduce inspections to an audit type examination of conformance rather than performance, and would negate the value of independent inspections. Ultimately, inspections must continue to ask the testing questions and this is the real value that independent inspections bring.

Other New Developments

During the year *Occasional Staff Briefing Papers* were introduced in order to alert staff to key issues or important reports recently released. The briefings papers are short (typically two or three pages) and provide highlights and indicate relevance to Western Australia. Copies have also been distributed to members of the Community Reference Group and will be made available to Independent Visitors, the Minister and Parliament.

3. Inspections Undertaken and Planned

The Office's standard inspection outputs for the year are measured and described in two ways: (a) the actual onsite inspections carried out during the year, and (b) the 'completion of reports to the Inspector's satisfaction'¹⁶ or the lodgement of reports in Parliament. The second of these is also set out in Part Three of the Annual Report in the Performance Indicators section. With regard to the first measure, on-site inspection work was carried out at Acacia Prison (August 2005); Bunbury Regional Prison (December 2005); Albany Regional Prison (February 2006); Wooroloo Prison Farm (April 2006); and Boronia Pre-Release Centre (June 2006). Work was also carried out at a number of sites as part of an Inspection of regional Court Security and Custodial Services. In addition, following the circulation of a Discussion Paper on Prisoner and Juvenile Detainee Offender Health in July 2005, the Report was reworked during the year to incorporate the many comments received, and has been laid before Parliament as the Thematic Review of Offender Health Services. Considerable on-site work also commenced during the year on a Thematic Review of Custodial Transport that will be completed and lodged next year. The foregoing list was compiled on 26 July 2006.¹⁷

12 Coyle, A. (2002) *A Human Rights Approach to Prison Management*, International Centre for Prison Studies, London, p11.

13 Ministry of Justice, *Inspection Manual – Custodial Inspections Project*, June 1999 – February 2000

14 Regard has been paid to the work of Alison Liebling and her 'appreciative inquiry' approaches to understanding prisoners' experience of imprisonment. For further information regarding this concept see Liebling, A. (2004) *Prisons and Their Moral Performance – A Study of Values, Quality*, Oxford: Oxford University Press.

15 The four cornerstones (plus one) approach is widely understood and accepted in Australia and has been adopted as a framework for national reporting of correctional outcomes. It has also been adopted as a framework for the *Standard Guidelines for Corrections in Australia 2004*, and has been used in Western Australia as a basis for setting out the contract for services at the privately managed 'Acacia Prison', Perth Western Australia.

16 This is a defined term that is applied to reports that have been drafted, sent to the Department and returned with commentary indicating the extent of acceptance of recommendations and proposals for implementation. Such reports are in effect completed to the Inspector's satisfaction but may not yet have been laid before Parliament for 30 days prior to publication, pursuant to sections 33, 34, 35, 36, and 37 of the *Act*.

17 The noting of the day on which the list was prepared is a mandatory reporting requirement pursuant to section 33(2)(d) of the *Act*.

As further required under section 33(2)(e) of the *Act*, this Annual Report contains notice of Inspections to be carried during 2006-2007. These will occur at Greenough Regional Prison; Hakea Prison; Roebourne Regional Prison; Karnet Prison Farm; Broome Regional Prison; Emergency Support Group; and Casuarina Prison.

It should be noted that the dates on which inspection reports are laid before Parliament and subsequently published are different and operate according to a different cycle from the dates upon which the on-site inspection takes place. In some cases this means that inspection reports may be laid before Parliament in different years to the one in which the on-site inspection took place. During the first quarter of 2006, a concerted effort was undertaken to complete all outstanding reports, two of which (Banksia Hill Juvenile Detention Centre and Eastern Goldfields Regional Prison) had been considerably delayed in drafting. New processes were implemented to ensure that draft reports will normally be submitted to the Inspector within 12-weeks of the on-site inspection.

However, the total time to the publication of a Report is also subject to:

- The time that may be taken by the Department to return a Draft Report with an implementation plan for recommendations agreed, agreed in part, disagreed, or requiring further clarification (OIC Governance Framework 2005). In this regard, it is pleasing to note that the Department agreed in principle in March 2006 to limit their turn around for reports to five weeks; and
- The requirement pursuant to section 35(1)(a) and (b) to lay each report before Parliament for a period of not less than 30 days prior to publication.

Given these arrangements, it should be possible to publish all future inspection reports within Seven months of the on-site inspection.¹⁸

4. The Year's Reports at a Glance

Directed Review of the Management of Offenders in Custody - Report 30

The year commenced with the Office midway through the Directed Review of the Management of Offenders in Custody.¹⁹ The Directed Review was established following a series of critical events and failings in relation to the management of prisoners, and in April 2005 the then Minister for Justice, Hon John D'Orazio, directed the Inspector to undertake a complete review of the management of all offenders in custody and to develop a blueprint for systemic change over the next ten years. The terms of the Minister's direction were set out in the Inspector's 2004-05 Annual Report.

The review was a major undertaking that required the Office to second and contract a number of temporary additional staff in order not to attenuate the inspection program. The review report was published in November 2005 as Report 30 and contained 162 recommendations. Key themes included:

- The development of comprehensive custodial services in each region, with a view to ending the practice of holding maximum and medium-security regional prisoners in prisons in Perth;
- Improved risk assessment for prisoners, distinguishing those prisoners that pose a threat to the safety of the community and ensuring appropriate sensitivity to cultural and gender distinctions;
- The professionalisation of prison staff through the establishment of a *Correctional Academy* and the provision of training and development for all correctional staff; and the devolving of power to prisons to manage their budgets;
- A 10 year prison infrastructure plan to meet the growing need for prison accommodation and to upgrade existing infrastructure so that it is fit for modern penal purposes; and
- The establishment of a small high-security prison to manage the emerging demand for high-risk prisoners.

18 The Inspector also provides a verbal Inspection 'Exit Debrief' at the end of each on-site Inspection to alert institutional and Departmental management to the findings that have been made, and this is followed within a few days with a written copy. This process allows management to get on with assessing the impact of the Inspection and to commence addressing the issues that have been raised without having to wait for the formal publication of the Inspection Report.

19 The review's Terms of Reference were published in the previous Annual Report.

Metropolitan Court Security and Custody Services – Report 31

Throughout December 2004, the second inspection of services provided in contractually specified metropolitan court custody centres examined the actions taken by the Department and the contracted provider, AIMS Corporation, in addressing the recommendations of the first report published in 2001. In addition, two new facilities were inspected that were being serviced under the Contract. While the physical facilities at many centres were acceptable, at some others the facilities were below acceptable operational standard. All centres had issues to address with regard to the welfare of defendants being held in custody waiting to appear in court. The issues included inadequate quality and quantity of food, transport delays, unnecessary searches and lack of activity considering the many hours an individual can be held in stressful situations. Despite this, in general terms there was a high level of approval by prisoners of the service being provided by AIMS, with prisoners commenting on the respect shown to them by staff. Staffing levels remained a major issue and was putting the welfare of prisoners, court staff and AIMS staff at risk.

Acacia Prison – Report 32

Acacia Prison was inspected for the second time in August 2005. The prison predominantly holds male medium-security sentenced prisoners and is Western Australia's only privately operated prison. The inspection was brought forward ahead of the usual three-year inspection cycle due to concern with the lack of progress in implementing the recommendations from the previous inspection in 2003 and the fact that the first term of the five year contract was due to expire. The Inspector had advised the Government of the importance of market testing and when the Government determined on that course, the Inspection was brought forward to contribute to this process. In the event, it was found that some progress had been made in implementing recommendations from the earlier inspection. However, it was still necessary to make a further 32 recommendations for improvements across all areas of operations. Ultimately, AIMS Corporation was unsuccessful in the tender process and the contract was awarded to SERCO. That company took over the management of the prison on 15 May 2006. The Office had observer status in the Steering Committee for the tendering of the prison contract.

Bunbury Regional Prison – Report 33

Bunbury Regional Prison, which predominantly holds male remand and sentenced medium and minimum-security prisoners, experienced a number of traumatic events during 2005 that greatly affected the operation of the prison. It was found that the management of the trauma experienced in the aftermath of the March incident was severely restricted by the absence of a systemic planned response to such incidents at a departmental level.

In an environment in which serious and sometimes traumatic events can to some degree be expected, the lack of a critical management response plan was a serious omission. Despite the very difficult circumstances experienced by the prison in 2005, its performance in terms of the delivery of services to prisoners was found to be resilient. Importantly, the prisoner/staff relationships did not appear to have been prejudiced, and this, along with the strong commitment of staff to their work, was what had kept the prison operating on such a steady course despite the traumatic events. Despite the generally good performance of the prison, without immediate action regarding the staffing issues raised in the report, the resilience of the prison could not be expected to continue.

Eastern Goldfields Regional Prison – Report 34

The Eastern Goldfields Regional Prison, which holds remand and sentenced, male and female, maximum, medium and minimum-security prisoners was inspected for a third time in February 2005, and it was found that overcrowding and understaffing had once again placed prison staff and prisoner services under tremendous stress. It was unable to meet the demands of the region, and additional accommodation was critically overdue with over 100 prisoners from the region being housed 'out of country' in metropolitan prisons, creating enormous obstacles for family visits. Despite some improvements to the Health Centre and the women's accommodation area, the core infrastructure was still chronically substandard. The prison remained one of the most impoverished in Western Australia and was under considerable stress, but in fairness, was not failing. To move forward there needed to be an

immediate investment in prison infrastructure, human resources, budget, and in its capacity to provide meaningful services to the overwhelmingly Aboriginal prisoner population. In order for this to occur there needs to be a comprehensive community consultation process.²⁰

Thematic Review of Offender Health Services – Report 35

Begun in April 2004, the review of offender health services stemmed from numerous deficiencies apparent in areas such as dental services, mental healthcare, management of chronic illnesses, the control of blood-borne viruses and the availability of culturally appropriate health services for Aboriginal prisoners. The review involved extensive fieldwork in health centres; frequent discussion with health service personnel; the examination of health budgets, staff rosters and the like; observations of other offender health services in Australia; and an extensive review of international literature and reports. The evidence was clear: the systems that best served the public interest, as well as that of prisoner/patients, drew upon the principal health service provider – the agency whose core business was health rather than custody. The report consequently proposes a two-year planning period followed by a two-year transition period for the Health Department to assume responsibility for offender health services.

Bandyup Women’s Prison – Report 36

Bandyup Women’s Prison, which holds remand and sentenced female maximum and medium-security prisoners, was inspected for the second time between 22 and 27 May 2005. It was pleasing to find that it was almost unrecognisable from when we previously reported on the prison in 2002. There had been a quantum leap in performance, accompanied by a profound shift in the culture of the prison, particularly evidenced in the attitude of staff. The new ‘structured day’ regime had imposed a structure upon daily life that was inclusive and had been informed by a strong women-centred philosophy. Despite these very real improvements, there remained much to be done to ensure sustainable and appropriate provision of services for women in custody. There was still a lack of culturally appropriate services, a bottleneck in the assessment process and confusion about who was responsible for the basic welfare needs of the prisoners.

Banksia Hill Juvenile Detention Centre – Report 37

This was the first inspection by the Inspector of the only Western Australian detention centre holding sentenced juveniles:²¹ Banksia Hill Detention Centre²² is one of only two dedicated facilities in the state that accommodates young offenders.²³ The performance of the Centre was good overall. The physical design of the centre created a positive, pleasant, campus-like atmosphere that was safe and conducive to therapeutic and rehabilitative processes. The healthcare and education services were particularly worthy of commendation and there was a positive relationship between staff and detainees that allowed detainees to express their opinions and air their grievances. However, there was a need to improve the provision for Aboriginal detainees and girls. More proactive recruitment strategies of Aboriginal and female staff would go a considerable way towards developing a better understanding of the centre’s uniquely diverse detainee population. An improved case planning service would also optimise services available to detainees and ensure a smoother transition to release. The centre also needs to develop better links with families and the community along with better integration of Aboriginal Welfare Officers and a review of the role of the Aboriginal Visitors’ Scheme.

20 The Hon Margaret Quirk MLA, Minister for Corrective Services announced on 31 July 2006 that the Government was opening consultation on the development of the Goldfields Custodial Plan, a move welcomed by the Inspector of Custodial Services.

21 At the time of the inspection, Banksia Hill Detention Centre also held six juveniles on remand.

22 The jurisdiction of the Office of the Inspector of Custodial Services was extended to include juvenile detention and remand centres with the enactment of the *Inspector of Custodial Services Act 2003* in December 2003.

23 The Government has announced plans for small juvenile remand facilities to be established at Kalgoorlie and Geraldton.

Other reports completed

During the year, the findings made on themes of particular interest in reports between 2000 and 2005 were compiled into five *Digests* and published on the Office web site. These included: Digest of Custodial Findings, Digest of Aboriginal Imprisonment, Digest of Work Camps, Digest of Women in Prison, and a Digest of Custodial Health.

During the year, the Inspector issued four Risk Notices; three in relation to the Eastern Goldfields Regional Prison and one in relation to Bunbury Regional Prison. In addition, the Annual Report for 2004/05 was published.

Liaison Visits

The practice of making four Liaison Visits a year to each prison and detention centre was continued, but a new methodology was introduced whereby each visit focuses upon one of the cornerstones (Custody, Care and Well Being, Rehabilitation, Reparation, and Systems Management) as well as checking the progress of implementation of previous inspection recommendations and updating on topical developments. A total of 83 Liaison Visits were made in the year, exceeding the target and ensuring that the Office maintains an up to date picture of each institution throughout the three year inspection cycle.

Relations with other government agencies and use of independent experts

It has been standard practice for inspections to draw upon outside expertise and during the year a number of departments and agencies collaborated on inspections. These included: Department of Education and Training, Department of Health, the Office of the Ombudsman, the Office of Aboriginal Health, Department of Indigenous Affairs, the Office of Health Review, the Office of the Auditor General, Next Step Drug and Alcohol Service, and the Drug and Alcohol Office. The Inspector would like to acknowledge the valuable assistance provided by these agencies to the operations of this Office.

In October 2005, the Office was contracted to act as a consultant to the New South Wales Auditor General by providing advice on the planning, auditing and reporting on prisoner rehabilitation services provided by the New South Wales Department of Corrective Services. (See Appendix 1)

5. Community Relations

Community Consultation

Strong links are maintained with the community across the breadth of Western Australia in a number of ways. The Community Relations Branch has surveyed and met with community members and non-government organisations that provide services to custodial places, as a precursor to each inspection. Forums are held within the community to promote the role of the Office and inform on issues associated with prisoners, and to recruit new volunteers to the Independent Visitor Scheme when required. The Branch maintains its contact with community groups (particularly Aboriginal) to ensure two-way information sharing remains contemporary and on-going.

In addition, a Perth-based *Community Reference Group* is convened quarterly to share information on issues and developments in relation to offenders. These activities continue to provide valuable perspectives on the work of the Office and the Inspector would like to acknowledge the important contribution made through this consultative process.

Independent Visitor Scheme

During the year both the Independent Prison Visitors and the Independent Detention Centre Visitors were merged into one scheme and became known simply as Independent Visitors in an Independent Visitors' Scheme.

The Independent Visitors continue to regularly visit prisons and detention centres to listen to the complaints and issues of individual prisoners, juvenile detainees and staff. The reports made by these unpaid volunteers are referred to local management for action and if necessary are referred on to more senior management. Their work is highly valued by prisoners, detainees, staff and management and by this Office. Karnet Prison Farm was not visited during the year

despite the appointment of visitors, although visits have now recommenced. Currently there are 35 Independent Visitors and the gender balance is even. Aboriginal people and those from non-English speaking backgrounds are encouraged to volunteer and efforts continue to ensure that those appointed are culturally sensitive and provide the Inspector with unbiased reports. The achievement and maintenance of diverse ethnic representation is an ongoing objective of the system. One volunteer is Aboriginal and two are of non-English speaking background.

The goal is for all prisons, work camps and detention centres to be regularly visited and more than 100 visits were made during the year. Material gathered by Independent Visitors provides regular and fresh information. This merges with the Office's own assessment of the performance of prisons and detention centres. This year, Independent Visitors surfaced the following issues of significance:

- The shortage of minimum-security beds;
- A lack of support for *Prisoner Support Officers*;
- Prisoner concern at the ineffective grievance process;
- Problems with timely completion of maintenance and repairs in some regional prisons – Roebourne in particular - as external contractors are unavailable or unwilling to engage;
- The scarcity of *Industrial Officers*, apparently due to more lucrative opportunities in the wider community;
- The widespread shortage of *Prison Officers* and the added burden to the staff on shift when officers are sick or on leave, and concern at the increased risk should crisis situations occur during under-manned shifts;
- Complaints from non-smokers having to share cells with smokers. This situation has arisen because many prisons are holding prisoners in excess of their design capacity;
- Prisoners being kept in custody beyond their earliest release dates due to insufficient program places;
- Widespread prisoner concern at the extended delay in accessing dental care;
- The provision of health promotion programs, particularly during the pre-release period, are welcomed and well-attended;
- The delay in re-drafting the Department's Policy Directive 2 (relating to computers and IT). It has been delayed for some 18 months and is hampering prisoner education and adding pressure to on-site education personnel;
- The large number of Aboriginal prisoners that are being held 'out of country';
- Protection prisoners that do not have access to full time education; and
- Significant numbers of prisoners with psychiatric problems whose needs are not being met.

These observations reinforce the findings of the Inspectorate both at full inspections and from liaison visits, and thus demonstrate the value of an Independent Visitor Scheme that is organised through and reports to the Inspector.



Richard Harding
Inspector of Custodial Services
11 September 2006.

Report on Operations

1. Relevant Legislation

Enabling legislation

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

Legislation administered

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

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

Legislation impacting on the Office's activities

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

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

2. Responsible Minister

The Hon. Margaret Quirk, MLA

3. Mission

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

4. Objectives and agency level government desired outcomes

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

5. Services (goods or services) provided to the public sector in WA

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

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

6. Senior Officers

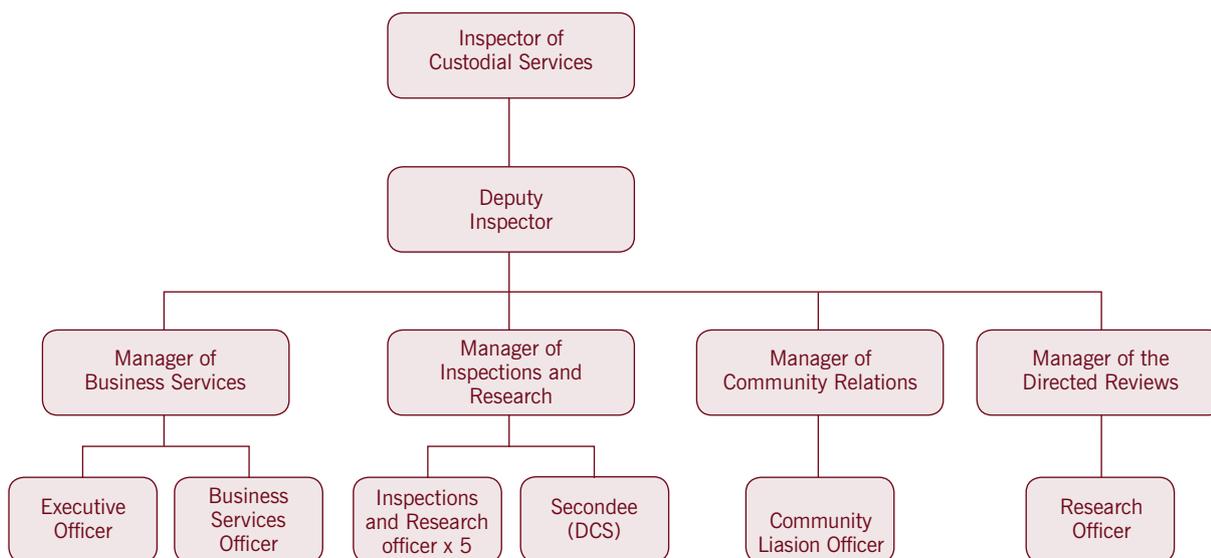
Professor Richard Harding (The Inspector of Custodial Services)

Richard Harding was appointed as the foundation Inspector of Custodial Services as from 1 August 2000. His previous position was the foundation Director of the Crime Research Centre at The University of Western Australia. His long-time involvement in corrections policy and practice dates back to 1970; since then he has been involved in numerous government inquiries and has written widely in academic journals. His most recent book is 'Private Prisons and Public Accountability' (1997). Between 1984 and 1987 Professor Harding was Director of the Australian Institute of Criminology. He has also been extensively involved with international crime and justice policy at the United Nations level, as well as through support of the Asia and Pacific Conference of Correctional Administrators.

Robert W Stacey (Deputy Inspector)

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

7. Organisational Chart



8. Publications

All publications produced by the Office are available in hard copy on request from the Office or alternatively can be viewed on the Office's web site. The following publications were included fully or in part in the 2005/06 count of reports:

Operational Reports

- Report No. 30 – Directed Review of the Management of Offenders in Custody
- Report No. 31 – Report of an Announced Inspection of Metropolitan Court Security and Custodial Services
- Report No. 32 – Report of an Announced Inspection of Acacia Prison
- Report No. 33 – Report of an Announced Inspection of Bunbury Regional Prison
- Report No. 34 – Report of an Announced Inspection of Eastern Goldfields Regional Prison
- Report No. 35 – Thematic Review of Offender Health Services
- Report No. 36 – Report of an Announced Inspection of Bandyup Women's Prison
- Report No. 37 – Report of an Announced Inspection of Banksia Hill Juvenile Detention Centre

Annual Report

- 2004/2005 Annual Report

9. Contracts with Senior Officers

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

10. Highlights of the Year

The highlights of an operational nature include:

- completion of six inspections;
- completion of one thematic review;
- completion of one directed review;
- a total of 83 liaison visits reports were written;
- a total of 109 independent visitor reports were written;
- a total of five inspection exit debrief notes were written¹;
- a total of five new digests² were written;
- a total of four risk notices were issued to the Minister and the Department of Corrective Services; and
- a plan was written and approved covering communication arrangements between staff of the Office and the Minister for Corrective Services.

11. Changes in written law

The jurisdiction of the Inspector was expanded under the Terrorism (Preventative Detention) Bill to safeguard the conditions of persons detained in police custody suspected of being a terrorist.

12. Staff Profile

	2006	2005
Full-time permanent	13	10
Full-time contract	1	3
Consultant/Temporary/Part-time measured on a FTE basis	.6	.6
On secondment	1	6
	15.6	19.6 ³

13. Staff Development

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

14. Workers' Compensation

There were no compensation claims recorded during the financial year.

15. Industrial Relations

The Inspector is a prescribed office-holder under the *Salaries and Allowances Tribunal Act 1975*. All other officers are registered under the Government Officers Salaries, Allowances and Conditions of the General Agreement 2006.

16. Disability Services Plan

A Disability Access and Inclusion Plans (DAIPs) will be developed before the 31 July 2007 deadline.

1 Exit debrief notes were not required for some reports.

2 Digests are composite operational reports.

3 Part year staff levels were higher during the Directed Review of the Management of Offenders in Custody.

17. Equal Employment Opportunity

The Office is committed to equal opportunity in employment. This is demonstrated by the following statistics:

Classification	Occupational Group	Female	Male	Total
Level 1	Business Services	1		1
Level 3	Business Services	1		1
Level 5	Operational	1	1	2
Level 6	Operational	2.6	2	4.6
Level 6	Business Services		1	1
Level 8	Operational	1	1	2
Level 9	Operational		1	1
Salaries and Allowances	Operational		1	1
Secondees (full-time)	Operational	1		1
Contract (full-time)	Operational	1		1
Total		8.6	7	15.6
Ratio		55%	45%	100%

18. Partnered

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

In accordance with this provision, the Office partnered with a number of government agencies for inspections. These agencies are included in Part One, Section 4 of this report.

Other Government agencies that have assisted the work of this Office include the Corruption and Crime Commission; the Council of Official Visitors; and the Community and Public Sector Union and Civil Service Association (CPSU/CSA). We also have good working relations with the Office of the State Coroner and the Director of Public Prosecutions.

19. Record-keeping Systems

The State Records Advisory Committee approved the Office's Retention and Disposal Schedule and Record-keeping Plan. A new set of files were created in accordance with the Office's approved thesaurus and numbering scheme.

The Office held a Record-keeping Awareness Training course for all staff in March 2006 which covered their responsibilities under the *State Records Act 2000*. The course also covered the use of the Inspectorate's thesaurus to title and retrieve files. In addition, over 90 per cent of staff have undergone and passed an on-line records management learning program.

The Inspectorate's induction program was revised to include the requirement to complete the government approved on-line training program in records management upon commencing employment at the Office.

20. Sustainability

The Inspectorate has a Sustainability Action Plan and is in the process of implementing some of the initiatives.

21. 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.

22. Cultural Diversity and Language Services Outcomes

Indonesian interpreters were engaged to facilitate one-on-one interviews and focus groups in the course of onsite inspections.

23. Public Interest Disclosures

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

24. Continuing Research and Development

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

25. Corruption Prevention

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

26. Major promotional, public relations or marketing activities

- The Office advertises in newspapers for interested community volunteers to apply for positions in the Independent Visitors' Scheme;
- Media releases were issued highlighting the Inspector's comments regarding published inspection and thematic reports;
- The Inspector presented a paper on accountability at Cambridge (UK) in May 2006; and
- The Inspector wrote an article for the UK Prison Service Journal titled 'Are Prison Inspections Effective?'

27. Likely developments and forecast results of operations

Likely developments in the operations of the Office in the 2006/2007 financial year will be:

- Development of a more formalised approach to the provision of advice to the Minister for Corrective Services;
 - Implement a revised staffing structure, roles and workforce management practices within the Office;
 - The issue of discussion papers dealing with matters of interest;
 - Commencement of a third round of inspections and implementation of a revised inspection methodology;
 - Improvement of the skills base of volunteer independent visitors;
 - Hosting of the 2006 Australian Conference of Correctional Inspectors;
 - Development of a business plan for the next three years;
 - Review existing internal and external performance indicators; and
 - Revisit cost allocations and measurement frameworks for existing activities and services.
-

28. 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:

Expenditure with Advertising Agencies	\$3,164
Expenditure with Market Research Agencies	-
Expenditure with Polling Agencies	-
Expenditure with Direct Mail Agencies	-
Expenditure with Media Advertising Agencies	-
Total Expenditure	\$3,164

29. Compliance with the Public Sector Management Act Section 31(1)

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

Number lodged:	nil
Number of breaches found:	nil
Details of multiple breaches per application:	nil
Number still under review:	nil



Professor Richard Harding
Inspector of Custodial Services
11 September 2006

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Facsimile: 61 8 9226 4616

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Website: www.custodialinspector.wa.gov.au

Outcomes, Outputs and Performance Information

Certification of performance Indicators for the Year Ended 30 June 2006

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 2006.

A handwritten signature in dark red ink, reading "Richard Harding". The signature is written in a cursive style with a long, sweeping underline.

Professor Richard Harding

Accountable Officer

11 September 2006



AUDITOR GENERAL

INDEPENDENT AUDIT OPINION

To the Parliament of Western Australia

OFFICE OF THE INSPECTOR OF CUSTODIAL SERVICES FINANCIAL STATEMENTS AND PERFORMANCE INDICATORS FOR THE YEAR ENDED 30 JUNE 2006

Audit Opinion

In my opinion,

- (i) the financial statements are based on proper accounts and present fairly the financial position of the Office of the Inspector of Custodial Services at 30 June 2006 and its financial performance and cash flows for the year ended on that date. They are in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the Treasurer's Instructions;
- (ii) the controls exercised by the Office provide reasonable assurance that the receipt, expenditure and investment of moneys, the acquisition and disposal of property, and the incurring of liabilities have been in accordance with legislative provisions; and
- (iii) the key effectiveness and efficiency performance indicators of the Office are relevant and appropriate to help users assess the Office's performance and fairly represent the indicated performance for the year ended 30 June 2006.

Scope

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

The financial statements consist of the Income Statement, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement, Summary of Consolidated Fund Appropriations and Income Estimates, and the Notes to the Financial Statements.

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

Summary of my Role

As required by the Act, I have independently audited the accounts, financial statements and performance indicators to express an opinion on the financial statements, controls and performance indicators. This was done by testing selected samples of the evidence. Further information on my audit approach is provided in my audit practice statement. Refer "<http://www.audit.wa.gov.au/pubs/Audit-Practice-Statement.pdf>".

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

D D R PEARSON
AUDITOR GENERAL
15 September 2006

Performance Indicators for the Year Ended 30 June 2006

Agency Level Government Desired Outcomes and Key Effectiveness Indicators

Desired Outcome

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

Key Effectiveness Indicators

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

Type of Recommendation	Target	2005/06 Actual	2004/05 Actual	2003/04 Actual	2002/03 Actual
1. Custody and security	75%	95%	78%	91%	94%
2. Care and wellbeing	75%	91%	88%	96%	100%
3. Health	75%	89%	81%	87%	93%
4. Rehabilitation	75%	92%	88%	97%	95%
5. Reparation	75%	67% ¹	86%	89%	86%
6. Human rights	100%	100%	83%	93%	83%
7. Racism, Aboriginality and Equity	100%	92% ²	88%	90%	100%
8. Administration and accountability of DCS	50%	90%	88%	93%	96%
9. Staffing issues	50%	95%	88%	98%	96%
10. Correctional value-for-money	50%	100%	88%	86%	88%

Service 1: Prison Inspection and Review

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

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

Inspection Reports, Thematic Reviews and Directed Review Points

	2005/06 Target	2005/06 Actual	2004/05 Actual	2003/04 Actual	2002/03 Actual
Service Points achieved	10.5 ³	10.5 ⁴	7.5	8.5	7.5
The mean cost of each Service Point	\$130,000	\$143,736	\$130,867	\$104,503	\$156,521

The increase in the actual 2005/06 cost per service point is due to additional expenditure incurred in the production of the Directed Review of the Management of Offenders in Custody Report.

1 The figure of 67 per cent is slightly distorted by the fact that there were only three recommendations. Two of which were accepted.

2 The Office set a fully compliant standard in these areas of great need. The Department's response has improved by four per cent on the previous financial year.

3 Adjusted for 2005/06.

4 The total of 10.5 points is made up of the following reports: Directed Review of the Management of Offenders in Custody (3), Metropolitan Court Security and Custodial Services (1), Acacia Prison (1), Bunbury Regional Prison (1), Eastern Goldfields Regional Prison (1), Review of Offender and Juvenile Detainee Health Services (1.5), Bandyup Women's Prison (1) and Banksia Hill Juvenile Centre (1).

Liaison Visit Reports

	2005/06 Target	2005/06 Actual	2004/05 Actual	2003/04 Actual	2002/03 Actual
Visits	80	83	86	87	77
The mean cost of each visit	\$4,100	\$5,693	\$4,910	\$4,317	\$4,180

Proportionately, a greater number of regional visits were undertaken during the 2005/06 financial year thereby increasing the mean cost per liaison visit.

Independent Visits' Scheme Reports

	2005/06 Target	2005/06 Actual	2004/05 Actual	2003/04 Actual	2002/03 Actual
Visits	90	109	93	91	99
The mean cost of each visit	\$1,200	\$1,859	\$1,200	\$1,000	\$920

Revised costing of the Community Relations Branch was undertaken during the 2005/06 financial year which more accurately reflects the cost of each Independent Visitor's Scheme Report. This included improved coverage of regional custodial places (including work camps). This included improved coverage of regional custodial places (including work camps).

Inspection Exit Debrief Notes

	2005/06 Target	2005/06 Actual	2004/05 Actual	2003/04 Actual	2002/03 Actual
Debriefs	5	5	6	3	N/a ⁵
The mean cost of each debrief	\$50,000	\$52,404	\$40,896	\$74,023	N/a

Two additional cost efficiency indicators will be included in future reports. Firstly, the average cost per discussion paper and secondly, the average cost per ministerial advice. These new items better identify the emerging work of the Inspectorate.

Source Reference

FAAA sec 66

HON M QUIRK MLA

TI 902

MINISTER FOR CORRECTIVE SERVICES

ICSA sec 33(2) and 38

In accordance with *Section 66 of the Financial Administration and Audit Act 1985*, I hereby submit for your information and presentation to Parliament, the Annual Report of the Inspector of Custodial Services for the financial year ending 30 June 2006.

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



Professor Richard Harding

Accountable Officer

11 September 2006

⁵ The number of inspection exit debrief notes and the respective costs were recorded for the first time in the 2003/04 financial year.

Financial Statements

Certification of Financial Statements

Source Reference

FAAA sec 67(2)
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 2006 and the financial position as at 30 June 2006.

AASB 110.17

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



Derek Summers CPA
Chief Finance Officer

11 September 2006



Professor Richard Harding
Accountable Officer

11 September 2006

Income Statement for the Year Ended 30 June 2006

	Note	2005/06 \$	2004/05 \$
COST OF SERVICES			
Expenses			
Employee benefits expenses	5	1,524,919	1,141,601
Supplies and services	6	621,947	442,833
Depreciation expense	7	31,848	32,770
Administration expenses	8	88,157	85,071
Accommodation expenses	9	192,252	176,880
Total cost of services		2,459,123	1,879,155
Income			
Revenue			
Other revenues from ordinary activities	10	12,678	13,082
Total revenue		12,678	13,082
Total income other than income from State Government		12,678	13,082
NET COST OF SERVICES		2,446,445	1,866,073
INCOME FROM STATE GOVERNMENT			
Service appropriation	11	2,101,000	1,991,000
Resources received free of charge	11	-	-
Total income from State Government		2,101,000	1,991,000
(DEFICIT)/SURPLUS FOR THE PERIOD		(345,445)	124,927

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

Balance Sheet as at 30 June 2006

	Note	2005/06 \$	2004/05 \$
ASSETS			
Current Assets			
Cash and cash equivalents	12	20,904	265,590
Restricted cash and cash equivalents ¹³	13	-	-
Receivables	14	94,106	10,537
Amounts receivable for services	15	56,000	44,000
Total Current Assets		171,010	320,127
Non-Current Assets			
Property, plant and equipment	16	89,900	85,013
Total Non-Current Assets		89,900	85,013
TOTAL ASSETS		260,910	405,140
LIABILITIES			
Current Liabilities			
Payables	17	15,510	34,544
Provisions	18	511,717	382,215
Other Liabilities	19	91,850	54,043
Total Current Liabilities		619,077	470,802
Non-Current Liabilities			
Provisions	18	52,940	-
Total Non-Current Liabilities		52,940	-
Total Liabilities		672,017	470,802
Net Assets		(411,107)	(65,662)
EQUITY			
Accumulated surplus/(deficiency)	20	(411,107)	(65,662)
Total Equity		(411,107)	(65,662)
TOTAL LIABILITIES AND EQUITY		260,910	405,140

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

Statement of Changes in Equity for the Year Ended 30 June 2006

	2005/06 \$	2004/05 \$
Balance of equity at start of period	(65,662)	(190,589)
RETAINED EARNINGS		
Balance at start of period	(65,662)	(190,589)
Net adjustment on transition to AIFRS	-	-
Changes in accounting policy or correction of prior period errors	-	-
Restated balance at start of period	(65,662)	(190,589)
Profit/(loss) for the period	(345,445)	124,927
Gains/(losses) recognised directly in equity		
Balance at end of period	(411,107)	(65,662)
Balance of equity at end of period	(411,107)	(65,662)
Total income and expense for the period (a)	(345,445)	124,927

(a) The aggregate net amount attributable to each category of equity is:
deficit \$345,445 (2005: surplus \$124,927)

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

Statement of Cash Flows for the Year Ended 30 June 2006

	Note	2005/06 \$	2004/05 \$
CASH FLOWS FROM STATE GOVERNMENT			
Service appropriation		2,089,000	1,979,000
Net cash provided by State Government		2,089,000	1,979,000
Utilised as follows:			
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments			
Employee benefits		(1,150,560)	(929,030)
Superannuation		(234,247)	(161,579)
Supplies and services		(637,090)	(406,723)
Administration costs		(95,504)	(86,919)
Accommodation costs		(192,252)	(176,880)
GST payments on purchases		(92,934)	(72,644)
GST payments to taxation authority		(1,481)	(714)
Receipts			
GST receipts on sales		1,481	768
GST receipts from taxation authority		92,958	71,472
Other receipts		12,678	32,376
Net cash used in operating activities	21(b)	(2,296,951)	(1,729,873)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of non-current physical assets		(36,735)	(6,595)
Net cash used in investing activities		(36,735)	(6,595)
Net increase/(decrease) in cash and cash equivalents		(244,686)	242,532
Cash and cash equivalents at the beginning of period		265,590	23,058
CASH ASSETS AND CASH EQUIVALENTS AT THE END OF THE PERIOD			
	21(a)	20,904	265,590

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

Summary of Consolidated Fund Appropriations and Revenue Estimates for the Year Ended 30 June 2006

	2006 Estimate \$	2006 Actual \$	Variance \$	2006 Actual \$	2005 Actual \$	Variance \$
DELIVERY OF SERVICES						
Item 87 - Net amount appropriated to deliver services	1,580,000	1,925,000	345,000	1,925,000	1,815,000	110,000
Amount Authorised by Other Statutes						
- Salaries and Allowances Act 1975	176,000	176,000		176,000	176,000	
Total appropriations provided to deliver services	1,756,000	2,101,000	345,000	2,101,000	1,991,000	110,000
Details of Expenses by Service						
Prison Inspection and Review	1,745,000	2,459,123	714,123	2,459,123	1,879,155	579,968
Total Cost of Services	1,745,000	2,459,123	714,123	2,459,123	1,879,155	579,968
Less total income	(2,000)	(12,678)	(10,678)	(12,678)	(13,082)	404
Net Cost of Services	1,743,000	2,446,445	703,445	2,446,445	1,866,073	580,372
Adjustments	13,000	(345,445)	(358,445)	(345,445)	124,927	(470,372)
Total appropriations to deliver services	1,756,000	2,101,000	345,000	2,101,000	1,991,000	110,000
DETAILS OF INCOME ESTIMATES						
Income disclosed as Operating Income	2,000	12,678	(10,678)	12,678	13,082	(404)

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

Note 25 'Explanatory Statement' provides details of any significant variations between estimates and actual results for 2006 and between the actual results for 2005 and 2006.

Notes to the Financial Statements for the Year Ended 30 June 2006

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. First time adoption of Australian Equivalents to International Financial Reporting Standards

General

This is the Office's first published financial statements prepared under Australian Equivalents to International Financial Reporting Standards (AIFRS).

Accounting Standard AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards' has been applied in preparing these financial statements. Until 30 June 2005, the financial statements of the Office had been prepared under the previous Australian Generally Accepted Accounting Principles (AGAAP).

The Australian Accounting Standards Board (AASB) adopted the Standards of the International Accounting Standards Board (IASB) for application to reporting periods beginning on or after 1 January 2005 by issuing AIFRS which comprise a Framework for the Preparation and Presentation of Financial Statements, Accounting Standards and the Urgent Issue Group (UIG) Interpretations.

In accordance with the option provided by AASB1 paragraph 36A and exercised by Treasurer's Instruction 1106 "Transition to Australian Equivalents to International Financial Reporting Standards", financial instrument information prepared under AASB132 and AASB139 will apply from 1 July 2005 and consequently comparative information for financial instruments is presented on the previous AGAAP basis. All other comparative information is prepared under the AIFRS basis.

Early Adoption of Standards

The Office cannot early adopt an Australian Accounting Standard or a UIG Interpretation unless specifically permitted by TI 1101 'Application of Australian Accounting standards and Other Pronouncements'. This TI requires the early adoption of revised AASB 119 'Employee Benefits' as issued in December 2004, AASB 2004-3 'Amendments to Australian Accounting Standards' and 2005-3 'Amendments to Australian Accounting Standards [AASB 119]'; AASB 2005-4 'Amendments to Australian Accounting Standard [AASB 139, AASB 132, AASB 1, AASB 1023 & AASB 1038]' and AASB 2005-6 'Amendments to Australian Accounting Standards [AASB 3]' to the annual reporting period beginning 1 July 2005. AASB 2005-4 amends AASB 139 'Financial Instruments: Recognition and Measurement' so that the ability to designate financial assets and financial liabilities at fair values is restricted. AASB 2005-6 excludes business combinations involving common control from the scope of AASB 3 'Business Combinations'.

Reconciliations explaining the transition to AIFRS as at 1 July 2004 and 30 June 2005 are provided at note 31 'Reconciliations explaining the transition to AIFRS'.

Note 3. Significant accounting policies

(a) General Statement

The financial statements constitute a general purpose financial report which has been prepared in accordance with Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board as applied by the Treasurer's Instructions. Several of these are modified by the Treasurer's Instructions to vary application, disclosure, format and wording.

The Financial Administration and Audit Act and the Treasurer's Instructions are legislative provisions governing the preparation of financial statements and take precedence over the Australian Accounting Standards, the Framework, Statements of Accounting Concepts and other authoritative pronouncements of the Australian Accounting Standards Board.

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

(b) Basis of preparation

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

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

The financial statements are presented in Australian dollars.

(c) Income

Service Appropriations

Service Appropriations are recognised as revenues in the period in which the Office gains control of the appropriated funds. The Office gains control of appropriated funds at the time those funds are deposited into the Office's bank account or credited to the holding account held at the Department of Treasury and Finance. See note 11 'Revenues from State Government' for further detail.

Net Appropriation Determination

The Treasurer may make a determination providing for prescribed revenues to be retained for services under the control of the Department. In accordance with the determination specified in the 2005-06 Budget Statements, the Office retained \$12,678 in 2006 (\$13,082 in 2005).

Grants and Other Contributions Revenue

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

(d) Property, Plant and Equipment

Capitalisation / Expensing of assets

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

Initial recognition and measurement

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

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

Subsequent measurement

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

Depreciation

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

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

Office furniture and equipment	3 to 5 years
Office fit-out	6.6 years

(e) Impairment of Assets

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

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

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

(f) Leases

The Office has not entered into any finance leases.

The Office has entered into a number of operating lease arrangements for the rent of office accommodation, 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 Income Statement over the lease term as this is representative of the pattern of benefits to be derived from the leased property.

(g) Financial Instruments

The Office has two categories of financial instrument:

- Receivables
- Payables

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

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

(h) Cash and Cash Equivalents

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

(i) Accrued salaries

The accrued salaries suspense account (refer note 13) consists of amounts paid annually into a suspense account over a period of 10 financial years to largely meet the additional cash outflow in each eleventh year when 27 pay days occur instead of the normal 26. No interest is received on this account.

Accrued salaries (refer note 19) represent the amount due to staff but unpaid at the end of the financial year, as the end of the last pay period for that financial year does not coincide with the end of the financial year. Accrued salaries are settled within a few days of the financial year end. The Office considers the carrying amount of accrued salaries to be equivalent to the net fair value.

(j) Amounts Receivable for Services (Holding Account)

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

(k) Receivables

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

(l) Payables

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

(m) Provisions

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

(i) Annual and Long Service Leave

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

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

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

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

(ii) Superannuation

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

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

Employees who are not members of the Pension or GSS Schemes become non-contributory members of the West State Superannuation Scheme (WSS), an accumulation fund. The Office makes concurrent contributions to GESB on behalf of employees in compliance with the Commonwealth Government's Superannuation Guarantee (Administration) Act 1992. These contributions extinguish the liability for superannuation charges in respect of the WSS Scheme.

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

(n) Superannuation expense

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

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

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

Defined contribution plans - in order to reflect the Office's true cost of services, the Office is funded for the equivalent of employer contributions in respect of the GSS Scheme (excluding transfer benefits). These contributions were paid to the GESB during the year and placed in a trust account and administered by the GESB on behalf of the Treasurer. The GESB subsequently paid these contributions in respect of the GSS Scheme to the Consolidated Fund.

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

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

(p) Comparative figures

Comparative figures have been restated on the AIFRS basis except for financial instruments information which has been prepared under the previous AGAAP Accounting Standard AAS 33 'Presentation and Disclosure of Financial Instruments'. The transition date to AIFRS for financial instruments will be 1 July 2005 in accordance with AASB 1 paragraph 36A and Treasurer's Instruction 1101.

Note 4. Services of the Office

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

The service of the Office is:

Prison Inspection and Review

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

Note 5. Employee Benefit expenses

	2006 \$	2005 \$
Salaries	1,145,235	844,422
Superannuation	233,415	162,411
Long service leave	74,982	68,043
Annual leave	37,805	33,973
Other related expenses (I)	33,482	32,752
	1,524,919	1,141,601

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

Note 6. Supplies and Services

	2006 \$	2005 \$
Consultants and contractors	218,526	179,893
Materials	195,181	115,118
Repairs and maintenance	38,494	33,674
Travel	138,565	88,087
Other	31,181	26,061
	621,947	442,833

Note 7. Depreciation Expense

	2006 \$	2005 \$
Office equipment and furniture	5,598	7,098
Office fit-out	26,250	25,672
	31,848	32,770

Note 8. Administration Expenses

	2006 \$	2005 \$
Communication	28,456	34,300
Consumables	4,085	-
Other staff costs	32,582	24,365
Sundry expenses	23,034	26,406
	88,157	85,071

Note 9. Accommodation Expenses

	2006 \$	2005 \$
Lease Rentals	183,370	169,723
Cleaning	8,882	7,157
	192,252	176,880

Note 10. Other Revenue from Ordinary Activities

	2006 \$	2005 \$
Contributions to Executive Vehicle Scheme	4,908	2,085
Other	7,770	10,997
	12,678	13,082

Note 11. Income from State Government

	2006 \$	2005 \$
Appropriation revenue received during the year :		
<i>Service appropriations (i)</i>	2,101,000	1,991,000
<i>Resources received free of charge (ii)</i>	-	-
	2,101,000	1,991,000

- (i) Service appropriations are accrual amounts reflecting the full cost of services delivered. The appropriation revenue comprises a cash component and a receivable (asset). The receivable (holding account) comprises the depreciation expense for the year and any agreed increase in leave liability during the year.
- (ii) Where assets or services have been received free of charge or for nominal consideration, the Office recognises revenues (except where the contributions of assets or services are in the nature of contributions by owners in which case the Office shall make a direct adjustment to equity) equivalent to the fair value of the assets and/or the fair value of those services that can be reliably determined and which would have been purchased if not donated, and those fair values shall be recognised as assets or expenses, as applicable.

Note 12. Cash Assets

	2006 \$	2005 \$
Operating account	20,604	265,290
Cashiers advance	300	300
	20,904	265,590

Note 13. Restricted Assets

	2006 \$	2005 \$
Accrued salaries suspense account	-	-
	-	-

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

Note 14. Receivables

	2006 \$	2005 \$
Current		
Trade debtors	84,060	468
GST receivable	10,046	10,069
	94,106	10,537

Note 15. Amounts Receivable for Services

	2006 \$	2005 \$
Current	56,000	44,000
	56,000	44,000

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

Note 16. Property, Plant and Equipment

	2006 \$	2005 \$
Office Fit-out		
At cost	180,760	173,054
Accumulated depreciation	(126,312)	(100,062)
	54,448	72,992
Furniture and equipment		
At cost	73,616	44,587
Accumulated depreciation	(38,164)	(32,566)
	35,452	12,021
	89,900	85,013

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

Reconciliations

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

2006	Office Fit-out	Furniture and Equipment
Carrying amount at start of year	72,992	12,021
Additions	7,707	29,028
Depreciation	(26,250)	(5,598)
Carrying amount at end of year	54,449	35,451
2005		
Carrying amount at start of year	92,071	19,118
Additions	6,953	-
Depreciation	(25,672)	(7,097)
Carrying amount at end of year	72,992	12,021

Note 17. Payables

	2006 \$	2005 \$
Current		
Trade payables	15,510	34,544
	15,510	34,544

Note 18. Provisions

	2006 \$	2005 \$
Current		
Annual leave	172,275	124,418
Long service leave	339,442	257,797
	511,717	382,215
Non-current		
Annual leave	-	-
Long service leave	52,940	-
	52,940	-

The settlement of annual and long service leave liabilities gives rise to the payment of employment on-costs including superannuation and workers compensation premiums. The liability for such on-costs is included here. The associated expense is included.

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:

	2006 \$	2005 \$
Provision for employee benefits		
Current		382,215
Non-current	52,940	-
	564,657	382,215

Note 19. Other Liabilities

	2006 \$	2005 \$
Current		
Accrued expenses	73,099	54,043
Accrued salaries	18,751	-
	91,850	54,043

Note 20. Equity

	2006 \$	2005 \$
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	(65,662)	(190,589)
Change in net assets	(345,445)	124,927
Closing balance	(411,107)	(65,662)

Note 21. Notes to the Statement of Cash Flows

	2006 \$	2005 \$
(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	20,905	265,590
Restricted cash assets (refer to note 12)	-	-
	20,905	265,590
(b) Reconciliation of net cost of services to net cash flows used in operating activities		
Net cost of services	(2,446,445)	(1,866,073)
Non-cash items:		
Depreciation expense	31,848	32,770
Resources received free of charge	-	-
(Increase)/decrease in assets:		
Current receivables	(83,594)	19,294
Other current assets		
Increase/(decrease) in liabilities:		
Current provisions	129,502	66,856
Other current liabilities	18,773	18,398
Non-current liabilities	52,940	-
Net GST payments		
Change in GST in receivables/ payables	24	(1,118)
Net cash provided/used in operating activities	(2,296,952)	(1,729,873)

Note 22. Commitments for Expenditure

	2006 \$	2005 \$
(a) Capital expenditure commitments		
The Office has no capital expenditure commitments.		
(b) Finance expenditure commitments		
The Office has no finance lease commitments.		
(c) Non-cancellable operating lease commitments		
Commitments in relation to leases contracted for at the reporting date but not recognized as liabilities, payable:		
Within one year	124,059	210,960
Later than one year, and not later than five years	4,007	201,605
Later than five years	-	-
	128,066	412,565
(d) Other expenditure commitments		
The Office has no other expenditure commitments.		
(e) Guarantees and Undertakings		
The Office has given no guarantees or undertakings.		

Note 23. Contingent Liabilities

The Office has no contingent liabilities.

Note 24. Events occurring after reporting date

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

Note 25. Explanatory statement

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

The following explanations are provided in accordance with Treasurer's Instruction 945. Significant variations are considered to be those greater than 10 per cent or \$ 100,000.

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

	Actual \$	Estimate \$	Variance \$
Employee benefit expenses	1,524,919	1,074,000	450,919

The variance is due to the employment of additional staff for the Directed Review of the Management of Offenders in Custody.

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

	Actual \$	Estimate \$	Variance \$
Employee benefit expenses	1,524,919	1,141,601	383,318
Supplies and services	621,947	442,833	179,114

Employee expenses

The variance is due to the employment of additional staff for the Directed Review of the Management of Offenders in Custody.

Supplies and services

The variance is due to expenses relating to the Directed Review of the Management of Offenders in Custody.

Note 26. Financial Instruments**(a) Interest rate risk exposure**

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

	Weighted average effective interest rate	Variable interest rate	Less than 1 year	1 to 5 years	More than 5 years	Non interest bearing	Total
2006	%	\$	\$	\$	\$	\$	\$
Financial Assets							
Cash Assets						20,904	20,904
Receivables						94,106	94,106
						115,010	115,010
Financial Liabilities							
Payables						15,510	15,510
						15,510	15,510
2005							
Financial Assets						276,127	276,127
Financial Liabilities						34,544	34,544

Note 27. 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:

	2006 \$	2005 \$
\$100,001 - \$110,000		1
\$120,001 - \$130,000	1	
\$180,001 - \$190,000	1	1
\$190,001 - \$200,001		
The total remuneration of senior officers is:	\$295,198	\$290,661

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

	-	-
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Note 28. Remuneration of Auditor

	2006 \$	2005 \$
Remuneration to the Auditor General for the financial year is as follows:		
Auditing the accounts, financial statements and performance indicators.	17,200	16,000

Note 29. Related and affiliated bodies

The Office had no related bodies during the financial year.

Note 30. Supplementary financial information

Write-Offs

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

Losses through theft, defaults and other causes

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

Gifts of Property

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

Note 31. Reconciliations explaining the transition to Australian equivalents to International Financial Reporting Standards

RECONCILIATION OF EQUITY AT THE DATE OF TRANSITION TO AIFRS: 1 JULY 2004

Note	Previous GAAP 1-Jul-04 \$	Reclassification AASB 116	AIFRS 1-Jul-04 \$
ASSETS			
Current Assets			
Cash and cash equivalents	1,557		1,557
Restricted cash and cash equivalents	21,500		21,500
Receivables	28,713		28,713
Amounts receivable for services	32,000		32,000
Total Current Assets	83,770		83,770
Non-Current Assets			
Property, plant and equipment		111,189	111,189
(1) Office furniture and equipment	19,118	-19,118	
(1) Office fit-out	92,071	-92,071	
Total Non-Current Assets	111,189		111,189
TOTAL ASSETS	194,959		194,959
LIABILITIES			
Current Liabilities			
Payables	13,251		13,251
Provisions	315,359		315,359
Other current liabilities	56,938		56,938
Total Current Liabilities	385,548		385,548

Non-Current Liabilities

Provisions

Total Non-Current Liabilities	-	-
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Total Liabilities	385,548	385,548
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NET ASSETS	-190,589	-190,589
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Equity

Accumulated surplus/(deficiency)	-190,589	-190,589
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TOTAL EQUITY	-190,589	-190,589
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(1) Equivalent AGAAP line item 'Office furniture and equipment' (AIFRS 'Property, plant and equipment')

RECONCILIATION OF EQUITY AT THE END OF THE LAST REPORTING PERIOD UNDER PREVIOUS AGAAP:

30 JUNE 2005

Note	GAAP 30-Jun-05 \$	Reclassification AASB 116	AIFRS 30-Jun-05 \$
ASSETS			
Current Assets			
Cash and cash equivalents	265,590		265,590
Restricted cash and cash equivalents	-		-
Receivables	10,537		10,537
Amounts receivable for services	44,000		44,000
Total Current Assets	320,127		320,127
Non-Current Assets			
Property, plant and equipment		85,013	85,013
(1) Office furniture and equipment	12,021	-12,021	
(1) Office fit-out	72,992	-72,992	
Total Non-Current Assets	85,013		85,013
Total Assets	405,140		405,140
LIABILITIES			
Current Liabilities			
Payables	34,544		34,544
Provisions	382,215		382,215
Other current liabilities	54,043		54,043
Total Current Liabilities	470,802		470,802
Non-Current Liabilities			
Provisions	-		-
Total Non-Current Liabilities	-		-
Total Liabilities	470,802		470,802

NET ASSETS

Equity

Accumulated surplus/(deficiency)	-65,662	-65,662
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TOTAL EQUITY	-65,662	-65,662
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The transition to AIFRS includes adjustments for the transition AIFRS as at 1 July 2004 plus adjustments for the period 1 July 2004 to 30 June 2005.

(1) Equivalent AGAAP line item 'Office furniture and equipment' (AIFRS 'Property, plant and equipment')

RECONCILIATION OF INCOME STATEMENT (PROFIT OR LOSS) FOR THE YEAR ENDED 30 JUNE 2005

Note	GAAP 30-Jun-05 \$	AIFRS 30-Jun-05 \$
COST OF SERVICES		
Expenses		
Employee benefits expenses	1,141,601	1,141,601
Supplies and services	442,833	442,833
Depreciation expense	32,770	32,770
Administration expenses	85,071	85,071
Accommodation expenses	176,880	176,880
Total cost of services	1,879,155	1,879,155
Income		
Revenue		
Other revenues from ordinary activities	13,082	13,082
Total revenue	13,082	13,082
Total income other than income from State Government	13,082	13,082
NET COST OF SERVICES	1,866,073	1,866,073
INCOME FROM STATE GOVERNMENT		
Service appropriation	1,991,000	1,991,000
Resources received free of charge	-	-
Total income from State Government	1,991,000	1,991,000
(DEFICIT)/SURPLUS FOR THE PERIOD	124,927	124,927

RECONCILIATION OF CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2005

Note	GAAP 30-Jun-05 \$	AIFRS 30-Jun-05 \$
CASH FLOWS FROM STATE GOVERNMENT		
Service appropriation	1,979,000	1,979,000
Net cash provided by State Government	1,979,000	1,979,000
Utilised as follows:		
CASH FLOWS FROM OPERATING ACTIVITIES		
Payments		
Employee benefits	-929,030	-929,030
Superannuation	-161,579	-161,579
Supplies and services	-406,723	-406,723
Administration costs	-86,919	-86,919
Accommodation costs	-176,880	-176,880
GST payments on purchases	-72,644	-72,644
GST payments to taxation authority	-714	-714
Receipts		
GST receipts on sales	768	768
GST receipts from taxation authority	71,472	71,472
Other receipts	32,376	32,376
Net cash used in operating activities	-1,729,873	-1,729,873
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of non-current physical assets	-6,594	-6,595
Net cash used in investing activities	-6,594	-6,595
Net increase/(decrease) in cash and cash equivalents	242,533	242,532
Cash and cash equivalents at the beginning of period	23,058	23,058
CASH ASSETS AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
	265,591	265,590

Appendix 1

PA6409

Professor Richard Harding
Inspector of Custodial Services
Level 27, Governor Stirling Tower
197 St George's Terrace
Perth WA 6000

1 June 2006

Dear Professor

Consultancy Services - Performance Audit
Department of Corrective Services – Prisoner Rehabilitation

Thank you for the consultancy that assisted our performance audit into prisoner rehabilitation in NSW.

Enclosed please find a printed copy of the audit report tabled in Parliament last week.

I am pleased to advise that your consultancy provided high quality advice that ensured our methodology, findings, opinions and recommendations reflected current approaches to rehabilitation in the correctional environment. It added value to our audit process and helped improve our final report.

Response to our documents and related queries was extremely prompt, usually within a few working days.

I wish to record my appreciation of the working relationship established by your liaison officer Mr Bill Cullen who was always pleasant, professional and responsive to our needs.

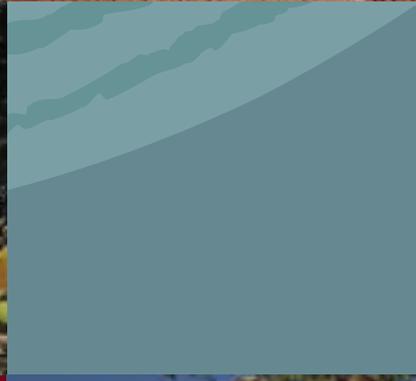
Yours sincerely

Stephen J Horne
Assistant Auditor-General, Performance Audit

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